

2020

**SLAVERY
AND HUMAN
TRAFFICKING
STATEMENT**

This is the Group's fifth Slavery and Human Trafficking Statement. Our fourth statement was published in June 2020.

During the past year, the pandemic has created disruption and challenges throughout the world, with a disproportionate impact on vulnerable groups. We recognise that slavery, servitude, forced labour and human trafficking (Modern Slavery) is a global issue that is as, and more, important than ever.

As a Group, Coca-Cola HBC has a zero-tolerance approach to Modern Slavery of any kind within its operations and supply chains, and we are taking steps to ensure that our employees, contractors and suppliers understand the Group's commitment to human rights and their own rights and responsibilities. Our commitment is to operate our business responsibly and sustainably, and this includes fair treatment of all people in our business and the Group's supply chain.

This statement is made by Coca-Cola HBC Northern Ireland Limited (the Company), which is subject to the obligations under section 54 of the Modern Slavery Act 2015 and constitutes the Company's slavery and human trafficking statement for the financial year ending 31 December 2020.

This statement also comprises voluntary information provided by Coca-Cola HBC AG. The Company, Coca-Cola HBC AG and its other subsidiaries are hereinafter referred to as Coca-Cola HBC or the Group. The statement outlines the approach of the whole of Coca-Cola HBC.

Our business and supply chains

The Group is a leading bottler of the brands of The Coca-Cola Company (TCCC) employing some 27,722 people with sales of more than 2.136 billion unit cases in 2020. It has operations in 28 countries spanning three continents, with some 618 million potential consumers.

At Coca-Cola HBC, we are committed to high standards of performance related to human rights and labour practices, minimising environmental impact, ensuring health and safety, ethical business and unsurpassed quality in our value chain, from sourcing raw materials to manufacturing the final product and distributing it to our customers. Our supplier partners play a critical role in ensuring that we deliver against these standards.

Total supplier spend reached some €3 billion in 2020. Our practice is to source locally, providing that goods and services are available to meet our requirements and quality standards in an economically-viable way. As of 2015, our aim has been to have over 95% of local spend in our countries of operation or from within the European Union, which is considered local for EU countries. In 2020, this percentage exceeded 98%.

Under a unified procurement framework, we segment our supply base of around 17,000 active suppliers in 2020 into Direct and Indirect Spend suppliers.

- Direct spend suppliers include those that supply ingredients and packaging for our products.
- Indirect spend suppliers include those that supply products and services such as IT, production equipment, spare parts, secondary packaging, maintenance services, logistics providers, fleet vehicles, utilities and professional services.

Coca-Cola HBC also segments suppliers into three categories based on criticality and potential opportunities:

1. Group Critical Suppliers are those that fulfil any of the following criteria: high percentage of spend, critical components (e.g. sweeteners, juices, resin, cans, glass, preforms, closures, aseptic packaging), limited alternatives, and partnerships supporting our business strategies.
2. Country Strategic Suppliers are those that have strategic importance at a local or regional level.
3. Tactical Suppliers represent low-volume and/or low-spend suppliers, supplying goods or services where there are many alternative sources available, enabling a flexible supply base.

Both Group Critical and Country Strategic suppliers are considered essential to the overall competitiveness and success of Coca-Cola HBC.

All our suppliers are required to uphold our high sourcing standards. Segmenting our suppliers as outlined above helps us manage risk in our supply chain and ensure compliance with our standards.



direct employees

27,722

suppliers

17,000

sales of unit cases in 2020

2.136 bn

countries operated in

28

people reached across three continents

618 m

Policies and controls

The Social Responsibility Committee of the Board of Directors of Coca-Cola HBC is responsible for the development and supervision of procedures and systems to ensure the pursuit of the Group's social and environmental goals, which apply to all companies of the Group.

At the core of our system of internal control is the Group's **Code of Business Conduct**. The Code communicates the Group's standards of employee conduct and clearly sets expectations that all employees are to maintain the highest standard of ethical business conduct. Our Code of Business Conduct applies to everyone working for any Group company worldwide regardless of location, role or level of seniority. We expect temporary employees, agency staff, contractors, distributors, suppliers, consultants, agents and any other third parties who act in the name of any Group company to act in accordance with the principles of the Code. The Audit and Risk Committee of the Board of Directors of Coca-Cola HBC AG has oversight of compliance with the Code.



