**COCA-COLA EUROPEAN PARTNERS**
**Taste the feeling- Action on climate, now**
**Analyst & investor briefing session transcript**
**7 December 2020**

## CORPORATE PARTICIPANTS OF PREPARED REMARKS

**Sarah Willett** – *VP, Investor Relations & Corporate Strategy*
**Joe Franses** - *VP, Sustainability*

## PRESENTATION

**Sarah Willett**
Great. Well, thank you, and good afternoon, everyone in Europe and also good morning in the U.S., of course, and thank you for joining us today for what we're calling Taste The Feeling session following our big announcement, which hopefully, you've already seen, regarding our plans to take action on climate now.

I'm here with Joe Franses, our VP for sustainability, some of you may have met him already. And that is because Joe is responsible for stakeholder engagement, sustainability reporting and communications, including external engagement with NGOs, policymakers, customers and suppliers, but increasingly, I do managed to coax him to get involved in Investor Relations, which is obviously what we're doing this afternoon.

Now Joe has over 20 years experience in the field of sustainability and has actually been part of the Coca-Cola family in Great Britain and Europe since 2005.

Before we begin with our session today, I need to quickly remind you of our cautionary statements. Prepared remarks will be made by Joe companied by a slide deck, which is already available on our website, and I believe Joe from our team, Joe Collins has already e-mailed it around our distribution list. Very keen for questions following those opening remarks.

If you'd like to submit a question, please use the Q&A feature to select all panelists from the drop-down on the right-hand side of your screen and submit a question. You can do this any time during the session. If that's beyond your capabilities, then also, please feel free to e-mail Claire or Joe Collins a question directly, and we will field that through to either myself or Joe.

When we will -- sorry, following those prepared remarks, we will turn the call over to your questions. Following today's session, a full transcript will be made available as soon as possible on our website. I should also point out that this session is also being recorded, and a replay will also be available on our website as well.

So to get cracking, I will now turn over the call to our VP for Sustainability Joe Franses. Joe?

**Joe Franses**
Thanks, Sarah, and thanks, everyone, for joining us today, and thank you for taking the time to hear about the new commitments we're making. Today provides a really important opportunity for us to hear your thoughts and feedback. So we really do welcome the questions, so do keep them coming. I'm going to talk about 4 commitments today. I'm going to talk firstly about our Net Zero ambition for 2040, and that is an ambition that includes our entire value chain. Scope 1, 2 and 3 emissions, and I'll come shortly to what that really means.

Second of all, I'm going to talk about a new 2030 science-based carbon reduction target, and that's a commitment to reduce our Scope 1, 2 and 3 emissions by 30% by 2030 versus our new baseline year of 2019. And doing so building on what we've achieved over the last decade of a 30% reduction. And again, I'll say a little bit more about that.

The third commitment that we're talking about today is the integration of a carbon reduction metric into our long-term management incentive plan. That metric will sit as a 15% weighting alongside some of the more traditional financial metrics that you'll all be familiar with EPS and return on invested capital.

And then finally, we will talk about a new supplier engagement target that we are setting today. And that's a commitment to work with our strategic suppliers. So that's our big packaging ingredient transport called drinks equipment suppliers, asking them to follow our lead and set science-based targets and to transition to using 100% renewable electricity and to do so by 2023.

The commitments that we're making today are building upon some really strong sustainability credentials, but we're pleased that we've been able to build over the recent years.

We set a science based target soon after CCEP was created when we created our sustainability action plan business, this is forward. And then over the year since 2017, we transitioned to 100% renewable electricity. We have retained and continued our place on the Dow Jones Sustainability, World and European indices, and we're 1 of just 4 beverage companies to be included in both of those indices. We have achieved a CDP A-list position, both on climate and also on water for the last 4 years in a row. And today, we're now updating our targets to reflect the latest climate science.

Before I go into the detail, I wanted to include a quick reminder of why it is so critical -- why it's so critical and important that we take action now? And particularly why the next 10 years are going to be so critical. Some of you will have seen graphs like this before, but this graph is a stark reminder of how global greenhouse gas emissions have risen rapidly over the last 100 years, and they are yet to peak. So we now see a concentration of greenhouse gases in the atmosphere, which have already locked in at least 1 degree of temperature increase. And what we follow very carefully is the guidance from The Intergovernmental Panel on Climate Change, which told the world back in 2018 that global emissions must fall and they must fall to Net Zero by 2050 at the very latest, if the world is to get anywhere close to meeting the Paris Climate Agreement. So what we also said is that over the next 10 years, what we do will be critical to whether or not we can avoid anything more than this 1.5-degree global temperature increase that we hear quite a lot about.

And we're going show many slides today about why 1.5 is so crucial, but the difference between a world with a 1.5 temperature increase versus 2 is substantial and significant.

