

We are

COSTA

COFFEE

COSTA COFFEE HERITAGE

BRAND: RICH HERITAGE

A brand rooted in enduring rich history



BRAND: WE ARE UNIQUELY POSITIONED TO WIN

A brand with the same purpose today as in 1971

**OUR
PURPOSE**

INSPIRING THE WORLD
TO LOVE GREAT COFFEE



**OUR
VISION**

THE WORLD'S MOST
LOVED COFFEE BRAND



MORE CUPS OF GREAT COFFEE, TO MORE PEOPLE, MORE OFTEN



INSPIRING THE WORLD TO LOVE **GREAT COFFEE**

PRODUCT: ‘MOCHA ITALIA’ IS OUR UNIQUE SIGNATURE FLAVOUR PROFILE THAT MUST FORM THE BASE OF ALL OUR ESPRESSO COFFEE DRINKS

WHAT MAKES OUR
SIGNATURE MOCHA ITALIA FLAVOUR

AMAZING?

Only the highest quality, rainforest alliance beans are used - less than 1 in 20 beans make the cut



Slow roasted to medium colour to create a perfectly balanced, accessible and smooth flavour



With every batch individually taste tested and quality assessed by our master of coffee, Gennaro’s team

A UNIQUE, accessible flavour THAT TOOK 112 ATTEMPTS TO PERFECT - flavourful, rich and loved the world over

SIGNATURE BEAN BLEND

Blending Robusta brings rich chocolate notes, higher body and intensity, and creates a better, longer lasting crema making our coffee more visually appealing



MIT FLAVOUR PROFILE

Nutty, caramel aroma. Bitter, sweet flavour with well rounded notes of chocolate and a low, balanced acidity. Smooth and syrupy mouthfeel.

COSTA: A TOTAL COFFEE COMPANY, DELIVERING TO ALL CONSUMER COFFEE DRINKING OCCASIONS THROUGH 5 DISTINCT PLATFORMS



Drinking occasion

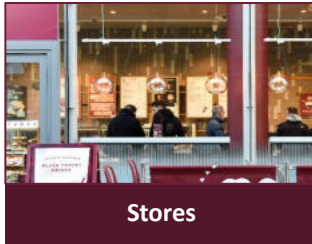
Drink at home

Eating out

Socialising away from home

On the go

Working

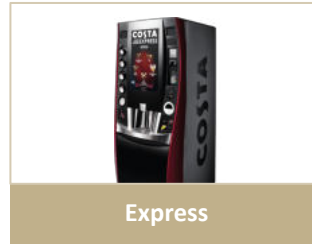


Platform

Stores



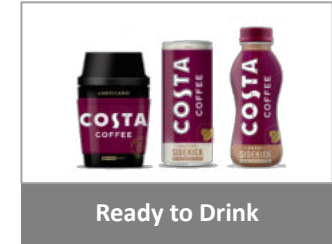
Proud to Serve



Express



At-Home



Ready to Drink

Coffee experience

Full retail offer showcasing hand-crafted coffee

Branded coffee to support customers' own Food & Beverage offer

Self-serve barista quality coffee, on-the-go

Coffee for at-home consumer occasions

Better quality coffee, in a can

COSTA WORLDWIDE OVERVIEW- COSTA COFFEE IS THE SECOND LARGEST INTERNATIONAL COFFEE BRAND IN THE WORLD

3820

COFFEE SHOPS IN
32 COUNTRIES



8320+

EXPRESS MACHINES
WORLDWIDE



EVERYTHING
YOU NEED TO
BREW IT
YOURSELF



3000+

PROUD TO SERVE
PARTNERSHIPS IN
THE UK



INSPIRING THE WORLD TO LOVE **GREAT COFFEE**

HOW DO WE GO ABOUT DOING THIS?



PASSIONATELY

NOT ARROGANT

The Costa brothers courageous mission to save the world from bad coffee lives on in our attitude to this day. Thanks to Costa Coffee, no one in the world is ever far from a great cup of coffee. We are proud of what we have achieved and continue to confidently share our knowledge with the world.

