



Coca-Cola HBC Slavery and Human Trafficking Statement 2017

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 2017.

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

This is the Group's second Slavery and Human Trafficking Statement. The [first such statement](#) was published in May 2017. 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 29,427 people with sales of more than 2.1 billion unit cases annually. It has operations in 28 countries spanning three continents, reaching some 600 million people.

Under a unified procurement framework, we segment our supply base universe of around 35,000 suppliers into direct and indirect spend suppliers.

- Direct spend suppliers include ingredients and packaging suppliers.
- Indirect spend suppliers include categories such as IT, production equipment, spare parts, maintenance services, logistics providers, fleet vehicles, utilities, real estate, facilities management, professional and other consultancy services, personnel and temporary labour.

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 (Sweeteners, Juices, Resin, Cans, Glass, Preforms, Closures, Aseptic Packaging), limited alternatives and partnership supporting our business strategies.
- Country Strategic Suppliers are those that have strategic importance at a local or regional level. Both Group Critical & Country Strategic suppliers are considered critical to the overall competitiveness and success of Coca-Cola HBC.
- 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.



At Coca-Cola HBC, we are committed to high standards of performance related to human rights and labour practices, minimizing environmental impact, ensuring health and safety, ethical business and unsurpassed quality in our supply chain. Our supplier partners play a critical role in ensuring that we deliver against these standards.

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. Over 98% of our spending is local in our countries of operation or from within the European Union, which is considered local for EU countries.

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 parties who act in the name of any Group company to act in accordance with the principles of the Code.

<http://coca-colahellenic.com/en/about-us/policies/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 comprises express prohibition of 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.

<http://coca-colahellenic.com/en/about-us/policies/human-rights-policy/>

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. In 2017 they were further updated to include a more expansive prohibition of slavery, forced labour and



human trafficking among our suppliers. This followed internal review and consultation within our own operational sites and supplier base.

<http://coca-colahellenic.com/en/about-us/policies/supplier-guiding-principles/>

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.

<http://coca-colahellenic.com/en/about-us/policies/sustainable-agriculture-guiding-principles/>

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

Risk assessment

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 in relation to both our own operations and our supply chains.

Modern slavery and human rights risks are included within the Group's overarching Risk Management Framework which is both top down and bottom up, ensuring that we identify, review and escalate, where appropriate, any risks arising from our business activities.

The Board of Coca-Cola HBC AG is ultimately responsible for the Group's risk management and internal control systems, and for reviewing their effectiveness. While responsibility for overseeing these processes rests with the Audit and Risk Committee, the Board as a whole is informed of outcomes and all significant issues.

Our risk management process includes:

- Regular risk assessments within markets and corporate office support functions to assess progress with risk management strategies. The regular review process, supported by annual sessions facilitated by the Group Chief Risk Officer, together with quarterly feedback meetings, ensures 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 risk environment. They are analysed and significant operational risks and actions are escalated to the Group Region Directors and the Group Business Resilience function.
- Review of identified risks by the Group Risk Forum, our independent risk review forum and strategic think-tank comprising senior leaders in the business, which then presents issues relating to critical exposure to the Group Operating Committee.
- Review of critical risk exposures by the Group Operating Committee, which reports material changes and mitigating actions to the Group Audit & Risk Committee.



Suppliers

Relevant parts of the due diligence process are used in the Group companies' supplier pre-assessment process including criteria for supplier selection. In 2016 the Group introduced an Environment, Social, Governance (**ESG**) Self-assessment tool for our suppliers as part of Sourcing Strategy and Selection factors. This included coverage of suppliers' policies on forced labour. The results of the ESG Self-assessment tool are factored in our RFP process evaluation criteria.

In addition, we have started recognising credible third party audit and assessment methodologies (e.g. SMETA 6.0) and are using a third party risk assessment tool (Ecovadis CSR evaluation) to assess supplier capacity on broad sustainability issues including human rights. We are rolling this out to all our Group Critical Suppliers and Country Strategic Suppliers.