Over the years, we've been following very closely the really excellent work of Climate Action Tracker, which until now has shown a real and substantial gap between what science requires, you can see that on the monitor here, and the sum total of all of the national climate pledges and targets that we see, but what's really interesting is that for the first time ever this month, this tracker is dated December.

For the very first time ever, this tracker includes a sense of optimism. And that's reflected in the fact that for the very first time, they believe that we could get close to this 2-degree pathway set out in The Paris Climate agreement. And that's if all of the optimistic targets and policies and pledges really do come to fruition. And I think that we're seeing that sense of optimism, because something significant has changed in the last year. We believe that we are seeing a really significant policy shift led by the European Commission, who have pledged for Europe to become a climate-neutral continent by 2050, a new climate law being put in place by the commission.

And then backed as we think about CCEP territories as a European bottler backed by very similar Net Zero commitments from many of the markets in which we operate. So we see that we are at the starting blocks of this race to 0, and that new sense of understanding is really critical.

What's really important is that the impacts of the climate crisis don't just play out at the policy level. They are very, very real for our business. And for others in the food and drink sector, we've identified here, you can see 8 very specific climate-related risks, both to our own operations, but also to our value chain and in line with the recommendations from the Task Force on Climate-Related Financial Disclosures or TCFD. We've been reporting climate risks alongside our emissions for a number of years following the TCFD guidelines.

But before I turn to our response, I wanted to touch very briefly on how we calculate our emissions. I know that some of you will be very, very familiar with our value chain. But I wanted just to turn to Scope 1, 2 and 3 emissions. Like other businesses, we calculate our emissions following the greenhouse gas protocol. It's this global standard that splits emissions into 3 categories or scopes. And you have Scope 1 emissions, which are direct.

So emissions from owned or controlled sources, you can see on the left-hand side, that's manufacturing or owned transportation. You've got Scope 2 emissions which are indirect, but they are related to, for example, the purchase of electricity. So they are all about energy and the emissions that are created when energy is produced.

And then critically, you have Scope 3 emissions that occur within our value chain, both upstream and downstream, and they are about -- again, you can see on the left-hand side, it's about the goods and services that we purchase, packaging, cold drinks equipment transportation.

And I start here because at the very heart of our strategy, one of the key principles is that we will take responsibility for all of our emissions across our entire value chain. And that means including the Scope 1, 2 and 3. And so if you go to the value chain chart, many of you, again, will be familiar with charts like this from either our business or from other FMCG businesses.

The good news is that we've reduced emissions by over 30% from across our entire value chain, and you can see at the bottom there that we've reduced emissions from our operations and commercial sites by about 56% and cold drinks equipment by over 60%. And the good news is that in total, we brought down emissions by 30% across this entire value chain.

And we've done that by some big significant shifts, the shift to renewable electricity, direct investment in energy efficiency at our sites, in cold drinks equipment. And then, of course, by focusing on bringing down the carbon footprint of our packaging by, for example, using recycled plastic in our bottles or by light-weighting our packs or focusing on packaging collection.

And when you look at how our emissions breakdown in terms of scopes, what's really critical is that 90% of our emissions are Scope 3 emissions, indirect emissions that occur within our value chain. You can go to the next slide, please.

And they are directly related to goods and services that we purchase. Again, packaging, ingredients and transportation. So Scope 3 is over 90% of our emissions. So what we are doing today on the next slide is that we are updating our existing climate targets.

They have provided a really strong and solid foundation. But what we're doing today is 3 key things. A. And then critically, we're thinking about how quickly we can get to a place where we do get to Net Zero emissions.

And so on the next slide, you can see that we've begun to map our long-term road map. I'm looking at how we can reach Net Zero by 2040. And this chart, I often describe this chart as it's splitting into 3 sections, on the left-hand side, it's a look back at the 30% reduction in emissions we've achieved since 2010.

In the middle, it looks at where our 30% reduction target is going to get us by the year 2030, but then critically looking to the right-hand side, we take a look at how we monitor emissions to continue to fall in line with our carbon reduction times and that trajectory will fall in longer-term out to 2040.

Importantly, recognizing that by 2040, we will still have emissions within our value chain.

So here's the key bit that we will have to invest directly in projects, which remove carbon from the atmosphere or invest in the high standard of carbon offset projects, and we'll do that in direct proportion to any emissions that do remain, and that would allow us overtime to reach Net Zero emissions, targeting 2040.

And I'll say a little bit about some principles that guide our journey, but one of the core principles is that we will invest in reduction first. And we will do so before we invest in offsetting. I'll say a little bit about that shortly. So we've identified, as you can see here, a range of reduction opportunities available to us, both in the short and the long term. And that includes actions across all 5 areas of our value chain.

