

# 2018 METHODOLOGY DOCUMENT

## 2010 BASE YEAR SELECTION

Unless otherwise stated, 2010 has been selected as the base year for the majority of our key environmental and social KPIs. Due to the Merger which formed CCEP, 2010 is the earliest date for which we can consolidate, or reasonably estimate data for all three legacy bottlers. 2010 is also the baseline year used by The Coca-Cola Company, and we have sought to align with this as far as possible.

## CARBON AND ENERGY GHG EMISSIONS

### Core Business Operations and Drink in Your Hand

Our 2010 baseline and data up to 2016 incorporates data from the bottlers from which CCEP was formed, prior to the Merger. Some data for 2016 and 2017 has been restated from last year due to more accurate data becoming available. Our 2018 figures have been independently assured against the ISAE 3000 standard by DNV GL.

We disclose the Scope 1, 2, and 3 carbon emissions of our core business operations, and those of our full value chain. Greenhouse gas (GHG) emissions from our core business operations include those from our manufacturing sites, operational centres, sales offices, distribution centres, cold drinks equipment and our own operated & owned transportation as well as 3rd party distribution and business travel.

Our value chain emissions include all of the emissions from our core business operations, as well as those associated with the manufacturing or production of our packaging, our ingredients, and some other Scope 3 emissions. Disposal by consumers is captured via recycling rates, from a variety of sources. See “Packaging Collection Rates” in this document.

Our Scope 1 and 2 emissions are independent of any greenhouse gas trades, and our Scope 2 emissions are calculated using the market based approach. The carbon footprint of our core business operations is calculated in accordance with the WRI/WBCSD GHG Protocol Corporate Standard, using an operational control approach to determine organisational boundaries.

We report the carbon footprint of our Scope 1, 2 and 3 GHG emissions in tonnes of CO<sub>2</sub> equivalent (stated as CO<sub>2</sub>e). We measure our emissions in three ‘Scopes’, except for CO<sub>2</sub>e emissions from biologically sequestered carbon, which is reported separately outside of these Scopes. In 2018, CCEP’s biologically sequestered carbon was 7,191 tonnes.

**Scope 1 figures include:** direct sources of emissions such as the fuel we use for manufacturing and our own vehicles plus our process and fugitive emissions.

**Scope 2 figures include:** indirect sources of emissions such as the purchased electricity we use at our sites. We report against this on both a location based and a market based approach. Commitments and KPIs are tracked using the market based approach.

**Scope 3 figures include:** indirect sources associated with the electricity used by our cold drinks and coffee equipment at our customers’ premises, our employee business travel by rail and air, emissions related to the supply of water and treatment of water, emissions from the treatment of waste, fuel used by our third party distributors, and other energy related emissions not already accounted for under Scope 1 and 2 (for example, emissions from well-to-tank and transmission and distribution).

Additional Scope 3 figures from the WRI/ WBCSD GHG Protocol categories 1, 3, 4, 5, 6, 7, 9, 11, 12 and 13 are disclosed in our 2019 CDP response.

Data is consolidated from a number of sources across our business and is analysed centrally. We use a variety of methodologies to gather our emissions data and measure each part of our operational carbon footprint, including natural gas and purchased electricity data, refrigerant gas losses, CO<sub>2</sub> fugitive gas losses and transport fuel, water supply, wastewater and waste management. We use emission factors relevant to the source data including UK Department for Business, Environment and Industrial Strategy (BEIS) 2018 and IEA 2016 emission factors. These are as follows:

- Energy data: from metered sources, supplier invoices and estimates where data is not measured (e.g. our bottle sorting facility in Norway is estimated on the basis of its floor area in comparison to its main production facility)
- Refrigerant gas losses from contractors’ re-gassing invoices
- CO<sub>2</sub> fugitive gases from measuring the amount of CO<sub>2</sub> we purchase and subtracting the quantity of CO<sub>2</sub> used in our products
- Calculations of cold drinks equipment emissions are based on weighted average hourly supplier energy consumption rates and by subtracting any savings achieved through carbon/energy use reduction initiatives during the reporting period (e.g. retro-fitting doors to maintain the equipment temperature)
- Transport fuel is calculated according to actual litres used or kilometres recorded

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- Supply of water, treatment of wastewater and waste management are calculated by using litre and weight (kg) data respectively
- Energy, fuel and fugitive gas raw data, is collected and converted to carbon equivalents (CO<sub>2</sub>e), and multiplied by publicly available and/or supplier based GHG emission factors e.g., for electricity.

