



Citizenship@CCA

Sustainability Report 2006





Scope of this Report

This is the first sustainability report for Coca-Cola Amatil (CCA) and covers our activities to March 2007. Unless stated otherwise it includes the bottling, sales and distribution activities in the six countries in which CCA operates – Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and South Korea. It also covers SPC Ardmona (SPCA), Grinders Coffee, Neverfail Springwater and Peats Ridge Springs.

Quirks, our equipment division, has not been included in this report. Refinements to collection boundaries and reporting timelines will see a more aligned and consistent representation in subsequent reviews. As well, we are in the process of gathering information to quantify impacts of our fleet fuel consumption and our equipment division. We aim to report more fully on these areas in the future.

The report does not cover our alcoholic beverages company, Pacific Beverages, a joint venture with SABMiller Inc. nor does it cover our sales and distribution agreement with global spirits company Maxxium. Information regarding these relationships will be included in our next report, where appropriate.

The content of this report is consistent with the worldwide framework for corporate social responsibility established by The Coca-Cola Company (TCCC). This framework, titled Citizenship@Coca-Cola, has four global pillars of commitment – Environment, Marketplace, Workplace and Community.

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Coca-Cola Amatil (CCA) is the largest bottler of non-alcoholic ready to drink beverages in the Asia-Pacific Region and one of the top five Coca-Cola bottlers in the world.

Listed on the Australian Stock Exchange, CCA's increasingly diversified portfolio of products includes the Coca-Cola trademark brands; Mount Franklin, Pump and Neverfail Springwater; Powerade Isotonic sports drink, Mother energy drink, Goulburn Valley fruit juices, Grinders Coffee and SPCA's fruit and vegetable products. In 2006, CCA entered the premium alcoholic beverage market, forming agreements with both the world's second largest brewer SABMiller and the global spirits company Maxxium, to sell and distribute their premium brands, including Peroni Nastro Azzurro, Miller Genuine Draft and Pilsner Urquell beer, Remy Martin Cognac, Jim Beam and ABSOLUT VODKA. CCA also entered into an agreement with Beam Global Spirits & Wine Australia to manufacture Jim Beam ready to drink alcoholic beverages.

CCA operates in six countries, Australia, New Zealand, Fiji, South Korea, Indonesia and Papua New Guinea and employs around 18,000 people. CCA's group revenue in 2006 was approximately A\$4.4 billion and EBIT was A\$580.5 million.

Message from the Chairman

David Gonski AO
Chairman
Coca-Cola Amatil



Welcome to Citizenship@CCA, Coca-Cola Amatil's first sustainability report.

We have always believed that being a good corporate citizen is an essential part of business and we have had this as our goal in all the markets in which we operate.

The time has now come for us, on a regular basis, to formally document and share this with our shareholders and stakeholders, and to demonstrate how we measure and account for our achievements.

We are doing this under four pillars – Environment, Marketplace, Workplace and Community. We're reporting them publicly and building a platform for continued improvement into the future. We are determined that CCA will not only continue to be a great beverage and food company, but that our business, which started in Australia in 1904, will go on creating wealth, improvements and opportunities for our stakeholders and for future generations in a truly sustainable way.

This report reflects our desire to ensure that the way we conduct business is transparent to our employees, our shareholders, our customers, our consumers and our suppliers, and of course, to the general public. Sustainability at CCA is a mainstream business imperative, a commitment driven not only at Board level by the Compliance and Social Responsibility Committee, but by our Managing Director Terry Davis, and other senior executives and their teams across the group.

We believe that responsible wealth creation is a fundamental social contribution of business. During 2006 we had a number of successes in our long-term goal of being the beverage supplier of choice by continuing to diversify our product portfolio and introducing new products. In Australia, in the latter half of the year we entered the premium alcoholic beverages market, joining forces with the world's second largest brewer, SABMiller and the global spirits company Maxxium. These new business relationships have delivered tremendous opportunities for growth and continued excellence in marketplace execution.

Marketplace

In response to community concerns about health, we have significantly diversified our product range. Today water, fruit juice, coffee, sports and energy drinks, sugar-free soft drinks and SPCA's fruit and vegetable products contribute to more than 30% of our revenue, compared to just 5% in 2001.

The Australian and New Zealand launch of sugar-free Coca-Cola Zero was an unprecedented success, on the one hand igniting the soft drink market and delivering value to our shareholders, and on the other hand, helping consumers choose, if they wish, a lower kilojoule beverage.

Environment

Managing our environmental "footprint" is crucial to the future of our business. Management of the sustainability of water, our most precious resource, is a priority for us. We are making excellent progress in saving water at every level of our business, thanks to our Environmental Management Systems, utilising new technology like waterless lubrication on the production lines and by working with governments on water savings action plans.

Message from the Chairman continued



Our aim is to ensure that as a provider of water and water-based products for people to eat and drink, that as much as possible of the water we use goes into the product for people to consume.

In our bottled water business we are also responsibly managing spring water, or groundwater, resources to ensure their long-term sustainability by investing in stringent monitoring and ongoing hydrogeological studies of our water sources. We share the concerns of Australia's leading hydrogeologists that the true status of Australian groundwater systems and the impact of all users is largely unknown, and we strongly support their call for major national reforms in groundwater management.

Community and Workplace

We are committed to maintaining and improving the health and wellbeing of our employees and the myriad communities in which we operate. This has taken the form of many initiatives, including the reconstruction of Indonesian villages in the aftermath of the tsunami; tackling HIV/AIDS in Papua New Guinea and Indonesia; encouraging our Australian staff to volunteer for Landcare projects; and

donating drinks to the men and women who protect our communities from devastating cyclones and fires.

In 2006 the value of our community support was approximately \$4 million, or 1% of our group pre-tax profit.

We have been manufacturing and operating in cities and regional towns for decades – most Australians remember fondly the school visit to their local Coke bottling plant – but we do not take our neighbours for granted.

We've set up a process to speak more openly and build better relationships with the people who live and work beside us at all our operations around Australia. We've set up a hotline and we're asking our neighbours for comments and feedback on our local activities.

We seek to be at the forefront of encouraging and being involved in philanthropic giving. With The Coca-Cola Company, we have established charitable Foundations in Australia, Indonesia and South Korea which distribute funds every year to their local communities. In Australia we have a workplace giving

program, "Thirst For Giving," where staff donations are matched by the company.

Future

The world, and CCA, have changed a great deal in the past 100 years since we started life. We believe we have made good progress in embedding a culture of sustainability and corporate responsibility – in 2006 we were recognised by governments for our water savings, we were listed as a Leader of the Food, Beverage and Tobacco sector of the 2007 Dow Jones Australian SAM Sustainability Index and the Wall Street Journal Asia 200 survey rated CCA as one of the top 10 public companies in Australia based on five leadership criteria.

But we also recognise we have a way to go. We are committed to combining good business with strong values. We are conscious of our responsibility to all our stakeholders and promise to report our progress regularly.

David Gonski AO
Chairman

Message from Group Managing Director



Terry Davis
Group Managing Director
Coca-Cola Amatil

The plans for change and expansion I developed when I joined CCA in 2001 accelerated in 2006. On the business front we finished 2006 with a very strong performance in the second half, thanks to the commitment of our people, an excellent acceptance of new products like Coca-Cola Zero and pricing improvements which resulted in significant market share gains, particularly in Australia.

Products

The success of Coca-Cola Zero, as well as the success of other new products like Goulburn Valley fruit juices and Pumped, a lightly flavoured water, have been driven by consumers' desire for healthier products. Consumers also responded well to our smaller portion sizes for our Coca-Cola trademark products – slimline cans and 250ml glass bottles.

I am looking forward to the new phase in our growth in the premium alcoholic beverages market. CCA is fully committed to being a wholly responsible corporate citizen in all aspects of the manufacture, sales and distribution of alcoholic beverages products.

We have made our business more sustainable, maximising the efficiency of our water use and using less raw

materials for packaging. We have saved significant volumes of water across many of our operations and ensured our sources of spring water for bottled water are strictly monitored and protected. We will install state-of-the-art energy and water saving technologies, including rainwater harvesting tanks, in our two new distribution centres in western Sydney. We are asking governments to introduce incentives such as accelerated depreciation for these industrial tanks, so that all new industrial buildings can be made more sustainable.

After good efforts with water savings and reductions in packaging materials, we have now turned our attention to energy savings.

A focus on Occupational Health and Safety across the Group resulted in CCA becoming a safer place to work. There were significant reductions in lost time injuries, particularly in Australia and SPCA.

Community

As you will see from this report, CCA is putting back into the community. I was particularly pleased with the Mount Franklin "pink lids" campaign to raise awareness of breast cancer. We have pledged \$100,000 each year

for the next three years to the National Breast Cancer Foundation in Australia for research into this disease. I have also seen first-hand the great work of the Rugby Youth Foundation, which we helped fund through our Coca-Cola Australia Foundation. I am looking forward to the outcome of Dr Dick Telford's medical research project into the effects of sedentary living on children, again funded by our Foundation. In so many other areas in our communities I believe we are making a real difference.

Future

Sustainability, defined in the business context, means delivering good returns to our company's owners and doing the right and decent thing by all our stakeholders. We will continue to be an efficient and profitable business, and we are committed to making the business more sustainable in every area in which we operate.

A handwritten signature in dark ink, appearing to read 'Terry Davis', written in a cursive style.

Terry Davis
Group Managing Director

The four global pillars

Environment



Our commitment:

To conduct business in ways that protect and preserve the environment and to integrate principles of environmental stewardship and sustainable development into our business decisions and processes.

Achievements 2006

- Water Savings Action plans submitted to the NSW, Queensland, South Australian and Victorian governments.
- Installed “dry lube” or waterless line lubrication into 12 operations in Australia saving 40 megalitres of water (or 40 olympic swimming pools).
- Production of all carbonated and non-carbonated beverages (including soft drinks, water, sports drinks and juice) in Australia achieved a ratio of 1.55 litres of water used to make one finished litre of beverage – considered world’s best practice.
- Established a Water Strategy Team in Australia to analyse and evaluate all aspects of water use and launched a Water Policy for Australia.
- Lightweighting of PET bottles resulted in the saving of approximately 18,000 tonnes of PET since 2003.
- New cardboard trays “Crays” resulted in a 53% reduction in cardboard and a 63% reduction in glue.
- Sydney Water “Every Drop Counts” joint winner Innovation category.
- Finalist in Queensland Environment Protection Agency’s Sustainable Industry Awards.
- Winner of Packaging Evolution Awards’ Community Partnership Action category.

Marketplace



Our commitment:

To provide products and services that meet the beverage needs of our consumers. In doing this, we provide sound and rewarding business opportunities and benefits for our customers, suppliers, distributors and local communities.