It includes a significant focus on packaging, continuing our journey towards a place where we can eliminate virgin plastic from our plastic bottles, doing so because we know that a bottle that contains 100% recycled PET have a 40% lower carbon footprint than a bottle made entirely from virgin plastic, and if you've been following our journey, you'll see that not just some of our brands, but some of our markets have already transitioned to a place where all of the bottles that we produce locally in Sweden, soon to be the Netherlands, and Norway are all at 100% recycled PET.

This now also includes investment in packaging collection to tackle litter and pursue a world without waste, again, based on the fundamental principle that our packaging has value. It also includes investment in new recycling technologies to support the recycling of plastics that are hard to recycle, but it also includes a future -- a focus on future packaging solutions, particularly around making sure that we can lower the carbon footprint of every single pack that we use.

And critically, we built a fully costed 3-year plan, taking the actions supported by EUR 250 million of investment over 3 years. That will provide targeted financial support to help us to continue to decarbonize our business.

Now I've mentioned a couple of the principles that are going to guide us as we follow this pathway. Two, I've already mentioned, the responsibility across the value chain. I think that we believe that our focus on this full value chain piece, not just for our 2030 carbon reduction commitment signed off by the Science Based Targets initiative, but also our 2040 Net Zero ambition really does set us apart from many other companies in this space.

A second key principle is about how we empower our suppliers, mobilizing our suppliers to take action to help them reduce their own Scope 2 emissions, set their own targets and transition to renewable electricity. And then the principle around offsetting only where essential.

We're very focused on reducing emissions everywhere we can and only then we'll invest in projects that remove carbon from the atmosphere or, as I mentioned before, verified carbon offset projects and we'll only do that if we can't find a way to reduce emissions.

We'll continue to be fully transparent, and we will continue to use our voice as a major business to influence policy change at a local and at European level to help drive the transition to a low-carbon future.

So on the final slide, our ambition is really clear. 4 main pillars of our strategy. We will only be successful if we work in partnership with others, and our suppliers being a big part of that partnership because its their actions that are going to be pivotal in reducing scope 3 emissions.

And we shared those commitments at a recent supplier event, and we really welcome to how our suppliers have both embraced the challenge but also expressed the determination to act.

We continue to learn. We most certainly do not have all the answers. We see this as very much as a collective challenge, as a race that not many different partners will be involved as we race towards 0.

So maybe, Sarah, let me pause there and hand back to you, and we can take some questions.

## QUESTIONS AND ANSWERS

**Sarah Willett**

Great. Thanks very much Joe. And just to remind everybody, in terms of asking questions. So either e-mail to Claire or Joe, my team, that's Joe Collins, not Joe Franses, but also within this platform, you can use the Q&A feature, selecting all panelists in the top-down on the right-hand side of the screen and submitting your question.

As I said, the deck is available on the website. And it might be a lot of material there that you just have to take into a short space of time. To some of you, it might have been crystal clear, and we fully appreciate that some of this might be basic, but to others, actually, this is a new area that you don't know too much about.

Because we do find that with this subject around carbon Net Zero, certainly in investors and analysts mind that there's quite mixed knowledge. And to be fair, I've only learnt about this whole area relatively recently myself.

So we really wanted to emphasize this journey and the new targets that we've set today in the context of the entire value chain, that's really, really important because a lot of companies out there, who are pledging similar commitments, its quite mixed as to whether they're doing it on the entire value chain or actually what we're finding more frequently is that those targets are being set in the context of their direct emissions rather than us, which is direct and indirect.

So we do have 1 question, actually, Joe, which I think is more for you. So to what extent could the delivery of these targets that you set today have a halo effect on the company, its brands and its relationships at CCEP?

**Joe Franses**

Thanks for that. So, we've been working very closely with the Coca-Cola Company in terms of global climate strategy. And our strategy is fully aligned with that of the Coca-Cola Company. Coca-Cola Company also has specific science-based carbon reduction targets. And many other bottlers within the Coca-Cola system are also looking at science-based carbon reduction targets. So we feel that there's a full alignment within the system, look, it's inevitable that some bottlers may go quicker than others. I think that we're very clear that in Western Europe, the targets that we are setting are absolutely right for now. We've got a very strong regulatory environment. We've got many of our markets driving forward this race to 0. The European Commission is determined to put Europe in a place where it is a carbon-neutral continent by

2050. And it needs businesses based in Europe to join that race to 0, and that's why we're really delighted to do that.

**Sarah Willett**
On a similar train. Thanks, Joe. Do you need partners in the value chain, and this is not suppliers, but the other end of the value chain, so retailers of our customers, to be aligned with CCEP's mission or goals, in order to achieve our goals? And if so, what engagement have we had with that population so far?

**Joe Franses**
Again, great question. The retail sector, I mean, our biggest customers are probably at the front of the queue pushing us on this topic. They are asking us for information on the carbon footprint of the products that we supply to them.

