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GROUP RISK MANAGEMENT POLICY

INTRODUCTION

The effective management of risk is central to the ongoing success and resilience of Coca-Cola HBC. Coca-Cola HBC recognizes that risk management is an integral part of both sound management practice and good corporate governance as it improves decision making, enhances outcomes and strengthens management accountability.

Enterprise risk management (ERM), that is culturally embedded, is also a means for achieving competitive advantage and is pivotal to driving ongoing business growth in what continues to be a complex and continually transforming operating environment.

This policy details the overall approach to risk management in Coca-Cola HBC together with the Company's commitment to the process which has an overriding purpose of assisting in the responsible achievement of the Company's strategic and operational objectives.

This policy has been endorsed by Coca-Cola HBC's Audit and Risk Committee.

SCOPE

This is a group-wide policy and applies to all employees, functions and business operations in every country in which Coca-Cola HBC operates. This policy is supported by our ERM Framework which is revised and updated annually as required.

CONTEXT

We understand that risk and opportunity are dynamic and ever present in our complex internal and external operating environments. This creates the need for us to manage risk in an informed way. Effective risk management, that is culturally embedded, provides the business with insight and competitive advantage and the program of forward-looking risk management is a cornerstone to decision making. Coca-Cola HBC is committed to the ongoing development of the enterprise-wide approach to risk management, ensuring that it is underpinned by a strong risk aware culture.

Everyone in the business plays a role in managing risk by identifying opportunities and minimising uncertainty in a way that enables the Company to achieve its common goals – growing the business; remaining resilient; enhancing stakeholder value; and contributing to the communities and future of every country in which Coca-Cola HBC operates.

The underlying risk principles that are applied are consistent with the key elements ISO31000 (Risk Management – Principles and Guidelines) and the revised COSO standard. The strategy is supportive

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of the UK Corporate Governance Code (Guidance on Risk Management, Internal Control and Related Financial and Business Reporting).

OBJECTIVES

The risk management program in Coca-Cola HBC has several objectives. It:

- Recognizes that risk is imbedded in all activities and that the underlying risk culture and approach is key to effective decision making;
- Promotes an enterprise-wide approach through strong functional collaboration by integrating risk management processes with business strategy, project management, process and decision making;
- Promotes consistency and transparency in methodology, assessment and management processes;
- Promotes proactive recognition of external factors, opportunities, and anticipates uncertainties that could affect the achievement of the Company's strategies and objectives;
- Sponsors innovation through cultural acceptance thereby maximizing value from assets, ventures and opportunities;
- Enables the design and implementation of controls that:
    - are structured to promote effective realization of objectives;
    - provide appropriate assurance; and
    - are cost effective.
- Recognizes that timely and accurate monitoring, review, communication and reporting of risk is critical to providing:
    - early warning mechanisms for the effective management of risk occurrences;
    - assurance to management, the Board and shareholders;
    - a solid platform for growth; and
    - a sound business resilience platform.

ACCOUNTABILITIES

The Board and the Audit and Risk Committee

The Board of Directors, through the Audit and Risk Committee, overseas the establishment and implementation of the risk management system and annually reviews the effectiveness of the system. The Committee considers on an ongoing basis whether:

- The ongoing program identifies material areas of risk and business opportunities;
- Adequate risk mitigation strategies have been designed and implemented to manage all identified material risks including the risk transfer strategy through insurance;
- A strong risk management culture is imbedded in the Company across business levels and functions; and

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- The program is compliant with the requirements of the UK Corporate Governance Code (Guidance on Risk Management, Internal Control and Related Financial and Business Reporting).

Operating Committee

The Operating Committee (OPCO) has overall responsibility for risk management at Coca-Cola HBC including the following key elements:

- Strategic risk,
- Emerging risk,
- Operational and business risk,
- Project risk, and
- Financial risk.

They are provided specialist risk guidance and support by the Group Chief Risk Officer (CRO) who leads the Business Resilience Function and is accountable for maintaining independent visibility of all areas of risk.

Group Business Resilience Function

The Enterprise Risk Management program resides within the company's Group Business Resilience function. The function, which is independent to other business streams and reports to the OPCO, is responsible for:

- Promoting and facilitating a standardised approach to effective risk management;
- Reviewing, updating and maintaining the ERM Framework;
- Assisting the business to understand and manage risks and facilitate the integration of the approved ERM Framework and processes for managing all risks across the operations;
- Supporting the business in identifying and implementing risk management improvement processes;
- Coordinating the functions of the Group Risk and Compliance Committee in analysing operational and strategic risks;
- Developing and implementing strategies to strengthen risk management awareness and cultural acceptance;
- Monitoring and analysing information from our internal and external environments that may affect our ability to achieve strategic objectives and/or operating targets;
- Designing and implementing specialised risk mitigation programs (i.e. business continuity, crisis management, fraud and security controls);
- Managing the Group insurance program;
- Reporting to the OPCO at regular intervals on material risks, opportunities and emerging issues; and
- Reporting to the Audit and Risk Committee on a quarterly basis on risks, mitigations,

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program maturity and compliance with the UK Corporate Governance Code (Guidance on Risk Management, Internal Control and Related Financial and Business Reporting).

