



We create value for all stakeholders, making a strong contribution to the development of the societies in which we operate

5

Growth pillar

# Earn our licence to operate

## Highlights in 2021

- Announced NetZeroBy40, our most ambitious environmental target to date
- Reduced our Scope 1 and 2 carbon emissions by almost 137 kilo tonnes compared with 2017 baseline
- Established Italy as the first Coca-Cola HBC country to launch 100% rPET bottles for all 'on-the-go' sparkling drinks and iced tea
- Investing in on-site PET recycling technologies in Poland, Italy, and Romania
- Achieved once again the status of Europe's most sustainable beverage company in the 2021 Dow Jones Sustainability Index, and received 'A' ratings from the 2021 Carbon Disclosure Project (CDP) for climate change and water
- Continued to support the communities where we operate during the COVID-19 pandemic

## Priorities in 2022

- Embed our net zero ambition across the business and in decision-making processes
- Continue reducing emissions from direct operations, and work with our suppliers to reduce Scope 3 emissions across our value chain
- Enter new partnerships in areas such as forestry and water replenishment to remove our residual emissions and meet our science-based targets for 2030
- Design a sustainable packaging strategy that will help us reach net zero, with a focus on test-and-learn for various package-less and refillable solutions across our markets
- Increase the share of rPET bottles in our portfolio for selected markets
- Continue to progress towards our collection targets by supporting the design and set-up of collection models with local market relevance

### KPIs

- Absolute greenhouse gas emissions Scope 1, 2, 3
- Water usage in water-risk areas
- # young people trained through #YouthEmpowered
- % primary packaging collected

### Stakeholders

-  Our people
-  Our communities
-  Our consumers
-  Our suppliers
-  NGOs
-  Our shareholders
-  Government
-  The Coca-Cola Company

### Principal risks

- Plastics and packaging waste
- Managing our carbon footprint
- Water availability
- Suppliers and sustainable sourcing
- Ethics and compliance

## Earn our licence to operate *continued*

### Delivering results for all stakeholders

Over the 70 years that we have been in business, no challenge has tested all the communities in which we operate at such scale as the COVID-19 pandemic. As our customers, communities and partners faced additional disruptions in 2021 we continued to provide support to those in need.

We created value for all stakeholders by making significant contributions to the development of the societies in which we operate, while also finding ways to take care of our environment by integrating sustainability into our decision-making and actions.

During 2021, we began to track our business performance based on our newly validated, science-based carbon emission targets for 2030. We also set new and ambitious targets for sustainability beyond 2030, announcing our NetZero by 2040 commitment to reduce the carbon emissions in all our activities across the entire value chain and reach net zero emissions by 2040. To achieve this goal, we will reduce our direct emissions to

an absolute minimum over the coming decades, building on the 50% reduction we have already achieved over the last 10 years. Since 90% of our carbon footprint comes from our value chain, it is essential that we find new, more effective ways to collaborate to achieve our ambition.

### Contributing to the communities where we operate

During the first half of 2021 and the disrupting lockdowns across our territories, we continued providing support for those fighting COVID-19 on the front lines in all our markets by making product, in-kind and in-cash contributions to hospitals, shelters and NGOs, including the Red Cross and food banks. In Greece we also supported the vaccination efforts of the health system and donated 301 refrigerators for vaccine storage. We also provided disaster relief support in Greece, Russia, Croatia and North Macedonia.

In 2021, we continued to provide learning opportunities to community partners from various non-governmental organisations across the countries in which we operate.

### Supporting our communities



#### Product donations

- Focused on frontline keyworkers and food banks

c.3m

litres



#### Volunteering

- Focused on the vulnerable and our customers

c.2,042\*

colleagues



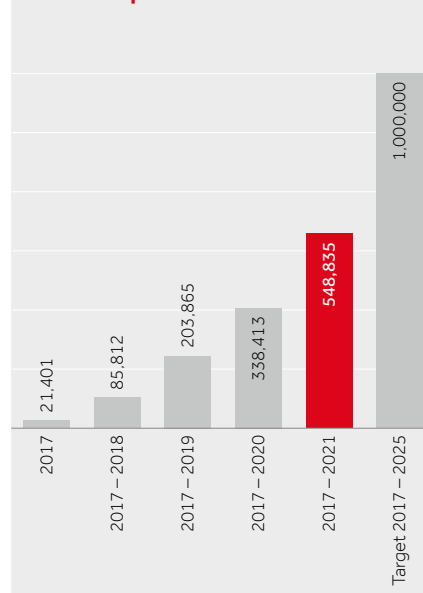
#### Community investments

- Long-term community initiatives
- Continued COVID-19 recovery support
- Disaster relief (Greece, Russia, Croatia, and North Macedonia)