Emission factors used include supplier data, DEFRA/BEIS 2018 and IEA 2016 emission factors.

0.93% of our core business operations carbon footprint is based on estimated emissions (e.g. leased offices where energy invoices or the square metre footage size of the site is not available). The fugitive CO<sub>2</sub> losses in some of our manufacturing sites, for example in Iceland, are estimated as not all data is available. We also estimate the electricity consumption for the plug-in hybrids in our company car fleet.

### Value Chain (Drink in your Hand)

In addition to the emissions within our core business operations, we also seek to measure and reduce the GHG emissions across our full value chain; including Scope 3 emissions from our packaging and ingredients, as these are the greatest source of emissions across our value chain; and significantly greater than our Scope 1 and 2 emissions. Emissions are calculated in line with the GHG Protocol, as outlined above.

The carbon footprint of our packaging was calculated using annual unit case sales volume data by country; multiplied by standard primary, secondary and tertiary packaging specifications, at a brand / pack ID-level (e.g. 500ml PET bottle in France). Specifications are gathered and a weighted average applied at the brand / pack ID-level. GHG emissions associated with packaging recycling content and recycling rates are also included in line with GHG Protocol as well as various Life-Cycle Analysis (LCA) methodologies

(e.g. PAS2050, GHG Protocol Product Standard, ISO14044). We use a range of global and regional industry emission factors, including EAA and PETCORE – PlasticsEurope.

Emissions associated with our ingredients were calculated using annual unit case sales volume data by country, multiplied by the types of ingredients at product beverage level (e.g. Coca-Cola, Diet Coke). Ingredients included within our boundary, including our concentrate together with the juices, sugar and sweeteners also used to produce our products. Emissions factors used include World Food LCA Database, Ecolnvent and bespoke LCA studies e.g. EU Study (Klenk et al. 2012).

## ENERGY

### Energy Calculations

Energy consumption is based upon procurement data from each site, supported by monthly site invoices. Data is captured as part of our carbon calculation model. Energy, fuel and fugitive gas raw data, is collected and converted to carbon equivalents (CO<sub>2</sub>e), and multiplied by publicly available and supplier based greenhouse gas emission factors e.g., for electricity. Emission factors used include supplier data, BEIS 2018 and IEA 2016 emission factors.

### Percentage of purchased electricity use sourced from Renewable Sources

Calculated as the quantity of electricity purchased (in MWh) from renewable sources divided by total electricity purchased. The quantity of renewable electricity was verified through renewable electricity Guarantees of Origin (GOO's) or Power Purchase Agreements (PPAs) from our electricity suppliers in each country, and through meter readings of renewable electricity generated on site.

### Manufacturing Energy Use Ratio

CCEP's manufacturing energy use ratio is calculated in line with The Coca-Cola Company's common KORE manufacturing standards. All sites

calculate manufacturing energy use ratio as the total of all energy consumed (MJ), divided by production volume (litres). This includes the use of diesel and natural gas, where used in our manufacturing operations (e.g., heating, forklift trucks). The fuels used in our distribution fleet (e.g., diesel used in our trucks and vans) are not captured in the manufacturing energy use ratio.

## WATER

### Total Manufacturing Water Use

CCEP's total manufacturing water use is calculated in line with The Coca-Cola Company's common KORE manufacturing standards. All sites calculate all water used by the facility, from all sources, including municipal, groundwater (well/borehole), surface water and collected rain water, and excluding treated wastewater and replenished water returned safely to nature and the community.

### Water Use Ratio

CCEP's water use ratio is calculated in line with The Coca-Cola Company's common KORE manufacturing standards. Water use ratio is calculated as the total water (withdrawals divided by total production volumes) in CCEP's manufacturing operations.

### Water Replenishment

CCEP's total water replenishment volumes are sourced from The Coca-Cola Company. The Nature Conservancy, with support from LimnoTech and the Global Environment & Technology Foundation, helped The Coca-Cola Company develop methodologies to calculate the volume of water replenished using an approach based on widely accepted tools and methodologies. A joint, peer-reviewed paper explaining this context and application can be found [here](#). A more detailed report on how replenishment volumes are calculated can be found [here](#).

