

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

Coca-Cola Hellenic Bottling Company
9 September 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Instruments
Relevant standards	<ul style="list-style-type: none">• ICMA's Green Bond Principles (06.2021)• LMA's Green Loan Principles (02.2021)
Scope of verification	<ul style="list-style-type: none">• Coca-Cola HBC Green Finance Framework (as of 09.09.2022)• Coca-Cola HBC Eligibility Criteria (as of 09.09.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

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SCOPE OF WORK

Coca-Cola Hellenic Bottling Company (“the Issuer” or “Coca-Cola HBC”) commissioned ISS ESG to assist with its Green Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Coca-Cola HBC’s Green Finance Framework (09.09.2022 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and Loan Market Association’s (LMA) Green Loan Principles.
2. The Eligibility Criteria – whether the projects contribute positively to the UN SDGs and how they perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).
3. Green Instruments link to Coca-Cola HBC’s sustainability strategy – drawing on Coca-Cola HBC’s overall sustainability profile and issuance-specific Use of Proceeds categories.

COCA-COLA HBC BUSINESS OVERVIEW

Coca-Cola HBC primarily engages in the production, distribution, and sale of mainly non-alcoholic ready-to-drink beverages across a broad geographic footprint of 29 countries in three continents. It has a broad portfolio of beverage products, in the sparkling, juice, water, sport, energy, plant-based, ready-to-drink tea, coffee, adult sparkling and premium spirits categories. It is classified in the Beverages industry, as per ISS ESG’s sector classification.

It operates through the following segments: Established Markets, Developing Markets, Emerging Markets. The Established Markets segment consists of Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland, and Switzerland. The Developing Markets segment includes Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia. The Emerging Markets segment comprises of Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Egypt, Moldova, Montenegro, Nigeria, North Macedonia, Romania, the Russian Federation, Serbia, and Ukraine. The company is headquartered in Zug, Switzerland, while its early beginnings were in Nigeria in 1951.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Alignment with GBP/GLP</p>	<p>The Issuer has defined a formal concept for its Green Instruments regarding Use of Proceeds, Processes for Project Evaluation and Selection, Management of Proceeds and Reporting. This concept is in line with the ICMA's Green Bond Principles and LMA's Green Loan Principles.</p>	<p>Aligned</p>
<p>Part 2:</p> <p>Sustainability quality of the Eligibility Criteria</p>	<p>The Green Instruments will (re-)finance Use of Proceeds categories which include: circular economy adapted products, production technologies and processes; and /or certified eco-efficient products, energy efficiency, renewable energy, environmentally sustainable management of living natural resources and land use and sustainable water and wastewater management.</p> <p>The Energy Efficiency Use of Proceeds category (for Energy-efficient and eco-friendly coolers and/or refrigerators retrofit (e.g. installation of Energy Management Devices (EMD)) have limited contribution to SDGs 7 'Affordable and clean energy' and 13 'Climate action'.</p> <p>The remaining Use of Proceeds categories improve the company's operational impacts and mitigate potential negative externalities of the Issuer's sector on SDG 6 'Clean water and sanitation', SDG 7 'Affordable and clean energy', SDG 12 'Responsible consumption and production', SDG 13 'Climate action' and SDG 15 'Life on land'.</p> <p>The environmental and social risks associated with those Use of Proceeds categories are well managed.</p>	<p>Positive</p>
<p>Part 3:</p> <p>Green Instruments link to the Issuer's sustainability strategy</p>	<p>The Use of Proceeds financed through these Green Instruments are consistent with the Issuer's sustainability strategy and material ESG topics for the Issuer's industry. The rationale for issuing Green Instruments is clearly described by the Issuer.</p>	<p>Consistent with the Issuer's sustainability strategy</p>

¹ ISS ESG's evaluation is based on the Coca-Cola HBC's Green Finance Framework (09.09.2022 version), and on the ISS ESG Corporate Rating updated on the 12.02.2022 and applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: ALIGNMENT WITH ICMA'S GREEN BOND PRINCIPLES AND LMA'S GREEN LOAN PRINCIPLES

This section describes ISS ESG's assessment of the alignment of the Coca-Cola HBC's Green Finance Framework (dated 09.09.2022) with the ICMA's Green Bond Principles and LMA's Green Loan Principles.