c.€6.8\*m

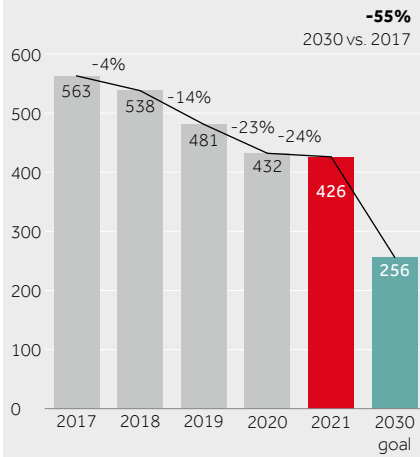
\* Including Bambi

### Number of young people trained through #YouthEmpowered

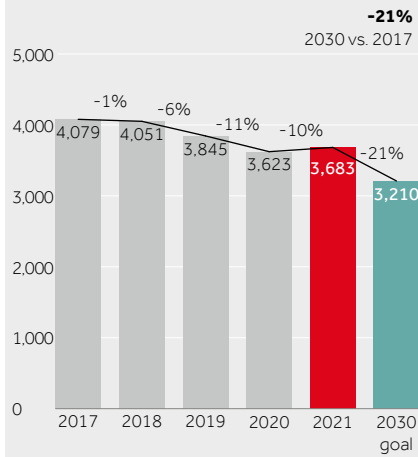




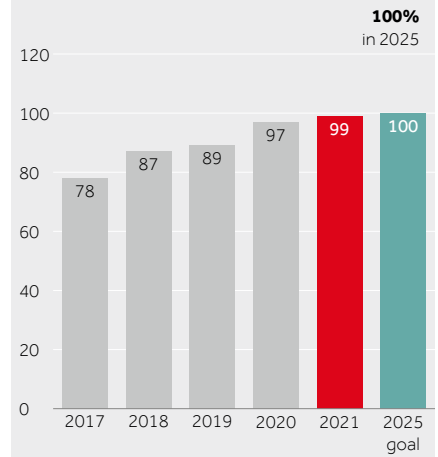
**Absolute Scope 1 and 2 CO<sub>2</sub> eq emissions**  
(‘000 tonnes)



**Absolute Scope 3 CO<sub>2</sub> eq emissions**  
(‘000 tonnes)



**Renewable and clean\* electricity in operations in the European Union and Switzerland (%)**



\* Clean source means CHP using natural gas.

We invited over 100 partners to join our internal leadership training schemes and develop their skillsets by taking part in our programmes ‘Communicating with impact’, ‘Design thinking’ and ‘Influencing skills’. By the end of the year, 6% of the participants in Coca-Cola HBC leadership programmes were our community partners.

### #YouthEmpowered

With the COVID-19 pandemic still causing economic disruption, we accelerated our #YouthEmpowered programme using both in-person and online modules. The programme reached more than 210,000 young people in 2021, bringing the total number who have participated in the scheme since it was launched in 2017 to 548,000.

Italy has seen continuous growth in youth employment programmes thanks to its Ministry of Education’s teaching scheme, which encourages high school students to gain additional training or do internships. There is also an increasing demand for online education in Italy and a long-standing partnership with several educational platforms, and this has helped almost 100,000 participants to benefit from our #YouthEmpowered programme. We also delivered masterclasses for hotel school students and continued running ‘Girls in STEM’, a programme that encourages female students to pursue careers in science, technology, engineering or math.

In Ukraine, we continued to support the iLearn platform, which provides free, high-quality education to more than 25,200 high school graduates. The platform was supplemented in 2021 with new webinars and mock exams that further enhanced learning. We also continued working with a major online educational platform in Armenia, enabling over 8,800 students to improve their social and business skills. In Poland, we reached out to over 22,500 young people with an educational application that boosts soft and business skills.

### Climate and renewable energy achievements

In 2021, we continued to work towards our Mission 2025 commitments, addressing climate change by reducing our emissions and increasing our use of renewable energy. We reduced absolute emissions from our direct operations and production by a further 6 kilo tonnes, achieving a cumulative 24% reduction against our 2017 baseline.

