

It's good to share

Building trust, spreading happiness



Sharing is at the heart of what we do. As one of the world's largest bottlers of brands of The Coca-Cola Company, we create shared value through our relationships with our stakeholders. We recognise that customers and consumers need to gain real benefit from partnering with us if we are to succeed.

Our 2014 Integrated Annual Report outlines our performance through the year, and celebrates those relationships and partnerships that are key to our success.

For Coca-Cola HBC, we believe
it's good to share!



About our report

Following the delisting of Coca-Cola HBC AG (also referred to as "Coca-Cola HBC" or the "Company" or the "Group") from the New York Stock Exchange and de-registration with the U.S. Securities and Exchange Commission, the Company is no longer required to comply with the US disclosure requirements. To that end, the Company has undertaken during 2014 a thorough review of its corporate reporting format and structure in order to further strengthen and promote transparency and best practice.

This resulted in the 2014 Integrated Annual Report (the "Annual Report"), which consolidates the Group's UK and Swiss disclosure requirements, while meeting the disclosure requirements for its secondary listing on the Athens Exchange. In addition, the Annual Report aims to deliver against the expectations of the Company's stakeholders and sustainability reporting standards, providing a transparent overview of the Group's performance and progress in social responsibility for 2014.

The Company's "Play to Win" strategic framework serves as the narrative structure of the Annual Report, demonstrating the value this business strategy is creating. The four pillars of the Group's strategy – Community Trust, Consumer Relevance, Customer Preference and Cost Leadership – combined with our People initiatives, frame the discussion of the Group's activities during 2014.

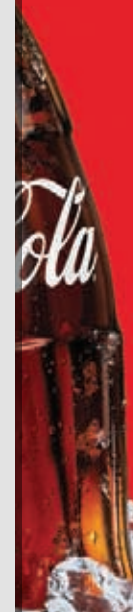
The Annual Report is for the year ended 31 December 2014, and its focus is on the primary core business of non-alcoholic ready-to-drink beverages across the 28 countries in which the Group operates. The Company's website and any other website referred to in the Annual Report are not incorporated by reference and do not form part of the Annual Report.

The consolidated financial statements of the Group, included on pages 107-165, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Coca-Cola HBC AG's statutory financial statements, included on pages 192-199, have been prepared in accordance with the Swiss Code of Obligations. Unless otherwise indicated or required by context, all financial information contained in this document has been prepared in accordance with IFRS. For Swiss law purposes, the annual management report consists of the sections "Strategic Report", "Corporate Governance" (without the sub-section "Remuneration"), "Supplementary Information", the sub-section "Special E&Y audit opinion on conditional capital increase" of "Swiss Statutory Reporting" and "Glossary".

Comparable indicators exclude the impact of restructuring, the unrealised impact from the mark-to-market valuation of commodity hedges and specific non-recurring items. For a reconciliation of comparable financial indicators to the respective IFRS financial indicators, see page 57.

The social responsibility aspects of this Annual Report comply with the AA1000AS Assurance Standard, the Global Reporting Initiative (GRI 3.1) standard and the advanced level requirements for communication on progress against the 10 Principles of the United Nations Global Compact. In addition, it is aligned with the principles and elements of The International Integrated Reporting Council's (IIRC) framework.

The Group remains committed to strong corporate governance and leadership as well as transparency in its disclosures. Over the coming years, the Company will continue to review its reporting approach and routines, to ensure it meets best practice reporting standards, the expectations of its stakeholders and maintains the visibility on how the Group creates sustainable value for the communities it serves.



Contents

At a glance

6

Strong foundation for long-term growth



Our business model

8

Delivering shared value



Chief Executive Officer's review

16

Executing a clear strategy with focus and discipline



Managing our material issues

22

Connecting with our stakeholders



Strategic Report

2	2014 Highlights
4	Chairman's statement
6	Coca-Cola HBC at a glance
8	Our business model
10	It's good to share
16	Chief Executive Officer's review
19	Our strategy and KPIs
22	Managing our material issues
25	Our People
29	Community Trust
37	Consumer Relevance
41	Customer Preference
46	Cost Leadership
51	Performance summary
52	Risks and opportunities
54	Financial review
58	Market overview
60	Established markets
62	Developing markets
64	Emerging markets

Corporate Governance

68	Board of Directors
71	Corporate governance report
88	Remuneration
103	Statement of Directors' Responsibilities

Financial Statements

106	Independent Auditor's report
107	Financial statements
113	Notes to the Financial statements

Supplementary Information

168	CSR assurance statement
170	GRI index and communication on progress
182	United Nations Global Compact (UNGC) communication on progress
187	Shareholder information

Swiss Statutory Reporting

190	Report of the statutory auditor on Coca-Cola HBC AG's consolidated financial statements
191	Report of the statutory auditor on Coca-Cola HBC AG's financial statements
192	Coca-Cola HBC AG's financial statements
200	Report of the statutory auditor on the Statutory Remuneration Report
201	Statutory Remuneration Report
205	Special E&Y audit opinion on conditional capital increase

Glossary



Stay up to date with all our latest news and releases at www.coca-colahellenic.com

2014 results highlights

Volumes were 2.8% lower in the year, with all **three market segments** beating their nine-month trends in the fourth quarter

Volume and value share growth in the majority of our countries

ending the year with higher or stable share in 16 markets in Sparkling beverages and 10 markets in non-alcoholic ready-to-drink beverages¹

FX-neutral net sales revenue per case continued to improve

Net sales revenue declined by 5.3%; FX-neutral net sales revenue per case continued to improve – up 2.5% compared to 2013

Persistent adverse currency movements and subdued volumes were partly offset by revenue growth initiatives including pricing and improved package mix as well as favourable input costs, resulting in comparable EBIT 6.4% lower than in the prior year

6.5% comparable EBIT margin

was broadly stable year on year

0.36 Euro per share dividend

proposed by the Board of Directors

1. Nielsen December 2014 data based on 24 measured markets in Sparkling beverages and 21 measured markets in NARTD.

Volume
(m unit cases)

2,003
2013: 2,061

Net sales revenue
(€ m)

6,510
2013: 6,874

FX-neutral
net sales revenue
per unit case (€)

3.25
2013: 3.17

EBIT
(€ m)

361
2013: 374

Comparable EBIT
(€ m)

425
2013: 454

Net profit
(€ m)

295
2013: 221

Comparable net
profit (€ m)

277
2013: 293

Comparable
earnings per share
(€)

0.761
2013: 0.806

Comparable indicators exclude the impact of restructuring, the unrealised impact from the mark-to-market valuation of commodity hedges and specific non-recurring items. For a reconciliation of comparable financial indicators to the respective GAAP financial indicators, please see page 57.

A year of significant progress



"In 2014, our efforts in the area of sustainability were recognised by the Dow Jones Sustainability Indices, naming Coca-Cola HBC as the European and World industry leader among beverage companies."

Dear Stakeholder

It gives me great pleasure to introduce our Integrated Annual Report. In addition to presenting our operational and financial performance, this report follows our practice of embedding sustainability at the centre of everything we do.

2014 highlights

In many of our markets, the external environment continued to be very difficult in 2014 with unprecedented geopolitical challenges, currency volatility and suppressed consumer confidence. Despite these headwinds, our proven strategy and highly engaged work-force allowed us to maintain and reinforce our strong position across our markets. We made good progress with our cost leadership initiatives, stream-lining our production infrastructure and extending our reach and customer service while reducing cost. Our disciplined approach to working capital, allowed us to once again generate solid free cash flow. In short, the progress we made in 2014 combined with our unique geographic footprint and portfolio of leading brands, positions us well for future growth.

Following our transition to the London Stock Exchange and the FTSE 100 and FTSE All Share Indices, the Board approved the de-listing of our American Depositary Receipt programme from the New York Stock Exchange during the year. This will result in less complexity and lower cost.

As illustrated throughout this report, we are strongly committed to creating shared value with all of our stakeholders. Consistent with our progressive dividend policy, the Board is proposing a full year dividend of 0.36 Euros per share.

Sustainability

Building community trust through the responsible and sustainable management of our business is an indispensable part of our culture. This is more important than ever in challenging times. Over the past decade, we have consistently worked to integrate corporate responsibility and sustainability across every aspect of our business. We continue to invest significantly in order to create shared value with our employees, communities, customers, consumers and shareholders. Our sustainability initiatives focus on three key areas: promoting health and wellness, minimising our environmental impact and benefitting the local communities where we operate. You can find more details about our specific initiatives in the Community Trust section, starting on page 29.

In 2014, our efforts in this important area were recognised by the Dow Jones Sustainability Indices naming Coca-Cola HBC as the European and World industry leader among beverage companies. Looking forward, we will continue setting ambitious long-term sustainability targets and reporting on our progress.

Governance

Strong governance and transparent reporting are critical to the long-term creation of value. Our commitment to corporate governance best practices plays a key role in managing our risks and opportunities and in maintaining the trust of our stakeholders. Over the past several years our Nomination Committee has worked to ensure that the right balance of skills and breadth of experience is reflected on our Board. During the year, we welcomed Anastasios Leventis, Christo Leventis, José Octavio Reyes and John Sechi to the Board. I look forward to working closely with them and the rest of the Board to deliver value for all of our stakeholders.

"Strong governance and transparent reporting are critical to the long-term creation of value."

Finally, on behalf of the Board, I would like to thank all employees throughout Coca-Cola HBC for their tremendous efforts, passion and resilience in delivering results in what continues to be a very volatile environment. It is their commitment and focus that enables our substantial progress.

I look forward to seeing you at our Annual General Meeting.



George A. David
Chairman

Strong foundation for long-term growth

Our fundamental strengths – attractive geographic diversity, market leadership and global brands – are combined with a passion to add value on every occasion.

Second-largest bottler

We are the world's second-largest bottler of the brands of The Coca-Cola Company in terms of volume, with sales of more than 2 billion unit cases, or 50 billion servings, annually. We have operations in 28 countries spanning 3 continents, reaching 589 million people.

We work closely with The Coca-Cola Company to market brands and beverage categories to customers ranging from large retailers and discounters to thousands of smaller outlets. We source ingredients, raw materials, equipment and services from around 130,000 suppliers to produce sparkling beverages, fruit juices, mineral waters, sports and energy drinks and ready-to-drink teas. Together, these represent a strong and diverse portfolio, led by the Coca-Cola brand.

We manage our business responsibly, sustainably, and with a passion for creating value for our customers, our shareholders and the consumers and communities we serve. The opportunity we see is superior business growth, particularly through our presence in fast-growing emerging markets, coupled with cost efficiencies and infrastructure optimisation.

Continents	Countries	Population
3	28	589 _m

Broad geographic footprint

We have the most diversified footprint in the Coca-Cola System. No single country dominates our portfolio. In fact, no country represents more than 20% of sales volume. We manage and report on our business using three segments: Emerging, Developing and Established markets. These segments account for 51%, 18% and 31%, respectively, of our total sales volume.

In Emerging and Developing markets, which include many Eastern European countries, Russia and Nigeria, consumption of sparkling drinks is still relatively low. Demographic factors and growth prospects, including GDP per capita, are favourable, thereby presenting us with a significant opportunity for long-term growth. Established markets, such as Italy and Switzerland, typically have good profitability and cash generation characteristics. While some Established markets have suffered from the significant adverse effects of the Eurozone crisis, they are now in the early stages of stabilisation.

Relationship with The Coca-Cola Company

We combine the insights, resources and experience of The Coca-Cola Company with our own expertise in bottling, distribution and sales capabilities. The Coca-Cola Company is responsible for creating demand through consumer marketing and brand development. It also sources ingredients and manufactures and sells concentrates, beverage bases and syrups.

As a bottling partner, we are responsible for meeting this demand through manufacturing, packaging, distributing and merchandising the finished branded beverages to customers, who then sell our products to consumers. Importantly, we are responsible for customer marketing and outlet execution.

Creates demand

The Coca-Cola Company

- Owners of trademarks
- Concentrate supply
- Brand development
- Consumer marketing

Partners in growth for

60 yrs

Delivers demand

Coca-Cola HBC

- Bottling
- Sales and distribution
- Customer management
- In-outlet execution
- Investment in production and facilities

Leading brands and a diverse portfolio of beverages

We produce, sell and distribute Coca-Cola, the world's most recognised beverage brand and the world's leading brand of non-alcoholic ready-to-drink beverages in terms of sales volume. The other brands licensed to our Group by The Coca-Cola Company are also among the leading brands in their market categories. Coca-Cola Light, Sprite and Fanta, together with Coca-Cola, are four of the world's five best-selling non-alcoholic ready-to-drink beverages.

Our overall sparkling volume share in our markets is in excess of 40%. This gives us a very solid foundation and offers further growth potential as consumers switch from local brands and home-mixed drinks to our branded goods.

The strength of our portfolio of sparkling drinks is complemented by a still drinks portfolio which has grown to 30% of our volume. This combination is quite unique in the bottling landscape. It makes us a stronger partner to our customers and ensures consumer choice. Our future plans include adding local brands with high brand equity to our portfolio.



A sustainable business

Our business strategy recognises the critical importance of creating shared value for employees, consumers, customers and communities. Over the last decade, we have integrated corporate responsibility and sustainability into all aspects of business management, making long-term investments that aim to build value over time. Consumer health and wellness is a key issue for our business and our communities, but we also continue to focus on minimising our environmental impact and managing sustainability in our value chain. Our efforts have been recognised by the Dow Jones Sustainability and FTSE4Good Indices since 2008 and 2001, respectively. Our Company was named the industry leader amongst beverage companies in the 2014 Dow Jones World and Europe Sustainability Indices (DJSI). We have also been awarded an A rating by the Carbon Disclosure Project (CDP) and a place in the CDP Global Climate Performance Leadership Index 2014.



Lean manufacturing footprint

We operate in a vast territory stretching from County Kerry, Ireland, to Russia's Pacific coast and from the Arctic Circle to the tropics of Nigeria. While providing us with opportunity, this footprint also challenges us to constantly optimise our operational infrastructure.

In recent years, we have consolidated our production footprint, particularly in Established and Developing markets. We have reduced the number of plants in these countries by 34% since 2008. We believe there is ample room to achieve further efficiencies.

Plants

66

Filling lines

302

Warehouses and distribution centres

307



Delivering shared value

Our business model is at the heart of everything we do. It defines the activities we engage in, the relationships we depend on and the outputs and outcomes we aim to achieve in order to create value for all of our stakeholders in the short, medium and long term.

Capitals

We carefully manage inputs to our business with a focus on preserving the resources available to us.

Financial

Shareholders' equity, debt

Manufactured

Plants, warehouses, distribution centres

Human

Employees, partners

Natural

Water, energy, eco-system services, biodiversity

Intellectual

Brands, standards, processes, corporate reputation

Social

Communities, customers, suppliers, diverse groups of stakeholders, NGOs, IGOs, industry coalitions

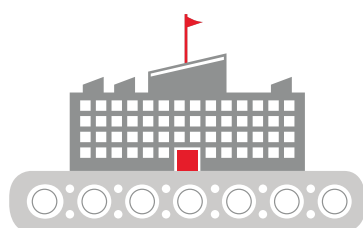
Partnering

With The Coca-Cola Company

Value added by

Optimising our production infrastructure continuously

Broadening our distribution while gaining efficiencies through outsourcing

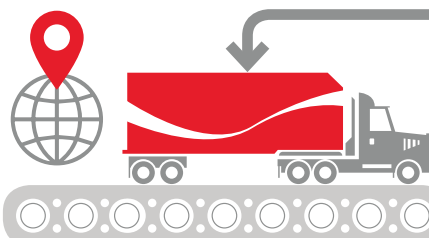


Manufacturing

We use these inputs to manufacture our beverages



Bottling
and bottle the
manufactured
beverages.



Distribution

We distribute the final products through our unique logistics infrastructure.

Joining forces with our customers
for flawless execution

Winning the trust
of our consumers



Community engagement

We engage with consumers, employees and communities. Our aim is to build a solid foundation of trust in our Company so that our business can thrive.



Sales and execution

We work with our customers to reach consumers.

Value created

We endeavour to deliver value through desired outputs with maximum efficiency and care.

Unit cases of beverages

2 billion

Customers served

2.1 million

Consumers served

589 million

Direct employment

36,362

Spend on community programmes

€8.7 million

Volunteer hours

31,296 hours

Water footprint reduced to

18.4 billion litres

Carbon footprint reduced to

718,766 tonnes

Packaging recovery

73%

Recycled waste from our operations

91%

Value shared with

We create value for our stakeholders which, in turn, builds value for our business over time.

Employees

Rewarding our people

Secures a skilled and motivated workforce

The Coca-Cola Company

Investing in our business and executing flawlessly

Ensures a fruitful partnership for years to come

Communities and environment

Enriching the lives of communities, contributing to the public good and safeguarding the environment

Makes us local and earns us the trust of our communities

Customers

Helping customers increase sales

Provides us with channel diversity

Consumers

Meeting consumer needs by offering them choice and quality

Generates revenue, contributing to the sustainability of the business

Shareholders

Delivering strong sustainable earnings and dividends

Establishes a supportive shareholder base



Find out more about how we're sharing value with our partners on the following pages

It's good to share

Living our values

Value created for employees

We provide fulfilling careers which reward, engage, recognise, motivate and develop our people.

Value created for Coca-Cola HBC

Our employees deliver our business model and strategy, ensuring the long-term sustainability of the business.

We conduct an employee engagement and values survey annually. In 2014, the participation rate increased to include 95% of all employees.



Find out more about our people on page 25

Sustainable Employee Engagement index

82%

Percentage of our employees who responded to our Group-wide employee survey positively.



Sharing happiness

Value created for The Coca-Cola Company and our suppliers

We provide The Coca-Cola Company with local production and distribution systems as well as established customer relationships in our territory.

Value created for Coca-Cola HBC

We have exclusive access to a strong brand portfolio and The Coca-Cola Company's global marketing and insights in our territory.



It's good to share

Earning trust

Value created for communities

Communities are a key beneficiary of the wider value we create. We generate income in communities through payments we make to our employees, suppliers and tax authorities, as well as investing in community partnerships and projects that help communities to tackle environmental and social issues. We take great care to market responsibly and promote healthy and active lifestyles.

Value created for Coca-Cola HBC

We earn the trust of our wider communities, which include consumers.



Find out more about community trust on page 29

We invested

€8.7 million

in community partnerships and initiatives that address environmental and social issues in communities we serve.



Driving preference

Value created for customers

We help our customers increase their sales by offering a wide range of premium quality products in packages appropriate for every occasion. We also aim to improve product availability and attractiveness at the point of purchase.

Value created for Coca-Cola HBC

Our customers provide us with the appropriate channels to reach our consumers.



Find out more about customer preference on page 41

Best in class

23

Our cold drink products and services are ranked best in class against all beverage suppliers in 23 of our markets.



It's good to share

Delivering relevance

Value created for consumers

We meet consumer needs by offering them products that meet the highest quality standards, and fit every lifestyle and occasion.

Value created for Coca-Cola HBC

We generate revenue, ensuring the sustainability of the business.

 Find out more about consumer relevance on page 37

Favourite brand

5 pp

Consumers rating Coca-Cola as their favourite brand increased by 5pp since 2011 and 3pp since 2013.



Improving efficiencies

Value created for shareholders

We focus on the optimisation of our production and distribution footprint, and our route-to-market in order to achieve a lean and efficient operating cost base. This, combined with our commercial strategies, ensures that we deliver sustainable strong earnings and dividends over the long term.

Value created for Coca-Cola HBC

We invest our retained profit back into the business to drive future growth.



Find out more about cost leadership on page 46

Sugar procurement in Russia

85%

We continued to work with the Russian sugar industry to develop its beet sugar capacity. In 2014, Russian beet sugar comprised 85% of our needs in the country.



Executing a clear strategy with focus and discipline

Our business, with its strategy focused on execution in the markets, has delivered in a difficult year. We have won share, protected our margin and generated solid free cash flow.



Dear Stakeholder

After achieving margin inflection in 2013, we started 2014 energised, with the belief that continued good work would further improve our profitability. Macroeconomic events beyond our control, however, created the worst trading conditions seen in years in some of our markets. The geopolitical situation in Russia and Ukraine caused significant deterioration in consumer demand and accelerated foreign exchange rate depreciation, with an adverse €100 million impact on our results. In addition, Europe had an unseasonably wet summer, and economic conditions in many of our Established markets remain depressed.

In this environment, volume growth was our biggest challenge. With some improvement in all segments in the fourth quarter, we finished the year with volumes down 2.8% compared with the prior year. In line with our strategy of delivering value over volume, we focused our efforts on revenue growth management initiatives, identifying consumer-driven brand and package revenue growth opportunities by channel. With a sharp focus on operating costs and a moderate decrease in input costs, which we had anticipated, we held the comparable EBIT margin broadly stable at 6.5% for the year.

We achieved negative working capital for the first time in the Group's recent history in 2013 and we continued to make further progress in the year, albeit at a diminishing rate. With an incremental reduction in working capital and careful management of capital expenditure, we generated free cash flow amounting to €333 million in the year.

Comparable earnings per share were 0.761 Euros in 2014, down 6% from 0.806 Euros in the prior year.

Winning in the market

Looking at our results in the context of our strategic objectives, I am pleased to report good progress.

We continued to build on our market leading positions in our priority growth category, sparkling beverages. During 2014, we gained share from local brands, expanding our volume share in 16 out of our 24 measured markets. In the overall non-alcoholic, ready-to-drink category, we maintained or expanded our position in 10 out of 21 markets.

In a year when revenues were constrained by volume pressure, our revenue growth management initiatives were instrumental in improving currency-neutral net sales revenue per case by 2.5%. This represents an acceleration over our recent track record and is supported by our widely-implemented OBPPC (occasion-based brand, package, price and channel) initiatives, which you can read more about in the Consumer Relevance section of this report.

Gaining efficiency

Continuous efficiency improvements are embedded in our culture at every level of the Group, and we continued to execute very well during the year. We reduced the number of production lines by ten without sacrificing capacity potential and the number of warehouses and distribution centres by 17, to 307. We achieved further efficiencies in operating expenses while supporting our business with the right level of advertising.

Our Shared Services Centre in Sofia, Bulgaria houses many of our back office processes. Having implemented the first two phases, which involved the transfer of finance, human resources, transactional and data management activities for the significant majority of our markets, we are in the process of starting the final phase. We are very pleased to see that the Centre is becoming an incubator for talent in addition to its primary role, which is to streamline and centralise our back office procedures, gain efficiencies and apply best practice.

With Nigeria coming on stream in January 2014, and FYROM in January 2015, the deployment of the SAP integrated data management platform is now complete across the Group. The process standardisation and efficiency gained as a result of this investment will help accelerate infrastructure optimisation in coming years, and we look forward to reaping these benefits.

Engaging our people

Our performance this year, in the face of extremely challenging market conditions, is a testament to the talent and resourcefulness of our people. I would like to thank them wholeheartedly for their passion, dedication and hard work.

During 2014, we sought to do our best to motivate and develop all of our people, particularly our next generation leaders. 100% of our General Managers and two thirds of our function heads were promoted from within our talent pipeline. Replenishing this pipeline through recruitment and ongoing development of our talent bench continues to be a priority. We recruited 197 management trainees in 26 of our countries during the year, 51% of whom were female.

We seek to provide a workplace that inspires people to be the best they can be, and our 2014 employee engagement survey results demonstrate progress on this front. Our engagement and values indices were 82% and 81%, respectively, and are at a level that compares favourably with our industry peers. I strongly urge you to read more about our initiatives in the Our People section of this report.

"Macroeconomic events beyond our control created the worst trading conditions seen in years in some of our markets."

"There are many reasons to be excited about the future of our business. We have formidable assets, including a world-class brand portfolio and a diverse geographic footprint."

Creating shared value

We know that our success is closely linked to the vibrancy and wellbeing of our customers and the communities we serve. For more than ten years, we have continuously refined our approach to managing our business responsibly and sustainably, ensuring that we earn trust by creating value for all stakeholders.

Let me give you one example which is close to my heart. In May, three of our markets, Serbia, Croatia and Bosnia & Herzegovina, experienced torrential rains, the heaviest recorded in the past 120 years, resulting in severe floods. Thousands of our employees got involved in response efforts and we provided bottled water and supported with monetary donations the efforts of the authorities, local communities and the Red Cross.

We signed the United Nations' Global Compact leadership initiative to promote sustainable and ethical business practices in 2005, and have made its ten principles an integral part of our business strategy, day-to-day operations and organisational culture, representing these across our entire value chain. In this spirit we contribute to the Millennium Development Goals through our business activities, advocacy and community partnerships, publicly communicating our progress in the four priority areas of human rights, labour, environment and anti-corruption to our stakeholders every year.

As UNGC CEO Water Mandate signatories we continue to invest in water-efficient technologies, work with suppliers on sustainable water management and with our communities and NGO partners towards our water replenishment goals.

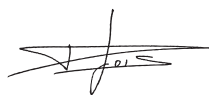
This year we improved our position in the Dow Jones Sustainability Index. This is the seventh consecutive year that our Company has been included in the indices and the first year it has led both the World and Europe indices in the beverage sector. We have also been awarded an A rating by the Carbon Disclosure Project (CDP) and a place in the CDP Global Climate Performance Leadership Index 2014.

Looking ahead

We expect the challenges we have seen to continue in 2015. Ongoing geopolitical tensions are likely to exacerbate adverse foreign exchange trends and weak oil prices may persist, with negative consequences for economies in some of the Emerging markets in which we operate.

We will continue to pursue our strategy with a wide range of planned actions, from improving volumes through marketing initiatives and focusing on affordability, to continued implementation of our proven self-help efficiency measures. These efforts, along with materially reduced input costs, will help to mitigate the negative impacts of currency volatility and related uncertainty in some of our key markets. We anticipate a challenging year and are optimistic that our business will prove its strengths in adversity.

There are many reasons to be excited about the future of our business. We have formidable assets, including a world-class brand portfolio and a diverse geographic footprint. We operate in markets where relatively low per capita consumption of sparkling drinks and the potential for market share expansion present us with opportunities for growth. Our restructuring efforts over the last five years have created a more effective, cost-conscious culture and a lean manufacturing infrastructure. Combined, these factors reinforce my confidence in our Company's ability to deliver on our strategy, maximising value and creating sustainable, long-term growth.



Dimitris Lois
Chief Executive Officer

Play to Win strategic framework

We want to

Bring togetherness. Spread happiness. Inspire a better future.

We focus on
our strategic
pillars

Community Trust

Enriching the lives of people in our communities and safeguarding the environment.

➔ See page 29

Consumer Relevance

Meeting consumer needs by offering choice and quality.

➔ See page 37

Customer Preference

Helping customers increase sales by being a preferred partner.

➔ See page 41

Cost Leadership

Delivering strong sustainable earnings and dividends.

➔ See page 46

We rely on
our enablers

Unparalleled talent

High performance mindset

We achieve
our strategic
targets

Win in the marketplace

We seek to improve our position in the market by winning new consumers with relevant products and by being competitive.

Generate value ahead of volume

We deploy revenue growth management initiatives, optimising our package mix per occasion and channel, ultimately seeking optimal value from every case we sell.

Focus on cost

We seek to improve efficiency by optimising our manufacturing cost base, our logistics footprint and our operating expenses.

Generate free cash flow

We seek to strengthen the generation of free cash flow with tight management of working capital.

We live by
our values

**Authenticity
Excellence**

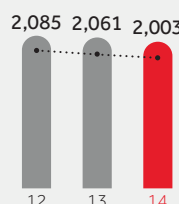
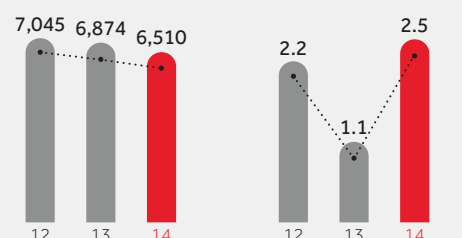
**Learning
Caring for
our people**

**Performing as one
Winning with our
customers**

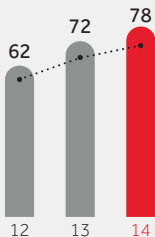
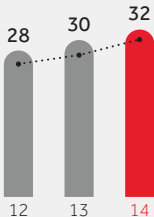
To realise
our vision

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

Our strategic objectives

Strategic targets	Win in the marketplace	Generate value ahead of volume																				
How we measure our performance (KPI)	Volume is measured in million cases sold, where one unit case represents 5.678 litres. Market share is calculated by dividing our volume or revenue by the total volume or revenue of the respective beverage category. We report the number of countries where we maintain or improve our sparkling beverages volume share.	Net sales revenue comprises revenues from Coca-Cola HBC's primary activities. Net sales revenue generated per case sold is calculated on an FX-neutral basis.																				
What happened in the year	Volume growth was our big challenge, with suppressed consumer demand in many of our markets, coupled with an unseasonably cold summer in Europe. However, we improved our sparkling volume share in 16 out of 24 measured markets.	Net sales revenue declined, largely due to lower volumes and currency movements. However, FX-neutral net sales revenue per case improved by 2.5% as a result of revenue growth management initiatives, and price increases to offset the increased cost of concentrate, adverse currency movements and inflation.																				
KPIs	Volume (m u.c.)  <table><tr><th>Year</th><th>Volume (m u.c.)</th></tr><tr><td>12</td><td>2,085</td></tr><tr><td>13</td><td>2,061</td></tr><tr><td>14</td><td>2,003</td></tr></table>	Year	Volume (m u.c.)	12	2,085	13	2,061	14	2,003	Net sales revenue (€m) FX neutral NSR/case improvement (%)  <table><tr><th>Year</th><th>Net sales revenue (€m)</th><th>FX neutral NSR/case improvement (%)</th></tr><tr><td>12</td><td>7,045</td><td>2.2</td></tr><tr><td>13</td><td>6,874</td><td>1.1</td></tr><tr><td>14</td><td>6,510</td><td>2.5</td></tr></table>	Year	Net sales revenue (€m)	FX neutral NSR/case improvement (%)	12	7,045	2.2	13	6,874	1.1	14	6,510	2.5
Year	Volume (m u.c.)																					
12	2,085																					
13	2,061																					
14	2,003																					
Year	Net sales revenue (€m)	FX neutral NSR/case improvement (%)																				
12	7,045	2.2																				
13	6,874	1.1																				
14	6,510	2.5																				
Our plans for 2015	We have plans in place to grow our volume in the majority of our markets in 2015. Uncertainty in Russia, our biggest market, may constrain our volume growth.	Our revenue growth management initiatives are integral to our commercial strategy and these will continue in 2015. Additional price increases are likely in some of our Emerging markets.																				

Underpinned by our enablers and values

Enablers and values	Nurture unparalleled talent and a high performance mindset																
How we measure our performance (KPI)	We track the percentage of employees responding to a Group-wide engagement survey positively. We record the number of key people in key positions and the number of women in our Company.																
What happened in the year	Based on survey results, employee engagement index was 82% in 2014. 78% of our key people were in key positions – up from 72% in 2013. 23% of our total workforce, 32% of our managers, 30% of our senior leaders and 8% of our Board of Directors are women.																
KPIs	Key people in key positions (%) <table><thead><tr><th>Year</th><th>Value (%)</th></tr></thead><tbody><tr><td>12</td><td>62</td></tr><tr><td>13</td><td>72</td></tr><tr><td>14</td><td>78</td></tr></tbody></table> Women in management (%) <table><thead><tr><th>Year</th><th>Value (%)</th></tr></thead><tbody><tr><td>12</td><td>28</td></tr><tr><td>13</td><td>30</td></tr><tr><td>14</td><td>32</td></tr></tbody></table>	Year	Value (%)	12	62	13	72	14	78	Year	Value (%)	12	28	13	30	14	32
Year	Value (%)																
12	62																
13	72																
14	78																
Year	Value (%)																
12	28																
13	30																
14	32																

Comparable indicators exclude the impact of restructuring, the unrealised impact from the mark-to-market valuation of commodity hedges and specific non-recurring items. For a reconciliation of comparable financial indicators to the respective GAAP financial indicators, please see page 57.

Focus on cost

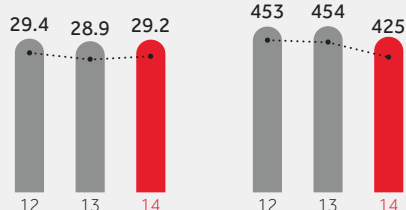
OpEx (Operating expenses) as percentage of net sales revenue is calculated by dividing comparable operating expenses by total net sales revenue.

Comparable EBIT refers to profit before tax excluding finance income or cost and share of results of equity method investments, adjusted for certain non-recurring items.

Our actions resulted in an absolute reduction in OpEx, although as a percentage of net sales revenue, the ratio deteriorated. This, coupled with improved pricing and lower input costs, held comparable EBIT margin broadly stable during the year.

OpEx as percentage of NSR (%)

Comparable EBIT (€m)



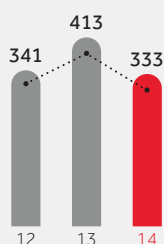
Focus on cost and efficiency is a firm discipline in our business. We expect our profitability to benefit from operational leverage as volumes return to growth in our markets.

Generate free cash flow

Free cash flow is defined as the cash generated by operating activities after payments for/ proceeds from and purchases/sales of property, plant and equipment, and principal repayments of finance lease obligations.

Free cash flow generated in the year was slightly short of our recent track record due to currency pressures on our profitability and diminishing incremental gains we can achieve in working capital, the balance sheet position of which is already negative.

Free cash flow (€m)



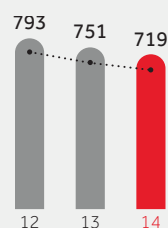
We have revised our free cash flow expectation for the 2013-2015 period to €1.1-1.2 billion due to the acceleration of adverse currency movements.

Act responsibly

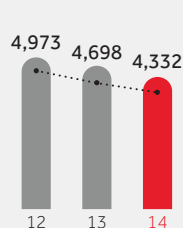
We measure direct and indirect **greenhouse gas emissions** from our operations (scopes 1, 2 and 3 as defined by the Greenhouse Gas protocol).

Our operational carbon emissions (from production and transport) amounted to 718,766 tonnes in 2014. The global carbon footprint of our products, including indirect emissions in the supply chain and for cooling, amounted to 4.332 million tonnes of CO₂, a reduction of 7.8% in the year.

Greenhouse gas emissions
'000 tonnes (scopes 1 and 2)



Greenhouse gas emissions
'000 tonnes (scopes 1, 2 and 3)



Historic data recalculated to include energy from remote properties in carbon emissions. 2013 figures were recalculated due to errors found in Nigeria energy figures and to account for certain fleet and ingredients.



