

November 2016

Refreshing business

Sustainable Sourcing



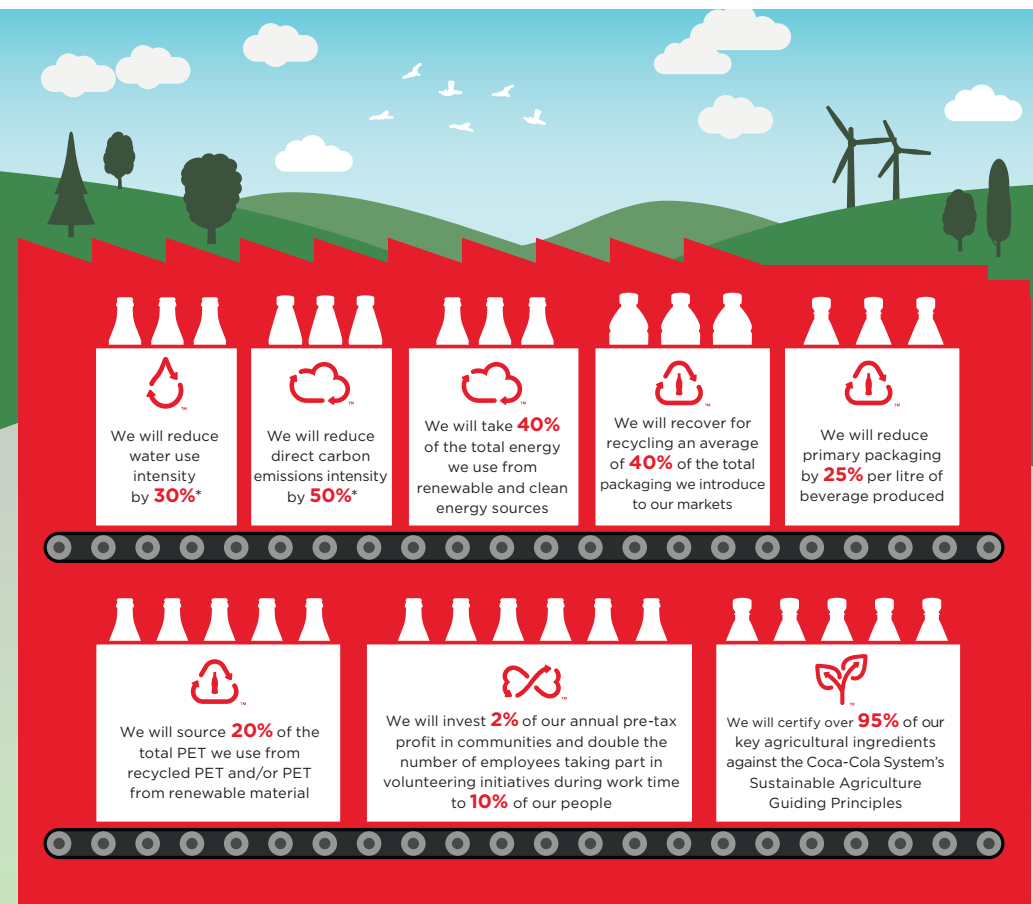
Coca-Cola
Hellenic Bottling Company



Central &
Eastern Europe

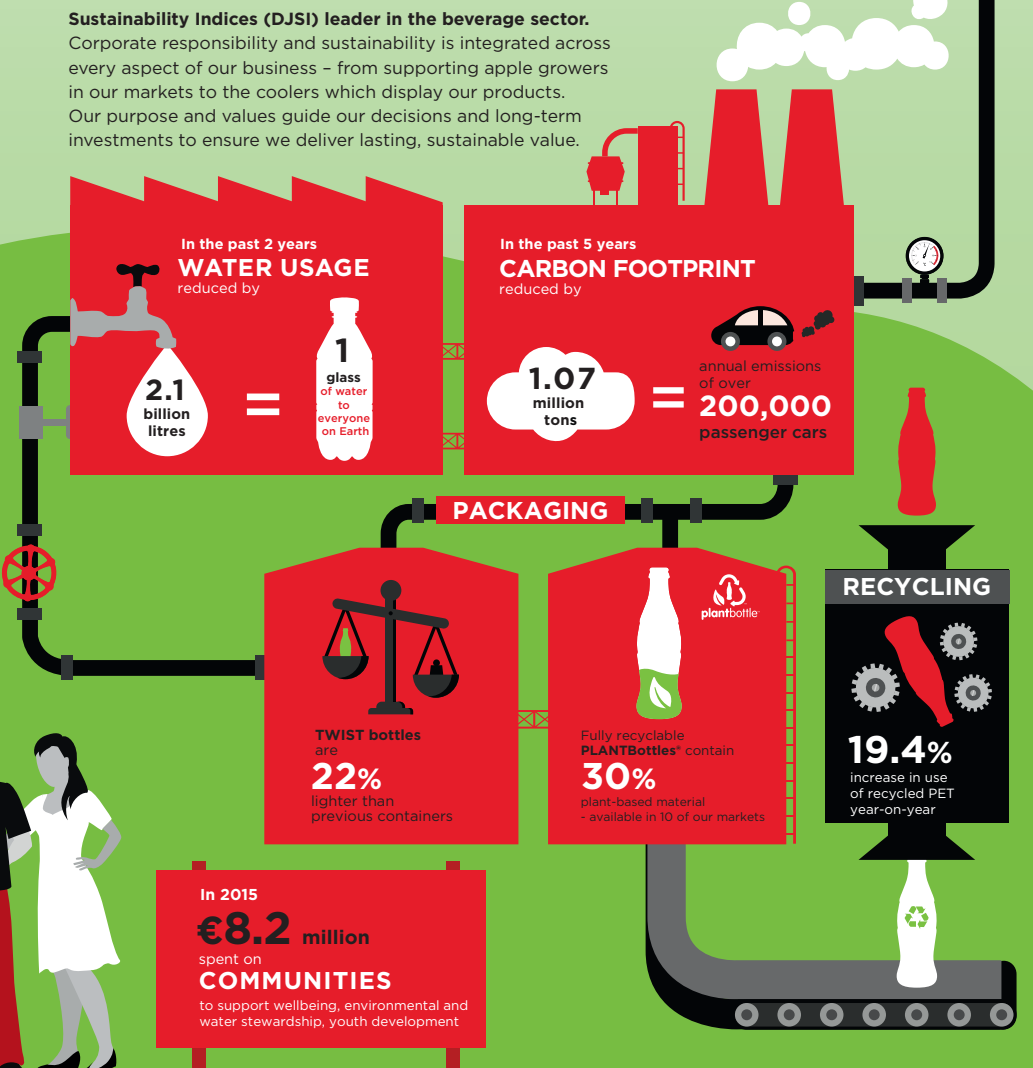
Coca-Cola HBC's 2020 SUSTAINABILITY commitments

Coca-Cola HBC announces ambitious new sustainability targets to inspire a better future. These targets are part of our strategy to grow our business responsibly, profitably and sustainably.



INDUSTRY LEADER FOR THE THIRD CONSECUTIVE YEAR

Sustainability Indices (DJSI) leader in the beverage sector. Corporate responsibility and sustainability is integrated across every aspect of our business – from supporting apple growers in our markets to the coolers which display our products. Our purpose and values guide our decisions and long-term investments to ensure we deliver lasting, sustainable value.



