

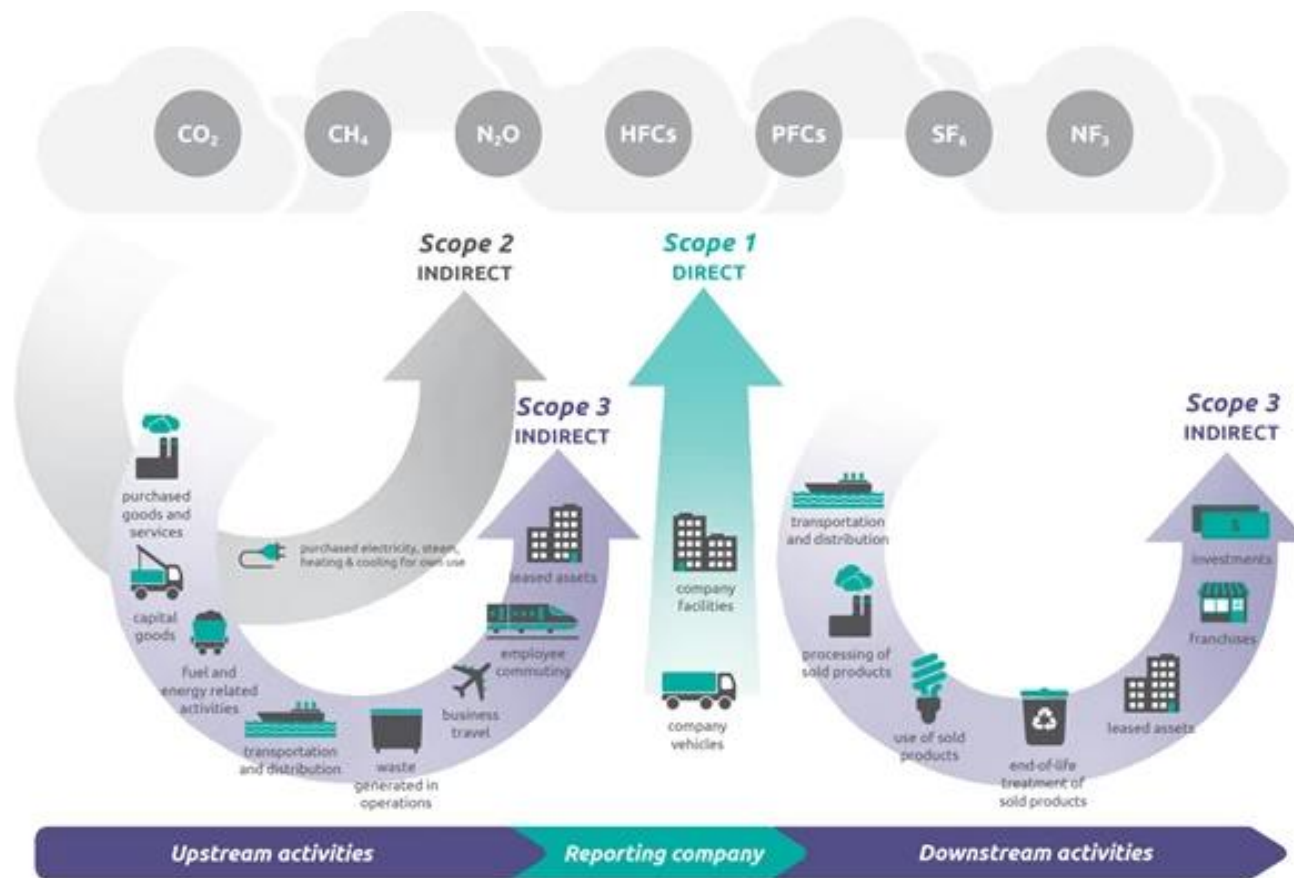


**NETZERO** **BY** **40**

**Coca-Cola HBC (CCH)**

**Transition plan**

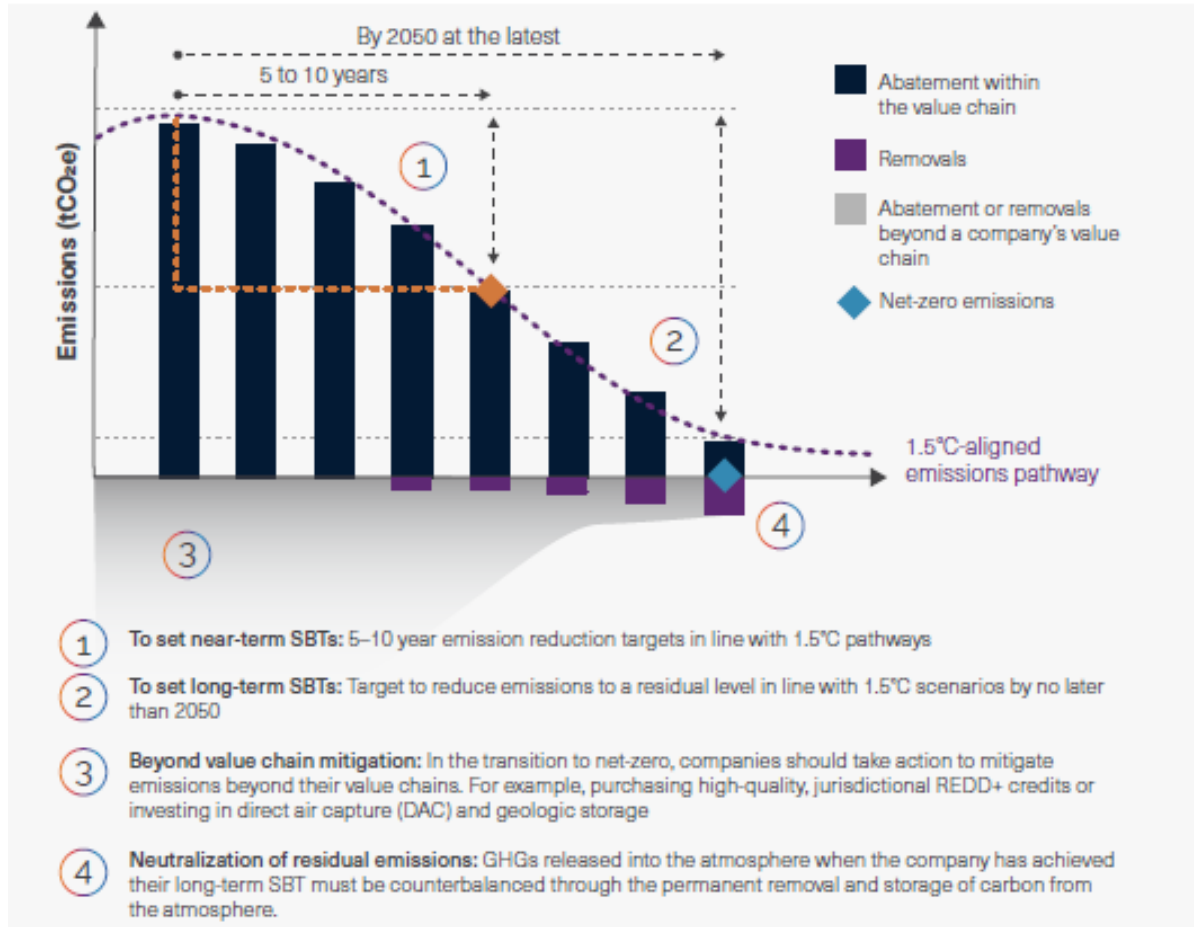
# Corporate emissions are split into scope 1, 2 and 3 as per the Greenhouse Gas Protocol



Source: <https://ghgprotocol.org/standards>

# The Science Based Target Initiative (SBTi) Net-Zero Standard

Figure 2 Key elements of the Net-Zero Standard

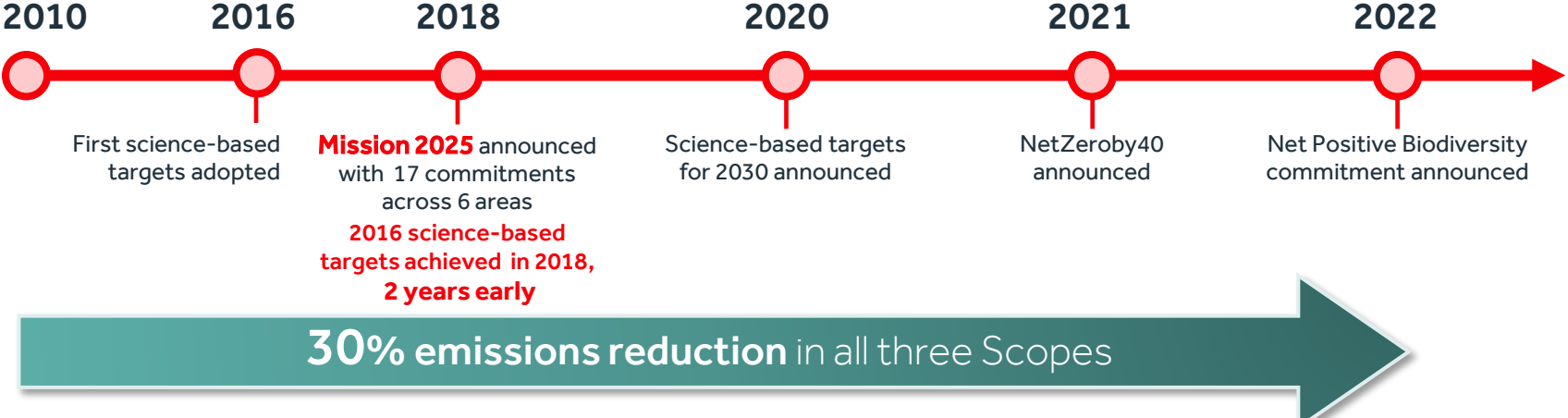


The SBTi Net-Zero Standard defines corporate net-zero as:

- Reducing scope 1, 2, and 3 emissions to zero or a residual level consistent with reaching global net-zero emissions or at a sector level in eligible 1.5°C-aligned pathways; and
- Permanently neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter

# CCH has a long-standing track record in sustainability

## Placing it at the core of our business model



... and we are recognised externally<sup>1</sup>

<sup>1</sup> Sources: DJSI World & Europe – Dec '22, S&P Yearbook – Feb '23, MSCI ESG – May '22, CDP Supplier Engagement – March '23, CDP Climate & Water – Dec '22, ISS – Apr '22, Sustainalytics – Jan/23