Connecting with our stakeholders

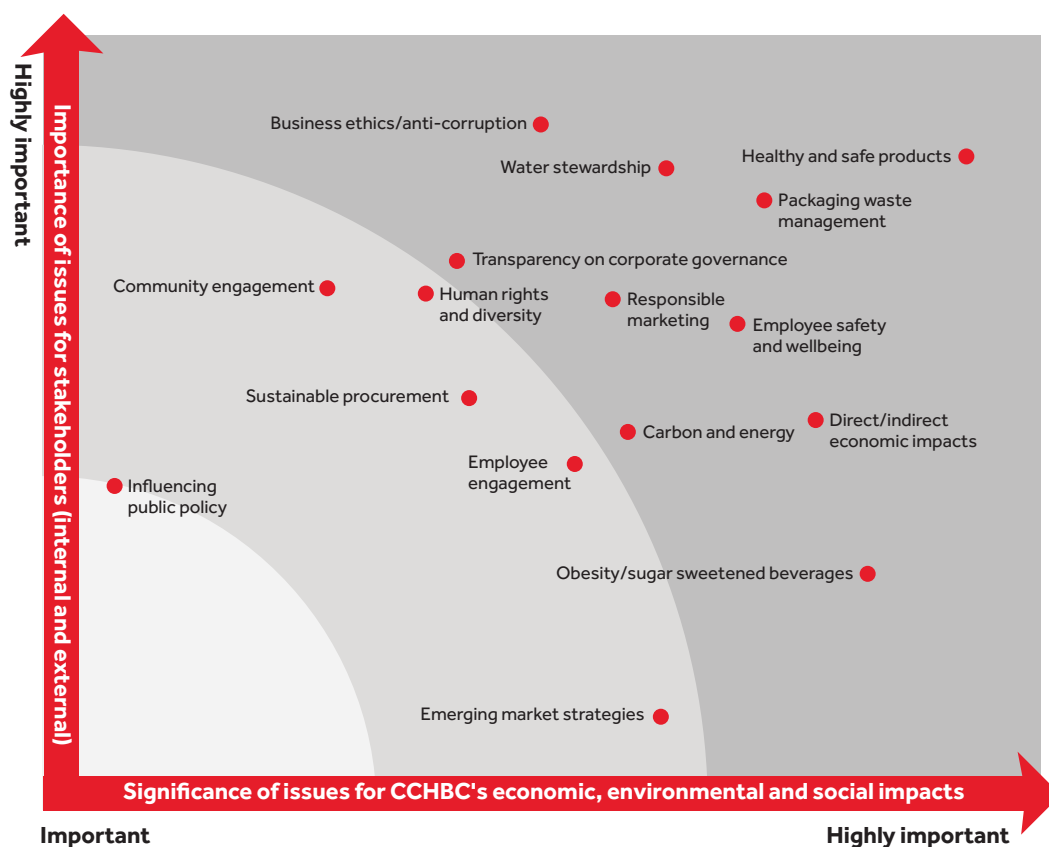
Understanding the needs and interests of stakeholders – including our partners, customers, suppliers and community members – guides our prioritisation and helps us develop sustainable business strategies to create value.

Connecting with our internal and external stakeholders is necessary to identify and appropriately manage economic, social and environmental issues that may affect our ability to create value over time. We prioritise these issues through a materiality assessment process developed in line with the Global Reporting Initiative G4 Guidelines, determining the issues that are of greatest importance to both stakeholders and the Company (see materiality matrix). This assessment process provides focus to our business strategy and ensures the relevance of our reporting.

Assessing materiality

To determine which issues are material, or of greatest concern and significant potential impact, we conduct benchmarking and ongoing trend analysis. We also seek input by interviewing internal decision makers, engaging with external stakeholders on an ongoing basis. Both employees and external stakeholders identified in each of the countries and for the Group as a whole are surveyed online for input to the materiality matrix. As reflected on the axes below, all issues on our list were prioritised 'Important' to 'Highly Important'

Material Issues matrix



Our People

- Employee engagement
- Employee safety and wellbeing
- Human rights and diversity

Community Trust

- Business ethics/anti-corruption
- Carbon and energy
- Community engagement
- Direct/indirect economic impacts
- Healthy and safe products
- Human rights and diversity
- Influencing public policy
- Obesity/sugar sweetened beverages
- Packaging waste management
- Responsible marketing
- Transparency on corporate governance
- Water stewardship

Consumer Relevance

- Direct/indirect economic impacts
- Obesity/sugar sweetened beverages
- Healthy and safe products
- Responsible marketing
- Water stewardship

Customer Preference

- Business ethics/anti-corruption
- Direct/indirect economic impacts
- Obesity/sugar sweetened beverages
- Healthy and safe products
- Responsible marketing

Cost Leadership

- Carbon and energy
- Emerging market strategies
- Sustainable procurement
- Packaging waste management

How we engage with our stakeholders and which of our material issues are most relevant to them

Stakeholders	How we engage	Areas of interest
Shareholders and analysts	Annual General Meetings, quarterly roadshows and results briefings, webcasts with shareholder and analyst participation, ongoing dialogue with analysts and investors.	Direct/indirect economic impacts; Transparency on corporate governance; Carbon and energy; Human rights and diversity; Sustainable procurement; Emerging market strategies.
Employees	Engagement and values surveys; management by objectives along 7 key result areas including Corporate Social Responsibility, ambassadorship, health, safety and sustainability communications programme; community and active lifestyle projects, quarterly CEO business updates, annual Leadership Conference, Employee Works Council, whistleblower hotline and materiality survey.	Direct/indirect economic impacts; Employee safety and wellbeing; Employee engagement; Human rights and diversity; Community engagement; Transparency on corporate governance.
Customers	Joint value creation initiatives, trade marketing activities, cooperation on health and sustainability related initiatives, regular meetings, dedicated account teams, joint business planning, customer care centres, satisfaction surveys, Annual Stakeholder Forum and materiality survey.	Direct/indirect economic impacts; Responsible marketing; Healthy and safe products; Carbon and energy; Packaging waste management; Obesity/sugar-sweetened beverages.
Consumers	Consumer hotlines, local websites, plant tours, research, surveys, focus groups, segmented and customised integrated communications via innovative channels including social media.	Healthy and safe products; Obesity/sugar-sweetened beverages; Responsible marketing; Community engagement.
Suppliers	Joint value creation initiatives, supplier award event, industry associations, workshops on sustainable supply, Annual Stakeholder Forum, materiality survey, SEDEX (platform for ethical and sustainable supply chains).	Direct/indirect economic impacts; Sustainable procurement; Carbon and energy, Water stewardship, Human rights and diversity.
Governments and regulatory authorities	Participation in consultations (e.g. European Commission communication on Circular Economy, the EU Platform for Action on Diet, Physical Activity and Health), discussions and dialogue with food safety and environment agencies, foreign investment advisory councils, embassies, etc. Annual Stakeholder Forum and materiality survey.	Direct/indirect economic impacts; Business ethics/anti-corruption; Influencing public policy; Transparency on corporate governance; Obesity/sugar-sweetened beverages; Packaging waste management; Carbon and energy; Human rights and diversity; Sustainable procurement; Emerging market strategies.
Non-governmental and intergovernmental organisations (NGOs and IGOs)	Conferences, consultations, discussions, partnering on common issues (e.g. nature conservation, health and nutrition and community investment programme), memberships in business and industry associations, Annual Stakeholder Forum and materiality survey.	Direct/indirect economic impacts; Community engagement; Water stewardship; Carbon and energy; Sustainable procurement; Human rights and diversity.
Communities	Plant visits, community stewardship programme, partnerships on common issues such as youth development and empowerment of women and other, locally relevant social issues, corporate contributions, offering management capabilities and time pro bono; lectures at universities; volunteerism, conservation of nature and biodiversity, protection of the environment, decreasing our footprint.	Community engagement; Water stewardship; Human rights and diversity; Direct/indirect economic impacts; Packaging waste management; Obesity/sugar-sweetened beverages.

with values ranging from 1.8 to 2.9. In addition, the materiality assessment process includes input from the Group Risk Forum.

The Social Responsibility Committee of the Board of Directors and the Sustainability Steering Committee oversee our materiality process from a governance perspective, reviewing and adjusting priorities to reflect changes in stakeholder expectations and our business environment.

Ongoing stakeholder engagement

We know that we create value through our relationships. Building and maintaining our stakeholder relationships is therefore fully embedded in the way we do business. Everywhere we operate, we actively participate in forums, industry platforms and collaborative programmes. We also engage with stakeholders indirectly as members of 19 national beverage associations. Our partnership with The Coca-Cola Company provides us with additional insights and information about emerging issues.

Managing our material issues continued

Our engagement priorities in 2014 included building and maintaining relationships critical to our operations and building support for longer-term initiatives such as development of supplier capabilities and joint value creation initiatives with customers, integrating sustainability considerations into these business relationships. As a new element in our stakeholder engagement process in 2014, we conducted online surveys among our external and internal stakeholders. We asked them to assess our material issues list, also providing the opportunity for them to propose additional issues to the list and comment on our stakeholder engagement approach and methods. We used the consolidated results of the surveys to advance the materiality matrix, and the valuable insights of our stakeholders support our thinking as we go forward.

Although this report includes information that complies with the G3.1 standards of the Global Reporting Initiative (GRI), we have already started working towards GRI G4 requirements on stakeholder engagement and materiality assessment to prepare for future reports. We identify the most material business issues based on economic, environmental and social impact, and importance to stakeholders. This helps us to focus our business strategy and our reporting. To identify and prioritise issues, we rely on the following main sources:

- Proactively seeking input in the form of opinions, insights and prioritisation of items on our materiality issues list
 - at our Annual Stakeholder Forum
 - via online surveying of over 360 external stakeholders nominated by our 28 markets and the Group Corporate Office
 - through the internal online surveying of 300 employees in leadership positions representing all geographies and functions
- Benchmarking and studying best practice examples
- Ongoing analysis of global and local trends
- The material issues list of The Coca-Cola Company
- Integrating input from our Group Risk Forum.

Ensuring good governance, the Social Responsibility Committee of the Board of Directors and the Sustainability Steering Committee, which consists of key subject matter experts, three members of the Operating Committee and a Business Unit President of The Coca-Cola Company, regularly review priorities in light of changing issues and expectations, ensuring that these are adequately addressed in business strategies.

Annual Stakeholder Engagement Forum

We meet annually with key stakeholders to review our past performance and seek to understand expectations for our future performance. At our 2014 Annual Stakeholder Engagement Forum, customers, suppliers, academics, NGOs, industry and other technical experts met in Budapest for interactive discussions about carbon and energy, health and nutrition, sustainability performance and perception, emerging trends in our social environment, employee wellbeing and stakeholder responsiveness.

Our main insights from the 2014 event are that stakeholder expectations are increasing in regard to human rights and social aspects such as employee wellbeing, diversity and gender equality. Stakeholders would also like to see our Company increase our impact on sustainability issues by partnering with our customers and suppliers and taking on a leadership role in promoting healthier, more sustainable lifestyles with consumers. Increasingly, we are expected to take a holistic approach to environmental, social and governance initiatives, realising their interconnectedness and managing progress of these initiatives against clearly communicated objectives. You can read more about this at www.coca-colahellenic.com.

We make sure we learn from the feedback and implement the input we receive at our Annual Stakeholder Engagement Forums. Input received at past forums led us to set longer-term performance targets and increase our focus on consumer health, our supply chain and the environment. We have also made significant changes to our reporting to address stakeholder information needs, seeking external assurance of our reporting, integrating our sustainability and financial reports and consolidating issues on our materiality list to better reflect global trends.

"Material issues include economic, environmental and social risks that could affect our reputation and our ability to create value over the short, medium and long term."



2014 Annual Stakeholder Forum participants

Our People

Putting our people first

2014 highlights

- Participation in engagement survey was the highest ever at 95%.
- Sustainable Employee Engagement Index was 82%, 2% higher than the FTSE 100 and FMCG benchmarks.
- Talent pipeline has improved, supported by increased investment in development.
- Gender diversity improved in 2014 with women accounting for 32% of all management, up 2%, and for more than 50% of management trainees hired.

36,362

Employees

82%

Sustainable Employee Engagement Index

15,000

Leaders and potential leaders received feedback through our People Development Forums



Our people create value by growing our business responsibly and sustainably.

While our business has many strengths, including our diverse product portfolio and geographic footprint, it is our talented people who drive value creation. They collaborate with our customers, connect with communities and bring smiles to the faces of consumers.

We seek to continually improve the level of engagement of our people in a sustainable way. High engagement leads to improved results across all business metrics.

We aim to further strengthen our organisational capabilities, such as customer management, to improve our abilities to execute our strategy. We not only seek to fully embed successful processes, structures, people skills, and measurement systems but to continually reflect on emerging trends in our industry, and beyond, to develop new competitive organisational capabilities.

Our leaders and leadership culture aim to show direction, align our people with our key strategies, and build commitment to execute the agreed strategies. Developing a sustainable pipeline of leaders and key talent for our critical organisational capabilities is a cornerstone of our Play to Win strategy.

We have demonstrable strengths in attracting, developing, retaining and engaging talented people to grow our business today and in the future, and we are constantly focused on improving these capabilities.

Engaging employees

We seek to offer a workplace where people are inspired to be the best they can be. We know that engaged, motivated employees, working to their full capability and able to realise their personal career goals, are a critical part of our Company's long-term success. At the same time we work hard to ensure each employee understands their role within the business and how their individual effort makes a direct contribution to the success of Coca-Cola HBC.

Our People continued

To measure our progress, we conduct an employee engagement survey annually. In 2014, we took engagement to the next level by measuring sustainable engagement, and joining the sustainable engagement survey and benchmarking pool of consulting firm Towers Watson.

This new focus allows for insights on sustainable engagement, measuring critical contributing factors such as employee connection and motivation, the internal environment as an enabler of high performance, diversity and inclusion, wellbeing and employee value proposition.

Participation rates increased for the 2014 engagement survey, up 5% compared with 2013 to include 95% of all employees. Our Group level indices for engagement and values were 82% and 81%, respectively, for 2014. Amongst 300 Senior Leaders, the engagement index was 93% while the values index reached 95%.

Ensuring long-term success

Building a strong pipeline of leaders is a fundamental part of our strategy. At the heart of our approach are three keys to development: assessment, challenge and support.

We assess the performance and potential of all leaders annually against the established standards reflecting our strategy, core beliefs and research-based segmentation of leadership roles. As a result, we reviewed, assessed and gave feedback to approximately 15,000 people during the People Development Forums in 2014. We understand

and manage the performance of our people holistically. Our focus on results such as innovation, sustainability and people development, along with financial metrics, supports an appropriate balance between short-term and long-term objectives in the execution of daily operations and decision making.

Our leadership assessment and development programmes include Acceleration Centres. In 2014, these centres helped 1,171 people understand the skills and strengths they have and need to have for their current and future roles. Results from the centres feed into development planning.

To accelerate the development of our key people, we offer controlled challenges to help build new skills. People progressing to first-line and middle-management positions are invited to participate in our Fast Forward programme. The development methodology is primarily experiential, built around challenging work assignments. Once leaders are appointed to new roles, we offer personalised onboarding support to help ensure successful leadership transitions.

After a successful transition, support continues with Leadership Training programmes. These offer a structured learning environment, where established, well-researched ways of thinking and dealing with the new challenges are balanced with learning from peers and practice in a safe environment.

To ensure long-term success, an important first step is attracting and recruiting people with leadership potential. During 2014, we recruited 197 management trainees for 19 of our 20 business units. Of our 2014 recruits, 51% were female, supporting our intentions regarding gender balance. Management trainees are offered a standardised programme that is typically two years long. We are committed to maintain our current level of investment in trainee development following hiring around 200 trainees annually for the last three years.

"Building a strong pipeline of leaders is a fundamental part of our strategy. At the heart of our approach are three keys to development: assessment, challenge and support."



Engagement at our Leadership Training Programme

Organisational capabilities as source of competitive advantage

In addition to our leadership programmes, we focus on developing the core organisational capabilities necessary to achieve our strategic objectives. To successfully execute a strategy requires specific knowledge, processes, structures, as well as people with specific skills and measurement systems to assess our progress.

To support our lean manufacturing goals, for example, our Operator Development Programme, deployed in Switzerland, Bulgaria, Hungary and Ukraine, supports Plant Operators in learning new skills. Through the programme, they learn to perform maintenance, quality and repair tasks in addition to operating equipment efficiently. Our goal is to provide operators with the skills to manage changes in our product mix. In addition to supporting our business, the programme offers operators a clear career path and competitive rewards and recognition, along with certification of their skill development.

Embracing diversity

Our broad geographic footprint means that our business serves a diverse spectrum of communities. Fostering diversity and inclusion in our workforce helps ensure that we are the strategic partner of choice for all of our customers. Diversity and inclusion also help stimulate different ways of thinking, which supports innovation and can lead to new opportunities.

To increase understanding and engagement, we encourage cross-cultural and cross-country exchanges within our talent pool. We have a formal policy supporting equality, and we always appoint the best person for the job, regardless of gender, religion, ethnicity or race, while ensuring equal opportunity and fair representation.

We are encouraged by the increasing number of women in the leadership of our Company. 32% of our managerial roles – up from 30% in 2013 – and 30% of our senior leadership roles were held by women in 2014. More than 50% of management trainees hired in 2014 across our territory were also women.



Market developer at work in Nigeria

Our People continued

Health and Safety

We support our people to live healthy and active lives, offering gym memberships, medical check-ups and participation in Company and community sport and healthy living programmes. To create a Group-wide understanding of healthy living and energy balance, we host an annual Move Week. Each country plans activities to increase awareness about diet and physical activity, as well opportunities to have fun being active.

Because Caring for People is a central value for our business, and we want our employees to have long and successful careers, we have worked to steadily improve understanding of the need to ensure work-life balance and personal renewal. Initiatives include options for dependent care, special leave when required and clearly communicated, standardised working times.

While we made progress on many fronts working toward world class safety performance, we regret to report that five of our people lost their lives while working during 2014. One employee died as a result of insurgent activity in the north of Nigeria and one was killed by a vehicle on-site. The other three deaths were the consequence of road traffic accidents in Emerging countries.

To improve safety, particularly regarding road traffic accidents, we are strengthening our vehicle safety programmes. We provide defensive driver training for all employees who drive on company business. While 10,017 employees have received this training in the past three years, a further 6,500 are scheduled to be trained during 2015. We have also continued our programme to install collision avoidance driver warning technology in all new light fleet vehicles. To reinforce how seriously we view vehicle safety, we apply strict consequences for drivers who ignore normally accepted standards of driver behaviour. We are seeing positive results with this approach, with fleet accidents per million kilometres travelled falling significantly during 2014.

For the sixth consecutive year, we achieved an improvement in employee lost time accidents involving an absence greater than one day. Our safety management extends to contractors who work with us. Since 2012, we have measured lost time accident performance for this group. We also began monitoring cases of occupational ill health at the beginning of 2014. We are pleased to report that no cases were reported during the year.

We now measure leading indicators for health and safety, as well as lagging indicators such as incident rates. We continue to see a direct correlation between high levels of leading indicators, which include near misses and inspections, and low levels of lost time accidents on our sites.

Since 2011, we have held an annual Health and Safety Week to raise awareness around important safety issues relevant in their workplace as well as in our employees' private lives. In 2014, Health and Safety Week focused on fire safety in response to employee suggestions submitted through the 2013 employee survey. Presentations included information from local fire brigade services and advice on home smoke detectors.

Managing change

In a time of rapid transition for our business, a key focus has been to manage change responsibly and with sensitivity. A good example can be found in our Business Services Organisation in Bulgaria, which handles back office tasks for the majority of our markets. We take less complex tasks, centralise them, and then develop employees to tackle more challenging roles elsewhere in our business, retaining talented employees even as we restructure.

When redundancies are necessary, we seek to be responsible, fair and equitable, providing counselling and assistance. We consult closely with unions, governments and other employee representatives, particularly when redeployment or redundancy is an issue. During 2014, we held 489 consultations with trade unions and Works Councils regarding organisational changes.

"Each country plans activities to increase awareness about diet and physical activity, as well opportunities to have fun being active."

Building trust within our communities

2014 highlights

- We supported 1.6 million participants in sports and fitness programmes.
- Eight production plants were awarded European Water Stewardship Gold certification.
- €2.4 million was invested behind youth development.
- We were named Gold Class Beverage Industry Leader on the Dow Jones World and Europe Sustainability Indices, and achieved a CDP A rating, meriting inclusion in the leadership index.

39%

of total community investment spent on active lifestyle initiatives

€5.8 million

Invested in water saving projects

89%

Overall Dow Jones Sustainability Index score



Building community trust through responsible, sustainable management of our business is an essential part of everything we do. Trust is the foundation on which our relationships with customers, consumers, employees and business partners is built. It is only on a solid foundation of trust that our business can thrive.

For more than a decade, we have worked to integrate corporate responsibility and sustainability into all of our business processes and decisions. We identified the material issues to our business, consulted our stakeholders and developed ambitious strategies and commitments, along with rigorous governance. We also have consistently reported on our progress against ambitious strategies and long-term targets.

We build community trust by working on the following three strategic objectives, which are important to both stakeholders and our economic, environmental and social impact:

- promoting health and wellness;
- minimising our environmental impact; and
- benefiting local communities.

Our Company is included in key sustainability indices and ratings. These provide a good indicator of how deeply socio-economic and environmental considerations are embedded in our business, as well as how positively we are perceived by our stakeholders.

2014 Performance

In 2014, Coca-Cola HBC was named the industry leader amongst the 10 beverage companies on the Dow Jones Sustainability Europe Index and the 30 companies on the Dow Jones Sustainability World Index. Our Company's overall score awarded by DJSI was 89%, compared to 81% last year, and we achieved industry-best scores across the environmental and social dimensions. We are particularly proud of the progress we made regarding brand and customer relationship management, health and nutrition, supply chain management, talent attraction and retention and human capital development. For packaging and water risk management, environmental policy and management systems and raw material sourcing, DJSI awarded our Company the maximum 100 points.

Community Trust continued

In 2014, CDP (a not-for-profit organisation which provides a platform to measure, disclose, manage and share environmental information) upgraded Coca-Cola HBC's rating to an A and awarded the Company a place in the UK's FTSE 350 Leadership Index. This is in addition to its place in The A List: Global Climate Performance Leadership Index. The A List project was expanded in 2014 to consider significantly more companies.

As part of the CDP assessment process, Coca-Cola HBC provided comprehensive information about the measurement and management of its carbon footprint, climate change strategy and risk management processes and outcomes. Our commitment to address climate change has involved initiatives including:

- Supporting capacity expansion in the Russian sugar beet industry, which will eliminate our need to import sugar in this important market by 2015;
- Working with suppliers to introduce hydrofluorocarbon (HFC)-free coolers with the objective of having HFC-free equipment for all customers by 2015; and
- A €4.3 million investment in 2014 in energy saving programmes throughout the Company's plants.

These initiatives contributed to a reduction in total absolute carbon emissions (direct and indirect) of 7.8 % in 2014 compared to 2013.

Another milestone that makes us proud is that, as of December 2014, we have been included in the Euronext-Vigeo UK 20 (the 20 most advanced companies in the UK) and maintained our inclusion in Euronext Vigeo – Europe 120 (the 120 most advanced companies in Europe). These are indices maintained by Euronext (the primary exchange in the Euro zone), and Vigeo (the leading European agency in responsible performance).

Coca-Cola HBC's 2013 integrated report was also recognised during 2014, receiving an award for Most Effective Sustainability Communications in the FTSE 100 from the Investor Relations Society in London. The report was also recognised by Communicate Magazine in the UK, receiving an award for Best Shared Strategic Value.

Promoting health and wellness

We seek to ensure that our products can be part of active, healthy lifestyles that include a sensible, balanced diet and regular physical activity. Weight gain is primarily the result of sedentary lifestyles and energy imbalance – too many calories consumed and too few expended. To support consumers throughout the world to achieve energy balance and wellness, The Coca-Cola Company announced a series of commitments in 2013 that our global business system is committed to achieve by 2020.

Coca-Cola Wake Your Body

Our multi-disciplinary sports and fitness programme in Hungary celebrated its tenth anniversary in 2014. The Coca-Cola Wake Your Body campaign promotes the importance of regular physical exercise as well as a balanced diet and informed choice. To date, more than three million people have taken part in more than 500 events on over 50 types of fitness activities including running, biking and fitness classes. The 'Calorie Balance' campaign of the programme was named the 'Best Health Marketing Campaign' by Beverage Innovation Awards, and also serves as a Coca-Cola System Best Practice in Europe, with a rollout plan for all of our 28 markets.



The Coca-Cola Cup

The Coca-Cola Cup is our signature Active Lifestyle Programme focused on teens. While the format and scale varies from market to market, the objective remains providing young football players and their families the opportunity to engage in a nationwide football competition and spend time together in an active way. The Coca-Cola Cup is open to both genders and is managed in partnership with national football associations, strengthening local community involvement. Active lifestyle zones at the events enable players and spectators to participate in extra sporting activities and to receive educational materials on calorie balance and health. Our most successful Coca-Cola Cup tournament in Poland has been running for 15 years. It attracts approximately 40,000 participants every year and has a 42% awareness amongst teenagers in Poland.



We will:

- Offer low- or no-calorie beverage options in every market;
- Provide transparent nutrition information, featuring calories on the front of all packages;
- Help get people moving by supporting physical activity programmes in every country where we do business; and
- Market responsibly, including no marketing to children under 12 anywhere in the world.

We are already well-placed towards full achievement of the worldwide goals. We describe below some ways in which they are being addressed.

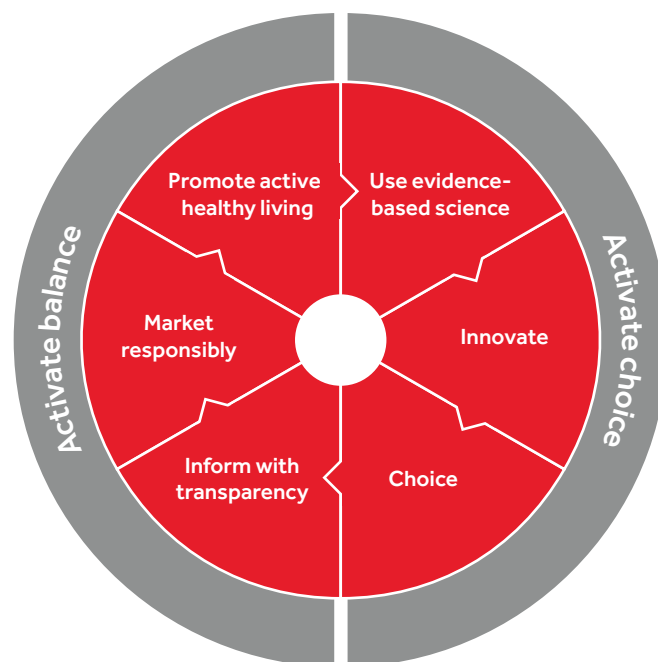
Our efforts to deliver on these commitments are multifaceted. To provide consumers with more choices, Coca-Cola HBC is accelerating the growth of light and zero-calorie beverages in our portfolio. We know that clear and transparent communication on the calorie content of our products helps consumers make informed choices. In 2007, we pioneered the use of Guideline Daily Amounts labels on the front of packages in our EU markets. Since then, we have rolled out front-of-pack labelling for calorie content to additional markets.

By 2020, we want to support 6.7 million people to engage in physical activity across our markets. To help us achieve our goals in this area, in 2014 we launched a strategic framework for our active lifestyle programmes, together with The Coca-Cola Company. This framework outlines the rationale for and the criteria of our active lifestyle programmes, a description of three programmes we have decided to scale up across our territory, targets by country on the number of people we aspire to move and ways of measurement. One of the programmes we have decided to scale up is our award winning Hungarian Coca-Cola Wake Your Body programme. Coca-Cola Wake Your Body is an umbrella active lifestyle programme that incorporates a series of sports and physical activity events and opportunities over the course of a year. The complete series of events is designed to encourage the broadest participation possible in terms of age, gender, physical fitness and ability; however the individual events within the umbrella programme may be developed to target specific populations (i.e. women, families, etc).

In 2014 the Leader Sports Animator – Wake Your Body programme in Poland was recognised with a Presidential Award from the President of Poland for Best Active Lifestyle Programme, while it also received the Sportsman of the Year Award in Poland.

Good hydration is also essential for human health and wellness. Every cell in the human body requires water to function well. Appropriate hydration is central to the most basic physiological functions such as regulating blood pressure and body

Our System's approach to health and wellness



temperature, and maintaining optimal functioning of a number of vital human organs, including the brain. Our beverages play an important role in providing a range of alcohol free drinks that contribute to hydration, and we are committed to provide a wide range of choice including natural mineral waters, enhanced waters and isotonic sports drinks that contribute to the appropriate hydration of our consumers and to make hydration a varied, joyful, everyday experience.

We understand that our commitment to healthy lifestyles must start from within. We have a responsibility to the wellbeing of the people who consume our products, and importantly, to our employees. That's why we instituted Move Week, which has three strategic objectives, across the Coca-Cola HBC group:

- Inspiring our people to be healthy and active, both at work and beyond;
- Providing an opportunity for fun, togetherness, connecting with colleagues and giving back to the community; and
- Enabling our people to adopt active lifestyle habits for life.

Under our broader employee wellbeing strategy we organise family days, provide gym memberships and medical check-ups, and encourage participation in Company and community sports and active lifestyle programmes. As part of our efforts to

create a culture of movement in our Company we launched ToolFit, an internal holistic active lifestyle framework of initiatives targeting the wellbeing of our people. ToolFit includes various ideas and tips, as well as case studies from some of our countries and outside The Coca-Cola System to help integrate active lifestyles in the work environment.

We have long sought to ensure that we market our products responsibly. We do not market any product directly to children and we do not buy advertising directly targeted at audiences of which more than 35% are under age 12. This policy applies to TV, radio and print and, where data is available, to the Internet and digital communication channels. We also do not engage in direct commercial activity in primary schools. Our commitment to responsible marketing includes helping to develop industry codes of practice, such as the commitments of the Union of European Soft Drinks Associations.

During 2014, we had no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorships. Likewise, our Company had no substantiated complaints regarding breaches of customer privacy and losses of customer data during the year, and we paid no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Minimising our environmental impact

Since 2004, we have set annual improvement targets to minimise the use of water and energy and to reduce waste. Our top 10 Water and Top 18 Energy saving initiatives are sets of proven measures and technologies which lead to water and energy efficiency. Full implementation of these is now mandated at all of our plants. The implementation rate of Top 10 Water savers

is 56.5% and, for Top 18 Energy savers, it is 52.6%. We improved our implementation rates by 14.5% for Top 10 Water and 19.5% for Top 18 Energy during 2014.

The required environmental initiatives include water leak repair; data-driven management of media filters; dry lubrication on conveyers; reuse of package rinse water; air and steam leak repair; high efficiency lighting; heating, ventilation and air conditioning maintenance; pipe insulation upgrades; optimised electric power distribution; and maximisation of condensate recovery.

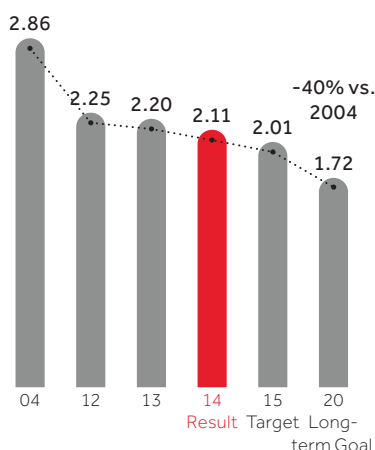
Operational eco-efficiency programmes implemented in all of our manufacturing plants were the primary reason for a 4.1% improvement in water intensity and 4.3% improvement in energy intensity for 2014 compared to 2013. While we did not achieve our challenging 2014 water and energy ratio targets, we fully established a plan for further implementation of our successful eco-efficiency initiatives.

We invested more than €5.8 million in water saving projects in more than 20 countries during 2014. These efforts saved more than 1.1 million cubic metres of water and included water treatment plant upgrades, reuse of filtered rinse and backwashed water, new bottle washing equipment, equipment upgrades for cleaning and water leak repair programmes at all sites.

We also invested €4.3 million in energy efficiency projects which reduced energy consumption by 300 million MJ. Projects that contributed to this achievement include cooling improvements in eight countries, improvements in lighting efficiency in 12 countries, electrical power optimisation in three countries and heat recovery from ground water in Hungary. Air and steam leakage prevention programmes were also implemented at all 66 of our production sites during the year.

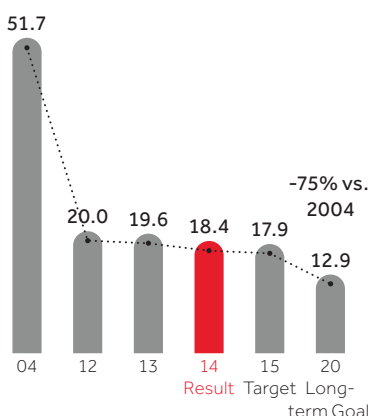
Water use ratio in plants

(litre/litre of produced beverage)



Operational water footprint

(billion litres)



To further engage our people in eco-efficiency initiatives and strengthen focus on natural resource use, we developed a new leading environmental indicator, Near Loss. All water and energy saving ideas and waste minimisation ideas are considered Near Losses. Since its launch in all our 66 plants in 2014, more than 1,370 Near Losses have been reported and 78% of these have been solved.

Several of our plants were recognised during 2014 for their water efficiency. Our Knockmore Hill plant in Northern Ireland won the Northern Ireland Consumer Council's Water Champion Award for its water efficiency activities and constant improvement.

As we continue to seek additional efficiencies, we are finalising plans to invest €630,000 at our Italian production facility for anaerobic pretreatment of wastewater to produce biogas, a renewable energy source. The anaerobic pretreatment will decrease energy used by the wastewater facility by 55% and will decrease solid waste, or sludge, by 90%.

In addition, eight of our plants were awarded Gold certification in European Water Stewardship during the year. Production facilities in Romania, Hungary, Austria, Serbia, Poland and Switzerland received Gold certification in 2014.



Wecyclers in Nigeria

The Wecyclers initiative, supported by Coca-Cola HBC from its inception, has deployed a fleet of cargo bicycles to collect and recycle waste in low-income neighbourhoods in Nigeria. Families are encouraged to recycle PET bottles, cans and plastic sachets. For every kilogram of material collected, points are awarded that can be exchanged for cell phone minutes, food items or household goods. The programme also sends collection reminders and gives instant rewards for participation. Finally, the initiative creates jobs by hiring local people to collect and recycle packaging waste.

Our support includes equipment purchases, like bikes and a baler for a collection hub in Lagos, advice on streamlining collection and sharing communication practices.



Water stewardship, packaging and energy efficiency

Our environmental practices at production units in Greece were recognised with three Gold Awards and one Grand Award in 2014. The three Gold Awards were for sustainable packaging, energy efficient management and water conservation.

The new packaging for natural mineral water AVRA was praised for innovation for the benefit of the environment. A new lighter bottle, with 22% less plastic (PET), contributes to the reduction of gas emissions and its special design helps to reduce waste.

The Company's total energy management initiatives in Greece were also recognised. In 2014, the Company invested €1.3 million to optimise energy consumption, installing special equipment, new technology and lighting efficiency improvements at facilities in Schimatari and Heraklion.

Through a systematic approach to leak detection, water reuse and other water saving programmes, Coca-Cola Tria Epsilon has achieved significant reductions in water consumption per bottles produced since it implemented an integrated water management strategy in 2006. The water management programme complements a broader water resource replenishment strategy.

€1.3 million
Invested to optimise energy consumption

European Water Stewardship is a voluntary, integrated system for the business and agricultural sector. Its aim is to evaluate, verify and communicate sustainable water management best practices. The certification procedure lasts three years. A pre-screening takes place in the first year, when auditors define areas a company needs to develop to obtain certification. The audit takes place in the second year, and the review audit, which is repeated annually, is first conducted in year three. The rating process has three levels: gold, silver and bronze.

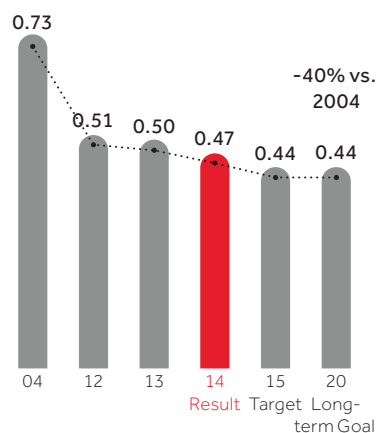
These certifications prove that our bottling plants conduct outstanding sustainable water management relating to the effectiveness of our water usage, the quality of discharged, cleaned waste water and our regulatory compliance.

As the world's second-largest Coca-Cola bottler, we have the ambition to lead and be innovative in the field of water efficiency too. We have made a commitment that all of our bottling plants will earn European Water Stewardship certification by 2020.