Achievements 2006

- Australian and New Zealand sales of Coca-Cola with no sugar (diet Coke and Coca-Cola Zero) reached 34% of total cola volume.
- Introduced smaller portion size bottles and cans in Australia.
- Initiated “thumbnail” Daily Intake (DI) nutrition labels on the front of Coca-Cola brand cans and bottles in Australia and New Zealand.
- SPCA lodged anti-dumping applications with the Federal Government against cheap imported processed fruit and tomatoes.
- Entered into an agreement in December 2006 to phase out sugar soft drinks from New Zealand high schools. (In 2004 CCA voluntarily removed all carbonated soft drinks from primary schools in Australia and New Zealand.)
- Continued the reduction of net energy density in CCA beverages in Australia.
- Since 2001, revenue generated from non-carbonated beverages and food has grown from 5% to 32% of total revenue.

Workplace



Our commitment:

To foster an open and inclusive work environment where a highly motivated, productive and committed workforce drives business success through superior execution.

Achievements 2006

- Lost time injury rates in Australia dropped by 20%.
- SPCA reduced lost time injury rates by 50% over the past three years – a record result.
- CCA Australia created an apprenticeship scheme to take on 20 new apprentices in 2007.
- Child care services and superannuation were made available under salary sacrifice in Australia.
- Two Female Leadership Forums were held in Australia for leadership development for high potential women.
- Indonesian plants were awarded Golden Flag certificates, the highest recognition from the Indonesian Government for Occupational Health and Safety management.
- In Indonesia HIV/AIDS prevention programs were rolled out across several plants.
- In Papua New Guinea, CCA offers voluntary workplace testing, counselling and education for HIV/AIDS. The Coca-Cola system offers to pay for most of the cost of anti-retroviral drugs if they are needed by employees.
- In New Zealand CCA launched a '10,000 Step Challenge' which encouraged employees to walk 10,000 steps per day.

Community



Our commitment:

To invest time, expertise and resources to provide economic opportunity, improve the quality of life and foster goodwill in our communities through locally relevant initiatives.

Achievements 2006

- SPCA launched a \$1.75 million water fund for drought-stricken farmers in the Goulburn Valley.
- Mount Franklin became a Platinum Partner with the National Breast Cancer Foundation, pledging \$100,000 a year for three years for breast cancer research.
- The Australian Literacy and Numeracy Foundation's Remote School Project, funded by the Coca-Cola Australia Foundation, won Best Community Project in the 2006 Ethical Investor Sustainability Awards.
- CCA Australia initiated a new National Community Engagement Strategy.
- Employee donations in Australia's Thirst For Giving program reached \$58,000.
- The Coca-Cola Australia Foundation's Community Awards funded Queenslander Robyn Sanewski and Paralympian Michael Milton to walk the Kokoda Track.
- The Coke system along with the Clinton Foundation developed new programs for HIV/AIDS in Papua New Guinea.
- The Coke system entered a silver partnership with Landcare Australia.
- In Indonesia the Coke system launched the Cinta Air (Love Water) Program to provide clean water supply to the district of Bekasi.
- In South Korea the Coke system "Water Team" of employees worked with environmental experts and NGOs on threats to water resources.
- Neverfail Springwater in Western Australia launched a program with Neighbourhood Watch.



Our business

Key Business Drivers

(see 2006 Annual Report)

1. Grow our share of consumption of non-alcoholic beverages
2. Develop a material presence in premium alcoholic beverages
3. Grow our customer relationship capabilities
4. Develop world class operating systems
5. Ensure the sustainability of our business platform

Change and expansion

Since 2001 CCA has rapidly diversified its portfolio of products, growing both organically and through acquisitions. In that time, revenue generated from non-carbonated beverages and food has grown from 5% to 32% of total revenue.

In the past five years acquisitions have included New Zealand's Rio Beverages; Neverfail Springwater; Peats Ridge Springs and Palm Springs water companies; Quirk's Refrigeration; Crusta Fruit Juices; Grinders Coffee; and SPCA, Australia's largest producer of packaged ready to eat fruit and vegetable products.

In 2006, CCA entered the premium alcoholic beverages sector with the formation of a joint venture company, Pacific Beverages, with SABMiller. Pacific Beverages began selling Peroni Nastro Azzurro, Miller Genuine Draft and Pilsner Urquell into the Australian market in October. CCA entered into an agreement with global spirits distributor Maxxium, to sell and distribute its premium brands, including Jim Beam, Remy Martin Cognac and ABSOLUT VODKA. In April 2007, CCA's Adelaide operations at Thebarton began manufacturing Jim Beam ready-to-drink (RTD) brands, including Australia's number one selling RTD, Jim Beam and Cola.

2006 Results Summary

- Net profit, pre significant items, up 0.9% to \$323.5 million
- EBIT up 1.7% to \$580.5 million
- Beverage revenue increased 6.9% to \$3.9 billion
- Total revenue increased by 8.2% to \$4.4 billion
- Full year dividend has been increased by 3.2% to 32.5 cents per share, fully franked.
- In the second half EBIT grew by 8.6%.

Australia: delivered full year revenue growth of 7.7% on volume growth of 3% with EBIT of \$433.9 million. The major impact was the increase in commodity costs with Australia successfully recovering close to \$100 million in commodity driven cost increases. The cola category was a stand out with Coke trademark revenue growing by a record 9% driven mainly by the success of Coca-Cola Zero.

New Zealand and Fiji: in local currency, New Zealand EBIT was broadly flat, with second half trading improving by 15%, driven by the success of Coca-Cola Zero and the launch of Powerade Isotonic. Fiji experienced a small decline in earnings for the year as a result of reduced consumer demand following political unrest in the country.

South Korea: underlying earnings of \$18.0 million were an improvement after a loss of \$9.2 million in 2005.

Indonesia and PNG: a full year EBIT of \$17.6 million was a significant turnaround in profitability, thanks to a very strong second half. Second half earnings were \$29.2 million, only marginally behind the record \$30.6 million result achieved for the 2005 second half.

SPC Ardmona: a strong result with EBIT of \$46.2 million, which was ahead of expectations. The \$15 million distribution centre opened in Shepparton in November and is expected to generate savings of more than \$2 million per annum.



2006 Operating Review

Carbonated Beverages

Australia: a year after its launch in January 2006, Coca-Cola Zero has captured 13% of the cola category, driving CCA's total cola market share up by two points, from 75% to 77%. The Coca-Cola trademark revenue grew by 9% in 2006 driven in part by the success of the new slimline cans and the 385ml screw top glass bottles.

New Zealand and Fiji: Coca-Cola Zero was launched in New Zealand in January, and outsold diet Coke by September. Non-sugar cola volumes grew by 24% and represent 34% of cola volumes.

South Korea: total volume declined by 4% mainly due to the product extortion event in July, which led to a product recall and negative media.

Non Carbonated Beverages

Australia: the segment delivered strong volume growth of 9%, and now accounts for 22% of CCA's Australian volumes. Neverfail Springwater acquired the assets of Australia's second largest bottled water business, Palm Springs.

Both Mount Franklin and Pump grew volume around 15%.

The launch of Powerade Isotonic drove volume growth of 25%. Goulburn Valley juice grew strongly and two Pumped flavoured waters, drove total Pump volumes over 20% in the second half of the year, becoming the number one and two selling functional flavoured waters.

New Zealand and Fiji: Kiwi Blue water and Powerade both grew volume by more than 20%. Juice continued to improve in profitability.

Indonesia and PNG: new products, including Frestea Frutcy, Frestea Green Tea and Powerade Isotonic boosted market share and improved revenue and EBIT mix of the product portfolio.

South Korea: launches of Minute Maid flavour extensions, Haru Green Tea, and Powerade flavour extensions contributed to solid progress in the segment.

Food

SPC Ardmona: Goulburn Valley Fruit Snacks enjoyed solid growth. Cheap imported fruit and vegetables under private labels continue to put pressure on margins.

Sites

Queensland

Richlands (Brisbane) – beverages

NSW

Smithfield (western Sydney) – beverages

Northmead (western Sydney) – beverages

Peats Ridge Springs – spring water

Victoria

Moorabbin (Melbourne) – beverages

Bayswater (Melbourne) – beverages

Mentone – distribution centre

South Australia

Thebarton (Adelaide) – beverages

Waikerie – beverages

Western Australia

Kewdale (Perth) – beverages

Indonesia

Citibung

Banjarbaru

Medan

Semarang

Surabaya

Bali

Bandung

Padang

Lampung

Makassar

South Korea

Yeoju

Kwangju

Yongsan

Fiji

Suva

Papua New Guinea

Lae

New Zealand

Auckland (2 sites)

Christchurch (2 sites)

Putaruru

SPC Ardmona

Shepparton

Mooroopna

Kyabram

Our business continued

Stakeholders

As a Top 100 company listed on the Australian Stock Exchange with a market capitalisation of over \$6 billion, 18,000 employees and access to more than 280 million consumers through more than 600,000 active customers across our Group, our impact on our stakeholders, and their impact on us, is substantial.

CCA's stakeholders include consumers, customers, employees, shareholders, suppliers and local communities, and also those groups and Non-Government Organisations which have an interest in the products we make and sell. These include health and environment organisations, water experts, regulators, bureaucrats and local, state and federal governments.

While CCA is an international company, our operations are in local communities. We aim to be a local business; supporting initiatives and partnerships that are relevant and valuable to the communities in which we operate. We look to build long-term relationships with all of our stakeholders based on trust and shared goals.

Our engagement with stakeholders takes many forms – from providing support for social activities and local sporting teams to investing in national conservation programs, talking to our consumers and our customers, establishing dialogue with experts in areas like water research and health; and providing assistance in times of natural disaster. In turn, these actions help to sustain our business performance by strengthening local economies and improving business efficiency, ultimately leading to increased shareholder return.

Stakeholder	Engagement
Consumers – 283 million people	Consumer Information Centre, company websites; consumer hotlines; focus groups; plant tours; consumer surveys; research groups; promotions; consumer education campaigns.
Customers – 600,000 businesses	National Contact Centre, customer satisfaction surveys; dedicated account management teams; company website; customer events; promotional support; customer ordering websites.
Employees – 18,000 staff	Intranet; employee engagement surveys; internal communications; messages from managers; awards ceremonies; personal development plans; company website.
Communities – local, national and international	National community engagement strategy; local hotlines; dedicated websites; newsletters and flyers; partnerships; sponsorships; scholarships; public lectures; plant tours; company website; advertisements in local media.
Government – local, state, federal and international	Public policy debates; meetings and discussions; trade associations; advisory councils; local chambers of commerce; council meetings; political party conferences.
Shareholders – institutional and individual investors	Annual General Meeting; ASX announcements; dedicated investor hotline; analyst briefings and roadshows; company website.
Suppliers – companies supplying ingredients, packaging, equipment and services	Supplier agreements; quarterly supplier review; joint project work.
Charitable groups and community organisations	Coca-Cola Foundations; memberships; corporate philanthropy and donations; Thirst for Giving program (Australia); staff volunteering days; natural disaster relief efforts.
NGOs, academics and industry peers, particularly in areas of health and the environment	Industry committee representation; conference presentations; industry group meetings; correspondence; advisory councils.
The Coca-Cola Company – partner, shareholder, supplier	Senior management meetings; Top-to-Top; Global Quality Standards Board; joint projects; best practice information sharing.