Read our
Code of Business
Conduct



Our commitment to prohibiting Modern Slavery is clearly set out in our **Human Rights Policy**, which is committed to international human rights principles encompassed in the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights. It applies to Coca-Cola HBC AG, the entities it owns, the entities in which it has a majority interest, and the facilities it manages.

The policy expressly states that the Group is committed to identifying and preventing any adverse human rights impacts in relation to its business activities through human rights due diligence and preventive compliance processes. The policy prohibits forced labour, child labour and human trafficking. Regular reviews ensure that we adhere to all applicable laws and regulations, that processes are well implemented, that targets are set and reached, and that reporting is timely and accurate.



Read our
Human Rights
Policy

Policies and controls continued

Our **Supplier Guiding Principles (SGPs)**, which apply to all our suppliers, are aligned with the expectations and commitments of our Human Rights Policy.

They are part of issued tenders and clearly referenced in purchase orders sent to suppliers and are part of all agreements between Coca-Cola HBC and our suppliers. If a supplier fails to uphold any aspect of the requirements, the supplier is expected to implement corrective actions. Coca-Cola HBC reserves the right to terminate an agreement with any supplier that cannot demonstrate that they are upholding the requirements of the SGPs.

In 2015, we updated the SGPs to include express reference to the obligation of suppliers to be able to demonstrate, as a minimum, their compliance with our Supplier Guiding Principles and with the eight Core Conventions of the International Labour Organization if these set higher standards than local law. In 2017, we proceeded with further enhancements to include a more expansive prohibition of slavery, forced labour and human trafficking. In 2020, we made further updates to the SGPs, adding a provision that creates an explicit prohibition of any form of recruitment fees. Our SGPs are communicated to our entire supply base, and all suppliers are contractually required to comply with them.



Read our
Supplier Guiding
Principles

In 2020, we registered some 2,750 new suppliers. All agreed to adhere to our Supplier Guiding Principles, as has been the case with new suppliers since 2015.

In close collaboration with TCCC, we are committed to working together with our suppliers to ensure that we source our key agricultural ingredients sustainably. Our suppliers are expected to ensure compliance with TCCC's **Sustainable Agriculture Guiding Principles**, which communicate our values and expectations of compliance with all applicable laws, with emphasis on the importance of responsible workplace practices that respect human rights.

Our 2025 commitment is to achieve 100% certification of our key ingredients using sustainable agricultural standards. In 2020, 82% of the key commodities we purchased for use as ingredients were sustainably certified, up from 74% in 2019. In 2021, we are continuing to work with those suppliers still progressing towards certification.



Read our
Agriculture Guiding
Principles



Supply chain due diligence and steps taken to manage slavery and human trafficking risk

The Group has developed, and Group companies are implementing a due diligence process that covers the identification of potential human rights issues, the identification of vulnerable groups, and the mitigation actions and monitoring in relation to our own operations and critical suppliers.

Modern Slavery and human rights risks are evaluated within the Group's overarching Enterprise Risk Management (ERM) framework, which is top down and bottom up. The process ensures that we identify, review and escalate, where appropriate, any risks arising from our business activities.



Read our
Integrated
Annual Report

Further details on the management of risk can be found in our Integrated Annual report.

Our risk management process includes:

Monthly risk evaluations within markets to evaluate emerging risks and progress against our risk management strategies. Corporate functions are evaluated bi-annually evaluating market data against the broader regional and macro environments. These regular reviews are supported by annual sessions facilitated by the Group Chief Risk Officer, and drive the quarterly feedback meetings, ensuring that business units focus on all risk categories including the areas of human rights, modern slavery, sustainability and climate change.

Risks are aggregated to the group which provides a snapshot of our internal and external risk environment. They are analysed and significant operational risks and actions are escalated to the Group Region Directors and the Chief Executive Officer.

Review and strategic analysis of identified risks is undertaken by the Group Risk and Compliance Committee. The Committee is our strategic think-tank, comprising senior leaders in the business who independently review our risk exposures, and presents issues relating to critical risk exposure to the Group Operating Committee.