ICMA'S GREEN BOND PRINCIPLES AND LMA'S GREEN LOAN PRINCIPLES	ALIGNMENT	ISS ESG'S OPINION
1. Use of Proceeds	✓	<p>ISS ESG considers the Use of Proceeds description provided by Coca-Cola HBC's Green Finance Framework as aligned with the ICMA's Green Bond Principles and LMA's Green Loan Principles.</p> <p>The Issuer's green categories align with the project categories as proposed by the ICMA's Green Bond Principles and LMA's Green Loan Principles. The Eligibility Criteria are defined in a clear and transparent manner. Environmental benefits are described and quantified.</p>
2. Process for Project Evaluation and Selection	✓	<p>ISS ESG considers the Process for Project Evaluation and Selection description provided by Coca-Cola HBC's Green Finance Framework as aligned with the ICMA's Green Bond Principles and LMA's Green Loan Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer involves various stakeholders in this process, in line with best market practice.</p>
3. Management of Proceeds	✓	<p>ISS ESG finds that the Management of Proceeds proposed by Coca-Cola HBC's Green Finance Framework is aligned with the ICMA's Green Bond Principles and LMA's Green Loan Principles.</p> <p>Net proceeds collected will be equal to the amount allocated to Eligible Green Projects, with no exceptions.</p>

		<p>The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>ISS ESG finds that the Allocation and Impact reporting proposed by Coca-Cola HBC's Green Finance Framework is aligned with the ICMA's Green Bond Principles and LMA's Green Loan Principles.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. Coca-Cola HBC explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the information reported, frequency, scope, duration and level of impact reporting, in line with best market practice.</p>
<p>5. Types of Green Bonds or Green Loans</p>		<p>Coca-Cola HBC issues Standard Green Use of Proceeds Bond(s).</p>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN INSTRUMENTS TO THE UN SDGs²

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the Use of Proceeds categories invested in by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.


1. Products and services

The assessment of Use of Proceeds categories for investments in products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of Use of Proceeds categories for investments in specific products and services is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Instruments's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

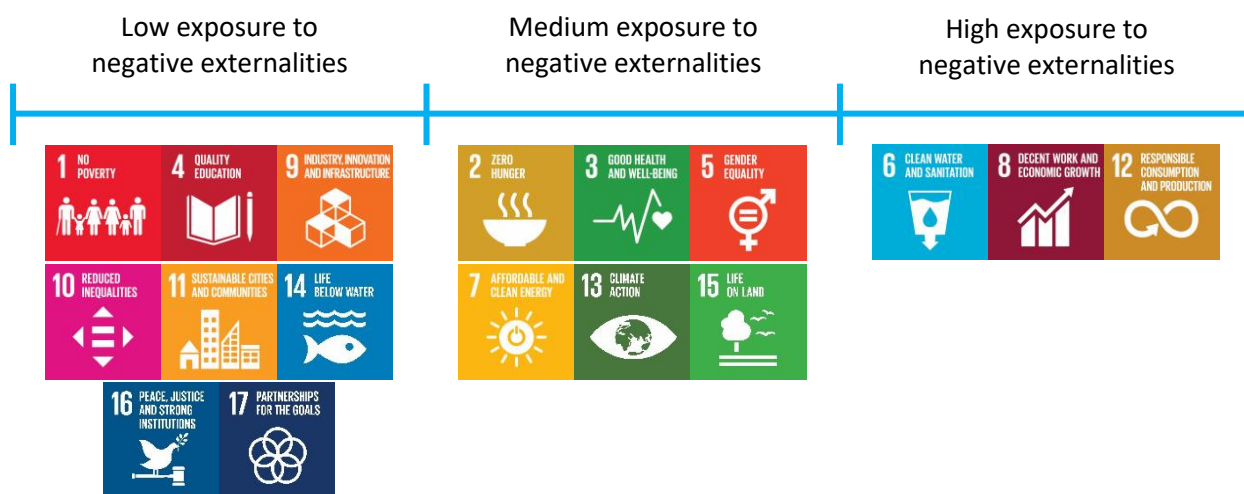
USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency</p> <p><i>Energy-efficient and eco-friendly coolers and/or refrigerators retrofit (e.g. installation of Energy Management Devices (EMD))</i></p>	Limited contribution	

