

OUR APPROACH TO BIODIVERSITY AND FOREST STEWARDSHIP

The preservation of natural ecosystems is key to the long-term success and sustainability of our business. CCEP¹ is committed to restoring and enhancing biodiversity for future generations, by building adaptation and resilience into our key operating and sourcing regions. We are taking action to do so by sourcing our agricultural ingredients sustainably, working to achieve net zero GHG emissions by 2040, strengthening our approach to sustainable packaging and water stewardship and by eliminating deforestation across our value chain.

Our aim is to leave nature in a state better than the one we found it in, building adaptation and resilience into our key sourcing and operating areas.

We regularly measure and report on the progress made against our [This is Forward](#) commitments, as part of our annual integrated report and sustainability reporting.

- 1 In May 2021, Coca-Cola European Partners completed the acquisition of Coca-Cola Amatil, becoming Coca-Cola Europacific Partners (CCEP). Following the acquisition we established a new business unit within our operating model: Australia, the Pacific and Indonesia (API). Content refers to Europe unless otherwise stated.
- 2 The Coca-Cola System works exclusively with Tier 1 suppliers who in turn maintain direct contact with primary production and validate progress towards compliance.
- 3 This extends in particular to the sections *Conservation of Forests, Conservation of Natural Habitats, Biodiversity and Ecosystems, Soil Management and Agrochemical Management*.

CONSERVATION OF FORESTS AND NATURAL ECOSYSTEMS

We are committed to promoting sustainable forest management and helping to protect woodlands from deforestation and illegal harvesting. New bottling operations are not established in or next to World Heritage locations or areas which are protected by the International Union for Conservation of Nature. If an operation or facility is already located in or adjacent to areas with critical biodiversity, we will seek to avoid, or minimise and otherwise restore any negative impact from it.

SUSTAINABLE SOURCING

We are committed to sourcing 100% of our agricultural ingredients and raw materials sustainably in line with the [Principles for Sustainable Agriculture \(PSA\)](#), as set out by The Coca-Cola Company (TCCC) and [report annually on our progress](#). These principles protect and support biodiversity and ecosystems, uphold human and workplace rights, ensure animal health and welfare, and help build thriving communities. They apply to primary production, i.e. at farm level, and form the basis for our continued engagement with Tier 1 suppliers² to ensure sustainable long-term supply at a lower environmental impact.³

The PSA require that suppliers ensure that new production areas are not established in areas where forests have been cut or burned for conversion to new production or in high conservation value areas. Farmers are required to promote and protect natural habitats, protected areas and biodiversity; help protect woodlands from deforestation and illegal harvesting; and maintain and

improve soil quality to minimise impacts on biodiversity. The PSA also require that the rights of indigenous peoples and local communities to land and natural resources are recognised and safeguarded.

Compliance with the PSA is verified through certification to a limited set of global third-party sustainable agriculture standards approved by TCCC (see table on next page).

- **Sugar:** In 2021 we purchased 674,964 tonnes of beet sugar and 40,967 tonnes of cane sugar. Since 2020, 100% of this sugar was certified as compliant with the PSA, reaching our target to sustainably source 100% of our sugar. 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.
- **Pulp and paper:** Pulp and paper are used in much of our packaging and point of sales material accounting for around 10% of the packaging we use by weight. Over 52% of the pulp and paper we source includes recycled fibre. 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. 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 Australia, the Pacific and Indonesia (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.

– **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 certified. 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.

– **Juices:** We source juices mainly from Spain and Portugal. 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.

REDUCING EMISSIONS – OUR NET ZERO 2040 AMBITION

Our ambition is to reach net zero GHG emissions by 2040. To do so we have set a science-based target to reduce GHG emissions across our value chain by 30% between 2019 and 2030 for our activities in Europe, and in 2022 we will set a new science-based emissions reduction target, including our API territories.

Our primary focus will be to reduce GHG emissions across our own business operations and our value chain. When we can't reduce emissions any further, we aim to invest in projects which remove carbon from the atmosphere, or verified carbon offset projects, in line with the upcoming Science Based Targets Initiative (SBTi) net zero best practice guidance. In the short term, where we need to offset difficult-to-abate residual emissions, we will do so through verified schemes that are recognised internationally as operating with high governance standards – such as Verified Carbon Standard or Gold Standard certified carbon sequestration or carbon avoidance projects, which help enable biodiversity restoration.

We are also investing in nature-based solutions, such as water replenishment programmes or reforestation projects, that will allow us to increase the scale of carbon removals that we can achieve. We believe that investing in nature-based solutions over the longer-term will both support our ambition to reach net zero GHG emissions by 2040 and support enhanced biodiversity and Natural Capital restoration.

