

THIS IS FORWARD ON SUPPLY CHAIN

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Highlights

47%

of our 'carbon strategic' suppliers in Europe have set a science-based emissions reduction target or are engaging with SBTi to do so.

100%

of our sugar is certified as compliant with the Principles for Sustainable Agriculture.

CONTEXT

As a business, we rely upon a sustainable supply of ingredients like sugar, coffee, tea and juices as well as raw materials we use for our packaging like glass, aluminium, plastic, pulp and paper. However global supply chains are under increasing pressure as a result of population growth, increased demand for food and the impacts of climate change.

We believe that the quality and integrity of our products depend on sustainable global supply chains with successful and thriving farming communities, where human rights are respected and protected. Sustainable and regenerative agricultural practices also have a critical role to play in tackling climate change and in driving long-term resilience within our supply chains.

That is why, together with The Coca-Cola Company (TCCC), we have made a commitment to ensure that our agricultural ingredients and raw materials are sourced sustainably and require our suppliers to meet strict targets around workplace policies and human rights.

OUR STRATEGY

We rely on global supply chains to make, sell and distribute our products. This includes ingredients to make our drinks, and also materials for our packaging.

We've made a joint commitment with TCCC to ensure that we sustainably source 100% of our key agricultural ingredients including sugar beet, sugar cane, coffee, tea and fruit juices, and raw materials for our packaging such as glass, aluminium, PET and paper.

Together with TCCC, we work collaboratively with our suppliers to support biodiversity and ecosystems and to respect and protect the human rights of everyone working across our supply chain.

We aim to ensure our suppliers respect our [Code of Conduct](#) and make a positive impact on society, in line with the [United Nations' Guiding Principles on Business and Human Rights](#), the [International Labour Organisation's Declaration on Fundamental Principles and Rights at Work](#) and the [United Nations' Global Compact](#).

Our suppliers are responsible for over 90% of our value chain GHG emissions and we will not meet our own GHG emission reduction targets unless we work in partnership with them. As a result, we are committed to supporting our strategic suppliers to set their own science-based carbon reduction targets and to shift to 100% renewable electricity.

2021 PERFORMANCE

SPEND COVERED BY GUIDING PRINCIPLES

Our spend with suppliers that are covered by the SGPs

Year	Percentage
2020	97%
2021	97%

Our spend with suppliers that are covered by the RSGs

Year	Percentage
2020	91.6%
2021	90.3%

^(A) The acquisition of API completed on 10 May 2021. The API sustainability metrics are presented on a full year basis for 2021 and 2020 to allow for better period over period comparability.

^(B) Supplier spend in Australia, Indonesia and New Zealand only

OUR CONTRIBUTION TO THE SDGs



Zero hunger



Decent work and economic growth



Reduced inequalities

For more information about the progress we are making on sustainability, go to our sustainability section [online](#).

01 WORKING WITH SUPPLIERS

What are your main agricultural ingredients and raw materials?

Together with TCCC, we have identified 13 priority agriculture-based ingredients and bio-based packaging materials: cane sugar, beet sugar, high-fructose corn syrup, stevia, orange, lemon, apple, grape, mango, coffee, tea, soy, pulp and paper.

We manage the purchase of these key ingredients together with TCCC and other Coca-Cola bottlers. As a result, we address many of the issues that we face in our supply chain as a joint Coca-Cola system. As CCEP, we track purchases of sugar, pulp and paper directly.

Who are your suppliers?

We source products from over 20,500 suppliers, and spent approximately €6.29 billion with them in 2021. Our procurement team covers commodities and services such as ingredients (with the exclusion of concentrate and juices purchased from TCCC and other franchisors), packaging, energy, capital equipment, building and facilities, fleet and logistics, sales and marketing, IT, telecoms, general administration and professional services.

85%

On average in 2021, 85% of spend was with suppliers based in our countries of operation in Europe and API.