Sustainable Sourcing

THE ISSUE

Agriculture is at the heart of the world sustainability challenge. Population growth and increasing standards of living create additional demand for food and agricultural products. In an era marked by scarcer resources, greater demand and price volatility, water, food and energy demands connect businesses, communities and farmers. The UN Sustainable Developments Goals (SDGs) support a positive vision for 2030 and businesses, civil society and governments will have to collaborate effectively to achieve them. Sustainable sourcing falls under SDG 2. - End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

A sustainable agricultural supply chain is essential to the well-being of the communities in which we operate, and is critical to the success of our business, as the sourcing of our raw materials accounts for a large portion of our economic, operational and environmental footprint.

OUR APPROACH AND PROGRESS SO FAR

The approach of the Coca-Cola System to sustainable agriculture is rooted in the principles of protecting the environment, upholding human and workplace rights and helping build more sustainable communities. We seek to mitigate business risks by addressing challenges to the availability, quality and safety of agricultural ingredients; to meet consumer demand for products that align with a healthy and sustainable lifestyle; and to balance the costs of sustainability by leveraging relationships and initiating new opportunities, also ensuring that our agricultural suppliers and their suppliers have a sustainable business.

Sustainable Sourcing at the Coca-Cola System

At Coca-Cola HBC, we work together with The Coca-Cola Company to meet the expectations of our consumers, customers, other stakeholders and enable the continued growth of the System. To do so, it is imperative we maintain a secure, sustainable supply of the agricultural ingredients that are essential to our brands. To this end, The Coca-Cola Company has developed a set of [Sustainable Agriculture Guiding Principles \(SAGP\)](#), which set expectations of our agricultural ingredient suppliers, to sustainability address challenges specific to agriculture. We believe the SAGP provide a mutually beneficial foundation for the Coca-Cola System and its partners in the agricultural supply chain.

Currently, suppliers to both The Coca-Cola Company and Coca-Cola HBC, are required to meet our [Supplier Guiding Principles \(SGP\)](#), which communicate our values and expectations of compliance with all applicable laws and emphasise the importance of responsible workplace practices that respect human rights. The Sustainable Agriculture Guiding Principles expand on the SGPs and provide guidance to our suppliers of agricultural ingredients. These Principles establish the framework for defining our commitment to sustainable sourcing and are integrated into internal governance routines and procurement processes.

We work collaboratively with our suppliers on the journey ahead to ensure that all agricultural ingredients are sourced sustainably, and we recognise the challenges this poses. We encourage all our suppliers to work continuously towards more sustainable practices and to uphold the following Sustainable Agricultural Guiding Principles.

The Coca-Cola System Sustainable Agricultural Guiding Principles

HUMAN & WORKPLACE RIGHTS

1. Ensure freedom of association & collective bargaining
2. Prohibit child labour, forced labour & abuse of labour
3. Eliminate discrimination, ensure equality and diversity of workforce
4. Respect laws and agreements on work hours & wages
5. Provide a safe & healthy work environment
6. Respect community & traditional rights

ENVIRONMENT

1. Ensure responsible, sustainable water management
2. Ensure responsible, sustainable energy management & climate protection
3. Work to conserve natural habitats, ecosystems and biodiversity
4. Ensure sustainable soil management
5. Implement crop protection practices and adhere to our GMO policy

MANAGEMENT SYSTEMS

1. Implement good harvest & post-harvest handling practices
2. Ensure reproductive material identity across the supply chain
3. Implement relevant management systems, record keeping & transparency
4. Commit to business integrity

More details on the [SAGPs](#) on our website.

Strategic sourcing at Coca-Cola HBC

We consider our suppliers as critical partners contributing to the ongoing success of our business and maintaining our reputation with stakeholders. As a critical part of our value chain, the performance of our suppliers directly impacts the sustainability performance and commitments of the Coca-Cola System. These include a wide range of economic, environmental and social impacts.

A wide, well segmented, supply base

Under the "one Coca-Cola HBC" procurement framework, we segment our supply base universe of over 43,000 suppliers (reduced from 59,500 in 2014) into direct and indirect spend suppliers. Direct spend suppliers include ingredients and packaging suppliers. Indirect suppliers include categories such as IT, production equipment, spare parts, maintenance services, logistics providers, fleet vehicles, utilities and temporary labour.