# Our journey to reduce our carbon footprint started many years ago



30% reduction since 2010

2020 SBTs achieved 2 years ahead of plan

Approved, science-based targets for further 25% reduction by 2030



Reductions across Scope 1, 2 & 3

Built on sound science and entirely comparable

Enabled by collaboration across the value chain

Confidence driven by previous achievements



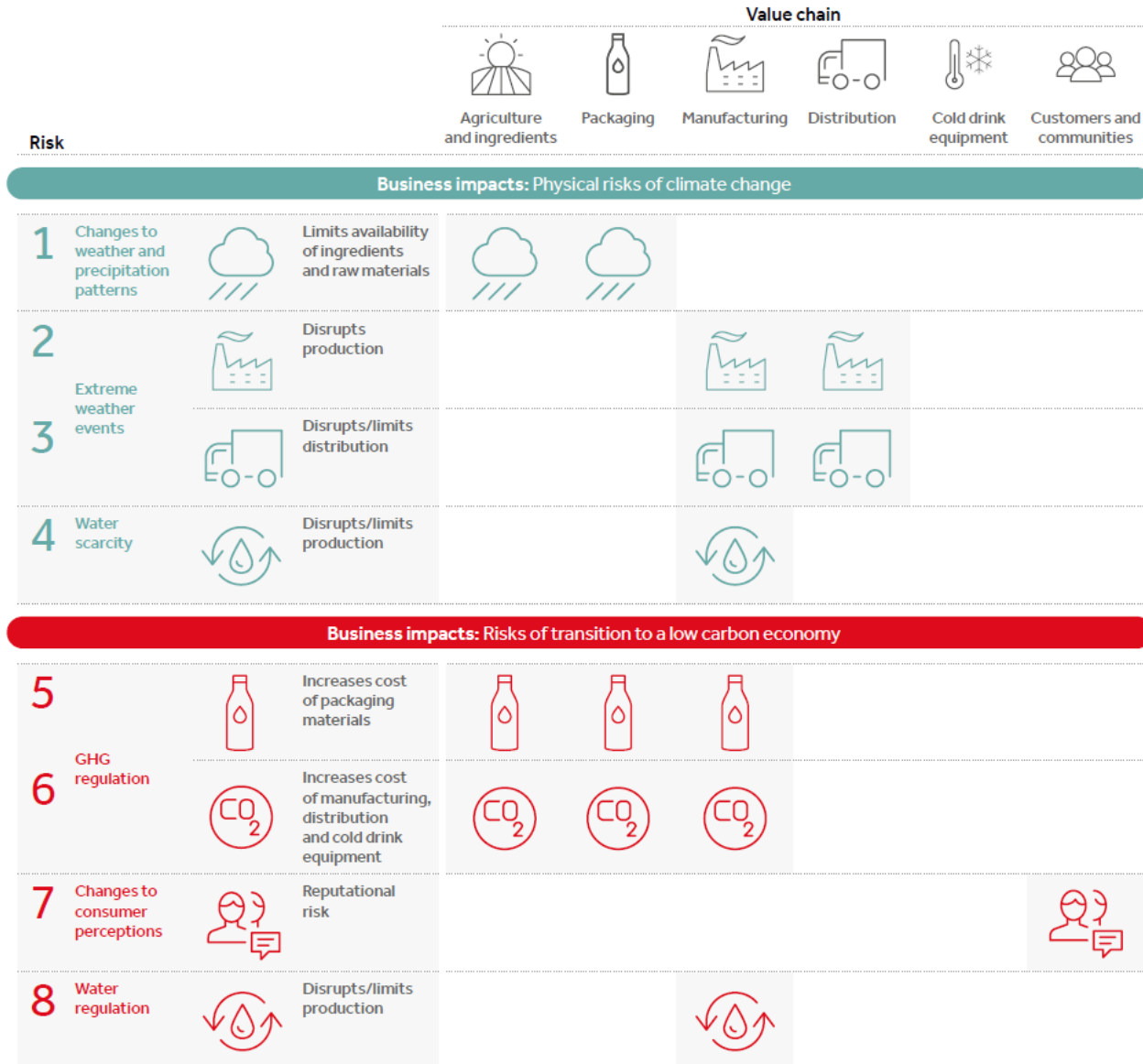
Long-term incentives support our plans

15% weight in LTIP to annual carbon reduction target

Strong Governance (Social Responsibility Committee of the Board, Sustainability SteerCo at Executive Level)

# Climate change is a priority in our materiality & risk analysis

- Climate change is among the top 5 most material issues in our business in the last three years
- It is also among the UN Sustainable Development Goals (SDGs) with goal #13: Climate action and goal #7: Affordable and clean energy
- The Coca-Cola System has identified eight climate related risks across the value chain



Visual: p. 76 from CCHBC 2022 Integrated Annual Report (IAR)

# We are focused on Scope 1, 2 and 3 emissions



**5.4%**

**SCOPE 1**

**Direct emissions in direct operations**

Fuels used in manufacturing, by own fleet or in remote properties

**5.4%**

**SCOPE 2**

**Indirect emissions in direct operations (purchased)**

Electricity, used heat, steam, Combined Heat and Power plants (CHPs)

