

## Growth pillars

### 3 Fuel growth through competitiveness and investment





## Growth pillars continued

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## 2023 highlights

- Added seven new production lines and invested €11 million in rPET in Romania
- Fast-forwarded transition to paper-based secondary packaging through effective supplier partnerships
- Achieved target of 50% energy-efficient, connected coolers ahead of schedule

## KPIs

- Organic EBIT growth
- Comparable EBIT
- Comparable EBIT margin
- Capex as % of NSR
- ROIC

## Principal risks and opportunities

- Marketplace economic conditions
- Competing in the digital marketplace
- Suppliers and sustainable sourcing
- Cyber incidents
- Sustainable packaging
- Water availability and usage
- Managing our carbon footprint

Read more p88 to 107

## Material topics

- Sustainable sourcing
- Socio-economic impact
- Climate change
- Water stewardship
- Packaging and waste management

Read more p42 to 44

## Stakeholders



**Our customers**



**Our suppliers**



**Our investors**



## Investing for growth

**Our ability to win in the marketplace and to leverage our 24/7 portfolio is down to continuous strengthening of our customer and supplier partnerships, and investment: investment in capacity; investment in sustainability; investment in digital, data and technology and investment in critical, value-creating capabilities (read more in Win in the Marketplace on pages 33 to 39).**

## Investing in capacity to support our 24/7 portfolio

We have a broad footprint of 62 production plants, of which five are mega-plants, across 29 countries (no change from 2022), with five production plants in Egypt now fully integrated following the acquisition of the business in 2022. We added seven new production lines, ranging from our new PET line in Hungary to new glass and can lines in Nigeria. You can read more about our new resealable RGB line in Austria on page 62.

We have invested heavily in our partnership with Monster Energy, as Energy continues to be one of the fastest-growing categories in NARTD beverages.

In 2023, we added three additional Monster canning lines: one each in Ireland and Poland, which were commissioned in 2023; and a line in Italy that will be commissioned in 2024, bringing our total to eight Monster lines across five countries.

We continued our investment in coolers, or refrigerators, at customer premises in support of our revenue growth management strategy and sustainability goals – see pages 43 and 44.

## Investing in sustainability as a growth enabler

Our approach to sustainability is doing what is right, while creating value for the business and strengthening resilience. For example, we have reduced energy use by 30% between 2010 and 2023, making a significant impact on emissions reductions, but also realising more than €50 million (gross) in energy cost savings.

On packaging, we have invested more than €50 million in three in-house recycled plastic (rPET) production units in Italy, Poland and Romania over the last two years, with €11 million invested in the Romania plant alone in 2023. These investments reflect our commitment to a circular economy, while allowing us to decrease the cost of buying rPET from outside and enhancing our security of supply in a tight market.

We continually scan the market to assess supplier capabilities and use strategic partner relationships, for example, to increase Post Consumer Recycled (PCR) content, reduce shrink and stretch film thickness (down-gauging) to minimise material consumption and develop close loop, circular solutions. In 2023, we implemented multiple down-gauging shrink film initiatives in the Czech Republic, Northern Ireland and Hungary, resulting in cost savings and reduction of CO<sub>2</sub> emissions.

We continue innovating in glass and paper – investing €12 million in Austria on a new energy- and water-efficient returnable glass bottle line for our 1 litre 'universal bottle' format, while introducing a new 400ml resealable, reusable glass bottle, and launching a paper-based alternative to plastic shrink film for 1.5 litre PET multipacks.

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#### A paper-based alternative to shrink film for 1.5 litre bottles was three years in the making

CCH Austria, paper producer Mondi and machine manufacturer Krones partnered to create an innovative, high-strength, paper sleeve, 'Hug-IT', that tightly wraps and secures six 1.5 litre bottle bundles of Coke, Fanta, Sprite and Mezzo Mix during transit.

Hug-IT replaces existing plastic shrink wrap, using paper made from FSC® certified responsibly sourced fibres, as a more sustainable solution. Hug-IT has taken three years to come to fruition, from conception through to planning, trialling, and finally getting the product onto the shelf. Expert teams from the three companies worked closely together to meet the challenges of aesthetics, strength and stretchability of the paper solution.



The careful use of resources and recyclable materials is an important pillar in our sustainability strategy and plays a central role in the design of the sustainable packaging mix for the Austrian market. With the introduction of our new solution, which is unique in the world to date, we will be able to reduce material use by around 200 tonnes of plastic per year. It was a pleasure to work with Mondi and our other partners in jointly contributing to a circular economy."

