Coca-Cola EUROPACIFIC PARTNERS NEW ZEALAND

TAKING ACTION:

Achieving carbon neutral certification for CCEP's Putāruru manufacturing site

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CONTENTS

THE CASE FOR ACTION ON CARBON EMISSIONS

Businesses are facing increasing demand from stakeholders to step up action on carbon reduction. Not only are employees and consumers more conscious of companies' environmental impacts, the world's governments are also legislating for change.

Building on the 2015 Paris Agreement, the New Zealand Government introduced the Climate Change Response (Zero Carbon) Act in 2019, setting a target to reduce net emissions of greenhouse gases to zero by 2050.

However, the path to achieving that is a challenging one. A recent report conducted by Goldsmiths (University of London) **Accelerating the Journey to Carbon Zero**, noted that while 76 per cent of local businesses planned to be carbon neutral by 2050, New Zealand's net emissions had grown 60 per cent since 1990, one of the fastest growth rates in the world.

A lack of clear measurement to determine businesses' emissions levels and enable them to track their progress was the fundamental issue.

To establish very clear measures to support global and national decarbonisation targets such as the Paris Agreement and Zero Carbon Act, Coca-Cola Europacific Partners (CCEP) has developed a robust sustainability framework. This is Forward is CCEP's sustainability action plan in 29 countries including New Zealand. It sets out the long-term business strategy with actions on six key social and environmental topics, this includes a short-term target to reduce our absolute Scope 1, 2, and 3 GHG emissions by 30% by 2030 (versus 2019), and a long-term target to reach Net Zero by 2040.

These targets, have been submitted to the Science Based Targets initiative (SBTi), and we anticipate that the SBTi will complete its review by the end of 2023.

A first for the Indo-Pacific region, CCEP New Zealand's water bottling facility in Putāruru is one of six CCEP sites globally to achieve the internationally recognised PAS2060 carbon neutral certification. To be part of this programme, production facilities must have significantly reduced their emissions over the previous three years, and have a plan to continue reducing emissions in the future.

This white paper focuses on how CCEP achieved PAS2060 certification, while providing observations on both the opportunities of and barriers to faster decarbonisation. We will also share findings on additional steps that the broader industry or government could take to accelerate decarbonisation across New Zealand manufacturing to help achieve global and national net zero goals.

THE PATH TO CERTIFICATION

CCEP's bottling plant located in the South Waikato town of Putāruru packages spring water from the local Blue Spring and distributes it to the company's Auckland warehouse.

First certified in 2021 and re-certified for 2022, the plant operates 80 hours per week, with 16 full-time employees. Emissions reduction on site requires a holistic approach that examines the use of recycling, water use and replenishment, and sustainable sourcing across the broader business locally.

GLOBALLY, EMISSIONS ARE MEASURED ACROSS THREE SCOPES:

SCOPE 01

Direct emissions from the activities that are under an organisation's direct control, such as fuel combustion, vehicles and fugitive emissions.

SCOPE 02

Indirect emissions related to the production of electricity, heat and steam that is purchased by the organisation.

SCOPE 03

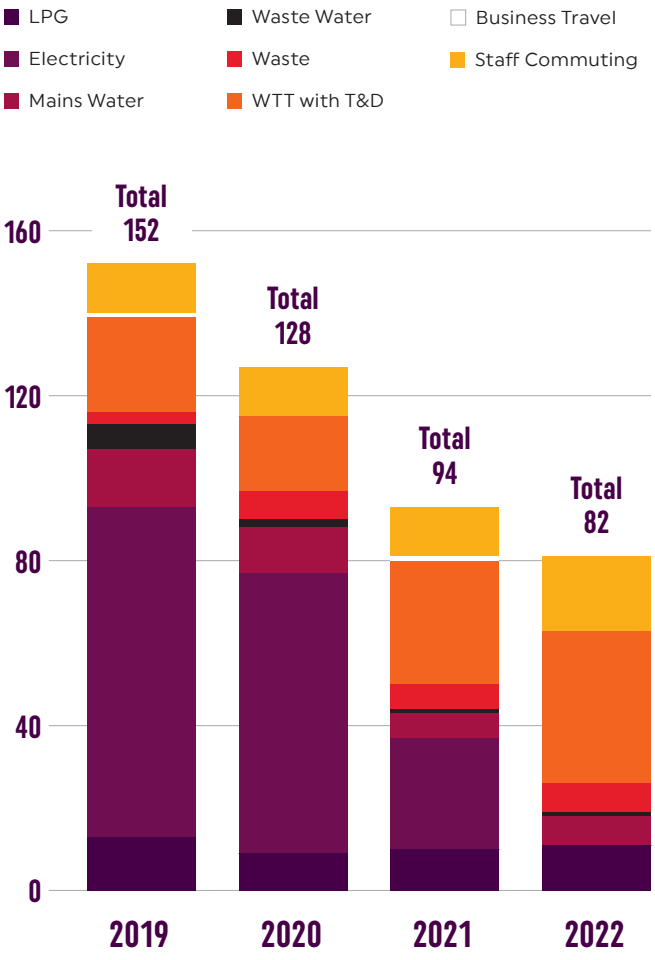
All other indirect emissions resulting from activities that are neither owned nor controlled by the entity. This includes emissions related to the use of consumer goods, transportation, waste treatment, and employee travel.

