

CARBON OFFSETTING



Carbon offsets aim to compensate for existing GHG emissions (e.g., those from a company) through projects which avoid or remove/permanently sequester carbon emissions elsewhere, outside of a company's value chain. Carbon Offsetting cannot be used to reduce a company's emissions, and should not be seen as a replacement of investment in deep decarbonisation.

There are two main types of carbon offset projects:

- **Carbon Avoidance** – i.e., projects that focus on avoiding carbon being released into the atmosphere (e.g., switching from fossil fuels to renewable energy, cleaner cookstoves, biogas, deforestation avoidance (e.g., REDD or REDD+ projects)) or;
- **Carbon Removal** – i.e., projects that focus on removing carbon emissions that are already present in the atmosphere (e.g., Tree Planting/Peat Restoration/Mangrove Planting/ Afforestation projects; Carbon Capture and Storage (CCS) Projects).

What is REDD/REDD+

REDD+ is a framework created by the [UNFCCC Conference of the Parties \(COP\)](#) to guide activities in the forest sector that reduces emissions from deforestation and forest degradation, as well as the sustainable management of forests and the conservation and enhancement of forest carbon stocks in developing countries. The difference between REDD and REDD+ is that REDD stands for 'Reduces Emissions from Deforestation and (forest) Degradation'. The "+" takes into account additional elements that include sustainable management, conservation, and enhancement.

Carbon credits are generated from carbon offset projects. A single carbon credit is equal to 1 tonne of carbon that has avoided being emitted or has been permanently removed from the atmosphere. Many projects are independently verified through both country-based (e.g., ACCU, Label bas Carbone) and international standards (e.g. VCS, Gold Standard). Carbon Credits are tradeable, and their price can fluctuate, based upon demand, quality and verification standard – with VCS and Gold Standard being the highest quality level.

Carbon credits are purchased by companies to compensate for the remaining greenhouse gas emissions that they are responsible for. They can be used to support "carbon neutral" claims in the short term for brands or parts of a business. To achieve a [Science Based Targets Initiative \(SBTi\)](#) aligned net zero target, companies will need to reduce their emissions by 90% vs their baseline year. Offsets at the point of declaring net zero cannot be more than 10% of baseline year emissions, and will need to support carbon sequestration projects outside of the value chain.

Our approach to carbon offsetting



We are prioritising the decarbonisation of our business, with a science based long-term target to reach net zero by 2040 and a short term target to reduce our emissions by 30% by 2030 (vs. 2019). To do this, we are investing in reducing emissions from our own value chain as far as we can, and then using offsetting only where necessary to remove any remaining emissions (up to 10% of baseline emissions).

We are taking a limited approach to using carbon offsets, and are prioritising investment in the decarbonisation of our own business. We use offsetting only where necessary and do not use carbon offsetting to help reduce our own emissions.

We have purchased a limited amount of carbon offsets (100k tCO₂e between 2022-2024) to support our carbon neutral sites programme, which supports selected manufacturing sites to become carbon neutral, PAS 2060 certified. This limited approach is in line with SBTi guidance. All of the sites selected have to demonstrate decarbonisation in line with our SBTi targets, and have a plan to continue to reduce emissions over the next three years, in order to maintain certification.

We are committed to using the highest quality [Gold Standard](#) or [Verified Carbon Standard](#) carbon credits, ideally sourced from within our territories. We are prioritising nature-based carbon removal projects where available. We also use some high-quality carbon avoidance projects such as REDD/REDD+ forest protection programmes. We recognise the need for scrutiny of the voluntary carbon market and the evolution of methodologies aligned with scientific consensus.

Over the longer term we will look for alternatives to purchasing offset credits from the open market. This will include exploring how we can invest directly in carbon removal projects to generate our own carbon credits over the longer term. Doing so would give us more direct control over the types of projects, locations, and the co-benefits (e.g. water replenishment and biodiversity benefits) that we are supporting.

CCEP's carbon offsetting projects

CCEP has purchased carbon offsets from two different projects in Indonesia. The carbon credits from these projects will be used to offset ~100k tCO₂e of emissions for our carbon neutral sites between 2022-2024.

How we selected projects:

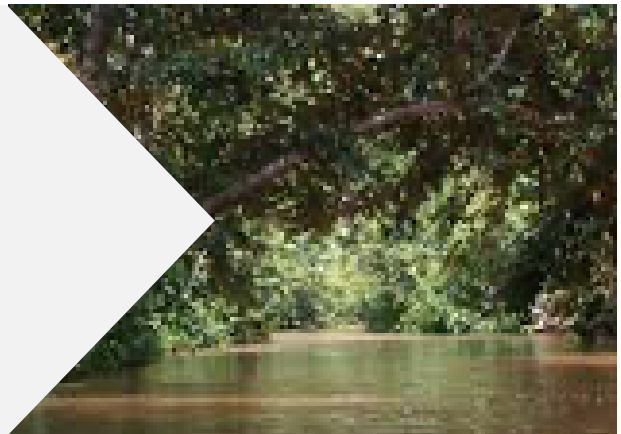
We completed a lengthy procurement process, reviewing 21 different providers, and their project portfolios. We work with two partners – Eco-Act and TEM as they were able to provide us projects that met our criteria, including: low risk profile, located within CCEP territories, carbon removal projects, or high-quality carbon avoidance programmes (e.g., REDD/REDD+; renewable electricity projects), Gold Standard and/ or VCS Certified; and able to be used for PAS 2060 certification.

Both Ecoact and TEM also complete additional due diligence on the projects that they offer to their customers, in addition to any certification that the project holds.

The projects:

Rimba Raya, Pulau Borneo (Ecoact):

The Rimba Raya biodiversity reserve project, in addition to being a VCS-certified carbon avoidance/ REDD+ project which protects rainforest and peatland from palm oil plantation conversion, was also certified as the first global Sustainable Development Verified Impact Standard (SDVIS) project, offering co-benefits that are in line with the UN's Sustainable Development Goals.



Katingan Peatland Restoration Project:

This peatland restoration project is a VCS certified project, which aims to avoid planned deforestation, as well as reforest the area, providing additional carbon removal benefits. Katingan is rated at AAA- on the independent ratings site, BeZero. This places Katingan among the top ten highest rated projects globally on their platform.