And when -- we did some benchmarking work to prepare the strategy and so look at where others were letting out, again, many of our retail customers are really pushing hard at setting their own science-based targets, making pledges around transitioning, for example, to low carbon vehicles, to be purchasing renewable electricity.

So I think we've got to the place where there is really strong alignment. I think that collectively, what's really clear is that we're all going to have to do more. This race to 0, we're really just at the starting block.

So what we found is that retailers are going to be demanding much more from us in terms of information about the carbon footprint of our products just the same way as we're asking our suppliers to give us information about the carbon footprint, whether it's the packaging or the sugar that we use.

Our customers are going to be asking us to do exactly the same. So we think that there is a strong alignment, but a lot more to do to share data and to move forward.

If you think about our customers, our customers premise is that's where our cold drinks equipment sits. All of that equipment uses energy is our Scope 3 emission starts, but it will be -- it may be a different scope for some of our customers.

So there's a lot that we can do on cold drinks equipment. There's a lot of collaborative working that you can do on backhauling and front haul, which would be used for many years around transportation as well. So good alignment, but also a lot more to do with our customers.

**Sarah Willett**
No, that's great news, Joe. And certainly, it helps having that alignment from the start.

And yes, actually to suppliers now. So can you talk a bit about how prepared and ready you think our suppliers are in the context of these targets?

**Joe Franses**
Yes. It's very hard to speak about suppliers across the board. We've got 15,000 suppliers. We believe we're talking about a commitment to stay around strategic suppliers. We believe it is about 100 to 150 of our suppliers that account for probably about 80% to 90% of that total Scope 3 emissions.

So big packaging suppliers, ingredient suppliers, cold drinks equipment suppliers, transportation suppliers. Those big strategic suppliers are the ones that we're really focused on for this journey. I think what we've begun to see is that, I mentioned it before, we've seen a very strong determination to act.

Some of our suppliers are already setting their own science-based targets. They're already transitioning to renewable energy and electricity. This isn't something that's just about FMCG or big bottlers. It really is going to impact everyone across many different supply chains.

So I believe that what we're already seeing is a real strong determination from suppliers to act. There's no doubt that the suppliers will work at different speeds. Some will be at the forefront. Others will be slightly slower. What we will commit to do is to work with all of those strategic suppliers to help them on that journey.

And we don't expect everyone to get there at the same time line. That's partly why many people are referring to this as a race to Net Zero, since you've set targets and you -- and you have a time line, it's inevitable that some people will go faster and some suppliers may go slower.

**Sarah Willett**
Great. And certainly, in the world of Investor Relations and I myself talk about this a lot, but CCEP does have a strong strategic partnership with the Coca-Cola Company. For you in the context of these targets being set today, how are you collaborating with Coke to solve these problems and where do they sit in this journey?

**Joe Franses**

Well, look, I think that we're very clear. We can't act alone, not just alone within the Coke system, but alone within the greater value chain. There are a lot of different platforms, as you can imagine, within the Coca-Cola system where climate experts come together, procurement experts come together, and certainly, on the supplier side, many suppliers will not just be supplying CCEP as a bottler, but will be supplying many Coca Cola bottlers.

And so there's a lot of work, a lot of pilots going on to work with individual suppliers to look at how suppliers can move from, for example, thinking about the carbon footprint of whether it's aluminum or plastic, but thinking about that at an industry level, to a place where our supplies can be much, much more specific about the carbon footprint of the commodity that they may be supplying just to CCEP or to a group of Coca Cola bottlers.

So there'll be a lot of work going on within the Coke system to help our suppliers on that journey. I'm really encouraged by that. I think that really is a great -- a strong indication of the power of the Coca-Cola system to help suppliers get to a place where we can deliver lower carbon aluminum and much more recycled PET to put back into our bottles.

We can be innovative together around equipment, for example, around energy efficiency, and there are many different collaborative platforms, but growing our best practice together across the Coke system and bottler to bottler sharing is absolutely key.

**Sarah Willett**
No, that's great to hear. And you probably could have guessed, we weren't going to get away with not having this question about Coca-Cola Amatil. So clearly, that's a live acquisition that is in the making, having announced that recently. What's your view on how these targets fit with Coca-Cola Amatil? What can you say at this stage? Or is it just all a bit too early days?

**Joe Franses**
Well, the top line Sarah is probably too early. But the team at Amatil have made really excellent progress on their sustainability. We're looking carefully at what we reported publicly in terms of their greenhouse gas emissions, in terms of reducing emissions over time. If and when the transaction closes, that we will then consider how the targets and the commitments that we set today could potentially be applied to a new combined business. Beyond that, it is too early. The commitments that we're making today, we've announced they are for CCEP today. I will come to that in the future.

**Sarah Willett**

Right. More to say on that, then when we can share. So in terms of recycling, Joe. Who is ultimately going to pay for that, do we think? Will it be the consumer or manufacturers? And where are we on the journey of DRS? Is it being a bit delayed now in the context of COVID or are we on track with where we thought this would be a year ago?