We also segment suppliers into three tiers based on criticality and potential opportunities. We assess our suppliers based on their financial stability, social and water impacts based on location, energy and carbon impacts based on supply type, quality impacts based on supplier performance and external market factors impacting commodity pricing.

We define tier one suppliers as those that fulfil all or part of the following criteria: high % of spend; limited alternatives; partnership supporting our business strategies. These suppliers are critical to the overall competitiveness and success of Coca-Cola HBC and of the total supply base.

Tier two suppliers are those which have strategic importance on local or regional level.

Tier three suppliers represent low volume, low spend suppliers with many alternative sources available enabling a flexible supply base.

For agricultural commodities, we work with multinational suppliers to source ingredients from farms located in Coca-Cola HBC countries. For example, we source fruit juice from farms in Greece, Poland, Serbia, Italy, Russia, Hungary and others, while we source sugar from our EU markets, Switzerland, Serbia, Russia, Belarus, Ukraine and others, and isoglucose from Hungary.

As of 2015, ingredients contribute to 83% of our water footprint while packaging and coolers/vending machines for serving chilled drinks account for 68% of the value chain CO₂ emissions.

We partner with our suppliers to provide new technologies for equipment, packaging, refrigerators, vending machines and with our logistics providers to minimise our impact and environmental footprint, and improve our performance. Given the diversity of countries from which we source raw materials, we are aware that the labour, human rights and ethical business practices of our suppliers reflect on the reputation of the Coca-Cola System.

At Coca-Cola HBC, we are committed to high standards of performance related to human rights, labour practices, minimising 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.

We therefore require all suppliers to adhere to the ethical standards, the high employment and human rights practices, environmental and work safety requirements prescribed in our Supplier Guiding Principles

Strong governance to monitor performance

The Supplier Guiding Principles, the Sustainable Agriculture Guiding Principles, as well as the Supplier Code of Business Conduct create a robust governance framework which helps ensure that the targets set by the Coca-Cola System are jointly achieved with our suppliers.

In addition, we have developed an environmental, social and governance supplier pre-assessment process for supplier selection. We maintain transparency throughout our supply base via our membership in Supplier Ethical Data Exchange (SEDEX) and The Coca-Cola Company Supplier Guiding Principles audits. We monitor compliance of our key suppliers through audits (89 SGP audits were conducted in 2015) and we are targeting to have 100% of our supply base adopting the SGP by the end of 2016.