7.8%
Reduction in carbon emissions
Direct and indirect (scope 1, 2 and 3)

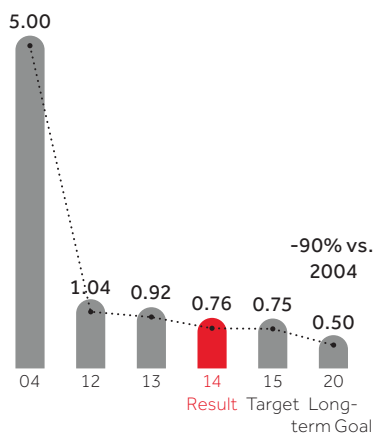
Energy use ratio in plants

(MJ/litre of produced beverage)



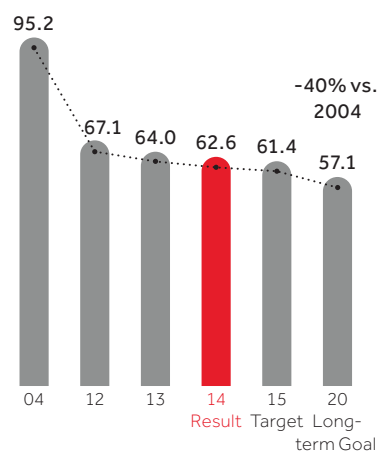
Landfilled waste ratio

(g/litre of produced beverage)



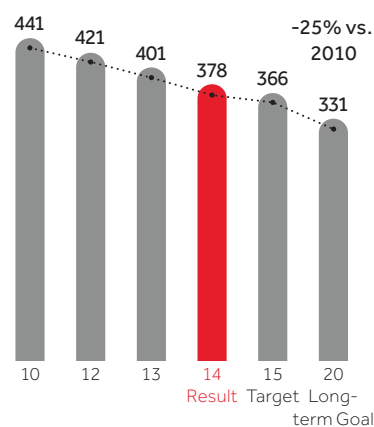
CO₂ ratio scope 1+2

(gCO₂/litre of produced beverage)



New commitment from 2013

(All Scopes (1+2+3) ratio, gr CO₂/litre of produced beverage)



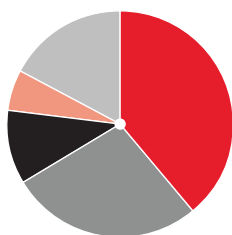
Historic data recalculated to include energy from remote properties in carbon emissions. 2013 figures were recalculated due to errors found in Nigeria energy figures and to account for certain fleet and ingredients.

Benefitting local communities

We know that the success of our business is dependent on the strength and wellbeing of the communities in which we operate. As a business, our primary contribution to communities is through our core business activities, which generate income for employees, pay our suppliers and contribute to the public good for example through payment of state taxes, dues and fees. Within the EU, for example, the Coca-Cola System supports more than 600,000 direct and indirect jobs in our value chain. In addition, we invest in community partnerships and initiatives that address environmental and social issues. In 2014, we contributed more than €8.7 million to these programmes – 2.5% of our pre-tax profit.

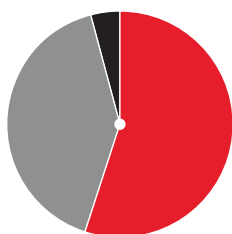
From a strategic standpoint, water stewardship, support for active lifestyles and youth development are particular focus areas. We also strive to be among the first to support communities in times of natural disasters, providing relief directly and through stakeholder partnerships. In 2014, 83% of our community investment was spent on programmes in these strategic areas.

Focus areas of €8.7 million community investment



● Sports and physical activity	39.1%
● Youth development	27.5%
● Environment and water	10.6%
● Disaster relief	5.8%
● Other	17.0%

€8.7 million community investment by contribution type



● Community investment	55.1%
● Commercial initiatives	40.9%
● Charitable gifts	4.0%

Youth development



The Coca-Cola Caravan is a part of the Coca-Cola HBC Russia corporate volunteer programme under the pillar of youth development, supporting children and teens in need.

This initiative runs annually in over 60 cities across Russia, uniting about 2,000 Coca-Cola HBC volunteers. In the winter, over 100 Coca-Cola trucks travel from St. Petersburg to Vladivostok, visiting orphanages, children hospitals and social centres. They bring joyous winter spirit and festive celebration while addressing key local societal issues and needs. The volunteers conduct educational master-classes, eco-lessons, career guidance events and social support for teens.



Community Trust continued

Water stewardship

Our water stewardship strategy described on page 32 also drives our partnerships with international and national governmental and non-governmental organisations to preserve and protect important watersheds, such as the Danube and other rivers, their basins and watershed areas, including wetland habitats and biodiversity. We have invested in 21 community water stewardship initiatives in 2014.

Over the years, our company and its partners have invested more than €2.5 million in community water stewardship programmes involving a wide range of environmental, awareness-raising and educational initiatives. Activities have reached more than 20 million people through hundreds of events involving almost 1,000 different organisations. Over 400 employees from across the business have volunteered in water stewardship events. The Green Danube Partnership, a flagship project for the International Year of Water Cooperation, is an example of a truly successful public-private partnership.

The award-winning Danube Box, an educational water stewardship tool developed with the support of our company, has been translated into seven languages. Spin-offs are the Black Sea Box, the Saar Box in Germany and the Lake Baikal Box in Russia. More than one million children have been reached to date using the Danube Box tool.

Sports and physical activity

We also support initiatives across our operating region that encourage people to be more active, and have stepped up our efforts to achieve global objectives for The Coca-Cola System. During 2014, more than 1.6 million people took part in sports and fitness programmes supported by Coca-Cola HBC.

Youth development

Unemployment among young people remains a significant challenge in many of our markets. We seek to address this issue by partnering with non-governmental organisations and educational institutions, including universities offering enterprise education. We also offer internships within our business. Our graduate trainee programmes provide another opportunity for young people to start their career paths. In Nigeria, we provide training and access to funding to support women to become entrepreneurs. This initiative is part of The Coca-Cola Company's 5by20 women empowerment platform, and helps women entrepreneurs become part of our value chain, and provide for their families.

Disaster relief

Our disaster relief programmes are carried out in partnership with national Red Cross and Red Crescent societies. This partnership, based on

an agreement between the International Federation of Red Cross and Red Crescent Societies, The Coca-Cola Company, Coca-Cola HBC and other bottlers, ensures a rapid response to people in need. Our efforts during the floods in the Balkans during the summer of 2014 are a case in point. Separately, our Company provided almost 500 000 litres of water and other beverages as part of relief programmes during 2014. In addition to disaster relief, our work with national Red Cross and Red Crescent societies includes community care, health training and fundraising.

We continually seek to further enhance the impact and efficiency of our community investments through partnerships with non-governmental organisations, governments and civil society.



Disaster relief

Serbia, Croatia, Bosnia, Bulgaria

In May 2014, a state of emergency was declared in three of Coca-Cola HBC's markets. Serbia, Croatia and Bosnia & Herzegovina experienced torrential rains, the heaviest recorded in the past 120 years, resulting in severe floods. The Coca-Cola System immediately responded with financial support. Employee volunteers worked closely with local Red Cross organisations to support the communities in disaster recovery.

Bulgaria also suffered from three waves of flooding in June, August and September 2014. In addition to providing water and monetary donations, our employees delivered electric appliances and household materials to more than 150 households in support of the local Red Cross volunteer network.



Offering our consumers the right products

2014 highlights

- We are market leaders in sparkling beverages and iced tea, which account for 75% of our volume.
- We grew our business in juice and energy drinks.
- We successfully introduced new products such as Cappy Pulpy in new markets.

Nº 1

branded supplier in sparkling and iced tea

Nº 2

branded supplier in energy drinks and growing

93.4%

12-month product quality index



We seek to meet consumer needs by presenting and promoting the right product at the right price for any occasion. We achieve this by leveraging our expertise relating to channels, in-store presentation and promotional support. In addition, we work with The Coca-Cola Company and use consumer insights to capture clearly defined market opportunities.

2014 results

In 2014, we maintained our overall market share in our territory, although challenging economic conditions in many of our markets caused our sparkling beverage and iced tea categories to decline in the year in comparison to 2013. Overall in our territory, we are the leading branded supplier of sparkling drinks and ready-to-drink tea. Our value share in sparkling beverages grew in 15 of our countries including Russia, which accounts for approximately 20% of our business.

We have been successfully diversifying our beverage portfolio. Sparkling beverages have gone from being over 90% of our volumes in 2001 to under 70% in 2014. We are now the 2nd largest branded supplier of energy drinks by value and the 3rd largest branded supplier of juice. We are growing in both categories. This progress ensures we have a more balanced portfolio and offer our consumers a choice in beverages to meet changing tastes and lifestyles.

Developing consumer relevance

We have established clear category and brand priorities, offering consumers the right product, in the right pack, at the right price to suit the consumer occasion. We call this our OBPPC (Occasion, Brand, Package, Price, Channel) strategy. The Coca-Cola Company is primarily responsible for creating demand for our portfolio with consumers, and our role is to deliver that demand through the appropriate OBPPC architecture in-store. We apply our knowledge gained over many years from the sparkling category to all other beverage categories, ensuring we offer the right mix of options in brands, pack sizes and calorie content.

The right products

In 2014, we continued to innovate across all categories. In juice, we introduced our new Cappy Pulpy range. In water, we introduced plant-based packaging. In tea, we introduced stevia products and

Consumer Relevance continued

with Coca-Cola, we produced a 'bow' label which transformed the label into a gift bow. Since our products are generally best served cold, we ensured compliance to our commitments to provide coolers to our customers that offer energy and noise reduction, as well as HFC-free equipment. We worked closely with our equipment partners to develop innovative new ranges of equipment that will further cut energy usage and noise generation. From a sustainable business perspective, we removed 364 products from our portfolio and introduced 421 new products that are faster-selling and generate greater returns on the investment made.

Strong brands

We have achieved improvements in many areas over the past few years. The most significant is the consistent growth of Coca-Cola as consumers' favourite brand. This is up 5 percentage points since 2011 and 3 percentage points since 2013. Our Coke with Food messaging contributed to 64% (+1%) of the population understanding that our products go well with food. Our sponsorship of high profile global events like the FIFA World Cup and the Winter Olympics helped drive a 3.6 percentage point improvement in the assessment of the value of Coca-Cola. Taste advantage is the ultimate consumer metric with any beverage and 66% (+1%) of consumers in our markets said that Coca-Cola is 'great tasting'.

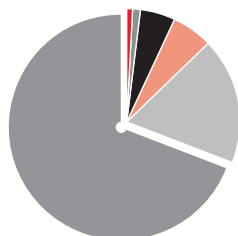
Meeting consumer needs

To support our efforts to meet consumer needs with the right product, in the right pack, at the right price, we have conducted comprehensive OBPPC training programmes in most of our markets. A new OBPPC for Business Developers Workshop took place in July 2014 in Budapest, supporting our already established OBPPC strategy capability workshops. We are also piloting an OBPPC iPad® app in Ireland. This will be rolled out in 2015 as a Group-wide tool to communicate our in-store picture of success. In Serbia, we have had tremendous success building a comprehensive and ongoing strategy to pair Coca-Cola with meals, yielding impressive improvements in the number of households with our products from 74.6% to 76.7%. Our OBPPC initiatives have also been a leading factor in achieving currency-neutral net sales revenue per case growth of 1.9% in non-alcoholic ready-to-drink beverages – our 14th consecutive quarter of growth. We see the benefits from our OBPPC strategy at a country level. In Greece sparkling volume per trip is 2.84 litres, up 0.16 litres from 2012 levels. In Ireland, the number of households with our products reached 72.6% by the end of 2014, up 3.6% from the prior year. Frequency of purchases in Ireland also increased 0.3% in 2014.

Contribution to volume

Still beverages

(%)



● Other	1
● Energy drinks	1
● Ready-to-drink tea	5
● Juices	6
● Water	18
● Sparkling drinks	69

Single serve

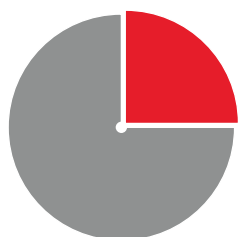
(%)



● <0.5L	16
● ≥0.5L and <1L	24
● ≥1L	60

Low calorie

(%)



● Low and no calorie	25
● Regular	75

A strong portfolio of brands and innovations

Sparkling remains our largest beverage category, and in 2014, campaigns for Fanta increased sales in Hungary and Austria. The brand celebrated 50 years in Austria with retro cans, improving brand awareness. The Coca-Cola Connect campaign of 2013 was replaced by a music campaign which allows consumers to choose a bottle with a free music download.



Our Water business continued to develop its sustainability platform in 2014 through innovations such as our superlight Twist bottle in Greece, which contains 22% less plastic. We also introduced Plantbottle™, recyclable packaging partially made from plants, with plans to reach 12 countries by 2015.

In our juice category, we maintained our growth momentum, driven by powerful and relevant innovations. Our new Cappy Pulpy juice has been introduced in 12 countries. In eight of these, the product has been introduced in clear PET packaging so that consumers can see the pulp. We also launched a new low-cost, returnable bottle proposition for hotels, restaurants and cafes. This started in Bulgaria and will be rolled out to other countries. We successfully grew juice in most of our key countries such as Russia, Romania, Bulgaria, Hungary, Belarus, Baltics, Czech Republic, Slovakia, Croatia, Bosnia, Slovenia, Ireland and Armenia.



Our Premium Spirits business had remarkable growth in 2014. This business helps us accelerate the growth of our single serve NARTD business by strengthening our customer relationships and by allowing us to better address important adult consumption occasions through mixing promotions.

Despite discount brands eroding value in the energy category, our sales revenue per litre is still double that of our portfolio average. After less than five years with an energy drinks brand portfolio, we are now only six points behind the market leader, with plans to further close the gap in 2015.



Our understanding of how consumers are influenced by product presentation is helped by increasingly more sophisticated ways of analysing consumer behaviour. This is important in the context of a fast changing retail landscape, with consumers trading shopping trolleys for smaller baskets in-store and also increasing online shopping purchases. We tailor our strategies to reflect this trend, and have set up centres of excellence across the Group enabling us to share knowledge and best practices. We have improved category placement to identify and drive total category growth by harnessing consumer insights. We also use category management tools, along with customer engagement measures, to ensure consumers' needs are met.

In restaurants, hotels and cafes, the opportunity to pair Coke with food drives the way our products are presented to consumers. This knowledge can be transferred to retail channels to help consumers link our products to meals consumed at home.

Leveraging our brands and assets

During 2014, we launched country-specific promotions in a number of markets. We promoted Fanta's anniversary in Austria and The Coca-Cola portfolio during the Winter Olympics in Russia. Our multi-country promotions included Share a Coke Music. This promotion enabled consumers to download music with each bottle purchased. Through our partnership with The Coca-Cola Company, we also linked into global promotions for the FIFA World Cup. These promotions create value by building awareness and demand while maintaining normal price levels.

Our promotional activity to support the Winter Olympics in Sochi, Russia, began in November 2013 with the start of the Coca-Cola Olympic torch relay. The relay was the longest in Olympic history. The torch was taken around Russia, under water, and even into space. The Sochi Coca-Cola Olympic Torch Relay involved public voting for applicants to carry the Olympic torch. There were six-times more applicants than at the London Olympics and there were 14 million votes for these applicants.

Consumer Relevance continued

This event and the scale of involvement considerably improved consumer engagement. This was reflected in our Russian brand scores. Our consumer trust score increased by 5%, stakeholder trust increased 30% and spontaneous brand awareness increased by 20%. Our association with select international events stimulates consumer demand, and our commercial team creates in-store displays to fulfil the demand and create excitement. Olympic promotions included displays with Olympic glasses and collectible Olympic cans.

We engaged in both local and global campaigns in support of the 2014 FIFA World Cup, which was held in Brazil in July. We used the event across our territories and with many of our major customers to bring moments of happiness to consumers. It gave us an important opportunity to increase awareness of and participation in the Coca-Cola Cup. This is one of our initiatives to increase physical activity. Active players in the Coca-Cola Cup increased by 30%. Overall, events sponsored by the Coca-Cola System in our territory supported the activity of 1.6 million consumers, further solidifying our commitment to active, healthy lifestyles to address consumer health and wellness concerns. Our global engagement also included the Coca-Cola Trophy tour, which brought the World Cup to people in many of our markets. In places like Sarajevo, we saw as much as 10% of the population participate in Trophy Tour celebrations. From a local perspective, we also

saw grassroots programmes like Coca-Cola Wake Your Body stimulate the movement of many people. This helped us achieve significant improvement in overall health and wellness indicators. For more information, please see our Community Trust section.

2014 marked progress toward establishing our Zero Tolerance Quality culture. The continued focus on process capability has resulted in fewer quality incidents, although we continue to have issues which, coupled with ageing product in the market, negatively impact our quality results. Our commercial and supply chain functions have developed a joint programme to improve quality by reducing the age of the product on shelf. Our 12-month product quality index decreased from 95.3% to 93.4% and package quality from 94.0% to 93.2% compared to 2013. Consumer complaints per million containers sold remained at 0.22.

Future

Our focus in 2015 is to return our sparkling drinks volumes to growth through a clear vision that targets and links consumer occasions with our brands.

We will continue to develop share of value in sparkling, tea, juice, energy, water and other beverage categories.



We leverage brand assets with our consumers at events such as the Vienna marathon and the Sochi Winter Olympics

Customer Preference

Delivering the products and services our customers expect

2014 highlights

- The score reflecting our ability to deliver product on time and in full and accurately invoiced (DIFOTAL) increased in 2014, with improvement in 21 countries.
- We are either at the top of customer ranking of non-alcoholic beverage suppliers, improving, or stable. This applies in both our outlet survey and our key account survey.
- 70% of customers cite us as their preferred partner for solving problems.

97.0%

DIFOTAL delivery in full and on time and accurately invoiced

57.2%

of our customers say we exceed their expectations



Building and maintaining a successful partnership with our customers is critical to our success. We want to be the partner of choice across all beverage categories. By working with our customers to maximise demand for our products, we help grow their business and ours.

To protect our margins, and increase our presence in stores, we create value with our customers.

This gives us a shared objective. We seek to generate joint value in every aspect of our business, ranging from logistics and delivery to marketplace execution and sustainability programmes.

2014 results

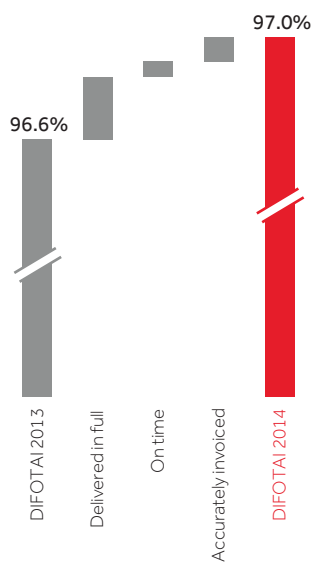
Our customers' needs are clear. Now, more than ever, they expect us to provide highly reliable service, listen to their needs and deliver on our promises. We know that we must meet expectations by ensuring that we execute their basic requirements flawlessly. This means that for the products and services our customers expect, we must deliver in full and on time and accurately invoiced (DIFOTAL). Then, we must exceed expectations by: developing relevant capabilities, collaborating with our customers and leveraging our strengths. Our ability to meet needs as measured by our DIFOTAL score grew to 97% in 2014. Our ability to exceed needs is measured by customer opinions via GfK, a market research company. GfK interview 14,163 customers in their outlets and 794 key account customers in their head offices (HQ Key A/C). Internally, we measure ourselves against all beverage suppliers, but our customers view us as an alcohol free beverage supplier. Our customers' opinion of us has not declined in any country in either our key account survey or our outlet surveys.

Our position in the ranking of alcohol free beverage suppliers

Countries	Outlet survey	HQ key A/C survey
The best supplier	12	6
Improving	6	4
Stable	9	11
Declining	0	0
Total countries	27	21

Growing the size of our traditional categories and growing our share in new categories is the challenge. Strong DIFOTAL, high supplier ranking and customer satisfaction show we are in shape for growth.

DIFOTAI evolution



*DIFOTAI % = (Delivered in full %) X (On time %) X (Accurately invoiced %)

Meeting expectations

Each week, in every country, we measure and report our ability to deliver in full, on time and to invoice correctly. This ensures our focus on delivering the basics expected by our customers. Our score for this increased in 21 of our 28 countries to meet or exceed our targets with key customers. In 20 of our countries, our customers rate us as consistently above average. Overall, 88.7% of our customers say that we meet expectations.

Exceeding expectations

Our Company is recognised as a strong partner that consistently exceeds expectations. To maintain and improve this level of satisfaction, we must continue to deliver on time and in full. We must also continue to develop our capabilities, build collaborative commercial partnerships and leverage our assets and expertise. This is the way to develop our customers' businesses and our own. In 2014, 57.2% of our customers said we exceed their expectations.



Our aim is to meet and then exceed customer expectations

Developing capabilities

We have a comprehensive training and development programme to ensure our key account managers are well equipped to meet the needs of our customers. Our human resources and commercial capability departments train our key account managers in core competencies. We have competency measurements to ensure qualification of trained managers. For key accounts we provide customer specific, relevant, tailored training. We have one-to-one development and assessment forums including follow up action plans that are integrated into individual development plans. Our end-to-end curriculum for key account managers includes a self-assessment roadmap and helps managers to select the right training for their business needs. The whole process creates better, more reliable managers who listen and deliver on their promises.



OBPPC iPad tool is part of a suite of e-learning tools

Collaborating with our customers

Collaboration starts with understanding the industry and market dynamics relevant for each customer. In 2014, we held best practice conferences for a number of channels, including discounters; hotels, restaurants and cafes; cinemas; food service and petrol stations. Knowledge of specific industry challenges and opportunities enables more effective joint business planning and better results. We collaborate with almost all of our key customers in areas ranging from marketing to human resources and from supply chains to public affairs. In many cases, the joint business planning process takes place in The Coca-Cola Company's innovation laboratories in Brussels. We work very closely with The Coca-Cola Company to enable our major customers to see which of our global new ideas they want to incorporate into their plans.

Collaboration is a key focus, allowing our customers and our business to leverage the value of our products through a wide range of cross functional and joint value creation (JVC) initiatives. Our VC support extends to almost all of our customers and processes, ranging from supermarkets in Switzerland to wholesalers in Nigeria. Joint business planning cycles are in place in all key countries using a fully cross-functional approach. This ability to use our technology and our people to solve industry problems for our customers has resulted in more than 70% of our customers citing us as their preferred partner for solving problems. To share successes and best practices, in 2014 there were 15 JVC Academies driving knowledge sharing across our Group. Our Excellence 2020 team are capturing knowledge and sharing best practices throughout the organisation.

"We develop our capabilities and knowledge to ensure we can collaborate with our customers to leverage our assets."

Customer Preference continued

Leveraging our assets

Our world-class brands – including Coca-Cola, Nestea and Monster – come with great brand assets. These brand assets range from the fleet of Coca-Cola Christmas holiday trucks outside supermarket outlets to a Coke and Meals menu board in a take away restaurant. Through our global partnerships we are major sponsors of sporting events such as Formula 1, Moto GP, the FIFA World Cup, many capital city marathons and the Winter Olympics. We use these assets to focus on creating value for our customers. This is achieved by offering product promotions that add to the value of the category by growing consumption at normal prices. These events create 'in store theatre' for our customers. The Olympic Torch Relay, for example, generated 76,000 store displays. Olympics Polar Bear promotions generated 105,000 displays. Promotions with 1.5m Olympic glasses were used

in 104,000 displays and collectable Olympic cans in a further 81,000 displays. Similarly, the FIFA World Cup, Formula 1 and Moto GP created great opportunities for very creative in-store displays and collaboration. This collaboration creates excitement for consumers and profit for our customers.

In 2014, our cold drink products and services were ranked best-in-class against all beverage suppliers in 23 of our 28 markets. Our new range of coolers developed for customers during 2014 create significantly less noise, making them more suitable for store environments. The new coolers are also much more efficient, reducing energy consumption between 20% and 50%, depending on the model. These reductions lower operating costs for our customers.



We leverage great brand assets with our customers

In 20 of our markets, customers rank Coca-Cola HBC as the best total beverage supplier for supply chain skills. Our route-to-market team works with individual markets to better address customer needs by changing sales and logistics structures. Management tools like Lean Logistics and Lean Manufacturing have helped to identify and capture opportunities in processes. For example, by rearranging layouts in wholesalers warehouses, we created over 10,000 new pallet places at no cost. We support our customers in a wide range of supply chain areas, including pallet management, truck optimisation, customer profitability, risk and cost-to supply assessments and data analysis.

In addition to our joint value creation initiatives, we continued to expand the use of our other value creation tools. These are our Right Execution Daily programme (RED) along with Hellenic Good Morning Meetings (HGMM) and our Customer Care Centres.

RED is a standardised process around the world. During customer visits, our Business Developers use a handheld device to record actual outlet activation. This is then measured electronically against the Picture of Success to identify improvement opportunities. Our European RED coverage is 70% which is one of the highest in the world and our scores increased by 5pp during 2014. In Russia, we won a global Coca-Cola System award for RED.



Customers rank us as 'best for supply chain skills'

HGMM involves bringing field sales teams together on a routine and sometimes daily basis. This enables our organisation to optimise performance in response to changing marketplace conditions. During 2014, we held more than 50,000 of these meetings. This initiative, implemented in all markets since 2013, has been an excellent means to unify sales teams behind our execution and has also helped to drive consistency and excellence in our in-store activations. Our Customer Care Centres offer local support for sales, resolving customer issues and addressing the root cause of any repetitive issues.

We are the beverage industry leader in the Dow Jones Sustainability World and Europe Sustainability Indices and we continue to be listed on the FTSE4Good Index. Our Company has continually been recognised for its commitment to sustainable, responsible business practices. In 2014, our efforts were appreciated by our customers. They partner with us on a wide range of promotions and campaigns in this area. Some notable examples of customer collaboration from 2014 include water projects, sports events, fitness at work projects and cooperative recycling efforts.

Future

One aspect of becoming a partner of choice is to ensure we are 'easy to do business with'. Bars and restaurants like to place their orders after their closing stock count. As a result, we have launched a web portal in the Czech Republic to allow customers to order outside office hours. The web portal and the Customer Care Centres are key tools for our sales force. We plan to roll out this service to more markets during 2015. This is just one example of new customer service innovations which we plan to develop in 2015. Our focus will continue to be around RED, joint value creation and route-to-market capability.

"Our brands coupled with our service and capabilities enable us to collaborate with customers to create excitement for consumers around major sports and sustainability activities."

Cost efficiency mindset

2014 highlights

- We improved our comparable gross profit margin and delivered a broadly stable EBIT margin. This was despite the significant volume and currency headwinds.
- Our focus on disciplined working capital management led to further improvement in working capital balance sheet position and days.
- Since 2008, our strategic cost initiatives have resulted in a 160 basis point improvement in our OpEx as a percentage of our net sales revenue. Going into 2015, we have plans to further improve our operational efficiency.

Infrastructure optimisation

Number of plants

-18%

since 2008 or

-34% in the Established and Developing market segments

Operational control

OpEx reduction

-160 basis points

as % of NSR, since 2008

In what proved to be a very difficult year, with significant currency volatility in our Emerging markets segment and volume decline overall, we managed to improve our gross profit margin by 20 basis points and delivered a broadly stable EBIT margin.

In addition, we continued to improve our working capital position. These achievements reflect our disciplined approach to improving operational efficiency across our business, and our success in reducing total operating expenses and input costs.

Cost leadership is a fully embedded mindset in our Group. As we evolve, we constantly seek to identify, capture and sustain cost-efficiency opportunities. We are thereby leveraging our scale as well as the contiguity of our markets, transforming our business in the process. In addition, we are focused on using resources efficiently and streamlining our procurement. These activities reduce our cost of goods sold and operating expenses, supporting the long-term sustainability of our business.

Infrastructure optimisation

We operate in a very dynamic business environment, with a manufacturing footprint that spans 23 of the 28 countries in our operating region. As we look for opportunities to optimise our infrastructure, our aim has been to build or transform existing plants into efficient mega-plants that can effectively serve a country or an entire region.

Such optimisation takes into consideration the Group supply chain as a whole, in an integrated manner, from the number of plants and the number and nature of filling lines to the number of distribution centres and warehouses. Since 2008, we have reduced our number of plants by 18%, and the number of warehouses and distribution centres by 15%, while we increased the average number of filling lines per plant by 29%. These initiatives were mostly focused in Established and Developing markets, and we have further optimisation plans going into 2015.

Over the years, we have significantly diversified our product portfolio, leveraging our scale in sparkling beverages and offering a full non-alcoholic ready-to-drink portfolio to our customers and consumers. As our product offerings evolve, reflecting the consumer needs in our markets, our water and juice categories are gaining critical mass, giving us the opportunity to look at supply chain dynamics



in such categories from a Group-wide strategic perspective. This is providing us with more flexibility to capture top line growth opportunities while driving cost and scale efficiencies.

In late 2013, we invested in making our Romanian facility a regional production hub for juice, and began exporting locally produced Cappy Pulpy to six European countries. In 2014, we fully capitalised on this investment with Cappy Pulpy becoming one of the fastest growing brands for the Group.

To support changes in our Juice category in Central and Eastern Europe, in 2014, we moved an aseptic juice line¹ from Switzerland to Poland. This allowed us to create a second juice production hub using plastic (PET) bottles and consolidate and optimise our production assets across Central Europe.

In Russia, we adjusted our production network to produce juice outside Moscow and St. Petersburg, using existing plants in Novosibirsk and Rostov. This has allowed us to be closer to our customers in eastern and southern Russia, improving our route-to-market flexibility and extending our reach and customer service, whilst reducing distribution and warehousing costs.

To address risks caused by the geopolitical situation in Ukraine, we relocated two production lines elsewhere in the Group during 2014. We also closed a third line in Ukraine.

We continued with our efforts to move from a fixed-cost model to one with greater flexibility. In Ukraine, we outsourced 100% of our logistics to partners and in 2014, in the ten-time-zone country of Russia, we outsourced 11 depots and more than a third of our plant warehouses. Similarly, in Nigeria, we are continuing with our plans to outsource and upgrade our logistics and warehousing facilities. This will allow us to manage our volume growth efficiently using existing production locations. We now own 60% of our trucks in Nigeria, compared with 90% in 2011. While we have reduced our ownership share, we have invested in expanding and refurbishing the total fleet.

In response to the strong growth of the organised and discounter retail channels, in 2014 we launched a fully automated, state-of-the-art production line and warehouse at our Radzmyin plant in Poland. We also outsourced 10 regional depots, or 70% of the total, in Poland. In Italy, we continued consolidating our production network, while further expanding our Nogara plant, Coca-Cola HBC's largest. Warehouse operations at Nogara were also outsourced during the year.

Driving operational efficiency in Poland

In Poland, we completed a three-year €41 million investment programme at the Radzmyin plant, one of our three plants in the country, aimed at improving operational efficiency and enhancing customer execution. We increased and upgraded our production and distribution capacity, as well as improving the plant's environmental and workplace health and safety performance.

Investment included the launch of a fully automated state-of-the-art warehouse, the introduction of a fast production PET KRONES line, an infrastructure upgrade and a water treatment upgrade. As a result, storage and production capacity increased by almost 60%. The new logistics facility can load as many as 384 trucks daily, while it can deliver 350 pallets per hour directly from production to storage. The new picking facility can hold up to 2,000 cases per hour, managed by our SAP platform, which automatically replenishes product stock once it reaches minimum level.

The new facilities were officially inaugurated on 23 May 2014 by our senior management, with Poland's Deputy Prime Minister and Ministry of Economy.



Poland's Deputy Prime Minister, Janusz Piechocinski, and Coca-Cola HBC's CEO, Dimitris Lois, pushing the button to launch the new automated system

1. Within the Group our non-sparkling juices are produced using what is known as an aseptic line. This is a high quality and capital intensive production method. It ensures sterility, nutrient retention and taste conservation throughout the production process.

Cost Leadership continued

SAP

All of the 28 countries in our footprint are currently operating on a common SAP integrated data management platform, which is our most important investment in integrated data management efficiency.

Through our SAP platform, we now service 2.1 million direct and indirect customers, fulfil 120,000 orders per day and cover 130,000 suppliers. Currently, we are piloting a fully integrated web channel functionality, which allows for order generation 24-hours a day, seven days a week. The platform brings greater business process standardisation and automation, resulting in considerable optimisation of order generation, bringing flexibility to our customers and improving overall satisfaction.

The SAP platform also provides us with better tools to measure our performance in sales, procurement, manufacturing, logistics, planning, human resources and finance processes. It enables well-coordinated, real-time transactional work and provides a consistent framework across the business to improve: demand and raw material planning; targeted maintenance programmes; accurate inventory management; and monitoring of sales force execution and promotion effectiveness. These capabilities improve our working capital and return on investment, while reducing our operating expenses.

To drive value creation, we have established a methodology for tracking and measuring usage of the business functionality provided by the platform. We have also established a user group to ensure that we fully leverage solution knowledge.



Pallets ready for customer delivery in Romania

In 2014, our SAP platform enabled us to implement and monitor a new, more standardised process by which we develop localised commercial policy throughout our territories. This allows us to have a more disciplined approach in the way we manage our investments in the market and ensure application of best practices.

Building capability

Through our shared services initiative, we are centralising and standardising key back-office activities and processes, while also reducing inefficiencies caused by running multiple processes across our individual markets. Our key shared services initiative is our Business Services Organisation (BSO) in Sofia, Bulgaria.

The scope of our BSO expanded as planned in 2014 and is currently employing more than 370 people that provide back office services for 22 of the 28 countries in our operating region and the corporate offices. The business unit was established in 2011 with the main goal to reduce the inefficiencies caused by process variations across the Group. Our BSO support is multifaceted, increasing business efficiency by streamlining and standardising finance and human resource processes and achieving cost efficiencies. At the same time, it enables top line growth by freeing up resources for customer service and business growth initiatives. Lastly, it supports strong governance and transparency.

In 2014, we extended the scope of services provided through our BSO in accounts payable, human resources and general accounting, while adding new services such as accounts receivable, credit management and data analysis. The quality of services is very high, with an error rate of less than 0.5% in all processes undertaken. In 2015, we will embark on the final phase, which involves further extending the portfolio of processes offered through our BSO and adding more customer-facing processes, as well as broadening our geographic reach to include more markets.

We expect the BSO team to grow to approximately 600 people by 2016. For more information about our talent development successes, see the Our People section.

Working capital discipline and free cash flow generation

Building on last year's historic milestone, in 2014 we continued to focus on disciplined working capital management, leading to further improvement in working capital balance sheet position and days. In 2014, cash generated from working capital improvements was lower than in the prior year, in line with our expectations that the pace of working capital improvement would be slowing down, as we approach triple-digit negative working capital. This, in combination with adverse impact from currency movements, contributed to free cash flow generation which was slightly short of our recent track record.

Capital expenditure was lower than in the prior year, in line with lower net sales revenue and within our medium-term guidance of 5.5-6.5% of our net sales revenue. Traditionally, approximately two-thirds of our capital expenditure is considered revenue generating with half of that investment dedicated to cold drink equipment.

Given the acceleration of adverse currency movements in the latter part of 2014, we have revised our free cash flow expectation for the 2013-2015 period to €1.1-1.2 billion. We remain confident in our ability to generate solid free cash flow in the short to medium term, despite the macroeconomic and currency headwinds.

Procurement

During 2014, our procurement efforts were intensely focused on enhancing collaboration, process standardisation, synergies exploitation, volume integration and targeted joint value creation initiatives with selected strategic partners.

An internal re-organisation of procurement is allowing us to better align Group, regional and country expertise under one umbrella, while leveraging our scale. This was done via the implementation of our PLATO (Procurement's Lean and Agile Transformation and Optimisation) initiative, with the aim of achieving operational excellence, cost efficiency and quality improvement. PLATO is focused on people capability development, process optimisation, and structural organisational effectiveness. It enables us to bundle and leverage regional volumes (instead of country fragmented level), utilising synergies to reduce costs.

We now have one Group-wide, highly professional procurement organisation. The efficiencies achieved through such procurement process improvements resulted in savings of €41 million in 2014 compared with 2013.