We Work with Others

Australia

- Signatory to the National Packaging Covenant
- Member of Australian Food and Grocery Council Environment Committee and Packaging Stewardship Forum
- Signatory to the Greenhouse Challenge Plus Program
- Member of the Packaging Council of Australia
- Member Australasian Bottled Water Institute
- Member Australian Beverages Council

New Zealand

- Signatory to the National Packaging Accord
- Member of New Zealand Food and Grocery Council
- Member of the New Zealand Business Council for Sustainable Development
- Member of Environmental Beverage Action Group
- Member of the New Zealand Juice and Beverage Association
- Member of Keep New Zealand Beautiful
- Signatory to the New Zealand Food Accord
- Member of the New Zealand Food Industry Group
- New Zealand Organisation for Quality
- Packaging Industry Advisory Council

Indonesia

- Member of the Indonesia Soft Drink Industry Association
- Member of the Indonesia Food Communication Forum
- Member of the Coalition of Food and Beverage Producers of Indonesia

Korea

- Korea PET Bottle Recycling Association
- Korea Metal Can Recycling Association
- Korea Foods Industrial Association
- Korea Management Association Registration & Assessments
- Korea Environmental Engineers Federation

Working with the Coca-Cola System

Coca-Cola was invented in Atlanta, Georgia, in 1886. Today The Coca-Cola Company (TCCC) is the world's leading soft drinks company, producing and selling four of the five best-known soft drinks brands in the world, Coca-Cola, diet Coke, Sprite and Fanta, which are familiar to people in more than 200 countries.

TCCC makes and sells the concentrate and beverage base to its 300 or more bottlers around the world, including CCA. The bottlers produce the trademark Coca-Cola products, then sell and distribute them in their markets.

TCCC has a 32% shareholding in CCA. As one of the Coke system's major bottlers, CCA works closely with TCCC both across the globe and in Australia in many areas like marketing and product innovation, corporate responsibility and sustainable development.

CCA participates in the annual Top-to-Top meetings and other global councils in the Coke system.

TCCC and CCA work together on many projects, including the Landcare partnership in Australia, the Cinta Air water program in Indonesia, HIV/AIDS programs in Papua New Guinea and Indonesia and the funding and management of philanthropic Foundations (see Community).

While TCCC does not own or manage most bottling companies, it makes every effort to positively influence environmental activities throughout the global Coke system. It produces an annual environmental report (www.coca-cola.com) and works closely with its bottling partners to develop strategies and share best practices, particularly in the major environmental challenges of water, packaging and energy and climate protection.

Our Business continued



Engaging With Our Communities

In 2006, CCA began a new National Community Engagement Strategy which aims to build good relationships with every community in which we operate. We have set up a phone number, 1800 LOCAL1 for local residents to call us. We also correspond with our neighbours to seek their feedback on our local activities.

CCA pioneered the strategy in Bayswater, Victoria and the community provided valuable feedback on our operations. Suggestions on how we could improve were implemented.

At Peats Ridge north of Sydney, CCA is a local water user and we own a bottled water business. We regularly communicate with our neighbours and we acknowledge community concern about how the groundwater resource is used and shared. We are fully committed to ensuring the sustainability of this valuable resource and by law, we monitor our daily water use and undertake rigorous hydrogeological surveys of the source. Our daily standing water levels are reported to local and state governments on a quarterly basis.

We sponsor the local Peats Ridge fire brigade, undertake maintenance work on the local school, sponsor the local chamber of commerce Golf Day for charity and the local Lions Club charity fundraiser for children with special needs.

We proposed to fund a community water monitoring system, under which we will fund the installation and maintenance of equipment to monitor and analyse water extraction and levels for other users.

Our Proud Partnership With Taronga Zoo

We engage actively with our customers, local government and industry groups to support environmental initiatives and projects via sponsorship, commercial agreements, partnerships and memberships. This is exemplified by our 15-year long and beneficial partnership with the Zoological Parks Board of New South Wales (ZPB). Together, CCA and the ZPB support the Chimpanzee Park at Taronga Zoo.

As well, CCA and Taronga Zoo have established a recycling bin placement and bin signage trial around the Zoo, encouraging visitors to 'do the right thing' and reinforce the message that wildlife and the environment are under threat from litter and loss of natural resources.

Our work with the Zoo also helps raise awareness of threats facing chimpanzees and we are working together on a number of initiatives, including incorporating products made of recycled PET bottles into the exhibit for behavioural enrichment and erecting a viewing platform and boardwalk made entirely out of recycled PET.

CCA's support of the chimpanzees extends to 'in-situ' research and protection programs in Ngamba, Uganda. The ZPB is one of the five founders of a chimpanzee sanctuary on an island in Lake Victoria where orphaned chimpanzees are being rehabilitated for release. Partner funds are used to purchase new equipment and to allow Taronga keepers and education staff to spend time working at the sanctuary.

Over the years our relationship with Taronga Zoo has evolved from a traditional "sponsorship" into a true partnership which fulfils the commercial, brand and social responsibility objectives of both parties.

The partnership resulted in CCA being named the 2006 winner of the Packaging Evolution Awards Community Partnership Action Category.

Governance

CCA has a commitment to best practice in corporate governance and business conduct. A detailed explanation of CCA's Corporate Governance Statement, the main corporate governance principles and practices followed by CCA, can be found in the 2006 Annual Report.

CCA, which is listed on the Australian Stock Exchange, regularly reviews its practices to ensure the company complies with relevant securities laws and corporate governance standards.

CCA has established a formal Code of Conduct which requires management and employees to adopt high ethical standards in all of CCA's activities. It is also expected that CCA's suppliers will enforce a similar set of standards with their employees.

CCA is committed to keeping shareholders informed about strategic objectives and major developments, which we do through the ASX, company publications, the AGM, the company website (www.ccamatil.com) and the investor contact number (61 2 9259 6159).

Board of Directors

CCA's Board represents shareholders and has the ultimate responsibility for managing CCA's business and affairs to the highest standards of corporate governance and business conduct.

In 2006, the Board consisted of eight members – seven Non-Executive Directors and one Executive Director. They were David Gonski AO (the Chairman, a Non-Executive Director and independent from TCCC); Jillian Broadbent AO, Wal King AO, David

Meiklejohn and Mel Ward AO (all Independent Non-Executive Directors), Irial Finan and Geoffrey Kelly (TCCC's nominees and Non-Executive Directors) and Terry Davis (CCA Managing Director and an Executive Director).

Details of the role and responsibilities of the Board of Directors can be found in the 2006 Annual Report.

Board Committees

CCA's Board Committees include Audit & Risk; Compliance & Social Responsibility; Compensation; Nominations and Related Parties.

In 2006 the Compliance and Social Responsibility Committee was formed. Under social responsibility, the Committee reviews reports and makes recommendations to the Board, where appropriate, in respect of political donations, community sponsorship and social issues which may be relevant to CCA.

The Committee also reviews compliance with laws including occupational health and safety, environmental protection, product safety and trade practices, as well as reviewing policies reflecting on CCA's reputation, including quality standards, dealing in the Company's securities and disclosure.

Being an Ethical Business

The Code of Conduct sets standards of behaviour expected from everyone who performs work for CCA – Board members, employees and individual contractors – and encourages everyone to achieve the highest levels of honesty, trust, integrity, respect and cooperation.

The Code, which is distributed to employees when they start and must be acknowledged upon receipt, is also available on CCA intranet sites. It covers values, standards and responsibilities, and encourages employees to report fraud or corrupt or inappropriate behaviour, as well as to recognise conflicts of interest.

CCA has many other policies, including Water, Environment, Working Together, Privacy, OHS, Computer Usage and Purchasing (www.ccamatil.com).

CCA also has a Policy on Trading in CCA Shares for Directors and senior management. In 2006 it was updated to more specifically prohibit speculative or short-term trading in the Company's shares and transactions in the derivative markets involving exchange traded options, share warrants and similar instruments. As well, entering into "protection arrangements" for CCA shares are prohibited at any time.

Political Donations

CCA believes that the democratic process is strengthened if political parties have the resources to develop policy positions. CCA's approach is to fund the major political parties on an equal basis.

Our donations are reported publicly every year in the Australian Electoral Commission returns. Details on our donations for 2006 are at: www.aec.gov.au.

Focus on water



We live in changing climate times. The world is warming, fresh water reserves are fragile and greenhouse gas emissions are taking their toll on the environment.

In every country in which we operate, and particularly in the world's driest inhabited continent, Australia, we are committed to developing better systems of managing our water resources.

The vast bulk of our water use is for human consumption, as a key ingredient in most of our beverages. We have two sources of water for our drinks – mains, or “town” water for production of our soft drinks, energy drinks, juice and sports drinks and spring water, or groundwater, for our bottled water.

We have two clear priorities – maintaining the long-term sustainability and quality of spring water sources and maximising mains water efficiency at our manufacturing sites. With the latter, in Australia we believe we achieve world's best practice for our industry – on average we use just 1.55 litres of water to

produce one litre of beverage (this includes all soft drinks, energy drinks, water, sports drinks and juice). Most of the water used goes into the beverage, with just over two cups per litre left to run and clean our manufacturing sites. Each year we work hard to bring this ratio down.

When it comes to spring water, or groundwater, CCA believes that there needs to be urgent reform of the management of Australia's aquifers. CCA strongly believes all groundwater users should be licensed and large users should be metered and monitored. CCA invests in infrastructure, stringent monitoring of its water use and undertakes rigorous hydrogeological studies at its water sources. Licence conditions at CCA's water sources explicitly state that any taking of water must be sustainable.

SAVING WATER AT OUR PLANTS

Some of the water savings initiatives at Australian operations include:

- Dry lubricant technology, based on Teflon® suspended in a unique oil formulation, replaces water for lubrication on some of our beverage filling lines.
- The machines that rinse bottles before filling are outfitted to recirculate water, and pure water is only used for the final rinsing, or the last 25% of the jets over which the bottles pass. This water is then collected and used for preliminary rinsing in the first 75% of the water jets.
- Changing the size of rinser nozzles so that less water can get through. The rinser nozzles on one of Richlands' bottling lines have been changed from 4mm to 2mm, resulting in a reduction of 75% of water used, or more than 12 million litres (12 megalitres or 12 olympic swimming pools) a year.
- Recycled water from the rinsers is used on site for cooling towers, truck wash areas, floor hose down reels and irrigation.
- Dual flush toilets, waterless urinals and water saving showerheads are installed across some sites, and taps fitted with aqualock flow regulators.
- Water savings education programs for employees.



PROTECTING WATER CATCHMENT HEALTH

In November 2006 CCA, TCCC and Landcare Australia launched a unique alliance to protect and restore the water quality in catchment areas around CCA's Australian operations. TCCC is funding Landcare with \$136,500 to enable community working groups to clean up, regenerate and maintain water habitats in more than 20 locations around Australia. CCA and TCCC staff are also volunteering their time to work on projects. (See Community.)

WATER IS HEALTHY

In many of our markets, the public debate has focused on people choosing healthier food and beverages and undertaking more physical activity. The demand from consumers for our water products – Mount Franklin, Pump, Pumped (a lightly flavoured water) and Neverfail Springwater – has meant solid growth in the Australian and New Zealand markets for bottled water of around 15% every year.