What sustainability standards do you expect your suppliers to adhere to?

While we currently operate different regional principles to measure supplier compliance on sustainability and track progress, we are aligning our activities in Europe and API to create a single responsible sourcing programme, which we will launch in 2022.

We require all our suppliers to comply with our standards, including those which supply ingredients for non-TCCC brands that we produce and distribute, such as Capri-Sun and Monster.

In Europe, we follow TCCC's [Supplier Guiding Principles](#) (SGPs) and [Principles for Sustainable Agriculture](#) (PSA). In API, we track compliance on sustainability through our Responsible Sourcing Guidelines (RSGs) as well as through our SGPs and PSA.

The SGPs set out the minimum requirements we expect of all our suppliers in areas such as workplace policies and practices, health and safety, environmental protection, business integrity and human rights.

The PSA apply to agricultural ingredients and raw material suppliers and cover human and workplace rights, environmental protection and sustainable farm management. They also include specific forest and biodiversity conservation practices, such as no conversion of forests for new agricultural production, protection of endangered species, and, where possible, restoration of ecosystem services that our suppliers of agricultural ingredients and bio-based packaging materials are expected to implement.

Our RSGs cover supplier performance related to business ethics, human and workplace rights, the environment, and also provide guidelines related to local community support.

We work with suppliers to build SGPs into all new contracts and into multi-year contracts as they renew. The SGPs also form part of the standard conditions which are attached to our purchase order process.





How do you identify your suppliers?

Critical suppliers

We define critical suppliers as those which have the potential to directly impact our production (those who could potentially disrupt production if supply should fail, for example, high-volume suppliers), or which provide a unique product, component or service we depend on, or cannot be substituted. Therefore, even some relatively small suppliers could be deemed to be "critical".

Strategic suppliers

Our supplier engagement on sustainability extends to approximately 400 strategic suppliers, which represent 80% of our addressable spend (i.e. spend which is directly managed and influenced by our Procurement teams).

Carbon-strategic suppliers

200 of these suppliers account for almost 80% of our Scope 3 GHG emissions. This group of 'carbon-strategic' suppliers are critical to us achieving our 2030 climate ambitions. These include 121 suppliers of goods and services in Europe and 79 suppliers in API.

How do you assess supplier risk?

We assess supplier risk at the initial sourcing phase. This assessment is based on criteria such as financial value, efficiency, innovation and risk. For our critical suppliers, we carry out detailed evaluations including financial assessments, annual supply risk analysis, and also hold regular meetings to discuss key issues such as performance, innovation and sustainability.

We follow the 7-step sourcing principles, which take suppliers through a thorough selection process, with a Request for Information (RFI) being issued before creating a supplier shortlist. In addition to commercial and technical information, the RFI also requests information about the potential supplier's sustainability strategy, compliance with the SGPs and PSA, and specific sustainability criteria related to their product or service category. We also request a Credit Safe Report to validate the financial stability of each supplier.

In 2020, we extended our partnership with EcoVadis to include a new predictive intelligence tool, EcoVadis IQ. By using smart automation and analytics, EcoVadis IQ has helped us to profile and map our

entire supply base for ethical, social and environmental risk and provides predictive intelligence to help us to understand sustainability risks by country and industry.

In 2021, we started to use data gathered through EcoVadis IQ to proactively manage sustainability risks. In partnership with Resilinc, a supply chain risk management software company, we successfully piloted an artificial intelligence tool which helps us to proactively identify potential risks across our entire supply chain that could impact our business. We plan to roll out this tool across our territories in 2022.

How do you assess the sustainability performance of your suppliers?

The sustainability performance of our suppliers is rated by EcoVadis, an independent sustainability ratings provider. EcoVadis evaluates our suppliers performance across four main themes - environment, labour and human rights, ethics and sustainable procurement.