We also increased the use of renewable and clean electricity in our operations in the EU and Switzerland to 99%. At the same time, we delivered on our 2025 renewable and clean energy goal, reaching 53% (9ppt increase compared to 2020). In support of this objective, we transitioned all 10 of our production sites in Russia and our operations in Cyprus to 100% renewable electricity, saving 66,000 tonnes of CO<sub>2</sub> emissions on an annual basis.

We continued to purchase renewable electricity to meet all of our needs in Italy, Poland, Lithuania, Croatia, Austria, Switzerland, Northern Ireland, Hungary, the Czech Republic, Greece, Serbia and Romania. We also continued to install solar panels at our Nigerian operations, generating renewable electricity for four of our bottling plants. These installations are connected to the local electricity grids and provided 1,500 tonnes of CO<sub>2</sub> emissions savings in 2021.

## Earn our licence to operate *continued*



### UN Sustainable Development Goals

Our community initiatives contribute to the Sustainable Development Goals (SDGs). Our initiatives to empower youth and women contribute to the goals for quality education, decent work and economic growth, sustainable cities and communities, and partnerships. Our initiatives regarding water stewardship, CO<sub>2</sub> emissions reduction and waste reduction aid global progress towards the SDGs for clean water and sanitation, and climate action. Our initiatives in communities help advance the global objectives of good health and wellbeing, and sustainable cities and communities.

### Partnerships with suppliers to reduce emissions in our supply chain

Partnering with our suppliers is the key to achieving our ambitious NetZero by 40 target. In 2021, we held our first Group Supplier Sustainability event in which we discussed with more than 300 external experts globally how businesses can partner to face international challenges on environment, social and governance (ESG) factors. Additionally, we continued hosting the Supplier Innovation Days, where our key strategic partners share with us their freshest, smartest and most innovative ideas.

### Tackling emissions in our supply chain

Managing our carbon footprint has been identified as a Principal risk for the company, (see page 62) and has also been identified as a key transitional risk in our climate change risk programme, (see page 69).

About 90% of our carbon footprint is made up of downstream emissions from our products and upstream emissions found in our supply chain, so we need to work with our suppliers to reduce our overall emissions. In 2021, we were awarded an 'A' ranking as a Supplier Engagement Leader for the sixth consecutive year by the Carbon Disclosure Project (CDP), an organisation that collects climate-related data. CDP assesses how effectively companies are engaging their suppliers on climate change, and issues letter grades to indicate their level of success. Our results placed us in the top 8% of companies, earning us an 'A' rating and a place on CDP's leader board. This rating builds on 'A List' rankings for our actions in addressing climate change and water security.

*"To build a more sustainable company and future, we have so far initiated sustainability partnerships with about 20 critical suppliers, representing 50% of our upstream, scope 3 emissions,"* says Marcel Martin, our Chief Corporate Affairs and Sustainability Officer, and former Chief Supply Chain Officer.



### Green Fleet transition

To achieve our ambitious climate goals it is essential that we make a progressive transition towards more sustainable technologies for both our light and heavy fleet. To make this happen, we have launched our 'Green Fleet Programme' and set clear targets across our business territories, with a comprehensive roadmap to achieve our goals. We have accelerated our transition throughout 2021 by introducing battery and plug-in electric car models in 15 countries. In 13 of our markets, our fleet contains hybrid electric vehicles and vehicles powered with compressed natural gas or liquified petroleum gas. As a result, 16% of our light fleet is now made up of more environmentally friendly models, which have helped achieve a reduction of CO<sub>2</sub> emissions in grams per kilometre of 7% compared with a 2019 baseline, and a total reduction in CO<sub>2</sub> emissions of 11,130 tonnes. Across the heavy fleet, we have reduced our CO<sub>2</sub> footprint by 11% compared with the same 2019 baseline, equivalent to a reduction of 23,681 tonnes of CO<sub>2</sub>.

## Our Mission 2025 sustainable packaging commitments

### Our commitments

- Recover 75% of our primary packaging for recycling or reuse by 2025
- Make 100% of our primary packaging fully recyclable by 2025
- Increase the percentage of rPET in our bottles to 35% by 2025. In our EU countries, we plan to reach 50% rPET by 2025

### 2021 achievements

46%

of our total primary packaging was collected in 2021 for recycling or reuse

99.9%

of our primary packaging is recyclable

### rPET:

10%

of the PET that we used across total CCHBC markets was rPET

18%

of the PET that we used in CCHBC EU and Switzerland markets was rPET

## Progress towards sustainable packaging

Plastics and packaging waste has been assessed as a Principal risk for the Company, (see page 62) and a key transitional risk under our climate change risk programme, (see page 69) given the additional costs we expect to incur in achieving our Mission 2025 targets as well as future long-term targets.

