Our suppliers

We consider our suppliers as critical partners, contributing to the ongoing and sustainable success of our business.

As a critical part of our value chain, the performance of our suppliers directly impacts the sustainability performance and commitments of Coca-Cola HBC.

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 - Direct categories - 2017 spend**

- 67% - Ingredients
- 26% - Primary packaging materials
- 6% - Secondary packaging materials
- 1% - Other raw materials
Coca-Cola HBC - Direct categories - 2017 suppliers

- 27% - Ingredients
- 24% - Primary packaging materials
- 40% - Secondary packaging materials
- 9% - Other raw materials
Coca-Cola HBC - Indirect categories - 2017 spend

- 12% - Cold drink equipment
- 4% - Fleet
- 6% - Information systems
- 12% - Logistics
- 13% - MRO
- 9% - Production equipment
- 5% - Personnel
- 6% - Professional services
- 10% - FM & RE
- 18% - Sales & marketing
- 1% - Travel
- 4% - Utilities
**Coca-Cola HBC - Indirect categories - 2017 suppliers**

- 4% - Cold drink equipment
- 5% - Fleet
- 5% - Information systems
- 8% - Logistics
- 17% - MRO
- 6% - Production equipment
- 11% - Personnel
- 8% - Professional services
- 14% - FM & RE
- 14% - Sales & marketing
- 6% - Travel
- 1% - Utilities
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 which 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.
We place significant focus on forming partnerships with suppliers that have supply points located within our countries, both multinational and local while also developing strong local suppliers across our territories. These efforts support our strategy for local sourcing and contributing to socioeconomic development in the countries where we conduct business. These suppliers significantly contribute to our business and include key markets such as Russia, Nigeria, Italy, Romania and Poland. Coca-Cola HBC annual spend with suppliers is greater than 4.4 billion euro (including concentrates and cold drink

<table>
<thead>
<tr>
<th>Supplier Category</th>
<th>Suppliers with Spend in 2017</th>
<th>2017 Spend</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>number</td>
<td>% on total</td>
</tr>
<tr>
<td>Group Critical</td>
<td>381</td>
<td>2.0%</td>
</tr>
<tr>
<td>Country strategic</td>
<td>2,896</td>
<td>15.0%</td>
</tr>
<tr>
<td><strong>Total Critical Suppliers</strong></td>
<td><strong>3,277</strong></td>
<td><strong>16.98%</strong></td>
</tr>
<tr>
<td>Tactical</td>
<td>16,022</td>
<td>83.0%</td>
</tr>
<tr>
<td><strong>Total Suppliers</strong></td>
<td><strong>19,299</strong></td>
<td><strong>100.0%</strong></td>
</tr>
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<table>
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<tr>
<th>Suppliers Evaluated</th>
<th>Suppliers with Spend in 2017</th>
<th>2017 Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>number</td>
<td>% on total</td>
</tr>
<tr>
<td>Annually</td>
<td>862</td>
<td>26.3%</td>
</tr>
<tr>
<td>3-year plan</td>
<td>2,415</td>
<td>73.7%</td>
</tr>
<tr>
<td><strong>Total Evaluated in last 3 years</strong></td>
<td><strong>3,277</strong></td>
<td><strong>100.0%</strong></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Supplier Evaluation Coverage</th>
<th>2017 Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>suppliers</td>
</tr>
<tr>
<td>% of Evaluated on Total Critical Suppliers</td>
<td>100.0%</td>
</tr>
<tr>
<td>% of Evaluated on Total Suppliers</td>
<td>17.1%</td>
</tr>
</tbody>
</table>
equipment). Our practice is to source locally, provided that goods and services are available to meet our requirements and quality standards in an economically viable way.

**Over 90% of our spending is local** in our countries of operation or from within the European Union, which is considered local for EU countries.

**Engaging with our suppliers.**

We work with our suppliers to build a responsible and sustainable supply chain. We partner with our suppliers to provide new technologies for equipment, packaging, cold drink equipment, 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, 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, labor 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.

To ensure proper governance and that our suppliers meet our standards, we have implemented policies including our Coca-Cola HBC Supplier Guiding Principles (SGP), Coca-Cola HBC Sustainable Agriculture Guiding Principles (SAGP). In addition, we have developed an environmental, social and governance supplier pre-assessment process for our strategic buy segment which includes criteria for supplier selection. We maintain transparency throughout our supply base utilising The Coca-Cola Company Supplier Guiding Principles compliance audits, membership of SEDEX and EcoVadis CSR Platform. We also recognise supplier certifications as per international standards including ISO 9001, 14001, 50001, FSSC 2200 and OHSAS 18001. For agricultural commodities, we recognise the Rain Forest Alliance, Fair Trade, Bonsucro, Sustainable Agriculture Initiative Platform (SAI Platform), GlobalG.A.P. & GRASP certifications.

By following our Supplier Guiding Principles, our suppliers are expected to comply as a minimum with applicable environment and local labor laws and core international conventions. We work collaboratively with our suppliers on the journey to meet the expectations of our customers and consumers and enable our continued mutual growth.

Yannis Leousis, Chief Procurement Officer

Adhering to our SGPs involves, at a minimum, complying with applicable environment and labour laws and core international conventions. These principles also communicate our values, and our expectations for responsible business practices.

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:
In our own business, we are creating a 100 percent quality culture with zero tolerance for failure to meet standards.

This approach extends to our suppliers, too. We monitor compliance of our critical suppliers through third party’s compliance audits (TCCC and SEDEX ethics audits), EcoVadis CSR assessment platform and our internal annual supply base assessments. All suppliers are required to submit corrective actions to the 3rd party audit bodies when a non-conformance is identified.

We also engage with our suppliers through our joint value creation initiatives, supplier awards and sustainability events, industry associations, workshops on sustainable supply, Annual Stakeholder Forum, materiality survey and CSR platform for ethical and sustainable supply chains. We invest in joint value creation programmes, ranging from developing climate-friendly cold drink equipment to increasing local beet sugar production.

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 4 themes based on international standards as UN Global Compact, ISO 26000, GRI, ILO etc. In 2017 we recruited there more than 200 of our critical suppliers.

To increase awareness of sustainability, engagement with strategic suppliers and the development of our people, we introduced new events, workshops and tools in 2017. We piloted three sustainability day events in 2017 with country strategic suppliers in Zurich, Belgrade and Moscow, which created an opportunity to share information about our Company’s corporate social responsibility policy and sustainability commitments, share achievements and best practices, and begin working together on
joint targets and initiatives.

**Supplier sustainability events**

We are planning to cover more of our countries in 2018.

**Becoming a Coca Cola HBC supplier**

Coca Cola HBC requires critical suppliers to gain certification to the following standards:

- ISO 9001 (quality)
- ISO 14001 (environment)
- OHSAS 18001 (health and safety).

Ingredient and packaging suppliers must also achieve certification to FSSC 22000 certification for food safety and the Global Food Safety Initiative (GFSI).

A prerequisite to become listed as a Coca Cola HBC new supplier is to commit to the [Coca-Cola HBC Supplier Guiding Principles](#). These Principles make clear the values and behavior we expect, and audit, in our value chain.

Interested in becoming a Coca-Cola HBC supplier? Please contact us.

**Downloads and Related Links**

- CPO Letter 2015 (PDF, 160kb)
- Coca-Cola HBC Procurement - 2017 Info Sheets (PDF, 531kb)
- Responsible and Sustainable Sourcing

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