**Felix Sprenger**  
Supply Chain Director, CCH Austria



Our approach is 'paper where possible, plastic when useful' – and replacing the plastic shrink wrap used for bundling bottles provides the ideal opportunity to put that into practice. By producing a strong paper, we are able to replicate what the plastic shrink wrap does, delivering secure and safe transportation of multipacks with our Hug-IT paper sleeves that reduce plastic use."

**Silvia Hanzelova**  
Sales Director Speciality Kraft Paper, Mondi

We successfully continued with the paper-based holder for smaller multipacks, Keel Clip™, implemented in Hungary, Greece, Italy, Poland, Romania, Northern Ireland and Austria, while we started to look into how to further optimise the solution to reduce material usage and minimise emissions. Specifically, in Italy we piloted six packs of 150ml with a down-gauged carton format. Results were encouraging, so we plan to develop the commercial solution and introduce to the broader market in 2024.

Also in secondary packaging, we concluded an assessment related to the introduction of low-density film in Biaxially Oriented Polypropylene (BOPP) labels instead of standard plastic labels. Following this assessment, we expect to roll out BOPP labels in 2024, and anticipate reducing plastic in labels by 12%, saving around 240 tonnes of material and 600 tonnes of CO<sub>2</sub> emissions annually. In 2023, we successfully piloted smaller labels in 1 litre upwards multi-serve packs in Greece, Cyprus, Poland and Italy, and we are now planning the roll out of shorter labels across the Company in 2024. This will result in CO<sub>2</sub> emissions reduction by approximately 550 tonnes.

Water remains one of our key strategic priorities. By using innovative technologies, such as water-free cleaners for our new can lines in Greece and Poland, we are targeting a 20% reduction in water consumption by 2025 compared with 2017 in water risk areas. You can read more about our investments and achievements in water on pages 61 to 62.

Our suppliers are important partners in sustainability. We monitor the performance of our significant suppliers through our annual internal assessments, third-party audits of compliance, the EcoVadis IQ Plus Tool and EcoVadis Risk Assessment platform. EcoVadis helps us monitor, assess and benchmark a range of risks using 21 criteria from international standard setters and is our common ESG assessment platform across the Coca-Cola System, where we exchange information on the ESG performance of our common suppliers. We are also investigating how to further extend risk assessment in our supply base, leveraging new tools, Artificial Intelligence and customised alerts, giving our strategic procurement team faster access to critical events and information affecting our supply chain.

We recognise supplier certifications, as per international standards including ISO 9001, ISO 14001, ISO 50001, FSC 22000 and ISO 45001. For agricultural commodities, we recognise the Rainforest Alliance, Fair Trade, Bonsucro, the Sustainable Agriculture Initiative Platform Farm Sustainability Assessment and Global GAP+GRASP. All long-term contractors and contracted services on site are assessed on human rights through workplace audits, which have a three-year cycle.

In this short video, Anna Erniša, Chief 'Hug' Officer at Mondi, describes the story of 'Hug-IT' and the many open up moments on the project

Watch the video online 



## Growth pillars continued

### Fuel growth through competitiveness and investment

#### Investing in digital, data and technology

Fuelling our growth requires investment behind digital technology and new business models, blended with our continuous focus on productivity and efficiency improvement initiatives. In 2023, we appointed a dedicated head of our Digital Factory to focus on embedding digital throughout the business. We consider three 'buckets' when investing in digital, data and technology: consumer and customer centricity (read more in 'Win in the marketplace' on pages 33 to 39); employee experience (read more in 'Cultivate the potential of our people' on pages 45 to 51); and operational productivity.

#### Operational productivity: line performance optimisation

1

Managing complexity through flexibility and adaptability through increased complexity

2

Evolving maintenance strategy to reduce bottling line downtime

3

Developing people capability hand in hand with technology development

4

Improving performance management using digital tools

#### Consumer and customer centricity

We achieved several milestones in customer centricity in 2023, including:

- **Connected coolers:** passed the 1 million 'connected coolers' milestone, meaning that we are continually increasing and improving the data we obtain from the field
- **Image recognition:** processing over 1.5 million product execution images every month, continuing to free up business developers to spend more time with customers and improving revenue per outlet
- **DIA using machine learning for personalised execution:** 57% of customer visits had outlet-specific suggested orders recommended by business developers
- **Dynamic routing:** 11% market coverage using algorithm-based routing for deliveries in first year of deployment, with target of 34% coverage for 2024

#### Employee experience

To achieve best-in-class employee experience, we have designed and tested 'WorkDay' as a new core HR system to improve internal productivity, with the target of saving many hours for colleagues to use in higher value-add activities. During 2024, we will deploy the solution throughout the business.

During 2023, we selected Microsoft Viva to host our new intranet platform for internal communication, and we will design and deploy the new intranet in early 2024.

We also started to research the new-generation digital assistants. Using Microsoft Copilot, we are evaluating technology and persona-based needs as part of our generative AI in the workplace plans.

#### Operational productivity

We are continually investing in improving our operational productivity, reducing changeover times between flavours, optimising washing procedures, developing our predictive maintenance routines and managing complexity of production.

Managing complexity is key as we expand our flavour ranges and expand our lines, and we launched a Digital Twin pilot project in Edelstal, Austria, to explore how to make both financial and sustainability savings as the manufacturing process becomes more complex.

Other examples of where we are using digital include 250 manufacturing practices shared through our internal software platform 'WeKnow', enabling best practice and learnings to be shared across the organisation.

We have also implemented a new digital application to support plant operators' personal development and capabilities, and in particular their ability to embrace technological developments, in our connected worker platform.

We also organised a two-day innovation event with a wide range of suppliers to remain up to date with technological developments.

Our digital team describes how digital is enabling growth in this breakout session video from our investor day.



#### Our Digital Factory journey so far

The Digital Factory addresses all three buckets of our digital, data and technology strategy. In 2023, we created a dedicated 'Head of Digital Factory' role to recognise the importance of investing in our digital innovation and capabilities.

Q4 '21

We launched our own **Digital Factory** to accelerate bringing new ideas and solutions to the market and bridging the gap between innovation and scale

Q1 '22

Set up our first two **dynamic pods** for **Employee Experience** and **Digital Commerce** and recruited our first team member to drive our **User Experience (UX)** capability

Q2 '22

Kicked off a pilot in Hungary to trial a new **sales delivery** model. Supported the relaunch of the **direct-to-consumer** model in Switzerland

Q1 '23

Worked in partnership with Microsoft to build a GenAI powered prototype of **Sales Academy** in the metaverse and showcased it at the Cairo Leadership Conference

Q2 '23

Appointed a **new dedicated Head of Digital Factory** and upscaled the digital factory to take more ideas forward in 2023



## Growth pillars continued

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#### Consumer and customer centricity

##### Enabling personalised execution for every outlet

**1,000,000**  
connected coolers

continually increasing and improving data collection from the field

#### Employee experience

##### Make CCH a

**fully digital workplace**

where employees feel heard, valued, supported and motivated to realise their full potential

#### Operational productivity

##### Deliver

**stronger results faster**

through data, technology and insights enabled processes and decision making

#### Strengthening our supplier partnerships and supply chain effectiveness

We consider our suppliers as critical partners, contributing to the ongoing and sustainable success of our business. Under a unified procurement framework, we segment our supply base universe of around 15,000 parent level supplier organisations into direct and indirect spend suppliers, and a hierarchy according to their importance. You can read more about this and a full description of our supply chain on our website (<https://www.coca-colahellenic.com/en/about-us/what-we-do/supply-chain>). We place significant focus on forming partnerships with suppliers that have supply points located within our countries, both multinational and local, while also developing strong local suppliers across our territories. These efforts support our strategy for local sourcing and contributing to socio-economic development in the countries where we operate.

We have built a borderless supply chain to a large extent that operates effectively and efficiently, enabling us to embed innovative technologies and respond to customers and suppliers fast. We are innovating within our supply chain to expand our technical capabilities, driving productivity improvements and making cost, energy and water savings.

We are investing in technologies that optimise our infrastructure and transform our existing plants into efficient mega-plants, effectively serving a country or an entire region.



**Our mission is to become the leading supply chain function in our industry in terms of customer service and cost efficiency. To achieve this, we focus our efforts on keeping our people engaged, excelling in sustainability, reducing our costs and building best-in-class customer service and responsiveness."**

**Ivo Bjelis,**  
Chief Supply Chain Officer



### Priorities in 2024

- Commission an additional Monster canning line in Italy
- Improved market coverage using algorithm-based routing for deliveries
- Continue to improve our supply chain efficiency
- Continue to improve the environmental impact of our secondary packaging, for example by rolling out BOPP labels
- Increase the impact of the Digital Factory under a dedicated head, increasing the number of pilots that become scaled solutions in the business

### UN Sustainable Development Goals

Our sustained efforts to reduce our costs and improve our impact have generated significant results for our business, our communities, society and the environment. These results correspond to contributions to the Sustainable Development Goals for clean water and sanitation, clean energy, economic growth, industry innovation, sustainable communities, responsible production, climate action, life below water and life on land.

