Background on Coke CCE

Coke CCE is the anchor bottler for Coca-Cola products in Western Europe and was founded in 1986. It is headquartered in Atlanta, Georgia. It primarily markets, produces, and distributes Coca-Cola, Diet Coke, Coke Zero, Sprite, Fanta, Capri-Sun, Dr. Pepper, Chaudfontaine, Schweppes, Monster, and Relentless. It reported revenues of US$596 billion in 2015 and employed 11,500 people. Coke CCE is separate from The Coca-Cola Company and is a publicly listed company on the New York Stock Exchange.

How did Coke CCE come to start thinking about context?

Coke CCE has been working to reduce its GHG emissions since 2007 and reported that it had reduced its absolute GHG emissions, from core business operations, by 40% since 2007. However, it was only in 2011 when Coke CCE launched its first Sustainability Plan. The Sustainability Plan aimed to “Deliver for Today, Inspire for Tomorrow” by setting the company an array of challenging yet measurable sustainability goals. Within this strategy, Coke CCE formally committed to reduce its absolute GHG emissions from its core business operations by 15% and at the same time adopted a GHG emissions reduction intensity goal for its value chain.

In 2015, Coke CCE began to update its Sustainability Plan to ensure that its targets remained challenging and in line with its stakeholders’ expectations. As part of this process, Coke CCE examined its carbon reduction roadmaps and decided to stretch its absolute GHG emissions reduction goal to 50%. Around this time, and ahead of COP21, CDP approached Coke CCE

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requesting it consider being part of the “Call to Action” campaign\(^2\). This request prompted Coke CCE to make the decision to investigate how its new proposed goal would align with the current climate science\(^2\). Through this investigation, Coke CCE found that its goal remained consistent with both a science-based methodology of setting GHG emissions goals and its Sustainability Plan’s vision to “grow a low-carbon and zero-waste business”\(^2\). This process also allowed Coke CCE to better understand the benefits of aligning its GHG emissions reduction goals with those being set by the public sector\(^2\). This internal work resulted in Coke CCE signing three of CDP’s high profile “Road to Paris” pledges which included a commitment to (1) adopt science-based GHG emissions reduction goals, (2) include climate change information within mainstream corporate reporting, and (3) source 100% of its electricity from renewable sources\(^4\).

What does context look like at Coke CCE?

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

   Overall, Coke CCE acknowledges that both its core business operations and those of its value chain have an impact on socio-ecological thresholds and commits to reduce these impacts throughout the lifecycle of its products\(^4\).

   **GHG emissions:** Coke CCE acknowledges that climate change is a serious and complex challenge that our planet faces and that urgent action is needed to tackle this challenge\(^1,4\). The company further acknowledges that it needs to play its part in addressing this challenge by creating a low-carbon business and inspiring its customers and value chain to also lead change\(^1\). While Coke CCE acknowledges the importance of this threshold and commits to acting upon it, it does not explicitly commit to operating within the limits of this threshold. Coke CCE commits to continue to support the development of progressive policies aimed at tackling climate change and GHG emission reductions\(^4\). It further commits to partner with its value chain in supporting them in reducing their GHG emissions\(^3\).

   **Water:** Coke CCE acknowledges the importance of water as a critical resource for the communities in which it operates, the wider ecosystem, and the overall sustainability of their business model\(^1\). The company also acknowledges the links between this threshold and food production and climate change\(^5\). It commits to protect water resources and return water to

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nature in areas suffering from high-levels of water stress; however, this does not constitute a commitment to operate within the limits associated with this threshold. Coke CCE additionally commits to work with its value chain to support it in minimising its impacts, but does not explicitly commit to support it in operating within the limits of this threshold.

Other thresholds: Coke CCE acknowledges the importance of other socio-ecological issues including water, waste, energy, community resilience, and diversity but does not yet discuss their associated thresholds.

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 CCE appears to use what we call a ‘classic’ materiality approach by engaging with its stakeholders to solicit their opinions and expectations for the socio-ecological issues the company should be prioritising.

GHG emissions: Coke CCE has linked its GHG emissions to the wider ecological issue of climate change that is prioritised within the *World Economic Forum’s Global Risks Report*.

Coke CCE demonstrates that it is building its understanding of where it believes GHG emissions are generated within both its core business operations and those of its value chain (Figure 1). The company has developed a detailed list of actions that it will be prioritising to support it in reducing its impact on this threshold.

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Figure 1: Coke CCE’s estimated GHG emissions across its value chain in 2015.
Water: Coke CCE uses Source Vulnerability Assessments (SVAs) to evaluate the quality, water stress, and risks that could materialise due to extreme weather or natural disasters of the local water resources it uses. Coke CCE uses the outputs of these assessments to develop a series of Source Water Protection Plans that are used to outline the efforts it will be undertaking for that specific water resource. The company demonstrates how it is building an understanding of its impacts on this threshold (Figure 2) and how it relates to its core business operations, but has yet to clearly outline how this threshold relates to the operations of its value chain.

![WATER SOURCED BY VOLUME AND TYPE IN 2015](chart)

Figure 2: Coke CCE’s sources of water withdrawals (by volume) during 2015.

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

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GHG emissions: Coke CCE has committed to reduce its absolute GHG emissions from its core business operations by 50% by 2020 from a 2007 baseline. It has also committed to reduce the GHG emissions from its drinks by 33% by 2020 from a 2007 baseline year – a goal that will support reductions within its value chain. While Coke CCE’s GHG emissions reduction goal has been assessed by the Science-Based Targets initiative, it has yet to clearly outline the assumptions or the rationale that it used to develop this goal.

Water: Coke CCE has committed to achieve a water use ratio of 1.2 litres/litre within its products by 2020. While Coke CCE is working to develop its understanding of this threshold through the SVAs, it has yet to set a contextual goal. Without an explicit disclosure of the associated changes in its production volumes over the same period, it is difficult to determine if any achieved efficiencies made by Coke CCE are being made available to other users of this resource.
Other thresholds: Coke CCE have not yet set contextual goals in relation to its other key socio-ecological thresholds.

4. Transparently TRACK performance against realistic trajectory targets.

GHG emissions: Coke CCE has a history of reporting its reductions in GHG emissions. However, it has yet to use this to develop a set of realistic trajectory targets that could be used to monitor its progress towards achieving its goal. Coke CCE has committed to develop a metric that could be used to monitor the effectiveness of its influence in its support of its value chain’s adherence to the limits of this threshold.

Water: Coke CCE has a history of reporting its performance against water use within its operations. However, it has yet to use this to develop a set of realistic trajectory targets that could be used to monitor its progress towards achieving its goal. Coke CCE has not yet committed to develop a metric that could be used to monitor the effectiveness of its influence in its support of its value chain’s adherence to the limits of this threshold.

Other thresholds: Coke CCE reports its performance against other socio-ecological issues including water, waste, energy, community resilience, and diversity but does not yet report its progress in conjunction with their associated thresholds.

What is the road ahead for context at Coke CCE?

The process of setting a contextual GHG emissions goal has given Coke CCE the “tools” it needs to better understand the future challenges it faces and has given it a mechanism through which it can better assess the effectiveness of its GHG emissions reduction efforts. Coke CCE aims to continue to build on its understanding of its GHG emissions impacts through its core business operations and value chain to better forecast the impacts of various business decisions.