**89.2%**

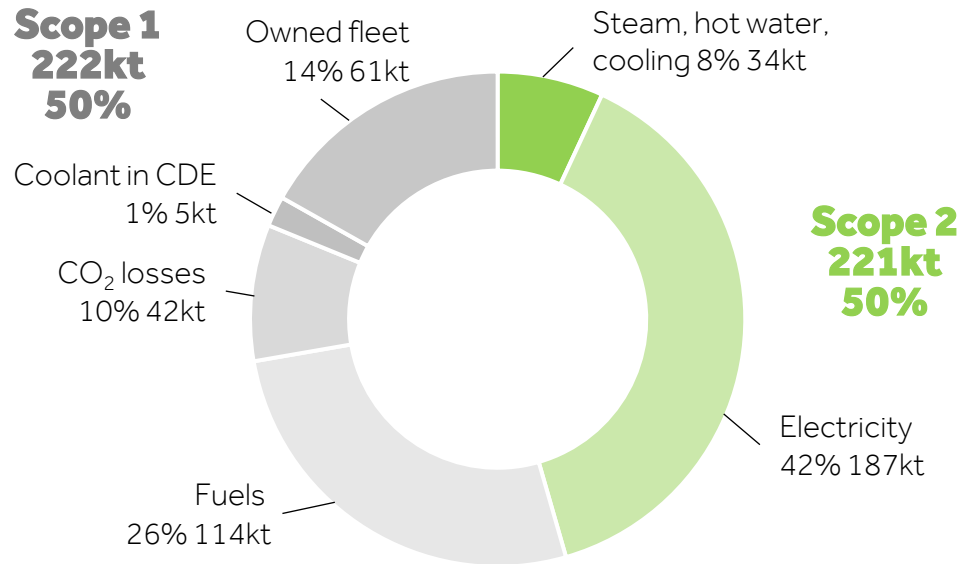
**SCOPE 3**

**Indirect emissions up/downstream**

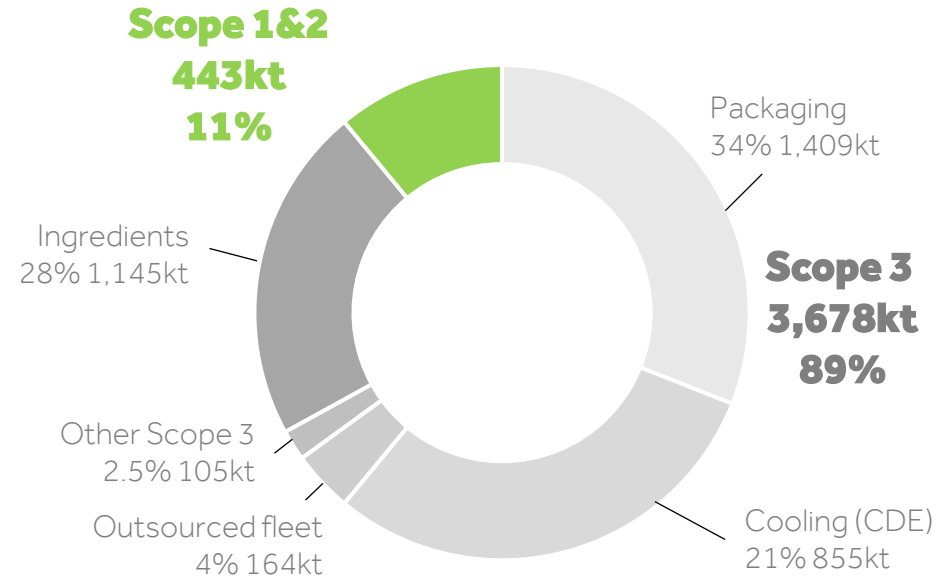
Packaging, ingredients, coolers, third-party fleet

# 89% of our emissions coming from Scope 3

TOTAL SCOPES 1&2: 443kt CO<sub>2</sub>e



TOTAL SCOPES 1-3: 4,121kt CO<sub>2</sub>e



1

- Fuels used in our operations
- Own light and heavy fleet
- CO<sub>2</sub> loss in operations used as processing aid
- CDE coolant losses (2% per year)

2

- Electrical power used in manufacturing
- Thermal, cold, chilled energy used in our operations
- Electricity for remote property that we own

3

- Primary & secondary packaging, of which 50% is PET
- Ingredients, e.g., sweeteners, sugar, juice concentrate
- CDE in Market Place - electrical power used by customers
- Outsourced light and heavy fleet, e.g., haulage, distribution
- Other – CO<sub>2</sub> in product (for carbonation), corporate travel, electricity and energy in rented properties



# We have reduced our emissions by 30%\* while the world has increased the emissions by 12.4%\*\*



Overall absolute GHG emissions reduction of 30% or 1.74 million tonnes of CO<sub>2</sub>e



(\*) 2022 vs. 2010

(\*\*) Source: Global Carbon Project; Expert(s) (Friedlingstein et al. (2022))