Group Risk and Compliance Committee

The Group Risk and Compliance Committee (GRCC), comprising senior managers from the business, has been established to act both as a strategic risk 'think tank' and independent review mechanism for risks and opportunities escalated by countries, functions and projects. The forum is tasked with:

- Reviewing the aggregated and escalated risks and opportunities considering their relevance against the broader Group operations and objectives;
- Evaluating these risks and opportunities, together with identified aggregated or strategic risks observed by the GRCC members across countries and functions, within the context of the broader Company risk universe and strategic/operational objectives;
- Identifying and evaluating emerging risks and establishing appropriate early warning and monitoring processes
- Evaluating the risks and opportunities for escalation to the OPCO, the Audit and Risk Committee, and the Board; and
- Monitoring that clearly articulated and adequate risk mitigation and response plans are in place.

Group Corporate Audit Department

Coca-Cola HBC's Corporate Audit Department is separate from the Group Risk Management function. It provides independent annual assurance over the effective operation of risk management processes, methodologies, internal controls and compliance against international auditing standards, industry best practice, and the required elements of the UK Corporate Governance Code (Guidance on Risk Management, Internal Control and Related Financial and Business Reporting).

Group Internal Control

The Group Internal Control team undertake reviews of the controls as applied by the Group, functions and business units as they relate to enterprise risk management, crisis management, business continuity, security and fraud control strategies and risk transference through insurance. The team reports their findings relating to controls and control deficiencies to the Operating Committee and the Audit and Risk Committee on a regular basis.

External Audit

External Audit, as part of their review processes, conduct audits of our controls in risk management and will report on them in line with the annual reporting procedures.

Management and Functions

Managers are responsible for:

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- Promoting the risk management policy, framework and the business expectations for the management of risk;
- Provision and support of appropriate resources to manage risk in accordance with the framework;
- Escalating risks and opportunities in accordance with the requirements of the ERM Framework;
- The implementation of cost-effective risk management and internal control systems in accordance with guidelines, to manage risk, encourage efficiencies and take advantage of opportunities; and
- Continuous monitoring and reporting of the effectiveness of risk controls.

Specialist functions within the business are assigned to manage specific risk streams and report to the Audit and Risk Committee on our specialized risk management approaches. These include:

- Legal – Compliance and Contingencies;
- Sustainability, Quality and Workplace Safety;
- Treasury; and
- Taxation.

Through our streamlined enterprise wide approach to risk management the Audit and Risk Committee is provided with visibility of material risks and our risk mitigation strategies.

<u>Employees</u>

Employees are responsible for looking for opportunities to improve operational efficiencies and optimize outcomes. They must also report immediately to management any real or perceived risks that become apparent and may significantly impact our:

- Commercial viability;
- Profitability;
- Assets;
- Customers;
- Consumer or employee safety;
- Regulatory or Legal obligations;
- Environment;
- Sustainability Programs; and/or
- Community.

RISK MANAGEMENT OBLIGATIONS

- The risk sponsors in the business units are accountable for ensuring that the senior leadership teams undertake a monthly dialogue to identify and manage risks and opportunities as they relate to their business objectives;

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- The register of risks is created through a thorough risk identification and assessment process following the Coca-Cola HBC ERM Framework;
- Group functions will maintain strategic risk registers which will provide a feedback loop on risk data to the business units and these will be reviewed bi-annually as a minimum;
- Key markets and functions will participate in regularly facilitated risk review sessions coordinated by the Group CRO;
- Risks and key mitigations will be documented by country and functions as part of the Annual Business Planning Process;
- Reviews of risk registers are to be conducted quarterly by the Group CRO and team with data reported quarterly to the Audit and Risk Committee; and
- Strategic reviews of the risks will be conducted with the Operating Committee, the Audit and Risk Committee and the Board on a bi-annual basis.

RELATED AND SUPPORTING POLICIES

This Risk Management Policy is supported by other Coca-Cola HBC policies and standards as issued from time to time. These documents include, but are not limited to the:

- Business Continuity Management Policy;
- Chart of Authority;
- Code of Business Conduct;
- Enterprise Risk Management Framework;
- Fraud Control Policy;
- Group Asset Protection and Security Guidelines;
- Health and Safety Policy; and
- Treasury Policy.

POLICY MAINTENANCE

The Policy is administered by the Group CRO.

The Policy is to be reviewed every two years and the policy is endorsed by the Audit and Risk Committee.