The review of critical risk exposures by the Group Operating Committee, which reports material changes and mitigating actions to the Audit & Risk Committee of our Board.

In 2020, we reviewed the ERM framework and identified opportunities to enhance cross-functional collaboration and share best practices in risk mitigation across the business.

Suppliers

We maintain transparency throughout our supply base. Sustainability is at the core of all our sourcing activities, and we consider our suppliers as critical partners and contributors to the ongoing and sustainable success of our business. We monitor the performance of our critical suppliers through TCCC's Supplier Guiding Principles compliance audits, our internal supply base assessments and the EcoVadis platform, which we introduced in 2017.

As a System, together with TCCC, we audit facilities of raw materials and primary packaging providers that participate in our Group tenders, leveraging third parties engaged through TCCC. These audits assess compliance with our Supplier Guiding Principles (SGPs), at least once every three years. The TCCC audit results are communicated to our Group Procurement and Group Quality, Safety and Environment teams, and corrective actions, where required, are taken in a timely manner.

In the year to 31 December 2020, despite the COVID challenges, we concluded 90 SGP audits. As a result of these audits, we identified that one supplier in Poland was in breach of the provision regarding recruitment fees in our SGPs. It was reported that migrant workers hired by a labour agency incurred fees for the preparation of documents and the legal right to stay and work, as well as fees related to medical checks. These fees were deducted from workers' wages and not reimbursed. Additionally, the contracts contained provisions for financial penalties in case of early termination of the contract from the worker. A corrective action plan was created as per ILO requirements and the local Labour Code 1997. As part of the action plan, and in line with our SGPs, it was specified that no worker should pay any recruitment fees at

any stage of the recruitment process and no related costs should be incurred by workers and no fines were to be imposed related to early work termination. The supplier will be re-audited in 2021 to ensure proper implementation of agreed actions.

Findings from all remaining audits were minor, with the majority of reported matters falling under health and safety, work hours and wages. All matters identified by our audit process are subject to corrective action, and verification of the action taken, either by desktop re-assessment or follow up by the third-party independent audit body.

EcoVadis helps us monitor a range of risks using 21 criteria from international standards, including the UN Global Compact, ISO 26000, the Global Reporting Initiative, and the International Labour Organization.

In 2019, we introduced a new recommendation to our countries that suppliers who participate in initiatives with spend of over 100,000 Euros on an annual basis be registered under EcoVadis or a similar assessment body. In 2020 we re-trained our countries' Procurement Teams on these requirements and reiterated the importance of proper

sustainability risk assessment. In all strategic tenders, sustainability is a separate criterium implemented as part of the selection process.

We also recognise supplier certifications as per international standards including ISO 9001, 14001, 50001, FSSC 2200 and OHSAS 18001. For agricultural commodities, we are aligning with the wider industry to recognise; for example, Rain Forest Alliance, Fair Trade, Bonsucro and the Sustainable Agriculture Initiative Platform (SAI) Farm Sustainability Assessment (FSA), GLOBAL G.A.P, and the GLOBAL G.A.P Risk Assessment on Social Practice (GRASP).

By end December 2020, we had 848 suppliers assessed with EcoVadis, representing an increase of over 60% versus 2019, with this number continuing to increase in 2021. The average overall score for our suppliers in 2020 was 47.2, which is above the average score (43.0) of the EcoVadis universe. In the area of Labour and Human Rights, our suppliers in scope reached 49.6 compared with an average of 45.5 for the EcoVadis' panel.

Suppliers with low ratings on particular sustainability issues, including human rights, are subject to focused engagement to help them improve. Results of supplier evaluations enable us to have a clearer mapping of human rights risks by category and country and contribute to the ongoing development of our supplier CSR strategy.



Our operational sites

Audits of Coca-Cola HBC's operations, called Workplace Accountability Audits, are conducted every three years in Coca-Cola HBC's plants by an independent third-party international organisation. All plants have been audited within the past three years. The scope of these audits includes human rights and covers contractors and others who are not employees, such as staff of third-party service providers.

In 2020, where required due to restrictions implemented to manage the pandemic, we continued our audit process through remote access to our documentation, systems and facilities, and through virtual independent interviews with employees and contractors.

Coca-Cola HBC's sites that do not pass their first audit to an acceptable standard are subject to follow-up audits and are required to report on corrective actions to the third-party audit bodies.