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

Our SGP is part of issued tenders and purchase orders sent to suppliers. Under our Procurement Guidelines, 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.

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 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 the SGP.

We audit our suppliers of direct materials and packaging who participate in our Group tenders through independent audits that 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.

As at 31st December 2017, findings from all the audits were minor with the majority of 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.

Our operational sites

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 the exceptions of one plant recently acquired that we plan to audit in 2018, and one plant for security reasons, 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. Audits have found no instances of forced labour.



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.

On the basis of our risk assessment and audit processes, with regard to modern slavery, we consider the highest risk geography where we operate to be Nigeria, and the area of the business with most risks to be workers employed by sub-contracted service providers.

Capacity building and collaboration

Our critical suppliers are invited to subscribe to EcoVadis, a third-party CSR assessment platform, hosting a collaborative network to manage the sustainability performance of suppliers. The platform monitors CSR risks utilizing 21 criteria divided in four themes based on international standards such as UN Global Compact, ISO 26000, GRI, ILO etc. In 2017 we recruited there more than 200 of our critical suppliers.

We build our strategic suppliers' capacity through joint workshops. We engage with our suppliers through our joint value creation initiatives and sustainability events, industry associations, workshops on sustainable supply, Annual Stakeholder Forum, materiality survey and CSR platform for ethical and sustainable supply chains.

Reporting Grievances

We have a **whistle-blower hotline, the 'Speak Up!' ethics and compliance line**. The 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 2017 we held an awareness campaign on Speak Up involving group-wide messaging and localised initiatives, including enhanced communication about the hotline to contractors and employees such as drivers. This campaign will be repeated in 2018.

We track the volume and type of issues raised and, while there has been a significant increase in the use of the hotline resulting from improved communications, there have been no issues raised relating to modern slavery as of 31 December 2017.

Measuring effectiveness

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 Act Statements; in particular in relation to the following key performance indicators:

We aim to achieve 100% of our suppliers accepting our SGPs by utilising our 'SGP Coverage Triangle' with three checkpoints throughout the procure-to-pay process, available on our website.:

<https://coca-colahellenic.com/en/operations/supply-chain/our-suppliers/>



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



As at 31 December 2017 more than 90% of our suppliers accepted our SGP.

We have committed to certify 95% of key agricultural ingredients (sweeteners and juices) against the Sustainable Agriculture Guiding Principles by 2020. As at 31 December 2017 we have achieved 33% and are on track to meet our 2020 goal.

We intend to set up performance indicators in relation to:

- coverage of our procurement staff trained on CSR; and
- 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. As of 31 December 2017, more than 95% of the Group employees completed these trainings.

Most on-site security personnel are employees of contracted partners, who are also required 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.

In 2017 we delivered training sessions on our Procurement Guidelines and Sustainability topics (ESG tool etc.) for our Poland, Czech, Russia, Baltics and Adria Business Units. In 2018 we plan to extend these trainings to all countries of our Group.

During the year we piloted Supplier Sustainability Days in three countries to provide a forum for the discussion of our policies and expectations on sustainability issues, including human rights. We are targeting more countries in 2018.



In 2017, our annual Ethics and Compliance week was dedicated to raising awareness and understanding of Human Rights, including modern slavery. This campaign covered all countries and all sites of the Coca-Cola HBC Group.

We also introduced a Managers' guide to the Human Rights policy, and we are introducing an e-learning module to help managers understand their role in ensuring compliance with that policy. The guide can be found on our website at:

<https://coca-colahellenic.com/media/2803/cchbc-human-rights-policy-managers-guide.pdf>

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.

Matthieu Seguin

Managing Director

Coca-Cola HBC Northern Ireland Limited

A handwritten signature in black ink, appearing to read "MS", written over a horizontal line.

Dated: 8th June 2017