While the Putāruru team were able to address direct emissions such as LPG consumption (scope 1), or consumption of energy in the plant (scope 2), any indirect scope 3 emissions created by CCEP's broader operations, for example, the lifecycle of product packaging, CCEP's national fleet or ingredients used to manufacture products were not in scope for the PAS2060 certification.

In 2019, the baseline year for measuring the site's carbon emissions, various sources of emissions were identified (fig 1). As the chart shows, electricity usage was by far the largest, making up more than half of emissions. As well as the emissions generated directly by on-site use of electricity, electricity lost in transmission and distribution to the site (T&D) and well-to-tank (WTT) emissions were also factored in. These calculate the average indirect emissions created by the generation of energy for transportation and logistics of bringing raw materials in, and shipping product out of, the site.

LPG forklifts in the warehouse contributed more than a tenth of on-site emissions. In addition, waste to landfill and water used for processing were also emissions contributors.

Fig 1: Putāruru Site Emission Summary (Tonnes CO_2e)



WHAT GOES INTO A PAS2060 CERTIFICATION

What is PAS2060? PAS2060 is an internationally recognised certification for carbon neutrality at an organisational level, setting clear measurement and reduction targets for companies.

PAS2060 CONSISTS OF FOUR STAGES:

01 MEASURE
02 REDUCE
03 OFFSET
04 DOCUMENT AND VALIDATE

Below: Manufacturing Manager, Graham Urbahn

"We are delighted to have achieved the verification of the Putāruru site. It signals an important milestone for the CCEP business locally in New Zealand, across the Indo-Pacific region and globally, both from a strategic point of view and as a practical demonstration of the commitment by CCEP to meeting our climate goals," says Megan Mitrevski Dale, Director - Environment Sustainability Coca-Cola Europacific Partners.

The process of achieving the PAS2060 standard guides companies to quantify their carbon footprint and supports them to continue reducing emissions with a 12-month review after the initial certification.

At Putāruru, achieving certification required a rigorous three-year process, as outlined below (figure 2).

Fig 2: PAS2060 is a global standard for the Certification of Carbon Neutral sites

Developing a Three Year Carbon Reduction Plan was central to achieving the standard required. This encompassed a range of activities, including:

LPG	Replaced all LPG forklifts with electric
REFRIGERANTS	Upgraded air conditioning units to reduce risk of leakages, supported with regular maintenance programme
ELECTRICITY	Installed LED lighting in high bays and implemented motion detectors and set timings for lighting
MAINS WATER	Installed a Programmable Logic Controller (PLC) control unit that regulates water use by litres per second, significantly reducing waste
WASTE WATER	Implemented 50,000L water collection unit to enable water from processing to be reused
WASTE	• All recyclable plastic materials (PET, High Density Polyethylene, Shrink) delivered to Auckland site to be processed for recycling • All excess cardboard donated to community organisation for fundraising via recycling • All organic waste taken offsite and composted by staff

Below: Process Technician, Joyce Foster is monitoring the operation of the Kosme Contiroll labeller

CASE STUDY: CARBON OFFSET PROJECTS

To achieve its Net Zero 2040 ambition, CCEP is primarily focused on reducing GHG emissions in its own business and across its own value chain.

CCEP is taking a limited approach to using carbon offsets and uses offsetting only where necessary. In the short term, where needed, CCEP uses carbon offsets to support our carbon neutral sites programme, which supports selected manufacturing sites to become PAS2060 carbon neutrality standard certified.

"We focus first on reducing emissions as far as possible and will offset only where essential, for example, to offset any remaining emissions for our carbon neutral sites. As a leading beverage manufacturer in Aotearoa, we're committed to understanding and minimising the impacts our operations may have on our environment. We've purchased Verified Carbon Standard (VCS)-certified carbon credits to offset Putāruru's remaining emissions in 2021 and 2022, from two different projects," says Clarke Truscott, Head of Sustainability Coca-Cola Europacific Partners New Zealand.

