

ACTION ON SUPPLY CHAIN

Our supply chains are under increasing pressure from population growth, increased demand for food products and climate change. That's why we're sourcing all our agricultural ingredients and raw materials sustainably and responsibly.

CCEP'S COMMITMENT TO SDGS



ZERO HUNGER



DECENT WORK AND ECONOMIC GROWTH



REDUCED INEQUALITIES



OUR STRATEGY

We rely on a global supply chain to make, sell and distribute our products. We source ingredients for our drinks such as water, sugar beet, sugar cane, coffee, tea and fruit juices, and we also purchase raw materials for our packaging such as glass, aluminium, PET and paper.

We've made a joint commitment with The Coca-Cola Company (TCCC) to ensure that we sustainably source 100% of our priority agricultural ingredients and raw materials.

Together with TCCC, we work collaboratively with our suppliers to respect and protect the human rights of everyone working across our entire supply chain.

We aim to ensure our suppliers respect our Code of Conduct (CoC) and make a positive impact on society, in line with the [United Nations' Guiding Principles on Business and Human Rights](#), the [International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#) and the [United Nations' Global Compact](#).

Our progress

Our spend with suppliers that are covered by our Supplier Guiding Principles (SGPs)



Sugar sourced from suppliers that comply with our Principles for Sustainable Agriculture (PSA)*



Pulp and paper sourced from suppliers that comply with our Principles for Sustainable Agriculture (PSA)*



2019 2020

*The PSA replace the Sustainable Agriculture Guiding Principles

SUPPLIER MANAGEMENT

WHO ARE YOUR SUPPLIERS?

We source products from around 15,000 suppliers. These cover commodities and services such as ingredients (apart from concentrate and juices, which we source from TCCC and other franchisors), packaging, energy, capital equipment, building and facilities, fleet and logistics, sales and marketing, IT, telecoms, general administration and professional services. On average, 87% of our spend is with suppliers based in our countries of operation. We spent approximately €3.7 billion with our suppliers in 2020.

We purchase the entire requirement of our concentrates and syrups for Coca-Cola trademark beverages from TCCC.

WHAT ARE YOUR MAIN AGRICULTURAL INGREDIENTS AND RAW MATERIALS?

Together with TCCC, we have identified 13 priority agriculture-based ingredients and bio-based packaging materials. These are cane sugar, beet sugar, high-fructose corn syrup, stevia, orange, lemon, apple, grape, mango, coffee, tea, soy, pulp and paper.

Many of the purchases of these key ingredients are managed together with TCCC, and other Coca-Cola bottlers. As a result, we address many of the issues that we face in our supply chain as a joint Coca-Cola system.

As CCEP, we track purchases of sugar, pulp and paper directly.

WHAT SUSTAINABILITY STANDARDS DO YOU EXPECT YOUR SUPPLIERS TO ADHERE TO?

Together with TCCC, we're committed to ensuring that our priority agricultural ingredients and bio-based packaging materials are sourced sustainably. We have developed two sets of principles to measure compliance and track progress in this area: our [Supplier Guiding Principles](#) (SGPs) and our [Principles for Sustainable Agriculture](#) (PSA) introduced in 2021, which replace the Sustainable Agriculture Guiding Principles.

All bottlers within the Coca-Cola system follow TCCC's SGPs and PSA. The SGPs set out the minimum requirements we expect of all our suppliers in areas such as workplace policies and practices, health and safety, human rights, environmental protection and business integrity.

The PSA have been developed by TCCC in partnership with bottlers and external stakeholders. They now refer to specific forest and biodiversity conservation practices such as no conversion of forests for new agricultural production, protection of endangered species, and, where possible, restoration of ecosystem services that our suppliers of agricultural ingredients and bio-based packaging materials are expected to implement, in addition to existing requirements on human and workplace rights, the environment and farm management systems.

We require all our suppliers to comply with our SGPs and PSA, including those who supply ingredients for the non-TCCC brands that we produce and distribute, such as Capri-Sun and our energy brands.

We work with suppliers to build SGPs into all new contracts and into multi-year contracts as they renew. The SGPs also form part of the standard conditions attached to our purchase order process.

Independent audits are commissioned by TCCC to monitor supplier compliance with our SGPs, including juices and concentrates purchased from TCCC. Compliance with the PSA is verified through adherence to a limited set of global third-party sustainable agriculture standards approved by TCCC.

In 2020, 97% of our spend was with suppliers which are covered by our SGPs. In addition, 100% of the coffee in our Honest coffee brand, 100% of our paper and pulp and, for the first time, 100% of our sugar was sourced sustainably from suppliers that comply with the PSA.

HOW DO YOU IDENTIFY YOUR CRITICAL SUPPLIERS?

We have certain direct suppliers, including ingredient and packaging suppliers, who are critical to our production (i.e. those who could potentially disrupt production should supply fail), or who provide a unique product, component or service we depend on. Even some relatively small suppliers could be deemed critical. We have 269 critical suppliers, representing 80% of our total spend.

HOW DO YOU MANAGE AND INCENTIVISE YOUR SUPPLIERS?

We continually evaluate the performance and sustainability of our suppliers based on financial value, efficiency, innovation and risk. For our critical suppliers, we carry out a number of detailed evaluations including a financial assessment and an annual supply risk analysis along with regular meetings to discuss issues such as performance, innovation and sustainability.

The sustainability performance of our suppliers is rated by [EcoVadis](#), an independent evaluation company. EcoVadis evaluates suppliers against criteria such as environment, carbon management, human rights and fair business practices.

Our procurement teams build long-term working relationships with suppliers to ensure we can identify opportunities for improvement and work together towards common objectives. We make sure every buyer is aware of CCEP's expectations of suppliers, knows how to evaluate them and is familiar with sustainability issues related to specific commodities.

HOW DOES ECOVADIS ASSESS YOUR SUSTAINABILITY PERFORMANCE?

Each year, our sustainability performance is assessed by EcoVadis. This assessment also plays a key role in our own approach to sustainability and CCEP's procurement team works with EcoVadis to assess and track the sustainability performance of our own suppliers.

In 2020, CCEP was awarded Platinum status by EcoVadis, with a total score of 78 out of 100. This places CCEP in the top 1% of companies in our sector.

HOW DO YOU WORK WITH SUPPLIERS TO MANAGE ENVIRONMENTAL ISSUES?

A quarter of our Tier 1 suppliers' annual Ecovadis evaluation is directly related to environmental performance and carbon reduction. As the biggest impact to our carbon footprint lies in our supply chain – in particular our packaging accounts for 43% of this footprint – we monitor the carbon footprint of our PET, can and glass suppliers and we work with them to reduce their emissions. We invest in recycled PET, and lightweight packaging, to reduce our value chain carbon footprint. [Read more](#) about our packaging strategy in our Action on Packaging factsheet.

Carbon management is also included in audits for our SGPs, and the certifications for our PSA. We also work with suppliers to invest in solutions in our distribution, cold drink equipment, and manufacturing equipment to help reduce the carbon footprint across our value chain. [Read more](#) about our climate strategy in our Action on Climate factsheet.

HOW WILL YOU INVOLVE YOUR SUPPLIERS IN ACHIEVING YOUR NET ZERO 2040 AMBITION?

Over 90% of our value chain Greenhouse Gas (GHG) emissions come from our supply chain. We have committed to support our strategic suppliers to set their own science based carbon reduction targets and shift to 100% renewable electricity by 2023, and to begin sharing their carbon footprint data with us.

Achieving our net zero 2040 ambition requires close collaboration with our suppliers. To raise awareness of our new climate strategy among suppliers, we held a virtual Supplier Day event in October 2020. During the discussion we focused on the importance of collaboration to achieve our ambition, as well as sharing experience and insights on carbon reduction solutions.

HOW DO YOU ASSESS SUPPLIER RISK?

We assess supplier risk at the initial sourcing phase. This assessment is based on criteria such as financial performance, value, innovation and sustainability.