# Planned activities to continue reducing emissions across the entire value chain by 2040

## INGREDIENTS



Recipe reformulation:  
Shift to low- or no-sugar

Supplier emissions improvement - sugar beet, sugar cane, corn, fruits

Supplier engagement

## PACKAGING



100% rPET, more recycled content in glass bottles and aluminium cans

Packageless, Refillables

Supplier emissions improvement

Packaging collection increase

## MANUFACTURING



Renewable certificates, Solar panel installations

Boilers upgrade, heat pumps, chillers modernization, new lines

Renewable thermal energy

Innovation and digitalisation

Green buildings

## DISTRIBUTION



Using electric cars / low emissions engines and alternative fuels

Own & leased trucks renewal

Renewal, transition of outsourced fleet to CNG, LNG

Less corporate travels

## REFRIGERATION

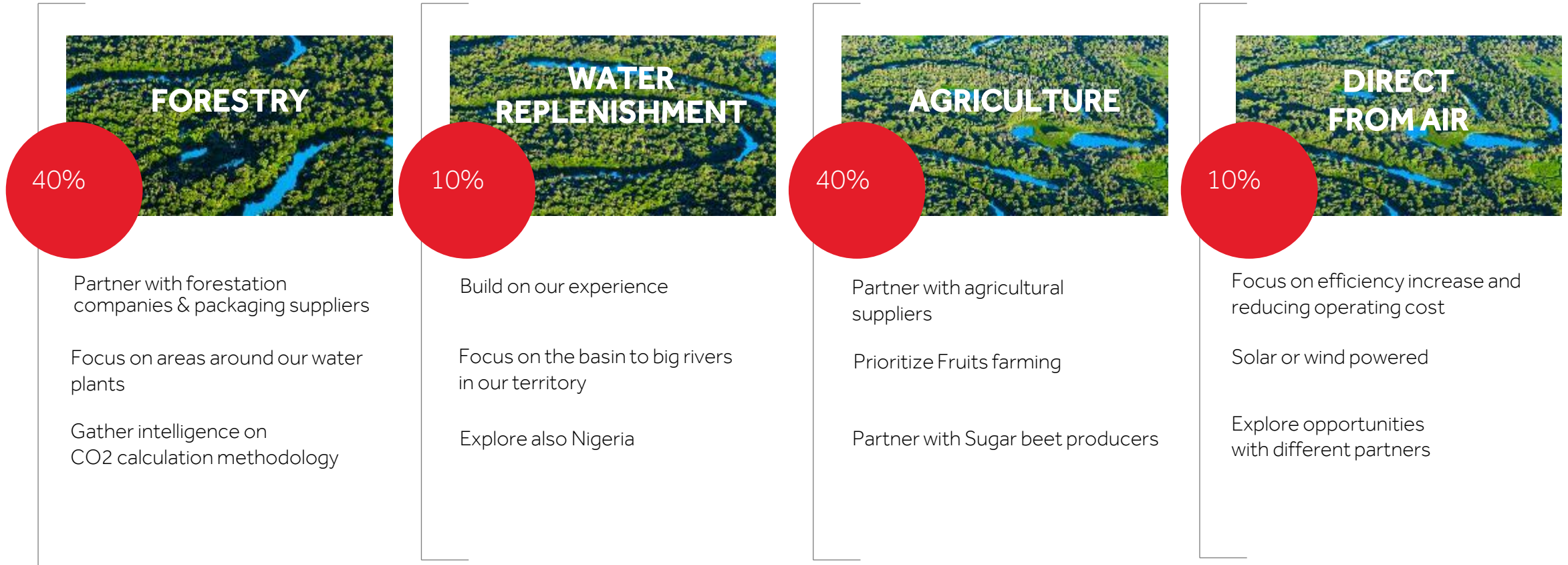


Greening of electricity grid

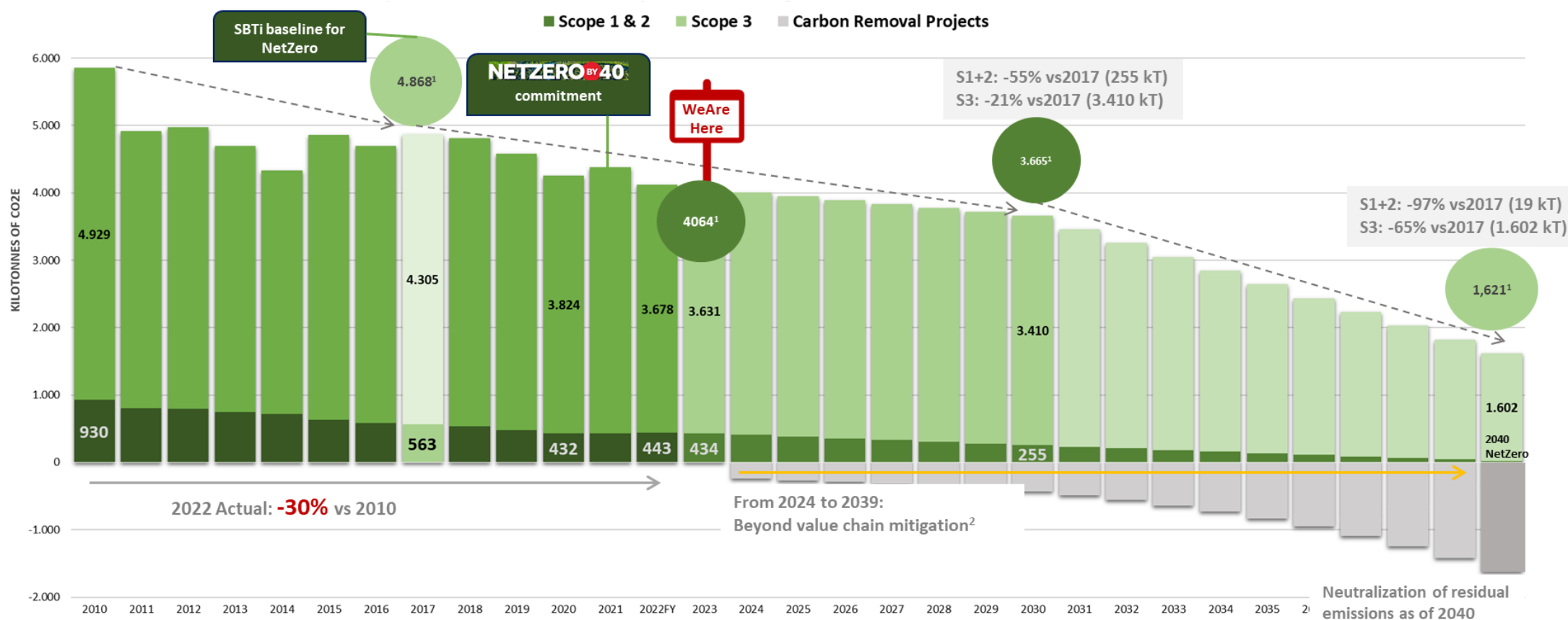
iCoolers and energy efficient coolers

HFC-free coolers

# We will reduce our emissions to absolute minimum (90-95%) and then will remove the residual emissions



# Net Zero Transition Roadmap (Scope 1, 2 and 3)



Scope 1+2 and Scope 3: all numbers exclude Egypt

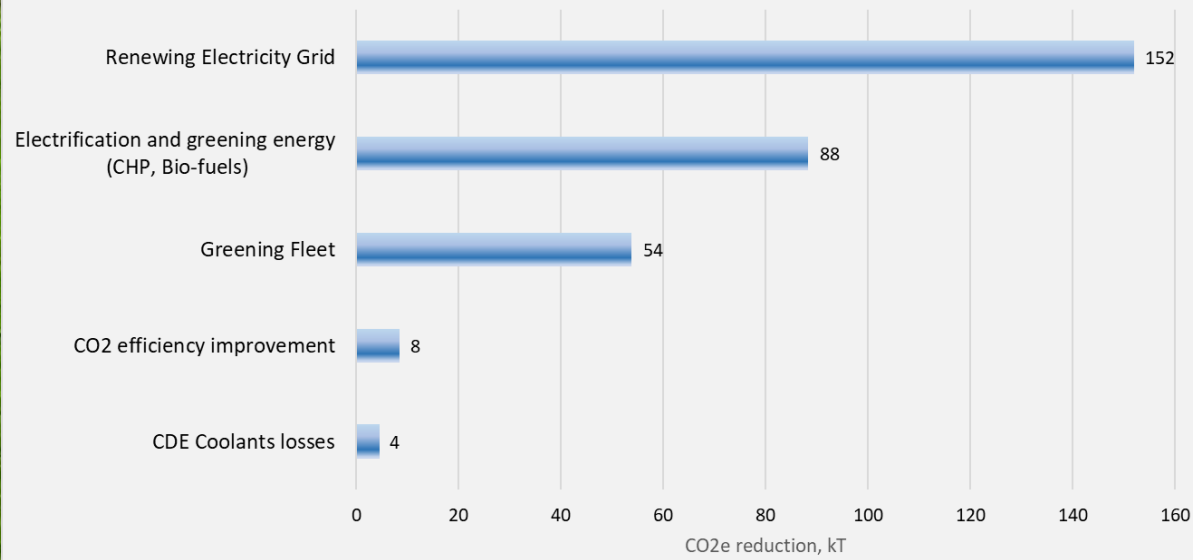
<sup>1</sup> recalculation of carbon emissions due to conversion factors changes and according to the GHG Corporate Accounting and Reporting Standard

<sup>2</sup> as defined based on Science Based Targets Initiative

# Initiatives for direct operations (Scope 1+2) CO<sub>2</sub>e reduction

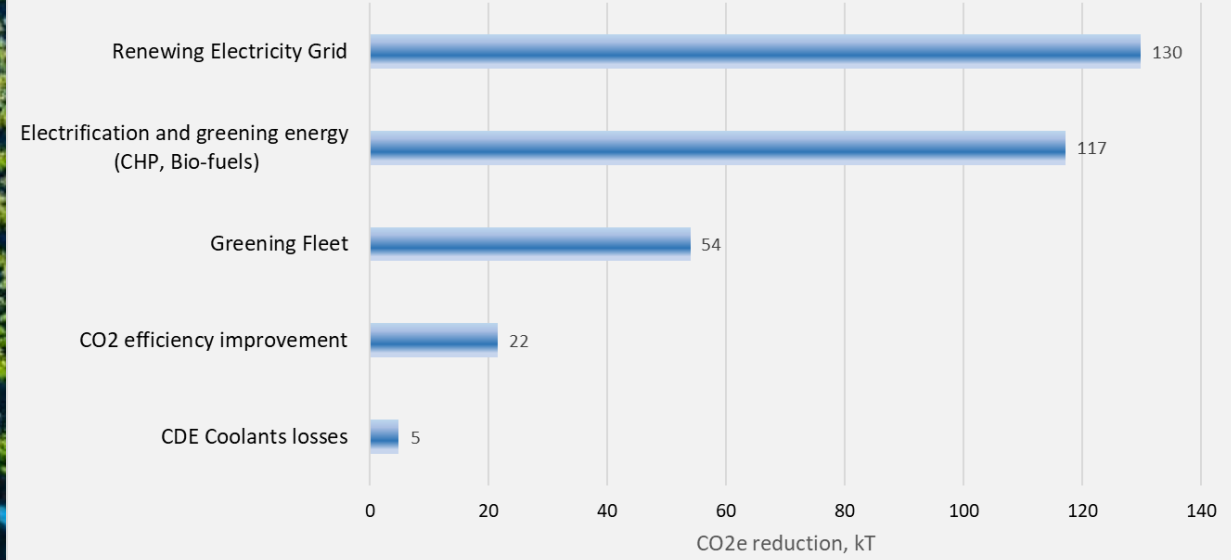
## Top actions to reduced CO<sub>2</sub>e by 2030