SPRING WATER – HOW MUCH IS USED?

We use a tiny fraction of the spring water, or groundwater, allocated for use across Australia. Annual bottled water production for all water companies accounts for less than 0.01% of the total groundwater withdrawn from Australia and New Zealand. As one of many water bottlers in these markets, CCA's share is much less than this.

HELPING WITH WATER

CCA has donated generous quantities of bottled water to communities hit by disasters like floods, tsunamis and bushfires, as well as supplying pallets of water to the volunteer services who are protecting those communities. (see Community)

SPCA set up a \$1.75 million Water Fund to help fruit and vegetable growers in the Goulburn Valley survive the drought. The funding for 2007 will cover interest free advances to purchase water, subsidies on fruit delivered for processing and access to 1000 megalitres of water for irrigation.

RAINWATER HARVESTING

Plans to harvest rainwater by installing industrial water tanks are underway for two distribution centres, or warehouses, CCA will construct at Eastern Creek and Northmead in western Sydney in 2007. The water will be used in the warehouse operations and for irrigation. CCA has urged governments to provide incentives like accelerated depreciation for these tanks, so that businesses can be more sustainable in their water use.



RESEARCH INTO WATER QUALITY

CCA spends around \$60,000 annually with the University of South Australia's Ian Wark Research Institute for research into water quality. The work provides a better understanding about how to manage water issues such as the formation and removal of disinfection by-products, and allows us to optimise the performance of our existing operations. We have been running the research program with the University since 2001.

BOTTLED WATER AND FLUORIDE

The Australian Dental Association has called for parents to give their children fluoridated water for the health of their teeth. Under Australia's strict food laws it is not allowable to add fluoride to our spring water brands. We have applied to Food Standards Australia and New Zealand (FSANZ) for permission to add fluoride to a small range of water products to give consumers the choice between fluoridated and natural spring water. We have asked the Federal Government to fast-track what can be a lengthy process.



Environment

Principles

- We are accountable for our actions.
- We continuously improve environmental performance.
- We integrate sound environmental practices into our daily business operations in accordance with our environmental standards.
- Our commitment to protecting and preserving the environment extends throughout our organisation.
- We will establish mechanisms to communicate effectively with employees, consumers, governments, shareholders, supply chain partners and other stakeholders on environmental performance.
- We are minimising impact, maximising opportunity – results of research and new technology are used to minimise the environmental impact of our operations, equipment, products and packages.

CCA strives to conduct business in a manner that takes into account the various sensitivities in all our operating environments. Responsibility for our environmental performance lies with the Compliance and Social Responsibility Committee of the Board.

We have undertaken to implement internationally recognised Environmental Management Systems throughout our operations. To date, initiatives have largely centred on our higher risk business elements of manufacturing, and to a certain extent equipment services and acquisitions.

Performance in our manufacturing operations particularly with water savings, has seen CCA emerge as a leader within the Coke system and across the broader fast moving consumer goods industry.

CCA collaborates with TCCC at the local level on environmental management issues. TCCC publishes a separate global environmental report for the Coke system (www.coca-cola.com).

Environmental Governance

Our environmental governance platform stems from ISO14001:2004 certified environmental management systems, currently in place across the Group for our key beverage manufacturing operations.

CCA's major production operations in Australia, New Zealand and South Korea have qualified for certification to the TCCC Quality System for Quality and Environment.

Extensive data collation and reporting mechanisms allow for a continual review of performance and communication of results. Existing key performance areas of water, energy and waste have recently been expanded to commence better representation of performance in fleet, equipment and packaging. Consistent key performance indicators have been adopted by all operations within the CCA Group, and form the basis for performance monitoring for this report.

Our key performance indicators for each operation within the CCA Group are:

- Water Usage Ratio (L/FBL)
- Energy Usage Ratio (MJ/FBL)
- Total Solid Waste Recycled (%)
- Total Solid Waste Produced (tonnes)

Baseline performance against these measures has been detailed in this review. Refinements to collection boundaries and reporting timelines will see a more aligned and consistent representation in subsequent reviews. Explanations for data origins, gaps or variations to common boundaries, where observed, have been provided in brief.



Water

We have made a number of operational changes in our production plants and invested in new technology to improve ongoing savings of mains water.

This has resulted in CCA achieving best practice in the global Coke system for efficient water use. In Australia in 2006 production of all carbonated and non-carbonated beverages (including soft drinks, water, sports drinks and juice) achieved a ratio of 1.55 litres of water to make 1 finished litre of beverage (L/FBL). This compares with Coca-Cola Enterprises in the US, which uses 1.86 L/FBL and the global average for TCCC bottlers of 2.60 L/FBL.

CCA submits water savings action plans to all Australian states which currently require them – NSW, Victoria, Queensland, South Australia.

In Indonesia Water Resource Management systems are being implemented to minimise water use in all plants.

CCA is currently preparing a response to TCCC's Global Water Stewardship Strategy which will document initiatives in water efficiency, wastewater compliance, watershed management, water quality and social aspects in beverage operations across the Group.

Energy

While energy costs are a very small percentage of CCA's overall cost base, energy reduction and improvements in energy efficiency are key components of each Australian state-based core business plan.

CCA in Australia is a voluntary member of the Australian Government's Greenhouse Challenge Plus Program and reports annually on greenhouse gas (GHG) emissions and reductions. CCA also participates in various state-based reporting programs examining energy consumption, as required.

In 2006 CCA Australia participated in the Carbon Disclosure Project (CDP) for the first time. The CDP provides a secretariat for the world's largest institutional investor collaboration on the business implications of climate change. The website (www.cdproject.net) is the world's largest registry of corporate GHG emissions.

In 2006, GHG emissions from CCA's Australian carbonated beverage business and the Victorian juice business was reported as 106,779 tonnes of CO₂. Our KPI for energy efficiency is tonnes of CO₂ equivalent (CO₂e) emissions per kilolitre of finished beverage. In 2006 our KPI value was 62.86 kg CO₂e/kFBL, an improvement on our 2005 KPI of 0.31 CO₂e/kFBL.

In 2007 energy efficiency will emerge as CCA's lead environmental key performance indicator.

Other areas where we are gathering information to quantify impacts and identify opportunities centre on fleet fuel consumption and our equipment division. We aim to report more comprehensively on these areas in the future.

Waste

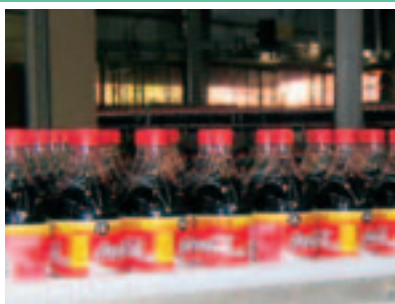
Waste from operations includes unused packaging, paper and cardboard, timber, pallets, scrap metal, canteen waste, fruit and vegetable processing pulp and residue from water and wastewater treatment processes. Waste is either returned to the supplier, recycled through markets or disposed into landfill.

In Australia and New Zealand more than 80% of waste is recycled, thanks to well-developed recycling markets and defined waste management systems onsite. Most fruit processing waste at SPCA is recycled as stock feed.

In our developing country operations, waste is recycled where there is a viable market. Materials recycled include aluminium, PET, cardboard, glass, scrap metal, timber, stretch and shrink film, plastic caps and paper. In future we will collaborate with suppliers to reduce waste items brought on site.

CCA undertook a waste audit of head office in Sydney which resulted in an internal staff education campaign around recycling.

Environment continued



SAVING ENERGY

CCA's National Contact Centre in St Leonards, Sydney fitted a "Light Eco" device to their lighting board which controls all lighting in the centre. This device saved more than 30% of the power used by the fluorescent lights with minimal effect on the lighting levels. Not only did this reduce CO₂ emissions by an estimated 102 tonnes per year, it also resulted in savings of around \$10,000 a year in energy bills.

The company which provided the Light Eco device coordinated the planting of 102 trees on behalf of CCA to signify the CO₂ emission saving.

LESS PACKAGING

Since introducing lightweighting of PET bottles for carbonated soft drink products in 2003, CCA Australia has saved 18,000 tonnes of PET.

A number of other packaging initiatives have commenced reducing the amount of corrugated board, stretch and shrink film required to package our products.

CCA developed trials to test a new innovation in packaging, the 1.25 litre "cray", or cardboard tray, which reduced cardboard by 53% and glue by 65%, and improved functionality.

Packaging

CCA uses PET, glass, aluminium and cardboard as its major packaging materials. All contain recycled material. In 1994 CCA was the first company in the world to package a food grade product using recycled content in PET and since that time we have continued to make significant progress in reducing the amount of material used in our packaging to minimise environmental impacts, while maintaining the integrity of our product.

In 2006 we reduced our product to packaging ratio by weight from 15:1 in 2005, to 14.8:1, thanks to lightweighting and packaging reduction initiatives.

In recognition for our initiatives CCA was awarded Highly Commended in the Beverage Packaging Action category of the 2006 Packaging Evolution Awards.

National Packaging Covenant

CCA is a founding member of the Australian National Packaging Covenant (NPC), a joint initiative set up in 1999 between government and industry to manage the environmental impacts of consumer packaging.

In our 2006 NPC Action Plan CCA focused on four areas (for details see www.ccamatil.com):

- to significantly improve the integrity of our data through improved data collection.
- implement the Environmental Code of Practice for Packaging (ECoPP).

- drive the formation of the Australian Food and Grocery Council's Packaging Stewardship Forum.
- raise the profile of away from home recycling, with our Luna Park public place recycling trial.

CCA is also a signatory to the Packaging Accord in New Zealand, where we have joined forces with industry, government, waste management and other non-government organisations as active members of the Accord and the Government-led Litter Alliance.

The New Zealand business has also established a beverage industry action group (EBAG) to address and achieve targets set under the Packaging Accord.

Public Place Recycling

CCA wants to see more of our packaging recycled and will continue to look at all proposed environmental initiatives. We believe that any solution to beverage waste must have an overall environmental benefit.

At present, Australia's successful kerbside collection system contributes around 40% of total packaging recycling.

Australians recycle around 70% of the beverage containers they consume at home – they do so because there is a convenient and low-cost process for them to use. We need to have a convenient process for them when they are away from home – the right bins in the right places with the right recycling messages.

CCA's "Refresh, Recycle, Renew" campaign launched in Australia in 2004, is aimed at encouraging the implementation of away from home recycling.



In 2006 we worked with our customers to expand the availability of recycling bins, to implement staff waste management education programs, waste audits, signage, and public awareness campaigns. To date, recycling schemes have been implemented at the following sites: First Fleet Park, Taronga Zoo, Australia Zoo, Luna Park Sydney and Thredbo Alpine Resort.

Refresh, Recycle, Renew also provides recycling bins for special events such as the Tamworth Country Music Festival and The Perth Royal Agricultural Show.

