

OUR APPROACH TO BIODIVERSITY AND FOREST STEWARDSHIP

The preservation and regeneration 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, by building mitigation, 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 and strengthening our approach to sustainable packaging and water stewardship.

In 2023, we will use the Science Based Targets Network framework to conduct a biodiversity risk assessment of our entire value chain. This work will inform and support us in defining our future biodiversity strategy and no-deforestation commitments, helping tackle the significant collapse of biodiversity and nature that is being experienced globally. 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.

Conservation of forests and natural ecosystems

We are committed to promoting sustainable forest management to 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 suppliers^(A) to ensure sustainable long-term supply at a lower environmental impact^(B).

The PSA require that suppliers ensure 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).

Raw material	Procurement method	Quantity and brands	PSA aligned third party standards	Compliance with standards
Beet & cane sugar	- Directly by CCEP	<ul style="list-style-type: none"> 750k tonnes of beet sugar 350k tonnes of cane sugar 	<ul style="list-style-type: none"> Bonsucro FSA Gold and silver Redcert 2 	<ul style="list-style-type: none"> Europe: 100% third party standard and PSA-compliant API: 90.3% third party standard and PSA-compliant
Pulp & paper	- Directly by CCEP	<ul style="list-style-type: none"> Europe: -85k tonnes of board for secondary and tertiary packaging, and marketing materials API: -50k tonnes of board for secondary and tertiary packaging^(C) 	<ul style="list-style-type: none"> Forest stewardship council (FSC) Certification endorsed by the Programme for the Endorsement of Forest Certification (PEFC) 	<ul style="list-style-type: none"> Europe: 99.8% FSC or PEFC-certified and PSA-compliant API: 98.3% FSC or PEFC-certified and PSA-compliant
Juice ^(D)	- The Coca-Cola company	<ul style="list-style-type: none"> Orange and lemon juice from concentrate, not from concentrate and puree are key ingredients in a number of our products (e.g. Minute Maid) 	<ul style="list-style-type: none"> Sustainable Agriculture Initiative Platform (SAI) 	<ul style="list-style-type: none"> Europe: 92% PSA compliance for orange and 100% for lemon API: 100% PSA compliance for orange and lemon
Coffee & tea	- Directly by CCEP	<ul style="list-style-type: none"> Grinders brand 	<ul style="list-style-type: none"> Rainforest Alliance Fairtrade 	<ul style="list-style-type: none"> 64% compliance for this CCEP owned brand in API
	- The Coca-Cola Company	<ul style="list-style-type: none"> Costa, Chaqwa and Fuze Tea brands. 	<ul style="list-style-type: none"> Rainforest Alliance Fairtrade 	<ul style="list-style-type: none"> Europe: 98% PSA compliance for coffee and 100% for tea 100% by 2030 in API

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

(B) This extends in particular to the sections Conservation of Forests, Conservation of Natural Habitats, Biodiversity and Ecosystems, Soil Management and Agrochemical Management

(C) We aim to expand reporting on this category to include additional areas such as printed and point of sale material in the future.

(D) Coca-Cola trademark beverages with juice from concentrate, not from concentrate and puree as key ingredients.

Standard name	Key commodities	Scope
SAI Farm Sustainability Assessment (FSA) minimum Bronze	Universal crops (cane sugar, beet sugar, fruit, soy)	Global
Bronsucro 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 crop (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

Reducing emissions – our Net Zero 2040 ambition

We aim to reach Net Zero by 2040. Following work to better understand our emissions in our Australia, Pacific and Indonesia (API) operating segment, we have submitted short-term and long-term absolute GHG emissions reduction targets, covering our Scope 1, 2 and 3 emissions, to the SBTi for their approval. This includes a:

- Short-term target to reduce our absolute GHG emissions by 30% by 2030 (versus 2019)
- Long-term target to reach Net Zero by 2040

We anticipate that the SBTi will complete its review by the end of 2023. We know that these targets are challenging and we are focused on delivering them by:

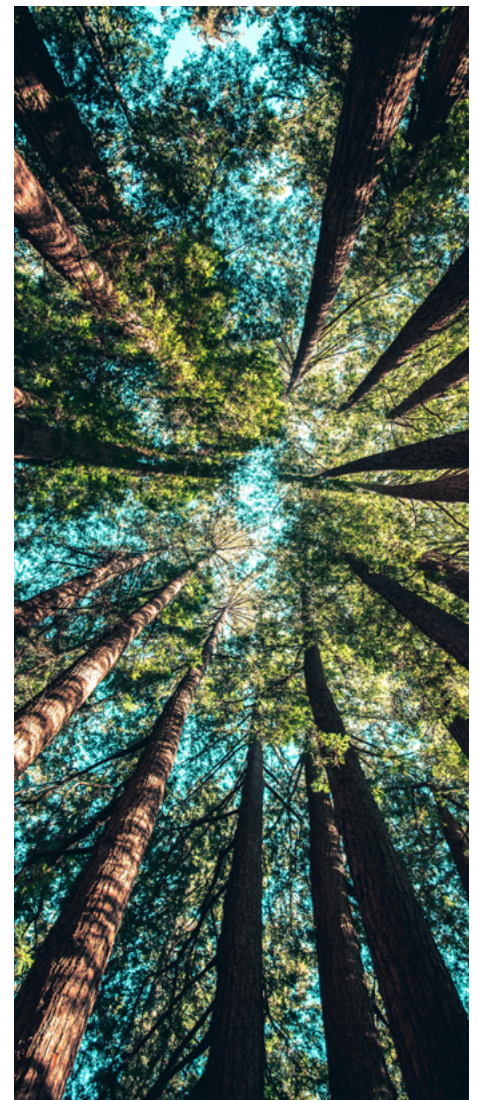
- Developing a low-carbon transition plan, focused on reducing emissions across each area of our value chain, supported by long-term investment
- Including a GHG emissions reduction target in our LTIP for senior management. This metric has a 15% weighting and is included alongside traditional financial metrics, including earnings per share and return on invested capital.
- Asking suppliers to set their own science based carbon reduction targets and to shift to 100% renewable electricity
- Developing a limited carbon offsetting strategy for the short and long term, focused on carbon removals, to support our Net Zero target.