**Joe Franses**
Well, let me take a step back and say a little bit about a couple of packaging commitments. Quite often, we think about packaging and climate being quite separate. But as you can see from the value chain, 40% of our carbon footprint is packaging. And so the packaging commitments that we've made around getting to 50% of our plastic being recycled plastic by 2023 and actually trying to push beyond that to 100%.

And then the second commitment we made, which is about getting to a place where a 100% of our packaging or a bottler counter every 1 we sell comes back.

So it can be turned into new material. Again, that's a huge commitment. We've got a long way to travel on both of those, particularly in markets that do not have deposit return schemes in place.

And we are fully supportive of deposit return schemes because deposit return schemes deliver the highest collection rates. We believe across all of our territories somewhere in the region of about 77% of our packaging today comes back, and it comes back through deposit return schemes, it comes back through curb-side collection schemes, but we need to get that number much, much higher.

We need to get it towards high 90s to 100, and so we look to Norway, Sweden, the Netherlands where there is hybrid deposit return scheme or Germany.

And we look at those markets, but deposit return schemes don't just give you high collection rates, critically, they deliver you high-quality and high-volume of feedstock of plastic that you can then take back and you can then turn back into recycled plastics and put back into our bottles.

What we're really clear on is that we're committed to pursuing the concept of this circular economy, but we're also committed to bringing it to reality. And so to get there, you've got to have that full lift in place of material coming back, material goes back into the portals and recycled again and again, but that's far from reality in some markets, but it's far closer in other markets.

And that's why we're committed on DRS. We're committed to continuing to invest. For the question about who pays? Look, there's no question that it costs us more as a business. I mean it costs us substantially more as a business, but we're also convinced that it's absolutely the right thing to do at the moment.

So we'll continue to do that. It's a key part of our journey, and it's also a key part of reducing the carbon footprint of our bottles.

**Sarah Willett**

And that's great, Joe. And actually, I'll probably answer the next question, so that you can take sip of your smart water bag. So -- and actually, it connects to what you're just saying about the cost of recycled PET, but hopefully, that journey will improve as we do get high-quality feedstock coming through the chain with the implementation of deposit return schemes in time. But the question was that you've announced this 3-year EUR 250 million investment. How much is CapEx versus sort of P&L cogs of OpEx?

I'll answer that one. I mean, it's a 3-year investment that started in the year, so it's 2020, 2021 and 2022. So we're already 1/3 of the way through. It is CapEx, and it is also P&L. It's a bit more slanted to P&L than CapEx, and it does in terms of the types of investments that we're making, you guys know about these already.

And Joe has touched on a couple of these already. The upweighted ambitions around that road map to 50% recycled PET, which originally we had a target of 2025, and we've now set as 2023.

And as Joe said, in some of our brands like Smart Water, in some of our geographies, our business units were already heading towards 100%. Upscaling or replacing coolers to make them more energy efficient. That sits more in the CapEx bucket, but obviously, there's a slightly higher depreciation charge and something that we've talked about already as well in the context of as replacing strength with old -- more packaging alternatives.

So those are the types of investments that we've covered. We're not going to give a split between them, but exactly, but they are weighted more towards the P&L.

So that graph that you showed, Joe, the one on the road map with the 3 different stages. How should we think about the path towards that 30% reduction target in emissions by 2030? Obviously, you gave some examples over the next 3 years, but is it sort of -- is it fairly consistent thereon after or not quite sure yet how does that look for you?

**Joe Franses**

Well, the reality is that it's probably too early to tell. We set the target very clear is that our baseline is now 2019. So we've delivered a 30% reduction between 2010 and 2019, and we now bring our baseline up to 2019. So the 30% reduction target is from 2019. 2020 is going to be a strange year. We don't -- in reality, our carbon footprint probably will have fallen when we calculate all the numbers at the end of this year. No secret, it's directly linked to volume.

But when we look ahead over the next 9 years, next 10 years, I think it will be quite a linear path, but there will be things that we were able to do sooner rather than later. And there will also be new technologies that will come to support us as the years go on.

So it's quite hard to predict. What I'm delighted about, 1 of the things that we've had discussions with both our Board of Directors and the leadership team has been just how important is to set that 2030 target. And I mentioned before, just how critical the next 10 years are.

The 2030 target is critical because if you're not on that downward reduction on that trajectory 2040 -- by 2040 would just not be possible. So we're going to have to move fast over 10 years. Will it be linear? Frankly, I don't know. If you look back at the last 10, there's been some dips and some curves. But in broad terms, there's been quite a linear reduction.

**Sarah Willett**
Now, you're right. Obviously, everyone knows 2020 is going to be anomalous year for many reasons. But that makes sense. That's clear.