COURAGEOUSLY

NOT OBSESSIVE

After decades of perfecting the perfect cup we have a genuine passion for coffee and want to share the thoughtfulness that goes into sourcing, roasting and crafting a Costa Coffee because we believe every sip matters.

PLAYFULLY

NOT CHILDISH

This is the secret ingredient to our great tasting coffee. Priding ourselves on the joy we know coffee can bring. Never taking ourselves too seriously.



BEHIND THE BEANS

Global Sustainability

V1.0 April 2020

Image by The Rainforest Alliance



INSPIRING THE WORLD TO LOVE GREAT COFFEE

COSTA
COFFEE

Costa Coffee sustainability

Our sustainability programme is called 'Behind the Beans', because the pride and passion that goes into each cup of Costa Coffee starts way before it reaches the hands of our Baristas. From crop to cup, we know that having the best coffee also means having the most sustainable coffee.

The purpose is to share our global programmes and best practice local sustainability initiatives, to provide guidance and inspiration on how we ensure sustainability is at the heart of our brand.



OUR BEHIND THE BEANS PROGRAMME IS DIVIDED INTO THREE KEY AREAS:



People

Our teams and customers are the core of our business, so we are always working on new ways to do what's right for them.



Coffee

As a coffee business, it is vital for us to support coffee-growers to ensure that the industry remains sustainable for years to come. We also work to ensure all products that we purchase are responsibly sourced.



Planet

Eliminating waste and using resources responsibly to reduce our environmental impact for every cup of coffee we sell



V1.0 April 2020

THE DETAIL BEHIND THE BEANS – GLOBAL SCOPE AND PRIORITIES



The People Behind the Beans

Our People

Collectively, we are more than the sum of our parts, and we know it's not as simple as choosing the one thing that makes you, you. That's why we focus on inclusion, to create a workplace where everyone can feel happy, safe and valued.

Community

The work we do has an impact far beyond our doors. We are committed to supporting our team members to make an active contribution to the communities we serve.

Nutrition

We're committed to providing credible healthier choices to our customers. This includes finding ways to reduce sugar, salt and fat as well as improving our range of vegan offerings.



Making the Coffee the World Loves

Responsible sourcing

Our customers trust us to be doing business the right way. We always source our products with integrity, with focus on protecting human rights and looking after the environment.

Sustainable agriculture

We are committed to sourcing our critical commodities sustainably. This involves making sure we invest in sound social, ethical and environmental practices at the farm level – from our coffee beans, milk and cocoa to the timber used to make the paper for our takeaway cups.

The Costa Foundation

We support our charity, the Costa Foundation, to improve the life chances of boys and girls in coffee-growing communities by giving them the chance to access a quality education.



Protecting the Planet at Every Step

Cups

We are making progress on cups as a priority area for our programme, focusing on driving reuse, promoting recycling and designing our iconic take away cup to be as sustainable as possible.

Packaging and circular economy

We are committed to transforming the packaging we choose for our products. That means being mindful of how packaging is designed (to be recyclable, compostable or reusable), how materials are sourced, recycled and ensuring we design out packaging and single use plastic where it's unnecessary.

Carbon reduction and water stewardship

We are working on reviewing our water use and carbon footprint as a business and setting carbon reduction goals to meet global climate change targets



CUP RECYCLING

Our iconic paper takeaway cup is Costa's most recognisable brand asset. We need our cup to symbolise both our coffee credentials and the sustainable way in which we source and deliver coffee to our customers.

We are proud to have established the UK's largest coffee cup recycling scheme – the Valpak Scheme – which has recycled over 140 million cups since it launched in April 2018. For more information on the scheme, head over to the website: <https://www.cuprecyclingscheme.co.uk/>

We were also the first coffee brand to turn our stores into cup recycling points.

Our cup is made from sustainably sourced virgin fibre paper (PEFC certified) and lined with a PE plastic. Our cup can be fully recycled, and there are now 4 paper mills in the UK accepting cups for recycling.

As a business, we are committed to maintaining the recyclability of the paper takeaway cup and have bold and ambitious targets around ensuring we collect and responsibly dispose of all paper cups we put onto the market globally.