We follow the principles of 7-step sourcing, which includes taking suppliers through a thorough selection process, with a Request for Information (RFI) being issued prior to creating a supplier shortlist. In addition to the usual commercial and technical information, the RFI also requests information about the potential supplier's sustainability strategy, compliance with the SGPs and PSA, as well as specific sustainability criteria related to their product or service category. We also request a Credit Safe Report to validate the financial stability of each supplier.

In 2019, we conducted a category risk mapping exercise with EcoVadis to better understand any risks associated with a particular supplier or ingredient. We focused on sugar, coffee and tea and have subsequently developed a sustainability risk

management strategy. The mapping has helped to identify supplier risk based upon commodity, source country and criticality to our business. We are now working to identify where there may be any gaps in managing risk with our suppliers, and how we can develop supplier-specific action plans to mitigate the risk.

Once selected, our critical suppliers are assessed through EcoVadis, and given a rating. Our procurement teams use supplier scorecards to assess performance and any risk areas. Suppliers that have a low score are asked to develop an action plan and improve their performance. If suppliers do not improve their performance within a set timeframe, they may not be used in the future.

In 2020, our suppliers had an average overall score of 57.4 out of 100. We are aiming for our suppliers to achieve an average overall score of 65 by 2025.

SOURCING

WHERE DO YOU SOURCE YOUR INGREDIENTS FROM?

We source our sugar beet from France, the Netherlands, Sweden, Denmark, Germany, GB and Spain, and our juices mainly from Spain and Portugal. We purchase the entire requirement of coffee and tea for Coca-Cola trademark beverages from TCCC. All coffee and tea suppliers must demonstrate compliance with our PSA by using global sustainable agriculture standards and assurance schemes, including [Rainforest Alliance](#) and [Fairtrade](#).

DO YOU SOURCE ORGANIC INGREDIENTS?

Together with TCCC and other franchisors, we have broadened our range of organic drinks. Today we have 56 organic products in our portfolio, making up 0.4% of our total sales volume. Our Honest Tea, Honest Coffee, ViO BiO, and Capri-Sun Bio are among the organic brand options we offer consumers.

AUDIT AND COMPLIANCE

HOW DO YOU MONITOR AND AUDIT SUPPLIER COMPLIANCE WITH YOUR SGPS?

We expect our suppliers to develop and implement appropriate internal business processes to ensure compliance with the SGPs. Together with TCCC, we routinely verify and assess suppliers' compliance with our SGPs by using independent third parties. As part of the Coca-Cola system, we have relied on independent audits commissioned by TCCC to monitor supplier compliance with our SGPs.

These audits include checks to ensure suppliers are not using child labour, forced labour, or any form of modern slavery. To date, the audits have covered over 99% of our suppliers of ingredients and primary packaging. These audits generally include confidential interviews with employees and on-site contract workers. TCCC guidelines require auditors to select employees from different production lines and duties within the facility, including those of different genders, ethnic or religious backgrounds, employees who are pregnant, union representatives if available, and contingent workers. For more

information on the audit guidelines of TCCC, please see their [Human Rights Report](#).

TCCC is a member of the [AIM-PROGRESS](#) forum, a global forum promoting responsible sourcing practices and the harmonisation of supplier audits as a way of reducing duplication and costs for suppliers. The SGPs have been benchmarked against other members' protocols and are recognised by AIM-PROGRESS members through a framework called Mutual Recognition.

If a supplier fails to uphold any aspect of the SGP requirements, the supplier is expected to implement corrective actions. TCCC reserves the right to conduct unannounced audits at their discretion and to terminate an agreement with any supplier that cannot demonstrate that it is upholding the SGP requirements.

HOW DO YOU TRACK COMPLIANCE WITH YOUR PSA IN GENERAL?

The PSA are aligned with leading global third-party sustainable farming standards and assurance schemes such as the Farm Sustainability Assessment of the [Sustainable Agriculture Initiative Platform](#) (SAI-FSA), [Bonsucro](#) and [Rainforest Alliance](#). These voluntary standards define a set of practices or criteria for how a crop should be sustainably grown, underpinned by a robust and transparent implementation and assurance system. As a result, we apply the PSA with our suppliers through preferred external third-party standards and encourage our suppliers to use one of these standards to maximise value and reduce cost for suppliers and farmers.