Our procurement teams build long-term working relationships with suppliers to ensure we can identify opportunities to work together towards common objectives. We use supplier scorecards to assess sustainability performance and manage risks. We make sure that everyone working across our procurement teams understands our expectations of suppliers, knows how to evaluate a supplier and is familiar with sustainability issues related to specific commodities.

Suppliers that have a low score are asked to develop an action plan and improve their performance. If suppliers do not improve their performance within a set timeframe, they may not be used in the future.

59

In Europe, we are aiming for all of our suppliers to achieve an EcoVadis score of at least 65 by 2025. In 2021, our suppliers in Europe had an average overall score of 59 out of 100.



In 2021, CCEP was awarded platinum status by EcoVadis, with a total score of 81 out of 100. This places CCEP in the top 1% of companies in our sector.

How do you work with suppliers to manage environmental issues?

A quarter of the annual EcoVadis performance assessment is focused on environmental performance and carbon reduction. Over 90% of our value chain greenhouse gas (GHG) emissions come from our supply chain and we are collaborating with our suppliers to help them reduce their own emissions.

In Europe, we have asked our suppliers to take action on three key areas by 2023:

- set SBTi validated GHG emissions reduction targets
- commit to using 100% renewable electricity across their own operations
- share their carbon footprint data with CCEP

By the end of 2021, nearly half (47%) of our 'carbon strategic' suppliers in Europe had either already set a science-based emissions reduction target or were engaging with SBTi to do so. We expect this to rise to 80% by the end of 2022.

In early 2022, we organised a dedicated webinar for our suppliers in Europe to help them navigate a path towards 100% renewable electricity. Around 200 suppliers in Europe attended the event. Later in 2022, we plan to roll out the same webinar for our suppliers in API.

Packaging accounts for 43% of our total value chain GHG emissions in Europe. We work closely with our packaging suppliers to reduce their GHG emissions and our value chain carbon footprint including through increasing recycled content and packaging design innovation for example lightweighting. Read more about our packaging strategy in our [Forward on Packaging factsheet](#).

Carbon management is also included as a core part of the SGP supplier audits, and our PSA. We also work with our third-party logistics suppliers, suppliers of cold drink equipment and suppliers of manufacturing equipment to help reduce GHG emissions. Read more about our strategy in our [Forward on Climate factsheet](#).

Together with TCCC we are supporting suppliers to participate in a Supplier Leadership on Climate Transition programme (SLoCT), run by external consultancy, Guidehouse. 16 of our major suppliers in Europe have been invited to join the programme which offers suppliers knowledge and online tools to help them to understand the importance of reducing GHG emissions and set their own science-based emission reduction targets.

02 AUDIT AND COMPLIANCE

How do you monitor and audit supplier compliance with your SGPs and RSGs?

We expect our suppliers to develop and implement appropriate internal business processes to ensure that they fully comply with our SGPs and RSGs. Together with TCCC, we routinely verify and assess suppliers' compliance by using independent third parties. As part of the Coca-Cola system, we rely on independent audits commissioned by TCCC to monitor supplier compliance with our SGPs and RSGs. This includes juices and concentrates purchased from TCCC.

The audits include checks to ensure suppliers are not using child labour, forced labour or any form of modern slavery. To date, the audits have covered over 99% of our suppliers of ingredients and primary packaging. These audits generally include confidential interviews with employees and on-site contract workers. TCCC guidelines

require auditors to select employees from different production lines and duties within the facility, including those of different genders, ethnic or religious backgrounds, employees who are pregnant, union representatives if available, and contingent workers. For more information on the audit guidelines of TCCC, please see their [Human Rights Report](#).

TCCC is a member of AIM-PROGRESS, a forum of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers. AIM-PROGRESS aims to promote responsible sourcing practices and sustainable supply chains and works to harmonise supplier audits as a way of reducing duplication and cost for suppliers. The SGPs have been benchmarked against other members' protocols and are recognised by AIM-PROGRESS members through a mutual recognition framework.