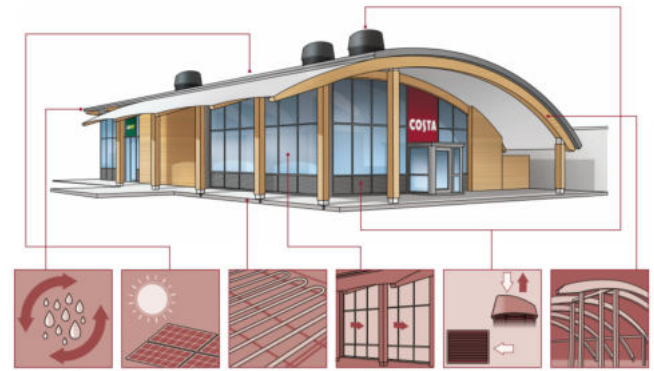


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SUSTAINABLE BY DESIGN

We've lead the property sector in sustainable development though our EcoPod concept store. We aim to bring landlords and tenants together to deliver a more sustainable future for the retail sector.

These stores have features including rooftop solar panels, a sustainably sourced timber frame (instead of steel), and super-insulation. Our EcoPods are 'zero energy', which means they generate more energy than they use.



In 2017, we opened our state-of-the-art Roastery in Basildon, Essex. As well as being one of Europe's biggest roasteries, it is also one of the most sustainable.

Features include solar panels (which provide around 30% of the power needed for the building), rainwater harvesting, electric car charging spaces, and an LED lighting system. When it comes to roasting, new processes mean that we have reduced the energy it takes to roast each tonne of coffee by 30%.

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FOOD DONATION AND REDISTRIBUTION

As part of our commitment to reducing waste, we follow the principles of the Food Waste Hierarchy. Our priority is always to prevent waste in the first place, but where it does happen it is important to make sure it is managed correctly, such as through donations or segregating so food waste can be recycled via anaerobic digestion.

The food waste hierarchy

REDUCE IT

Make sure food ordering is correct

SELL IT

Sell food surplus at discounted rates (e.g. 50% off at end of day)

GIVE IT AWAY

Donate food to people in need

RECYCLING

We continue to explore innovative solutions to food waste, including partnering with food waste fighting app **Too Good to Go**. It gives users the chance to purchase food that's nearing its 'Use By' date at a reduced price. We have rescued thousands of meals to date and preventing 25,000kg of CO2 emissions which would have been generated by wasted food.



All our store teams are enabled to donate food to a nearby charity of their own choice (**please note:** before implementing outside the UK, be sure to check local market legal requirements). We also donate food surplus from our warehouses to national food redistribution charities such as **FareShare**.



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THE RAINFOREST ALLIANCE

We are proud to have been working with the Rainforest Alliance since 2008. We were the first UK coffee shop to source 100% of our coffee from Rainforest Alliance Certified™ farms (as well as our hot chocolate).

Every Rainforest Alliance product is grown following strict guidelines for better farming methods and conditions for workers, plus better care for nature.

This means we can be confident that the coffee and cocoa we serve to customers has been produced responsibly and sustainably.

For a deep dive on the Rainforest Alliance, please see our Rainforest Alliance Information Pack (available on the CRC).



Image by The Rainforest Alliance

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THE COSTA FOUNDATION

The Costa Foundation is an independent charity with a bold vision: to eradicate poverty in coffee-growing communities.

Education is the key to changing children's life stories, so we've rolled up our sleeves and got stuck in to building schools!

These schools are built in some of the world's most remote communities, with locations carefully chosen to provide support where it is most needed.

For a deep dive on the Costa Foundation, please see our [Costa Foundation Global Playbook](#) (available on the CRC).

OVER 85,000 CHILDREN	MORE THAN 80 SCHOOL PROJECTS	IN 10 COUNTRIES	COSTA Foundation CHANGE A CHILD'S LIFE STORY
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COSTA FOUNDATION
Illustration

ILLUSTRATION STYLE

A hand-drawn illustration style inspired by a line drawing translation of the brown bar illustrations. Colours are limited to Costa Coffee Red and pure white to ensure the illustrations do not dominate the communications.