Best practice in raw material sourcing

Sugar, plastic (PET) for bottling and metal for cans are our most important commodity inputs accounting collectively for 25% of our cost of goods sold. We continuously seek to minimise the price we pay and to reduce the use of these inputs in line with our Community Trust objectives. We have reduced packaging by developing lightweight bottles and metal cans, such as our B-Can initiative (described below).

These initiatives have a tangible financial benefit as well as a positive environmental impact. In 2014, our direct procurement spend was €1.3 billion. In an environment where prices were easing, we used our leverage with suppliers during 2014 to embed future savings and to hedge our commodity exposures for metal and sugar. We also continued to work with our suppliers to create joint value and reduce costs and complexity in line with our 2020 strategy and targets for key commodities.

Our focus on sustainable and responsible sourcing has delivered excellent results. We are very proud that we received the maximum scores in the Raw Material Sourcing indicator of the Dow Jones Sustainability Index assessment. Sustainable sugar sourcing and expanded risk assessment played a vital role in this achievement.

Following the launch of our lightest beverage can in 2014, the B-can, we have expanded our packaging optimisation initiatives to plastic (PET) bottles. We have increased the recycled content of bottles,



Contour glass final quality check in Nigeria

Cost Leadership continued

introduced best-in-class lightweight closures and have applied the thinnest plastic labels in the industry. Furthermore, we developed a new PET bottle called Twist, which uses, on average, 22% less plastic. The lighter weight of the Twist bottle contributes towards lowering our carbon footprint, while the design makes the package easier to collapse for recycling. This new design has been successfully introduced in Greece and Hungary and will be introduced to other markets in 2015.

We continued to work with the Russian sugar industry to develop its beet sugar capacity, with the goal of eliminating the need to import sugar for our Russian operations by 2015. As a result, Russian beet sugar comprised 57% of our Russian sugar needs in 2013, 85% in 2014 and is expected to reach 100% in 2015. In addition to the cost benefit of eliminating imports and the associated import duties, there are significant benefits from a sustainability perspective and the local farming communities.

We worked together with our aseptic carton supplier to formulate a strategy to improve packaging cost competitiveness. In 2014, this supply strategy was implemented in some of our largest juice markets including Russia, Nigeria, Ukraine, Belarus, Armenia and the Balkans. Our efforts focused on our main markets and have already started to deliver results. These include capital expenditure free projects in Russia and Greece and productivity improvements in Nigeria.

We continued to progress our Always Ready strategy and embed zero tolerance for quality issues throughout 2014. While we are making solid progress in this area, sporadic failures including product spoilage, packaging failures and processing errors increased costs from €1.1 million in 2013 to €1.8 million in 2014. Quality and food safety remain our top priority to ensure that we meet customer and consumer expectations while delivering against our Cost Leadership commitments.

Indirect spend initiatives

As a global business, we are able through synergies to lower our indirect procurement costs. A few examples are described below.

During 2014, we began addressing the total cost of ownership of our production infrastructure more holistically. Each investment was followed by operational activities and contracts designed to increase sustainable cost reduction on spare parts and professional services, and decrease utility consumption and waste. After-sales agreements were entered into by the Group for spare and conversion parts, and technical interventions were negotiated and signed with the main equipment manufacturers. This initiative will continue to be expanded as part of our sourcing strategy.

We began actively hedging energy input costs in 11 of our markets in 2014, and we have joined forces with our CHP (Combined Heat and Power) strategic suppliers to negotiate rates together. These actions, capitalising on excellent market opportunities created in 2014, have positioned us well for the future.

In IT procurement, we moved from a fragmented landscape of 14 solutions and 10 vendors, to one comprehensive environment with one vendor. In cooperation with The Coca-Cola Company, we achieved a 10% reduction in software licensing fees for our three-year contract. Additional negotiations by the Group resulted in an incremental 20% cost reduction for the first year.

Uninterrupted network communication between our markets and our central data centre is vital for our business. The transition to a new international WAN environment with a new vendor was successfully concluded during 2014. This will result in annual cost savings of €1.2 million, or a 70% cost reduction.

We introduced standardised processes for management consultancy throughout the Group. The objective was to leverage our scale and increase price transparency. Implementing these new processes resulted in €2.2 million in savings in 2014.

We are progressively increasing our cross-country initiatives for sourcing of passenger cars and related leasing services, with the goal of a rationalised, standardised and sustainable fleet. We ran a pilot initiative for the provision of more than 600 leased vehicles in eight countries in Central and Eastern Europe, achieving annualised savings of around €0.9 million and an average reduction of 7.0% in CO₂ emissions through the choice of more eco-friendly vehicles.

Other cost improvements in 2014 included a new Group-wide initiative on temporary staff and a Group tender for more competitive pricing for hotels, ground and air transportation, which helped reduce travel costs.

The future

Our integration of regional production and business processes has already delivered results. In 2014, a number of significant, strategic cost initiatives were set in motion that should continue to bring benefits in 2015 and beyond. These include establishing a common platform for our juice and water businesses by leveraging our scale, improving our logistics and distribution across the Group, and expanding the geographic and service scope for our shared service operations. We are also creating a fully integrated and flexible procurement platform.

Our sustainable performance

Sustainably securing our Strategic Pillars		Measures	2012	2013	2014
Our people Our people are fundamental to our Company's sustainable growth. Providing a healthy and safe workplace, developing capabilities and providing opportunities for growth are key to sustaining a high performance workforce.		Women in management positions	28%	30%	32%
		Equal remuneration (average compensation of women vs. men)	99%	99%	96% ¹
		Employees represented by an independent trade union	26%	25%	28%
		Sustainable employee engagement index	56%	62%	82% ²
		Training hours/full-time employee	18	21	18
		People in formal appraisal process	100%	100%	100%
		Average sickness days/full-time employee	4.47	3.86	4.23
		Fatalities (including contractors)	3	4	5
		Water footprint (billion litres)	20.0	19.6	18.4
		Carbon footprint (scope 1 and 2, tonnes)	793,207	750,563	718,766
Community Trust Maintaining and enhancing the reputation of our Company and brands by engaging with and investing in our communities and continuously reducing our impacts on the environment.		Water use ratio in plants (litres/litre of produced beverage)	2.25	2.20	2.11
		Energy use ratio in plants (MJ/litre of produced beverage)	0.51	0.50	0.47
		Solid waste (generated, grams/litre of produced beverage)	8.5	8.7	8.5
		Recycling (% solid waste recycled) ⁴	88%	89%	91%
		Investment into community development (€ million)	8.5	9.5	8.7
		Volunteer hours	9,367	39,668	31,296
		Number of active lifestyle participants (million)	1.5	2.1	1.6
		Share of still beverages in volume	31.4%	30.1%	30.4%
		Product quality index	94.4%	95.3%	93.4% ³
		Package quality index	92.2%	94.0%	93.2% ³
Consumer Relevance Providing our consumers with a range of high quality and safe alcohol-free beverage options to support informed choices and healthy lifestyles.		Sites audited ISO 90001, 14001, FSSC 2200, OHSAS18001	69	66	65
		Consumer complaints (per million containers sold)	0.29	0.22	0.22
		DIFOTAL (Delivery in full and in time and accurately invoiced)	94.7%	96.6%	97.0%
		Total age management (Average % expired)	0.71%	0.60%	0.44%
Customer Preference Building and maintaining enduring partnerships with our customers by delivering against their expectations, creating joint value and becoming their preferred beverage supplier.		Comparable EBIT (€ million)	453	454	425
		FX-neutral net sales revenue/per case improvement	2.2%	1.1%	2.5%
		Comparable operating expenses as a percentage of net sales revenue	29.4%	28.9%	29.2%
		Free cash flow (€ million)	341	413	333
Cost Leadership Establishing a company culture of employees who, acting as owners, seek opportunities to drive efficiencies, leverage standardisation, reduce complexity and decrease cost to support business growth.					

Denkstatt GmbH has independently verified our social and environmental disclosures in this report, including the content covering our GRI and UNGC communications on progress. In addition, our bottling plants' quality, food safety, environment and health & safety management systems and data are subjected to annual audits by either SGS or LRQA. Community investment data are verified by London Benchmarking Group.

1. Median for our six largest countries, representing 62% of total workforce.
2. In 2014 we changed the methodology of the sustainable employee engagement index from People Metrics to Towers Watson. Hence, the results are not comparable with previous years. We will continue using the Towers-Watson methodology going forward, which allows us to benchmark our results against those of other organisations.
3. 2014 Quality Indices calculation changed from unit case sales weighted to transaction sales weighted methodology. Comparative recalculated 2013 indices are 94.4% for Product Quality and 93.4% for Package Quality.
4. Recycled waste from manufacturing sites.

Managing our risks and opportunities

Dynamic management of risk and opportunity is at the heart of our business planning and value creation processes.

We have adopted a strategic Enterprise Wide Risk Management approach that provides a common, integrated framework to manage risks and leverage opportunities across the Group. Through a continuous process of identifying, assessing, managing and escalating risks and opportunities, we seek to minimise our exposure to unforeseen events and identified risks, and create a stable environment for delivering on our strategic objectives.

Continuous improvement

During 2014, we strengthened our approach to risk management by creating an interdisciplinary Business Resilience function, headed by the Group Chief Risk Officer. The function's creation reflects the fact that we see business resilience as an opportunity to ensure that our business strength is maintained and enhanced proactively and not simply as a process designed to respond to risk. Drawing together the teams coordinating enterprise risk management, business continuity, insurance, security and crisis management, the Business Resilience function has enhanced collaboration in identifying, reviewing and challenging risks arising from business activities. This has strengthened our ability to manage risk proactively and fully embed a risk management culture.

We also adopted a Risk Management Policy for the Group during the year. Together with our Play to Win Strategic Framework and our Code of Business Conduct, our Risk Management Policy helps to guide decision making.

A robust framework

The Board is ultimately responsible for the Group's risk management and internal control systems, and for reviewing their effectiveness. The Board defines the Group's risk appetite and monitors risk exposure to ensure that the nature and extent of the significant risks facing the Company are managed in alignment with our goals and objectives. While responsibilities for overseeing these important ongoing processes rest with the Audit Committee, the Board as a whole is informed of outcomes and all significant issues.

Our risk framework is both top down and bottom up, ensuring that risks arising from business activities are identified, reviewed and escalated where appropriate. The process of risk identification, review and escalation includes the following steps:

- Regular risk assessments are undertaken within markets and corporate office support functions to assess progress with risk mitigation.
- Significant operational risks and associated management actions are escalated to the Region Directors and the Business Resilience Function.
- The Company's Group Risk Forum reviews the identified risks and presents issues relating to critical exposure to the Operating Committee.
- The Operating Committee reviews critical risk exposures and subsequently reports material changes and mitigating actions to the Audit Committee.

"Our strategic priorities provide the context for guiding us in the management of the risks faced by our business."

Through this process, risks and opportunities are understood and visible across our business. The business context determines the level of acceptable risk and the controls required for management. We seek to continually improve by sharing best practice throughout our Company and with The Coca-Cola Company and other bottlers.

Key features of our enterprise-wide risk management system are:

- Group statements on strategic direction, ethics and values.
- Clear business objectives and business principles.
- A formalised risk management policy.
- Clearly defined risk universe aligned to our strategic priorities: Community Trust, Consumer Relevance, Customer Preference and Cost Leadership.
- Risk management integration into Business Planning processes.
- A continuous process for the identification and evaluation of significant risks to the achievement of business objectives.
- Implementation of management processes to mitigate significant risks to an acceptable level.
- Implementation of strategies to further embed risk management into the cultural fabric of the business.
- Continual monitoring of our internal and external environment for factors that may change our risk profile.
- A regular review of both the type and amount of external insurance purchased, and the role of our captive insurance entity, with reference to the availability of cover and cost, measured against the likelihood and magnitude of the identified risks.

Defining our principal risks

Our strategic priorities provide the context for guiding us in the management of the risks faced by our business. The most important risk categories are macroeconomic and operational. Macroeconomic risks relate to the external environment and the markets in which we operate. We have less control over these risks than we do over operational risks, such as product quality.

The overview of our most important risks does not include all the risks that may ultimately affect our Company. Some risks not yet known to us, or currently believed to be immaterial, could ultimately have an impact on our business or financial performance. We remain constantly alert to changes to our economic and regulatory operating environments, to ensure that new risks are identified and assessed in a timely way.

Our principal risks

Principal Risks	Specific Risk that we face	Mitigation	Link to strategy
Beverage Category Acceptability	Consumer Health Consumer tastes and behaviours are constantly evolving at an increasingly rapid rate. Ensuring effective responses, including addressing any significant misperceptions of the health impact of soft drinks, is important to our business.	We maintain a focus on innovation in the products we offer, including expanding our range of reduced- and zero-calorie beverages and reducing the calorie content of many products in our portfolio. We promote active lifestyles and clearer labelling on packaging, supported by broader community engagement programmes focused on health and wellness. In these ways we actively counteract misperceptions.	Consumer Relevance
Political and Security Instability	Declining Consumer Demand Challenging market conditions continue to impact consumer confidence and disposable income. Our long-term sustainable growth depends on managing challenging and volatile macroeconomic conditions, such as the political and security instability experienced in Russia, Ukraine, and Nigeria.	Our OBPPC approach seeks opportunities by identifying and aligning the right brands, at the right price, in the right package and through the right channel. This enables us to expand our product offering in the marketplace and to win or maintain market share. Robust security management, crisis response and business continuity strategies support our ability to remain resilient in areas with heightened security risk.	Customer Preference
Employee Engagement & Retention	People and Talent It is essential that we develop and maintain management capability across our markets. Our growth depends on our ability to attract and retain sufficient numbers of qualified and experienced employees.	Our focus on developing our leadership talent ensures the right people are in the right positions across the business. Our ongoing focus on employee engagement supports our values and promotes operational excellence. By focusing on managing our business in ways that are responsible and creating shared value with communities in which we work, we also seek to ensure that we are an attractive employer.	Community Trust
Product Quality & Food Safety	Quality Quality issues, or contamination of our products, could result in reputational damage and a reduction in volume and net sales revenue.	We have stringent processes in place to minimise the occurrence of quality issues. However, when issues arise, we have robust processes and systems in place that enable us to deal with them quickly and efficiently, thus ensuring that our customers and consumers retain confidence in our products.	Consumer Relevance
Commercial & Competition	Channel Mix The increasing concentration of retailers and independent wholesalers, on whom we depend to distribute our products, could lower our profitability. The immediate consumption channel remains under pressure as consumers increasingly switch to at-home consumption.	We continued to increase our presence in the discounter channel during 2014 and are working closely with our customers to identify opportunities for joint value creation. Our Right Execution Daily (RED) strategy continues to support our commitment to operational excellence, which enables us to respond to changing customer needs and channels.	Customer Preference
Tax & Treasury	Foreign Exchange Our foreign exchange exposure arises from changes in exchange rates between the Euro, the US dollar, and other currencies used in the markets we serve. During 2014, this exposure was particularly notable against currencies in Russia, Ukraine, and Nigeria.	To reduce currency risk and limit volatility, our treasury policy requires the hedging of 25% to 80% of rolling 12-month forecasted transactional exposures. Hedging beyond a 12-month period may occur if forecast transactions are highly probable. Where available, we use derivative financial instruments to reduce our net exposure to currency fluctuations. These contracts normally mature within one year.	Cost Leadership
	Taxation Regulations around consumer health and the risk of taxation on our products, could impact demand and affect our profitability. In 2014, a number of governments continued to contemplate taxes targeting our products and packaging waste recovery. This is a trend we expect to continue.	We continue to proactively work with regulators to ensure that the facts are understood and our products are not singled out unfairly.	
Stakeholder Relationships	Strategic Stakeholder Relationships The Group relies on our strategic relationships and agreements with The Coca-Cola Company, Monster Energy and our premium spirits partners. Any termination of agreements, or renewal at terms less favourable than currently experienced, could adversely impact our business.	Our management across the business focuses on effective day-to-day interaction with our strategic partners to ensure that we work together as effective partners for growth. We engage in joint projects and business planning, focus on strategic issues, and participate in 'Top to Top' senior management forums.	Community Trust

Achieving stability through cost consciousness and risk management

We were able to keep our operating margin broadly stable in 2014 despite the impact of reduced volumes and the headwinds of significant exchange rate movements. These challenges did however result in lower comparable and reported operating profit (EBIT) compared with 2013.



Michalis Imellos
Chief Financial Officer

Key financial information	2014	2013	% change
Volume (million unit cases)	2,003	2,061	-3%
Net sales revenue (€ million)	6,510	6,874	-5%
Net sales revenue per unit case (€)	3.25	3.34	-3%
Currency-neutral net sales revenue per unit case (€)	3.25	3.17	3%
Operating profit (EBIT) (€ million)	361	374	-3%
Comparable EBIT (€ million)	425	454	-6%
EBIT margin (%)	5.5	5.4	10bps
Comparable EBIT margin (%)	6.5	6.6	-10bps
Net profit (€ million)	295	221	33%
Comparable net profit (€ million)	277	293	-5%
Comparable basic earnings per share (€)	0.761	0.806	-6%

Overall, our strategy on winning in the marketplace, revenue growth management, relentless focus on efficiency and self-help initiatives, as well as management of cash and financial risks had an appreciable impact on the results we were able to achieve in the face of adverse macroeconomic conditions in 2014. Examples of this include:

- A 3% increase in currency-neutral net sales revenue per unit case in 2014 compared with the prior year.
- Broadly stable comparable and reported EBIT margin facilitated by revenue initiatives and favourable input costs.
- A 13% reduction in comparable total net finance costs driven by our successful 2013 bond refinancing.
- The refinancing of debt in 2013 supported comparable EPS for 2014, limiting the decrease compared to 2013 to 6%.
- By carefully managing capital expenditures and achieving incremental working capital reductions, we generated solid free cash flow of € 333 million.

Income statement

Net sales revenue, which declined in all our markets and by a total of 5% compared to the prior year, was negatively affected by dramatic currency headwinds, particularly in Russia and Ukraine. Weak volume performance across all segments contributed to the decline. In light of these challenges, we were pleased that our revenue growth management initiatives, including pricing, and package and category mix management, supported a 3% increase in currency-neutral net sales revenue per unit case. In contrast, there was a 3% decline on a reported basis, including the impact of foreign currency movements.

Comparable cost of goods sold decreased by 6% in 2014 to €4,184 million, driven by the reduced volume and benefitting from improvements in input costs and overheads. The key drivers for this input cost improvement were lower sugar prices and favourable PET (resin) prices, which more than offset the higher cost of concentrate.

Comparable gross profit fell to €2,326 million from €2,441 million. While we benefitting from favourable input costs, this was more than offset by the negative impact of reduced volume, higher concentrate costs and the significant adverse foreign currency

impact. Despite the top line pressure, the favourable input cost environment did enable comparable gross profit margin to increase slightly from 35.5% in 2013 to 35.7% in 2014.

Comparable operating expenses improved by 4% compared to 2013, reflecting the benefits of our ongoing restructuring initiatives. The decrease was most evident in warehousing and distribution, which is where we have concentrated our restructuring efforts. For more information about our restructuring, see the segment overviews in this report on pages 60-65.

In absolute terms, comparable operating profit (EBIT) for 2014 declined by 6% to €425 million, mainly impacted by the significant negative foreign exchange impact, the increased cost of concentrate and the reduced volume, only partially offset by the positive impact of revenue growth management, the favourable input cost environment and our cost saving initiatives. Reported EBIT decreased by only 3%, mainly due to the cycling of the non-recurring 2013 transaction costs of €18 million related to the re-domiciliation to Switzerland and the admission of the Group to listing on the premium segment of the London Stock Exchange. Both comparable and reported EBIT margin remained broadly stable.

We sold our interest in the Bulgarian brewery Zagorka A.D. to Heineken in late 2014. Zagorka was a non-core investment, managed separately from our non-alcoholic ready-to-drink business in Bulgaria, and the sale was accounted for on an equity accounting basis. The gain was treated as a non-recurring item and is therefore not included in our comparable financial indicators.

Comparable net finance costs decreased in 2014 by 13% compared to 2013, to €73 million, driven by the successful bond refinancing that took place in 2013 and resulted in lower interest costs. This was only partially offset by the increased net foreign exchange losses on remeasurement of certain balance sheet items relating to our operations in Ukraine and Nigeria.

The Group's comparable effective tax rate was approximately 23% for both 2014 and 2013. Considering the dynamics of the evolving mix of profitability in our country portfolio – with the relative strengthening of the Established and Developing segments over the Emerging segment – we continue to expect our comparable effective tax rate to range between 24% and 26% in the medium term.

Comparable profit after tax attributable to owners of the parent decreased by 5% during the full year of 2014 compared to the previous year, mainly driven by lower operating profitability. However, reported profit after tax attributable to owners of the parent increased by 33%. This substantial increase primarily reflects the gain from the sale of

our interest in the Bulgarian brewery Zagorka A.D. as well as the cycling of the non-recurring 2013 transaction costs related to the re-domiciliation and the admission of the Group to the premium segment of the London Stock Exchange.

Earnings per share and dividend

Comparable basic earnings per share benefitted from the refinancing of debt in 2013, but this was not enough to offset the significant impact of adverse currency movements on operating profitability. Comparable basic earnings per share declined by 6% in 2014 from 0.806 to 0.761 Euros.

In line with the Group's progressive dividend policy and the Board's assessment of progress against the Group's strategy, the Board of Directors has proposed a dividend of 0.36 Euros per share. This is an increase from 0.354 Euros per share for 2013. The dividend payment will be subject to shareholder approval at the 2015 Annual General Meeting.

Balance sheet

Total assets decreased this year by €396 million, as a result of the impact of foreign currency translation, as well as the use of cash for the repayment of the January 2014 bond. The latter related to the repayment in January 2014 of the remaining amount (€317 million) of the €500 million bond issued in 2008.

Total liabilities decreased by €220 million, as a result of the aforementioned repayment of the January 2014 bond. Total non-current liabilities decreased by €350 million (and current liabilities increased by the same amount), as a result of the reclassification of the outstanding bond of US\$400 million maturing in September 2015 from non-current to current liabilities in September 2014.

	2014 € million	2013 € million
Assets		
Total non-current assets	4,817	5,123
Total current assets	2,062	2,152
Total assets	6,879	7,275
Liabilities		
Total current liabilities	2,196	2,066
Total non-current liabilities	1,892	2,242
Total liabilities	4,088	4,308
Equity		
Owners of the parent	2,787	2,962
Non controlling interests	4	5
Total equity	2,791	2,967
Total equity and liabilities	6,879	7,275

Financial review continued

To meet the Group's funding needs, we require a consistent supply of committed funds at optimum cost. We maintain a minimum financial headroom¹ to mitigate liquidity constraint risks.

Our strategy is to maintain net debt to comparable EBITDA in the range of 1.5 to 2.0. We achieved this in 2014, ending the year with a ratio of 1.9.

Cash flow

While we generated solid free cash flow of €333 million, this represents a 19% decline compared to 2013. This was mainly attributable to the decreased cash from operating activities, which was partially offset by decreased capital expenditure. Decreased cash from operating activities reflected the foreign exchange impact on profitability as well as the expected slowing pace of improvement in working capital as we approach triple-digit negative balance.

	2014 € million	2013 € million
Cash flow from operating activities	686	785
Payments for purchases of property, plant and equipment	(363)	(380)
Proceeds from sales of property, plant and equipment	23	25
Principal repayments of finance lease obligations	(14)	(17)
Free cash flow	333	413

Figures are rounded.

Financial risk management

Given the extreme macroeconomic conditions we have seen recently, proactively managing financial risks is more critical than ever. The Group faces financial risks arising from fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. We mitigate these risks by entering into derivative financial instruments. We do not however use derivative instruments for any trading activities. Instead, we negotiate the terms of hedge derivatives to match the terms of the hedged items, to the extent possible, in order to maximise hedge effectiveness.

Our interest rate exposure generally relates to debt obligations. We primarily manage interest rate exposure with interest rate swaps and options. We have only one non-Euro bond issue (maturing in 2015) and it is fully swapped into Euro with no residual currency risk.

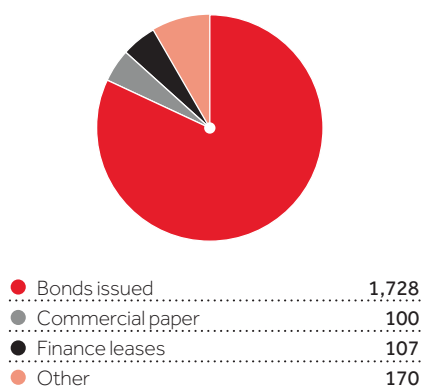
The Group mainly manages foreign currency risk through hedging by using foreign currency forward and option contracts. Our risk management policy is a layered hedging strategy, and we hedge between 25% and 80% of anticipated cash flows and 100% of balance sheet exposures in each major foreign currency with an active market for hedging and without significant currency control for the next 12 months. For 2015, of the major foreign currency pairs with an active hedging market, we are well hedged against the US Dollar but only to some extent against the Russian Ruble, given the recent unfavourable developments in the currency.

The Group manages commodity risk by hedging the purchases of sugar, aluminium and, to a small extent, fuel, using commodity swap contracts based on a rolling 36-month forecast, hedging a minimum of 50% and a maximum of 80% of its commodity exposures for the next 12 months. For 2015, all EU sugar exposures have been contracted out, while the vast majority of world sugar and aluminium exposures have been hedged.

Looking ahead

For 2015, we are focusing our efforts on a set of actions that will mitigate the significant foreign currency headwinds. In this respect, we expect that the continuing favourable input cost environment, the volume stabilisation and country mix improvement (mainly from Established and Developing markets), our revenue growth management initiatives (comprising category and pack mix improvement, as well as pricing in certain Emerging markets), and the continuing self-help initiatives, will fully offset the expected negative foreign currency impact.

Borrowing structure (€ million)



1. Financial headroom refers to the sum of committed but unused financing available, cash and cash equivalents less outstanding commercial paper and current portion of long-term debt, after considering cash flows from operating activities, dividends, interest expense, tax expense, and capital expenditure requirements.

The ongoing situation in Ukraine and Russia, and any further potential economic sanctions that may be imposed on Russia by the US and the European Union, could adversely affect the Group's operational and financial performance. In addition, the recent developments in Greece and the discussions with respect to the terms of its financing programme, have resulted in an unstable macroeconomic and financial environment in the country. This could adversely affect the results of Coca-Cola HBC's local operations and on a consolidated basis. We are continuously monitoring developments in the Ukraine, Russia and Greece.

While we envisage more challenges in certain Emerging markets, we also see tremendous opportunity in the medium term. In addition, we have seen encouraging signs of stabilisation in the majority of our Established and Developing markets, which are expected to continue in the short to medium term. Our goal is to appropriately manage the risks we are able to manage, maintaining our strength and positioning our Company for top and bottom line growth.

Reconciliation of comparable to reported financial results

Reconciliation of comparable to reported financial results

2014 € million								
Group financial results	COGS ¹	Gross profit ²	Operating expenses ³	EBIT ⁴	Adjusted EBITDA ⁵	Finance costs ⁶	Net profit ⁷	EPS ⁸ (€)
Reported	(4,193)	2,318	(1,901)	361	742	(73)	295	0.809
Restructuring costs ^{9,13}	–	–	–	55	34	–	50	0.138
Commodity hedging ¹⁰	8	8	–	8	8	–	6	0.015
Non-recurring items ¹¹	–	–	–	–	–	–	(73)	(0.201)
Comparable	(4,184)	2,326	(1,901)	425	785	(73)	277	0.761

2013 € million								
Group financial results	COGS ¹	Gross profit ²	Operating expenses ³	EBIT ⁴	Adjusted EBITDA ⁵	Finance costs ⁶	Net profit ⁷	EPS ⁸ (€)
Reported	(4,439)	2,435	(2,006)	374	756	(92)	221	0.608
Restructuring costs ⁹	–	–	–	55	42	–	43	0.118
Commodity hedging ¹⁰	6	6	–	6	6	–	4	0.011
Non-recurring items ¹²	–	–	19	19	19	8	25	0.069
Comparable	(4,433)	2,441	(1,987)	454	823	(83)	293	0.806

Figures are rounded.

- Reported COGS refers to cost of goods sold.
- Reported Gross profit refers to gross profit.
- Reported Operating expenses refers to operating expenses.
- Reported EBIT refers to operating profit.
- Adjusted EBITDA refers to operating profit before deductions for depreciation and impairment of property, plant and equipment (included both in cost of goods sold and in operating expenses), amortisation and impairment of intangible assets, employee share options and other non-cash items, if any.
- Reported Finance costs refers to total net finance costs.
- Reported Net profit refers to profit after tax attributable to owners of the parent.
- Reported EPS refers to basic earnings per share.
- Restructuring costs comprise costs arising from significant changes in the way we conduct business, such as significant supply chain infrastructure changes and centralisation of processes, and which are included within the income statement line "restructuring costs". However, they are excluded from the comparable results in order for the user to obtain a proper understanding of the Group's financial performance.
- The Group has entered into certain commodity derivative transactions in order to mitigate its exposure to commodity price risk. Although these transactions are economic hedging activities that aim to manage our exposure to sugar and aluminium price volatility, they do not qualify for hedge accounting. The fair value gains and losses on the derivatives are immediately recognised in the income statement in the cost of goods sold line item. The Group's comparable results exclude the unrealised gains or losses resulting from the mark-to-market valuation of this hedging activity. These gains or losses will be reflected in the comparable results in the period when the underlying transactions will occur, to match the profit or loss impact of the underlying transactions.
- Non-recurring items refer to the gain included within our share of results of equity method investments from the sale of Zagorka by Brewmasters Holdings Ltd, subsidiary of Brewinvest S.A. joint venture with Heineken of €60 million and one-off credits to income tax of €13 million.
- Non-recurring items refer mainly to the transactions costs related to the re-domiciliation and the admission of the Group to listing on the premium segment of the London Stock Exchange. Further to that, non-recurring finance costs also relate to the tender offer for the €500 million bond matured in January 2014.
- Net profit includes €7 million from restructuring within joint ventures.

Some favourable trends in our markets

We have the most diversified footprint in the Coca-Cola System, with operations in 28 countries spanning 3 continents.

We manage and report on our business using three segments, each segment comprising countries with broadly the same characteristics: Established, Developing and Emerging markets. You can find more information about these segments in the following sections.

Industry and consumer trends

The diversity of our portfolio of countries means that we operate in a number of different retail and economic environments. This requires us to be flexible and adaptable as trends evolve.

In some of our markets, consumers, who have favoured supermarkets, hypermarkets and discounters in recent years, are changing their habits and going back to the convenience channel. Small modern convenience stores are appearing in a number of big cities to serve those consumers. We term this trend 'small basket growth' and are very much encouraged by it. Using our OBPPC tool, we adjust the pack and price architecture to take advantage of this trend.

Hotels, restaurants and cafés (HoReCa) is a profitable channel for our business due to the prominence of single-serve products that generate higher net sales revenue per unit case. Our expectation is that as the European economies recover, consumers will start spending a larger share of disposable income out of home. In 2015, which is the 100th anniversary of the iconic contour bottle, we will launch and activate many exciting initiatives in this channel.

Despite the small basket growth effect mentioned above, the growth of the organised trade continues at the expense of the fragmented trade in many of our countries. While the package mix that is sold through this channel is less favourable, we have several initiatives to take advantage of this channel. Firstly, these big structured customers are more conducive to collaborating on joint-value-creation (JVC) initiatives. Also, we use our OBPPC tool to determine more favourable formats such as multi-packs of single-serve packages in this channel. You can read more about these initiatives in the Customer Preference section.

Input cost trends

After concentrate, which we source from The Coca-Cola Company, our key raw materials are sugar, PET resin and aluminium, which represent 13%, 7% and 5% of our cost of goods sold, respectively. In 2014, the decline in EU and world sugar prices accelerated. Combined with favourable PET resin, metal and juice prices, this resulted in a 5% decline in our FX-neutral input cost per case.

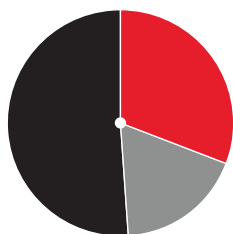
In 2015, EU sugar prices, which we have now fully contracted, are considerably lower than in 2014. With this certainty, and stable to slightly lower prices of world sugar, resin and aluminium prices, we expect a bigger tailwind from input costs than in 2014.

Macroeconomic conditions

Overall, the environment remained challenging in 2014. Consumer confidence remained at low, negative levels across Europe, and unemployment remained near or at historic highs, particularly in Italy and Greece. Having said that, we saw sequential trend improvement throughout the year for the majority of our countries, and there are some signs of optimism in many markets as macroeconomic forecasts point to an upward trend for 2015. The recent ECB announcement of quantitative easing and the lower oil price could also help the European economies in the medium to long term.

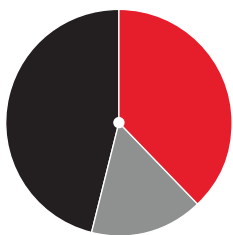
Volatility in currencies, particularly the Russian rouble, the Ukrainian hryvnia and the Nigerian naira, depressed oil markets and political concerns in certain countries such as Nigeria, were the main challenges in our Emerging markets segment. We expect these challenges to continue in 2015, although we believe that we have adequate plans to mitigate them.

Volume breakdown by segment (unit cases)



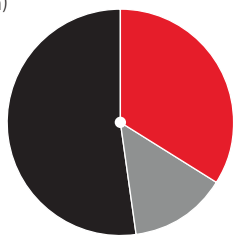
● Established	31%
● Developing	18%
● Emerging	51%

Net sales revenue breakdown by segment (€ million)



● Established	38%
● Developing	16%
● Emerging	46%

Comparable EBIT breakdown by segment (€ million)



● Established	34%
● Developing	14%
● Emerging	52%



Making progress in a challenging environment

Macroeconomic conditions remained challenging in our Established markets segment, particularly in Italy and Greece where disposable income is under pressure and unemployment is still near or at historic highs.

In Established markets, we aim to win in the marketplace by increasing our points of interaction in each outlet and addressing affordability. Most of our recent optimisation and restructuring initiatives relate to this segment as we continuously seek to improve efficiencies and optimise our cost base. For example, we further expanded our largest production facility in Nogara, Italy, as part of our efforts to consolidate our production network. We also outsourced warehouse operations at Nogara during 2014.

For the full year, unit case volume in our Established markets declined by 5.4%. Weak market trends, adverse weather conditions in most of the territories during the seasonally important third quarter, as well as certain country specific issues, led to volume declines. On the other hand, Greece and Ireland demonstrated good growth, supported by strong water performance.

Net sales revenue for Established markets declined by 3.6% in 2014, compared to a 6.0% decline in the prior year. The volume shortfall and negative category mix more than offset the favourable price and package mix. Currency-neutral revenue per case rose by 1.5% during the year.

Comparable operating profit for the segment was €147 million for 2014, €3 million lower than in the prior year. The volume decline and an increase in concentrate cost offset the benefit of revenue growth management initiatives including pricing, lower input costs and benefits from restructuring and reduced operating expenses.

"In Greece, our unit case sales volume grew by 2% in 2014, compared with a 10% decline in 2013. The volume increase was our first annual volume growth since 2008."

	2014	2013	% change
Volume (million unit cases)	615	651	-5
Net sales revenue (€ million)	2,449	2,540	-4
Comparable EBIT (€ million)	147	150	-2
Population (million)	90	91	-1
GDP per capita (US\$)	40,354	39,175	3
Bottling plants (number)	16	17	-6
Employees (number)	6,944	7,349	-6
Water footprint (billion litres)	5.3	6.5	-18
Carbon emissions (tonnes)	156,572	162,955	-4
Safety rate (lost time accidents > 1 day per 100 employees)	1.29	1.50	-14

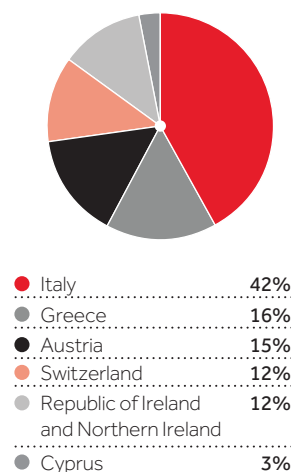
Source: The World Economic Outlook Database, International Monetary Fund, October 2014.