As part of our Mission 2025 targets, we have committed to collect 75% of our packaging for recycling or reuse by 2025. In addition, we support the Coca-Cola System World Without Waste ambition to reach 100% collection by 2030.

We believe that, wherever possible, collection systems should be established on a national level. Where effective systems do not exist, we participate actively to support the set-up and implementation of new packaging collection schemes. Delivering this sort of meaningful change takes time.

Looking beyond the +2ppt increase we achieved for packaging collection in 2021 compared with 2020, we have made substantial progress in developing sustainable national packaging collection solutions by playing a leading role in their design and set up across multiple markets.

We are actively engaged in supporting the implementation of deposit return schemes in seven of our markets (Austria, Cyprus, Greece, Ireland, Latvia, Romania and Slovakia). We expect these to go live between 2022 and 2025.

We have also played a leading role in aligning industry peers and advocating for well-designed collection schemes in an additional seven markets: Bulgaria, the Czech Republic, Hungary, Poland, Serbia, Slovenia and Northern Ireland. In Hungary, we expect a state-owned deposit return scheme to be implemented by 2024.

While we believe deposit return schemes are the right solution for many countries, especially EU markets, a first step is to set up well-functioning packaging recovery organisations, known as PROs, to organise the efficient implementation of fit-for-purpose national collection and recovery systems.

In several of our developing and emerging markets we are helping to establish or improve such packaging recovery organisations. In 2021, we supported successful pilots for new packaging recovery organisations in Ukraine and Moldova. In addition, we funded collection modelling studies or supported advocacy efforts in six markets, including Nigeria and Russia, while implementing the learnings from pilot projects and collection modelling.

We also support a circular economy for packaging by increasing our use of recycled plastic, or rPET, and reducing or eliminating plastic use where possible.

## Our initiatives in packaging

On a Group level, efforts to increase the percentage of rPET used to manufacture our bottles led to a slight increase, up 1ppt compared with 2020. While we had several 100% rPET launches, their impact was diluted due to strong growth in markets which do not currently use rPET, such as Nigeria.

Italy became the first Coca-Cola HBC market to launch a 100% rPET bottle for sparkling brands in 2021. The 100% rPET packaging was introduced for all on-the-go packs of Coca-Cola, Fanta and Sprite, as well as FuzeTea. We also introduced 100% rPET bottles for a fifth Coca-Cola HBC water brand, Natura, in the Czech Republic.

We also expanded our use of KeelClip™, which replaces plastic film on multi-can packs with an innovative paperboard solution. By the end of 2021, it had been rolled out in 10 markets. We aim to introduce KeelClip™ in Greece and Hungary in early 2022, and to replace plastic film on multi-can packs across all our EU markets for The Coca-Cola Company portfolio products. We expect these efforts to reduce our use of virgin plastic by 2,000 tonnes annually across the Group. We continue to pilot further methods of lightweighting or reducing packaging, and some of our successes will be implemented during 2022.

## Partnerships help us achieve packaging objectives

In Austria, we are working with Reclay, a packaging recovery organisation, to fulfil our responsibility to support the sustainability of product packaging. In Vienna, consumers are rewarded through an app developed by Reclay and the Coca-Cola System to prevent littering. By checking in via geo-tagging at a recycling bin and scanning the product code, consumers are able to participate in a lottery with weekly and monthly draws to win prizes.

We began working with METRO, a leading international player in wholesale trade, which has launched an international collaboration to help clean up the world's oceans. METRO aims to recover millions of kilos of plastic waste before it reaches the oceans, and to improve the lives of vulnerable communities in coastal regions by promoting more sustainable packaging and recycling. This collaboration included numerous suppliers, including Coca-Cola HBC and Coca-Cola Europacific Partners. METRO also promoted products in recyclable or recycled plastic across countries.