In terms of sort of packaging solutions longer term, could you expand your returnable resealable packaging that you have in places like Germany to reach those emission goals. Is that something that's being considered at this stage? Any views on that particular area?

**Joe Franses**
I think they're going to have to be considered. If you look at packaging, I said before, packaging is 40% to 43% of our total value chain common footprint. We are laser-focused on trying to reduce the carbon footprint of all of our packs.

Now I've spoken a little bit about how we bring down the carbon footprint of a plastic bottle, one of the things we're doing around cans is we're accelerating that shift from steel to aluminium and making sure that our aluminum cans are lightweight.

But at the same time, we do know that dispensed, and we've got very strong dispense business and our refillable business. We've got a strong refillable business in Germany.

Both of those types of delivery mechanism are more in carbon footprint than a packaged product. But at the same time, we know that a plastic bottle is fully made from recycled PET and collected at 100%.

That bottle also does deliver a relatively low carbon footprint. So one of the key levers will be how we shift our pack mix over the 5, 10 and 20-year periods.

So it's a great question. Refillable marketing and also dispense are going to have to be part of the solution as we look ahead, Sarah.

**Sarah Willett**
Okay. And more to talk on that in time, I'm sure. And moving now from rather than customers or suppliers, but a couple of questions on consumer. The first one, if you think about sort of drinking and driving. There has in the past and certainly currently as well, more of an industry call to action around messaging, don't drink and drive.

Obviously, CCEP have made inroads in terms of getting the message out there about recycling with bottle tops and such like big billboards, et cetera. Do you think that it's got to the point now in this whole carbon journey with recycling and your comments about feedstock that there needs to be a wider industry call to action around marketing.

And then connected to that, where you have moved to 100% recycled PET in places like Sweden, has it changed behavior? Have you seen a change in consumer behavior at all? Anything you can share on that.

**Joe Franses**
Well, look, I'd love to have the silver bullet of what the carbon equivalent of the don't drink and drive message would be. I mean, it's a brilliant idea passed in our direction. Look, it's a great question.

I think that -- I don't think that there are many companies, frankly, that have got this right. I think that if there's 1 company or 1 system that has the level of marketing knowledge and know-how to get this right, hopefully and totally it's the Coca-Cola system. Look, I really -- it's a great question.

I think that we've tried it around things like recycles and content. If you think about plastic and recycling, consumers remain really confused and rightly so about the difference in terminology, whether it's recycled content or recycling or what is being recycled.

They all mean slightly different things. The bottle I've got on my desk says it says 100% recycled plastic on it, very clearly, very clear signs. Should we go further and say, please only buy bottles with 100% recycled plastic. And I don't know if that would work as a consumer message.

What we're trying to do is we're trying to get to the place where we've got to in Sweden, to the second question where we just moved everything. So all local -- locally produced bottles in Sweden, are made from 100% recycled PET. And it's just becomes the norm.

So again, have we seen consumer change in the short term. There's a lot of excitement about the fact that we moved to 100% recycled PET. I think it's probably too early to tell us if there's been any kind of long-term consumer move. I think one thing we've got to also watch out for is that it goes back to feedstock, we've got to have the quality of feedstock to enable us to continue to put 100% recycled PET into all of our bottles.

And that's going to take, by the way, some investments in things like chemicals and enhanced recycling, we invested in pure technology over the last year. The Coca-Cola system has invested in Ioniqa again, recycling technology that helps to take hard to recycle plastic and turn it back.

I think when we think about the -- our PET journey going forward, we are really convinced that it's going to take high-quality feedstock from deposit return schemes, but it's also going to take feedstock from -- that comes back or material comes back through chemical recycling or enhanced recycling. And that helps to drive the 100% of our PET business, not just in Sweden, but in other markets as well.

**Sarah Willett**
I think it's a phrase that Damian uses a lot, but this very much feels like this is a no regrets decision what we're doing here. It certainly can't hurt consumer behavior or their attitude towards simply within those markets.

And linked to that, Joe, actually. Are you setting yourselves up here to what we call under promise and over-deliver with your journey on recycled PET? So mentioning earlier, originally, you had a target of 50% recycled PET by 2025.

That's now 2023, but you're talking about some markets being 100% and GB being at 50% by the end of this year already. So do you think you'll get there faster and what does that journey look like to getting towards 100% across all of the group?

**Joe Franses**
That's a great question. I'd love to get there faster. I really, really hope that we can get there faster. I think we probably will. So the reason we put the target as 2023 is that there's no guarantee. And that's because, again, I can't stress this enough, it's directly linked to feedstock that we've seen competitors also moving into the 100% rPET space.

And frankly, we really welcome that. It possibly makes our job a lot harder if you're in procurement to go out and find that recycled PET. But ultimately, it goes back to the deposit return scheme piece. If we get deposit return schemes in place in -- I know in Scotland that should be coming in a couple of years' time or in England or in other markets, that really does help deliver that future-fit supply chain of high-quality feedstock that can be used for recycled PET.