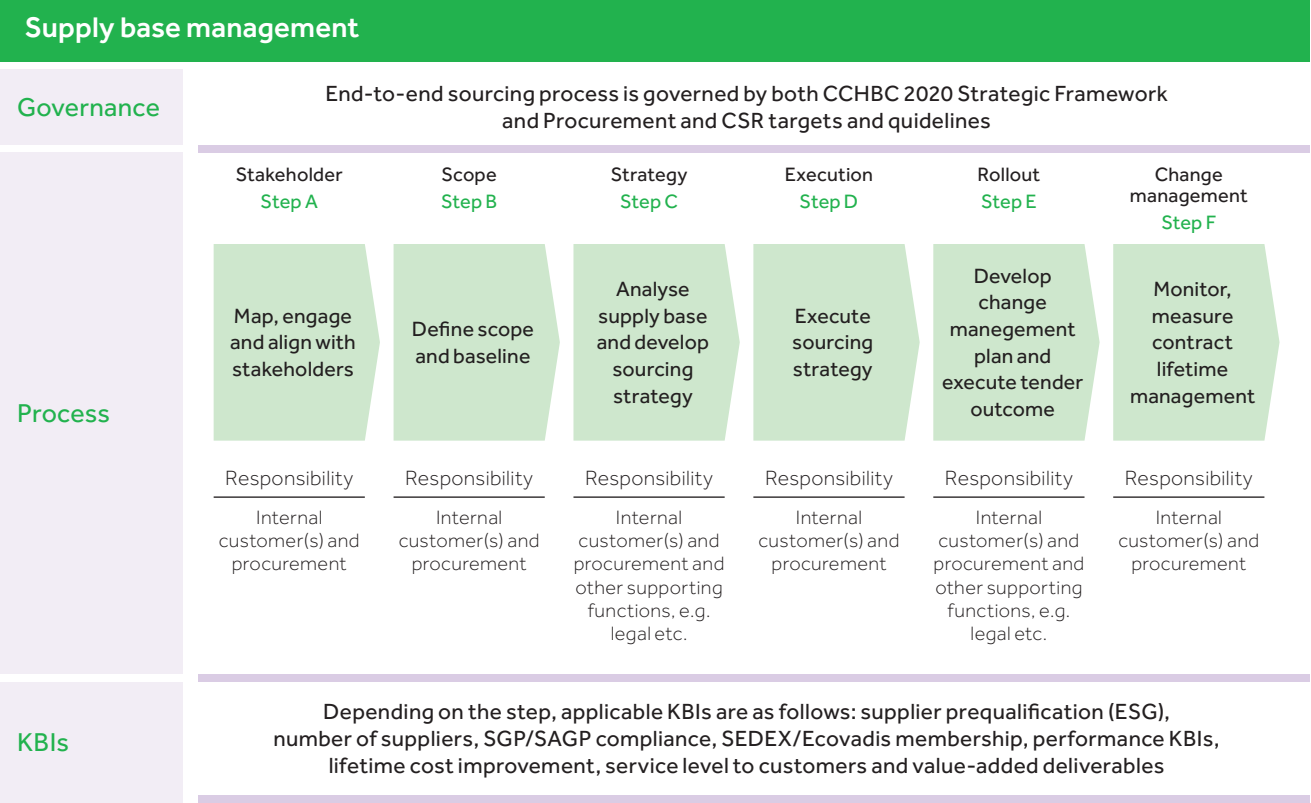
In 2015, we focused on working with tier 1 ingredients' suppliers in order to establish and monitor progress against their SAGP roadmaps. In September 2016, to emphasise the importance of tier 2 & 3 suppliers' commitment (close to 40% of key juice supply and

10% of sweeteners' supply) to SAGPs and discipline in execution of their roadmaps, we hosted Sustainable Agriculture workshops to help build the necessary capability at the supplier end. In addition, we will continue working with sweetener tier 1/2 suppliers to ensure their readiness for 3rd party validation audit.

We also recognize supplier certifications as per international standards including ISO 9001, 14001, 50001, FSSC 2200 and OHSAS 18001. Specifically, for agricultural commodities, such as sugar and fruit juices, working with the industry to align with important initiatives, such as the Sustainable Agriculture Initiative (SAI) platform, the Rain Forest Alliance, Fair Trade, and Bonsucro.



The following flow diagram illustrates our process for supply base management, including responsibilities in the organisation and where policies, standards and governance processes are applied.



FUTURE OUTLOOK

We have recently set out seven new 2020 sustainability targets that cover our range of activities across the value chain and support our purpose to inspire a better future.

Among those, Coca-Cola HBC commits to certify over 95% of key agricultural ingredients against the Coca-Cola System’s Sustainable Agricultural Guiding Principles, by 2020. To do so, we will continue working very closely with The Coca-Cola Company and our key ingredients suppliers (sugar, stevia and key fruits) through established routines and targeted workshops, while we will continue leveraging our participation in international sustainable agriculture organisations (SAI, Bonsucro etc.) together with The Coca-Cola Company.

SOME KEY INITIATIVES

Supporting the Russian sugar beet market

At Coca-Cola HBC, we strive to source our key agricultural ingredients sustainably and locally, and we have made great progress towards this end in recent year.

