

Coca-Cola HBC AG (Coke HBC)



Background on Coke HBC

Coke HBC is the world's second largest Coca-Cola anchor bottler in terms of volume. It was founded in 1969 and has its headquarters in Zug, Switzerland. It has operations within 28 countries and produces a diverse range of ready-to-drink non-alcoholic beverages that fall into the sparkling, juice, water, sports, energy, tea and coffee categories. It employs 36,300 people and reported revenues of €6.3 billion in 2015. It is a publicly listed company that has a primary listing on the London Stock Exchange and a secondary listing on the Athens Stock Exchange.

How did Coke HBC come to start thinking about context?

Since 2005, Coke HBC has committed to better integrating corporate social responsibility and sustainability into its business operations in a way that creates value for both itself and for society¹. A decade later, in early 2015, Coke HBC decided to take part in the beta-version piloting of the science-based GHG emissions reduction methodologies². This gave Coke HBC the opportunity to evolve the work it had previously been doing since 2006 to reduce its GHG emissions². The integration of the learning from this pilot project into Coke HBC's formal sustainability goals was overseen by the company's Social Responsibility Committee³.

Later in 2015, and ahead of the United Nations Climate Change Conference meeting in Paris ([COP21](#)), Coke HBC joined the [We Mean Business](#) coalition³. As part of that commitment, Coke HBC endorsed four of the six We Mean Business commitments, namely: adopting science-based GHG emissions targets, putting a price on carbon, engaging responsibly on climate change issues, and reporting its climate change information in its main stream reports⁴.

¹ Foundation for Corporate Social Responsibility (2005). Member card: Coca-Cola HBC. Accessed at: <http://www.fcsr.pl/members/cocacolahbc/>

² Science-Based Targets initiative (2016). Case Study: Coca-Cola HBC. Accessed at: <http://sciencebasedtargets.org/case-studies/>

³ Coca-Cola HBC (2015). 2015 Integrated Annual Report. Accessed at: http://coca-colahellenic.com/media/2390/coca-cola-hbc_2015-integrated-annual-report.pdf

⁴ Coca-Cola HBC (2015). We Mean Business Coalition. Accessed at: <http://coca-colahellenic.com/en/sustainability/partnerships-and-memberships/we-mean-business-coalition/>

A year later in early 2016, Coke HBC's GHG emissions reduction goal was recognised as being consistent with the science-based assessment methodology used by the [Science-Based Targets](#) initiative⁵. Commenting on this achievement, Galya Tsonkova, Environment Manager for Coca-Cola HBC, said "In the past, companies would set targets without the necessary information or a solid point of reference. They would just pick a round figure and aim for cuts of 20, 30, 40%, with no further justification, other than generic aspirations. Now, we have a target that is reviewed and approved by external, credible experts for alignment with relevant scientific methodology. That makes a big difference, both for external stakeholders as well as to our management⁶."

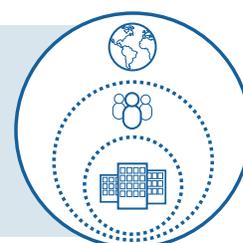
What does context look like at Coke HBC?

1 ACKNOWLEDGE the need to operate within global, regional, and/or local socio-ecological thresholds.

GHG EMISSIONS



WATER



Generally, Coke HBC acknowledges that its operations have an impact on socio-ecological thresholds, and has therefore committed to minimising these impacts through the adoption of sustainability goals³. The company also acknowledges that its value chain plays a central role in its business operations and has committed to working with its value chain to minimise its environmental impacts³.

GHG emissions: Coke HBC acknowledges that climate change poses an urgent threat to its business and has therefore adopted an aggressive GHG emissions reduction strategy⁷. It strives to limit its impacts on climate change by reducing its GHG emissions⁸. However, Coke HBC has yet to formally commit to operating within the limits of this threshold.

Water: Coke HBC acknowledges that water is vital to human health and community development and as such it strives to limit its impacts on watersheds and commits to promoting water stewardship activities in the communities in which it operates⁹. The company understands the "priceless" value of water and respects it as one of the most precious shared global resources, and commits itself to working to conserve it throughout its operations⁷. However, Coke HBC has not formally committed to operate within the socio-ecological thresholds of the watersheds in which it operates.