Can we get there by 2023 and get to a 50% rPET, probably can, really hope we can. If it guarantees, no, it's not just about the investment and the money required, really is that supply chain, which is really critical.

Look, if we get there before, I'll be the first person to be delighted. And it's a bit like all of our other sustainability commitments. You've got to set targets that are realistic, feasible. They've also got to be credible. There's no point in setting a target that you just generally can't achieve.

**Sarah Willett**
Okay. Probably will do for me. So I hear the message watch this space on that one. And linked to that one, Joe. Any nuggets around to what extent do you think consumers are willing to pay for fully recycled products or brands out there. Is there anything you've heard of? I know it's a connected question, but anything on that.

**Joe Franses**
Look, I don't necessarily think we are willing to pay more. They just expect businesses like ours to do the right thing. They expect businesses like ours to fix some of the challenges that we've got -- I've been talking today about the climate crisis. We've also got a simultaneous plastic waste crisis.

Far too much of our packaging ends up in the oceans, ends up as litter. And that's absolutely not where we want our packaging to end up. We really do believe that, that packaging has value. We need to do more to make sure that comes back.

Now will the consumer pay any more for a bottle that is made out of about 100% recycled PET, I mean, frankly, I don't think they will. They just want to know that we are doing the right thing. And that we are turning our plastic bottles into a true circular economy. And that's absolutely key, that's what we're committed to do.

**Sarah Willett**
A question now on the greater good, Joe. So I'm not sure if you're expecting this one. So you're talking about making investments, EUR 250 million is the example that you gave over today and the next couple of years.

Some of these investments that you're making in reducing carbon emissions versus sharing them for the greater good, perhaps with competitors, you might be investing, but actually you're benefiting the entire market here. The question is, how do you balance that? I'm not quite sure I know the answer to that one, but yes, any thoughts on that one?

**Joe Franses**
Well, a lot of -- I often think that a lot of the sustainability agenda is pre-competitive. It's not necessarily competitive. There's clearly competition around things like -- there's another race, which is the race towards 100% recycled PET, and we've spoken about that. But a lot of this is pre-competitive.

I'm really delighted to be joining peers and competitors in other cross-industry groups. We had a stakeholder briefing earlier on this topic today, we were joined by We Mean Business and the Corporate Leaders Group on Climate Change.

Both bodies that bring together a whole variety of both peer businesses and also competitors within the FMCG and the beverage sector. If we think about partnerships with the likes of Carter Foundation, all of the different plastic tracks that exist across our markets that are driving efficiency across packaging and recycling rates and driving the packaging agenda that's not just about Coca-Cola, that's about companies across our entire -- not just value gene, but our competitors set as well.

So I think when you come -- when you look at climate change, I think we are absolutely ready to be working with others to be sharing. This is a collective challenge. If you go right back to my very first chart, greenhouse gas emissions in the atmosphere. This isn't just about Coke. If you think about the risks that I talked about, the risks that are very, very real for our business, and very, very real for our ingredient supply chains.

Those ingredients supply chains will be ingredient supply chains to other FMCG businesses, to other Coca-Cola bottlers, to competitors as well. So there's a lot that we can do to share. And frankly, when it comes to climate, we have to share. We have to collaborate. We don't have all the answers. We are a very, very long way from having all the answers. So that level of collaboration is going to be absolutely key.

**Sarah Willett**
Just a couple more questions, Joe, then. I have lots of questions actually today, great. But 1 about coolers. You guys have had a well-tailored strategy around increasing the number of coolers in your market, linked to your wireless strategy to take a bigger share of the away-from-home channel, but also to replace coolers as well that you've have in the market that are end-of-life or have been in some of your customer premises for many years.

How does that -- how did -- what are you doing there to reduce emissions where you are rolling out a large number of coolers? How does that work?

**Joe Franses**
Yes. Look, it's a great question. And some of you have spotted the fact that when we looked at our value chain chart, we've reduced emissions from our cold drinks equipment by, I think it's about 60% over the last 10 years. And we've done that because we focused on 3 things.

First of all, we've done that by focusing on energy efficiency, making sure that every single cooler is as energy-efficient as possible. We've been -- we've had a major retrofitting program for energy management devices over the years.

Second of all, we -- if you go back 5 years, 6 years, 10 years, we used have many coolers that were -- that didn't have doors, open fronted coolers, they've all gone.  They are completely energy-efficient, they've all gone. And then the third piece that we've been working really, really closely with our equipment suppliers to ensure that we are getting the best-in-class equipment in terms of energy efficiency.

So yes, we do, as you said, we do have plans to place more coolers, but again, if we get that right, and we are placing best in class, most energy-efficient coolers. We're not replacing coolers with going back on our focuses around doors. All of that will help us to deliver a footprint on our cooler fleet that is lower despite the growth.