Russia is our largest area of operation, so the need for agricultural products is high here. The Russian market produces over 10 million tonnes of seven major food commodities: wheat, sugar beets, milk, potatoes, barley, corn & sunflower seed. The Russian Federation’s sugar industry particularly has expanded its output over the past ten years, but is still cannot cover the vast needs of the country and relies on import.



We help the Russian industry to develop its beet sugar production capacity, eliminating the need to import sugar for our operations in the country; suppliers invested \$100million to increase local production, and as a result, Russian locally grown beet sugar accounted for 100% of our supply in 2015. Besides, by developing the Russian sugar beet industry, we are delivering technical expertise and funding, which brings indirect socio economic benefits in the region.

We follow a similar approach in Belarus, Ukraine, Serbia and Switzerland by sourcing sugar locally, and in this sense supporting local beet sugar producers. For juice production we reinforce our local sourcing strategy by optimising logistics cost through sourcing local apple juice in Poland, Hungary, Serbia, Russia and Ukraine; peach and apricot juice in Greece, Italy and Serbia; orange juice in Greece; and tomato juice in Ukraine.

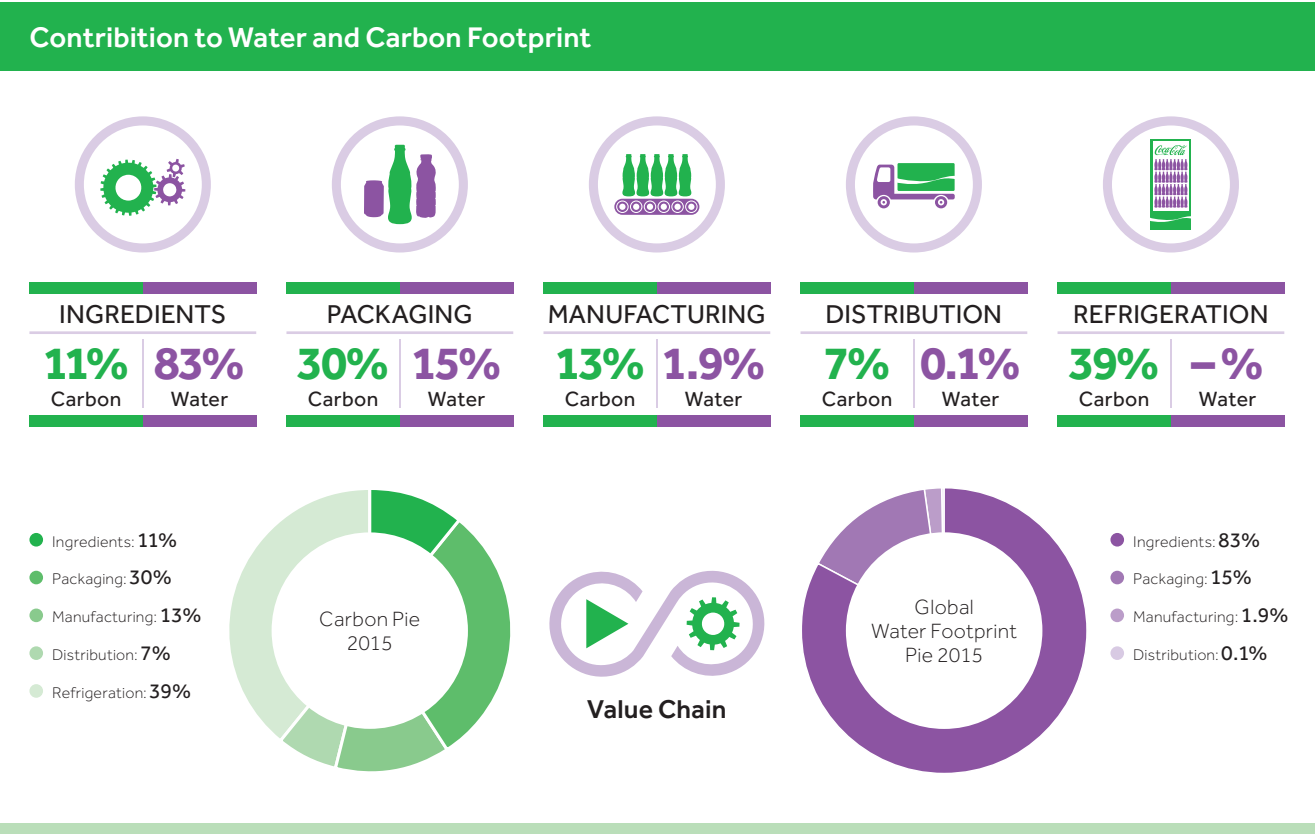
The Coca-Cola Company’s agricultural supply chain journey

In 2013, The Coca-Cola Company began a journey to better understand the key human rights risks for its extensive agricultural supply chain; a project that

would require significant collaboration with the bottling partners, suppliers and key stakeholders to carefully examine these risks and prevent any non-compliance.

Promoting sustainability throughout the supply chain begins with going straight to the source to assess environmental and social impacts. Third-party studies on child labor, forced labor and land rights have served as important vehicles to build an understanding of the Company’s policies internally and a framework to undertake action in collaboration with our supply chain partners in our markets. The Coca-Cola Company has undertaken in-depth studies examining potential human rights impacts throughout the sugar supply chain in Colombia, Guatemala, El Salvador and Honduras, and will continue to release additional studies including work done in Brazil, India, Mexico and several countries in Africa.

This work advances the System’s longstanding commitment to implementing transparency, accountability and sustainability throughout its business system and supply chain, in close collaboration with bottling franchise partners, suppliers and stakeholders.



28 countries

136 brands

2 billion unit cases

€804 m EBITDA

33,000 employees

OUR PURPOSE

"Bring togetherness, spread happiness and inspire a better future" motivates our employees to make a meaningful contribution to business and society.

OUR MISSION

We seek to refresh our consumers, partner with our customers, reward our stakeholders and enrich the lives of the people in our local communities.

OUR VISION

To become the undisputed leader in every market in which we compete.

Established markets

- Austria
- Cyprus
- Greece
- Italy
- Northern Ireland
- Republic of Ireland
- Switzerland

Developing markets

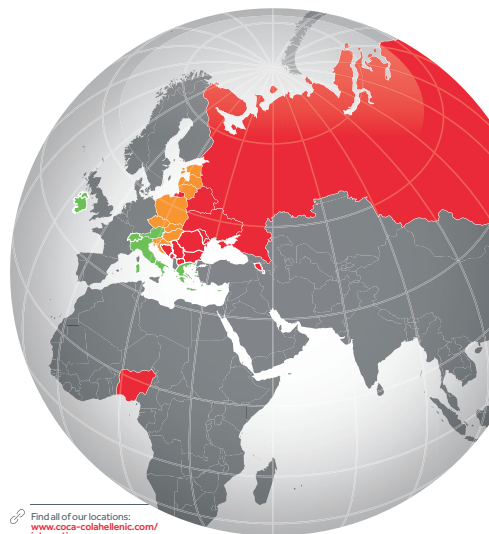
- Croatia
- Czech Republic
- Estonia
- Hungary
- Latvia
- Lithuania
- Poland
- Slovakia
- Slovenia

Emerging markets

- Armenia
- Belarus
- Bosnia & Herzegovina
- Bulgaria
- FYROM
- Moldova
- Montenegro
- Nigeria
- Romania
- Russia
- Serbia
- Ukraine

Our broad geographic footprint

We operate across 28 countries and three continents. Our territories extend from as far west as the Dingle Peninsula in County Kerry, Ireland, to Petropavlovsk, the easternmost point of Russia, and from the Arctic Circle to the tropics of Nigeria. This breadth provides attractive growth opportunities and reduces our dependence on any particular market.



Find all of our locations:
www.coca-colahellenic.com/interactivemap

3

continents

59

bottling plants

289

filling lines

292

warehouses and distribution centres

594 million consumers

BUSINESS MODEL

Capitals

Financial

We seek to efficiently use funds obtained through financing or generated from operations or investments.

Manufactured

We carefully manage the stock of manufactured capital, including equipment and buildings, available to produce and distribute our products.

Human

We continually work to develop the competencies, capabilities and talent of our people, a critically important asset.

Natural

Water, energy, and other natural resources are important inputs to our value creation processes, and we seek to use them efficiently.

Intellectual

Our knowledge-based assets include our brands and brands we license, as well as proprietary technology, standards, licences and processes.

Social and relationship

Social and relationship capital includes our reputation and our ability to earn and maintain the trust of key stakeholders.

Value added by



Working with partners and suppliers

Our partnership with The Coca-Cola Company gives us exclusive rights to manufacture and sell their branded products in our territory. The Coca-Cola Company develops and owns brands which account for 97% of our volume sold. They also produce and supply our Company with the concentrate, or syrup, that is the main ingredient for our beverages. We rely on our supply chain for many types of inputs to our business, including equipment and machinery and consultancy services and software. Partnering with responsible, dependable, efficient suppliers allows our Company to focus on what we do best – producing and distributing beverages that bring smiles to consumers.



Producing cost-efficiently

Using concentrate from The Coca-Cola Company, and other ingredients, we produce, package and distribute products. We produce nearly all of the products we sell at production facilities that also have distribution centres and warehouses. Utilising these facilities wisely helps us produce products responsibly and is key to our profitability.



Serving consumers and communities

We offer a range of beverages to satisfy evolving consumer preferences and active, healthy lifestyles. By providing products that meet consumer needs and operating a responsible, sustainable business, we create value for the communities where we operate.



Serving customers effectively

We manage customer relationships as well as promotions and displays at the point of sale. Our customers rely on us to have a full range of quality products on the shelves every day, so that they can satisfy consumers' refreshment needs. In order to give our customers the best possible service, we segment each market and serve each customer based on size and need, taking into account prevalent market conditions.

Value created

We create value for our stakeholders and our business

Net profit
€280m

Reduction in plants
11%

Direct employment
33,311

Reduction in water consumption
5.5%

Water replenishment rate of
164%

Total taxes
€271m

Volunteer hours
6,000

Spend on community programmes
€8.2m

Value shared with

By running a profitable, sustainable, responsible business, we create value which is subsequently retained by our business, making it stronger, and shared with all of our stakeholders.

Shareholders

Through the process of managing all inputs to our business well, we create profits which benefit shareholders through dividend payments and share value.

Suppliers

As we create value, we support businesses throughout our value chain, and support job creation beyond our business.

Employees

Developing, recognising and rewarding our people secures a skilled and motivated workforce.

Customers

Our efforts to produce products efficiently and responsibly builds value for our customers' businesses.

Communities

When our business is profitable, sustainable and responsible, the communities where we operate benefit through job creation, tax payments to governments, useful products and services, and minimisation of environmental impact. We also consistently invest 2% to 2.5% of our pre-tax profits in programmes to support communities in our territory.

FEEDBACK

We appreciate your feedback on this report and on any other aspect of our sustainability performance.

PLEASE CONTACT US AT

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Coca-Cola HBC has a premium listing on the London Stock Exchange (LSE: CCH) and its shares are listed on the Athens Exchange (ATHEX: EEE). Coca-Cola HBC is included in the Dow Jones Sustainability Index ("Industry Leader Amongst Beverage Companies in 2014 and 2015") and the FTSE4Good Index. The company also has an AAA rating on its ESG performance by MSCI. For more information, please visit <http://www.coca-colahellenic.com/>.