Some groups have suggested a return to the container deposit schemes that were phased out in the 1980s. Our view is that container deposit levies are inconvenient for consumers and would divert valuable material from kerbside collection, undermining the financial viability of the system and resulting in increased costs to ratepayers. Beverage containers make up only 3% of the volume of kerbside recycling material but contribute 25% of the value.

We believe the key challenge is to build on the success of the kerbside collection systems, not to undermine it.

Operational KPIs

CCA sets operational targets and KPIs for all of its plants to drive efficiency and improve performance. The following data has been compiled from existing environmental performance metrics data collected within each of the operations. Data has been presented in an aggregated format in accordance with operational sectors.

The most recent acquisitions/joint ventures have not been included.

The summaries presented represent best current estimates and may vary once data collection protocols have been refined. Due to the nature of many of the operations, the scope of data presented may also vary.

A common data collection protocol has been developed and will be implemented in all operations for use in future. This will ensure that data scopes are defined and are as consistent and comparable as possible.

Commentary on data gaps in data presented

1. Differences in scope of reporting. For example, energy data from some operations includes energy used by warehouses and distribution centres, whereas other operations isolate energy consumption from manufacturing processes only.
2. Where mentioned weight estimates for waste data are based on volumes and compaction rates. Where possible, contracts have now been modified to ensure actual weights are provided. Where this is not possible, annual bin audits will be conducted to verify compaction and weight estimates.
3. Waste data from some operations also includes liquid waste from product destruction. In future reporting CCA is looking to separate liquid and solid waste calculations.

A CLEANER CREEK

CCA Australia sponsored a three year, \$105,000 program to restore and upgrade Toongabbie Creek, a watercourse that runs behind our Northmead plant which had become degraded by noxious weeds. The project, which was completed in June 2006, resulted in a safe environment for a colony of Bell Miners and Brown Quail and other plants and animals. The project also involved construction of mass plantings of native flora. We will continue upgrading the Redbank Track along the Creek during the next stage of the project.

LESS WASTE TO LANDFILL

Halving waste sent to landfill in just four months was one of the impressive achievements of the environmental team at CCA's site in Richlands, Queensland. In 2005 we entered a three year total waste management agreement with Ipswich Waste Services, and the result was a 114 tonne, or 37% reduction in waste for the year, gaining CCA a finalist spot in Queensland EPA's Sustainable Industry awards. IWS placed a fulltime staff member at Richlands site who has driven the introduction of new technology including a unit to shred cans and PET bottles to improve the value of recovered materials and two new compactors, one for general rubbish and one for cardboard.

Environment continued



Environmental Measures – Full Year 2006

Australia (Beverages)

Measure	Unit	Baseline Figures			
		1. CSD/NCB	2. NF	3. PRS	4. Crusta
Water Usage Ratio	L/FBL	1.53	1.29	1.22	2.47
Energy Usage Ratio	MJ/FBL	0.29	0.08	0.07	0.56
Total Solid Waste Generated	Tonnes	5,635	997	78	115
Solid Waste to Recycling	%	81	62	59	54

1. Carbonated Beverages/Non-carbonated Beverages

2. Neverfail

3. Peats Ridge Springs

4. Crusta

- As Crusta is a recent acquisition, the focus has been on establishing data collection mechanisms, rather than improving performance, hence low recycling rates. 2007 will see a shift in focus to commence improvements.

Australia (Food)

Measure	Unit	Baseline Figures	
		1. SPCA	2. Grinders
Water Usage Ratio	L/kg	19.4	0.01
Energy Usage Ratio	MJ/kg	4.16	2.79
Total Solid Waste Generated	Tonnes	8215	N/A
Solid Waste to Recycling	%	85.1	N/A

Performance in the food sector (SPC Ardmona and Grinders) is represented as L/kg and MJ/kg

1. SPCA

- Data on Solid Waste to Recycling includes waste going to stock feed.

- Weight of waste data has been estimated. A new data collection system is now in place to better record waste data

2. Grinders

- Operations included are production facility and shop in Melbourne, and distribution centres in NSW and QLD

- Waste data from 06 was not recorded. New arrangements now in place will now see this reported.

South Korea

Measure	Unit	Baseline Figures
Water Usage Ratio	L/FBL	2.42
Energy Usage Ratio	MJ/FBL	0.98
Total Solid Waste Generated	Tonnes	4326
Solid Waste to Recycling	%	96

Indonesia

Measure	Unit	Baseline Figures
Water Usage Ratio	L/FBL	3.79
Energy Usage Ratio	MJ/FBL	1.02
Total Solid Waste Generated	Tonnes	10,526
Solid Waste to Recycling	%	40

- Total solid waste figure may also include liquid wastes from product destruction, sludges from wastewater treatment and filter media such as activated carbon – hence high weight of waste. This would need to be reported separately in future to maintain consistency with internal data reporting protocols.
- Water use ratio is high because of the high volume of returnable glass bottles, which are washed and re-used.

New Zealand

Measure	Unit	Baseline Figures
Water Usage Ratio	L/FBL	1.94
Energy Usage Ratio	MJ/FBL	0.2
Total Solid Waste Generated	Tonnes	2,751
Solid Waste to Recycling	%	87.5

PNG

Measure	Unit	Baseline Figures
Water Usage Ratio	L/FBL	3.09
Energy Usage Ratio	MJ/FBL	0.16
Total Solid Waste Generated	Tonnes	558
Solid Waste to Recycling	%	66

- Waste does not include product destruction, sludges or filter media.

Fiji

Measure	Unit	Baseline Figures
Water Usage Ratio	L/FBL	2.03
Energy Usage Ratio	MJ/FBL	0.7
Total Solid Waste Generated	Tonnes	286
Solid Waste to Recycling	%	83



Marketplace

Principles

- We are committed to earning the trust of our consumers by providing safe, high quality, relevant products and services that satisfy their beverage needs and fit their lifestyles.
- We are committed to marketing and communicating credibly and honestly with respect for and across social, economic, and cultural backgrounds.
- We are committed to supporting our business partners, both local and global, by building sustainable, reliable, consistent, mutually beneficial relationships.

CCA recognises public concern about health issues, particularly in relation to kilojoule-dense diets and the need for more physical activity in the community. To meet changing consumer needs we have significantly diversified our product range. Today water, fruit juice, coffee, sports and energy drinks, sugar-free soft drinks and SPCA's fruit and vegetable products contribute to more than 30% of our revenue, compared to just 5% in 2001.

A key changing consumer need is the move to low-kilojoule beverages. This was evident in the hugely successful Australia and New Zealand launch of Coca-Cola Zero, a sugar-free low-kilojoule beverage. Coca-Cola Zero captured and maintained 13% of the total cola category and has created a new segment in the Australian and New Zealand markets.

Diet Coke and Coca-Cola Zero, both sugar-free, now represent 34% of Coke volume, up from only 20% in 2000.

Product Development

In 2006 CCA focused on growing its functional/low kilojoule beverages, including water, low kilojoule and no kilojoule brand and product extensions including Coca-Cola Zero, diet Coke, Sprite Zero, Pump, Pumped flavoured waters, Mount Franklin, Frestea Jasmine and Frestea Green iced teas.

In Australia, 43% of sales have been from these beverages, and 50% of the marketing budget was spent on promoting them.

While the range of our products and the volume of beverages sold in Australia has expanded markedly since 2002, we have at the same time lowered the energy density of our product portfolio.

The shift in the product portfolio to lower kilojoule beverages has resulted in a 13.9% drop in kilojoule consumption per capita in the Australian market.

There has also been a focus on smaller serving sizes. In Australia 300ml slimline cans, 250ml glass bottles, and 250ml grocery snack packs for carbonated soft drinks have been successfully introduced.

Other successful products launched in Australia included Goulburn Valley chilled juices and 220 gram Goulburn Valley fruit snacks. Two flavoured waters, Pumped, drove total Pump volumes over 20% in the second half of the year, becoming the number one and two selling functional flavoured waters in Australia.

In Indonesia successful new products included Frestea Frutcy, Frestea Green Tea and Powerade Isotonic. In New Zealand Kiwi Blue water and Powerade both grew volume by more than 20%.

Marketplace continued



Educating Consumers

In Australia and New Zealand the Coke system commenced an initiative to improve nutritional labelling on its products. The new labels on regular and diet soft drinks, juices, teas and sports drinks will have a “thumbnail” on the front bearing the kilojoule count of the product.

The initiative is a result of focus group research of targeted consumer groups, including mothers, who said they want quick, easy information about the kilojoule content of foods.

The “thumbnail” information also has information on how much each product contributes to Daily Intake (DI) for energy, as set out by the National Health and Medical Research Council. The DI will provide consumers with a science-based non-discriminatory system.

In Australia, New Zealand and South Korea, a consumer education campaign was launched – called Make Every Drop Matter (Australia and New Zealand) and Make Every Drop Count (South Korea). This included:

- An advertising campaign aimed at educating consumers about the broad range of products offered by CCA through magazines and online channels.
- The launch of a dedicated nutrition website and on-line newsletter aimed at educating consumers about our products at www.makeeverydropmatter.com.au (Australia); www.makeeverydropmatter.co.nz (New Zealand) and

www.makeeverydropcount.coca-cola.co.kr (South Korea).

- An employee communication program with an employee information booklet.

TCCC has also funded research both locally and internationally through the Beverage Institute for Health and Wellness which supports nutrition research, education and outreach, with a primary focus on beverages, www.thebeverageinstitute.org.

Product Quality

In manufacturing CCA has introduced policies and procedures, robust systems and proven technologies along with trained people to ensure that our products exceed all company standards and legal requirements prior to leaving our facilities.

Improving freshness of our products and associated PET carbonation issues is our number one product quality focus. The Coke Best Fresh program was introduced in 2005 to address this issue. It recognises that handling and storage of our products after manufacture can impact on their quality and ultimately influence the experience our consumers have.

The stock age and rotation programs that were reintroduced as part of the Coke Best Fresh initiative are working well.

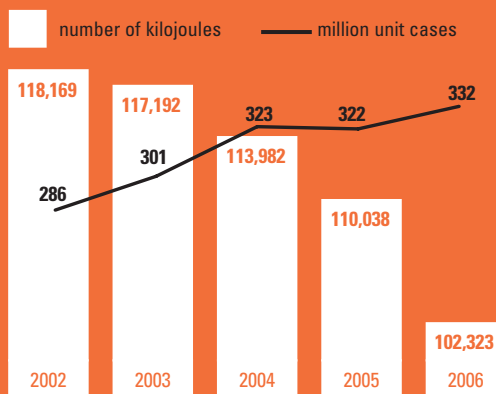
Food Safety

Australia and New Zealand

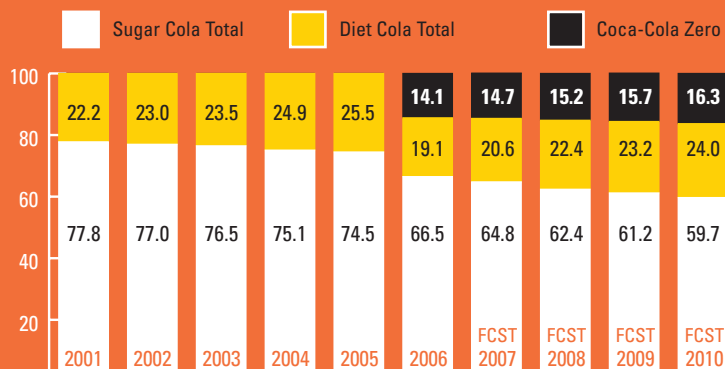
Protecting public health and safety is a fundamental aspect of food manufacture and all food businesses must comply with the requirements of the Australia New Zealand Food Standards Code and have their Food Safety Programs certified through an independent audit process.