Northern Ireland data: NISRA (Northern Ireland Statistics and Research Agency), Regional Gross Value Added (Income Approach), December 2014, Office for National Statistics, United Kingdom.

Italian data: Sicilian population excluded based on data from ISTAT (Italian National Institute of Statistics)

Percentage changes are calculated on precise numbers.

Established markets volume breakdown



Italy

The underlying trading environment in Italy continued to present challenges, with unemployment at near-record high levels of 13% and persistent pressures on disposable income. An environment of tight liquidity impacted negatively on our business in Italy throughout the year. During the summer, adverse weather conditions accelerated volume declines across almost all brands and categories. We were, however, able to achieve an improvement in package mix, driven by a higher proportion of single-serve packages, particularly in the water category.

Greece

In Greece, our unit case sales volume grew by 2% in 2014, compared with a 10% decline in 2013. The volume increase, albeit modest, was our first annual volume growth since 2008. Water was the key growth driver during the year, helped by increased tourist traffic that also drove a modest sales increase in sparkling beverages over the summer. While we are pleased to report growth in Greece, the macroeconomic environment remains fragile, heavily impacted by political developments. Our outlook remains cautious.

Switzerland

Volume in Switzerland declined by 7% in 2014, following a low single-digit increase in the prior year. Unusually wet summer weather impacted performance in all categories. While sparkling beverages were the main underperformer in 2014, we gained volume share in the category. Driven by our OBPPC initiatives, package mix also improved in both the sparkling and water categories.

Ireland

While our volume trends in Ireland were volatile over the course of the year, volume performance was stable for the full year compared with 2013, following a low single-digit increase for the prior year. Water and juice generally outperformed sparkling beverages. Coke Zero, however, maintained double-digit growth for much of the year. Package mix was flat, as the growth in single-serve multi-packs in the sparkling category was offset by the decline in water single-serves.

Summer activation in Switzerland



In cooperation with Coop, our largest customer in Switzerland, we executed a joint BBQ & World Cup campaign for six weeks in the summer of 2014. Enlisting the official Coke ambassador and Swiss national football star Xherdan Shaqiri to participate in Coop's well-known BBQ campaign resulted in a key visual that was used nationally in all 863 Coop stores. With the Company present at each step of the shopper's journey, the campaign reached almost all Swiss consumers several times during the activation period (36 million shopper contacts), achieving an impressive in-shop presence during the campaign period.



Improving profitability as a result of our actions

While the economies of Central and Eastern Europe experienced modest growth in 2014, they are still recovering from the recent financial crisis. Growth and consumption remain well below pre-crisis levels.

Volume performance in our Developing markets segment, which includes nine Central and Eastern European countries, has been impacted by our strategic decision not to chase volume that is not accretive to profitability. We continue to execute our strategy, focusing on OBPPC implementation, operational efficiency and tight cost control. Particularly in Poland and the Czech Republic, we are demonstrating leadership in the way the retail industry – particularly in the organised trade – is currently operating. We are supporting a shift from purely transactional customer relationships to showing how the Coca-Cola partnership can add value to them.

Unit case volume in our Developing markets segment returned to growth in the final quarter of 2014, but this was outweighed by declines in the first nine months, resulting in a 6% volume decline for the year. This compares to a 3% decline in 2013. Net sales revenue deteriorated by 5% in the year. On a currency-neutral basis, net sales revenue per unit case increased by 2.8%.

Overall, comparable operating profits for the segment increased by 39% to €58 million for the year. Improvements in pricing and package mix, lower input costs and lower operating expenses more than offset the negative effect of reduced volume, an increase in the cost of concentrate and unfavourable foreign exchange rates.

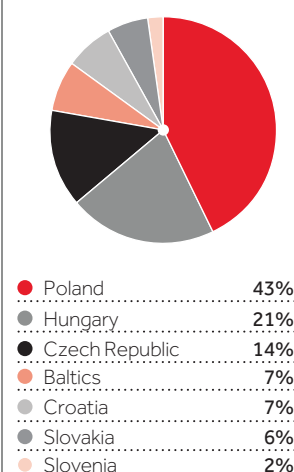
"In the fourth quarter, we achieved volume growth in Poland as the business started to grow from a healthier base."

	2014	2013	% change
Volume (million unit cases)	358	381	-6
Net sales revenue (€ million)	1,054	1,106	-5
Comparable EBIT (€ million)	58	42	39
Population (million)	77	77	–
GDP per capita (US\$)	15,558	14,959	4
Bottling plants (number)	9	9	–
Employees (number)	5,543	5,948	-7
Water footprint (billion litres)	2.2	2.5	-10
Carbon emissions (tonnes)	129,909	135,834	-4
Safety rate (lost time accidents > 1 day per 100 employees)	0.67	0.75	-11

Source: The World Economic Outlook Database, International Monetary Fund, October 2014.

Percentage changes are calculated on precise numbers.

Developing markets
volume breakdown



Poland

While there are positive trends in unemployment and disposable income in Poland, consumer confidence and spending are still weak. Our strategic decision to focus on sustainable, value-accretive sales volume, in an environment that is highly driven by discounters, contributed to a 7% volume decline in 2014. On the other hand, as a result of this strategy, net sales revenue per case and profitability improved quite substantially. In the fourth quarter, we achieved volume growth as the business started to grow from a healthier base. In line with our revenue growth initiatives, we managed to improve the single-serve contribution.

Hungary

Volume in Hungary declined by 1% during the year, following a 6% decline in the prior year. Increased competitive pressure and a wet summer negatively impacted sales volume. Juice volumes were stable, helped by the growth of Cappy Pulpy. Our energy category grew by mid single digits during the year, following strong growth in 2013 and supported by several new product launches. In line with our focus to increase sales of single-serve products, the package mix improved in Hungary during the year.

Czech Republic

In the Czech Republic, sales volume fell 11% during 2014, compared to a 1% drop in 2013. This primarily reflects our strategic decision to focus on value over volume, but adverse summer weather also had an impact. Despite the notable volume decline, Coca-Cola Zero outperformed, supported by increased distribution. We also achieved growth in juice throughout the year, helped by new product launches. Increases in single-serve packages contributed to a slight improvement in package mix.

Three awards for Hungary

Our Hungarian business won a number of accolades in 2014, demonstrating excellence in every area from executing in the outlets to safeguarding the environment.

Hungary's Trade Magazine introduced a new award in 2014 to recognise companies and sales executives conducting the most effective sales campaigns, programmes and activities. Coca-Cola HBC Hungary was one of the top three performers to receive this award in 2014. The company also received the CSR Best Practice Award, which recognises companies operating in a socially responsible way. Finally, for the third time, the Hungary team received the award for the 'Danube Flow – Danube Calling!' water stewardship programme.



Mitigating strong currency headwinds

The macroeconomic environment was very difficult in several markets, severely impacting consumer demand. We continued to focus on consumer relevance, affordability and execution excellence as well as cost efficiencies and cross-border synergies.

In Nigeria, we continued with our plans to outsource logistics and warehousing facilities to manage volume growth using existing production locations. In Ukraine, we moved two production lines elsewhere in the Group. We also continued to seek efficiencies through restructuring.

Volume in our Emerging markets segment in 2014 was stable year on year compared to volume growth of 1.7% in 2013. Volume performance was driven by sustained growth momentum in Nigeria as well as moderate growth in Russia, which offset weak volumes in Romania and Ukraine.

Net sales revenue declined by 6.9% during the year due to the substantial negative impact of currency movements and negative channel mix. Currency-neutral revenue per case improved by 3.5%.

For 2014, our Emerging markets segment posted comparable operating profits of €220 million. This was €42 million less than in the prior year as the benefits from positive price/mix and favourable input costs were more than offset by the negative impact of foreign exchange movements, higher concentrate costs and operating expenses.

"In Russia, sales volume increased by 1% in 2014, slowing from 5% growth in 2013."

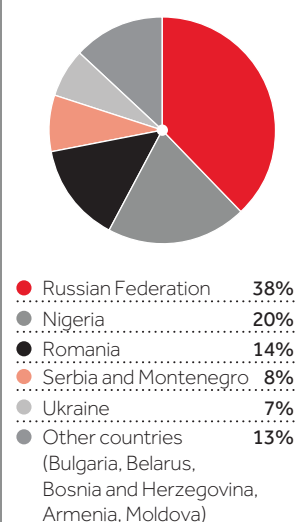
	2014	2013	% change
Volume (million unit cases)	1,029	1,029	–
Net sales revenue (€ million)	3,007	3,229	-7
Comparable EBIT (€ million)	220	263	-16
Population (million)	422	417	1
GDP per capita (US\$)	7,643	7,668	–
Bottling plants (number)	41	42	-2
Employees (number)	23,875	24,792	-4
Water footprint (billion litres)	10.8	10.7	2
Carbon emissions (tonnes)	432,251	451,733	-4
Safety rate (lost time accidents > 1 day per 100 employees)	0.23	0.26	-12

Source: The World Economic Outlook Database, International Monetary Fund, October 2014.

Kosovo: World Bank – Data from database: World Development Indicators.

Percentage changes are calculated on precise numbers.

Emerging markets volume breakdown



Russia

In Russia, sales volume increased by 1% in 2014, slowing from 5% growth in 2013. Performance was positive despite continued adverse geopolitical developments and macroeconomic trends that have impacted consumer sentiment. Sparkling unit case volumes were supported by successful trade activations, including the Sochi 2014 Winter Olympics™. As we discuss in the Consumer Relevance section of this report, we focused on building excitement and motivating the involvement of customers, their employees and shoppers. Throughout the event, Coca-Cola HBC gained excellent media coverage, helping to maintain our relationship with Russian consumers and customers. The juice category contributed to growth throughout the year, accelerating in the second half with the addition of the newly listed Moya Semya brand.

As macroeconomic growth continues to slow in Russia, we expect consumer confidence to fall and the overall non-alcoholic ready-to-drink beverages market to be impacted. Importantly, we continue to outperform the market, a reflection of our OPBBC execution and the value we bring to customers. We expanded our volume and value share in the sparkling and juice categories in Russia during 2014.

Nigeria

We maintained volume growth momentum in Nigeria during the year, delivering a 4% increase despite expected temporary supply and promotion disruptions associated with the rollout of our SAP platform in the first quarter. Nigeria remains a key growth driver for the Group, although the significant decline in oil prices and the consequent currency depreciation, coupled with upcoming elections, may impact macroeconomic trends. We continue to focus on expanding distribution and volume per outlet for our core brands, driving availability across the board and selectively introducing OBPPC initiatives. We launched the 'Share a Coke' campaign in January, we are expanding PET capacity, and we have strong product and package innovation plans in juice.

Romania

Negative trends continued in Romania where, in 2014, volumes declined by 6% compared to a 9% decline in 2013. Overall, the macroeconomic and trading environment remains under pressure, negatively impacting disposable income and consumer confidence. In this difficult environment, our unit case volume for sparkling beverages declined, with higher volume for Sprite and Coca-Cola Zero unable to offset the volume decline in Brand Coca-Cola. Juice continued its solid growth, supported by the Cappy-Pulpy product launch

Sales execution in Nigeria

In February 2014, the Nigerian commercial team held its annual National Sales Convention, 'Execute with Excellence', in Lagos. The event, attended by the entire sales force and a number of customers from across the country, offered the team an opportunity to review the key priorities for winning in the marketplace in 2014 and a chance to bond through recreational activities. A General Manager's panel facilitated discussion between customers and the company's senior management regarding opportunities for improving performance and boosting growth. The convention closed with the ceremonial signing of the commitment banner, during which team members pledged their support to achieving the volume target for the year.



and strong marketing activations. We were also able to achieve improvements in package mix driven by growth in single-serve packages in both water and sparkling beverages.

Ukraine

Sales volume in Ukraine declined by 4% in 2014, an improvement over the prior year when volume declined by 10%. The overall environment remains very difficult, severely impacting consumer demand and, in some cases, product distribution. Against this backdrop, we intensified our promotional activities and consistently focused on strong execution. Declines in sparkling beverages at the beginning of 2014 moderated over the course of the year, with growth resuming in the fourth quarter. Overall, we gained volume and value share in sparkling beverages.



Corporate Governance

Corporate Governance

68	Board of Directors
71	Corporate governance report
78	Operating Committee
88	Remuneration
103	Statement of Directors' Responsibilities

Board of directors



1. George A. David, OBE, MFR, Chairman

Mr. George A. David, the Chairman of the Company's Board of Directors, graduated from the University of Edinburgh in 1959. He began his career that same year with a group of companies controlled by his uncle A.G. Leventis in Nigeria. He serves on the boards of Petros Petropoulos S.A., Kar-Tess Holding, Boval S.A. and Leventis Holding S.A. and serves as vice president of Fillmore AKTEXE. He is a member of the board of the A.G. Leventis Foundation, chairman of the Centre for Asia Minor Studies and a member of the Honorary board of the Hellenic Foundation for European and Foreign Policy. Mr. David is a member of the Company's Social Responsibility Committee.

2. Dimitris Lois, Chief Executive Officer

Mr. Dimitris Lois began his career in 1988 at Grecian Magnesite S.A., where he held various managerial posts including that of business development manager. He joined Frigoglass S.A. in 1997, and after serving various international positions he was appointed managing director in August 2003. Mr. Lois joined the Group as Regional Director in 2007. He was appointed Chief Operating Officer in 2009 and Chief Executive Officer in 2011. He holds a Master of Science in Chemical Engineering from Northeastern University and a Bachelor of Science in Chemical Engineering from Illinois Institute of Technology.

3. Antonio D'Amato, Independent non-executive director,

Mr. D'Amato began his business career in 1979 with Cartoprint in Milan, part of the Seda International Packaging Group SpA (formerly the Finseda Group), a leading European company in the production of food packaging. He was employed in various capacities and he became president of Seda International Packaging Group SpA in 1991. Mr. D'Amato was previously president and a member of the board of directors of Confindustria, the Confederation of Italian Industry. In August 2000, Mr. D'Amato was appointed vice-president of the Union of Industrial and Employers' Confederations of Europe (UNICE). From 2000 to 2012, Mr. D'Amato was a member of the Italian National Council for Economy and Labor (CNEL). In July 2001, he became president of the LUISS University in Rome, a leading private Italian university. Mr. D'Amato is a member of the Company's Nomination Committee and Remuneration Committee.

4. Anastassis G. David, Non-executive director and Vice-Chairman

Mr. Anastassis G. David graduated from Tufts University in 1993 and began his career in the Coca-Cola bottling system in the United States. From 1994 to 1997, Mr. David held several positions in the sales and marketing departments of Hellenic Bottling Company S.A. Since 1998, Mr. David has served as advisor to Kar-Tess Holding on its bottling investments. Mr. David was chairman of Navios Corporation, a major bulk shipping company, from 2002 to 2005 and currently serves as a member of the executive committee of the Cyprus Union of Shipowners. He is also on the board of the IDEAL Group S.A. and Aegean Airlines S.A. Mr. David is a member of the Advisory Board of the Fares Centre at Tufts University as well as a member of the International Board of Advisors of Tufts University. He is a member of the board of trustees of College Year in Athens and member of the Company's Nomination Committee.



5. Irial Finan,
Non-executive director

Mr. Irial Finan is executive vice-president of The Coca-Cola Company and president of Bottling Investments Group ("BIG"), a multi-billion dollar internal bottling business, which has operations on five continents (North and South America, Europe, Africa and Asia), with revenues of more than \$20 billion and more than 100,000 employees. Additionally, he is responsible for stewarding The Coca-Cola Company's equity investments and leading the concentrate product supply organisation. Mr. Finan currently serves on the Board of Directors for Coca-Cola FEMSA, Coca-Cola East Japan, the Coca-Cola Foundation, the supervisory board for CCE AG (Germany), G2G trading, Smurfit Kappa group and The American-Ireland Fund. He is non-executive director for Co-operation Ireland and NUI Galway Foundation. Mr. Finan has over 32 years' experience in the Coca-Cola system. From 2001 to 2003, he served as Chief Executive Officer of the Group. Mr. Finan joined The Coca-Cola Company in 2004 as president of bottling investments and supply chain and was named executive vice-president in October 2004. He is a recipient of the Leslie C. Quick Jr. Leadership Award in recognition of his professional and personal commitment to Ireland. He is also a Stars of the South Honoree.

6. Christos Ioannou,
Independent non-executive director

Mr. Christos Ioannou received his BA from Cornell University in 1994 and his MBA from the MIT Sloan School of Management in 1998. Mr. Ioannou's primary involvement is with J&P (Overseas) and J&P-AVAX, where he serves as a chairman on both boards. The J&P Group is involved in construction, concessions and real estate in the Middle East, North Africa and Southeast Europe. Mr. Ioannou is also involved in the hotel business, holding directorships in Athinaion SA (Athenaeum Intercontinental) and YES Hotels. Mr. Ioannou serves on several other boards including Food Plus S.A. and Aegean Airlines S.A. and is a member of the Oxford University Chancellor's Court of Benefactors. Mr. Ioannou is a member of the Company's Audit Committee.

7. Anastasios I. Leventis,
Non-executive director

Mr. Anastasios Leventis holds a B.A. in Classics from the University of Exeter and an MBA from New York University's Leonard Stern School of Business. Mr. Leventis serves as a director of the Leventis Group, a diversified international business group, and as a trustee of the Leventis Foundation. In addition, Mr. Leventis is a director of Alpheus Group Limited, a private asset management company managing assets of private clients and charitable foundations. Mr. Leventis is vice president of the Council of the University of Cyprus, a member of the board of overseers of the Gennadius Library in Athens and a member of the board of the WWF in Greece.

8. Christo Leventis,
Non-executive director

Mr. Christo Leventis holds a B.A. in Classics from University College London and an MBA from the Kellogg School of Management in Chicago. Mr. Leventis worked as an Investment Analyst with Credit Suisse Asset Management from 1994 to 1999. In 2001, he joined J.P. Morgan Securities as an Equity Research Analyst focusing on European beverage companies. In 2003, Mr. Leventis started the private equity investment arm of Alpheus, a private asset management company, and also serves as a member of its investment advisory committee. From 2003 until March 2014, Mr. Leventis was a member of the board of directors of Frigoglass S.A.I.C., a leading global manufacturer of commercial refrigeration products for the beverage industry.

9. Sir Michael Llewellyn-Smith,
KCVO, CMG,
Senior independent
non-executive director

Sir Michael Llewellyn-Smith had a distinguished career in the British diplomatic service including postings to Moscow, Paris and Athens, culminating in positions as British Ambassador to Poland (1991-1996) and British Ambassador to Greece (1996-1999). He is currently vice-president of the British School at Athens, Honorary Fellow of St. Antony's College, Oxford, visiting Professor at King's College London and member of the council of the Anglo-Hellenic League. He is also a historian and author of a number of books about Greece. Sir Michael is senior independent director and chairman of the Company's Nomination Committee, Remuneration Committee and Social Responsibility Committee.



10. Susan Kilsby,
Independent non-executive director

Mrs. Susan Kilsby is chairman of Shire plc and non-executive director of BBA Aviation plc and Green Mountain Coffee Roasters, Inc. Mrs. Kilsby has extensive M&A and finance experience and has had a distinguished global career in investment banking spanning more than 30 years, during which she has held senior positions with The First Boston Corporation, Bankers Trust, Barclays de Zoete Wedd and Credit Suisse. Until 2009, Mrs. Kilsby was chairman of Credit Suisse's M&A Group for EMEA, continuing in a part-time senior advisory capacity until April 2014. Mrs. Kilsby holds a B.A. in Economics from Wellesley College and an M.B.A. from Yale School of Management. Mrs. Kilsby is a member of the Company's Nomination Committee and Remuneration Committee.

11. Nigel Macdonald,
Independent non-executive director

Mr. Nigel Macdonald was formerly a senior partner in Ernst & Young's UK practice, having been a partner for 27 years, during which he served as vice-chairman of the Accounting and Auditing Committees of Ernst & Young's worldwide practice. Mr. Macdonald is a member of the Institute of Chartered Accountants of Scotland, of which he was the president between 1993 and 1994. He is chairman of the Royal Museums Greenwich Foundation; formerly he was the senior trustee of the United Kingdom's National Maritime Museum and chairman of both its remuneration committee and audit committee. Mr. Macdonald was a member of the UK's Cadbury Committee which developed a set of guidelines for effective Corporate Governance in the UK that has served as a model for several international corporate governance codes. Mr. Macdonald is chairman of the Company's Audit Committee.

12. José Octavio Reyes,
Non-executive director

Mr. José Octavio Reyes is the former Vice Chairman of The Coca-Cola Export Corporation, a position in which he served from January 2013 until his retirement in March 2014. He was president of the Latin America Group at The Coca-Cola Company from December 2002 to December 2012. Following various managerial positions in Mexico, Brazil and in The Coca-Cola Company headquarters in Atlanta, Mr. Reyes was named President of the North Latin America Division at Coca-Cola, in 2002. Prior to joining Coca-Cola, Mr. Reyes spent five years with Grupo IRSA, a Monsanto Company joint venture. Mr. Reyes has been a member of the board of directors of MasterCard WorldWide since January 2008, a member of the board of directors of Keurig Green Mountain since August 2014 and is a member of the board of directors of Papalote Children's Museum in Mexico City and Fundación UNAM. Mr. Reyes holds a BS in Chemical Engineering from the Universidad Nacional Autónoma de México and a MBA from the Instituto Tecnológico de Estudios Superiores de Monterrey. Mr. Reyes is a member of the Company's Nomination Committee and Social Responsibility Committee.

13. John P. Sechi,
Independent non-executive director

Mr. Sechi started his career as a financial analyst and audit manager. In 1985, he joined The Coca-Cola Company as an internal auditor. In 1987, Mr. Sechi became the Finance Director for Coca-Cola Great Britain Limited based in London. The following year, he was appointed General Manager of the European Supply Point Group and in 1990 he moved to Madrid to join the Iberian Division as Chief Financial Officer. In 1993, Mr. Sechi was promoted to President of the Central Mediterranean Division of The Coca-Cola Company, based in Milan, where he was responsible for operations in Greece, Cyprus, Malta, Bulgaria, Former Yugoslavia (Croatia, Serbia, Bosnia, Montenegro, Kosovo and FYROM), Albania and Italy. In 1998, he was promoted to President of the German Division, based in Dusseldorf. Mr. Sechi was Chairman of Globalpraxis, a commercial consulting firm, from 2001 to 2008. From 2007 until 2013, he was the President, Greater Europe of The Campbell Soup Company, and from 2006 to 2011, a non-executive Board member and Chairman of the Audit Committee of Coca-Cola İçecek. Mr. Sechi has a BA in Business Management from Ryerson University in Toronto and is a Chartered Accountant (Canada). Mr. Sechi is a member of the Company's Audit Committee.

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the corporate governance report for the year ended 31 December 2014.

What does corporate governance mean to the Company?

Operating in widely differing countries, on three continents, in various economic and regulatory environments, we have long recognised that strong governance and effective leadership are of critical importance to the Group in order to achieve our strategic goals. Our commitment to best practice in corporate governance plays a key role in managing our risks and opportunities and maintaining the trust of our stakeholders. Recognising the value of effective corporate governance, we have regularly monitored and adopted best practice since the Group was formed. The principal corporate governance rules applying to the Company (a Swiss corporation listed on the London Stock Exchange (LSE) with a secondary listing on the Athens Exchange) for the year ended 31 December 2014, and our compliance with them are described in more detail in the section below entitled "Application of Corporate Governance Codes and the UK city code on takeovers and mergers".

Key focus areas of the Board for 2014

The Board's principal focus during the year was on the execution of our strategy, our strategic alignment with The Coca-Cola Company, the development of our talent, the composition and effectiveness of the Board and the management of risks related to the external environment in our markets, including risks associated with currency volatility, geopolitical instability and negative macroeconomic indicators. We have a comprehensive process for the identification and management of risks and our strategic priorities are clear and have been communicated to all levels within the Group.

Board composition

In 2014 we appointed John P. Sechi as a new independent non-executive Director following the retirement from the Board of Stefan Heidenreich. John brings with him over 30 years of experience in the fast-moving consumer goods industry. The Board has concluded that John is independent and has recent and relevant financial experience as defined in the UK Corporate Governance Code. In addition, we appointed three further new non-executive Directors: Anastasios I. Leventis, Christo Leventis and José Octavio Reyes following the retirement from the Board of Anastasios P. Leventis, Haralambos K. Leventis and John Hunter. I would like to take this opportunity to express our sincere gratitude to Anastasios, Haralambos, John and Stefan for their significant contributions to the Board over the past years.

Board evaluation

In line with our commitment to adhere to best corporate governance practices, a Board effectiveness evaluation was conducted during the first half of 2014. Further details are set out in the Nomination Committee report on page 85.

We will continue to keep the membership and size of the Board under review. We believe that our Board is well balanced, with the right mix of international skills, experience, independence and knowledge. Under Swiss law and our Articles of Association, the Company's Board of Directors is subject to re-election by our shareholders on an annual basis, with members being proposed by the Board's Nomination Committee, which is composed of a majority of independent Directors. We understand the importance of the Board's role in establishing the 'tone from the top' of the Company in terms of its culture and values and our Directors lead by example as ambassadors of our values in order to cascade good behaviour throughout the organisation.

Diversity

The Board is committed to recruiting Directors from different backgrounds with diverse skills, personalities and experience. We have made good progress in terms of gender diversity at senior management positions and I am confident this trend will continue and our selection processes will scrupulously adhere to our policies on diversity while evaluating credentials necessary for the continued growth of our operations within a highly competitive and specialised industry.

Market position

During 2014, we delisted the Company's American Depositary Receipts (ADRs) from the New York Stock Exchange and de-registered the Group with the U.S. Securities and Exchange Commission. This decision was based on the low trading volume of our ADRs following the Company's equity securities listing on the London Stock Exchange in 2013. This resulted in a significant reduction of complexity and cost savings without any material impact on our stakeholders.

Further details of our approach to governance and our key achievements this year are described within our corporate governance report below.



George A. David
Chairman of the Board

Corporate governance report continued

Leadership and effectiveness

Board and committee attendance in 2014

The following table shows the membership of the Board committees and includes the Directors' attendance at Board and committee meetings during the period between 1 January and 31 December 2014.

Director	Independent	Board		Audit ⁸		Remuneration		Nomination		Social Responsibility	
		Attended	Total meetings	Attended	Total meetings	Attended	Total meetings	Attended	Total meetings	Attended	Total meetings
George A. David	No	4	4							4	4
Dimitris Lois	No	4	4								
Anastasios P. Leventis ¹	No	1	1								
Haralambos K. Leventis ¹	No	1	1								
Anastassis G. David	No	4	4					4	4		
Irial Finan	No	4	4								
John Hunter ²	No	1	1					1	1	1	1
Antonio D'Amato	Yes	4	4			4	4	4	4		
Stefan F. Heidenreich ³	Yes	1	1	2	4						
Christos Ioannou	Yes	4	4	9	9						
Sir Michael Llewellyn-Smith	Yes	4	4			4	4	4	4	4	4
Nigel Macdonald	Yes	4	4	9	9						
Susan Kilsby	Yes	4	4			4	4	4	4		
Anastasios I. Leventis ⁴	No	3	3								
Christo Leventis ⁵	No	3	3								
José Octavio Reyes ⁶	No	2	3					2	3	2	3
John P. Sechi ⁷	Yes	2	3	4	5						

1. Mr. Anastasios P. Leventis and Mr. Haralambos K. Leventis retired from the Board on 25 June 2014. Both were eligible to attend one of the four meetings of the Board.
2. Mr. John Hunter retired from the Board, the Nomination Committee and the Social Responsibility Committee on 25 June 2014. He was eligible to attend one of the four meetings of the Board, the Nomination Committee and the Social Responsibility Committee.
3. Mr. Stefan F. Heidenreich retired from the Board and the Audit Committee on 25 June 2014. He was unable to attend the Audit Committee meetings in February and May 2014 because of long standing prior commitments. He was eligible to attend one of the four meetings of the Board and four of the nine meetings of the Audit Committee.
4. Mr. Anastasios I. Leventis was appointed to the Board on 25 June 2014 and was eligible to attend three of the four meetings of the Board.
5. Mr. Christo Leventis was appointed to the Board on 25 June 2014 and was eligible to attend three of the four meetings of the Board.
6. Mr. José Octavio Reyes was appointed to the Board and the Nomination and Social Responsibilities Committees on 27 June 2014. He was eligible to attend three of the four meetings of the Board and three of the four meetings of the Nomination and Social Responsibility Committees. He missed one of the Board's and Nomination Committee's meetings due to a long standing prior commitment.
7. Mr. John P. Sechi was appointed to the Board and the Audit Committee on 27 June 2014. He was eligible to attend three of the four meetings of the Board and five of the nine meetings of the Audit Committee. He was unable to attend the Board and the Audit Committee meeting in December 2014 because of a long standing prior commitment.
8. Includes five conference calls.

Operation of the Board

Board governance in the Company

The governance process of the Board is set out in the Articles of Association and the Organisational Regulations of the Company. These regulations define the role of the Board and its committees, their respective responsibilities and authority, processes and relationship with management. The Articles and the Organisational Regulations can be found at <http://www.coca-colahellenic.com/investorrelations/corporategovernance>.

Role of the Board

The Board has the ultimate responsibility for the success of the Company and for delivering sustainable shareholder value.

Key tasks of the Board include:

- Determining the long-term business strategy and objectives of the Group and monitoring the implementation of the strategy and the achievement of those objectives;
- Reviewing and approving the annual business plan;
- Setting appropriate risk parameters and monitoring to ensure that effective risk management and internal control processes are in place;
- Reviewing and approving periodic financial reports;
- Performing Board and senior management succession planning;
- Monitoring the Group's compliance programmes to ensure effective corporate governance; and
- Supervising management.

In addition, the Swiss Ordinance against Excessive Compensation in Listed Companies requires the Board to prepare a remuneration report pursuant to Swiss law. The remuneration report must be made available for inspection, together with the Swiss business report and audit report, no later than 20 days prior to the ordinary shareholders' meeting at the offices of the Company. Any shareholder may request a copy of these reports when available.

The Board has delegated specific tasks to its committees as set out in the Organisational Regulations (see committee reports in this Corporate Governance Report).

Membership of the Board and Board Committees

On 31 December 2014, the Board comprised 13 directors: the Chairman, the Vice-Chairman, one executive Director and 10 non-executive Directors. The biographies of the Chairman, the Vice Chairman, the Senior Independent Director, the chairmen of the Board Committees and the other members of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Social Responsibility Committee are set out on pages 68- 70.

There is a clear separation of the roles of the Chairman and the Chief Executive Officer. The Chairman, Mr. George A. David, is responsible for the operation of the Board and ensuring that all Directors are properly informed and consulted on all relevant matters. He is also actively involved in the work of the Nomination Committee concerning succession planning and the selection of key people. The Chief Executive Officer, Mr. Dimitris Lois, is responsible for the day-to-day management and performance of the Company and for the implementation of the strategy approved by the Board.

The Operating Committee supports him in his role.

The non-executive Directors, of which six are determined by the Board to be independent, are experienced individuals from a range of backgrounds, countries and industries. The composition of the Board complies with the UK Corporate Governance Code recommendation that at least half of the Board, excluding the Chairman, comprise independent directors.

Board activity

The Board concentrated on the following main areas during 2014:

Strategy

The review of initiatives related to our strategic priorities: Winning in the Marketplace, Revenue Growth Management, Cost Leadership and Working Capital. Another focus area during 2014 was to consider selective acquisitions and disposals in the countries where the Group operates. To that end the Board resolved to approve a transaction with The Coca-Cola Company whereby the Moya Semya juice brand was added to the Group's brand portfolio in Russia. In the context of reducing complexity and rationalising non-core activities, the Board also reviewed and approved the sale of the Group's participation in the Zagorka Brewery in Bulgaria to a subsidiary of Heineken B.V. Zagorka was a non-core investment, managed separately from the Group's non-alcoholic ready-to-drink business in Bulgaria, and the disposal did not affect the Group's core business in Bulgaria. The Board also discussed the Group's strategic alignment with The Coca-Cola Company and invited one of its senior managers to present The Coca-Cola Company's consumer marketing strategy in the Group's territories. In June 2014, the Board reviewed and approved a proposal to delist the Company's shares from the New York Stock Exchange and to de-register the Company with the U.S. Securities and Exchange Commission.

Performance

Throughout the year, the Board reviewed the performance of the Group's business, including a detailed review of several of the Group's individual operations. The Board reviewed and approved the Group's 2015 Business Plan and discussed improving trends in employee engagement and values indices. At every Board meeting in 2014, the Board reviewed the Group's performance against its sustainability and community trust targets to ensure that these initiatives are fully integrated in our operating framework.

Succession planning and diversity

The Board discussed the succession planning for senior roles within the Group and successfully handled the retirement and succession of four of its members during 2014. In addition, the Board discussed gender diversity and the Group's initiatives to proactively develop female managers in order to improve diversity at senior levels.

Risk management, corporate governance and internal controls

Throughout the year, the Board reviewed the Company's risk management programmes and controls. Particular focus was devoted to risks relating to the external environment, including risks associated with currency volatility, geopolitical instability and negative macroeconomic indicators. As part of the preparation of the 2013 Annual Report, the Board reviewed the Company's corporate governance programmes and internal controls and concluded that they were effective.

Key roles and responsibilities

The full details of the roles and responsibilities of our Chairman, Chief Executive Officer, Vice Chairman, Senior Independent Director and Company Secretary are set out in detail in the Company's Organisational Regulations which can be found at <http://www.coca-colahellenic.com/investorrelations/corporategovernance>. Their key responsibilities are the following:

The Chairman – George A. David

- Provides leadership to the Board and presides over its meetings
- Sets the agenda for Board meetings and ensures that Board members get timely and accurate information
- Ensures the effective operation of the Board and the highest standards of corporate governance
- Is the main point of contact between the Board and management
- Coordinates the work of the Board committees with committee chairs

Chief Executive Officer – Dimitris Lois

- Is responsible for day-to-day management and implementation of the Board's direction and policies

Vice-Chairman – Anastassis G. David

- Provides support to the Chairman
- Deputises for the Chairman, as may be required
- Represents the Company and the Board in situations where the Chairman is unable to attend

Senior Independent Director – Sir Michael Llewellyn-Smith

- Ensures communication with those shareholders who wish to conduct discussions with a non-executive Board member
- Leads the independent non-executive Directors on all matters that benefit from an independent review

Company secretary – Jan Gustavsson

- Prepares the agenda and papers for each Board meeting
- Keeps the Board minutes
- Assists the Board, the Chairman and the Vice-Chairman to coordinate and fulfill their duties and assignments.
- Advises the Board on governance matters

Non-executive Directors

The main responsibilities of non-executive Directors are set out in the UK Corporate Governance Code and include:

- Scrutinising performance of management in meeting agreed goals and objectives
- Challenging constructively and helping develop strategy
- Ensuring integrity of financial information
- Succession planning

The appointment of the non-executive Directors shall be for the period from the date of the election until the next annual general meeting. Upon appointment, non-executive Directors confirm they are able to allocate sufficient time to meet the expectations of the role.

Outside appointments

The Articles of Association of the Company (article 36) set out limits on the maximum number of external appointments that members of the Board and executive management may hold. In addition, if a Board member wishes to take up an external appointment he or she must ask the Chairman's permission to do so (and the Chairman must consult the chairman of the Nomination Committee). The Chairman will assess all requests on a case-by-case basis, including whether the appointment in question could negatively impact on the Company or the performance of the Director's duties to the Group. The nature of the appointment, and the expected time commitment are also assessed to ensure that the effectiveness of the Board would not be compromised.

Details of the external appointments of the non-executive Directors are contained in their respective biographies set out on pages 68–70.