² According to ISS methodology, UoP categories considered as products and/or services usually directly generate revenues (e.g., *Energy-efficient and eco-friendly coolers and/or refrigerators retrofit are directly sold to CCH final clients*) while UoP categories considered as processes do not usually directly generate revenues and/or contribute to mitigate negative externalities faced by companies during their production process (e.g., *sustainable packaging solutions will be used to produce beverages but empty sustainable packaging will not be sold directly to CCH final client*)'


2. Improvements of operational performance (processes)³

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the Use of Proceeds categories, as well as related UN SDGs impacted. The assessment displays how the Use of Proceeds categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities⁴ in the Beverages (to which Coca-Cola HBC belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (Processes)	OPERATIONAL IMPACT IMPROVEMENT ⁵	SUSTAINABLE DEVELOPMENT GOALS
<p>Circular Economy</p> <p><i>Investments, expenditures in projects and/or assets related to sustainable packaging:</i></p> <p>Circular Economy Phase: Raw Materials</p> <p><i>Purchases, directly or via intermediary suppliers, of:</i></p> <ul style="list-style-type: none"> Recycled polyethylene terephthalate (rPET) for use in product packaging; Bio-based polyethylene terephthalate (Bio-PET) for use in product packaging; 	✓	

³ Projects financed by Coca-Cola HBC show some interlinkability between impact on products/services and operations/processes within the same project

⁴ Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 1 of the SPO.

⁵ Limited information is available on the scale of the improvement as no threshold is provided. ISS ESG only displays the direction of change.

Circular Economy Phase: Use / Reuse

- Purchase and/or manufacturing of returnable glass and refillable PET bottles
- Investments in infrastructure to support the use of refillable packaging
- Investments in packaging-free delivery systems and/or business models

Circular Economy Phase: Design

- Investments to reduce the weight of primary and secondary packaging
- Investments to enhance recyclability of primary and secondary packaging
- Investments to remove hard-to-recycle plastics from packaging

Circular Economy Phase: Manufacture

- Manufacture of beverages where packaging material feedstock choice and packaging design support recycling, and beverage loss and waste is minimized.

Circular Economy Phase: Collection

- Expenditures and investments in infrastructure and processes to increase the sorting, collection and recycling of plastic bottles and other forms of beverage packaging

Circular Economy Phase: Recycling

- Investments in traditional mechanical recycling and enhanced 'chemical' recycling technologies

Energy Efficiency

Investments, expenditures in projects and/or assets related to products that reduce energy consumption from manufacturing sites projects, which may include:

- Process efficiency improvements (CIP cleaning efficiency)
- Piping and building insulations
- Equipment upgrades (energy efficient compressors, motors, pumps)
- Production lines optimization (changeovers)
- LED lighting



Renewable Energy

Investments, expenditures in projects and/or assets related to the construction, development, acquisition, maintenance, and operation of renewable energy with direct life cycle emissions of less than 100gCO₂e/kWh, declining to net-0gCO₂e/kWh by 2050 .