Direct Operations (S1+2) CO<sub>2</sub>e reduction initiatives 2017-2030



## Top actions to reduced CO<sub>2</sub>e by 2040

Direct Operations (S1+2) CO<sub>2</sub>e reduction initiatives 2021-2040



## Direct operations emissions reduction target

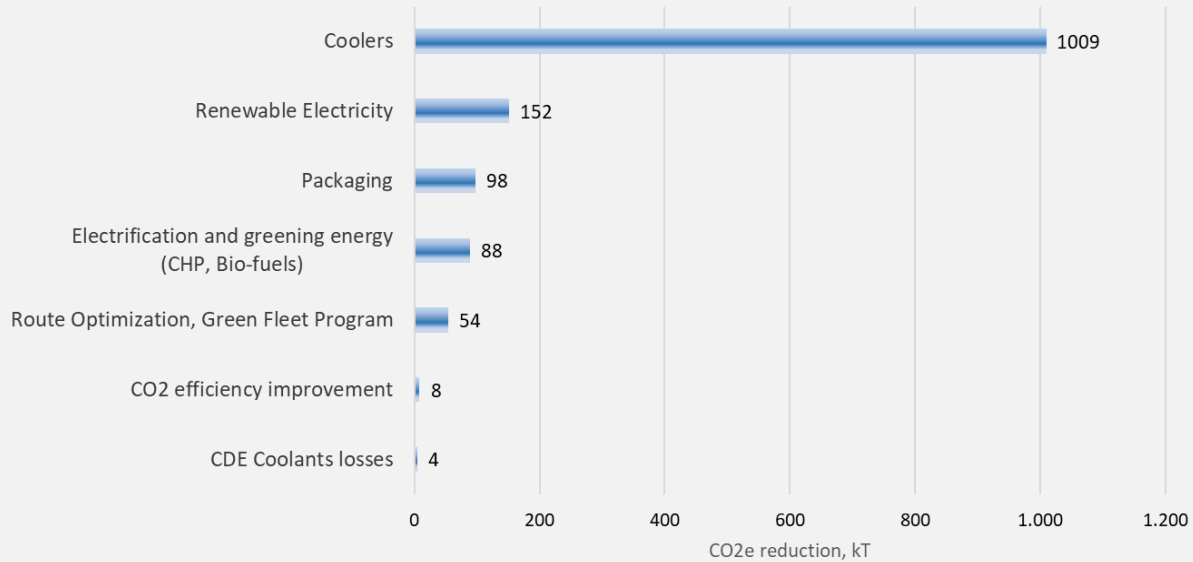
Reduce GHG 55% by 2030 vs 2017 SBT

Reduce GHG 93% 2040 vs 2030 Net Zero

# Initiatives for entire value chain (Scope 1+2+3) CO<sub>2</sub>e reduction

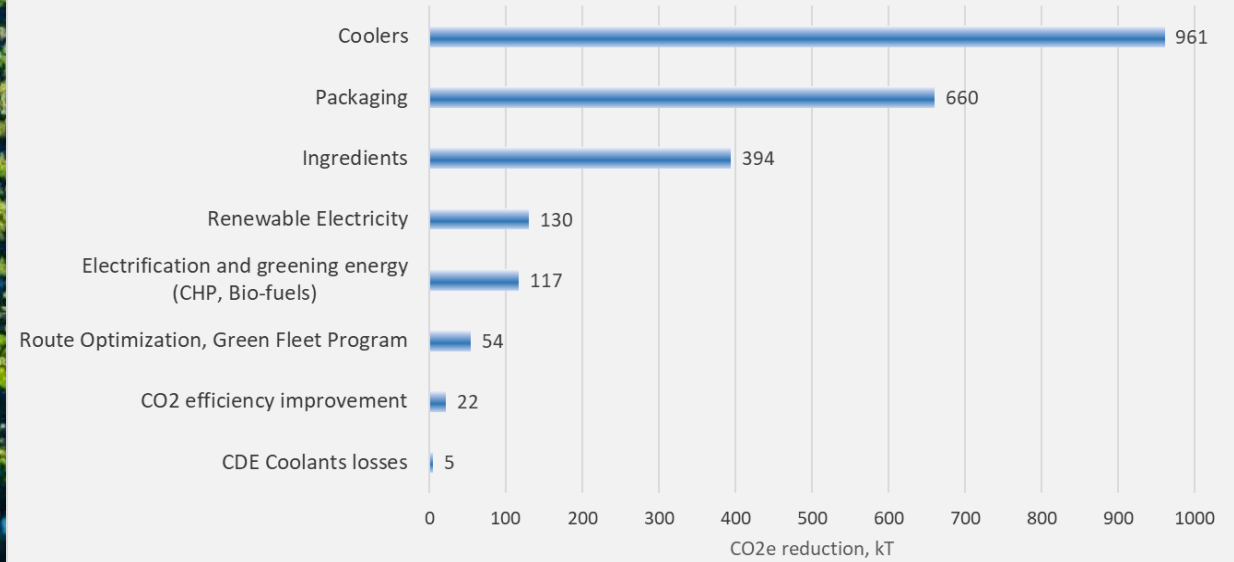
## Top actions to reduced CO<sub>2</sub>e by 2030