CCA has a Hazard Analysis and Critical Control Point based program which sets out specific handling controls related to the receipt, storage, processing, display, packaging, transportation, disposal and recall of our products. Other requirements relate to the skills and knowledge of our employees and their supervisors, their health and hygiene, and the cleaning, sanitising and maintenance of our premises and equipment.

Total kilojoules consumed from CCA products per person in Australia per annum decreased as volume of CCA product sold in Australia increased.



The Changing CCA Product Portfolio for Australia (%)



Marketing Policies

We recognise parents' roles as gatekeepers of and decision makers about what young children eat and drink. For this reason in Australia and New Zealand the Coke system ensures products are not advertised directly to children younger than 12 years old. This means:

- Our advertisements are not screened during children's programming times (weekday afternoons and Saturday mornings) or during any program where the majority of viewers are under the age of 12 years.
- We do not publish our advertisements in publications aimed at children under the age of 12 years.
- When running sampling activity to promote our products, we do not provide samples to children under the age of 12 years unless we have permission from an accompanying adult.

Since the beginning of 2004 in Australia and New Zealand we have also had a policy of restricting products available to primary schools to water, juice, juice drinks, other non-carbonated beverages and diet soft drinks. We do not sell carbonated soft drinks containing sugar or caffeine to primary schools for consumption by students.

The CCA beverages available to high school students are selected by their school communities. In 2006 sugar soft drinks were withdrawn in most Australian high schools, but sugar-free soft drinks continued to be sold in many schools.

In New Zealand CCA voluntarily agreed to stop directly selling full sugar carbonated soft drinks and full sugar energy drinks to all schools. The phased-out removal began in December 2006 and will be completed by December 2009.

Supplier Compliance

All major CCA suppliers are required to comply with The Coca-Cola Quality System (TCCQS): Evolution 3. TCCQS states that suppliers to, and suppliers authorised by TCCC will abide by all applicable laws, including local laws addressing environment, working hours, compensation, employees' rights to choose whether to be represented by third parties, and to bargain collectively and working conditions inclusive of OHS practices.

Under the Environmental Code of Practice for Packaging CCA's suppliers are also educated about the environmental impact of packaging.

Responding to Consumers

CCA responds to both customers and consumers in Australia through the national contact centre, Coke Connect. The 240-strong team covers 24 hours a day, 7 days a week.

The customer service team at Coke Connect receives 1.3 million calls annually and answers them within an average of 10 seconds. The sales team calls customers on an agreed day and time to take orders, sell new products and ensure they have enough product readily available for consumers.

All calls received from customers are logged and monthly reports are produced and distributed throughout the business.

The Consumer Information Centre (CIC) is the independent function within Coke Connect that captures consumer feedback. In its first year, 1991, CIC received 5,254 phone calls, requesting information on subjects ranging from marketing to packaging, ingredients, nutrition, student brochures, finance and the environment. In 2005 the CIC received nearly 115,000 contacts (phone, fax, email, mail), a 22-fold increase since inception.

The CIC responds in detail, by phone, by email or in writing, to all consumer enquiries within 24 hours, or next business day wherever possible. Consumer information is fed into the organisation to Group Managing Director level and is shared with the Coke system worldwide via regular monthly reporting.

CIC: free-call 1800 025 123, via fax on 02 9436 8715 or via email to cca_cic_website_contacts@anz.ccamatil.com.



Workplace

MORE APPRENTICES

CCA Australia has created an Apprenticeship Scheme which will refresh our trade skills and ensure a knowledge transfer from existing employees to future trade specialists. Under the Apprenticeship Scheme we expect to take on 20 new apprentices in 2007.

Principles

- We believe in establishing a strong commitment and direct relationships with our employees through open and honest communications.
- We are committed to ensuring, with our employees, the safety of the workplace.
- We abide by all applicable local labour laws, including those that address working hours, compensation, discrimination and third party representation.
- We believe in treating our employees with fairness, dignity, and respect.
- We value diversity in its broadest sense.
- We believe in providing opportunities for employees to develop personally and professionally.
- We hold each other accountable for performance at the highest levels.
- We are committed to rewarding our employees commensurate with performance.

CCA employs approximately 18,000 people across the Group.

The rapid expansion and diversification of CCA's business since 2001 including a number of acquisitions, has driven successful programs to transfer key managers into the new businesses. As well, leadership programs have been rolled out across the Group, and have enjoyed particular success in our developing markets.

CCA initiated new flexibility programs in Australia including making child care services and superannuation available under salary sacrifice. Employees can also purchase additional annual leave of up to four additional weeks per year. This has been particularly well received by staff with children allowing better work-life balance.

The health, safety and wellbeing of our people is of particular importance, and we have had significant achievements in reducing lost time injuries in our Australian operations, and at SPCA.

In Indonesia and Papua New Guinea we are particularly concerned about the impact of HIV/AIDS and we have workplace policies in place which ban discrimination against anyone with HIV/AIDS. In PNG we offer voluntary workplace testing, as well as counselling and education. We also offer to pay for most of the cost of the anti-retroviral drugs that our employees need for their ongoing treatment. In Indonesia we focus mainly on prevention, disseminating information, communication and education programs for employees. In 2006 these programs were successfully implemented in several plants/unit operations and will continue to other unit operations throughout Indonesia. For more information on our work with HIV/AIDS see Community.



Health and Safety

Each country of operation now has a designated Occupational Health and Safety (OHS) representative responsible for improving OHS performance.

Australia

There has been significant improvement in OHS performance over the last few years. Our safety culture has strengthened and the OHS Management System (OHSMS) is increasingly embedded in operating practices. CCA Australia is targeting AS4801 accreditation by the end of 2008.

A key to the improvement has been a strong commitment from the Australian Executive Team which reviews OHS performance monthly.

CCA Australia has reduced injury rates, due to our focus in the following areas:

- Implementing plans to reduce high risks areas such as cash handling (e.g. armed hold-up training), contractor management, forklift and traffic management plans, machine guarding and manual handling.
- Implementing Corrective Action registers.
- Training employees in their responsibilities and risk management processes in order to change the culture around OHS, and to make safety part of what we do everyday.

SPC Ardmona

SPCA has reduced its LTIFR by 50% over the last 3 years, thanks to a fundamental shift in focus to target workplace safety. Strategies included improved injury management techniques, training of Return to Work co-ordinators, more safety training, a pro-active rehabilitation program and the development of a workplace culture where all employees take responsibility for safety.

Building on that recent success, the focus for SPCA in the next 12 months will be on the implementation of and compliance with the CCA Australia OHSMS. SPCA has also committed to the introduction of an Emergency Management System at its three sites.

SPCA instituted a trial program with chiropractors from the Soft Tissue Centre to focus on Return to Work and management of long term injuries to reduce average time lost.

New Zealand

CCA launched a '10,000 Step Challenge' which encouraged employees to walk 10,000 steps per day. Around 750 employees from a total employee base of just over 1,000 participated. The promotion of a healthier lifestyle saw many benefits, in particular many of the participants lost significant amounts of weight.

New Zealand also worked towards gaining 'tertiary accreditation' status with the Accident Compensation Corporation.

Fiji

CCA Fiji continues to implement its OHS management systems.

Indonesia

Each unit operation has now appointed a local OHS manager to implement initiatives which include an OHSMS, OHS reporting system, and the development of employees' safety awareness. More than 6,500 employees attended Safety Awareness training.

All plants were audited by the Indonesian Government and received the highest award for OHS, the Golden Flag certificate.

A new policy – No Helmet, No Entry – was introduced in June 2006, whereby all CCA Indonesia employees who drive company motorbikes are required to wear a helmet at all times, and all employees, contractors and visitors entering company premises on a motorbike are also required to wear a helmet.

South Korea

OHS audits were conducted at all sites and actions put in place to improve OHS, which included: rear cameras installed on all trucks; implementation of methods to reduce lifting injuries; increased participation in OHS training programs; and implementation of improved personal protective equipment.

Workplace continued



HIV/AIDS PREVENTION

CCA Papua New Guinea has a Workplace HIV/AIDS Management and Prevention Policy which includes:

- Educational and awareness campaign;
- Availability of free condoms;
- Voluntary testing for all employees;
- Confidential counselling service for HIV infected employees;
- Financing most of the cost of anti-retroviral drugs for all infected employees.

Talent Development

Australia

CCA offers a range of talent development plans including Individual Performance Plans which are reviewed with employees three times a year; Individual Development Plans for employees to design skill and competency plans with their managers; Organisational Capability Review (OCR), a succession planning tool and Mentoring Programs for high potential employees.

There is a strong focus on developing leadership talent through a range of programs: People Management Development Program for new managers; for high potentials, Emerging Leaders Program; the Senior Leadership Program for our senior leaders; and Coaching for Business Performance.

CCA also supports employees wishing to pursue their studies.

SPC Ardmona

The final implementation of a Performance Management system for SPCA, consistent with the CCA Australia framework, will be completed in 2007.

A further initiative called "Fruit University" will be available to all staff in 2007 to enable them to become more aware of the technical aspects of the fruit industry. The Fruit Uni will be developed in conjunction with a local tertiary institution and accredited, and it will include all aspects of the supply chain from the orchard to the shelf.

New Zealand

CCA operates an annual performance management cycle which involves the establishment of a performance plan and the completion of a mid year and end of year review.

Further initiatives include a Coaching for Results Program for managers; a framework offering development options to all employees; Coke Uni, the core curriculum of courses that link to our core competencies; and an E-learning program.

There is also a range of leadership training programs for all levels, including a Senior Leadership Program developed in partnership with the University of Auckland.

CCA Workplace Metrics – As at September 2006

Country	Number of Lost Time Injuries	Lost Time Injury Frequency Rate	Average Time Lost Rate (current year injuries)
Australia	76	13.3	7.4
New Zealand	22	13.9	4.4
South Korea	49	10.9	28.1
Indonesia	22	1.3	24.2*
PNG	6	0.0	0.0
Fiji	1	15.2	2.0

* Indonesia's ATLR is impacted by 220 day allocation for fatalities. Non fatal LTI's have an average time lost rate of 12.

Indonesia

Talent development continues to be a key focus with core training programs being developed for key roles. More than 27,000 training days were delivered during 2006.

A formal Organisation Capability Review (OCR) process was implemented, targeting all managers. More than 500 managers were reviewed and action plans developed.

Forty-six participants graduated from a National Graduate Trainee Program and at completion of the program they were deployed in supervisory roles at Unit Operations.