Costa Foundation
Illustration

V1.0 April 2020

THE COSTA FRANCHISE WAYS OF WORKING

COSTA STRATEGIC PLANS

In 2019 The Coca Cola company acquired Costa Coffee with ambitious plans to become a total beverages company. The Costa brand and world-class roasting facilities will enable Coca-Cola to offer more coffee options to customers – from foodservice, to convenience retail, to at-home.

Since then we have been busy working on ambitious growth plans to increase Costa’s global footprint. This will see us enter additional global key markets, in the next 3 years as well as further develop our existing markets. This will form part of our vision to be the world leader in the coffee industry.

“We see great opportunities for brand growth with Costa and Coca-Cola’s expertise and global reach,”

James Quincey, CEO of The Coca-Cola Company.

“Our vision is to use the strong Costa platform to expand our portfolio in the growing coffee category.”



COSTA FRANCHISING: HOW WE BUILD, OPERATE & GROW THE COSTA BRAND THROUGH OUR FRANCHISE MODEL

Costa's franchise store business...

Brand credentials:
Consistent Brand Positioning: Barista-crafted coffee;
Mocha Italia blend; perfect every time;
London provenance

Our franchise business model defined

Market entry process & criteria

Key roles required



In summary

Contract term

- Development term for 5 years with the right to renew for further 5 years, subject to meeting brand standards requirements and development schedules

Key terms

- Royalty (monthly service fee) based on a percentage of gross sales revenue
- New site opening fee, applied to every new store opening
- New market Territory fee- fee dependent on size of market
- 2% of gross sales marketing spend & market launch fee
- Franchise Partners must buy key products from Costa Supply Chain

Requirement

- Market mapping prioritization to be carried out for key locations looking to open in first 12-24 months
- Market research completed to support new market entry plans from a brand and customer insight perspective

Franchisee Management

- The following roles would be required to support the Costa business in any new market- Dedicated Costa resource :General manager, Operations Manager, Marketing Manager, F&B Product development manager.
- Shared Resources: Property Manager, HR Manager, Training Manager, Finance & Tax Manager-

WHAT SERVICES WE PROVIDE AS A FRANCHISOR...

1. **A regional support team based in the UK and Poland** with the ability to support all key functions including Marketing, Product Development, Property Acquisitions & Development, Training, Operations, Supply Chain & Procurement
2. **An experienced project team** to support the opening of a new market and to provide hands on support and guidance on a weekly basis. Full inductions will be given to all members of franchisee team
3. **Quarterly business reviews** to review business performance and to ensure that teams are focused on building a profitable sustainable model
4. **Regular market visits** to carry out day-to-day coaching on training and operational issues and opportunities and ensuring that brand standards are being delivered. Brand Standard Manuals and Operational manuals are also available.
5. **Beverage range:** we will provide a full range of barista prepared beverages with ingredients supplied from the UK including coffee and other ingredients.
6. **Costa Marketing campaigns and materials:** we will provide extensive global and regional marketing campaigns (in-store and digital communication) throughout the year to deliver customer engagement and loyalty to the Brand
7. **Access:** to a world-class Global centre of excellence in Brand, Product Innovation, Store design & Digital capability supported by our 'Costa Resource Centre' and 'Costa Way' platforms