In 2020, our ability to engage with suppliers on the ground was limited due to the COVID-19 pandemic. However, during this time we adopted an additional EcoVadis function called IQ. This allows us to screen our entire supply base and understand inherent risks by country and industry. In 2021, we will use the data gathered through IQ to proactively manage our sustainability risks across our supply base – going beyond those suppliers directly managed by our procurement team.

AUDIT AND COMPLIANCE – BEET SUGAR

Over 95% of the sugar we use comes from sugar beet grown in France, the Netherlands, Sweden, Denmark, Germany, GB and Spain. In partnership with TCCC, we offer several routes by which beet sugar suppliers can comply with the PSA and meet third-party standards.

In 2020 we purchased 660,491 tonnes of beet sugar and 32,959 tonnes of cane sugar. For the first time, 100% of this sugar was certified as compliant with the PSA, reaching our target to sustainably source 100% of our sugar.

AUDIT AND COMPLIANCE – CANE SUGAR

In 2020, cane sugar made up less than 5% of the sugar we purchased, and was grown in Brasil, Costa Rica, Guatemala Mozambique and Swaziland. There are several third-party standards under which a cane sugar supplier can be certified as meeting our PSA. These include Rainforest Alliance, Fairtrade and Bonsucro.

Bonsucro certification is TCCC's preferred method for sugar cane mills and growers to demonstrate compliance with the PSA. TCCC worked with Bonsucro members to create the first global metric standard for sustainable sugar cane production, and was the first to purchase Bonsucro certified sugar in 2011. TCCC also achieved [Bonsucro Chain of Custody Standard](#) certification, which enables the tracking of claims on the sustainable production of Bonsucro sugar cane and all sugar cane-derived products along the entire supply chain.

AUDIT AND COMPLIANCE – COFFEE AND TEA

We source coffee and tea for our Honest, Chaqwa and Fuze Tea brands through TCCC, with whom we work closely to ensure compliance with our PSA and other internationally recognised sustainable sourcing standards.

In 2020, 97% of coffee sourced by TCCC at a global level was PSA-compliant – including the coffee in our Honest Coffee brand which was 100% PSA-compliant, Fairtrade certification. 84% of TCCC's global tea volumes were PSA-compliant in 2020 – including our Fuze Tea brand, containing tea extracts from 100% sustainably sourced tea leaves, and achieving PSA-compliance through Rainforest Alliance certification. As a result, the 'green frog' seal, confirming the tea has been sourced from Rainforest Alliance Certified™ farms, is included on all packaging for the complete Fuze Tea range.

AUDIT AND COMPLIANCE – PULP AND PAPER

Pulp and paper are used in much of our packaging (e.g. cardboard secondary packaging, paper labels, Bag in Box) and point of sales material accounting for around 9% of the packaging we use by weight.

Pulp and paper suppliers can attain a Sustainable Forest Management accreditation such as the [Forest Stewardship Council](#) (FSC) or a certification endorsed by the [Programme for the Endorsement of Forest Certification](#) (PEFC). The FSC-certified logo, or those from the PEFC, represent a global chain of custody system, supported by a chain of custody certification process and independent inspections. Every new paper, pulp and cardboard contract now includes a requirement for third-party certification.

In 2020 we used a total of 61,549 tonnes of board – 100% of which was FSC or PEFC-certified and therefore PSA-compliant. 40% of the total volume purchased was printed board used for secondary packaging with the remaining 60% used for tertiary packaging such as trays and interlayers.

We aim to expand reporting on this category to include additional areas such as printed and point of sale material in the future.

AUDIT AND COMPLIANCE – JUICES

Oranges and citrus fruits are a key ingredient in a number of our products, such as Fanta, as well as a number of our juices. For orange, lemon and apple juice, we work with TCCC, our

juice suppliers and other third-party frameworks to establish programmes to ensure compliance with our PSA. In particular, we work with partners such as the Sustainable Agriculture Initiative Platform (SAI), in areas where we source some of our products, such as Spain, to improve the sustainability of our juice supply. In 2020, 44% of the orange juice, 60% of the apple juice and 82% of the lemon juice sourced by TCCC at a global level was PSA-compliant.