If a supplier fails to uphold any aspect of the SGP or RSG requirements, the supplier is expected to implement corrective actions. TCCC reserves the right to conduct

unannounced audits at their discretion and to terminate an agreement with any supplier that cannot demonstrate that it is upholding the SGP requirements.

How do you track compliance with your PSA in general?

PSA compliance is verified through adherence to a limited set of third-party sustainable agriculture standards approved by TCCC. The PSAs are aligned with leading third-party sustainable farming standards and assurance schemes, such as the Farm Sustainability Assessment of the [Sustainable Agriculture Initiative Platform \(SAI-FSA\)](#), [Bonsucro](#) and [Rainforest Alliance](#). These voluntary standards define a set of practices or criteria for how a crop should be sustainably grown, underpinned by a robust and transparent implementation and assurance system. As a result, we apply the PSA with our suppliers through preferred external third-party standards and encourage our suppliers to use one of these standards to maximise value and reduce cost for suppliers and farmers.

Audit and compliance – beet sugar & cane sugar

Over 94.3% of the sugar we use in Europe comes from sugar beet grown in Denmark, France, GB, Germany, the Netherlands, Poland and Spain. The remaining 5.7% comes from cane sugar grown in Brazil, central America, Nicaragua and Swaziland.

In partnership with TCCC, we offer several routes for beet sugar suppliers to comply with the PSA and meet third-party standards.

There are several third-party standards under which a cane sugar supplier can be certified as meeting our PSA, including [Bonsucro](#), [FSA Gold and silver](#) and [Redcert 2](#).

Bonsucro certification is TCCC's preferred method for sugar cane mills and growers to demonstrate compliance with the PSA.





TCCC worked with Bonsucro members to create the first global metric standard for sustainable sugar cane production, and was the first to purchase Bonsucro certified sugar in 2011. TCCC also achieved Bonsucro Chain of Custody Standard certification, which enables the tracking of claims on the sustainable production of Bonsucro sugar cane and all sugar cane-derived products along the entire supply chain.

In 2021, we purchased 674,964 tonnes of beet sugar and 40,967 tonnes of cane sugar.

100%

In 2021, 100% of our sugar was sourced sustainably from suppliers that comply with the PSA.

Audit and compliance – coffee and tea

All our coffee and tea suppliers must comply with our PSA by using global sustainable agriculture standards and assurance schemes, including Rainforest Alliance and Fairtrade.

In 2021, the coffee in our Honest Coffee brand was 100% PSA-compliant, Fairtrade certification.

Our Fuze Tea brand, contains tea extracts from 100% sustainably-sourced tea leaves, and achieved PSA-compliance through Rainforest Alliance certification. As a result, the 'green frog' seal, confirming the tea has been sourced from Rainforest Alliance -certified™ farms, is included on all packaging for the complete Fuze Tea range.

Audit and compliance – pulp and paper

In Europe, pulp and paper which is used in much of our secondary packaging (e.g., cardboard secondary packaging, paper labels, Bag in Box) and point of sales material accounts for around 10% of the packaging we use by weight. Over 52% of the pulp and paper we source includes recycled fiber. The pulp and paper we use in Europe is sourced from Austria, Belgium, Brazil, Chile, Czech Republic, Denmark, Estonia, Finland, France, GB, Germany, Hungary, Latvia, Lithuania, the Netherlands, Norway, Poland, Slovakia, Spain, Sweden and the USA.

Pulp and paper suppliers can attain a Sustainable Forest Management accreditation, such as the Forest Stewardship Council (FSC), or a certification endorsed by the Programme for the Endorsement of Forest Certification (PEFC). The FSC and PEFC certified logos represent a global chain of custody system, supported by a chain of custody certification process and independent inspections. Every new paper, pulp and cardboard contract now includes a requirement for third-party certification.

