

Coca-Cola HBC



**Coca-Cola**  
**HBC**  
Northern Ireland

# 2022 SLAVERY AND HUMAN TRAFFICKING STATEMENT



This is the Group's seventh Slavery and Human Trafficking Statement. Our sixth statement was published in May 2022.

We recognise that slavery, servitude, forced labour and human trafficking (Modern Slavery) is a global issue that is as, and more, important than ever amidst various global challenges.

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 in 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 2022.

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

Coca-Cola HBC is a growth-focused consumer packaged goods business and strategic bottling partner of The Coca-Cola Company. We create value for all our stakeholders by supporting the socio-economic development of the communities in which we operate, and we believe building a more positive environmental impact is integral to our future growth.

Together, we and our customers serve 715 million consumers across a broad geographic footprint of 29 countries on three continents. Our portfolio is one of the strongest, broadest, and most flexible in the beverage industry, offering consumer-leading beverage brands in the sparkling, juice, water, sport, energy, plant-based, ready-to-drink tea, coffee, adult sparkling and premium spirits categories. We foster an open and inclusive work environment amongst our 33,000 employees and we are ranked among the top sustainability performers in ESG benchmarks such as the Dow Jones Sustainability Indices, CDP, MSCI ESG and FTSE4Good.

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 for Direct and Indirect purchases reached € 5 billion in 2022. Including Concentrate supplies from The Coca-Cola Company, the spend is € 6.5 billion. Our practice is to source locally, provided goods and services are available to meet our requirements and quality standards in an economically viable way. As of 2015, we have a formal Procurement KBI of over 95% of local spend in our countries of operation or from within the European Union, which is considered local for EU countries. In 2022 this percentage was 97.93%.

**Under a unified procurement framework, we segment our supply base universe of 16,876 active supplier codes (approximately 15,000 parent level supplier organisations) into Direct and Indirect spend.**

- 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:**

- 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.
- Country Strategic Suppliers are those that have strategic importance at a local or regional level.
- 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.

You may find more information about our supply base and supplier segmentation under section "OUR SUPPLIERS" on our website.

 Read about our suppliers

direct employees

**33,000**

suppliers

**16,800\***

\*with the addition of Egypt

sales of unit cases in 2021 (m)

**2,711.8**

countries operated in

**29**

people reached across three continents (m)

**715**



# 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 (COBC)**. The COBC 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 COBC 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 COBC. The Audit and Risk Committee of the Board of Directors of Coca-Cola HBC AG has oversight of compliance with the COBC.

 [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](#)

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 our Coca-Cola HBC standard vendor creation process. 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 audit and to terminate any agreement with a supplier that cannot demonstrate that they are upholding the requirements of the SGPs.

Our SGPs include express reference to the obligation of suppliers to be able to demonstrate, as a minimum, their compliance with our Supplier Guiding Principles (SGPs) and with the eight Core Conventions of the International Labour Organization if these set higher standards than local law. They also include a clear prohibition of slavery, forced labour, child labour, and human trafficking. In 2020, we made an update 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.

Excluding Egypt where data is still not available, we registered around 3.010 new suppliers in 2022. All agreed to adhere to our Supplier Guiding Principles, as has been the case with new suppliers since 2015.

 [Read our Supplier Guiding Principles](#)

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 **Principles for Sustainable Agriculture (PSA)**, 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 2022, 78% of the key commodities we purchased for use as ingredients were sustainably certified, compared with 80% achieved in 2021 (excluding Egypt). This reduction is driven by strong growth in Nigeria where we still work on the certification of our suppliers. All new suppliers have been introduced into the PSA program, and we have plans in place to support them as they progress towards certification in the near future. More information on the Coca-Cola System Principles for Sustainable Agriculture and, specifically for CCH, can be found on the CCHBC website.

 [The Coca-Cola System Principles for Sustainable Agriculture](#)

# 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 includes 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 manage any risks arising from our business activities.