Eligible projects may include:

- On-site installation (manufacturing and distribution centers) of renewable energy projects
- Power Purchase Agreements (“PPAs”), Virtual Power Purchase Agreements (“VPPAs”), and any other investments that provides for the procurement of renewable energy through a long-term contract (at least ten years) aligned with the GHG Protocol



Environmentally Sustainable Management of Living Natural Resources and Land Use

Investments, expenditures in projects and/or assets related to:

- Procurement of agricultural raw materials certified in accordance with third-party standards (e.g. SAI FSA, ISCC Plus, BONSUCRO, REDcert2, Rainforest Alliance, FairTrade International, Global GAP+GRASP, Global GAP+FSA Add-On, UNILEVER Sustainable Agriculture Code (SAC), etc.)
- Sustainable agriculture and climate-smart farming inputs (e.g. replacement of cane sugar with beet sugar, improvements in the production process for agriculture ingredients)
- Preservation of biodiversity and reforestation initiatives



Sustainable Water and Wastewater management

Investments, expenditures in water efficiency projects and/or assets, including:

- Efficiency in water used at plants, installation of new efficient water-related equipment, water replenishment, wastewater management and water treatment



Eligible Projects may include:

- Systems designed to increase use of recycled water
- Upgrades to cooling towers
- Rainwater collection

- *Wastewater treatment plants that aim to achieve water savings*
- *Water use efficiency projects (e.g. air rinsing for the cans, dry aseptic packaging)*

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below presents the findings of an ISS ESG assessment of the Eligibility Criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Labour, Health, and Safety

KPI relevant to All Use of Proceeds categories

- ✓ The Issuer has policies in place to ensure high labour, health, and safety standards are met during the construction, maintenance, and operations. The Issuer is a founder signatory of UN Global Compact and all manufacturing sites are certified with ISO 45001. The Occupation Health & Safety policy of the Issuer outlines different measures to address H&S issues, including the implementation of safety management system ISO 45001.

KPI relevant to Energy Efficiency category

- ✓ The Issuer has policies in place to ensure high labour, health, and safety standards are met throughout the supply chain based on the Supplier Guiding Principles (SGPs) which are mandatory in all contracts with suppliers' outlining their obligation towards labour and health & safety standards.

Conservation and Biodiversity Management

KPI relevant to Circular Economy, Environmentally Sustainable Management of Living Natural Resources and Land Use, Sustainable Water and Wastewater Management categories

- ✓ The Issuer has a Biodiversity statement in place to ensure assets will go through applicable environmental assessment at the planning stage. New bottling operations are not established in or near protected areas/areas with increased biodiversity. For sites already located in such proximities, there are biodiversity protection plans.
- ✓ The Issuer systematically ensures that assets financed under this Framework underwent sustainable soil and biodiversity management along the whole value chain under the Principles for Sustainable Agriculture, outlining different pledges to protect natural habitats from conversion, restoring ecosystem services or preserving the soil by implementing Nutrient Management Plans and implement the 'Four Rs of nutrient stewardship'.
- ✓ The Issuer has policies in place ensuring that agricultural projects financed do not use any Genetically Modified Organism (GMO). The Issuer has a GMO statement public in its website pledging not to use any genetically modified organisms, or derived from, in all countries where it operates.

Dialogue with local communities

KPI relevant to Circular Economy, Environmentally Sustainable management of Living Natural Resources and Land use, Sustainable Water and Wastewater Management categories

- ✓ The Issuer has engaged directly with people living in the areas near their operational areas on issues that are material to the communities.

On Site Safety

KPI relevant to Circular Economy, Energy Efficiency, Renewable Energy categories

- ✓ The Issuer is certified in ISO 45001 in their operations ensuring that high operation standards are in place.