The Chairman holds positions on the boards of Petros Petropoulos S.A., Kar-Tess Holding, Boval S.A. and Leventis Holding S.A. and serves as vice president of Fillmore AKTEXE. He is a member of the board of the A.G. Leventis Foundation, chairman of the Centre for Asia Minor Studies and member of the Honorary Board of the Hellenic Foundation for European and Foreign Policy.

The Chief Executive Officer does not currently hold any external appointments.

Having considered the scope of the external appointments of the Directors referred to above, the Board is satisfied that they do not compromise the effectiveness of the Board.

Independence

Mr. Antonio D'Amato, Mr. Stefan F. Heidenreich (who retired from the Board on 25 June 2014), Mr. Christos Ioannou, Mrs. Susan Kilsby, Sir Michael Llewellyn-Smith, Mr. Nigel Macdonald, and Mr. John P. Sechi (who was appointed to the Board on 25 June 2014) are free from any business relationship with any member of the management of Kar-Tess Holding and The Coca-Cola Company, or any associate thereof. The Board considers them to be independent in accordance with the criteria set out in the UK Corporate Governance Code.

In relation to the length of service of Mr. Antonio D'Amato, Sir Michael Llewellyn-Smith and Mr. Nigel Macdonald, who continue to be Directors, the Board has specifically considered whether their length of service has compromised their independence. The Board has concluded that each of the Directors concerned remains independent in character and judgement, that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement, and that the independence of character and judgement of each Director concerned is not affected or impaired by their length of service. Moreover, the Board also considered the performance of Mr. Antonio D'Amato, Sir Michael Llewellyn-Smith and Mr. Nigel Macdonald and concluded that they continue to bring integrity, wisdom and experience to the Board and to contribute positively to Board and committee deliberations. The Board is therefore satisfied as to the performance and continued independence of all three Directors and believes that the Group's business will continue to benefit from their experience and knowledge.

The other non-executive Directors, Mr. George A. David (Chairman and father of Mr. Anastassis G. David), Mr. Anastassis G. David, Mr. Irial Finan and Mr. Anastasios I. Leventis, Mr. Christo Leventis, Mr. José Octavio Reyes, were appointed at the request of shareholders of the Company: Kar-Tess Holding and The Coca-Cola Company entities. They are therefore not considered to be independent as defined by the UK Corporate Governance Code.

Shareholders' nominees

As described in the section entitled "Major Shareholders" on page 188, since the main listing of the Company on the Official List in 2013, Kar-Tess Holding, The Coca-Cola Company and their respective affiliates have no special rights in relation to the appointment or re-election of nominee Directors, and those Directors of the Company who were nominated at the request of The Coca-Cola Company or Kar-Tess Holding will be required to stand for re-election on an annual basis in the same way as the other Directors. The Nomination Committee is responsible for identifying and recommending persons for subsequent nomination by the Board for election as Directors by the shareholders on an annual basis.

As the Board comprises 13 Directors, neither Kar-Tess Holding nor The Coca-Cola Company, is in a position to control (positively or negatively) decisions of the Board that are subject to simple majority approval. However, decisions of the Board that are subject to the special quorum provisions and supermajority requirements contained in the Articles of Association, in practice, require the support of Directors nominated at the request of at least one of either The Coca-Cola Company or Kar-Tess Holding in order to be approved. In addition, based on their current shareholdings, neither Kar-Tess Holding nor The Coca-Cola Company, are in a position to control a decision of the shareholders (positively or negatively), except to block a resolution to wind up or dissolve the Company or to amend the supermajority voting requirements. The latter requires the approval of 80% of shareholders where all shareholders are represented and voting. Depending on the attendance levels at general meetings of the shareholders, Kar-Tess or The Coca-Cola Company may also be in a position to control other matters requiring supermajority shareholder approval.

Mr. George A. David (Chairman), Mr. Anastassis G. David, Mr. Anastasios I. Leventis and Mr. Christo Leventis have all been appointed at the request of Kar-Tess Holding, a shareholder of the Company. Mr. Irial Finan was originally nominated to the Board prior to the listing on the Official List by certain existing shareholders of the Company that were affiliates of The Coca-Cola Company. Mr. José-Octavio Reyes has been appointed at the request of The Coca-Cola Company.

Conflicts of interest

In accordance with the Organisational Regulations, Directors are required to arrange their personal and business affairs so as to avoid a conflict of interest with the Group.

Each Director must disclose to the Chairman the nature and extent of any conflict of interest arising generally or in relation to any matter to be discussed at a Board meeting, as soon as the Director becomes aware of its existence. In the event that the Chairman becomes aware of a Director's conflict of interest, the Chairman is required to contact the respective Director promptly and discuss with him or her the nature and extent of such a conflict of interest.

Subject to exceptional circumstances in which the best interest of the Company dictates otherwise, the Director affected by a conflict of interest is not permitted to participate in discussions and decision making involving the interest at stake.

Board effectiveness

Information and training

The practices and procedures adopted by the Board ensure that the Directors are supplied on a timely basis with comprehensive information on the business development and financial position of the Company, the form and content of which is expected to enable the Directors to discharge their duties and carry out their responsibilities. All Directors have access to the Group's general counsel (the "General Counsel"), as well as independent professional advice at the expense of the Company. All Directors have full access to the Chief Executive Officer, the Senior Management, as well as the external auditors and the Group's internal audit team.

The Board has in place an induction programme for new Directors, which was followed this past year by Mr. Anastasios I. Leventis, Mr. Christo Leventis, Mr. José Octavio Reyes and Mr. John P. Sechi. They met individually with the Chairman, Mr. George David, Operating Committee members, and other senior executives and received orientation training from the relevant senior executives in relation to the Group and corporate governance practices. The induction programme also includes meetings with representatives of the Company's sales force and customers, and visits to the Group's production plants. All new Directors were appropriately briefed on strategy, finances, operations, risks and procedures in order to achieve the necessary insight into the Group's activities.

All Directors are given the opportunity to attend training to ensure that they are kept up to date on relevant legal, accounting and corporate governance developments. The Directors individually attend seminars, forums, conferences and working groups on relevant topics. The Nomination Committee reviews the Company's Director training programme regularly. Finally, as part of the continuing development of the Directors, the Company Secretary ensures that the Board is kept up to date with key corporate governance developments. The Board elects the Company secretary who acts as secretary to the Board.

Board, committee and Director performance evaluation

At least annually, on the basis of an assessment conducted by the Nomination Committee, the Board reviews its own performance, as well as the performance of each of the Board committees. Such a review seeks to determine whether the Board and its committees

function effectively and efficiently. During the year, the Chairman meets with the Directors to receive feedback on the functioning of the Board and its committees; the boardroom dynamics; and the Group's strategy. Particular focus is given to areas where a Director believes the performance of the Board and its committees could be improved. A report is prepared for the Board on its effectiveness and that of its committees. The independent directors meet separately on a regular basis to discuss a variety of issues, including the effectiveness of the Board. Each Director's evaluation (other than that of the Chairman) is conducted by the Chairman after discussion with the Senior Independent Director. The Senior Independent Director leads the evaluation of the Chairman and as a matter of practice, meets with the other independent non-executive Directors when each Board meeting is held to discuss issues together, without the Chief Executive Officer or other non-executive Directors present.

During 2014, the Board reviewed its own performance, led by the Nomination Committee. The assessment covered a number of areas including Board structure and diversity, committees and their operation, succession planning, risk management and internal control. The results of the evaluation were presented at the June 2014 Board meeting and the Board concluded that, overall, the Board operates effectively within a challenging environment. In addition, the existing committees' structure, together with the careful and orderly refreshment of the Board composition during the last couple of years, has ensured an appropriate level of expertise of skills and experience to support the Board's role. The Board intends to arrange for its performance evaluation to be externally facilitated at least every three years.

Succession planning

The Board has put in place plans to ensure progressive renewal of the Board and appropriate succession planning.

Pursuant to the Articles of Association, the Board consists of a minimum of seven and a maximum of 15 members and the Directors are elected annually for a term of one year by the Company's shareholders. Accordingly, all Directors are subject to annual re-election by shareholders in accordance with the UK Corporate Governance Code. In case of resignation or death of any member of the Board, the Board may elect a permanent guest, whom the Board will propose for election by the shareholders at the next general meeting.

During 2014, Mr. Anastasio P. Leventis, Mr. Haralambos K. Leventis, Mr. John Hunter and Mr. Stefan F. Heidenreich resigned as Directors with effect from 25 June 2014. Mr. Anastasios I. Leventis, Mr. Christos Leventis, Mr. José Octavio Reyes and Mr. John P. Sechi were appointed to the Board with effect from the same date. On 25 June 2014, Mr. Hunter resigned as a member of the Nomination Committee and the Social Responsibility Committee and Mr. Heidenreich stepped down from the Audit Committee. The Board considers Mr. Anastasios I. Leventis, Mr. Christos Leventis, Mr. José Octavio Reyes and Mr. John P. Sechi to be valuable additions to the Board. On 27 June 2014, Mr. Sechi was appointed a member of the Audit Committee and Mr. Octavio Reyes was appointed a member of the Nomination Committee and the Social Responsibility Committee. There were no other changes to the Board or committee membership during 2014.

In accordance with the Organisational Regulations, the Board proposes for election by the general meeting persons who have been recommended by the Nomination Committee after consultation with the Chairman. In making such recommendations, the Nomination Committee and the Board must consider criteria including the overall balance of skills, experience, independence and knowledge of the

Board member, as well as diversity considerations such as gender. See the Nomination Committee report (on page 86) for further information on the role and work of the Nomination Committee. Through this process, the Board is satisfied that the Board and its committees have the appropriate balance of experience, diversity, independence and knowledge of the Company to enable them to discharge their duties and responsibilities effectively.

Shareholder engagement

The Chairman, the Vice-Chairman, the Senior Independent Director as well as the Chairmen of the Audit, Remuneration and Nomination Committees will be available at the annual general meeting of the Company to answer questions from shareholders. The Board encourages shareholders to attend as it provides an opportunity to liaise with the Board.

Pursuant to the Swiss Ordinance against Excessive Compensation in Listed Companies, the Company appointed an independent proxy and adopted an electronic proxy voting system for its annual general meeting in 2014 and intends to do so again for its annual general meeting in 2015.

The Company has a dedicated investor relations function which reports to the Chief Financial Officer. Through its investor relations team, the Company and the Board maintains a dialogue with institutional investors and financial analysts. To reflect the Group's commitment to our strong shareholder base, members of our management and the investor relations team met and/or held conference calls with a number of our shareholders during 2014, increasing the percentage of the overall interaction with our shareholders by approximately 20% compared to 2013.

Key investor relations activities in 2014

February

- Investor roadshow, London and Edinburgh, UK

March

- CAGE annual conference, London, UK
- Investor roadshow, Boston and New York, USA

May

- Greek institutional roundtable discussion, Athens, Greece

June

- Italy field trip with investors, Veneto, Italy
- 11th Annual Deutsche Bank Global Consumer Conference, Paris, France
- Annual general meeting

September

- Bank of America Merrill Lynch Global Consumer & Retail conference, London, UK
- 7th Swiss Bond Congress, Zurich, Switzerland

October

- UBS Greek Corporate Day, Frankfurt, Germany

November

- Investor roadshow, Chicago, Boston and New York, USA
- Investor roadshow, London and Edinburgh, UK
- 11th Annual European Issuer and Investor Bond Forum, Deutsche Bank, Newbury, UK

December

- UBS Stockholm Investor Day, Stockholm, Sweden
- Nomura West Coast European Consumer Conference, San Francisco, USA

Application of Corporate Governance Codes and the UK City Code on Takeovers and Mergers

UK Corporate Governance Code

The Group's aim is to ensure the highest level of corporate governance, accountability and risk management. Our internal policies and procedures, which have been consistently effective, are properly documented and communicated against the framework applicable for premium listed companies in the UK.

The UK Corporate Governance Code sets out the principles of good practice in relation to board leadership and effectiveness, remuneration, accountability and relationship with shareholders. As a premium listed company, we are required to comply with the provisions of the UK Corporate Governance Code or explain any instances of non-compliance to shareholders.

The Board believes that, except as set out in the paragraph below, the Company is in compliance with the provisions of the UK Corporate Governance Code and complied with such provisions throughout 2014. Pursuant to our obligations under the Listing Rules, we intend to continually comply with provisions of the UK Corporate Governance Code or to explain any instances of non-compliance in our Annual Report.

The UK Corporate Governance Code is available online at <https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf>.

Certain differences between the Company's corporate governance practices and the UK Corporate Governance Code

The Remuneration Committee does not have sole authority to determine the compensation of the Chief Executive Officer or of the non-executive Directors (including the Chairman) as recommended by the UK Corporate Governance Code. Rather, the terms of the compensation of the Chief Executive Officer and the total individual compensation of the non-executive Directors (including the Chairman) are determined by the entire Board upon the recommendation of the Remuneration Committee. The Company considers that requiring the Board as a whole to determine compensation (excluding the individual whose compensation is the subject of determination) allows a full and rigorous analysis and debate, involving a wider number of Directors, setting a higher standard in corporate governance.

The Swiss Ordinance against Excessive Compensation in Listed Companies, which has been, subject to certain transitional rules, in effect since 1 January 2014, further limits the authority of the Remuneration Committee and the Board to determine compensation. The effective limitations include requiring that the general meeting of shareholders approve the maximum total compensation of each of the Board and the Operating Committee (beginning at the annual general meeting of 2015), requiring that certain compensation elements be included in the Articles of Association, and prohibiting certain forms of compensation, such as severance payments and bonuses for the acquisition or disposal of firms. The Group is in compliance with the requirements of the Swiss Ordinance against Excessive Compensation in Listed Companies as these become effective, and has amended its Articles of Association to that effect.

Mr. George A. David was appointed at the request of Kar-Tess Holding, a significant shareholder of the Group, and was not, at the time of his original appointment to the Board, independent within the meaning of the UK Corporate Governance Code. Mr. David has also been a Director of the Group in excess of nine years. At no time during his tenure as Chairman has Mr. David held responsibilities as Chief Executive Officer or any other executive role within the Group. The Board considers that, in view of Mr. David's history with the Group and his importance to it, it is currently and for the foreseeable future, in the best interests of the Group and its shareholders for him to remain the Chairman. In accordance with the established policy of appointing all Directors for one year at a time, the Board intends to continue to keep all positions under regular review and subject to annual election by the shareholders at the annual general meeting.

Other corporate governance codes

As part of the Group's commitment to best practices in corporate governance, it has implemented a number of measures to enhance internal controls and risk management. To ensure that the Group's corporate governance systems remain in line with international best practices, its corporate governance standards and procedures are continuously reviewed in light of current developments and rulemaking processes in the UK, Switzerland and the EU.

There is no mandatory corporate governance code under Swiss law applicable to the Company. The main source of law for Swiss governance rules is the company law contained in articles 620 ff. of the Swiss Code of Obligations, as well as the Ordinance against Excessive Compensation in Listed Companies, which has been, subject to certain transitional rules, in effect since 1 January 2014.

In addition, the UK's City Code on Takeovers and Mergers (the "City Code") does not apply to the Company by operation of law, as the Company is not incorporated under English law. The Articles of Association include specific provisions designed to prevent any person acquiring shares carrying 30% or more of the voting rights (taken together with any interest in shares held or acquired by the acquirer or persons acting in concert with the acquirer) except if (subject to certain exceptions) such acquisition would not have been prohibited by the City Code or if such acquisition is made through an offer conducted in accordance with the City Code. For further details please refer to the Company's Articles of Association which are posted on the Company's website.

Operating Committee

The Operating Committee represents the executive leadership of the Company. Its membership includes the Group's Chief Executive Officer (executive director, Dimitris Lois whose biography appears on page 68) who chairs the Operating Committee and the other members of senior management listed below. Full biographical details are available at www.coca-colahellenic.com.

Michalis Imellos, (46) Chief Financial Officer

Senior management tenure: Appointed April 2012 (2 years)

Previous Group roles: Regional finance director responsible for Nigeria, Romania, Moldova, Bulgaria, Greece, Cyprus and Serbia and Montenegro; General manager, Romania and Moldova.

Outside interests: No external appointments

Previous relevant experience: Mr. Imellos held a number of finance positions in the UK-based European headquarters of Xerox. He managed the financial, tax and legal aspects of Xerox's sponsorship of the Athens 2004 Olympic Games as well as the finance function of the company's operations in Greece. He is a chartered accountant and started his career at EY.

Nationality: Greek



John Brady, (57) Group Chief Customer and Commercial Officer

Senior management tenure: Appointed March 2006 (8 years)

Previous Group roles: Region director roles in various regions responsible for operations in Armenia, Austria, Belarus, Bosnia and Herzegovina, Croatia, Cyprus, Czech Republic and Slovakia, FYROM, Greece, Hungary, Italy, Nigeria, Republic of Ireland and Northern Ireland, Russia, Serbia and Montenegro, Switzerland, and Ukraine (2001 to 2013).

Outside interests: No external appointments

Previous relevant experience: Mr. Brady joined The Coca-Cola Company in 1982 and held various positions with Coca-Cola USA and Coca-Cola International until 1992, when he became general manager and operations director for Coca-Cola Indonesia. From 1994 to 1998 Mr. Brady was regional manager for The Coca-Cola Company and Coca-Cola Amatil in Indonesia. In 1998, Mr. Brady was appointed regional director for Coca-Cola Beverages plc with responsibility for the Czech Republic, Hungary, Poland and Slovakia. From 2003 to 2004, Mr. Brady was regional vice-president for the Northeast region for Coca-Cola North America and in 2004 was appointed president and CEO of Coca-Cola Bottlers' Sales and Services Company.

Nationality: American



Alain Brouhard, (52) Water and Juice Business Director

Senior management tenure: Appointed June 2010 (4 years)

Previous Group roles: Region director responsible for Nigeria, Romania, Moldova, Bulgaria and Serbia and Montenegro (2010 to 2013).

Outside interests: No external appointments

Previous relevant experience: Mr. Brouhard began his career with Procter & Gamble, where he worked in four different countries and in a variety of commercial and management roles leading up to global customer team leader in 2000 when he managed the global account management of Delhaize and the European management of New Channels, including discounters (such as Aldi, Lidl and Dia) and Convenience Retailing (such as petroleum). From 2002 to 2010, Mr. Brouhard held positions at Adidas including managing director, Italy and Southeast Europe, from 2007 until he joined the Group in 2010. Prior to that, he was vice-president for commercial operations, EMEA, from 2002 to 2005, and, from 2005, took the role of managing director, Iberia, based in Spain, with responsibility for Spain and Portugal.

Nationality: French



Keith Sanders, (54) Region Director:

Armenia, Belarus, Estonia, Latvia, Lithuania, Poland, Russian Federation and Ukraine

Senior management tenure: Appointed August 2009 (5 years)

Previous Group roles: General manager of the Company's operations in Russia (2004).

Outside interests: No external appointments

Previous relevant experience: Prior to joining the Group, Mr. Sanders spent 11 years within the Coca-Cola system. He started his career with The Coca-Cola Company in a regional marketing role within the Gulf Region. In 1993, he was appointed human resources and training manager for the Gulf Region. In 1994, he assumed his first bottling general manager role in Bahrain, and then moved through a series of larger country general management roles until 2001, when he was appointed director for bottling operations in the Eurasia & Middle East Division with responsibility for Saudi Arabia, Pakistan, UAE, Oman, Bahrain and Qatar. Prior to joining the Coca-Cola system, Mr. Sanders spent six years with Procter & Gamble in the United States in a variety of sales and marketing roles.

Nationality: American

**Sotiris Yannopoulos, (47) Region Director:**

Austria, Czech Republic, Hungary, Republic of Ireland and Northern Ireland, Slovakia, Slovenia and Switzerland

Senior management tenure: Appointed July 2014 (less than 1 year)

Previous Group roles: General manager in Serbia and Montenegro (2009 to 2012); Country general manager in Italy (2012 to 2014).

Outside interests: No external appointments

Previous relevant experience: Prior to joining the Group, Mr. Yannopoulos spent 12 years working at PepsiCo in various roles. He also spent five years with Star Foods, where he was the East Balkans BU manager, and seven years with Tasty Foods in Greece, where his roles included: business development director, marketing and trade marketing director, marketing manager and group brand manager. He started his career as an assistant product manager (USA/South Africa) with Colgate-Palmolive.

Nationality: Greek

**Zoran Bogdanovic, (43) Region Director:**

Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, FYROM, Greece, Moldova, Nigeria, Romania and Serbia (including the Republic of Kosovo) and Montenegro

Senior management tenure: Appointed June 2013 (1 year)

Previous Group roles: Finance team of Coca-Cola HBC Croatia (1996 to 1998); CFO and then general manager of Croatian operations (1998 to 2004); Country general manager of Coca-Cola HBC Croatia (2004 to 2008); Country general manager for Coca-Cola HBC Switzerland (2008 to 2011); Country general manager for Coca-Cola HBC Greece (2011 to 2013).

Outside interests: No external appointments

Previous relevant experience: Mr. Bogdanovic started his career as an auditor with Arthur Andersen before joining Coca-Cola HBC Croatia in 1996.

Nationality: Serbian



Marcel Martin, (56) Group Supply Chain Director

Senior management tenure: Appointed January 2015

Outside interests: No external appointments

Previous Group roles: Mr. Martin joined the Group in 1993 holding positions with increasing responsibility in the Supply Chain and Commercial functions. Since 1995, Mr. Martin held general management assignments in several of our markets, including as General Manager for Eastern Romania, Regional Manager Russia, Country General Manager Ukraine and General Manager Nigeria. Mr. Martin became General Manager of our Irish operations in 2010 and is now our Group Supply Chain Director.

Nationality: Romanian



Jan Gustavsson, (49) General Counsel, Company Secretary and Director of Strategic Development

Senior management tenure: Appointed August 2001 (14 years)

Previous Group roles: Deputy General Counsel Coca-Cola Beverages plc from 1999-2001

Outside interests: No external appointments

Previous relevant experience: Mr. Gustavsson started his career in 1993 with the law firm of White & Case in Stockholm, Sweden. In 1995, he joined The Coca-Cola Company as Assistant Division Counsel in the Nordic and Northern Eurasia Division. From 1997 to 1999 Mr. Gustavsson was Senior Associate in White & Case's New York office, practising Securities Law and M&A.

Nationality: Swedish



June Hirst, (52) Group Human Resources Director

Senior management tenure: Appointed September 2013 (1 year)

Outside interests: No external appointments

Previous relevant experience: Mrs. Hirst has over 25 years, human resources experience in a variety of industry sectors, including financial services, FMCG, manufacturing and retail. Prior to joining the Group, Mrs. Hirst spent 10 years at the General Electric Company where she was managing director, human resources, based in Switzerland for GE Capital EMEA. After joining GE in 2004, Mrs Hirst's roles have included human resources leader for banking and consumer finance in Germany, Austria and Switzerland and organisation development and talent manager for the EMEA for 26 countries based in London. She was also regional human resources director, Central and Eastern Europe, for GE Global Banking. Prior to joining GE, Mrs. Hirst was the EMEA human resources leader for Citigroup Private Banking and Investment Group in Geneva until the end of 2003. Prior to the role at Citigroup, Mrs. Hirst held human resource roles at Guinness plc, United Biscuits and ASDA.

Nationality: British



Operating Committee functions

The Operating Committee, led by the Chief Executive Officer, seeks to ensure effective coordination and decision making through the business. The Operating Committee meets twelve times each year and is responsible for:

- The executive management responsibility for the Group and its business and all matters not reserved or delegated to another person, body or officer;
- Developing group strategy and implementation of strategies approved by the Board;
- Approving action plans to support each of the Group's territories;
- Setting annual targets and approving annual business plans which include a comprehensive programme of goals and strategies agreed between the country general managers and the regional directors. These annual business plans form the basis of the Group's performance progress; and
- Working with the country general managers to review and adjust, where necessary, the cooperation framework ensuring consistent behaviour throughout the different territories in which the Group operates.

A majority of members of the Operating Committee is required to be present at a meeting for there to be a quorum. The resolutions of the Operating Committee are taken by the majority of its members being present. In case of a tie, the Chief Executive Officer has, in addition to his normal vote, a second casting vote. The Chief Executive Officer also has the power to overrule any Operating Committee resolution.

Key activities and decisions in 2014

A. Direction setting discussions

- Review and update of our Play to Win strategy
- Review and update of our water and juice business and strategy
- Supply chain optimisation
- Review of our Premium Spirits business

B. Business planning

- Long-range plan review and approval
- Off-site strategic planning (in Athens, Greece)
- Raw material price approval for the business plan
- Business plan reviews and approvals

C. Risk, safety, business resilience

- Analysing business resilience strategies
- Safety review – consideration of major incidents

D. Business case projects review and approvals

- Group Aseptic PET Infrastructure – optimisation of the Group's Aseptic PET production capabilities with a view to rationalise costs and improve synergies
- Water infrastructure – review and approval of the infrastructure of our water business in Central and Eastern European countries

E. Policy formulation, reviews

- Commercial policy
- Human rights policy
- Key customer negotiation strategy

F. Priority projects

- Integrated competitive supply chain

G. Talent and capabilities

- Capability prioritisation
- Inspirational leadership programme
- Employee engagement results and action plan

Audit Committee Report



Dear Shareholder

Since the Group was formed the Board has recognised the significance of maintaining strong financial controls, risk management and compliance systems as an essential component of effective Corporate Governance in protecting and enhancing the interests of shareholders.

It is the responsibility of the Audit Committee to maintain regular ongoing attention to these important matters. The Audit Committee also monitors the effectiveness of the internal audit department and the external auditors as well as the Group's broader enterprise risk management and legal and ethical compliance programmes, to ensure the integrity and appropriateness of internal controls and governance practices overall. It reports on its work to the full Board regularly.

The work is extensive and is conducted following a well-defined framework which ensures that the Committee's wide range of responsibilities are addressed in a systematic and rigorous way. The framework is set out in our charter and in Annex C of the Organisational Regulations, both of which are available online at <http://www.coca-colahellenic.com/investorrelations/corporategovernance/>.

In this report the role and composition of the Audit Committee and the work it has carried out is described in much greater detail. But the overall scope of work is also kept under ongoing review and during 2014, the Committee also considered new and forthcoming requirements of the revised UK Corporate Governance Code issued by the Financial Reporting Council (FRC) in September 2014. In some areas we found that our practices had already anticipated future requirements, such as our introduction this year of an integrated approach to Enterprise Risk Management. We satisfied ourselves that we were in compliance with all changes and related guidance already introduced by the new Code and in particular the areas of going concern, risk management and internal control and we remain alert to developments in best practice in all the areas addressed by the Audit Committee.

In 2015 we will continue to address these matters and to ensure that our procedures and way of working reflects best practice.



Nigel Macdonald
Committee Chair

Role of the Audit Committee

The Audit Committee monitors the effectiveness of the Group's financial reporting and systems of internal control and risk management. The formal role of the Audit Committee is set out in the charter for the committees of the Board of Directors in Annex C to the Organisational Regulations. This is available at <http://www.coca-colahellenic.com/investorrelations/corporategovernance>.

Key elements of the Audit Committee's role include:

- Providing advice to the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information shareholders require;
- Monitoring the quality, fairness and integrity of the financial statements of the Group and reviewing significant financial reporting issues and judgements contained in them;
- Reviewing the Group's internal financial control and anti-fraud systems as well as the Group's broader enterprise risk management and legal and ethical compliance programmes (including computerised information system controls and security) with the input of the external auditors and the internal audit department;
- Reviewing and evaluating the Group's major areas of financial risk and the steps taken to monitor and control such risk, as well as guidelines and policies governing risk assessment; and
- Monitoring and reviewing the external auditors' independence, quality, adequacy and effectiveness, taking into consideration the requirements of all applicable laws in Switzerland and the UK, the listing requirements of the exchanges on which the Group is listed and applicable professional standards.

Members

Members	Membership Status
Mr. Nigel Macdonald (Chairman)	Member since 2005, Chairman since 2013
Mr. Christos Ioannou	Member since 2010
Mr. John P. Sechi	Member since 2014

The Audit Committee comprises three independent non-executive Directors, Mr. Nigel Macdonald (chairman), Mr. Christos Ioannou and Mr. John P. Sechi, who were appointed by the Board for a one-year term on 25 June 2014. Mr. Stefan Heidenreich resigned as a member of the Board and the Audit Committee on 25 June 2014.

The Board considers that Mr. Nigel Macdonald possesses recent and relevant financial experience as outlined in the UK Corporate Governance Code. As outlined on page 70, Mr. Macdonald was formerly vice-chairman of the accountancy and auditing committees of EY's London practice and a senior partner of EY's UK practice.

The Chief Financial Officer, as well as the General Counsel, external auditors, the Director of Internal Audit, the Director of Treasury and the Corporate Controller normally attend all meetings of the Audit Committee. Others may be invited to attend meetings when appropriate. The Director of Internal Audit, and, separately, the external auditors, meet regularly with the Audit Committee without the presence of management to discuss the adequacy of internal controls over financial reporting and any other matters deemed relevant for the Audit Committee.

Work and activities

The Audit Committee met nine times during 2014 and discharged the responsibilities defined under Annex C of the Organisational Regulations. The work of the Audit Committee during the accounting year included consideration of:

- The annual financial statements and the annual financial report for the year ended 31 December 2013 prior to their submission to the Board for approval, including consideration of the Group on a going concern basis, and compliance with Group policies;
- The interim financial statements and interim results announcement for the six month period ending 27 June 2014, prior to their submission to the Board for approval;
- The interim financial statements and interim results announcements for the three-month period ended 28 March 2014 and the nine-month period ended 26 September 2014;
- Areas of significance in the preparation of the financial statements, including:
 - critical accounting judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated financial statements (detailed in note 1 of the consolidated financial statements);
 - contingencies, legal proceedings, competition law and regulatory procedures, including cases involving the national competition authorities of Greece, Romania and Serbia and litigation matters in Nigeria, Russia, Italy and Greece, and the impact of these on the consolidated financial statements and accompanying notes; and
 - the impairment testing of goodwill and indefinite lived intangible assets with a particular emphasis on the key assumptions used in the value in use calculation and the sensitivity analysis performed for the material operations with reduced financial headroom. These assumptions, and a discussion on how they are established as well as the sensitivity analysis, are described in note 4 of the consolidated financial statements;
- Reports from the external auditors on the annual and interim financial statements, the approval of the external audit plan and pre-approval of audit fees for 2014;
- The internal control environment, principal risks and risk management systems and the Group's statement on the effectiveness of its internal controls prior to endorsement by the Board;
- The review and approval of the internal audit plan, quarterly reports on the results of internal audit work and a quality assessment of the internal audit function, including the following:
 - reassessment of overall financial risk management of the Group's operations and review of internal financial control procedures following the de-listing from the New York Stock Exchange;
 - review of regulatory changes and developments and impact on risk management processes; and
 - review and approval of changes to the corporate audit department, including training and development programmes;
- matters arising under the Group's Code of Business Conduct and the actions taken to address any identified issues;
- the Group's implementation of SAP software applications with particular emphasis on the completion of the roll out plan in Nigeria;
- revisions to and compliance with treasury policies, including risk limits, hedging programmes and counter party limits;
- the geopolitical developments in Russia and Ukraine and its implications on the Group's operations;

- regular reports on quality assurance, health and safety, environmental protection, asset protection, treasury and financial risks and security initiation and subsequent ongoing oversight of the development of Enterprise risk management processes; and
- the results of the Audit Committee self-assessment process.

External auditors

PricewaterhouseCoopers AG, Birchstrasse 160, CH 8050 Zurich, Switzerland (PwC AG) has been elected by the shareholders as the statutory auditor for the Group's consolidated financial statements and statutory financial statements.

The Board of Directors has retained PricewaterhouseCoopers S.A., 268 Kifissias Avenue – 15232 Halandri Greece (PwC S.A.), an affiliate of PwC AG, to act as the Group's independent registered public accounting firm for the purposes of reporting under the UK rules for the year ended 31 December 2014. The appointment of PwC has been approved by the shareholders until the next annual general meeting by way of advisory vote. PwC refers to PwC AG or PwC S.A., as applicable, in this Annual Report.

During the accounting period, the members of the Audit Committee met separately with PwC on a regular basis and the Audit Committee took an active role in reviewing the scope of the audit, the independence, objectivity and effectiveness of PwC and the negotiations relating to audit fees. The Audit Committee also met with the management team, which led the discussions with PwC, including the Director of Internal Audit, to discuss the performance of PwC without PwC being present. Following this review process, the Audit Committee has recommended to the Board that a proposal to reappoint PwC be put to shareholders at the next annual general meeting.

PwC has acted as the Group's sole external auditor since 2003. The next rotation of the audit partner is in 2016.

In light of the requirements of the UK Corporate Governance Code for regular periodic tendering for the appointment of external auditors, and FRC guidance, the Audit Committee has concluded that the best interests of the Group and its shareholders would be served by retaining PwC until after the conclusion of the rotational term of its current lead partner. Currently, the Audit Committee anticipates that the audit contract will be put out to tender in 2016 with the new audit services contract effective from January 2017. There are no contractual or other obligations restricting the Group's choice of external auditor.

Non-audit services by the external auditors

The Audit Committee considers the independence, both in fact and appearance, of the external auditors as critical and has long had an auditor independence policy providing definitions of the services that the external auditors may and may not provide. The policy requires the Audit Committee's pre-approval of all audit and permissible non-audit services provided by the external auditors. Such services include audit, work directly related to audit, and certain tax and other services as further explained below. In practice, the Audit Committee applies the policy restrictively and approval for work other than audit and audit related services is rarely granted.

Under the policy, pre-approval may be provided for work associated with: statutory or other financial audit work under IFRS or according to local statutory requirements; attestation services not required by statute or regulation; accounting and financial reporting consultation and research work necessary to comply with generally accepted accounting and auditing standards; internal control reviews and assistance with internal control reporting requirements; review of information systems security and controls; tax compliance and related tax services, excluding any tax service prohibited by regulatory or other oversight authorities; expatriates and other individual tax services; and assistance and consultation on questions raised by regulatory agencies. For each proposed service, the external auditor is required to provide detailed back up documentation at the time of approval to permit the Audit Committee to make a determination whether the provision of such services would impair the external auditor's independence.

PwC has complied with the policy for the financial year ended on 31 December 2014 and there have been no changes to the policy during the year.

Audit fees and all other fees

Audit fees

The total fees for audit services paid to PwC and affiliates were approximately €5.7 million for the year ended 31 December 2014, compared to approximately €5.4 million for the year ended 31 December 2013. The total for 2014 includes fees associated with the annual integrated audit and reviews of the Group's quarterly reports, prepared in accordance with IFRS, and local statutory audits.

Audit related fees

Fees for audit related services paid to PwC and affiliates for the year ended 31 December 2014 were €0.4 million compared to €0.4 million for the year ended 31 December 2013.

Tax fees

No fees were paid in 2014 and 2013 to PwC and affiliates for tax services.

All other fees

The Group paid fees of €0.1 million for non-audit services to PwC or affiliates for the year ended 31 December 2014, compared to €0.1 million paid for the year ended 31 December 2013. This represented 1.6% of the total amount of audit fees paid to PwC and affiliates for the year ended 31 December 2014, compared to 1.7% for the year ended 31 December 2013.

Risk management

During 2014, the Company revised and strengthened our approach to risk management as described in detail on page 52. The primary aim of this framework is to minimise the Group's exposure and ensure that the nature and significance of all risks the Group is facing are properly identified, reviewed and where necessary escalated. A regular risk assessment is undertaken by the countries and corporate office support functions, significant risks are then reported to the Region Directors and the Business Resilience Function and the Company's Group Risk Forum reviews the identified risks and presents issues of critical exposure to the Operating Committee. The latter, after careful review, reports to the Audit Committee material risks and mitigating actions. This process is both top down as well as bottom up and is designed to ensure that risks arising from business activities are appropriately managed.

Finally, the Group has in place third-party insurance to cover residual insurable risk exposure such as property damage, business interruption and liability protection, including directors' and officers' insurance for its Directors and officers as well as officers and directors of certain subsidiaries.