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As CCEP's target is to replenish 100% of the water we use in areas of water stress, which varies from The Coca-Cola Company target (to replenish all of the water used); we calculate the percentage of water replenished as the total volume of water replenished through replenishment projects in these countries divided by the total production volume of water sourced from areas of water stress. This methodology does result in a variation in the published percentage of water replenished, as The Coca-Cola Company calculates this based upon total sales volume within a region. As we cannot tie sales volumes solely to areas of water stress, we have used production volumes instead. If we calculated the water replenishment percentage based upon The Coca-Cola Company methodology, using The Coca-Cola Company WEBU region, which includes territories not part of CCEP, this would be 58.4%.

### WASTE

#### Total Manufacturing Waste

CCEP's total manufacturing waste is calculated in line with The Coca-Cola Company's common KORE manufacturing standards. The calculation includes all waste generated at site due to production, office & food service etc. Waste data is provided through site waste contractor monthly invoices.

#### Percentage of Waste Recycled

CCEP's total waste recycled figure is calculated in line with The Coca-Cola Company's common KORE manufacturing standards. The figure includes the quantity of the waste recovered through recycling, composting, incineration with energy recovery, incineration or landfill; divided by total manufacturing waste produced. The disposal method is determined through site waste contractor invoices.

### OUR DRINKS

#### Total Sugar

Calculation is based upon 2018 unit case sales volume data, and on the basis of product calorie or sugar information per SKU. For all of the below, data is sourced from product formulations provided by The Coca-Cola Company and our other cross franchisors and through estimates where data is not available (e.g., data for products out of production).

#### Average sugar reduction per litre since 2015 and 2010

Calculation is based upon 2015, 2010 and 2018 unit case sales volume data, and on the basis of product sugar content information, per SKU. Volumes include sparkling soft drinks, non-carbonated drinks and flavoured water only, and does not include plain water or juice. The reduction in sugar per litre since 2015 is calculated as the total sugar (of included Scope) 2018 / total volume in litre (of included Scope) vs total sugar (for included Scope) 2010 or 2015 / Total volume in litre (of included Scope).

#### Percentage volume sold which is low or no calorie

Calculation is based upon 2010 and 2018 total Non-Alcoholic Ready to Drink (NARTD) CCEP sales volumes. Calculations do not include coffee, alcohol, beer or freestyle. Low calorie beverages are defined as being less than or equal to 20 kcal/100ml. Zero calorie beverages are defined as being less than 4 kcal/100 ml.

#### Percentage of volume sold in packs that are 250ml or less

Calculation is based upon 2018 CCEP sparkling soft drinks sales volume, at an SKU level.

#### Number of products which have had their recipes changed to reduce sugar since 2010

Calculation is based upon product formulation tracking provided by The Coca-Cola Company and our other cross franchisors.

#### Number of new low and no calorie products launched since 2010

Calculation is based upon product launch tracking provided by The Coca-Cola Company and our other cross franchisors.

### SOCIETY

#### Total Employee Figures

Calculations based upon data as of 31 December, 2018; excluding all contractors, pre-pensioners, employees on leave of absence as at 31 December 2018 (e.g. maternity leave, long term sick, parental leave) and any board members.

#### Percentage of females in leadership roles

Calculations based upon data as of 31 December, 2018; excluding all contractors, pre-pensioners, employees on leave of absence as at 31 December 2018 (e.g. maternity leave, long term sick, parental leave) and any board members. Includes females in ELT and management grades (Vice President, Directors, Associate Directors and Senior Manager levels).

#### Male/Female Pay Ratio

The country male/female pay ratios calculated for the purposes of this report differ in calculation methodology to those that may be required by law within each country. For the purposes of this report, country pay ratios were calculated based upon base pay, on an FTE basis, excluding contract types such as apprenticeships and internships.

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### Communities

CCEP uses the London Benchmarking Group (LBG) methodology to measure its total community contributions. Data is captured via survey within each country. The value of employee time is measured as both volunteering time and management time, and is valued at a cost of €31.15 per hour, based on total employee OPEX and CAPEX costs, on an average day of 7.5 hours. Where community partnerships are commercial projects that have a community benefit; e.g., recycling partnerships with customers, 50% of the contribution is counted.