In Europe, we used a total of 80,000 tonnes of board for secondary and tertiary packaging, and marketing materials – 100% was FSC or PEFC-certified and PSA-compliant. In API, 96% of the pulp and paper sourced was FSC or PEFC-certified and PSA-compliant. We aim to expand reporting on this category to include additional areas such as printed and point-of-sale material in the future.

Audit and compliance – juices

We source juices mainly from Spain and Portugal. We purchase all coffee and tea for our Honest, Chaqwa and Fuze Tea brands and our concentrate and syrups for Coca-Cola trademark beverages from TCCC.

Oranges and citrus fruits are a key ingredient in a number of our products, such as Fanta, as well as our juices. For orange, lemon and apple juice, we work with TCCC, our juice suppliers and other third-party frameworks to establish programmes to ensure compliance with our PSA.

In particular, we work with partners such as the Sustainable Agriculture Initiative Platform (SAI), in areas where we source some of our products, such as Spain, to improve the sustainability of our juice supply.

03 HUMAN RIGHTS

What are you doing to improve human rights within your supply chain?

We consider human and workplace rights – as articulated in the [United Nations' Universal Declaration of Human Rights](#) and the [International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#) – to be inviolable and fundamental to our business.

We support the 10 principles of the [UN Global Compact](#), and we are committed to ensuring that everyone working throughout our operations and within our supply chain is treated with dignity and respect.

Our principles regarding human rights are set out in CCEP's Human Rights Policy, which is aligned with accepted international standards such as the UN Guiding Principles on Business and Human Rights.

Further information on our principles regarding human rights is provided in the SGP's and the PSA in Europe, and within the RSGs and SGP's in API. The SGP's, PSA and RSG's set out the expectations towards our suppliers' performance related to business ethics, human and workplace rights, the environment, and providing benefits to communities.

We have a zero-tolerance approach to modern slavery of any kind, including forced labour, and any form of human trafficking within our operations and by any company that directly supplies or provides services to our business. In 2017, we published our first Modern Slavery Statement and continue to update this annually.

In 2019, we conducted our first human rights risk assessment in Europe and identified nine key areas posing the greatest risk to our people at work and across our value chain. In 2019, Coca-Cola Amatil (CCA) conducted its first human rights risk assessment and identified twelve key areas – including the nine key areas identified by CCEP plus three additional key areas.

Human rights risk assessment: priority issues for Europe and API



In Europe, we initially prioritised compliance and action on four key areas: health, safety and security; equality and non-discrimination; working hours; and migrant and temporary workers. In 2020, we also developed action plans for: freedom of association; right to privacy; and data protection. We prioritised additional measures to ensure the health and safety of everyone working at CCEP during COVID-19. This pushed back our timetable on the remaining actions (forced labour and wages) and we began a deep-dive on both issues in 2021.

We manage our human rights obligations, risks and the actions required to mitigate those risks by implementing a strong governance framework. We recognise that all our employees and supply partners have a role in identifying and mitigating human rights risks across our business. Employees and managers are empowered to recognise and address human rights risks and issues as they conduct their work, and this extends to the arrangements we agree with workers and trade unions, membership of which we always foster.

We refreshed our human rights training in 2021 to focus on the process of human rights case management for all procurement managers who interact with suppliers. Following the acquisition of CCA, we rolled out compliance training packages

targeted at all employees across API on several key topics – including our Code of Conduct, human rights, anti-competitive practices, bribery and corruption, data protection and whistle blower protection.

Have you done a risk assessment on human rights issues down to the farm level?

As a major user of sugar and other agricultural ingredients, we recognise we must take action and use our influence to help end human rights abuses across our supply chain. As part of the Coca-Cola system, we rely on independent audits commissioned by TCCC to monitor supplier compliance with our SGP's and PSA.

In 2018, in partnership with TCCC, we conducted a risk assessment for our main ingredients. Together with third party organisations, which assess compliance with our PSA in line with our preferred sustainable farming standards and assurance schemes, we are able to assess risks of modern slavery, child and forced labour.