Internal control

The Board has ultimate responsibility for ensuring that it has adequate systems of financial control. Systems of financial control can provide only reasonable and not absolute assurances against material misstatements or loss. In certain of the territories in which the Group operates, its businesses are exposed to a heightened risk of loss due to fraud and criminal activity. The Group reviews its systems of financial control regularly in order to minimise such losses.

The Board has adopted a chart of authority defining financial and other authorisation limits and setting procedures for approving capital and investment expenditure. The Board also approves three year strategic and financial plans and detailed annual budgets. It subsequently reviews quarterly performance against targets set forth in these plans and budgets. A key focus of the financial management strategy is the protection of the Group's earnings stream and management of its cash flow.

The Board and its committees have conducted an annual review of the effectiveness of the Group's risk management system and internal control systems in accordance with the UK Corporate Governance Code. Part of this review involves the regular review by the Audit Committee of the Group's financial controls, which then reports back to the Board on its work and findings as described above. The Board confirms, it has concluded that the Group's risk management and internal control systems are effective.

Internal audit

The Group's internal audit department reports directly to the Audit Committee, which reviews and approves the internal audit plan for each year. The internal audit department consists of 20 full time internal staff covering a range of disciplines and business expertise. One of the responsibilities of the internal audit department is to maintain and confirm to the Board the effective operation of the Group's internal control framework. For this purpose, the Director of Internal Audit makes quarterly presentations to the Audit Committee and meets regularly with the Audit Committee without the presence of the Group's management.

In addition, the internal audit function reviews the internal financial and operational control systems across all the jurisdictions in which the Group operates and reports their findings to management and the Audit Committee on a regular basis. The internal audit function focuses its work on the areas of greatest risk to the Group, as determined by a risk-based approach to audit planning. As part of the Group's commitment to maintain and strengthen best practices in corporate governance matters, it consistently seeks to enhance its internal control environment and risk management capability.

The internal audit function prepares audit reports and recommendations following each audit and appropriate measures are then taken to implement such recommendations. Status reports on management's action plans to internal audit findings are provided to the Audit Committee and copied to the Board on a biannual basis. Urgent issues, if any, are raised at once; there were no such issues in 2014. The Chief Executive

Officer, the Chief Financial Officer, General Counsel, Corporate Controller of the Group and the regional and country managers each receive a copy of these updates.

Whistleblowing measures

The Group operates a hotline to receive, retain, investigate and act on employee complaints or concerns regarding accounting, internal accounting controls and auditing matters. This includes any matters regarding the circumvention or attempted circumvention of internal controls or that would constitute a violation of the Group's accounting policies or matters involving fraudulent behaviour by officers or employees of the Group that may affect the Group's accounts (an "accounting allegation"). All such accounting allegations, complaints or concerns may be communicated, on an anonymous basis, to the Group's Director of Internal Audit. Communications received by the Director of Internal Audit, or directly through the hotline, are kept confidential. The Director of Internal Audit liaises with the General Counsel and communicates all significant allegations to the Chairman of the Audit Committee.

Disclosure Committee

A Disclosure Committee has been established and disclosure controls and procedures have been adopted, aiming to ensure the accuracy and completeness of the Group's public disclosures. The Disclosure Committee is composed of the Chief Financial Officer, the General Counsel, the Director of Investor Relations and the Corporate Controller of the Group.

Performance reporting

Reports on the Group's annual performance and prospects are presented in the Annual Report following approval by the Audit Committee. The Group also prepares a half-yearly financial report on its performance during the first six months of the financial year. In 2014 the Group also released interim financial information, on a quarterly basis, to the stock exchanges on which the Group is listed and to the financial press. Following the recent guidance from the Financial Reporting Council and the Company's de-listing from the New York Stock Exchange and de-registration from the Securities and Exchange Commission, the Group has taken the decision to discontinue the practice of quarterly reporting. In line with UK practice, the Group will adopt half-year and full-year reports, and Q1 and Q3 trading updates effective from Q1 2015. Internally, the Group's financial results and key performance indicators are circulated and reviewed by the Operating Committee on a monthly basis. This information includes comparisons against business plans, forecasts and previous year performance. The Board of Directors receives updates on performance at each Board of Directors meeting, as well as a monthly report on the Group's business and financial performance.

Nomination Committee Report



Dear Shareholder

During the year, the work of the Nomination Committee has focused on the composition of the Board following the retirement of a number of non-executive Directors and the appointment of new non-executive Directors. We also oversaw the performance evaluation of the Board and its committees. Various management changes that took place in the Company during 2014 were also reviewed with the Committee before the appointments were made. The Committee also focused on gender diversity and the Company's talent framework, ensuring that a proper strategy and plans are in place to foster employee engagement and diversity across the Group.

In 2015, the Committee will continue to review the balance of skills, experience and diversity of the Board and will also focus on the Group's talent development, employee engagement and gender diversity initiatives throughout the organisation.

Sir Michael Llewellyn-Smith
Committee Chair

Role and responsibilities

The function of the Nomination Committee is to support the Board in fulfilling its duty to conduct a Board self assessment, to establish and maintain a process for appointing new Board members and to manage, in consultation with the Chairman, the succession of the Chief Executive Officer. The formal role of the Nomination Committee is set out in the charter for committees of the Board of Directors in Annex C of the Organisational Regulations. This is available online at www.coca-colahellenic.com/investorrelations/corporategovernance/.

Key elements of the Nomination Committee's role include:

- Reviewing the size and composition of the Board;
- Identifying and nominating new members of the Board;
- Planning and managing, in consultation with the Chairman, a Board membership succession plan;
- Ensuring, together with the Chairman, the operation of a satisfactory induction programme for new members of the Board and a satisfactory ongoing training and education programme for existing members of the Board and its committees;
- Setting the criteria for, and overseeing, the annual assessment of the performance and effectiveness of each member of the Board, each Board committee and the Operating Committee;
- Conducting an annual assessment of the performance and effectiveness of the Board and reporting conclusions and recommendations based on the assessment to the Board; and
- Ensuring that each committee of the Board is carrying out, and overseeing, a self assessment of its performance and reporting its conclusions and recommendations for change to the Board.

Members

Members	Membership Status
Sir Michael Llewellyn-Smith	Member since 2013, Chairman since 2013
Mr. Anastassis G. David	Member since 2013
Mr. Antonio D'Amato	Member since 2013
Mrs. Susan Kilsby	Member since 2013
Mr. José Octavio Reyes	Member since 2014

The members of the Nomination Committee are Sir Michael Llewellyn-Smith, Mr. Anastassis G. David, Mr. Antonio D'Amato, Mrs. Susan Kilsby and Mr. José Octavio Reyes, who were appointed by the Board for a one-year term on 25 June 2014. In accordance with the UK Corporate Governance Code, the majority of the Nomination Committee members are independent non-executive Directors and the Nomination Committee is chaired by Sir Michael Llewellyn-Smith, the Senior Independent Director.

Work and activities

The Nomination Committee met four times during 2014 and discharged the responsibilities defined under Annex C of the Organisational Regulations. The Chief Executive Officer and Group Human Resources Director regularly attend meetings of the Nomination Committee. In addition the Chairman is also actively involved in the work of the Nomination Committee concerning succession planning and the selection of key people. In 2014, the General Counsel also met with the Nomination Committee on several occasions. During 2014 the work of the Nomination Committee included consideration of:

- Agreeing the process for the recruitment and nomination of new Board members;
- Review of the talent management framework;
- Succession planning and development of plans for recruitment of new Board members;
- Composition of the Board, including the appropriate balance of skills, knowledge and experience;
- Compilation of list of potential candidates to fill roles on the Board;
- Recommendation to the Board of proposed candidates for appointment to the Board;
- The performance evaluation and annual assessments of the committees and the Board;
- Review of the Director induction process and training programmes; and
- Review of the Group's diversity policy.

The Nomination Committee also led the assessment of the Board's performance during the year. The key areas included in the self-assessment included Board structure and diversity, committees and their operation, succession planning, risk management and internal control. The scores were high in most areas and the results of the evaluation were presented at the June 2014 Board meeting. The Nomination Committee also discussed with the Board possible ways to improve in certain assessment areas.

Diversity

All Board appointments are made based on merit, against objective criteria established by the Nomination Committee and approved by the Board, and with due regard for the benefits of diversity on the Board, including gender diversity. The Group is deeply committed to policies promoting diversity, equal opportunity and talent development throughout the Group, and at every level. The Group is constantly seeking to attract and recruit highly qualified candidates for all positions in its business, regardless of gender, nationality, ethnicity and religious beliefs. The Group offers training opportunities to all employees depending on their individual needs and development requirements in order improve their skills and encourages all employees to gain relevant experience and knowledge applicable to their position and role.

As at 31 December 2014, 8% of the Board, 17% of the executive leaders, 30% of senior leaders and 32% of all managers were women. The Nomination Committee, in conjunction with the Operating Committee, will monitor the proportion of women at all levels of the Group and ensure that all appointments are made with a view to having a high level of diversity within the workplace and in leadership positions, including gender diversity.

Social Responsibility Committee



Dear Shareholder

During the year, the Committee considered the Group's approach to packaging, climate change and carbon emissions and as well as health and wellness. The Committee also focused on tax transparency and the communication of the Group's key tax principles.

We were particularly proud that Cola-Cola HBC was ranked as the number one beverage company in the world by Down Jones Sustainability Index.

We will continue to advance sustainability topics with a view to enhancing our reputation and engaging stakeholders while contributing to a sustainable future.

Sir Michael Llewellyn-Smith
Committee Chair

Role and responsibilities

The Social Responsibility Committee is responsible for the development and supervision of procedures and systems to ensure the pursuit of the Group's social and environmental goals. The formal role of the Social Responsibility Committee is set out in the charter for committees of the Board of Directors in Annex C of the Organisational Regulations. This is available online at www.coca-colahellenic.com/investorrelations/corporategovernance/.

Key elements of the Social Responsibility Committee's role include:

- Establishing the principles governing the Group's policies on social responsibility and the environment to guide management's decisions and actions;
- Overseeing the development and supervision of procedures and systems to ensure the achievement of the Group's social responsibility and environmental goals;

- Ensuring the necessary and appropriate transparency and openness in the Group's business conduct in pursuit of its social responsibility and environmental goals;
- Ensuring and overseeing the Group's communications with stakeholders of its social responsibility and environmental policies, goals and achievements, including the level of compliance with internationally accepted standards; and
- Reviewing Company policies on environmental issues, human rights, and other topics as they relate to social responsibility issues.

Members

Members	Membership Status
Sir Michael Llewellyn-Smith	Member since 2013, Chairman since 2013
Mr. George A. David	Member since 2013
Mr. José Octavio Reyes	Member since 2014

Work and activities

The Social Responsibility Committee met four times during 2014 and discharged the responsibilities as defined under Annex C of the Organisational Regulations. The Chief Executive Officer, the Director of Public Affairs and Communication and the Operational Sustainability Director regularly attend the meetings of the Social Responsibility Committee.

During 2014 the Social Responsibility Committee reviewed and provided guidance and insights to advance the Group's environmental and social strategies in the following areas:

- The Group's approach to regulations regarding packaging and packaging waste in the context of the EU Circular Economy (zero waste programme for Europe) and to extended producer responsibilities for used packaging;
- Efforts to address climate change and reduce carbon emissions were discussed in the context of the 2014 UN Intergovernmental Panel on Climate Change's report calling for drastic reductions in carbon emissions;
 - Specifically, discussions included the Group's renewable energy strategy, carbon pricing opportunities and increased societal expectations from, for example, the Carbon Disclosure Project;
- Health and wellness, including obesity, in the context of both social and business risk;
 - Discussions focused on the WHO's draft recommendation on maximum sugar intake of 25 grams per day and lobbying efforts from industry associations and The Coca-Cola Company to advance choice and healthy, active lifestyle efforts globally;
 - Review of guidance and plans for uniform Group health and wellness programmes; and
- Tax transparency and natural capital accounting.

The Social Responsibility Committee reviewed, and endorsed, the process for the annual assessment of material issues. The materiality assessment conducted in 2014 included input from stakeholders (received both online and at the Annual Stakeholder Engagement Forum), input from employee surveys and business risks identified by the Business Resilience Function.

Dear Shareholder,

Last year in my letter to shareholders I commented on Coca-Cola HBC's establishment in 2013 of our new holding company in Switzerland, the premium listing on the main market of the LSE, and our inclusion in the Dow Jones Sustainability Index for the seventh consecutive year.

This year's Remuneration Report covers the period from 1 January to 31 December 2014, a period of consolidation of these important changes. In presenting the report, I want to describe the main features of the year in executive remuneration, the changes we have made, and the priorities for 2015. The report sets out our remuneration policy as it concerns Directors and Top Managers. It includes a summary of the key elements of remuneration and it covers the implementation of our remuneration policy in the financial year ended 31 December 2014, including amounts paid to our Directors for 2014.

In compiling this Report, we have drawn on regulations from the UK, where we are listed, and Switzerland, where we are domiciled, and on feedback from shareholders. Our aim is to provide transparent and useful reporting.

Executive remuneration at Coca-Cola HBC: the highlights

Our overriding objective is to ensure that our remuneration policy for executives is and will continue to:

- be fair and competitive;
- take into account our business strategy and performance; and
- contribute to a steady increase in shareholder value.

2014 was a difficult year owing to financial, economic and political conditions in some of our important markets, notably Russia and Nigeria. This was reflected in the Management Incentive Plan (MIP) payouts to the Chief Executive Officer and the members of the Operating Committee. However, despite the challenges, the Company improved working capital, increased market share in the majority of our markets, and was named the beverage industry leader in the Dow Jones World and Europe Sustainability Indices.

Changes in reward policy

The Group's reward philosophy and policies are designed to attract, motivate and retain the talented individuals we need, to provide them with due recognition, and thus to meet the Company's strategic objectives. Executives and Top Managers in the Group are appropriately rewarded for their contribution to the Group's operational and financial performance.

The Remuneration Committee reviewed Coca-Cola HBC's incentive schemes in 2014 to ensure that they will continue to support our strategy and drive performance. During the last few years, we have focused on cost and cash flow improvements, and these efforts have paid off, as is shown in the Company's negative working capital balance. Now is the time to redirect our focus to top-line growth. With this aim, the Remuneration Committee decided to amend one of the four key business metrics of our annual cash management incentive plan (MIP). The previous four key business metrics were volume,

earnings before interest and tax (EBIT), operating expenditures (OpEx) as a per cent of net sales revenue (NSR) and total working capital days (TWCD). We have decided to replace TWCD with NSR, reinforcing our focus on growth. This change will be implemented in the 2015 cycle of the Management Incentive Plan (MIP).

We have made two changes in our employee stock option plan (ESOP). First, we have revised our policy so as to apply maximum limits to the awards the Chief Executive Officer and the members of the Operating Committee can receive. Secondly, we have removed the discretion previously enjoyed by the Board of Directors to extend in cases of retirement the terms of the stock options from 10 years up to the 15th anniversary of the grant date.

Priorities for 2015

The Remuneration Committee believes that the Group's remuneration policies and programmes have worked as intended and meet the objectives I have outlined of attracting, retaining, motivating and recognising talent, and will be improved by the changes outlined above. However, we have identified areas for further improvement. We want to focus still more on driving performance and retention of talent. The Remuneration Committee has therefore recommended to the Board the following, to be implemented in 2015 subject, where required, to approval by the annual general meeting:

- Introduction of a share buy-back programme to address share dilution from our equity compensation plans;
- Adoptions of guidelines on executive shareholding requirements for the Chief Executive Officer and the members of the Operating Committee;
- Introduction of clawback and malus provisions in our incentive plans for the recovery in the case of misconduct;
- Alignment of the equity plan performance and vesting conditions more closely with the Company's long-term business strategy; and
- Review of all remuneration arrangements of the Operating Committee members, to align them with the requirements of the Swiss ordinance on excessive compensation in listed companies.

Any necessary changes to the remuneration policy will be presented to shareholders of the 2015 AGM. We are committed to maintaining an open dialogue with our shareholders and I look forward to receiving your feedback and support at our next annual general meeting of shareholders. I wrote last year, and repeat, that the members of the Remuneration Committee will do all we can to develop and maintain policies that will materially contribute to the success of Coca-Cola HBC. We do this with the support of dedicated staff, to whom I am grateful.

Yours sincerely,



Sir Michael Llewellyn-Smith

Chairman of the Remuneration Committee

Remuneration Committee

Role and responsibilities

The main tasks of the Remuneration Committee are to establish the compensation strategy for the Group and to approve or make recommendations to the Board with regard to compensation packages for Directors and senior management. The Remuneration Committee operates under the Charter for the Committees of the Board of Directors of Coca-Cola HBC set forth in Annex C to the Organisational Regulations and available on the Group's website at <http://www.coca-colahellenic.com/investorrelations/corporategovernance/>.

Key elements of the Remuneration Committee's role include:

- Establishment of the compensation strategy for the Group, determining and agreeing with the Board the framework or broad policy for the remuneration of the executives of the Group;
- Approving:
 - the total aggregate compensation for non-executive Directors;
 - the rewards for the executives of the Group (except for the Chief Executive Officer);
 - Company-wide compensation and benefit plans;
 - all non-cash obligations greater than €15,000 which are reportable by employees as income (except personal use of company cars, group life or health benefits); and
 - general policies governing the early termination of the executives of the Group;
- Providing recommendations to the Board:
 - the total individual compensation for the non-executive Directors;
 - the implementation or modification of employee coverage for any benefit plan resulting in an increased annual cost of €5 million or more;
 - the base salary and increase levels, annual incentive plan awards, stock option awards and other forms of compensation for the Chief Executive Officer; and
 - the remuneration of the Chief Executive Officer and any other members of the Board on early termination (including pension contributions and all other elements).

Members

Members	Membership Status
Sir Michael Llewellyn-Smith	Member since 2013, Chairman since 2013
Mr. Antonio D'Amato	Member since 2013
Mrs. Susan Kilsby	Member since 2013

In accordance with the UK Corporate Governance Code, the Remuneration Committee consists of three independent non-executive Directors: Sir Michael Llewellyn-Smith (chairman), Mr. Antonio D'Amato and Mrs. Susan Kilsby, who were appointed for one-year term on 25 June 2014.

The Remuneration Committee met four times in 2014, in March, June, September and December. Please refer to the "Board and committee attendance in 2014" section of the Corporate Governance report for details on the Remuneration Committee meetings on page 72.

The Chairman of the Board, the Chief Executive Officer, the Group Human Resources Director, the Group Rewards Director and the General Counsel regularly attend the meetings of the Remuneration Committee. All committee members were present at all meetings during the year.

Work in 2014

During the accounting year the Committee's work has included the following recurring activities:

- Benchmarking, and review and recommendation on Chief Executive Officer's salary, taking into account pay and employment conditions in the Group and the market;
- Benchmarking, review and approval of Operating Committee members salary, taking into account pay and employment conditions in the Group and the market;
- Recommending the MIP payout for the Chief Executive Officer;
- Approval of Operating Committee members' and General Manager's MIP payout;
- Approval of the General LTIP payout according to the 2011-2013 plan;
- Approval of General Managers' salary levels, taking into account pay and employment conditions in the Group and the market;
- Recommendation for Board approval of the stock option award for the Chief Executive Officer and the stock option grants for 2014 for eligible participants;
- Consideration of the Group's pension arrangements;
- Adaptation of the executive pay policy to reflect the Swiss and UK regulatory reforms relating to executive pay and executive severance policies;
- Consideration of the process for reviewing executive compensation;
- Approval of changes to the key business metrics of the MIP; and
- Benchmarking, review and recommendation to the Board regarding non-executive directors' fees.

While the Remuneration Committee does not have external advisors, in 2014 it approved management to work with external consultancy firms, such as Towers Watson and Cronje & Yiannas Actuaries and Consultants, to obtain benchmark information on the remuneration of the Chief Executive Officer and other Operating Committee members and to assist its benchmarking review of non-executive Director's fees. These consultancy firms are not connected in any way with Coca-Cola HBC apart from providing remuneration information services to senior management. These services are considered to have been independent and relevant to the market.

Remuneration continued

Activities for 2015

The Committee has decided to implement the following actions during 2015, subject to the approval by the annual general meeting:

- Adopt policies on executive shareholding requirements for the Chief Executive Officer and the Operating Committee members;
- Introduce clawback and malus provisions in our MIP, LTIP, ESPP and ESOP for recovery in the case of misconduct;
- Align the equity plan's performance and vesting conditions with the Company's long-term business strategy;
- Review all remuneration arrangements of the Operating Committee members in order to address the requirements of the Swiss ordinance against excessive compensation in listed companies; and
- Introduce a share buy-back programme to address share dilution resulting from the Company's equity compensation plans.

Investor and employee perspective

Shareholder views have been taken into account in formulating the remuneration policy. The Committee, under the scope of its remuneration reviews, considers shareholder views as well as what is right for the Group to achieve its overall business strategies. The Committee has also taken into account in the UK Corporate Governance Code when devising a remuneration package, in particular:

- where to position the Group's remuneration relative to other companies;
- applying similar principles in the remuneration policies of the Chief Executive Officer as to the rest of the Group employees; and
- Board members, the Chief Executive Officer and Operating Committee members play no part in determining their own remuneration. The Chairman of the Committee and the Chief

Executive Officer are not present when the Remuneration Committee and the Board discusses matters that pertain to their remuneration.

The Committee uses the same set of principles for all employees when reviewing pay levels. This ensures that the same performance-setting principles are applied for executive remuneration and for other employees in the organisation.

Remuneration policy

Reward strategy and objective

The objective of the Group's remuneration strategy is to attract, retain, motivate employees and incentivise the right behaviours. Employees are fairly and equitably rewarded, ensuring their individual contribution is directly linked to the success of the Company.

To ensure that the Group attracts, retains and motivates employees, variable pay is an important instrument of Coca-Cola HBC's reward philosophy. The Group's policy therefore ties a significant proportion of remuneration for Top Managers (including the Chief Executive Officer) to the performance of the Group through short-term and long-term incentives, which supports maximisation of shareholder value. Through equity-related long-term compensation, Coca-Cola HBC seeks to ensure that the financial interests of senior executives and the Chief Executive Officer are aligned with those of shareholders.

In support of the fourth pillar of our reward strategy – recognise – the Company successfully launched a platform to further foster a culture of recognition and engagement during 2014. The Group-wide, non-monetary recognition platform is strongly linked to Company values and is applicable across the organisation.

The Group Reward Strategy

For Coca-Cola HBC to be the undisputed leader in every market in which we compete, we need to develop excellent people by:



Policy eligibility

The Chief Executive Officer, the Operating Committee members and other members of management are eligible for the following reward elements, in line with our Group Reward Strategy.

Group Reward Element/ Employee Category	Annual Base Salary	MIP	LTIP	ESPP	ESOP	Benefits (Retirement and Other Benefits)
Chief Executive Officer	Eligible	Eligible		Eligible	Eligible	Eligible
Operating Committee Members ¹	Eligible	Eligible		Eligible	Eligible	Eligible
Top Management ²	Eligible	Eligible	Eligible	Eligible (Depends on Country practice)	Eligible	Eligible (Depends on Country Practice)
Senior and Middle Management ³	Eligible	Eligible	Eligible	Eligible (Depends on Country practice)		Eligible (Depends on Country practice)
Management ⁴	Eligible	Eligible		Eligible (Depends on Country practice)		Eligible (Depends on Country practice)

1. For the definition and description of the Operating Committee, please refer to the corporate governance section.

2. Top Management includes the role of General Manager as well as most group sub-function heads. Members of Top Management are referred to as Top Managers throughout the Remuneration Report.

3. Senior and Middle Management generally refers to people reporting to General Managers and those reporting to group sub-function roles.

4. Management includes those with responsibility for managing people or substantial technical know-how on operational matters.

The above employee categories subsequent definition are relevant only for the remuneration report and not to any other section in the annual report.

As presented above, the only material difference is that the Chief Executive Officer and the Operating Committee members do not participate in the LTIP, which is a cash variable plan with three-year cliff vesting. The Chief Executive Officer and Operating Committee members are instead rewarded with stock option grants.

The Group believes that stock option grants have better aligned the interests of the Chief Executive Officer and Operating Committee members with the interests of shareholders. Stock options, having a 10-year term, have provided greater long-term incentive for creating

sustainable growth and value for shareholders. The Chief Executive Officer has participated in the same ESOP as other Top Managers in the Company, with the same terms and conditions. The level of his award has reflected his level of responsibility and his performance.

Policy table

Remuneration is composed of fixed and variable elements. Details of each reward component, including its purpose and link to strategy, mechanisms and relevant performance measures are presented on the following page.

Remuneration continued

Element	Purpose	Review Time Frame	Fixed/Variable Pay	Eligibility/Scope
Base Salary	To provide compensation appropriate to the requirements of the role, reflecting the skills, experience, and performance relevant to the market levels.	Reviewed annually.	Fixed component/ paid monthly.	All employees/Including the Chief Executive Officer and the Operating Committee members.
MIP (Management Incentive Plan)	To support the Group business strategy by rewarding : (a) Individual achievement of employees, which is linked to individual targets (b) Business performance, which is linked to four equally-weighted key business metrics.	Short term/ reviewed annually.	Short-term variable component/ paid annually/ performance related.	All Management employees/ Including the Chief Executive Officer and Operating Committee members.
LTIP (Long-term Incentive Plan)	Support the Group to achieve stretch long-term business objectives and to ensure ongoing organisational capability building.	Long term/reviewed every three years.	Long-term variable component/paid every three years/ performance related.	Middle Management and Top Management/Chief Executive Officer and Operating Committee are not eligible to participate.
Retirement Benefits	To provide the Chief Executive Officer and Operating Committee members with post-retirement benefits or cash alternative, consistent with practices by similar multinational companies.	Short term/ reviewed annually.	Fixed component/ paid – accrued monthly.	Chief Executive Officer/All other employees as per home-country practice.
Other Benefits	To provide benefits programmes consistent with market practices.	Short term/ reviewed annually.	Fixed component/ paid – accrued monthly.	Chief Executive Officer/All other employees as per home-country practice.
ESPP (Employee Share Purchase Plan)	ESPP is an employee share purchase plan, encouraging share ownership and intended to align interests of employees with those of the shareholders. Employees may contribute to the plan through payroll deductions. At the purchase date, the Company uses the accumulated funds to purchase shares on behalf of the participating employees.	Long term.	Directly affected by the share price performance. It is not affected by individual performance criteria.	Chief Executive Officer/All other employees as per home-country practice.
ESOP (Employee Stock Option Plan)	A long-term component which aligns the senior managers' interests with the interests of shareholders and increases the ability of the Group to attract and reward individuals with exceptional skills.	Long term/Options vest linearly over a three-year period and are exercisable for up to 10 years from the date of grant.	Variable/the value that can be derived under the ESOP is contingent upon the performance of the Group's shares on the LSE.	Chief Executive Officer and Operating Committee and Top Management.

Aim	
• Ensure that the Group remains competitive and fairly remunerates the Chief Executive Officer and the Operating Committee members compared to the external environment.	• Base salary is not subject to recovery or withholding.
• Four key business metrics apply with equal weighing. These are: • Annual Sales Volume incentivising sustainable growth. Achievements in annual sales volume will be rewarded only if TWCD (Total Working Capital Days) key business metric is above threshold. TWCD is defined as the total of receivable days, inventory days and payables days, replacing EBIT as of 2015. • EBIT defined as earnings before interest and tax, incentivising profitable growth. • Net Sales Revenue (NSR) incentivising the successful implementation of growth initiatives. As of 1 January 2015, NSR key business metric replaced TWCD key business metric in order to incentivise the Group's long-term growth objectives.	• OpEx as a percentage of NSR, excluding direct marketing expenses, incentivising effective cost management. • Payout on the basis of business performance will only be made if individual performance is above the plan threshold. • Target MIP percentage for the Chief Executive Officer is at 70% of his annual base salary – Maximum MIP percentage for the Chief Executive Officer stands at 130% of his base annual salary. Performance period is set from 1 January to 31 December 2014. • Chief Executive Officer's individual performance is based on achievement of targets set by the Chairman. • Clawback and malus to be implemented in 2015.
• LTIP is a "cliff" cash variable plan which operates over a three-year period. • Two equal weighted key business metrics apply and at the end of the three-year period a multiplier using Group EBIT margin is applied. More specifically: • Key business metric – Volume Market Share. An external measure to incentivise market leadership. • Key business metric – NSR per Unit Case. Incentivises value creation by cash generation allowing us to continue to generate profit and sustain growth.	• Multiplier – Group EBIT Margin. A financial multiplier applied to provide greater focus on creating profitability. • Individual allocations are set based on individual performance, potential and level of responsibility. • Clawback and malus to be implemented in 2015.
• The Chief Executive Officer's pension is a Swiss plan (defined benefit 15%). The contributions to the pension plan are calculated as a percentage of the Chief Executive Officer's annual base salary (excluding any incentive payments or other allowance/benefits provided) based on age brackets as defined by Federal Swiss legislation. There is no obligation for employee contributions, including the Chief Executive Officer, to Company pension plans.	• Normal retirement age for the Chief Executive Officer's plan is 65 years. In case of early retirement, which is possible from the age of 58, the Chief Executive Officer is entitled to receive the amount accrued under the plan as a lump sum. • Operating Committee members follow relevant home country practice. • Other employees follow home-country practices.
• The Chief Executive Officer and eligible employees are provided with medical insurance.	• The Chief Executive Officer is eligible for benefits related to relocation such as housing allowance, a cost of living adjustment, trip allowance and exchange rate protection, tax protection and tax filing support and advice. • Other employees follow home-country practices.
• Scheme participants have the opportunity to invest 1% to 15% of their salary in the Group Ordinary Shares by contributing to the plan monthly. For the Chief Executive Officer and the Operating Committee members who are located outside Greece, the Group matches up to a maximum of 3% of the employees' salary by way of contribution. The Group's contributions are used to purchase matching shares on a monthly basis in the open market. Matching shares vest one year after the purchase. • In order to adapt the ESPP to Greek plan rules, the Group matches the contribution of Operating Committee members resident in Greece with an annual employer contribution of up to 5% of the employees' salary. • Dividends received in respect of shares held under the ESPP are used to purchase additional shares and are immediately vested.	• Termination provisions foresee that unvested shares will be forfeited, except in case of retirement, injury, disablement, redundancy or death. Forfeited shares may be sold or disposed of by the Plan Administrator. • Malus: – Under the ESPP, if a participant commits fraud, dishonesty or willful misconduct in any way, unvested shares (being the matching shares allocated to the employee but not yet vested) will be forfeited. • The Group's contribution for the Chief Executive Officer is 3%. • Clawback to be implemented in 2015.
• ESOP is a long-term component of the total remuneration package. • The stock option award for the Chief Executive Officer is approved by the Board based on the recommendation of the Remuneration Committee. Stock option awards to other managers are approved by the Remuneration Committee upon the recommendation of the Chief Executive Officer. • Awards are granted every year, reflecting each year's performance. Options are granted at an exercise price equal to the closing price of the Company's shares trading on the London Stock Exchange on the day of the grant. In 2014 the grant took place on 10 December 2014. • When awarding options, the Board and the Remuneration Committee take into account, among other factors, the prospects and financial condition of the Group's business, individual performance and potential and market practice in relation to employee remuneration. Options vest in one-third increments each year for three years and can be exercised for up to 10 years from the date of award. • Eligible employees who transfer to other companies within the Coca-Cola system or employees who retire no earlier than the age of 55 with a minimum service of 10 years within the Coca-Cola system, may still exercise stock options granted to them under the plan in accordance with the plan rules.	• In the event the employment of an option holder terminates as a result of injury, disability or death, all of the option holder's unvested options vest and are, together with options that have vested before, exercisable within 12 months from the date of termination of employment. • If employment terminates for any reason other than death or disability or the Group ceases to control the subsidiary employing the option holder, the unvested options lapse and the options that have already vested may be exercised no later than six months following the date of such cessation of employment. Unvested options also lapse and cease to be exercisable if the option holder transfers, pledges or encumbers the option in any way or if their employment is terminated for cause. • In 2014, caps have been implemented on the maximum number of options to be granted to the Chief Executive Officer and Operating Committee members. • Maximum set for the Chief Executive Officer is 1.5 million stock options. However, in practice, the Board of Directors does not grant the maximum number of options. In 2014, options for 360,000 shares were granted to the Chief Executive Officer. • Clawback, malus and performance criteria will be applied in 2015.

Remuneration continued

Policy on Termination Payments

The Swiss Ordinance against Excessive Compensation in Listed Companies, in effect since 1 January 2014 subject to certain transitional rules, limits the authority of the Remuneration Committee and the Board to determine compensation. Limitations include requiring that the general meeting of shareholders approve the maximum total compensation of the Board and the Operating Committee (beginning with the annual general meeting of 2015), requiring that certain compensation elements be included in the Articles (no later than by the annual general meeting of 2015), and by prohibiting certain forms of compensation (such as severance, advance payments and bonuses for the acquisition or disposal of firms).

Our governance framework guarantees that the Group uses the right channels to support reward decisions. In case of early termination, the non-executive Directors would be entitled to their fees as accrued as of the date of termination, but are otherwise not entitled to any additional compensation. The Chief Executive Officer's termination provisions will be revisited in 2015 in light of the new Swiss legislation. Severance provisions will be removed from the Chief Executive Officer's and Operating Committee's employment contracts in 2015.

In 2014, there were no Director level terminations or subsequent termination payments. In case of future terminations, payments will be within the approved remuneration policy. For the Chief Executive Officer, the policy on termination is described below:

Policy details regarding payouts for the annual MIP:

- Retirement: A prorated payout as of the date of retirement will be applied.
- Death in service: A prorated payout will be applied and will be paid immediately to heirs based on the latest rolling estimate.
- Resignation or other reasons for leaving: A prorated payout will apply in accordance with Swiss legislation.

For the ESPP, unvested shares are forfeited, except in case of retirement, injury, disablement, redundancy or death.

Policy details for the ESOP:

- In the event of termination due to injury, disability or death, all unvested options immediately vest and are, together with options that have vested before, exercisable by the employee or their heirs within 12 months from the date of termination of the employment agreement.
- Upon retirement, all unvested and vested options remain fully subject to the terms and conditions of the ESOP.
- In the event of termination by the Company for cause, all unvested options will immediately lapse without any compensation and all vested options must be exercised within 30 days from the date of termination.
- In the event of termination for any other reason, including dismissal by the Company other than for cause, termination by the participant and expiration of term of employment or contract, all unvested options will immediately lapse without compensation and all vested options must be exercised within six months of the date of termination of the employment agreement.

Notice period is set for up to six months and non-compete clauses are 12 months, effective in 2015. The notice period foresees that paid garden leave may be provided up to the six months. Similarly, up to 12 months may be paid out for the non-compete period.

ESPP – Group information

During the year ended 31 December 2014, 287,214 ordinary shares of Coca-Cola HBC were purchased under the ESPP (compared to 255,128 during the year prior) as matching shares to employee investments. The charge to the Group income statement in the year ended 31 December 2014 was €4.3 million, compared to €4.8 million for the prior year.

The cost of unvested matching shares held under the ESPP at 31 December 2014, before they vest to employees, was €3.8 million, compared to €4.7 million for the year ended 31 December 2013. The total number of shares held under the ESPP at 31 December 2014 was 2,472,937, compared to 2,574,224 for the year ended 31 December 2013. The total contributions made by employees to the ESPP during the year ended 31 December 2014 was €5.3 million, as compared to €3.1 million for the prior year.