Water Use

KPI relevant to Environmentally Sustainable Management of Living Natural Resource and Land Use, Sustainable Water and wastewater management categories

- ✓ The Issuer has water stewardship policy and programs in place to encourage water use reduction. For instance, manufacturing facilities will undertake source vulnerability assessment to revise the water management plans. In addition, the Issuer carries out comprehensive water risk assessment tool (WWF Water Risk Filter and WRI Aqueduct) to assess the locations of bottling plants operating in high water-risk areas. In regards to conservation, water replenishment and wetland restoration initiatives are in place to promote sustainable water withdrawal.

KPI relevant to Sustainable Water and Waste Management category

- ✓ The Issuer has internal water monitoring and waste water management guideline to prevent water leakage on sites. In addition, all manufacturing plants are certified with ISO 14001, Environmental Management Standard.
- ✓ The Issuer has certified Environmental Management Standard in place for all manufacturing plants and internal guidelines to ensure water quality meet health and purity standard.

Environmental aspects of construction (or production) and operation

KPI relevant to Circular Economy, Energy Efficiency, Renewable Energy categories

- ✓ The Issuer has a robust packaging waste management policy in place for its products and has annual targets to reduce total waste, recycled/reused waste and landfill waste. Although the Issuer does not have a policy in place to address end-of-life infrastructure use, it states that it is part of the general waste management system. The issuer states that every end-of-life item from manufacturing sites is part of the waste management system and it is collected and provided to the respective authorised waste companies for recycling or treatment to avoid landfill.

KPI relevant to Circular Economy, Renewable Energy categories

- ✓ The Issuer provides LCA conducted by third parties for different packaging materials and ingredients and it has certificates (GO, REC, etc) for renewable energy. The Issuer did not present information showing compliance with International standards.
- ✓ The Issuer requires tier 1 suppliers to be certified with ISO9001 to meet quality management standard.

KPI relevant to Circular Economy, Energy Efficiency categories

- ✓ The Issuer has supplier guidelines in place to conduct compliance audits and pre-assessment on potential suppliers. The Issuer also require tier 1 suppliers to gain certain international environmental standards.

KPI relevant to Environmentally Sustainable Management of Living Natural Resources and Land Use category

- ✓ The Issuer has measures to ensure agriculture assets procured and financed will be certified with FSC standards, procurement and acquisition of sustainable farming products will be subject to GHG reduction targets and will reduce the environmental sludge in sewage sludge disposal. Within the Principles for Sustainable Agriculture, the company issued a biodiversity statement stating several practices and measures towards reducing emissions, including SBTi targets and NetZero commitments, water reduction commitments, sustainable packaging with FSC certifications and due diligence and reporting measures.

KPI relevant to Renewable Energy category

- ✓ The Issuer has measures in place that outline monitoring technologies in place to ensure high operational standards. All types of energy are measured monthly in all plants and warehouses. Some plants are equipped with online energy measurement systems.

KPI relevant to Circular Economy category

- ✓ The Issuer has measures in place to ensure high environmental standards and requirements are met during the construction phase of the infrastructure financed. Internal standards were defined by the Issuer and are updated regularly. Standardised Quality, Safety and Environment clauses for contractors are mandatory. Similar standardised clauses are mandatory for: suppliers of goods, transportation services and warehouse services. Internal targets for waste, recycled waste and landfilled waste are set and the generated waste in manufacturing is monitored monthly.

KPI relevant to Energy Efficiency category

- ✓ The Issuer has measures in place to enure high environmental standards and requirements are met in the supply chain of infrastructure/products financed. It requires tier 1 suppliers to gain certification on ISO 14001. Ingredient and packaging suppliers must also achieve certification to FSSC 22000 and Global Food Safety Initiative.

Food Safety Management System

KPI relevant to Environmentally Sustainable Management of Living Natural Resources and Land Use category

- ✓ The Issuer has measures in place such that agricultural projects will be subjected to food safety management systems. The Principles for Sustainable Agriculture defines 24 policies covering, among other sustainability-related topics, food safety and hygiene, making sure all applicable laws and regulations ensure the quality of food in the supply chain. Appropriate processes (ISO and FSSC certifications, internal and external audits, among others) and risk assessments are in place to avoid and minimize bio-chemical and physical risks through product and handling.