On the basis of our risk assessment and audit processes, with regard to Modern Slavery, we consider Nigeria to be the highest risk market where we operate. Workers employed by sub-contracted service providers are the aspect of our business assessed to have the highest potential risk.

Capacity building and collaboration

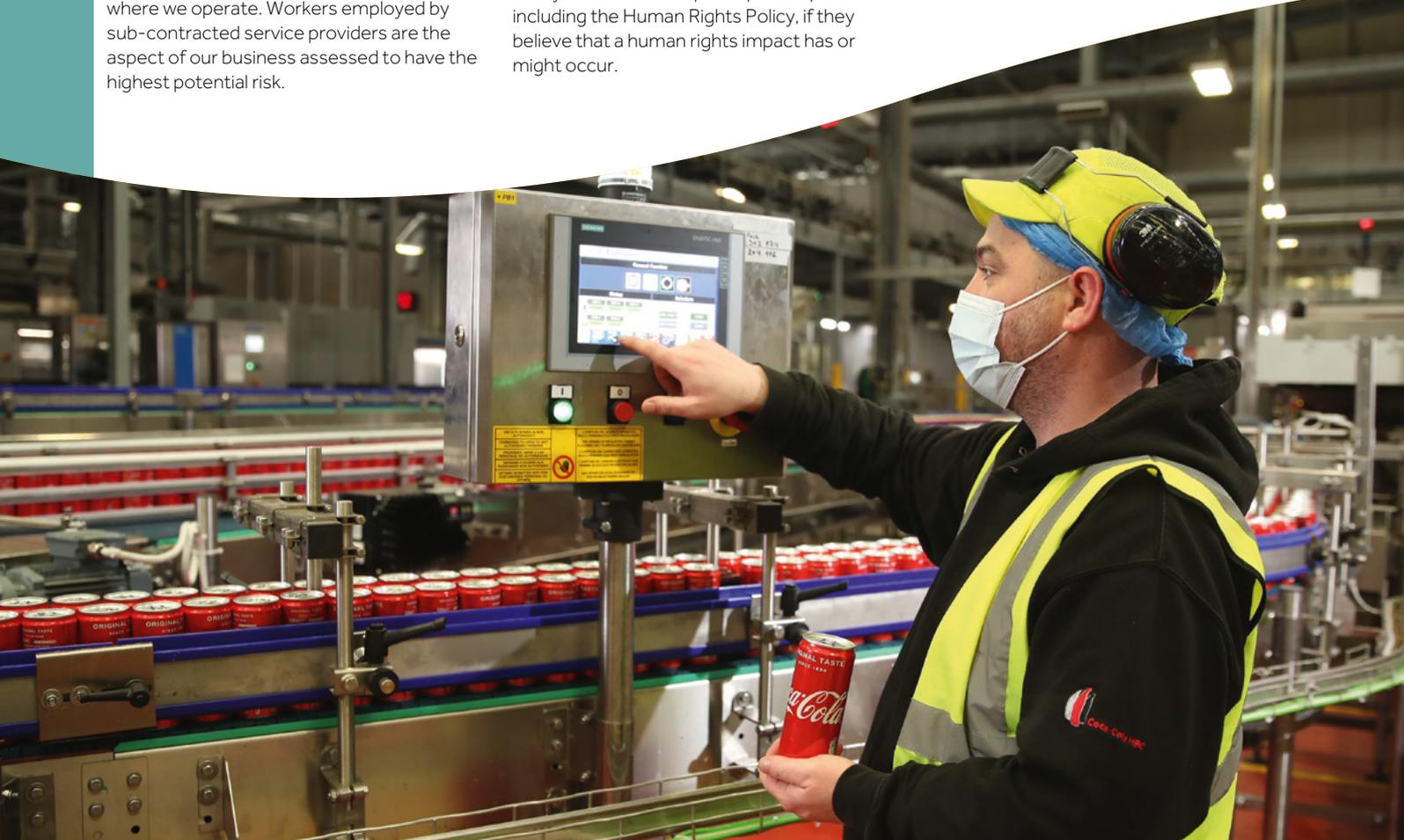
We build our strategic suppliers' capacity to manage sustainability issues, including forced labour, through joint value creation initiatives and sustainability events, industry associations, workshops on sustainable supply, an Annual Stakeholder Forum, materiality survey and CSR platform for ethical and sustainable supply chains.

Reporting Grievances

We have a whistle-blower policy, including a Speak Up ethics and compliance line. The Speak Up line, managed by an independent third party, is available across the Coca-Cola HBC Group in 25 languages. It is accessible 24 hours a day, 7 days a week, via phone or internet. The Speak Up line is available to all employees, contractors, customers and suppliers and gives our employees and partners a secure and confidential method to report concerns or ask questions regarding our Code of Business Conduct, Anti-Bribery Policy and other Group compliance policies, including the Human Rights Policy, if they believe that a human rights impact has or might occur.

In 2020, we held our annual awareness campaign on Speak Up, including enhanced communication about the Speak Up line to contractors and employees who are offline. We also conducted a Group-wide survey aimed at gauging the overall general awareness of the Speak Up line, as well as to identify areas of improvement for the user experience.

In 2021, we will continue to enhance awareness further by including more frequent communications to all employees and contractors, and for new employees, through our onboarding process.



Measuring effectiveness

To assess the effectiveness of the measures taken by Coca-Cola HBC in ensuring that modern slavery and human trafficking is not taking place in Group businesses or supply chains, we shall continue to review and report on our activities in every subsequent Modern Slavery Act Statement.

In regard to our supply chain, we shall continue to report on the following key performance indicators:

1. Acceptance of our Supplier Guiding Principles by our suppliers;
2. More than 90% of spend internally evaluated annually; and
3. Percentage of spend locally procured.

Additionally, we shall provide the following information:

- Percentage of Tier 1 suppliers assessed for sustainability risks, including human rights risk in any reference year;
- Number of critical non-tier 1 suppliers assessed for sustainability risks, including human rights risk in any reference year; and
- Percentage of the total Tier 1 critical suppliers where high risk is identified.

We ensure 100% of our suppliers have accepted our Supplier Guiding Principles by using our 'SGP Coverage Triangle' with three checkpoints throughout the procure-to-pay process.



Suppliers are requested to sign-off the SGPs during the RFX pre-qualification. Suppliers that do not sign-off are not invited to participate further.



POs include a reference to the SGPs. By accepting the PO, the supplier also accepts the Coca-Cola HBS SGPs.

Suppliers are requested to sign-off the SGPs during the creation of the vendor in our group SAP system.

* RFX: Request for Proposal, Quotation or Information

Training and development

All new Coca-Cola HBC employees, including national security leaders and managers, receive Code of Business Conduct and anti-bribery training. All new employees are also required to acknowledge and commit to comply with the Code and related policies, including the Human Rights policy.

As of 31 December 2019, more than 98% of the Group employees had completed training on our Code of Business Conduct. In 2020, due to the pandemic, we delayed the launch of our new consolidated e-learning on our Code and Anti-Bribery policy. This e-learning programme will now be available to all employees from April 2021. As in the past, this training will be a regular requirement for all employees and will include acknowledgement and re-commitment to compliance with the Code and its related policies, including the Human Rights policy.

Most on-site security personnel are employees of contracted partners, who are also required to abide by Coca-Cola HBC's Supplier Guiding Principles and all other applicable Company policies as per their contract. They receive relevant information as part of their induction.

We have a guide to the Human Rights policy for managers, and, in 2018, introduced an e-learning module to help managers understand their role in ensuring compliance with the policy. The guide can be found on our website at <https://www.coca-colahellenic.com/en/about-us/corporate-governance/policies/human-rights-policy>

Since 2017, we have been delivering training sessions on the CCH Procurement Guidelines and sustainability topics, including reference to forced labour, to all our Business Unit Procurement Teams. In 2020 we performed a training session on Procurement Guidelines and SGPs and three Sustainability Risk Practices trainings.



Read our
Managers' Guide

More information can be found in our
Human Rights Policy Managers' Guide.



This statement has been approved by the Coca-Cola HBC Northern Ireland Limited's board of directors and signed by one director, who will ensure it is reviewed and updated annually.



Miles Karemacher
Managing Director
Coca-Cola HBC Northern Ireland Limited

Dated: 18/05/2021