⁵ Coca-Cola HBC (2016). Coca-Cola HBC: A Pioneering Carbon Footprint. Accessed at: <http://coca-colahellenic.com/en/our-stories/coca-cola-hbc-a-pioneering-carbon-footprint/>

⁶ World Resources Institute (2016). Setting Science-based Emissions Targets: 5 Companies Offer Lessons Success. Accessed at: <http://www.wri.org/blog/2016/05/setting-science-based-emissions-targets-5-companies-offer-lessons-success>

⁷ Coca-Cola HBC (n.d.). Environment. Accessed at: <http://coca-colahellenic.com/en/sustainability/environment/environment-overview/>

⁸ Coca-Cola HBC (n.d.) Climate Change Policy Statement. Accessed at: <http://coca-colahellenic.com/media/1139/coca-cola-hbc-climate-change-policy-statement.pdf>

⁹ Coca-Cola (n.d.). Water Stewardship Policy Statement. Accessed at: <http://coca-colahellenic.com/media/1112/coca-cola-hbc-water-stewardship-policy.pdf>

Other thresholds: Coke HBC also acknowledges the importance of issues like energy, packaging, employee well-being, human rights, and diversity but does not do so in a way that would be considered contextual.

2 Transparently understand and **PRIORITISE** a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.

GHG EMISSIONS



WATER



Coke HBC uses what we would describe as a “classic” materiality approach. The company defines its material issues as those that “are likely to influence our ability to create value for our shareholders, customers, consumers, suppliers, employees and the communities in which we operate³.” The company does not reference considering the magnitude of impact it has on socio-ecological thresholds as part of its process to prioritise material issues. Coke HBC does recognise that its value chain is the biggest contributor to its overall impacts and as such it has committed to work with its value chain to minimise these impacts³.

GHG emissions: Coke HBC notes that adaption to climate change has been listed a principal global risk in the [World Economic Forum’s Global Risk Report](#) in 2015 and 2016³. The company’s direct GHG emissions from its operations are primarily driven by its bottling plants and fleets, while its indirect emissions are attributed to its raw materials and cold drink equipment⁸. Coke HBC is working with NGOs and other partners within its value chain to develop sustainability initiatives to better understand the emissions that are attributed with its operations³.

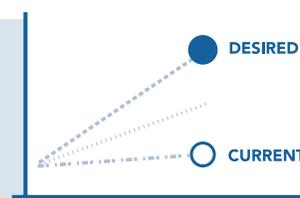
Water: Water is a key priority for Coke HBC and its direct impact on this threshold results from its use of water in its bottling plants⁷. Its indirect impacts are a result of virtual water embedded within its ingredients and packaging⁹. Coke HBC aims to work to decrease its water use and to deepen its understanding of its water use by using a water [footprinting](#) approach for its raw materials from its value chain such as sugar and fruit⁹.

3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.

GHG EMISSIONS



WATER



GHG emissions: Coke HBC has committed to reducing its Scope 1 and 2 emissions by 50% per litre of produced beverage by 2020 using a 2010 baseline. It also commits to reduce its total value chain GHG emissions (Scope 1, 2 and 3) by 25% per litre of product by 2020².

Coke HBC has said that it used the [Sectoral Decarbonisation Approach](#) to develop its contextual GHG emissions goal but the company does not transparently outline the assumptions or the rationale that it used during the development of this goal². The company has also committed to developing additional Scope 3 GHG emission reduction goals during 2016 but has yet to release them.

Water: Coke HBC has committed to reducing its water intensity (per liter or product) by 30% between 2010 and 2030³. This is a relative goal that does not refer to the socio-ecological limits of the watersheds in which the company operates. The company has yet to transparently discuss how it is deepening its understanding of these water thresholds or how it will estimate the gap between its current performance and the performance that is needed to operate within the thresholds. Additionally, the goal does not include the impacts resulting from its value chain.

Other thresholds: Coke HBC has not yet expressed the intention to set contextual goals in relation to any other thresholds.

4 Transparently TRACK performance against realistic trajectory targets.

GHG EMISSIONS



WATER



All thresholds: Coke HBC has a history of transparently reporting its sustainability performance since 2010; however, it has yet to develop a set of realistic trajectory targets for its goals that could be used to monitor its progress towards achieving its goals. It also has yet to explain if it intends to develop a set of metrics or targets that could be used to monitor the influence it is having on its value chain in terms of supporting their efforts to operate within the limits of relevant socio-ecological thresholds.

What is the road ahead for context at Coke HBC?

Developing a contextual GHG emissions goal is viewed by Coke HBC as an important component of maintaining its licence-to-operate with the communities in which it operates². The company highlights that building better internal understanding of the implications of climate chain for its business, coupled with strong leadership and a consistent message, would better enable it to constructively contribute towards finding innovative solutions to help tackle the risks associated with climate change and rising GHG emissions³.