THE PATH TO SUSTAINABILITY IN COCA-COLA EUROPACIFIC PARTNERS[1]

"The path teaches us the best way to arrive and enriches us as we walk along it."

The Pilgrim (1987) Paulo Coelho

Coca-Cola Europacific Partners (CCEP), one of the leading companies in the consumer goods industry, was an organization in constant evolution. Originally established in Spain as Coca-Cola Iberian Partners following the 2013 merger of seven Spanish bottlers and one Portuguese bottler—all family-owned businesses— it transformed in 2016 into Coca-Cola European Partners, a larger, publicly traded European enterprise. By March 2021, it had merged with the Asia-Pacific bottling group Coca-Cola Amatil to become the largest bottler of The Coca-Cola Company worldwide by revenue.

From the outset of its operations, CCEP was convinced that the only way to grow the business was by doing so sustainably, creating a positive impact on both society and the environment. Sustainability was already in the DNA of the local bottlers, especially in matters like engagement with local communities. Their operations depended on natural resources and a thriving society to continue growing, which made ESG (Environmental, Social, and Governance) criteria essential for their medium- and long-term sustainability.

With the creation of Coca-Cola Europacific Partners, sustainability became a journey—a continuous process. They needed to chart a roadmap for their actions in those areas they could impact positively. This meant setting clear commitments, defining specific actions, and continuously monitoring their performance. It was essential to be aware and measure their starting point and progress along this path, even though many uncertainties still remained.

After acquiring the Asian bottler, it became necessary to reassess the existing commitments. Some goals had already been achieved, while others needed to be

---

[1] This is a Case of the Research Division of San Telmo Business School, Spain. It has been written by Professor Rocío Reina Paniagua and Antonio García de Castro of San Telmo Business School and is intended as a basis for class discussion only and not to illustrate any judgment on the effective or ineffective management of a specific situation.

accelerated. Previously, the company operated as a European business; by 2023, it had become significantly more global. It was essential to listen once again to stakeholders, who called for faster progress on specific actions. The company needed to ensure it was not only focused on its own business development but also on the growth of all the stakeholders it engaged with, as well as the communities where it operated. This raised important questions: How could those commitments be adapted to the new reality? Was the Asia-Pacific region operating on a different level? Should it be integrated into the same goals? Leadership ultimately decided to maintain the same goals. Sustainability was becoming increasingly critical and could not be diluted, even if a specific area or region was moving at a different pace. However, the question remained: Would they be able?

COCA-COLA EUROPACIFIC PARTNERS

The Coca-Cola Company owned the brands and was responsible for creating a portfolio that met consumer demands. Coca-Cola Europacific Partners was tasked with the manufacturing, marketing, and distribution of beverages across Europe and Asia. Both companies focused their efforts on meeting the growing demand for their products and expanding the Coca-Cola experience to every corner of the markets they served. As two independent companies working together, they operated strategically and complementarily along Coca-Cola's value chain. They shared the global purpose of "Refreshing the world and making a difference" while advancing their commitment to developing a sustainable business model.

Coca-Cola European Partners manufactured, distributed, and sold its products to customers in thirteen countries across Western Europe. Coca-Cola Europacific Partners was established in March 2021, following the merger with Coca-Cola Amatil in the Asia-Pacific region, becoming the largest Coca-Cola bottler in the world by revenue.

It was one of the world's leading companies in the consumer goods industry and made the necessary investments in production and facilities as an independent company publicly traded on the Spanish stock exchanges, as well as on the New York Stock Exchange (NYSE), Amsterdam (AMS), and London (LSE), under the name CCEP. Its portfolio included some of the world’s most popular and iconic beverages, such as Coca-Cola, Fanta, Sprite, Nestea, Aquarius, Nordic, Royal Bliss, Minute Maid, Burn, and Monster, among others.

It served over 1.75 million customers across a market spanning 29 countries in Europe, the Pacific, and Indonesia, reaching more than 600 million consumers. Spain, Portugal, and Andorra formed the Iberian division of Coca-Cola Europacific Partners serving more than 450,000 customers.

The company’s revenue in 2022 reached 17.3 billion EUR (13.5 billion EUR from Europe and 3.8 billion EUR from Asia-Pacific), with profits of 2.1 billion EUR (1.67 billion EUR in Europe and 468 million EUR in Asia-Pacific). Net profit amounted to 1.521 billion EUR, reflecting a 54.2% increase compared to the previous year, which was still affected by the COVID-19 crisis. The recovery of economic activity boosted the bottler's earnings in the Eurasian market during its first full fiscal year following the merger between Coca-Cola Amatil (Amatil) and Coca-Cola European Partners (CCEP). Exhibit 1 provides detailed financial data, while Exhibit 2 breaks down revenue by brand and country.

Its business model was built on having outstanding people delivering excellent service to customers and producing high-quality products sustainably. The company aimed for an annual revenue growth of approximately 4% and a profit growth of 7%, with a free cash flow target of around 1.7 billion EUR per year. Globally, it employed over 33,000 people, with nearly 4,000 based in Iberia (more than 3,600 in Spain).

THE PATH TO SUSTAINABILITY

"What matters most is knowing where you want to go; once that is clear, everything else will fall into place".

At CCEP, they operated on the belief that a responsible future was built step by step, starting in the present.

As a market leader, the company understood that consumer expectations were exceptionally high. For this reason, Coca-Cola Europacific Partners was convinced that they needed to be a driver of social transformation and a benchmark in the field of sustainability. For this reason, they had embraced that challenge.

In essence, they had committed for years to moving from words into action, striving to make a tangible difference in the lives of people, communities, and the planet. These actions included the following:

- Leading with a sustainable business model capable of delivering real solutions while inspiring positive societal change.
- Investing in people to improve their lives and build a better future for everyone.
- Collaborating with suppliers and customers, from the largest supermarket chains to the smallest businesses, to create shared value. This included strengthening trusted relationships and building long-term strategic partnerships as a lever for sustainable and sustained growth.
- Engaging in constant dialogue with stakeholders to understand their expectations and demands and integrating them into their corporate strategy.
- Innovating—developing ideas to adapt to new consumer preferences, evolving production models, and embracing digital transformation. This involved leveraging technological advancements to better serve both customers and consumers.

At the time of the merger with Coca-Cola European Partners, increasingly clear and stringent sustainability-focused legislation began to emerge in Europe. This was when directives like the Single-Use Plastic Directive (SUPD) and the Packaging & Packaging