I guess the one more caution I'd say is that we've already delivered a lot in that space, 60% reduction over 10 years. So let's not expect another 60% reduction over the next 10 years, because that's not going to happen that just then places the emphasis on other areas in the value chain where we haven't seen similar levels of reduction in previous years.

**Sarah Willett**
Great. That's clear. And you said earlier, Joe, that you don't have all the answers yet, and I understand that. But any thoughts on what proportion of emissions you will have to deal with through offset. You obviously gave some insight over the next 3 years around projects over the shorter term, the medium term, thinking about other solutions. But there's a longer term. If any feel on that side of? I mean you said if you needed to do it, but just a number if you can.

**Joe Franses**
It's a great question. I mean if you think about our emissions trajectory, we're someone that we do about 3.5 million, 3.7 million tons of emissions today, will bring that down by 30% by 2030. And if that trajectory continues, we will probably -- in fact, if you just continue the linear path, we probably still have well over 1 million tons of emissions in our value chain.

Now the reality is that we're looking 20 years ahead. We will be supported by huge innovation by digital, by AI, by a determination from our suppliers to drive down emissions within their own value chain. There may well be new technologies that come along and really do assist our journey. So it's really, really -- it's almost impossible to predict exactly what a footprint will look like in 2040.

What we're really determined to say it reduce first, continue investment in reducing, and then we'll bring in investments in projects that remove carbon from the atmosphere or projects that -- or projects like investment in verified carbon offset project.

We won't just do that in 2040, we will start gradually. We saw that in the graph. Actually, in reality, we'll probably start a little bit earlier than was on the graph. And we've got a whole piece of work going on internally to look at what that looks like, where and what we repurchased in terms of carbon offset project.

It's worth saying as well, that we've been investing in nature-based solutions for many, many years. Because together with the Coca-Cola Company, we've been investing in water replenish project. We've got to a place where well over 100% of the water that we were using, there is a water stress, is already replenished.

And many of those projects that deliver water benefit actually also deliver carbon depreciation or carbon removal benefit. We've just never thought of them like that. So we're going to go back and look at some of those projects as well.

**Sarah Willett**
Great. So final question, actually. We've had plenty of questions, nearly have the hour, the full hour. So clearly lots of interest today, which is great. I know, Joe, you -- and certainly I talk to investors and analysts about this as well, so there's regulations that are helping this journey that are being talked about.

And interested -- I mean you've also -- I know you talked about lobbying or working with the Scottish government by educating them on what good looks like from a well-run, well-designed deposit return scheme as they move forward on that journey of theirs. Just a more general question about how you're engaging with local governments across your markets regarding changes that ultimately could impact positively or negatively some of the targets that you're setting out today?

**Joe Franses**
Well, look, I told -- a great question. I talked here before about the principles. And one of those principles is how we use our voice. We're a good-sized business, and we're really determined to use our voice in the right way where we can to help drive change at a local level in terms of policies. 4 areas that I pick up.

I think that first of all, you referenced deposit return scheme. Deposit returns scheme don't happen because CCEP or the Coke system alone wants to replace. They have to be embedded in national legislation. And so working with local markets and local governments to make sure that they are put in place. That's absolutely key.

And the 2 other places that we will need to use our voice, first of all, its energy transformation. The energy infrastructure. Look, in many of our markets, we've seen complete transformation of our energy grids over the last 5, 10 years, complete move away from coal. Continuing to deliver on this pathway towards 100% renewable electricity is going to be a huge challenge.

So we need to add our voice to that continued decarbonization call around energy and energy grids. I think the other one is transportation, no one enjoys a Coca-Cola unless at some point it's actually been on a truck or a lorry, it's been delivered to one of our retailers.

And I think that as we think out 10 years, 20 years, even longer term, we're really encouraged by the policy shifts we're seeing around transportation, around shift to low emission and electric vehicles. But a lot of that's focused on carbon band, not so much is focused on that discussion on heavier goods vehicles, ending above 3.5 tons.

And so I think we're going to have to do a lot of work with the policy again to try and encourage that shift as well because transportation that's probably one of the most difficult areas to decarbonize again without national policy being in place.

So there's a lot of policy that we will call for, that we will advocate, for we will use our voice to support, that will help drive this decarbonization agenda.

**Sarah Willett**
Well, on that note, Joe, we've run out of questions, but just about up on time. So I want to say thank you very much, Joe, the extended IR team member.

Thank you to everybody listening in today and for a great bunch of questions. We hope you found this useful. As I said earlier, the slides and a replay as well as a transcript will be made available on the website.

And if you have any follow-ups, don't hesitate to e-mail anyone on the IR team, and we will come back to you. Thank you, very much, and good evening, good afternoon, whatever time it is wherever you are. Thank you.

**Joe Franses**
Thank you.