### LTIR (Lost-Time Incident Rate)

Calculations based upon number of lost time incidents in 2018 per 100 full-time equivalent employees. Some data for 2017 may be restated due to new data becoming available.

### SOURCING

#### Suppliers which comply with SGPs

Calculated based upon the percentage of direct suppliers which had signed terms and conditions (through our Purchase Orders) which included our SGPs in 2018.

#### Sugar suppliers which comply with SAGPs

Data based upon compliance pathway agreements with sugar beet suppliers in 2018, and percentage of total sugar beet sourced through these suppliers.

### PACKAGING

#### Percentage of PET that is rPET

CCEP's packaging data is calculated based upon 2018 sales volume data, and standard packaging specifications, material types and weights by product SKUs. The calculation of the percentage of PET used within our PET bottles that is rPET (recycled PET) is calculated based on the total weight of rPET used in 2018 divided by the total weight of PET (virgin, plant-based PET and rPET) used to produce our PET Bottles, as calculated using our sales volumes and packaging data. From 2019, this will exclude refillable PET.

#### Percentage of packaging which is recyclable

Calculated based upon recyclability through local recycling schemes. Criteria for recyclability defined in conjunction with The Coca-Cola Company. A package can be considered to be "recyclable" when:

- a) It can be separated from a waste stream and converted into a secondary raw material which can be used again for another purpose and where the economic value of the material is maintained or even enhanced. Our strong preference is for beverage packaging to be converted into secondary raw material which can be used again in beverage packaging (i.e. bottle to bottle). Also acceptable is for beverage packaging to be converted into secondary raw material which can be used for other purposes (e.g. fibre, plastic strapping or furniture). Packaging which can only be sent for incineration with energy recovery or sent to landfill cannot be considered to be recyclable.
- b) The country has a packaging recovery system in place which accepts the package and has the infrastructure in place which enables the pack to be sorted and sent to a recycler or materials re-processor
- c) The closure, label and sleeve are fully compatible with the country's packaging recovery system and do not hinder or prevent the recyclability of the package.

#### Percentage of packaging which is refillable (glass or PET)

Calculated based upon total 2018 sales volume of glass or PET packaging placed on the market, vs. the amount of glass or PET packaging which is refillable.

#### Packaging Use Ratio

Calculated based upon total 2018 tonnage weight of all packaging (including trippage for refillable packaging) divided by the litres sold in 2018 to calculate the packaging per litre sold. Packaging includes all

primary packaging (aluminium cans, PET bottles, glass bottles, etc.), secondary packaging (e.g. cardboard trays and LDPE wrap for cases), and tertiary packaging (LPDE pallet wrap).

#### Packaging Collection Rates

We are working to understand the calculation methodologies behind the recycling rates for beverage packaging across all of our markets. The aggregated packaging collection rate represents an aggregated number, based on packaging collection rates by material in each of our markets which is then applied to our own packaging volumes. The way that packaging collection rates are calculated may differ across our markets and therefore this aggregated number should be treated as an estimate.

The data sources that we have used this year in our packaging recovery and value chain carbon footprint calculations can be found below. Sources for these rates include a variety of local and national collection partners. Where sources could not be found, data was either estimated or sourced from The Coca-Cola Company GWS database.

Sources include:

- **Belgium:** Fostplus (2017), FEVE (2015), EAA (2017), APEAL (2017)
- **France:** CITEO (2017), and Verre Avenir (2016)
- **Germany:** GVM (2015), PWC (2018)
- **Great Britain:** Tetrapak (2017), Alupro (2017), DEFRA (2016), RECOUP (2017)
- **Iceland:** Endurvinnslan (2016)
- **Luxembourg:** Valorlux (2017)
- **Netherlands:** CE Delft (2017), Afvalfonds Verpakkingen (2017), and TetraPak (2017)
- **Norway:** Infinitum AS (deposit) (2017), Syklus AS (2016), Gronk Punkt Norge (2017), Tetrapak (2017)
- **Portugal:** Sociedade Ponto Verde (2017)
- **Spain:** Ecoembes (2017), Ecovidrio (2017)
- **Sweden:** Returpack AB, Tetrapak (2017)