## Earn our licence to operate *continued*

### Water stewardship

Water is the main component of our beverage production, which is why we have a special responsibility to protect this precious resource. Water availability and usage has been assessed as a Principal risk for the Company, see page 64; and both a physical risk, see page 68, and transitional risk under our climate change risk programme. We are reducing the amount of water we use in all our activities and paying significant attention to our impact in water-stressed areas. To achieve our 2025 goals, we are working to minimise water use by 20% in plants that are located in water risk zones. Together with our stakeholders and our communities in those watersheds, we also want to make sure that people in water risk zones where we operate have access to safe, clean water.

In 2021, all our bottling plants were certified to have met the standards of the Alliance for Water Stewardship (AWS), except for the Lurisia plant in Italy and the Natura plant in the Czech Republic (certification now covers 96% of our bottling plants and 99.6% of production volume).

The certifications confirm that we meet the global benchmark for responsible water stewardship, with 52 bottling plants achieving a Gold or Platinum Standard certification.

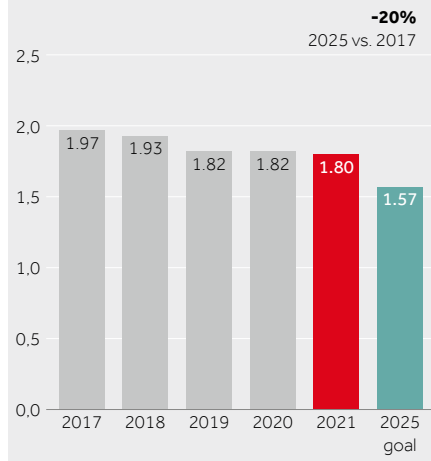
The standards require certified businesses to use water as little as possible, as well as to reduce water consumption where possible across the entire value chain. Special emphasis is placed on working together with stakeholders and local communities to ensure that any water challenges are tackled successfully.

In Nigeria, one of the main water risk areas, we created a water task force to upgrade the water facilities in our operations. By the end of 2021, all water systems at our bottling plants in Nigeria had been upgraded with new installations and advancements, such as new sand and carbon filters, water tanks, and the drilling of new boreholes. These advancements will enable us to reduce our impact on precious water resources.

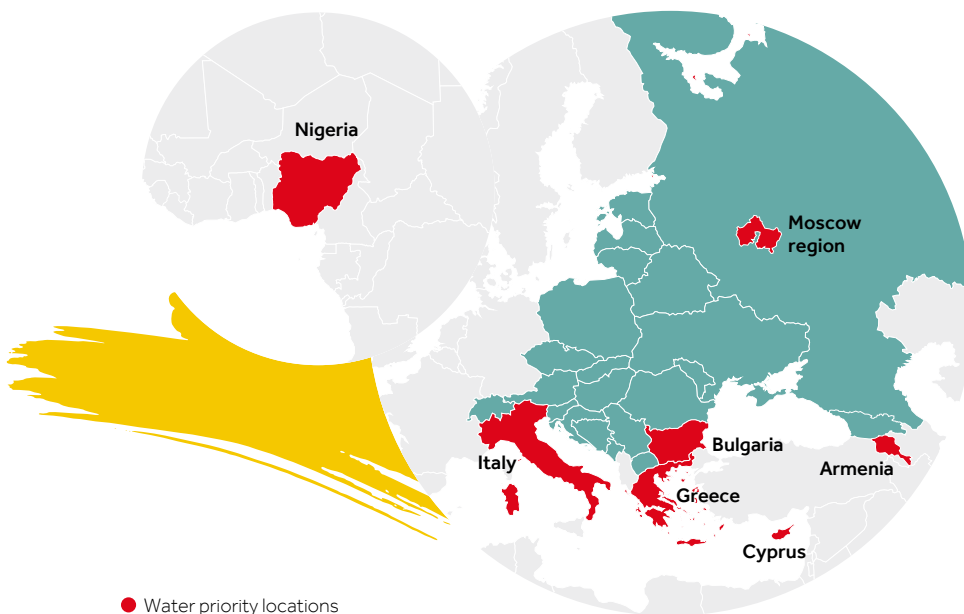
In 2022 we will further engage with two water stewardship projects. In Greece, together with our NGO partners, GWP-Med, we aim to make technical interventions that will turn

Folegandros into a zero water loss island and save 10M litres of water every year. And in Russia, we will focus on modern monitoring technologies to improve the ecological state of the three most polluted rivers in the Moscow region.

### Water use ratio in water priority plants (litre/litre of produced beverage)



### Locations with water priority<sup>1</sup> plants



1. Water priority locations are defined based on our comprehensive risk assessment (i.e. access to WASH, water stress and other local risks).