Carbon Offsetting

We are focused on decarbonising our business, in line with a 1.5°C reduction pathway. In line with SBTi-Net Zero guidance, we support a limited amount of carbon offsetting outside of our value chain in the short term. To do this, we have purchased a limited amount of high-quality carbon credits to offset emissions where we cannot reduce further – for example, to offset remaining emissions for our carbon neutral production facilities.

In 2022, we retired 9,375 tCO₂e of carbon credits from a VCS-certified REDD forest protection project based in Pulau Borneo, Indonesia. These credits were used to offset remaining emissions from our six carbon neutral sites. We have also purchased a limited amount of credits that we plan to use in 2023 and 2024.

In the longer term, we will be working to directly invest in nature-based solutions that remove carbon from the atmosphere, 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.

Our approach to water stewardship is aligned with **TCCC's 2030 global water strategy**. This includes a context-based approach to water security, which allows us to prioritise the areas of our value chain – both operations and sourcing regions – most at risk from water stress.

We are committed to:

- Set context based water targets at all production facilities. We have developed context-based water reduction targets across all of our production facilities, addressing the needs of local river basins.
- Replenishing 100% of the water we use in our beverages. In 2022, overall we replenished 105.5% of the water we sourced to make our drinks.
- Achieving 100% regenerative water use at our leadership locations^(A), in line with TCCC's 2030 global water strategy. Sites with regenerative water use targets must ensure that by 2030 their total water withdrawal volume is replenished – either through a beneficial use for their wastewater, or through investment in replenishment projects in the minor river basin of the production facility. We aim to report on this indicator in 2023.

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.

In 2023, we signed the Business Leaders' Open Call to Accelerate Action on Water – an initiative of the UN Global Compact. Through the Open Call, we were one of 50 of the world's largest companies who committed to build water resilience across operations and supply chains, accelerate collective positive water impact in at least 100 water-stressed basins by 2030.

Water efficiency, replenishment and biodiversity:

64 out of 66 of our NARTD production facilities are certified^(B) under the ISO 14001 environment management standard. This ensures we have appropriate environmental management and stewardship resources in place for all our daily operations. With a gold European Water Stewardship certificate since 2013, our mineral water bottling plant in Chaudfontaine, Belgium, obtained a platinum certificate for sustainable water management from the worldwide Alliance for Water Stewardship (AWS) in 2021, as did our production facility in Dongen – the first of any factory in the Netherlands to receive this standard.

We aim to leave nature in a better state than we find it by supporting mitigation, adaptation and resilience programmes in our main operating and sourcing regions. To protect and reinstate watersheds that foster biodiversity, we are improving our water use efficiency and contributing towards secure access to water in priority areas, through water replenishment projects.

In 2022, we supported 21 water replenishment projects across Europe and 6 in API. Through these programmes, we replenished 19.7 million m³ of water across our territories – including 15.2 million m³ in Europe and 4.6 million m³ in API. This represents 105.5% of our total sales volume (101.6% in Europe; 120.8% in API).

TCCC have 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 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 by 2025. In 2022, 98.7% 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 by 2030, and we continue to use the reach of our brands to inspire everyone to recycle. In 2022, 71.8% of the packaging we put on the market was collected for recycling.
- **Reducing virgin plastic:** We have set a target to use 50% recycled plastic (rPET) in our PET bottles by 2023 (Europe) and 2025 (API). We're aiming to accelerate towards zero virgin fossil-based plastic by 2030, using 100% recycled or renewable content^(C). In 2022, 56.3% of the plastic we used to make our PET bottles in Europe was rPET and we used 26.9% in API. Overall we used 48.5% rPET across our one-way PET portfolio in 2022.

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.

(A) Non-alcoholic ready to drink (NARTD) production facilities which rely on vulnerable water sources or have high water dependency. We have nine leadership locations in Europe and four in API.

(B) All outstanding production facilities are located in Papua New Guinea where we are actively working towards certification.

(C) Targeting for 100% of our one-way PET bottles sales (individual consumer units) to be made from 100% rPET. Label and cap on these bottles are recyclable, but are not made from recycled plastics.