HUMAN RIGHTS

WHAT ARE YOU DOING TO IMPROVE HUMAN RIGHTS WITHIN YOUR SUPPLY CHAIN?

We consider human and workplace rights – as articulated in the [United Nations' Universal Declaration of Human Rights](#) and the [International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#) – to be inviolable and fundamental to our sustainability as a business.

We support the 10 principles of the [UN Global Compact](#), and we are committed to ensuring that everyone working throughout our operations and within our supply chain is treated with dignity and respect.

Our principles regarding human rights are set out in our SGPs. Further detail is provided in our [Human Rights Policy](#), which is aligned with accepted international standards such as the United Nations Guiding Principles on Business and Human Rights.

We have a zero-tolerance approach to modern slavery of any kind within our operations and supply chain. This includes all forms of forced labour including prison labour, indentured labour, bonded labour, military labour, slave labour and any form of human trafficking within our company and by any company that directly supplies or provides services to our business. In 2017, we published our first [Modern Slavery Statement](#), and continue to update this annually.

In 2018, we conducted our first internal human rights workshop with participation from senior managers across our business, including support and engagement from our leadership team. In 2019, we conducted an internal human rights risk assessment based on the salient issues identified during the workshop, involving some of our senior leaders. We also sought input and advice from key external stakeholders, including the United Nations' Office of the High Commissioner for Human Rights ([UN OHCHR](#)), [Institute of Employers](#), [KnowTheChain](#) and many industry peers.

We have identified nine key areas as posing the greatest risk to people in our own operations and across our value chain. We have initially focused on the first four priority issues to ensure full compliance and that action is taken: health, safety and security; equality and non-discrimination; working hours; and migrant and temporary workers.

In 2020, we developed action plans for the issues related to freedom of association, right to privacy and data protection. However, due to COVID-19 we took additional measures to ensure the health and safety of our people and others

working for CCEP. This included COVID-19 risk assessments, implementation of guides on working from home, social distancing, cleaning and disinfection programmes, and additional measures for our employees within sales and supply chain functions. This has pushed back our timetable on the remaining actions (forced labour and wages) to 2021.

In 2020, we refreshed our human rights training, including a specific focus on modern slavery for all our procurement employees and production facility managers who interact with suppliers and for supply chain teams.

We are currently reviewing a range of options to help improve the validation and proactive management of our supplier base in a number of key areas, particularly human rights and modern slavery. This includes further investment with EcoVadis, via IQ and other digital providers, which will enhance our robust risk management processes.

HAVE YOU DONE A RISK ASSESSMENT ON HUMAN RIGHTS ISSUES DOWN TO THE FARM LEVEL?

As a major user of sugar and other agricultural ingredients, we recognise we must take action and use our influence to help end human rights abuses across our supply chain. As part of the Coca-Cola system, we rely on independent audits commissioned by TCCC to monitor supplier compliance with our SGPs and PSA.

In 2018, in partnership with TCCC, we conducted a risk assessment for our main ingredients. Together with third-party organisations, who assess compliance with our PSA in line with our preferred sustainable farming standards and assurance schemes, we are able to assess risks of modern slavery, child and forced labour.

OTHER

WHAT KIND OF SUPPORT ARE YOU PROVIDING YOUR SUPPLIERS DURING THE COVID-19 PANDEMIC?

The COVID-19 pandemic has had a major impact not only for our own operations but also for businesses in our supply chain.

At the start of the pandemic, we carried out a risk assessment to understand the impact of the crisis and adjust to changing production patterns. We used our existing supply chain finance programme to help suppliers in need of financial support, and worked with suppliers in heavily impacted sectors such as cold drink equipment and trade marketing to help mitigate the impact.

We also helped suppliers by offering support to secure sufficient transportation to help keep their businesses operating.

As a result, we were able to adapt our supply chains successfully during the crisis to ensure that key raw materials and ingredients remained available.