Fire Management

KPI relevant to Environmentally Sustainable Management of Living Natural Resources and Land Use category

- At the time of this report, the Issuer didn't have any forestation projects, hence did not have implemented or designed any Fire Management policies or measures. However, when such projects occur, the Issuer intends to leverage on the expertise of the entities running the projects to cover fire management measures, meaning that by the time of this report, there's no evidence to support it's fulfilling.

Energy efficiency

KPI relevant to Circular Economy category

- ✓ The Issuer has measures to encourage energy efficiency to be optimized during production phase of the financed infrastructure. All new equipment orders have a mandatory field providing energy consumption/efficiency which is taken into account in the procurement evaluation. Energy Use ratio targets set annually, with a 10% reduction achieved in the last 5 years.

PART III: GREEN INSTRUMENTS LINK TO COCA-COLA HBC'S SUSTAINABILITY STRATEGY

A. COCA-COLA HBC'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The Issuer is classified in the Beverages, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY

Impacts on soil and biodiversity along the value chain
Customer health and safety
Labour standards and working conditions
Mitigation of direct and indirect climate impacts
Conservation of aquatic ecosystems and water along the value chain






ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, ISS ESG assessed the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE ⁶	DIRECTION OF IMPACT	UN SDGS
Non-alcoholic beverages (promoting malnutrition)	80%	Obstruction	 
Alcoholic beverages (promoting malnutrition)	3%	Obstruction	 
Bottled water	7%	Contribution	

Breaches of international norms and ESG controversies

At the Issuer level

At the date of publication, ISS ESG has not identified any severe controversy in which the Issuer would be involved.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Beverages industry are as follows: Failure to respect the right to just and favourable conditions of work, poor waste management, and anti-competitive behaviour.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

⁶ Percentages presented in this table are not cumulative.

B. CONSISTENCY OF GREEN INSTRUMENTS WITH COCA-COLA HBC'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

In 2018, Coca-Cola HBC launched the Mission 2025 Sustainability Commitments to address 6 areas across the value chain: emissions reductions, water reduction and stewardship, world without waste, sourcing, nutrition, and people and communities.

1. Emissions Reduction: Reduce direct carbon emissions ratio by 30% vs. 2017, ensure 50% of refrigerators in customer outlets will be energy efficient, ensure 50% of total energy used in plants will be from renewable and clean sources, and aim to have 100% of total electricity used in plants in EU and Switzerland will be from renewable and clean sources
2. Water Reduction & Stewardship: Reduce water use in plants located in water risk areas by 20% vs. 2017, help secure water availability for all its communities in water risk areas
3. World without waste: Ensure 100% of consumer packaging will be recyclable, increase the percentage of recycled PET (and/or PET from renewable materials) in bottles to 35% by 2025 and recover 75% of primary packaging for recycling by 2025.
4. Sourcing: Source 100% of key agricultural ingredients in line with sustainable agricultural principles
5. Nutrition: Achieve less calories content across the Sparkling Soft Drinks (SSD) portfolio through reducing 25% the calories per 100ml of SSD vs. 2015
6. People & communities: Target zero fatalities among its workforce and reduce (lost time) accident rate by 50% vs. 2017, achieve 50% of manager positions to be held by women, enroll 10% community participants to join first-time managers' development programmes, train 1 million young people (cumulatively) through #YouthEmpowered, engage in 20 Zero waste partnerships (city and/or coast), have 10% of employees to take part in volunteering initiatives