SUPPLY CHAIN- FOOD RANGE

- Food Localisation:
 - At Costa we believe our Franchise Partners are the local food experts and therefore should have the flexibility to localise the food range, adapting to customer taste and needs
 - The food range will be sourced locally by the Franchise Partners in conjunction with F&B Managers, but franchisees can also source certain products from our Costa nominated suppliers, if required. Costa will provide range mapping and product guidance
 - Costa's International Technical Policy enables partners to audit and approve local suppliers to add flexibility to their product range and agility to maximise each sale opportunity to drive optimal purchase rates
- Brand Protection:
 - Each Franchise Partner must have a Food Safety Technical Expert within their organisational structure to comply with our Policy
 - The Technical Expert undertakes intense training to ensure full comprehension of our Food Safety measures
 - The Technical Expert must be accredited by Costa Coffee to be able to audit and approve local suppliers
 - Costa's Product Manager works in parallel with the Technical Expert to ensure an optimal range is presented in every store
 - Costa Coffee approved suppliers are also offering a wide selection of products, if required
- Key facts:
 - Our average Food Capture Rate in the travel channel in Europe is 52%
 - Local Food and Beverage innovation outperforms generic range
 - Costa Coffee delivers not only premium coffee but also food expertise and experience to our customers
 - Costa Coffee provides latest Food and Beverage trends to offer our customers a variety of new range and flavours

EXAMPLES OF FOOD LOCALISATION- SWEET RANGE



Both our sweet and savoury ranges feature some of our global hero lines as well as local favourites

Our franchise partners also benefit from our seasonal menu design which offers new exciting products to reflect seasonality and trend



EXAMPLES OF FOOD LOCALISATION- SAVOURY RANGE



SUPPORT & TOOLS

Dedicated Business Development Manager

- Experienced Costa BDM, sharing Costa systems, insight, best practices and innovations to add value to the Partners business
- Managing the “Costa Franchise triangle”

Brand Standards & Operational Manuals

- Clearly defined Standard Operations Procedures, brand standards for every aspect of a Costa operation. Developing new SOP where required
- Providing the “know how”

Brand Excellence Coach Visits

- Value added support on how to operate the brand to the required standards, how to drive continuous improvements
- Brand audits and compliance

On line support with Costa Resource Centre & Costa Way

- Full access to the Costa system, all resources & tools, best practice & documentation
- Costa in a Box

- A comprehensive campaign calendar, developed regionally to meet partner needs in each region
- Full support on all brand building, activations, digital and loyalty support

Costa Marketing Materials & Marketing Manager Support



COSTA MARKETING – WAYS OF WORKING

Regionally prepared marketing campaigns

- 5 marketing campaigns per year (winter, spring, summer, autumn, festive)

All materials available on CRC (internal platform)

- Access to CRC (Costa Resource Centre)
- Containing High resolution campaign materials (menuboard, instore & outstore posters)
- As well as brand guidelines, food & beverages packshots

Campaign adaptation

- Franchise Partner responsible for local translation and printing out the campaign materials
- All materials approved by the regional marketing team prior to implementation

Local promotions

- Franchise Partner can prepare customised food&beverage offers
- All offers must be approved by the regional marketing team

Post campaign review

- After each campaign post campaign reviews



STORE FORMATS

OUR STORE ESTATE STRUCTURE DRIVES THE BEST STORE PROPOSITION BASED ON LOCATION

Kiosk
Inc Sub channels, ie Kiosk Plus



Store
Inc Sub channels, ie Stand alone, inline etc



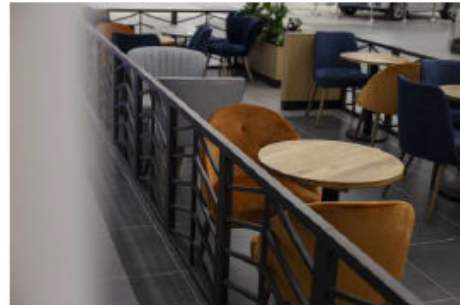
Drive thru
Inc Sub channels, ie SFDT, Drive Up, Car Hop



STORE FORMATS- FLAGSHIP STORES



- Global uniformed look and feel easily recognizable by customers
- High Street locations for 50-120 seats
- Store design in line with newest trends
- High quality equipment and finishing materials
- Bespoke furniture collection
- Brandbook training and support



SMART KIOSK FORMAT



- Flexible formats to fit travel or shopping centre locations
- Sizes from 15 to 25 sq metres
- Easy to dismantle and relocate if required
- On-site execution completed in 24 to 48 hours
- Standard modular designs to ease operations and minimize barista training
- Designated modular stations for each function





- Fast and touchless service
- Convenient order and pick up
- Designated modular stations for each function