## Our risk management process includes:

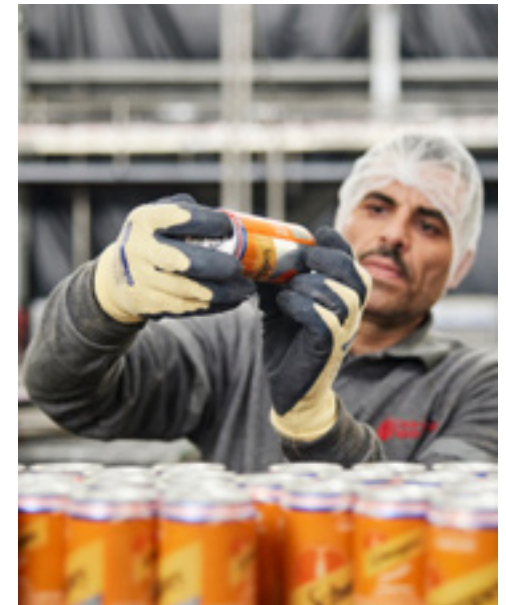
- Monthly risk assessments in all our business units to evaluate current and emerging risks and progress against our risk management strategies. Operational and strategic risks are reviewed with corporate functions bi-annually against broader regional and macro environments. These regular reviews are supported by bi-annual sessions facilitated by the 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, strategic and emerging risks and actions are reviewed with the Region Directors and the Chief Operating 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 Executive Leadership Team.
- The Chief Risk Officer reviews key operational, strategic and emerging risks with the Executive Leadership Team and the Audit & Risk Committee of our Board bi-annually.

**In 2022, we continued our review of the ERM framework and identified opportunities to enhance cross-functional collaboration and share best practices in risk mitigation across the business.**

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



Read our Integrated Annual Report



# 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, 3rd party certification against the Principles of Sustainable Agriculture, our internal supply base assessments and the EcoVadis platform. 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 2022, we concluded 59 SGP audits. Last year, we had 13 critical findings from suppliers in Nigeria, Italy and Poland regarding a breach of employment and discrimination laws and freedom of association. Suppliers to be re-audited in 2023 to ensure proper implementation of agreed actions.

Findings from all remaining audits were minor. 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.

We disclose more details regarding findings and corrective actions identified as part of SGP audits for our Suppliers under the GRI Content Index, that we make available annually on our website. Specifically for Human Rights please refer to sections 407-1, 408-1, 409-1, 414-1, 414-2).

 Read the GRI Content Index

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 are registered and assessed by EcoVadis or a similar assessment body. In 2020 we re-trained our countries' Procurement Teams on these requirements and re-iterated the importance of proper sustainability risk assessment. In all strategic tenders, sustainability is a separate criterion implemented as part of the selection process. In 2021, we extended our refresher trainings for the internal CCH Procurement community to include a series of new trainings to support our suppliers joining EcoVadis, efficiently deal with closing their open action plans that subsequently support improving their scores. This training was repeated in 2022. We also had targeted sessions with Egypt Team, which is the new member of the CCH family and are working actively to bring it up to speed with all our sustainability targets and best practices. Moreover, in 2022, we have introduced a new generic risk assessment methodology with EcoVadis, namely EcoVadis IQ, that is supporting our teams to perform faster scanning of suppliers' ESG risks leveraging AI technology and supporting the prioritisation of further assessment requirements according to Risk Levels identified.

We also recognise supplier certifications as per international standards including ISO 9001, 14001, 50001, FSSC 22000 and OHSAS 18001/ISO 45001. For agricultural commodities, we are aligning with the wider industry to recognise the Rain Forest Alliance, Fair Trade, Bonsucro and the Sustainable Agriculture Initiative Platform (SAI- FSA), Global GAP+GRASP, etc. Through our Workplace accountability audits within 3-years audit cycle, all of the long-term contractors and contracted services on-site are assessed in human rights.

By December 31st, 2022, we have overall 1,417 suppliers assessed with EcoVadis. The average overall score for our suppliers is 48.4 (+ 1.1 ppt vs 2021) and it is above the average score of 44.9 of EcoVadis universe. In the area of Labour & Human Rights, our suppliers in scope reached 51 (+0.8 ppt vs 2021) vs. average of 47.7 for EcoVadis' panel. Through EcoVadis we have detected 57 suppliers with low ratings on sustainability issues that scored <24 in the assessment for Social risks (supplier locations in Nigeria, Russia, Ukraine, Belarus, Kosovo). These suppliers 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.

