OUR APPROACH TO BIODIVERSITY AND FOREST STEWARDSHIP

The preservation of natural ecosystems is key to the long-term success and sustainability of our business. CCEP is committed to restoring and enhancing biodiversity for future generations and 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, and in so doing, 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 factsheets.

Conservation of forests and natural ecosystems

We are committed to promoting sustainable forest management and help 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 suppliers¹ to ensure sustainable long-term supply at a lower environmental impact.²

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 below).

- **Sugar:** In 2020 we purchased 660,491 tonnes of beet sugar and 32,959 tonnes of cane sugar. For the first time, 100% of this sugar was certified as compliant with the PSA, reaching our target to sustainably source 100% of our sugar.

- **Pulp and paper:** Pulp and paper are used in much of our packaging and point of sales material accounting for around 9% of the packaging we use by weight. In 2020, we used a total of 61,549 tonnes of board – 100% of which was FSC or PEFC-certified and therefore PSA-compliant.

- **Coffee and tea:** In 2020, 97% of coffee sourced by TCCC at a global level was PSA-compliant – including the coffee in our Honest Coffee brand which was 100% PSA-compliant, through Fairtrade certification. 84% of TCCC’s global tea volumes were PSA-compliant in 2020 – including our Fuze Tea brand, containing tea extracts from 100% sustainably sourced tea leaves, and achieving PSA-compliance through Rainforest Alliance certification.

¹ The Coca-Cola System works exclusively with Tier 1 suppliers who in turn maintain direct contact with primary production and validate progress towards compliance.

² This extends in particular to the sections Conservation of Forests, Conservation of Natural Habitats, Biodiversity and Ecosystems, Soil Management and Agrochemical Management.
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<th>Standard name</th>
<th>Key Commodities</th>
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<td>SAI Farm Sustainability Assessment (FSA) minimum Bronze</td>
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<td>Cane sugar, beet sugar</td>
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**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.

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)](https://www.sbtinitiative.org/) 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.
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 2020, we replenished 275% of the water we used where it was sourced from areas of water stress.
- **Reducing the water we use in manufacturing by 20%.** In 2020, our water use ratio was 1.57 litres of water per litre of product produced – a reduction of 13.7% since 2010.
- **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 bio-diversity through improved management of river basins and special habitats.

To strengthen our approach to water stewardship, we have also aligned with TCCC’s new 2030 water security strategy. The strategy adopts a context-based approach to water security, allowing us to prioritise local areas which are most at risk from water stress – both across our own operations, as well as across our sourcing regions.

As part of the new strategy, we are taking a closer look at water stress risks directly linked to our production facilities. In 2020, we carried out Facility Water Vulnerability Assessments (FAWVAs) across all of our production facilities to map local water stress risks and vulnerabilities. These assessments complemented a global enterprise water risk assessment carried out in 2019, which found that 23 of our 46 production facilities in Western Europe are in areas of high baseline water stress.

The FAWVAs are supported by source vulnerability assessments (SVAs), which are undertaken at a local level every five years and which are aligned to the Alliance for Water Stewardship Standard – this standard takes into account biodiversity impacts, water ecosystems and High Conservation Value Areas in the related watersheds. The FAWVAs and SVAs feed into our site water management plans (WMPs) which support context-based target management, climate resilience, data sharing and reporting. In 2020, all of our production facilities had SVAs and WMPs in place.

All of our 46 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 2020, together with TCCC, we managed 15 community based water replenishment projects in Western Europe. As a result, we were able to replenish 275% of the water we sourced to make our drinks in areas affected by water stress, across Belgium, France, Germany, GB, Spain and Portugal.

For example, in 2019, we celebrated the fifth year of our water replenishment programme in the Camargue, supported by WWF France and The Coca-Cola Foundation. This project aims to restore the hydrology and biodiversity in a protected coastal area of lagoons and salt marshes. In Iberia, our partners include ECODES, WWF, SEO/ Birdlife, Acción Natura, Inédit/IRTA, University of Malaga and Jaume I University. Natuuruunt and Natagora are our main partners in Belgium and in GB we work closely with WWF-UK and Rivers Trust.

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3 Based upon production volumes from 19 sites assessed as being in areas of water stress via our enterprise water risk assessment.

June 2021
TCCC recently completed a study to better understand the biodiversity and ecosystem service benefits of replenishment programmes – including those in our markets. 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 & 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 2020, 98% of our primary packaging was recyclable or reusable/refillable.
- **Refill. Reuse. Dispensed:** We’re innovating in refillable and dispensed solutions and services as a key strategic route towards eliminating packaging waste and reducing our carbon footprint.
- **Sell one. Collect one:** We’re supporting well-designed deposit return schemes to collect 100% of our packaging in Western Europe. And we’re using the reach of our brands to inspire everyone to recycle. We estimate that 79% of our packaging across our territories has been collected in 2020.
- **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 2020, 41.3% of the plastic we used to make our PET bottles across our business was rPET.

Through local community partnerships across Europe, 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.