Fiji

Individual performance plans are prepared annually and reviewed every six months. A succession planning process identifies employees with high potential and an Individual Development Plan is developed by the leadership team member in conjunction with the individual.

South Korea

CCA has instituted a Coke University offering a variety of sales based training courses.

The CCA Australia performance management framework of performance plans and IDPs will be implemented in 2007. The OCR process is already in place.

Diversity

CCA subscribes strongly to a policy of non-discrimination and we recognise the social responsibility and business benefits associated with a diverse workforce. In CCA's 2005-2006 report to the Australian Employment Opportunity for Women in the Workplace Agency (EOWA), numbers of female employees grew to 30%, up from 27% the previous year. Women in part-time work increased by 22%, and women were well represented in Finance (68%).

Australia

The following initiatives have been introduced to help drive greater female representation at senior levels within the organisation.

- Childcare – staged implementation of child care facilities to allow costs to be salary packaged pre-tax;
- On-line access to childcare arrangements;
- Annual leave salary sacrifice – option to purchase an additional four weeks of annual leave in a year (70% take up by females);
- Biannual Female Leadership Forums for high potential women;

- Focus in Talent Review forum on action plans for high performing, high potential females;
- Recruitment shortlists to include qualified female candidates.

These initiatives have resulted in improvements in the percentages of women in management positions as follows:

- Of the eight internal promotions to CCA grade D roles in Australia in the last 12 months, five were female;
- Females now represent 33% of middle managers compared to 24% in 2005.

New Zealand

CCA has a diverse workforce. The executive leadership team of nine is comprised of three females, two of whom work part-time. A large portion of employees come from a Polynesian/Maori ethnic group.

Community



Principles

- We support initiatives and partnerships that are relevant and of value to local communities.
- We emphasise the development and education of young people.
- We listen to the communities in which we operate and take into account their views and aspirations in the way we conduct our business.

CCA has been creating jobs and investing in local communities for decades, and we believe that responsible wealth creation is a fundamental social contribution of business. We are also committed to maintaining and improving the health and social fabric of the communities in which we operate.

Community involvement is embedded into CCA's business model and is now part of our organisational culture. It takes two forms, community investment and community engagement, and includes: our philanthropic Foundations, staff volunteering, emergency relief, donating beverages to community events, environmental initiatives, and sharing information with our neighbours in our local communities.

In 2006 the total value of our community support across the Group was approximately \$4 million, or around 1% of CCA's Group pre-tax profit.

Community Investment

We define community investment as supporting initiatives and partnerships that are relevant and of value to local communities.

The Coca-Cola Foundations

The Coke system has established Foundations in Australia, Indonesia and South Korea as the primary vehicles for driving community support in these countries.

Coca-Cola Australia Foundation

CCA and TCCC established the Coca-Cola Australia Foundation (CCAF) in 2001 with the mission to "make a difference to Australia's youth."

The Foundation supports *National Grant* partners for a maximum of three years and *Community Grant* partners with one-off grants out of a total pool of approximately \$1 million per annum (equally funded by CCA and TCCC).

The CCAF is currently supporting:

- Beyond Empathy – a mentoring and leadership program designed to break the welfare cycle for young people through arts projects.

- Barnardos' Adolescent Early Intervention Parenting Education Program – a new parenting education program for disadvantaged and hard to engage families with at-risk adolescents.
- The Australian Literacy and Numeracy Foundation's Remote School Project – a unique pilot project addressing some of the most pressing literacy challenges in remote Australian indigenous communities. CCA staff in our Sydney and Darwin offices donated hundreds of books to help build a library as part of the project. The Remote School Project won Best Community Project in the 2006 Ethical Investor Sustainability Awards.
- Blueearth Institute – CCAF is supporting a longitudinal medical research project undertaken by Dr Dick Telford, Professor of Medicine at the ANU and former Head of Physiology and Applied Nutrition at the Australian Institute of Sport. The scientific study involves the taking of a number of medical, bio-mechanical and socio-psychological measures to ascertain the impact of both physical activity and sedentary living on children. The study is of more than 800 children in year one of primary school.



BEAN AID

SPCA was a primary sponsor of Foodbank WA's SPC Bean Aid in conjunction with Curtin University in Perth. A month-long drive in Coles to raise donations of cans of baked beans ended with a Deni Hines concert at Curtin Uni and the world's longest line of baked beans cans – 69,157 cans arranged in an indigenous design symbolising the circle of life. The cans were given to Foodbank WA for their school breakfast program.

SHARE-A-CAN

Ten years of Share-A-Can days at SPCA has resulted in the donation of \$10 million worth of food and has involved 2000 tonnes of fruit and vegetables, 35 tonnes of baked beans and spaghetti, 4000 volunteers, three million steel cans and 250 semi-trailers.

- Community Awards – prizes of \$5000 for community organisations to encourage young people to lead healthy lifestyles. Robyn Sanewski was one of 20 recipients of a Community Grant in 2006. CCAF funded Robyn to walk the Kokoda Trail with Michael Milton, Paralympic skier, and also granted \$10,000 towards her "Fit for Life" organisation.
- Community Grants – one off grant payments of up to \$10,000 to innovative community programs. One recipient in 2006 was the ALIV Kids Program, providing recreational opportunities and support for disadvantaged children released from immigration detention centres and now living in community detention.

Coca-Cola Foundation Indonesia

The CCFI was established in August 2000 to "elevate the level of education and the quality of human resources in Indonesia". Education programs are the cornerstone of every CCFI activity. The programs include:

- The Learning Centre Program, which develops libraries into community learning centres to disseminate information on a range of issues, including environmental protection and HIV/AIDS. To date,

24 Learning Centres across 14 provinces have been set up.

- Publication of a Learning Centre manual which was endorsed by the National Library of Indonesia.
- The Environment Education Program runs a school-based competition called "Go Green School" where winning schools receive a grant to execute their environmental programs.
- The Micro-Enterprise Development (MED) Program helps people lift their families out of poverty and grow their micro-enterprises through self-help groups and mentoring by business leaders, access to low-interest loans, and the development of various business learning tools.

Coca-Cola Korea Youth Foundation

Founded in 2004, the CCKYF seeks to "develop Korean youth by promoting physical activity and supporting sports, education and related activities". Programs include:

- The Coca-Cola Sports Award which recognises significant contributions to Korean sport development.
- The Healthrobic program in 300 schools and a Healthrobics Contest.

- The "English Camp", a program to help Korean youth improve proficiency in English through diverse cultural and physical activities such as in-line skating. The successful pilot has resulted in CCKYF evaluating the roll-out of a national facility and has influenced the National Youth Training Centre to open its own youth English course.

HIV/Aids Education Programs

Through our Foundations, CCA and TCCC are working hard to help our communities in Indonesia and PNG deal with HIV/AIDS.

PNG: The Coca-Cola Foundation has established a relationship with the Clinton Foundation for implementing projects for the screening and treatment of HIV/AIDS, some of which include the potential to distribute HIV education and treatment materials to remote locations via CCA's extensive national distribution network.

We are looking at utilising modified shipping containers as HIV/AIDS screening/counselling centres in communities.

Community continued



TREE PLANTING WITH LANDCARE

Fifty staff from across the Coke system converged on Sydney Harbour National Park on 22 November 2006 to participate in CCA's first staff volunteering day as part of the new Landcare partnership.

Despite the scorching 36 degree heat, the team rolled up their sleeves, donned gardening gloves and red hats, and got down and dirty with the land. Much weeding, sawing, clearing and planting was done and the results of their hard work were clearly evident at the conclusion of the day.

Guided by experts from the National Parks and Wildlife Authority and Landcare, the team was educated in the particulars of weeds (short leaves good, long leaves bad) and how to plant a tree in four easy steps.

It was a memorable and highly enjoyable day for everyone who took part.



Indonesia: programs focus on prevention, both in the workplace and in the community, using educational materials and working with government agencies and NGOs.

In 2003 the Foundation launched its first initiative on HIV/AIDS education, called Project STAR. In partnership with the Ministry of Health, the Foundation conducted a series of educational programs targeting teenagers in four major cities, Jakarta, Bandung, Surabaya and Yogyakarta, chosen because of the high incidence of drug users.

Since then the programs have expanded substantially, providing training through high schools and universities.

Donations of Food and Beverages

Across the Group CCA donated approximately \$2 million in food and beverages to various charity events and community initiatives.

One large scale product donation initiative is the Share-a-Can Day. This has been held every year for the past 10 years at SPCA headquarters in Shepparton in regional Victoria. SPCA and its employees and suppliers donate their time, products and resources to packing food products for distribution by Foodbank Australia and Victoria Relief to needy families.

In 2006 this initiative produced 496 tonnes of SPCA food products, worth approximately \$750,000 in retail value.

SPCA was ranked amongst Foodbank's top 5 donors in 2006.

CCA also donated \$273,000 worth of beverages to Foodbank Australia in 2006.

Thirst for Giving

The "Thirst for Giving" program in Australia enables employees to donate to nominated charities direct from their pre-tax pay. CCA matches every employee dollar donated up to a limit of \$1,000 per employee per year.

The following charities are our partners in the program.

- Mission Australia
- CanTeen
- Royal Flying Doctor Service
- Australian Children's Music Foundation
- WWF
- Big Brother Big Sister
- Children's Hospitals (NSW, Victoria, Queensland, SA, WA)

In 2006, CCA matched approximately \$58,000 worth of employee charity donations, resulting in a total charity donation of almost \$116,000 by CCA and our employees.

New Zealand

CCA donated \$13,000 to help Tokoroa resident Desiree Ryan raise enough funds in 72 hours to build a community playground in Tokoroa. This featured on Television Two's new reality show "No Opportunity Wasted".

Coca-Cola Christmas in the Park

Held annually in Auckland and Christchurch, the Coca-Cola Christmas in the Park events are the largest free concerts in the Southern Hemisphere and raise more than \$100,000 each year for youth counselling and Youthline.

Relief Efforts

Boxing Day Tsunami 2005

CCA and TCCC jointly initiated a number of immediate and ongoing relief projects in devastated Indonesian regions. Our efforts included:

- Donating vehicles ranging from ambulances to motorbikes and mobile clean water supply vehicles, as well as telecommunications equipment.
- Building 11 modular school complexes and two permanent schools in Aceh.



- Helping supply clean water by locating the best places for clean freshwater wells with hydrogeological surveys.
- Building a micro-power plant in Aceh. Since the commissioning of the water-based, environmentally friendly power plant, 200 affected households are now utilising power in their homes. The plant is also providing power to a school, local mosque and three community facilities.

Cyclone Larry

CCA provided \$65,000 worth of packaged water and SPCA donated 30 pallets of food to the victims of Cyclone Larry in Innisfail, Queensland.

Environmental Initiatives

Landcare Australia

CCA and TCCC entered into a partnership in 2006 with Landcare Australia to protect and regenerate our water sources, with CCA providing an estimated \$10,000 in product donations and volunteered employee time, and TCCC investing \$136,500. This will enable local Landcare groups to carry out planting and regeneration projects in areas connected to the major waterways and water sources near our operations.