Besides the Mission 2025 Sustainability Commitments, Coca-Cola HBC also committed to achieve net zero GHG emission across its entire value chain (scope 1, 2 and 3) by 2040. To reach net zero, Coca-Cola HBC will reduce its direct emissions to an absolute minimum, and will work in partnership with its suppliers to eliminate the carbon footprint that results from third parties (Scope 3 emissions). Wherever emissions cannot be eliminated entirely, the company will mitigate or remove those by investing in other climate protection measures. Coca-Cola HBC will invest €250m million in emissions reduction initiatives by 2025, decarbonise direct operations further by switching to 100% renewable electricity and low carbon energy sources, combined with continuous improvements and innovations in energy efficiency, accelerate its journey to a more circular, lower carbon packaging approach by increasing rPET use, adopting packageless and refillable options, and removing plastics in secondary packaging, provide energy-efficient and eco-friendly coolers to customers, reduce emissions from agricultural ingredients, and implement a "Green Fleet" programme to switch to low and no-carbon alternatives.

Besides, Coca-Cola HBC has approved science-based targets by 2030 to reduce its scope 1 and 2 absolute emissions by 55% vs. 2017 (aligned with 1.5 degree scenario) and to reduce absolute Scope 3 emissions by 21% vs. the same baseline of 2017.

Rationale for issuance

In line with its sustainability strategy and vision, Coca-Cola HBC has established this Green Finance Framework under which it intends to issue Green Instruments (which may include, but is not limited to bonds, including private placements, loans and retail deposits) to finance and/or refinance assets and projects which contribute to the UN SDGs and its sustainability strategy.

Coca-Cola HBC started its journey to align its funding strategy with its sustainability commitments by linking the margin on its sustainability-linked revolving credit facility of April 2019 with the achievement of Coca-Cola HBC’s environmental targets core to its sustainability strategy. Through this Framework, Coca-Cola HBC aims to further align its business and financing with its commitments and values, by creating a direct link between its sustainability strategy and funding strategy.

Contribution of Use of Proceeds categories to sustainability objectives and key ESG industry challenges

ISS ESG mapped the Use of Proceeds categories financed under Green Instruments with the sustainability objectives defined by the Issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Beverages industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings industry. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Circular Economy Adapted Products, Production Technologies and Processes; and/or Certified Eco-Efficient Products	✓	✓	Contribution to a material objective
Energy Efficiency	✓	✓	Contribution to a material objective
Renewable Energy	✓	✓	Contribution to a material objective
Environmentally Sustainable Management of	✓	✓	Contribution to a material objective

Living Natural Resources and Land Use			
Sustainable Water and Wastewater Management	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed under Green Instruments are consistent with the Issuer’s sustainability strategy and material ESG topics for the Issuer’s industry. The rationale for issuing Green Instruments is clearly described by the Issuer.*

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on bonds based on data provided by the issuer.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the Use of Proceeds of Coca-Cola HBC’s Green Instruments.

It comprises firstly the definition of the Use of Proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Coca-Cola HBC (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the Issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Coca-Cola HBC’s Green Instruments contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

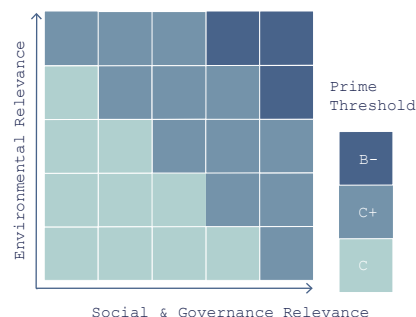
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

Coca-Cola HBC commissioned ISS ESG to compile a Green Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the ICMA's Green Bond Principles and LMA's Green Loan Principles and to assess the sustainability credentials of its Green Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA's Green Bond Principles
- LMA's Green Loan Principles
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the Issuer

ISSUER'S RESPONSIBILITY

Coca-Cola HBC's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Instruments to be issued by Coca-Cola HBC based on ISS ESG methodology and in line with the ICMA's Green Bond Principles and LMA's Green Loan Principles.

The engagement with Coca-Cola HBC took place from July to August 2022.

ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Instruments SPO, please contact: SPOOperations@iss-esg.com

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