Standard name	Key commodities	Scope
SAI Farm Sustainability Assessment (FSA) minimum Bronze	Universal crops (cane sugar, beet sugar, fruit, soy)	Global
Bonsucro Standard	Cane sugar	Global
Fairtrade International	Coffee, tea, fruit	Global
Forest Stewardship Council (FSC)	Pulp, paper	Global
GlobalGAP and FSA (preferred)	Fruits, vegetables	Global
GlobalGAP and grasp	Fruits, vegetables	Selective
International Sustainability & Carbon Certification (ISCC+)	Cane sugar, HFCS (corn)	Global
Programme for Forest Certification (PEFC)	Pulp, paper	Global
Proterra Standard	Universal crops (cane sugar, soy)	Global
Rainforest Alliance (Farm Assurance Standard)	Coffee, tea, fruit	Global
Renewable Energies Directive Certification (RedCert)	Beet Sugar, HFCS (corn)	EU
Roundtable on Responsible Soy (RTRS)	Soy	Global
VIVE Claim	Cane sugar, beet sugar	Global



WATER STEWARDSHIP

In order to protect and reinstate watersheds that foster biodiversity, we are reducing our own water consumption and contributing to the secure access to water in priority areas via water replenishment activities, wetland restoration, and other initiatives.

We are committed to:

- **Replenishing 100% of the water we use in areas of water stress.** In 2021, we replenished 226% of the water we sourced to make our drinks in areas of water stress in Europe, and 320% of the water we sourced to make our drinks across all sites in API.
- **Reducing the water we use in manufacturing by 20%.** In 2021, our water use ratio in Europe was 1.58 litres of water per litre of product produced – a reduction of 13% since 2010. In API, our water use ratio was 1.75 per litre of product produced in 2021, a 4.8% reduction compared to previous year.
- **Ensuring 100% of all wastewater from our bottling plants is treated to the levels supporting aquatic life before it is returned to nature.** We ensure that 100% of our wastewater is safely returned to nature. Before water is discharged from any of our production facilities, we apply the highest standards of treatment – in every case equal to the standard set by local regulations.

In 2020, together with TCCC, and 20 other companies, we signed a joint statement to support and protect the EU Water Framework Directive. The Directive provides a framework to ensure that freshwater ecosystems in Europe are protected and restored and water is sustainably managed, in line with the UN Sustainable Development Goals, including ensuring the preservation of biodiversity through improved management of river basins and special habitats.

All of our manufacturing sites are also certified under the ISO 14001 environmental management standard, equating to 100% of our total production volume.

Together with TCCC, we also address biodiversity and deforestation risks through our water replenishment programmes. In 2021, together with TCCC, we managed 22 community based water replenishment projects in Europe and six in API. As a result, we replenished 25.4 million m³ of water across our territories – including 15.5 million m³ in Europe and 9.9 million m³ in API. This represents 226% of the water we sourced to make our drinks in areas of water stress in Europe, and 320% of the water we sourced to make our drinks across all sites in API.

For example, we continue our long-standing water replenishment programme in the Camargue region of France, supported by WWF France and The Coca-Cola Foundation. The aim of the programme is to restore the hydrology and biodiversity of the Étangs et Marais des Salins de Camargue, a protected coastal area of lagoons and salt marshes covering over 6,500 hectares. In 2021, 8.1 billion litres of water were replenished as a result of this initiative.

TCCC have completed a study to better understand the biodiversity and ecosystem service benefits of replenishment programmes – including those in the markets where we operate. [This work](#) indicated that water replenishment and restoration projects can “enhance a range of ecosystem services in addition to providing water, including carbon sequestration, water quality improvement, flood protection, recreation, as well as food and raw materials provisioning.”

Together with TCCC, we will also begin using the newly released [Biodiversity Guidance to the Natural Capital Protocol](#) to start building a systematic framework for measuring and reporting the biodiversity benefits of replenishment projects. Valuation of natural capital will allow for building a more compelling business case for nature both internally and externally – with our project partners, communities and key stakeholders, as well as with our supplier and our peer companies.

SUSTAINABLE PACKAGING

Our approach to delivering a World Without Waste (our joint approach to sustainable packaging with TCCC), will deliver a positive impact on ecosystems by ensuring that our packaging does not end up as waste, affecting oceans, waterways and marine wildlife.

We are committed to:

- **Removing unnecessary packaging:** We're removing all unnecessary or hard to recycle packaging from our portfolio and we'll make sure that 100% of our primary packaging is recyclable or reusable. In 2021, 98.3% of our primary packaging in Europe was recyclable.
- **Refill. Reuse. Dispensed:** We're innovating in refillable and dispensed solutions and services as a key strategic route to eliminate packaging waste and reduce our carbon footprint.
- **Achieving 100% collection:** We're supporting well-designed deposit return schemes to collect 100% of our packaging in Europe. And we're using the reach of our brands to inspire everyone to recycle. We estimate that 78.3% of our packaging across our territories in Europe has been collected in 2021.
- **Reducing virgin plastic:** At least 50% of the material we use for PET bottles will be made from recycled plastic (rPET) by 2023. We're aiming to accelerate towards zero virgin fossil-based plastic by 2030, using 100% recycled or renewable content. In 2021, 52.9% of the plastic we used to make our PET bottles in Europe was rPET.

Through local community partnerships across Europe and API we support a wide range of major land-based and marine litter clean-up campaigns that further support the restoration of biodiversity. As well as removing litter, the campaigns influence consumer behaviour and raise awareness around littering and recycling.