New Zealand

CCA has led the way in event recycling in New Zealand since 2004, developing a set of event recycling guidelines and trialling bin and bag options at events like Coca-Cola Christmas in the Park. In 2006 CCA installed specially designed bins that are made from plastic and fold down to an easily transportable flat sheet that can be put into their own recycling bag if damaged.

South Korea – The Water Campaign

The Water Campaign is a major component of South Korea's contribution to TCCC's "Make Every Drop Count" global initiative.

Coke system employees in South Korea formed a "Water Team" which worked with environmental experts and NGOs to understand threats to South Korea's water resources and define programs to undertake. Among these are assessments of water courses around South Korea's three bottling plants and designing suitable activities to ensure sustainable water health.

Indonesia – Community Watershed Partnership Project

Together with USAID, the Coke system in Indonesia launched the Cinta Air (Love Water) Program in an effort to ensure the provision of clean water supply and sanitation services to the district of Bekasi.

The program facilitates school and community group activities which protect water resources, manage clean water and sanitation systems, and work on water treatment initiatives.

Encouraging Healthier Active Lifestyles

TCCC has a long tradition of supporting major global sporting events like the Olympic Games, the Football World Cup and the Rugby World Cup. In Australia and New Zealand CCA and TCCC share sponsorship of major national sporting events and agreements with major football organisations, including the Australian Rugby Union, the National Rugby League and the Australian Football league.

CCA has been a long-term sponsor of sport and recreation at national and local levels, and in Australia we sponsor community sporting clubs in rugby league, football, AFL, netball, hockey, Little Athletics, rugby union, cricket, basketball, softball, touch football and baseball.

Community continued

MOUNT FRANKLIN GOES IN TO BAT FOR BREAST CANCER RESEARCH

Australian cricketer Matthew Hayden was inspired to help the National Breast Cancer Foundation after seeing a bottle of Mount Franklin with the pink lid. He rang the NBCF's Sue Murray and asked if he too could do something for breast cancer research.

He decided to put a pink handle on his cricket bat. Matthew's wonderful gesture, seen by cricket crowds right across the world over summer, was taken up by many of his fellow Australian cricket team members.



TCCC has developed an initiative called the Active Lifestyle Program. The programs are funded and sourced through many avenues including the Coca-Cola Australia Foundation and the Coca-Cola Community Awards, which emphasise physical activity.

The Australian Sports Commission and the University of South Australia helped TCCC to produce an Active Factor booklet to help parents encourage their children to be more active (www.activefactor.com.au).

New Zealand – Oscar Go Kids!

In New Zealand, the Coke system works with OSCAR (Out of School Care and Recreation Foundation) to enhance the fitness of children participating in after-school care through a program that provides regular exercise activities.

Indonesia – Aku SeGAR

The Coke system has developed Aku SeGAR which focuses on nutrition and regular exercise, and supports the Indonesian Government's program Healthy Indonesia 2010. A Nutrition Guide and Aerobic Exercise Manual has been developed for the program and distributed to schools in greater Jakarta.

SPC Ardmona – Collect-a-Tub

SPCA and Coles supermarkets developed the "Collect-a-Tub" program aimed at encouraging Victorian primary school children into more active lifestyles. Points from the purchase of Goulburn Valley Fruit Snacks from Coles or BI-LO stores were redeemed for sporting equipment for schools.

Mount Franklin

CCA's leading water brand, Mount Franklin, initiated a three-year, \$300,000 commitment to support the National Breast Cancer Foundation's (NBCF) research into breast cancer in Australia. Under a Platinum Corporate Partnership with NBCF, CCA pledged to donate \$100,000 annually for three years.

The campaign, which included Mount Franklin bottles turning pink and topped with pink lids, generated a significant amount of awareness for the NBCF and also raised an additional \$70,000 through related promotional activities with Coffee Club, Priceline, Big W, and the Coles Myer Group, as well as an Ebay celebrity auction and staff Pink Ribbon events.

The Australian Council of Agricultural Societies Scholarship Program

This program rewards young Australians working or studying in the field of agriculture who are contributing to their regional communities. Thirty-three scholarships are offered across the country totalling an investment of \$66,000 by CCA in Australia's youth.

Other Community Investment

not included in Table on page 31

SPC Ardmona Home-Grown Scholarship Program

This scholarship provides a grant of \$5,000 per annum (maximum \$20,000 over four years) to contribute to the costs for a Goulburn Valley resident to gain a qualification in Food Science and Technology or Mechanical Engineering at any Australian university.

CCA Community Contribution 2006

Country	Coca-Cola Foundation	Product and Merchandise	Thirst for Giving	Relief Efforts	Environmental Efforts	Cause Related Marketing	Other	Total
Australia	500.0	556.5	58.0	85.0	50.0	100.0	318.0	1,667.5
SPCA	—	750.0	—	30.0	—	—	65.0	845.0
New Zealand*	—	300.0	—	20.0	—	—	13.0	333.0
South Korea	270.0	98.2	—	18.2	20.2	—	8.4	415.0
Indonesia	633.3	26.1	—	—	—	—	75.7	735.1
PNG	—	21.	—	1.7	18.1	—	—	40.8
Fiji	—	4.0	—	33.8	—	—	3.8	41.6
TOTAL	1,403.3	1,755.8	58.0	188.7	88.3	100.0	483.9	4,078

Note: All figures are in 1000s of Australian dollars.

* New Zealand data is an estimate only

SPC Ardmona Water Fund

In November 2006, CCA announced the SPCA Water Fund, a \$1.75 million fund to aid drought-stricken farmers in the Goulburn Valley. The funding for 2007 covers interest free advances to purchase water, subsidies on fruit delivered for processing and access to 1,000 megalitres of water for irrigation. The initiative is aimed at assisting SPCA's grower suppliers with the additional costs of buying water as the Goulburn Valley faced its worst irrigation year on record.

Neverfail Springwater and Neighbourhood Watch

Neverfail Springwater in Perth has formed a unique partnership with WA Police and Neighbourhood Watch. In September 2006, the WA Police Commissioner, Karl O'Callaghan launched the program which involves Neverfail's drivers being the "eyes and ears" on the streets for Neighbourhood Watch. The program will extend to regional communities in WA in 2007.

Community Engagement

We define community engagement as building relationships with key stakeholders in the communities in which we operate and engaging in dialogue on a range of issues. We have worked hard to understand the needs and concerns of several communities in 2006, including Peats Ridge in NSW (see Engaging With Our Communities p.10), Northmead in western Sydney and Auckland in New Zealand.

In 2006, we began a new National Community Engagement Strategy which aims to build good relationships with every community in which we operate. We have set up a phone number, 1800 LOCAL1, and we communicate with our neighbours to seek their feedback on our local activities.

Plant Tours

CCA conducts plant tours for school and community groups in NSW, South Australia, Western Australia, Indonesia, South Korea and Fiji. Annually, we invest approximately \$40,000 in educational aids and product as well as 4,000 hours in administering and hosting the tours.

New Zealand – Coca-Cola Careers Expo

The annual Coca-Cola Careers Expo takes place in Dunedin, Wellington, Christchurch and Auckland and provides career and education advice to tens of thousands of young Kiwis. Approximately 135 hours of CCA time is donated to bring these expos to fruition.

The Careers Expo was a finalist in two categories of the 2006 New Zealand Sponsorship Awards – Best long-term sponsorship and Best special project.

Awards

External Recognition 2006

Australia

Dow Jones Sustainability Index

CCA was listed as the Cluster Leader of the Food, Beverage and Tobacco sector of the 2007 Dow Jones Australian SAM Sustainability Index (AuSSI).

CCA scored well in the following categories:

1. Risk and Crisis Management
2. Healthy Products
3. Environmental Performance
4. Packaging

For more details of the SAM Benchmarking Report see www.aussi.net.au

The Wall Street Journal Asia 200 Survey

CCA was placed in the Top 10 companies in Australia in The Wall Street Journal's A200 survey, a performance review of Asia's leading companies. A survey of more than 3000 executives and professionals rated CCA as one of the most admired public companies in Asia based on five key leadership criteria:

- Financial soundness
- Company reputation
- Quality of products and services
- Innovation in responding to customer needs
- Management long-term vision

NSW: Sydney Water Every Drop Counts Awards

Joint Winner Innovation Category 2006

Queensland Environmental Protection Agency

Sustainable Industry Awards: Finalist in Industrial Eco-Efficiency Category 2006

Victoria's Savewater! Awards 2006

Finalist CCA (Moorabbin)

Western Australia: Department of Water WA Water Awards 2006

CCA Highly commended for Waterwise Business

Finalist in 3 categories:

- Waterwise Business
- Water Conservation/Efficiency
- Water Recycling

National Packaging Evolution Awards

CCA Winner – Community Partnership Action category

Highly Commended for the Beverage Packaging Action category

South Korea

Winner of Green Environment Prize from the Minister for the Environment in June 2006

Glossary

Coca-Cola Amatil (CCA): the company, listed on the Australian Stock Exchange produces, sells and distributes Coca-Cola trademark brand products in six countries – Australia, New Zealand, Indonesia, South Korea, Fiji and Papua New Guinea.

The Coca-Cola Company (TCCC): the world's largest beverage company. TCCC has a 32% shareholding in CCA.

Bottlers: business entities that manufacture, distribute and sell beverages of The Coca-Cola Company under a franchise agreement.

Carbonated soft drinks (CSDs): sparkling non-alcoholic beverages such as Coca-Cola, Fanta and Sprite.

Coca-Cola system or Coke system: TCCC and its bottling partners. In this report the Coke system refers to joint initiatives of CCA together with TCCC.

Cold Drink Equipment: coolers, vending machines and fountains in the marketplace that cool beverages for immediate consumption.

Concentrate: base of a beverage, to which water and other ingredients are added to produce beverages. These are mainly supplied to bottlers by TCCC.

Container Deposit Levy: regulations which enable consumers to receive a refund when they return an empty bottle (currently five cents per bottle, only in South Australia.)

Functional beverages: a drink, such as fruit juice, which has other benefits beyond hydration and the supply of carbohydrates.

Group: describes all CCA operations across all geographic locations.

Horeca: Hotels, Restaurants and Cafes.

Lightweighting: reducing the amount of raw materials used to produce lighter packaging.

LTIFR: Lost Time Injury Frequency Rates.

Megalitre: one million litres, equivalent to one olympic swimming pool.

Non-CSDs: non-carbonated, non-alcoholic beverages which include waters and flavoured waters, juices, sports and energy drinks and teas.

PET: Polyethylene Terephthalate. The material from which CCA's plastic soft drink bottles are made.

Plant: a bottling facility, where beverages are produced.

The Coca-Cola Quality System (TCCQS): the global quality management system of TCCC, aligned to the ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) standards endorsed by key bottlers.

Top to Top: Meeting of the senior executives from The Coca-Cola Company and key anchor bottlers.

Unit case: a unit case is the equivalent of 24 8oz (237ml) serves or 5.678 litres.

Water Use Ratio: the KPI used by CCA to measure water use in the bottling plant, expressed in litres of water used per litre of produced beverage (Litres/Finished Beverage Litres – L/FBL).

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