Rimba Raya, Pulau Borneo:
In 2022, we retired 94 tonnes $C0_2$-e of carbon credits from a VCS-certified REDD forest protection project based in Pulau Borneo, Indonesia. The Rimba Raya biodiversity reserve project protects rainforest and peatland from conversion to palm oil plantation.

In addition to being a VCS-certified carbon avoidance/REDD project, it was also certified as a global Sustainable Development Verified Impact Standard (SDVIS) project, offering co-benefits that are in line with the UN's Sustainable Development Goals.

Katingan Peatland Restoration Project:
In 2023, we retired 82 tonnes $C0_2$-e from a VCS-certified REDD project in central Kalimantan Indonesia. The Katingan Peatland restoration project is the largest of its kind, protecting vital peatland in central Kalimantan from being destroyed. These wetlands store large amounts of carbon naturally, and by conserving them, the project prevents carbon dioxide from being released to the environment. Katingan is rated on the independent ratings site, BeZero.

"We are committed to using the highest quality Gold Standard/VCS carbon credits, ideally sourced from within our territories, that can support PAS 2060 certification for our carbon neutral sites. We prioritise carbon removal projects if available, but also support the use of high-quality carbon avoidance projects such as REDD/REDD+. Over the longer term, we will also seek alternatives to purchasing offset credits from the open market. This will include exploring how we can invest directly in carbon removal projects which can generate our own carbon credits over the longer term," says Megan Mitrevski Dale, Director - Environment Sustainability Coca-Cola Europacific Partners.

THE JOURNEY SO FAR – ACHIEVEMENTS AND STRATEGY FOR THE ROAD AHEAD

To achieve PAS2060 certification, the Putāruru site achieved sustained carbon reductions across a three-year period from the baseline year of 2019.

In 2021, the carbon intensity of production was reduced by over 50% of $C0_2$ per litre compared to the 2019 base year (figure 3).

CCEP's subsequent Three Year Carbon Reduction Plan is set to nearly halve remaining emissions at the Putāruru site by the end of 2023 versus 2019.

Further steps in the roadmap include achieving zero use of fossil fuels derived from coal, diesel and LPG on-site, supported by replacing LPG forklifts with electric, which aims to save 12 tonnes of direct carbon emissions per year.

By far the biggest source of emissions at the site is electricity. Since 2021, CCEP has purchased renewable energy certification via the **New Zealand Energy Certificate System (NZECS)** to help promote the generation of renewable energy in New Zealand. All electricity used at the Putāruru site is provided by 100% certified renewable electricity.

Over 90% of CCEP's value chain GHG emissions come from its supply chain. CCEP remains committed to supporting suppliers to set their own science-based carbon reduction targets and to shift to 100% renewable electricity. CCEP is also encouraging suppliers to begin sharing their carbon footprint data. Whilst these emissions are not in scope for certification at the Putāruru site, they are important to CCEP achieving Net Zero by 2040.

Above: Operator, Jake Gardiner

Fig 3: Putāruru Manufacturing CO_2 per beverage litre produced

	2019	2020	2021	2022
Carbon Intensity per beverage Litre	4.65	4.64	2.93	2.03

CONCLUSION

CCEP has made progress towards its emissions target, while acknowledging the long road ahead.

"As a leading beverage manufacturer in New Zealand, we're committed to understanding and minimising the impacts our operations may have on our environment. Success isn't about a single moment in time and our work is by no means done. We're taking action in areas where we know we have significant impact, including sustainable packaging, consumer wellbeing, energy and climate, and water stewardship," says Jenna Pepper, Sustainability Program Manager, Coca-Cola Europacific Partners New Zealand.

PAS2060 certification for the Putāruru site and others is just an early step on its wider decarbonisation journey, as the business seeks to lead the beverage manufacturing industry in achieving net zero.

The manufacturing sector continues to contribute to global carbon emissions, and there is a growing need for decarbonisation. The focus needs to be on better measurement of emissions to help organisations remain focused on where and how they can make a difference.

There is a call to support greater investment in renewable energy generation in New Zealand to enable businesses with high demand on the electricity network to transition. Further investment in the tools and technology to support shifts in emissions reduction is needed, enabling more accessible adoption for the benefit of all industries.

It's important for business to work together, at both a local and national level, with iwi, governments, and across sectors, to achieve the country's net-zero goal more quickly. The transition to a low-carbon economy requires significant investment, innovation, and collaboration. However, the benefits of decarbonisation are clear, including reduced environmental impact, increased business opportunities, and a fairer, more sustainable future.

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