

**2021**

# **Slavery and human trafficking statement**





This is the Group's sixth Slavery and Human Trafficking Statement. Our fifth statement was published in May 2021.

The pandemic continues to create 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 2021.

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) with sales of more than 2,412.7 million unit cases in 2021. Following the acquisition of Coca-Cola Egypt in January 2022, the company has operations in 29 countries spanning three continents, with 36,000 employees and some 715 million potential consumers.

This statement covers our operations in 2021 and, therefore, excludes Egypt.

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 some €3.6 billion in 2021. Our practice is to source locally, providing 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 2021, this percentage exceeded 98%.

**Under a unified procurement framework, we segment our supply base – in 2021, of around 16,000 active suppliers – 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.

You may find more information about our supply base and supplier segmentation under section "OUR SUPPLIERS" in our corporate web page:



Read about  
our suppliers

direct employees

36,000

suppliers

17,000

sales of unit cases in 2021 (m)

2,412.7

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**. 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

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 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 terminate an agreement with any 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 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.

In 2021, we registered approximately 3,250 new suppliers. 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 2021, 80% of the key commodities we purchased for use as ingredients were sustainably certified, compared with 82% achieved in 2020. This reduction is driven by strong growth in certain countries that required new suppliers to be added. 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 can be found at:



The Coca-Cola  
System Principles  
for Sustainable  
Agriculture

And specifically for CCH:



Read our 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 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 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 2021, 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.**



# 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 2021, despite the continuing challenges presented by the pandemic, we concluded 86 SGP audits. Last year, we had findings from one supplier in Poland regarding a breach of the provision in our SGPs concerning recruitment fees. The supplier was re-audited in 2021 to ensure proper implementation of agreed actions, and we confirmed no further issues.

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.

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 corporate website: (specifically for Human Rights please refer to sections 407-1, 408-1, 409-1, 414-2).

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 join EcoVadis and efficiently deal with closing their open action plans that subsequently supports improving their scores.

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), to name a few.

By end December 2021, we had 1,184 suppliers assessed with EcoVadis, representing an increase of over 40% versus 2020, with this number continuing to increase in 2022. The average overall score for our suppliers in 2021 was 47.3, which is above the average score 43.9 of the EcoVadis universe. In the area of Labour and Human Rights, our suppliers in scope reached 50.2 compared with an average of 46.7 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.

You may refer on our corporate webpage: for details on the CCH Sustainability Monitoring Program.

You may refer to our corporate webpage:



## 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 2021, 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.



## 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.



## 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 2021, 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.

We also updated our whistleblowing policy to ensure we inform employees within our EEA countries that they have the opportunity to raise any concerns of public interest to the appropriate local authorities where they believe those issues are not addressed in a timely way by the company.

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 2022, we will continue with our annual communications on the SpeakUp 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.

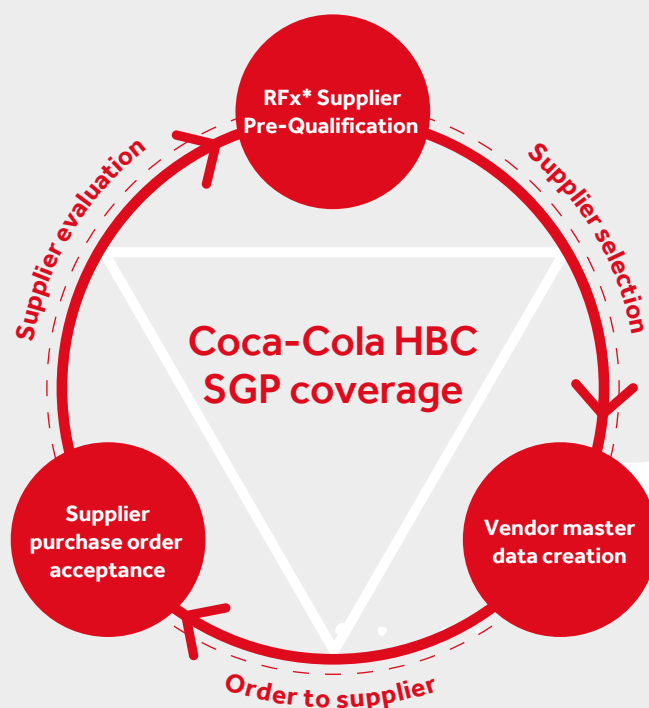
Additionally, we shall provide the following information:

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.



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 (COBC) 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.

In April 2021, a new consolidated e-learning programme on our Code 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 Code and its related policies, including the Human Rights Policy. At the end of the training wave 97.7% of the total population passed the course. Since then, we've continued 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

A handwritten signature in blue ink, reading "Miles Karemacher", is positioned above a horizontal line.

Dated: