Coca-Cola HBC Issue Brief #1

October 2014

Stakeholder Engagement

Coca-Cola
Hellenic Bottling Company

Stakeholder Engagement

THE ISSUE

We value our stakeholders and seek to capture their experience, knowledge and insights to shape our thinking. Issues important to stakeholders and their thoughts on strategies to manage these are key to the sustainable development of Coca-Cola HBC (CCHBC). We create and share value through our relationships with others. Building and maintaining stakeholder networks is fundamental to our success. Listening to stakeholders – both external and internal – guides us in identifying and prioritising material issues.

OUR APPROACH AND OUR PROGRESS TO DATE

The importance of creating value for stakeholders is integrated in the mission and values of CCHBC. Similarly, our Play to Win strategic framework shows that listening and responding to stakeholder needs is a foundation to our sustainable growth.

Coca-Cola Hellenic Strategic Framework

Given the scale of our business, our stakeholders represent a diverse group ranging from local to global interest groups and governing bodies across our 28 countries. We interact with many stakeholders in the course of everyday business, including suppliers, customers, and employees, industry coalitions, governments, regulators and NGOs. We integrate sustainable development considerations into these business relationships which influence the entire value chain.

Our approach to stakeholder engagement takes a variety of forms:

- Shareholders, investors and analysts: Annual General Meetings, quarterly road shows, results briefings, webcasts with shareholders and analysts, and ongoing dialogue with analysts and investors
- Employees: engagement and values index surveys; quarterly CEO business updates; annual Leadership Conference for the top 300 leaders to review progress and set a course going forward; employee communications; management by objectives, individual development plans, people development forums; management trainee programs, health and safety communications programmes; community and active lifestyle projects; corporate volunteerism; Employee Works Council, and whistleblower hotline
- Customers: customer centric relationship management for joint value creation, strategy that considers occasion, brand, package, price and channel; regular meetings, dedicated account teams; joint business planning; customer care centres; satisfaction surveys; Annual Stakeholder Forum
- Consumers: consumer hotlines; local websites; plant tours; research, surveys, focus groups; segmented and customized integrated communications via innovative channels including social media and trade marketing at the point of purchase in retail outlets
- Suppliers: joint value creation initiatives; annual supplier conference; sustainable sourcing; Supplier Guiding Principles; packaging associations; workshops on sustainable supply; Sustainable Agriculture Guiding Principles and Annual Stakeholder Forum

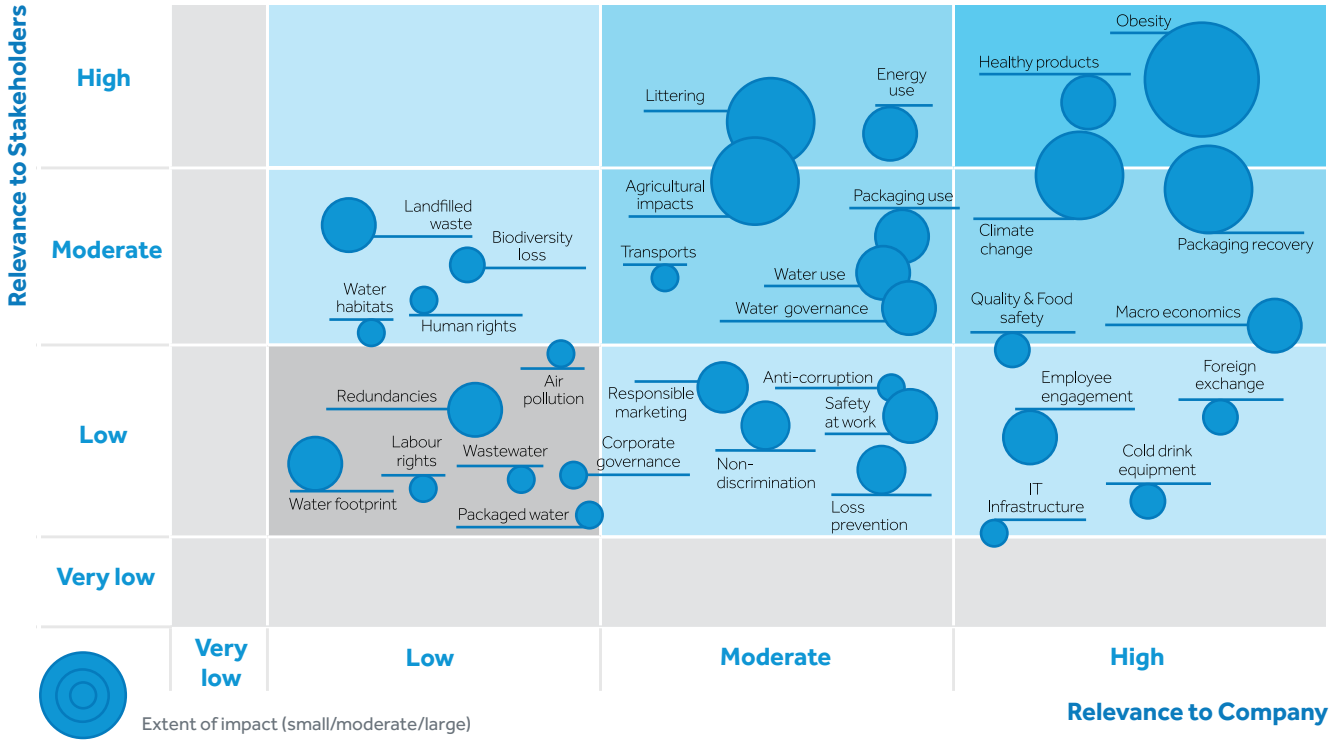
- Governments and regulatory authorities: participation in consultations, discussions, recycling and recovery initiatives, EU Platform for Action on Diet, Physical Activity and Health also in countries where this is operational, foreign investment advisory councils, chambers of commerce, embassies, Annual Stakeholder Forum
- Non-governmental and intergovernmental organisations (NGOs and IGOs): conferences, consultations, discussions, partnering on common issues of various natures, including nature conservation, health & nutrition and community investment programs; memberships in business and industry associations; Annual Stakeholder Forum
- Communities: plant visits, community stewardship programs; partnerships on common issues such as youth development, empowerment of women and other, locally relevant social issues; sponsorship and other contribution activities; pro-bono donation of management capabilities and time; lectures at universities; volunteerism
- Media: active and transparent communication through press releases, media relations and a regularly updated "News and media" and other sections on our website; local management interviews on key issues and our involvement in those; availability and approachability of local management
- The Coca-Cola Company (also a key shareholder in our company): day-to-day interaction as business partners; joint projects, joint business planning; regular audits; functional groups, councils and committees on strategic issues; 'Top-to-Top' senior management forum; Leadership Conference; Annual Stakeholder Forum.

Determining material issues

Wherever we operate, we take part in roundtables, industry platforms and collaborative programmes to seek the input of a wide range of experts. Additionally we also engage with stakeholders indirectly through our membership of 19 national beverage associations. Our partnership with The Coca-Cola Company also provides us with significant insights and resources to understand and address key issues.

We prioritise issues based on their relative importance and impact on our business and society. A systematic materiality process helps us to determine on where to focus our resources, develop business cases to advance strategies and define the issues and information to include in our reporting.

Issues materiality matrix 2013



Innovative partnerships
It is our responsibility to address pressing sustainability issues to be able to create value for our business and the communities we serve. Given the magnitude and urgency of these issues, we work in innovative public-private partnerships to develop solutions. We work collaboratively with NGOs, UN agencies, governments and others on issues such as water stewardship, health, nutrition, physical activity, disaster relief, women empowerment, and recycling.

We also join forces with The Coca-Cola Company in some of their stakeholder engagement programmes. We therefore participated in Coca-Cola Europe's inaugural 'Together We Move' event, at which over 160 academics, experts and programme delivery partners discussed how to work together and help foster healthier, happier and more active communities.

FUTURE OUTLOOK

We will continue to actively listen to stakeholders in our communities to ensure that we address both their material issues and those of our business. We will organise a Group-level Stakeholder Forum annually to receive feedback from our key stakeholders and build on their ideas and input. We will proactively manage our existing partnerships in order to create more shared value and a sustainable future.

We have set precedence for transparent reporting on our economic, environmental and social sustainability and will continue to do so through the rigorous FTSE4Good and Dow Jones Sustainability Indices. In September this year we were named global industry leader amongst beverage companies in the 2014 Dow Jones Sustainability World and Europe Indices (DJSI). We have been included in the indices for the seventh consecutive year. The Dow Jones Sustainability Indices assess over 2,500 of the world's largest publicly traded companies on financially relevant economic, environmental and social factors. Following an evaluation, the top 10% of companies within each industry are selected for inclusion.

Coca-Cola HBC was ranked first in the beverages sector out of 30 companies on the DJSI World and 10 companies on the DJSI Europe Indices. The company's overall score was 89%, up from 81% last year, and it achieved industry-best scores across the environmental and social dimensions. Best progress was made in the areas of brand and customer relationship management, health and nutrition, supply chain management, talent attraction and retention, and human capital development. In the environmental dimension, packaging and water risk management were awarded the maximum 100 points. We fully understand the responsibility this leadership brings, and will strive to maintain this position, continuously raising the bar and living up to business and stakeholder expectations.

SOME FLAGSHIP ACTIVITIES

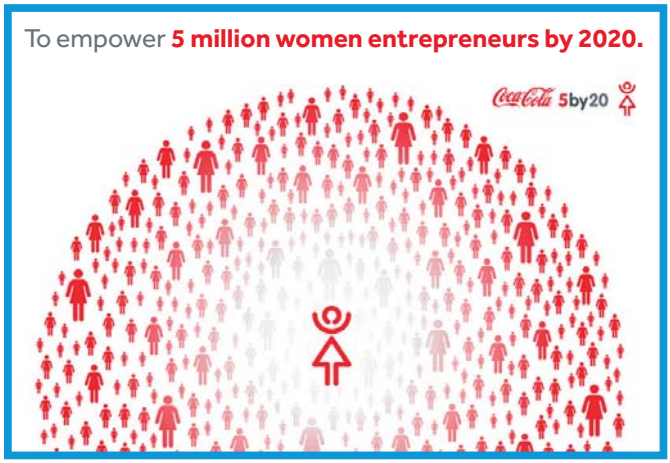
Stakeholder Advisory Panel
Since 2008, our Stakeholder Advisory Panel has met once a year to review our sustainability performance and provide guidance for our future strategy and reporting. Comprising academics, NGOs, industry and other technical experts, the Panel helped to shape our approach over time. Past advice which we have since implemented has included setting longer-term performance targets, prioritising the issue of consumer health, focusing more on our supply chain and food security, seeking external assurance of our reporting and, most recently, integrating our sustainability and financial reports.

Community Water Stewardship
All of our countries have active community water stewardship programmes that include projects aimed at freshwater conservation and raising consumer awareness on caring for rivers and saving water in households. We are in the

ninth year of joining the ICPDR (International Commission for the Preservation of the Danube River) in celebrating the International Danube Day and running Danube Box – a schools program that has been translated to 8 lanuages and has been the basis for spin-off programs including the Lake Baikal and the Volga and Vistula Rivers. All of our countries along the Danube River engage in diverse nature conservation and consumer awareness programs. In areas where water scarcity is an issue, we support programs to facilitate rainwater harvesting and provide safe drinking water to communities in need.

Empowering women

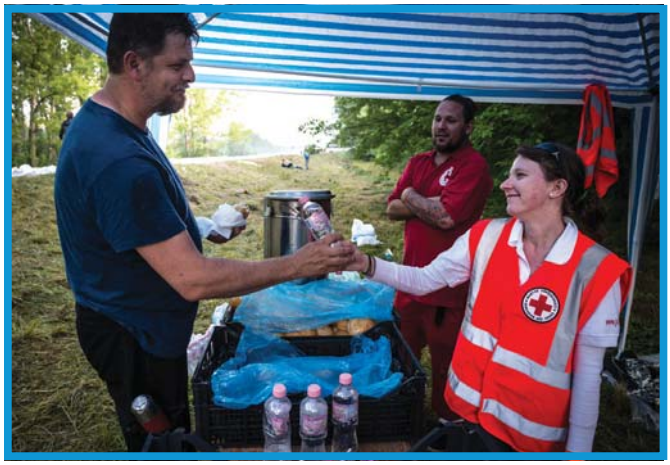
In Nigeria, we are working with The Coca-Cola Company's global 5 by 20 programme to enable the economic empowerment of five million women entrepreneurs across the Company's value chain by 2020. Working with the government, NGOs and communities, we provide access to sales training, assets and support networks to help low-income



women develop sustainable livelihoods. To date, 32,000 of our outlets in Nigeria are managed by female entrepreneurs.

Disaster relief

We continue to build on our strong partnership with the International Federation of the Red Cross particularly in disaster relief preparedness, community care, health training and fundraising.



Coca-Cola Hellenic Bottling Company

28 countries | **136** brands | **2.1** billion unit cases | **€839** m EBITDA | **36,722** employees

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

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

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

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

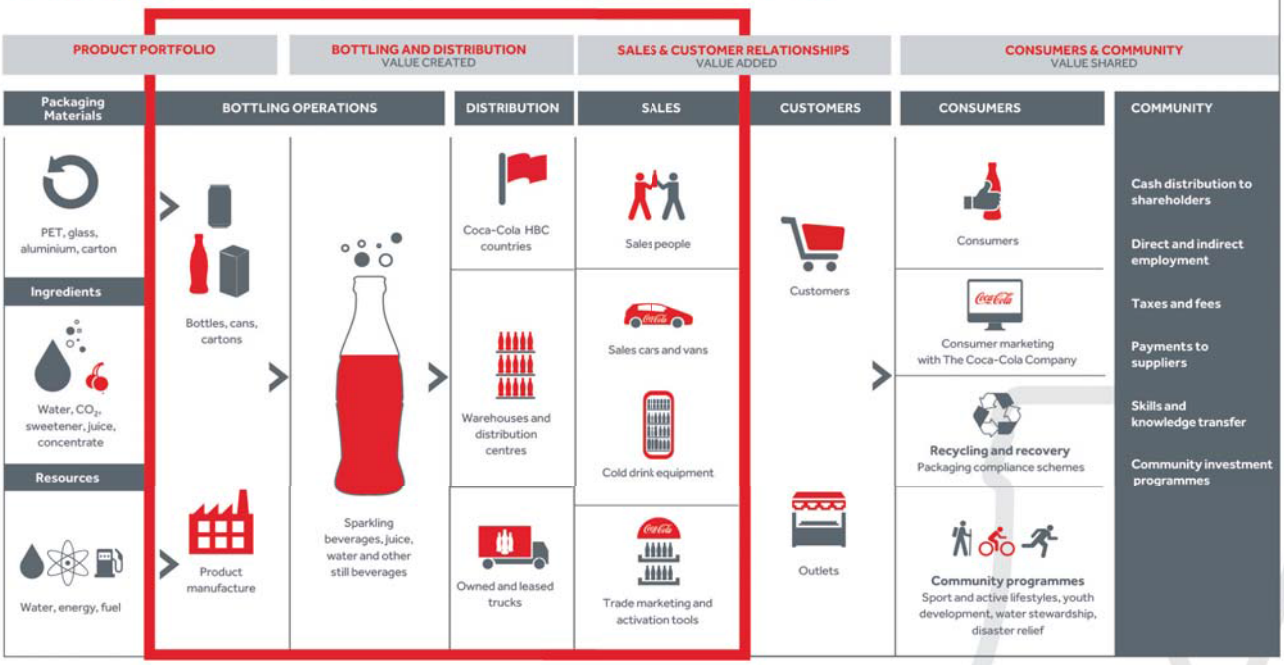
EMERGING MARKETS
- Armenia
- Belarus
- Bosnia & Herzegovina
- Bulgaria
- FYROM
- Moldova
- Montenegro
- Nigeria
- Romania
- Russia
- Serbia
- Ukraine

Our broad geographic footprint
We operate across 28 countries and three continents. Our territories extend from as far west as the Dingle Peninsular 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
28 countries
68 bottling plants
312 filling lines
324 distribution centres and warehouses
36,722 employees
585 million consumers

GENERATING, CAPTURING & SUSTAINING VALUE



FEEDBACK

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

PLEASE CONTACT US AT

Éda G. Pogány
Sustainability Communications Director
Coca-Cola HBC AG
E: eda.pogany@cchellenic.com
T: +36 30 931 63 29
www.coca-colahellenic.com

Prepared and produced by Coca-Cola HBC AG in partnership with Smartlab Consulting (Hungary).
Designed by Tipografik Art (renographic.hu). **Printed by** Prime Rate Kft. on CyclusOffset paper (100% recycled & uncoated, country of origin: France).

© Coca-Cola HBC AG 2014. All rights reserved.

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 the FTSE4Good Index. For more information, please visit http://www.coca-colahellenic.com/.

cyclus CyclusPreprint

This brief is printed on 100% recycled and uncoated paper by an ISO 14001-accredited printing house.

Coca-Cola Hellenic Bottling Company