In Total in 2022, we assessed 1,476 Suppliers through EcoVadis and SGP 3rd party physical audits is (+206 suppliers compared to 2021).

You may refer to our corporate webpage, under the key information and contact information section for details on the CCH Sustainability Monitoring Program.

 Read CCH Sustainability Monitoring Program



## 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 2022, after 2 years of remote and hybrid access to our operations, the Audit Programme resumed with the on-site assessments, visits and interview 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.

## 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.

In 2021, we held a sustainability event for our suppliers, '**CCH sustainability: Doing Good Together**', with over 300 representatives from suppliers attending. This interactive event included an outline of our work on human rights, including on modern slavery, and our expectations of our suppliers in this area, and gave our suppliers the opportunity to ask us questions and discuss these topics. In 2022 we have moved the practice of supplier joint session on country level to also capture local based vendors and started with two successful pilot events in Poland and Greece.

## Reporting grievances

We have a Whistleblowing 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 26 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 COBC, 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 2022, we held our annual awareness campaign on Speak Up during our Ethics and Compliance Week, including communication about the Speak up! line to contractors and all employees. In addition, we launched targeted quarterly campaigns focusing on our Whistleblowing Policy, which was updated in 2021.

Our Whistleblowing Policy is complemented by local grievance procedures that set out the process by which employees can raise any concerns to the appropriate level within the Company.

In 2023, we will continue with our annual communications on the Speak up! line to all employees and contractors, as well as through our onboarding process for new employees.



# 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:

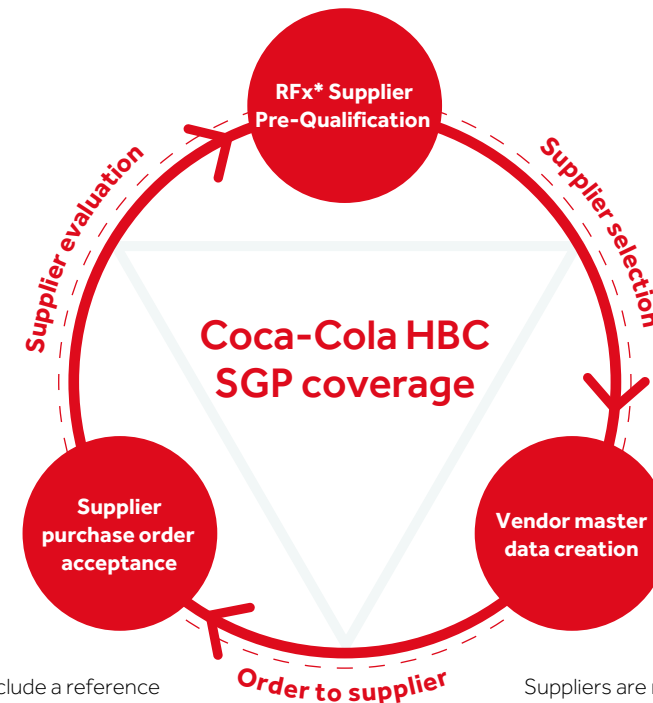
1. Acceptance of our Supplier Guiding Principles by our suppliers;
2. More than 90% of spend internally evaluated annually; and
3. Percentage of spend locally procured.

Additionally, we shall provide the following information:

4. Percentage of Tier 1 suppliers assessed for sustainability risks, including human rights risk in any reference year;
5. Number of critical non-tier 1 suppliers assessed for sustainability risks, including human rights risk in any reference year; and
6. 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.

 Supply chain overview



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.



# Training and development

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

In April 2021, a new consolidated e-learning programme on our COBC and Anti-Bribery Policy was launched to all employees. The course comprises a preliminary questionnaire on COBC and Anti-Bribery Policy as a knowledge test for our employees and acknowledgement and re-commitment to compliance with the COBC and its related policies, including the Human Rights Policy. At the end of December 2022, 96.89% of the total population passed the course and we continue to train every newly hired employee. As in the past, this training will be a regular requirement for all employees.

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.**

 [Read our 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

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Dated: