Coca-Cola HBC Slavery and Human Trafficking Statement 2016

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 2016.

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 Coca-Cola HBC.

Introduction

As an ethical business organization, the Group acknowledges that slavery, servitude, forced labour and human trafficking (Modern Slavery) is a global and growing issue affecting men, women and children of all ages and across the population in every region of the world. The Group companies have a zero tolerance approach to Modern Slavery of any kind within their operations and supply chains and they are taking steps to ensure that their employees, contractors and suppliers understand the Group’s commitment to human rights and their own rights and responsibilities.

Our business and supply chains

The Group is a leading bottler of the brands of The Coca-Cola Company (TCCC) employing some 32,100 people with sales of more than 2 billion unit cases, or 50 billion servings, annually. It has operations in 28 countries spanning three continents, reaching 594 million people.

Our supply chain organisation plays a central role in our business, ensuring that in all our processes we minimise our environmental impact and ensure sustainability in our value chain, all the way from sourcing raw materials to manufacturing the final product and distributing it to our customers. Our practice is to source locally if the goods and services are available to meet our requirements and quality standards in an economically viable way.

Policies and controls

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

At the core of our system of internal control is the Group’s Code of Business Conduct, which serves to communicate to all employees and management of each Group company that a high degree of ethics and values must be adhered to. The Code clarifies the Group’s standards of employee conduct and clearly sets expectations that 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 and contract employees, consultants, agents and any other third party who act in the name of any Group company to act in accordance with the principles of the Code.


Our commitment to prohibiting modern slavery is clearly set out in our Human Rights Policy which is guided by 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 comprises express prohibition of forced labour, child labour and human trafficking.


Our Supplier Guiding Principles (SGP), which are aligned with the expectations and commitments of our Human Rights Policy, apply to our suppliers. In 2015, they were updated to include express reference to the obligation of suppliers to be able to demonstrate, as a minimum, their compliance with our SGP and with the eight Core Conventions of the International Labor Organization if these set higher standards than local law.


We are committed to working with TCCC and our suppliers to ensure that we source our key agricultural ingredients sustainably. We work with our suppliers to ensure compliance with the Sustainable Agriculture Guiding Principles which communicate our values and expectations of compliance with all applicable laws and emphasize the importance of responsible workplace practices that respect human rights. Together we are developing a roadmap to supplies of sustainable ingredients by 2020. We build our strategic suppliers’ capacity through joint workshops.


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

The Group has developed and the Group companies are implementing a due diligence process which covers the identification of potential human rights issues, the identification of vulnerable groups, the mitigation actions and monitoring. Relevant parts of the due diligence process are used in the Group companies supplier pre-assessment process including criteria for supplier selection. In particular, in the beginning of 2016 the Group has introduced an Environment, Social, Governance (ESG) Self-assessment tool for our suppliers as part of Sourcing Strategy and Selection factors. The objective of the tool is to screen suppliers during the selection process in 6 areas, including Human and Labor Rights and H&S Work Conditions.

The results of the ESG Self-assessment tool are factored in our RFP process evaluation criteria.

As of 31st December 2016 our SGP is part of issued tenders and purchase orders sent to suppliers. We require all suppliers to adhere to the ethical standards, employment and human rights practices, environmental and work safety requirements prescribed in our SGP and to confirm adherence to the SGP contractually.

Our Group Chief Procurement Officer in November 2015 has written to our suppliers restating that they are required to meet our SGP, and to comply, at a minimum, with applicable environment and local labour laws and the ILO Core Conventions.

The Group’s suppliers must be able to demonstrate compliance with the SGP at the request and to the satisfaction of Coca-Cola HBC. The SGP minimum requirements are part of all agreements between Coca-Cola HBC and its suppliers. We expect our suppliers to develop and implement appropriate internal business processes to ensure compliance with these SGP. If a supplier fails to uphold any aspect of the requirements of the SGP, 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 these SGP.
Audits of Coca-Cola HBC's operations, called Workplace Accountability Audits, are conducted at least every three years in Coca-Cola HBC's plants by an independent third party international organization. All plants, with two exceptions for security reasons, have been audited within the past three years. The scope of these audits includes aspects on human rights and covers contractors and others who are not employees, such as staff of third party service providers.

Coca-Cola HBC's sites and suppliers who 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.

We audit our suppliers of direct materials and packaging who participate in our Group tenders through independent audits which are carried out by third parties engaged by TCCC. These audits assess compliance of such suppliers with our SGP, which includes human rights matters, at least once every three years. The TCCC audit results are communicated to our Group Quality, Safety and Environment team.

Our strategic and most critical indirect suppliers, who participate to Group tenders and provide goods or services to us, are requested to subscribe to SEDEX (Supplier Ethical Data Exchange), a not-for-profit organisation and the world’s largest collaborative platform dedicated to driving improvements in ethical and responsible business practices and sourcing in global supply chains. Suppliers can upload their ethical audits in SEDEX and all of their customers have access to those audits. We track which of our suppliers are members of SEDEX and therefore their audit programs that cover our SGP requirements.

As at 31st December 2016, findings from all the audits were minor with the majority reported matters falling under Health & Safety. All matters identified by our audit process are subject to corrective action and verification of the action taken either by desktop assessment or follow up by the third party independent audit body.

**Reporting Grievances**

In September 2015, we introduced a *whistle-blower hotline, the ‘Speak Up!’ ethics and compliance line*. The new hotline, managed by a third party, is available across the Coca-Cola HBC Group in 23 languages. It is accessible 24 hours a day, 7 days a week, via phone or internet. The hotline 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 such as the Human Rights Policy, if they believe that a human rights impact has or might occur.

In 2016 our Group organised the "Ethics & Compliance Week" for employees of all the Group companies which focused on increasing confidence in reporting instances of dishonest or unethical practices to the appropriate level of authority without fear of retaliation.

As at 31 December 2016 no grievances related to human rights have been filed.

**Measuring effectiveness**

In order to assess the effectiveness of the measures taken by Coca-Cola HBC in ensuring that slavery and human trafficking is not taking place in its business or supply chains we will continue reviewing and reporting on our activities in our subsequent Modern Slavery Statements in particular in relation to the following key performance indicators:

As per our Coca-Cola HBC Procurement Guidelines, our target is for 100% of our suppliers to comply with our SGP by 2017 by using our "SGP Coverage Triangle" with three checkpoints throughout the procure-to-pay process, available on our website at [http://coca-colahellenic.com/en/operations/supply-chain/our-suppliers/](http://coca-colahellenic.com/en/operations/supply-chain/our-suppliers/).
As at 31 December 2016 above 90% of our suppliers complied with our SGP. We intend to take steps to increase this percentage to 100% in 2017.

We have committed to certify 95% of key agricultural ingredients against the Sustainable Agriculture Guiding Principles by 2020.

We intend to set up performance indicators in relation to:

- Coverage of our procurement staff trained on CSR;
- investigations conducted in case of Modern Slavery reported occurrence and corrective actions taken in response.

**Training**

All new Coca-Cola HBC employees, including national security leaders and managers, receive Code of Business Conduct and anti-corruption training, which is refreshed every two years.

Most on-site security personnel are employees of contracted partners, who also have to abide by CCHBC’s SGP and all other applicable Company policies as per their contract, and receive relevant information as part of their induction.

We intend to train our procurement staff to be familiar with and to use the Group’s recently developed ESG Tool which includes also human rights aspects.

We are planning for 2017 the “Sustainability Week” where suppliers will be invited to understand CCH CSR strategy, share their CSR strategy and work on defining joint CSR targets and/or initiatives.

During our planned Annual Ethics and Compliance Week in 2017, our global communication campaign on Ethics and Compliance topics across our Group will focus on raising awareness among our employees on human rights, including modern slavery and human trafficking.
Board Approval

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.

Mathieu Seguin
Managing Director
Coca-Cola HBC Northern Ireland Limited

Dated: 12th May 2017