Climate change related risks

Detailed Review for 2025

Coca-Cola HBC

(1a) Climate change related risks: Transition Risk

Based on the climate risk and opportunity assessment we have quantified the following transition risk to our business:

Managing our carbon footprint

In detail:

- We estimated Scope 1 & 2 emissions based on our updated carbon reduction glidepath to meet NetZeroby40 commitment
- We engaged an external consultant specialising in risk assessments to provide carbon cost estimates through to 2040 under multiple climate scenarios, including RCP1.9 (Paris Ambition), RCP4.5 (Stated Policy) and RCP8.5 (Current Policy)
- In the disclosed calculation of risk, we used projected carbon costs under the RCP4.5 (Stated Policy) scenario to 2030 and 2040, as we consider this the most likely trajectory
  - Scope 1 carbon cost: €38.4/ tCO_2 in 2030 and €53.8/tCO_2 in 2040
  - Scope 2 carbon cost: €35.1/ tCO_2 in 2030 and €48.6/tCO_2 in 2040
  - Weighted average scope 1 & 2 carbon cost: €37.7/ tCO_2 in 2030 and €52.6/tCO_2 in 2040
- We used projected carbon costs as a proxy for increased cost of managing our carbon footprint. Other potential cost drivers were considered market-driven, not directly linked to climate change and were therefore considered out of scope for this analysis
- Under a Stated Policy (RCP4.5) scenario, we have estimated that the additional direct annual carbon cost for scope 1 and 2, will reach €10.4 million (275,486 tCO_2 * €37.7/tCO_2) by 2030, reducing to €2.9 million (55,642 tCO_2 * €52.6/tCO_2) by 2040.
- The future annual risk is represented as the average of the above two amounts:

Risk >> (€10.4m + €2.9m)/2 = €6.7 million per year

Mitigation Actions:

a) With our Mission Refresh strategy, we reiterated the public sustainability commitment of achieving net zero emissions by 2040. We have SBTi validated and approved climate targets for 2030 and NetZeroby40, covering the entire value chain (Scope 1 & 2 & 3). This includes targets to reduce carbon emissions in our own operations (Scope 1 & 2) and to increase the use of renewable energy and electricity.

b) We also have an internal target for the reduction of energy use ratio per litre of beverage produced. These commitments are under close monitoring and performance tracking.

c) In 2025, we invested €25.2 million to implement energy saving programs and solutions in our plants and €18.3 million for green buildings and fleet.

Mitigation cost >> €25.2m + €18.3m = €43.5 million per year

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(1b) Climate change related risks: Transition Risk

Based on the climate risk and opportunity assessment we have quantified the following transition risk to our business:

The cost and availability of sustainable packaging

In detail:

- Packaging accounts for approximately one third of our emissions, linked to the upstream part of our value chain. We estimated packaging driven emissions based on our SBTi approved carbon reduction glidepath to meet our NetZeroby40 commitment.
- We reviewed key drivers to this risk, including rising prices of packaging materials (e.g. rPET, aluminium), low collection rates, limited access to quality feedstock and increasing regulatory pressure, particularly under new EU packaging and plastics legislation.
- We engaged an external consultant specialising in risk assessments to provide carbon cost estimates through to 2040 under multiple climate scenarios, including RCP1.9 (Paris Ambition), RCP4.5 (Stated Policy) and RCP8.5 (Current Policy).
- For the calculation of the risk, we applied the RCP4.5 (Stated Policy) scenario, as we considered it the most likely (average carbon cost of packaging: €85.8/tCO_2 in 2030 and €93.3/tCO_2 in 2040) and used projected carbon costs as a proxy for increased cost exposure. Other potential cost drivers were considered market-driven, not directly linked to climate change and were therefore considered out of scope for this analysis.
- Based on the RCP4.5 carbon cost scenario and in line with the NetZeroby40 emissions roadmap, we estimate that the annual cost of packaging will increase by €120.8 million in 2030 (1,408,887 tCO_2 * €85.8/tCO_2) and by €20.8 million in 2040 (222,754 tCO_2 * €93.3/tCO_2)
- The future annual risk is represented as the average of these two amounts

Risk >> (€120.8m + €20.8m)/2 = €70.8 million per year

Mitigation Actions:

a) Our Package Mix of the Future strategy, which aims to develop a profitable packaging strategy while reducing our environmental impact, supports long-term climate resilience and emissions reduction.

b) We focus on key actions to meet our NetZeroby40 commitment, including the expansion of returnable (reusable) formats, the higher use of recycled packaging materials, supported by the in-house rPET production capabilities, the replacement of hard to recycle secondary packaging and the elimination of unnecessary packaging.

c) In 2025, we invested €63 million in returnable containers and €20 million in production lines and packageless equipment. We also invested €55 million in COGS (cost of goods sold) driven by the higher cost of recycled PET compared to virgin PET and successfully met our strategic objective to reach 35% rPET by 2025, positively influencing both the reduction of our scope 3 emissions and the transition to a circular economy.

Mitigation cost >> €63m + €20m + €55m = €138 million (annually)

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(2) Climate change related risks: Physical Risk

Based on the climate risk and opportunity assessment we have quantified the following physical climate risk:

The impact of climate change on the cost and availability of water

In detail:

- Availability and quality of clean water is fundamental to our own operations, as well as to our suppliers and the local communities in which we operate.
- Climate change may increase the level of water stress on 27 plants, with estimated significant impact on 17 plants under an RCP4.5 climate scenario and 15 plants under an RCP8.5 climate scenario
- The financial impact of climate change on water availability is calculated using an own-developed methodology, considering several inputs, such as data from Aqueduct Water Risk Atlas to assess impact of climate change on water stress in the areas where our plants are located under RCP4.5 (Stated Policy), which we view as the likeliest trajectory, and RCP8.5 (Current Policy) climate scenarios; current water sources capacity, forecast production volume increases, water stress increase in the watersheds and the local economic value of water (i.e., the true cost of water).
- Our analysis uses projected water source utilisation as a proxy to assess future exposure. While we do not expect climate change to materially increase annual operational water costs, increasing water stress combined with higher production volume demand is expected to place pressure on existing sources. Therefore, the primary exposure relates to infrastructure requirements to ensure sufficient water availability for production.
- To ensure future production needs are met under climate stress conditions and to also replenish watersheds for local communities in water priority areas, we estimate the need for up to €73.2 million in additional capital expenditure by 2030. Under the same RCP4.5 scenario, we expect to accelerate further investments, with an estimated €132.8 million required for the period 2031-2040. These investments will focus on expanding water infrastructure, including the development of new water sources, pipelines, storage capacity and upgraded treatment systems.

Risk >> (€73.2+€132.8)/15 = €13.7 million per year

Mitigation Actions:

a) As per our Mission Refresh strategy, we are committed to replenishing every drop of water we use by 2035. Aligned with The Coca-Cola Company's goal, we aim to manage water responsibly and fully replenish the amount we use in our beverages with a focus on high-risk locations. We also aim to reduce our water use ratio by 5% by 2035 (vs 2025 baseline).

b) In 2025, we invested €10.9 million of Capex for projects related to water optimization and wastewater treatment upgrades across the Group, including in Italy, Nigeria and Egypt. We also allocated €0.5 million on Opex for the annual cost of the ISO 46001 certification in 53 production sites and to perform Source Vulnerability Assessments (SVAs) in three locations. Finally, another €0.45 million of Opex was allocated to support community water projects and engage with WWF on the Living Danube partnership.

Mitigation cost >> (€10.9+€0.5+€0.45)=€11.85 million (annually)

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Climate change related risks: Summary

	Brief description of the risk	Estimated financial implications of the risk before taking action	Estimated risk mitigation annual cost
1a	**Transition risks driven by changes in regulation:** a) Own operations - Effect of changes in GHG regulations on the costs of managing our carbon footprint	**6.7 million Euro** Carbon emission tax applied to Scope 1 & 2 emissions	**43.5 million Euro** Capital investments for energy reduction/ optimization/ and innovative solutions
1b	b) Upstream value chain – effect of changes in GHG regulations on cost and availability of sustainable packaging	**70.8 million Euro** Carbon emission tax applied to packaging related Scope 3 emissions	**138 million Euro** Capital investments for returnable containers and relevant production lines upgrades and annual cost for rPET premium
2	**Physical climate risk driven by change in physical climate parameters or other climate-change related developments:** Own operations – Water availability and usage	**13.7 million Euro** Climate change impact related to Water usage	**11.85 million Euro** Capital investment for water related sustainability projects, plant certifications & water stewardship
	TOTAL	**91.2 million Euro**	**193.35 million Euro**

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(3) Internal carbon price by 2030 & 2040

- The internal carbon price that we apply for 2030 is €82.1/MT of CO_2e or USD 96.9/MT of CO_2e
- For 2040, it is €90.2/MT of CO_2e or USD106.4/MT of CO_2e
- The internal carbon price is the weighted average carbon price for all emissions scopes, as per the table below.

	CO2e (MT)	%	EURUSD	2030 price per MT of CO2e (€)	2030 price per MT of CO2e (USD)	2040 price per MT of CO2e (€)	2040 price per MT of CO2e (USD)
Scope 1	328,550	5.8%	1.18	38.4	45.3	53.8	63.5
Scope 2	109,555	1.9%	1.18	35.1	41.4	48.6	57.3
Scope 3	5,273,846	92.3%	1.18	85.8	101.2	93.3	110.1
Total	**5,711,951**	100.0%	1.18	**82.1**	**96.9**	**90.2**	**106.4**

MT: metric tonne

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