TTL Value Chain (S1+2+3) CO<sub>2</sub>e reduction initiatives 2017-2030



## Top actions to reduced CO<sub>2</sub>e by 2040

TTL Value Chain (S1+2+3) CO<sub>2</sub>e reduction initiatives 2021-2040

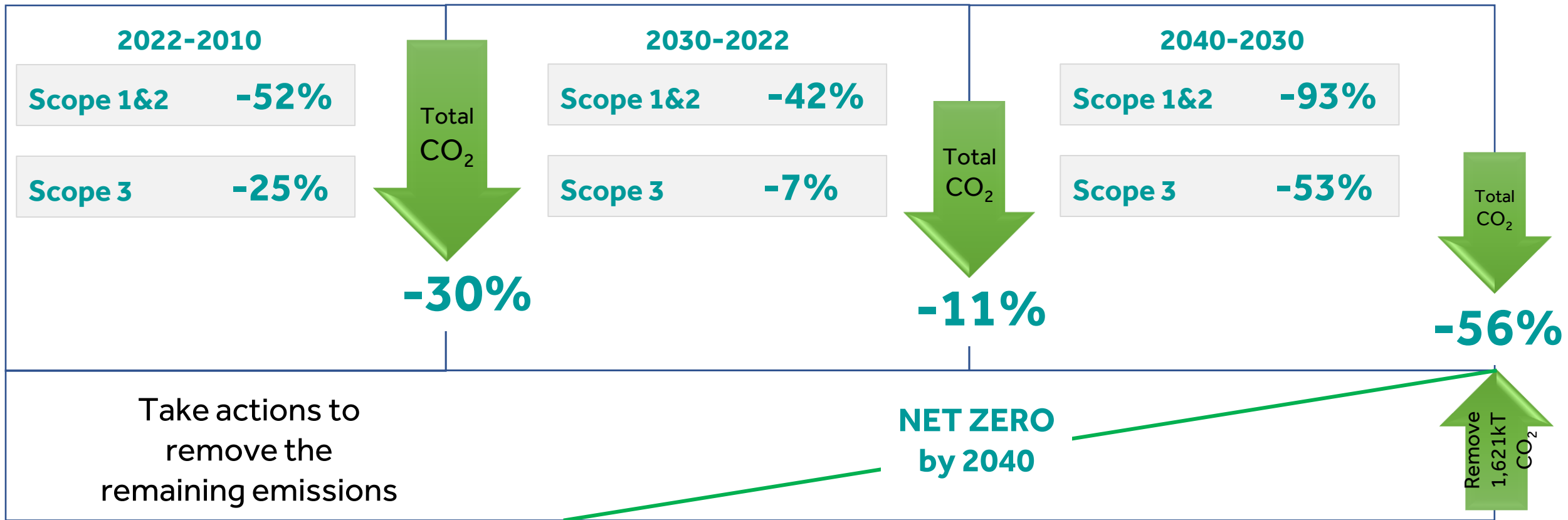


## Total value chain emissions reduction target

Reduce GHG 25% by 2030 vs 2017 SBT

Reduce GHG 56% by 2040 vs 2030 Net Zero

# Entire Value Chain (Scope 1+2+3) CO<sub>2</sub>e reduction



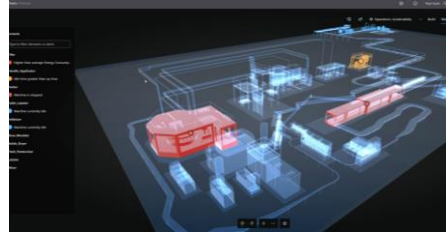
# Diverse partnerships support us in the journey

## CO<sub>2</sub> from the air



Market: Switzerland  
Partner: Climeworks

## Digital Twin in manufacturing



Market: Austria  
Partner: Microsoft

## Green hydrogen



Market: Austria  
Partner: Protium

## In-house rPET production



Market: Nigeria  
Partners: Multiple

## Other initiatives:

- Blockchain research with University of Vienna
- Food waste reduction with FoodCloud and FareShare
- Enzymatic recycling with the University of Portsmouth



# Investments estimation to support the plan

## 2021

**€171 million spend**

on emissions reduction in 2021 (capex and opex)<sup>1</sup>

## 2022

**€206 million capex spend**

specifically targeted to our sustainability agenda (including carbon reduction)

**Green Bond** supports financing of our initiatives:

- 100% rPET purchases
- In-house rPET production infrastructure
- Returnable beverages containers
- Energy-efficient coolers

## By 2030

investing **50%** of our total capex<sup>3</sup> annually

**2022: issued our first green bond for €500m**

The funds may be allocated to the following spend categories<sup>2</sup>, aligned to the UN SDGs

ELIGIBLE GREEN CATEGORY	UN SDGs
Circular economy	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Energy efficiency	9 INDUSTRY INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Renewable energy	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Environmentally sustainable management of living natural resources and land use	15 LIFE ON LAND
Sustainable water and wastewater management	6 CLEAN WATER AND SANITATION

# The Coca-Cola System Sustainability Venture Fund

The Coca-Cola Company and seven leading bottling partners formed sustainability-focused venture capital fund of \$137.7 million.

The Coca-Cola system's carbon footprint is a major priority for the fund, and it will focus on five key areas with the most potential impact:

- Packaging
- Heating and cooling
- Facility decarbonization
- Distribution
- Supply chain



Greycroft, a seed-to-growth venture capital firm, will manage the Fund.

The Fund offers an opportunity to pioneer innovative solutions for carbon reduction and sustainability and helps scale them quick.

# Full commitment to get there

## 1. Material

We are addressing the most pressing issue for humanity.

Commitment to invest:

- In 2022 we have invested €160 million in carbon emissions reduction projects
- We plan €250 million in 2023
- We have secured €500 million Green bond financing to accelerate the introduction of green technologies

## 2. Collaborative

Our suppliers play a key role to attain our plans for scope 3 and we engage with different partners across the entire value chain

## 3. Comparative

Clear roadmap, underpinned by robust calculations makes targets comparable with peers and the broader industry

## 4. Confident

Based on a strong track record and conservative assumptions, we have developed a set of ambitious, yet achievable objectives





**NETZERO** **BY** **40**

**Our climate commitment**



**Coca-Cola**  
**HBC**