ESOP – Group and Operating Committee member information

The following table summarises information about the stock options granted under the ESOP as of 31 December 2014:

	Exercise price (EUR)	Exercise price (GBP)	Vesting status as at 31 December 2014	Vesting dates for further increments	Vesting dates for further increments	Vesting dates for further increments	Vesting dates for further increments	End of option period	Number of stock options outstanding
2005 December Grant	13.19	11.24	fully vested	–	–	–	–	01.12.2015	428,918
2006 March Grant	14.23	12.13	fully vested	–	–	–	–	20.03.2016	50,001
2006 December Grant	16.37	13.95	fully vested	–	–	–	–	12.12.2016	886,300
2007 December Grant	26.41	22.51	fully vested	–	–	–	–	12.12.2017	1,207,700
2008 December Grant	9.02	7.69	fully vested	–	–	–	–	10.12.2018	981,601
2009 December Grant	15.70	13.38	fully vested	–	–	–	–	09.12.2019	1,412,000
2010 December Grant	19.31	16.46	fully vested	–	–	–	–	08.12.2020	1,642,768
2011 March Grant	18.53	15.79	fully vested	–	–	–	–	15.03.2021	18,334
2011 December Grant	11.98	10.21	fully vested	–	–	–	–	15.12.2021	1,340,673
2013 June Grant	17.61	15.00	one third	21.06.2015	21.06.2016	–	–	20.06.2023	1,544,000
2013 December Grant	20.28	16.99	one third	10.12.2015	10.12.2016	–	–	09.12.2023	1,693,000
2014 December Grant	16.90	13.33	–	10.12.2015	10.12.2016	10.12.2017	–	09.12.2024	1,720,500
Total									12,925,795

The following table sets out the information regarding the stock options in respect of Coca-Cola HBC ordinary shares held by members of senior management as at 31 December 2014.

Name	Number of stock options outstanding	Fully vested	Vesting at the end of 2015	Vesting at the end of 2016	Vesting at the end of 2017
Dimitris Lois	1,700,000	920,000	330,000	330,000	120,000
Richard Smyth	617,038	490,370	63,334	63,334	–
Sotiris Yannopoulos	150,500	68,499	32,666	32,668	16,667
John Brady	826,001	604,333	95,000	95,001	31,667
Jan Gustavsson	823,500	601,832	95,000	95,001	31,667
June Hirst	110,000	19,999	36,666	36,668	16,667
Kleon Giavasoglou	654,834	439,834	91,666	91,667	31,667
Keith Sanders	556,000	381,000	75,000	75,000	25,000
Zoran Bogdanovic	248,501	123,167	50,999	51,001	23,334
Alain Brouhard	320,000	159,999	68,333	68,334	23,334
Michalis Imellos	286,500	96,499	80,000	80,001	30,000

Mr. Dimitris Lois did not exercise any options during 2014.

Mr. Richard Smyth retired from the Group on 30 June 2014, and Mr. Sotiris Yannopoulos replaced him on the Operating Committee. Stock options previously granted to Mr. Richard Smyth will continue to vest in accordance with the ESOP rules and may be exercised by the 10th anniversary from the grant date.

A summary of the stock option activity for the year ended 31 December 2014 under the ESOP is set out below:

	Number of stock options 2014	Weighted average exercise price 2014 (GBP)	Number of stock options 2013	Weighted average exercise price 2013 (GBP)
Outstanding as at 1 January	11,580,884	14.63	9,701,053	13.24
Granted	1,720,500	13.33	3,341,000	16.03
Exercised	(129,022)	8.97	(1,199,080)	11.76
Expired	(155,567)	15.67	(56,250)	22.51
Forfeited	(91,000)	16.47	(205,839)	9.48
Outstanding as at 31 December	12,925,795	14.49	11,580,884	14.63
Exercisable as at 31 December	9,047,310	14.34	7,787,535	14.30

During 2012, the Group's Senior Management, including the Chief Executive Officer and the Operating Committee, did not receive any grants of stock options due to the suspension of the ESOP pending completion of the Share Exchange Offer. During 2013, members of the Group's Operating Committee, including the Chief Executive Officer, received 1,958,000 stock options under the ESOP at an average exercise price of GBP 16.03. In 2014, as per normal practice, one annual grant took place with an exercise price of GBP 13.33.

Equity-settled share-based payments are measured at fair value at the date of grant using a Monte Carlo simulation option pricing model. Share price is calculated at the date of grant. For the year ended 31 December 2014, the model inputs were as follows (in GBP):

	Year ended 31 December	
	2014	2013
Weighted average share price	13.3 GBP	16.00 GBP
Weighted average fair value of options granted	3.5 GBP	5.7 GBP
Weighted average risk-free interest rates	1.8%	2.50%
Expected volatility	30.00%	38.40%
Dividend yield	2.10%	2.10%
Expected life	7.6 years	8.0 years

The weighted average remaining contractual life of share options outstanding under the ESOP as of 31 December 2014 and under the ESOP as of 31 December 2013 was 6.3 and 6.7 years, respectively.

Note 26 to the Group's consolidated financial statements provides additional information on the Group's stock option compensation plans.

Remuneration continued

Executive shareholding guidelines

We will implement executive shareholding guidelines in 2015 for the Chief Executive Officer and the Operating Committee members as a multiple of their annual base salary to be achieved within a five year period.

Dilution

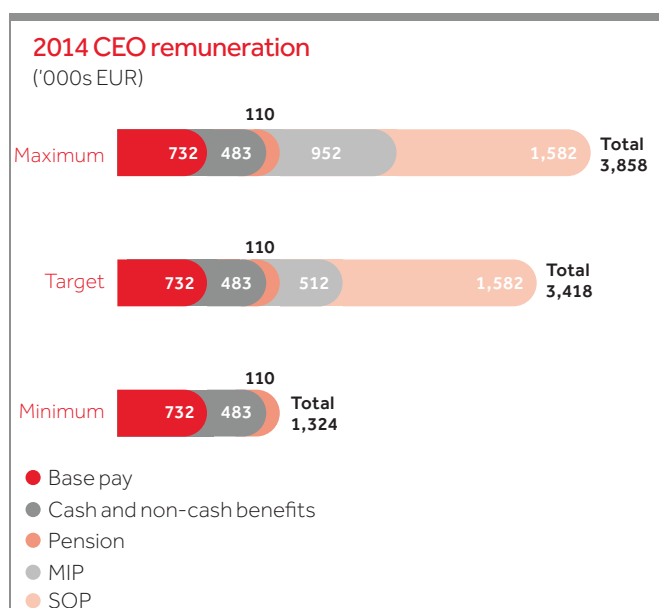
An equity stewardship plan will be introduced to address share dilution. The intention is to buy back any share options exercised. This will also be submitted for approval at the 2015 annual general meeting.

Malus and clawback provision for variable pay plans

During 2015, the Remuneration Committee intends to approve changes in the MIP, LTIP, ESOP and ESPP plans introducing malus adjustments so that an award will lapse wholly or partly in event of material misstatement of financial results. Awards made under the MIP, LTIP, ESOP and ESPP will be subject to clawback provisions.

Chief Executive Officer's remuneration policy illustration

The Chief Executive Officer's remuneration policy follows the principles of the table under Policy Eligibility on page 91. The charts below provide an indication of the total remuneration opportunity for the Chief Executive Officer for 2014.



Base salary includes only the gross annual base salary payable to the Chief Executive Officer.

Cash and non-cash benefits comprise cost of living adjustment, housing allowance, trip allowance, matching contributions to the ESPP, private medical insurance, tax filing support and employer social security contributions. The numbers are annualised amounts as of 31 December 2014. Foreign exchange ratio adjustment is not included in the cash and non-cash benefits as it is linked with currency movements and is not guaranteed. For 2014, the foreign exchange ratio adjustment was zero.

Target MIP is based on target MIP percentage for the Chief Executive Officer (70% of gross annual base salary, 10% accounting for individual performance and 60% for business performance), assuming that 100% of individual and business objectives are met.

Maximum MIP is based on target MIP percentage for the Chief Executive Officer (70% of gross annual base salary, 10% accounting for individual performance and 60% for business performance), assuming stretch business objectives are met. This would result in a 200% payout for business performance, hence the maximum MIP pay out equals 130% of gross annual salary.

Stock options represent the fair value of stock options granted in December 2014. Stock options are generally granted every year in December. During 2014 stock options were granted to the Chief Executive Officer as well as to other Top Managers. The bar graph opposite illustrates the fair value of the December 2014 grant, as it represents the ordinary grant for the financial year of 2014. The fair value of this grant is calculated based on an average fair value of €4.39 per option. Valuation of stock options is performed by Aon Hewitt, an external advisor.

Chief Executive Officer service contract

Mr. Dimitris Lois, the Chief Executive Officer, has an employment contract with Coca-Cola HBC. The Swiss Ordinance against Excessive Compensation in Listed Companies prohibits any severance payments not mandated by law. As a consequence, the Chief Executive Officer's employment contract must be amended by 1 January 2016. As set out above, the Chief Executive Officer's employment contract will not include any termination benefits, other than as mandated by Swiss law. The Swiss Code of Obligations obligates employers to pay severance when an employment relationship with an employee of at least 50 years of age comes to an end after 20 years or more of service.

The Chief Executive Officer is also entitled to reimbursement of all expenses incurred in the interests of Coca-Cola HBC.

In accordance with the Swiss ordinance, there are no sign-on policies/provisions for the appointment of the Chief Executive Officer.

The terms of the employment contract of Mr. Dimitris Lois, the Chief Executive Officer of Coca-Cola HBC, are summarised below:

Name	Position	Date of contract	Notice period
Dimitris Lois	Chief Executive Officer	31 January 2013	6 months

Details of what happens to any options held by the Chief Executive Officer on termination of his employment are set out above under the section headed Policy on Termination Payment.

Director's Remuneration Practice

Chief Executive Officer remuneration for the year ended 31 December 2014

The Chief Executive Officer is the only executive Director of the Group. The table below sets out the remuneration he received in respect of the year ended 31 December 2014.

Base pay € ¹		Cash and non-cash benefits € ²		Annual bonus € ³		Long-term incentives € ⁴		Retirement benefits €		Total €	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
691,333	714,648	482,508	230,376	298,900	395,120	203,408	656,499	108,667	123,444	1,784,816	2,130,087

Notes:

- For the Group, the year ending in 31 December 2014 is the second year after the establishment of the new holding company in Switzerland. During 2013, in connection with the establishment of the new holding company in Switzerland, the Chief Executive Officer's employment agreement with Coca-Cola Hellenic Bottling Company S.A. was terminated on 19 April 2013 before the new employment with Coca-Cola HBC came into force. In 2013, the termination of employment with Coca-Cola Hellenic Bottling Company S.A. resulted in additional payments of vacation allowance, Easter allowance, and untaken leave days allowance, mandated by Greek labour legislation, increasing the amount of base pay actually delivered to the Chief Executive Officer.
- Amount under "cash and non-cash benefits" includes a cost of living adjustment, housing allowance, trip allowance for travelling to his country of origin, and tax advice of up to €10,000 per year in the first two years of employment as Chief Executive Officer of the Company (2014 is the second year). Other benefits include company car, pension and private medical insurance, Company matching contributions to the ESPP, tax filing support and employer social security contributions. 2014 reflects the full year effect of these benefits, while in 2013 these benefits were offered upon the Chief Executive Officer's relocation to Switzerland, therefore resulting in the increase reflected in the table.
- Annual bonus includes MIP for 2014 with payout being €298,900.
- In accordance with UK regulations, we have reflected the value of stock options that vested during 2013 and 2014 respectively being the number options x (market price at vest – exercise price at grant).

Share incentive plan awards

The Chief Executive Officer is the only Director who participates in the Group's share incentive plan, with stock options being awarded under the ESOP. The following table sets out the details of the awards made to the Chief Executive Officer under the ESOP during the year ended 31 December 2014:

Type of award made:	360,000 stock options awarded under the ESOP. This amount includes one grant in 2014.
Basis on which award was made:	Stock option award based on individual and Company performance, taking into account relevant external comparisons.
Face value of the award (meaning the maximum number of shares that would vest if all performance measures and targets are met, multiplied by either the share price at the date of grant or the average share price used to determine number of shares awarded):	€1,581,600 based on weighted average fair value of €4.39 per share. The fair value of the stock option awards granted to the Chief Executive Officer and other Top Managers of the Group is determined using the Monte Carlo simulation option-pricing model. Key inputs are available in the notes to the financial statements. As of December 2014, an external advisor is performing such valuation. The fair value is denominated in GBP and converted to EUR using the exchange rate at the time of grant.
Percentage of stock option scheme interests that would be receivable if minimum performance was achieved:	100%
Difference between exercise price per share and share price at the date of grant/average share price used in calculating face value above.	None

Change in Chief Executive Officer remuneration

The following table sets out the percentage change in the Chief Executive Officer's overall remuneration over the last year as opposed to the percentage change in the average remuneration of the Group's employees as a whole:

	2014 (EUR)	2013 (EUR)	Percentage change (%)
Chief Executive Officer total remuneration*	1,472,741	1,340,144	9.9%
Average employee remuneration	29,167	28,901	0.9%

* In accordance with UK regulations, the Chief Executive Officer total remuneration reflects base pay, cash and non-cash benefits and annual bonus.

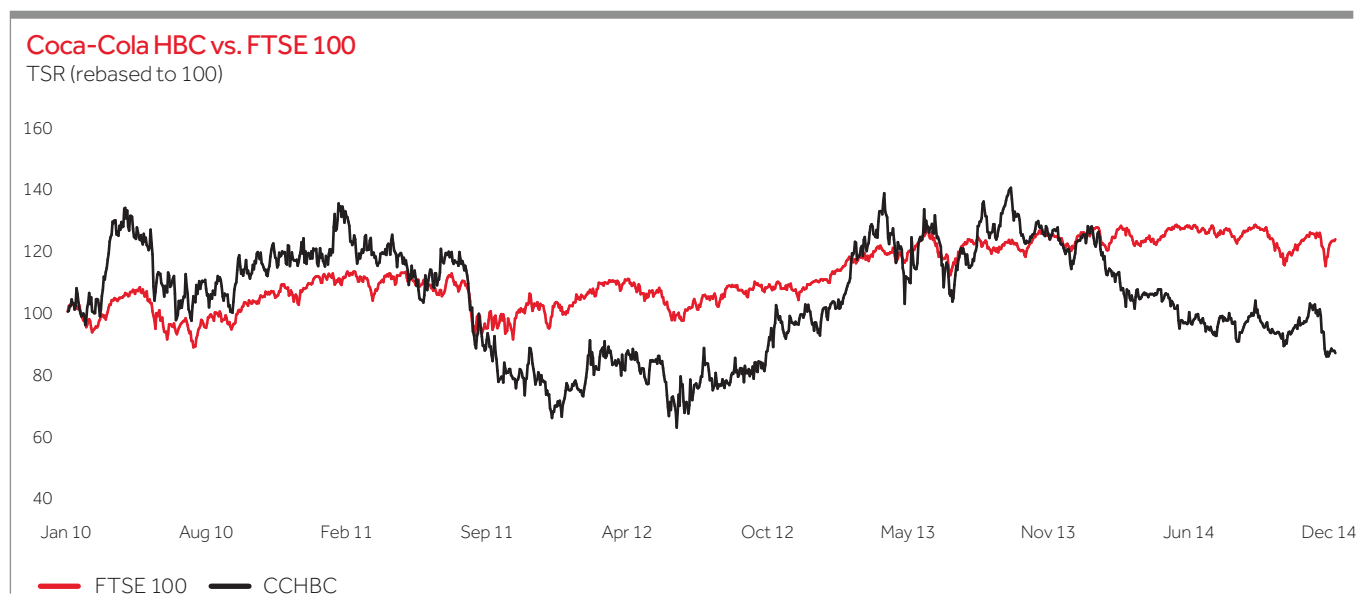
Remuneration continued

Credits and loans granted to governing bodies

In 2014, there were no credits or loans granted to active or former members of the Company's Board of Directors, members of the Operating Committee or to any related persons.

Performance review

The following chart sets out the Group's total shareholder return (TSR) performance benchmarked against the TSR performance of the FTSE 100. As the Group is listed in the FTSE 100, the comparison is made versus that index.



Chief Executive Officer remuneration for period of TSR

The following table sets out the total remuneration paid to the Group's Chief Executive Officer over the last five years, including MIP and stock options:

	2014	2013	2012	2011		2010
				Dimitris Lois	Doros Constantinou	
Total remuneration (€)	1,784,816	2,120,087	1,248,510	591,481	5,247,052	3,726,208
% of maximum awards received	38%	39%	16%	—	65%	63%

On 4 July 2011, the former Chief Executive Officer of the Group retired from service, and Mr. Lois succeeded him. The amounts for 2011 include the remuneration of the former Chief Executive Officer up to the retirement date and the remuneration of Mr. Lois for the remainder of the year. For 2011, the remuneration of the former includes termination benefits due to retirement pursuant to Greek statutory provisions and additional termination benefits pursuant to his employment agreement that were approved by the Board.

Note: As Coca-Cola HBC only listed on the London Stock Exchange in April 2013, the amounts included in respect of the period before that date relate to the remuneration the Chief Executive Officer received as the Chief Executive Officer of Coca-Cola Hellenic Bottling Company S.A. As the Chief Executive Officer changed on 4 July 2011, the figures included in respect of the period before that date relate to the remuneration of the previous Chief Executive Officer.

Non-executive Directors' policy and fees

Compensation for non-executive Directors is consistent with market practice and sufficient to attract and retain high-quality non-executive Directors with the right talent, values and skills necessary to grow the business, support the strategic framework and maximise shareholder value. Non-executive Director's pay is set at a level that will not call into question the objectivity of the Board.

The following table sets out the fees and other benefits paid to the non-executive Directors, including additional fees for the specified roles below.

Non-executive Chairman's fee	–
Non-executive Vice-Chairman's fee	–
Basic non-executive Director's fee ¹	€65,000
Senior Independent Director fee ² (additional fee)	€10,000

	Audit	Remuneration	Nomination	Social Responsibility
Committee chairman fee (additional)	€25,000	€10,000	€10,000	–
Committee member fee (additional)	€12,500	€5,000	€5,000	€5,000

1. Mr. George A. David (the Chairman of the Board), Mr. Anastasios I. Leventis and Mr. Christo Leventis have waived any annual fee in respect of their membership of the Board or any Board Committee.
2. A fee of €10,000 was approved by the Board of Directors for the role of Senior Independent Director effective as of the annual general meeting on June 2014.

Remuneration for non-executive Directors follows current remuneration policy. Sign-on bonuses, or other types of compensation, do not apply. The Group typically reviews the compensation of non-executive Directors every two to three years. For the review completed in 2014, the peer group used for comparison consisted of companies in the FTSE with similar positioning as Coca-Cola HBC, Swiss companies with similar market caps and/or revenues, and other relevant European listed companies.

The Group's policy targets the median of the comparable group of companies. As a result of the review, and taking into consideration current business conditions, the Remuneration Committee has decided to introduce an annual fee of €10,000 for the role of Senior Independent non-executive Director, while fees for other non-executive Director roles will remain unchanged. Messrs. George A. David, Anastasios I. Leventis and Christo Leventis have waived any fees for their services. The Chairman of the Social Responsibility Committee has waived any fee for this role.

The Group's compensation of non-executive Directors includes an annual fixed fee plus additional fees for membership in the Board committees when applicable. The basic fees paid to all non-executive Directors are the same, and the same level of additional fees is paid to each member for committee membership and chairmanship, according to the levels set for that committee. Coca-Cola HBC does not compensate new non-executive Directors for any forfeited share awards in previous employment. Non-executive Directors do not receive any form of variable compensation nor any other benefits in cash or in kind. They are not entitled to severance payments in the event of the termination of their appointment. They are entitled to reimbursement of all reasonable expenses incurred in the interests of the Group.

Directors' service contracts and terms of appointment

Appointment dates of each Director and unexpired terms of their service contract or appointment as a non-executive Director are set out below.

Name	Title	Date appointed to the Board of the Company	Date appointed to the Board of the Company	Unexpired term of service contract or appointment as non-executive Director
George A. David ¹	Chairman and non-executive Director	2 January 1981	25 June 2014	One year
Dimitris Lois	Chief Executive Officer	4 July 2011	25 June 2014	Indefinite, terminable on 6 months' notice
Anastassis G. David ²	Vice-Chairman and non-executive Director	27 July 2006	25 June 2014	One year
Anastasios I. Leventis ³	non-executive Director	25 June 2014	25 June 2014	One year
Christo Leventis ⁴	non-executive Director	25 June 2014	25 June 2014	One year
Irial Finan	non-executive Director	23 October 1997	25 June 2014	One year
José Octavio Reyes ⁵	non-executive Director	25 June 2014	25 June 2014	One year
Antonio D'Amato	non-executive Director	1 January 2002	25 June 2014	One year
Christos Ioannou	non-executive Director	19 March 2010	25 June 2014	One year
Sir Michael Llewellyn-Smith	Senior Independent non-executive Director	6 September 2000	25 June 2014	One year
Nigel Macdonald	non-executive Director	17 June 2005	25 June 2014	One year
Susan Kilsby	non-executive Director	25 April 2013	25 June 2014	One year
John P. Sechi ⁶	non-executive Director	25 June 2014	25 June 2014	One year

1. On 2 January 1981, Mr. George A. David was appointed to the Board of Hellenic Bottling Company S.A, which acquired Coca-Cola Beverages plc on 9 August 2000 and formed Coca-Cola Hellenic Bottling Company S.A.
2. Mr. Anastassis G. David assumed the role of Vice-Chairman and non-executive Director as of 25 June 2014.
3. Mr. Anastasios I. Leventis replaced Mr. Anastasios P. Leventis, who retired from the Board on 25 June 2014.
4. Mr. Christo Leventis replaced Mr. Haralambos K. Leventis, who retired from the Board on 25 June 2014.
5. Mr. José Octavio Reyes replaced Mr. John Hunter, who retired from the Board on 25 June 2014.
6. Mr. John P. Sechi replaced Mr. Stefan F. Heidenreich, who retired from the Board on 25 June 2014.

Remuneration continued

The Chief Executive Officer's service contract and the terms and conditions of appointment of the non-executive Directors are open for inspection by the public at the registered office of the Group.

Non-executive Directors' remuneration for the year ended 31 December 2014

Non-executive Director	Remuneration							2013 Total (€)
	Base fees (€)	Audit (€)	Senior Independent (€)	Remuneration (€)	Nomination (€)	Social Responsibility (€)	2014 Total (€)	
George A. David	–	–	–	–	–	–	–	–
Anastasios P. Leventis	–	–	–	–	–	–	–	–
Haralambos K. Leventis	–	–	–	–	–	–	–	–
Anastasios I. Leventis ¹	–	–	–	–	–	–	–	–
Christo Leventis ²	–	–	–	–	–	–	–	–
Anastassis G. David	65,000	–	–	–	5,000	–	70,000	68,750
Irial Finan	65,000	–	–	–	–	–	65,000	65,000
Antonio D'Amato	65,000	–	–	5,000	5,000	–	75,000	72,500
Christos Ioannou	65,000	12,500	–	–	–	–	77,500	77,500
Sir Michael Llewellyn-Smith ³	65,000	–	5,000	10,000	10,000	–	90,000	85,000
Nigel Macdonald	65,000	25,000	–	–	–	–	90,000	83,750
Susan Kilsby	65,000	–	–	5,000	5,000	–	75,000	56,250
José Octavio Reyes ⁴	32,500	–	–	–	2,500	2,500	37,500	–
John P. Sechi ⁵	32,500	6,250	–	–	–	–	38,750	–
John Hunter ⁶	32,500	–	–	–	2,500	2,500	37,500	75,000
Stefan F. Heidenreich	32,500	6,250	–	–	–	–	38,750	38,750

1. Mr. Anastasios I. Leventis replaced Mr. Anastasios P. Leventis, who retired from the Board on 25 June 2014

2. Mr. Christo Leventis replaced Mr. Haralambos K. Leventis, who retired from the Board on 25 June 2014.

3. An additional annual fee of €10,000 for the Senior Independent Director was introduced in 2014. The Group has applied €5,000 for a half-year period. Note that Sir Michael Llewellyn Smith has waived his fee as a Social Responsibility Committee Member.

4. Mr. José Octavio Reyes replaced Mr. John Hunter, who retired from the Board on 25 June 2014. Therefore, half an annual fee was paid. The Group, for Mr. Reyes on top of the basic fee of 37,500, paid, as required by the Swiss legislation, social security contribution of 2,967 Euros.

5. Mr. John P. Sechi replaced Mr. Stefan F. Heidenreich, who retired from the Board on 25 June 2014. Therefore, half an annual fee was paid.

6. For Mr. Hunter, the Group paid, on top of the basic fee of 37,500, a social security contribution of 2,086 Euros, as required by Swiss legislation.

Non-executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement benefits.

Directors' and Senior Management's shareholdings and share interests

Currently, no shareholding requirements apply to the Directors. The following table sets out each Director's holding of shares and other interests in shares (including share options and share awards under the Group's incentive plans):

Director	Number of shares held as at 31 December 2014	Number of scheme interests held as at 31 December 2014		Vested share options
		Without performance conditions	With performance conditions	
George A. David	–	N/A	N/A	N/A
Dimitris Lois ¹	25,560	1,700,000	–	920,000
Anastasios I. Leventis	–	N/A	N/A	N/A
Christo Leventis	–	N/A	N/A	N/A
Anastassis G. David	–	N/A	N/A	N/A
Irial Finan	–	N/A	N/A	N/A
Antonio D'Amato	–	N/A	N/A	N/A
Christos Ioannou	400,000	N/A	N/A	N/A
Sir Michael Llewellyn-Smith	545	N/A	N/A	N/A
Nigel Macdonald	1,700	N/A	N/A	N/A
Susan Kilsby	6,000	N/A	N/A	N/A
José Octavio Reyes	–	N/A	N/A	N/A
John P. Sechi	–	N/A	N/A	N/A
Anastasios P. Leventis	–	N/A	N/A	N/A
Haralambos K. Leventis	–	N/A	N/A	N/A
John Hunter	–	N/A	N/A	N/A
Stefan F. Heidenreich	–	N/A	N/A	N/A

Notes:

1. The number of shares held by Mr. Lois includes the amount of purchased and vested shares held under the ESPP on 31 December 2014 and 1,000 shares held by Mr. Lois's spouse.

The following table sets out each active member of Operating Committee member's holding of shares:

	Number of shares held as at 31 December 2014
Senior Management Team ¹	
Sotiris Yannopoulos	5,388
John Brady	7,597
Jan Gustavsson	42,222
Kleon Giavasoglou	4,183
Keith Sanders	20,542
Zoran Bogdanovic	10,246
Alain Brouhard	7,431
June Hirst	3,741
Michalis Imellos	7,756

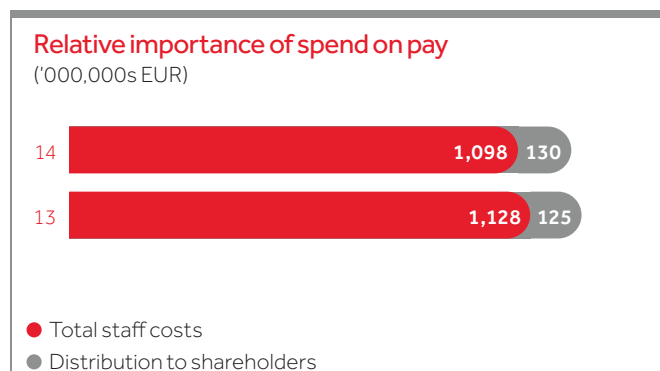
Notes:

1. The number of shares held by members of the Senior Management Team includes the amount of purchased and vested shares held under the ESPP on 31 December 2014. Details of the share options held by members of the Senior Management Team can be found under the section entitled ESOP above.

Remuneration continued

Relative importance of spend on pay

The following graph shows the expenditure of the Group on remuneration paid to all employees and distributions made to shareholders (by way of dividend share buy back and/or capital return) and any other significant distributions in 2014 compared with the prior year.



Note: Total staff costs include all remuneration elements. The distribution to shareholders reflects the dividends paid out to shareholders during the relevant year.

Total Directors' and Operating Committee members' remuneration

The total remuneration paid to or accrued for Directors, the Operating Committee and the Chief Executive Officer for 2014 amounted to €18.7 million, compared with €15.1 million for 2013. Salaries and other short-term benefits amounted to €10.7 million, compared to €10.3 million for 2013. Out of the total remuneration, the amount accrued for stock option grants during 2014 was €7.4 million, compared to €3.6 million during 2013. Pension and post-employment benefits for Directors and the Operating Committee and the Chief Executive Officer during 2014 amounted to €0.6 million, compared to €0.7 million during 2013. No termination amounts have been paid or accrued to Directors during 2014. During 2013, €0.5 million was paid or accrued for terminations.

Statement of Directors' Responsibilities

The Directors, whose names and functions are set out on page 68 to page 70 confirm to the best of their knowledge that:

- (a) The Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.
- (b) The consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards, as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation of the Group taken as a whole.
- (c) The Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidated Coca-Cola HBC Group taken as a whole, together with a description of the principal risks and uncertainties that they face.
- (d) The Directors are responsible for preparing the Annual Report, including the consolidated financial statements and the Company financial statements, the Corporate Governance Report including the Remuneration Report and the Strategic Report, in accordance with applicable law and regulations.
- (e) The activities of the Group, together with the factors likely to affect its future development, performance, the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report (pages 2 to 65). In addition, notes 8 "Financial instruments", 15 "Borrowings", 18 "Share capital and share premium" and 29 "Financial risk management" to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different countries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual consolidated financial statements.

By order of the Board

Dimitris Lois

Chief Executive Officer

20 March 2015

Financial Statements

Financial Statements

106 Independent
Auditor's report

107 Financial statements

113 Notes to the
Financial statements



Independent Auditor's report to Coca-Cola HBC AG

Introduction

We have audited the consolidated financial statements of Coca-Cola HBC AG, ('the Company'), for the year ended 31 December 2014, which comprise the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB').

Directors' responsibility for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out in the Company's 2014 Integrated Annual Report, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ('ISA'). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

This report, including the opinion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules and the Listing Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this opinion, accept or assume responsibility

for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with IFRSs as issued by the IASB.

Matters on which we are required to report by exception

Under the Listing Rules we are required to review the part of the Corporate Governance section relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Other matters

The directors have requested that we review the statement on going concern, included in the Statement of Directors' Responsibilities, in the Company's 2014 Integrated Annual Report, as if the Company were a UK incorporated premium listed entity. We have nothing to report having performed our review.

As noted in the Statement of Directors' Responsibilities, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements are signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

A handwritten signature in dark ink, appearing to read 'psaltis'.

Marios Psaltis
the Certified Auditor, Reg. No. 38081
for and on behalf of PricewaterhouseCoopers S.A.
Certified Auditors, Reg. No. 113
Athens, Greece

20 March 2015

Notes:

- (a) The maintenance and integrity of the Coca-Cola HBC AG website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.
- (b) Legislation in UK and Switzerland governing the preparation and dissemination of consolidated financial statements may differ from legislation in other jurisdictions.

Financial statements

Consolidated Balance Sheet

		As at 31 December	
		2014 € million	2013 € million
	Note		
Assets			
Intangible assets	4	1,884.8	1,921.3
Property, plant and equipment	5	2,624.1	2,901.9
Equity method investments	6	227.5	170.8
Available-for-sale financial assets	7	2.0	2.5
Derivative financial instruments	8	0.9	22.2
Deferred tax assets	9	40.0	43.2
Other non-current assets	10	37.6	61.3
Total non-current assets		4,816.9	5,123.2
Inventories	11	414.2	429.0
Trade receivables	12	684.5	730.4
Other receivables and assets	13	256.5	231.5
Derivative financial instruments	8	53.0	5.7
Current tax assets		17.6	17.5
Cash and cash equivalents	14	636.3	737.5
Total current assets		2,062.1	2,151.6
Total assets		6,879.0	7,274.8
Liabilities			
Short-term borrowings	15	548.6	446.2
Derivative financial instruments	8	52.1	12.6
Trade payables	16	509.2	480.8
Other payables	16	1,027.4	1,078.8
Current tax liabilities		58.6	47.7
Total current liabilities		2,195.9	2,066.1
Long-term borrowings	15	1,556.3	1,853.6
Derivative financial instruments	8	34.2	84.0
Deferred tax liabilities	9	137.4	179.4
Non-current provisions	17	150.2	111.2
Other non-current liabilities		13.9	13.2
Total non-current liabilities		1,892.0	2,241.4
Total liabilities		4,087.9	4,307.5
Equity			
Share capital	18	1,998.1	1,997.4
Share premium	18	5,157.6	5,287.1
Group reorganisation reserve	18	(6,472.1)	(6,472.1)
Treasury shares	19	(70.7)	(70.7)
Exchange equalisation reserve	19	(615.3)	(293.3)
Other reserves	19	259.7	388.7
Retained earnings		2,529.7	2,125.1
Equity attributable to owners of the parent		2,787.0	2,962.2
Non-controlling interests	27	4.1	5.1
Total equity		2,791.1	2,967.3
Total equity and liabilities		6,879.0	7,274.8

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Income Statement

	Note	Year ended 31 December	
		2014 € million	2013 € million
Net sales revenue	3	6,510.2	6,874.0
Cost of goods sold		(4,192.5)	(4,438.5)
Gross profit		2,317.7	2,435.5
Operating expenses	20	(1,901.4)	(2,006.3)
Restructuring costs	20	(55.2)	(55.5)
Operating profit	3	361.1	373.7
Finance income		10.0	10.0
Finance costs		(80.5)	(98.8)
Loss on net monetary position	21	(2.4)	(2.7)
Total finance costs, net	21	(72.9)	(91.5)
Share of results of equity method investments	6	63.8	11.9
Profit before tax		352.0	294.1
Tax	3,22	(57.8)	(72.9)
Profit after tax		294.2	221.2
Attributable to:			
Owners of the parent		294.8	221.2
Non-controlling interests		(0.6)	–
		294.2	221.2
Basic and diluted earnings per share (€)	23	0.81	0.61

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2014 € million	2013 € million
Profit after tax	294.2	221.2
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Available-for-sale financial assets:		
Valuation (losses)/gains during the year	(0.6)	0.7
Cash flow hedges:		
Amounts of gains/(losses) during the year	5.4	(3.2)
Amounts of losses reclassified to profit and loss for the year	7.4	10.8
Transfers to inventory for the year	(6.4)	6.4
Foreign currency translation	(322.0)	(124.3)
Share of other comprehensive income of equity method investments	–	(0.9)
Income tax relating to items that may be subsequently reclassified to income statement (refer to Note 24)	(6.6)	(0.2)
	(322.8)	(119.6)
Items that will not be subsequently reclassified to income statement:		
Actuarial (losses)/gains	(38.7)	11.4
Income tax relating to items that will not be subsequently reclassified to income statement (refer to Note 24)	6.6	(1.4)
	(32.1)	10.0
Other comprehensive income for the year, net of tax (refer to Note 24)	(354.9)	(109.6)
Total comprehensive income for the year	(60.7)	111.6
Total comprehensive income attributable to:		
Owners of the parent	(60.1)	111.6
Non-controlling interests	(0.6)	–
	(60.7)	111.6

The accompanying notes form an integral part of these consolidated financial statements.

Financial statements continued

Consolidated Statement of Changes in Equity

	Attributable to owners of the parent							Non-controlling interests € million	Total equity € million
	Share capital ² € million	Share premium ² € million	Reorganisation reserve ² € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million		
Balance as at 1 January 2013	370.2	569.3	—	(54.3)	(168.1)	376.6	1,895.0	17.8	3,006.5
Shares issued to employees exercising stock options	6.5	9.9	—	—	—	—	—	—	16.4
Share-based compensation:									
Options	—	—	—	—	—	6.3	—	—	6.3
Movement in shares held for equity compensation plan	—	—	—	—	—	(0.1)	—	—	(0.1)
Purchase of shares held by non-controlling interests	—	—	—	—	—	—	(5.1)	(8.2)	(13.3)
Change of parent company to Coca-Cola HBC	1,620.7	4,832.6	(6,472.1)	(16.4)	—	1.5	—	—	(33.7)
Appropriation of reserves	—	—	—	—	—	(1.2)	1.2	—	—
Hyperinflation impact	—	—	—	—	—	—	1.8	—	1.8
Dividends	—	(124.7)	—	—	—	—	1.0	(4.5)	(128.2)
	1,997.4	5,287.1	(6,472.1)	(70.7)	(168.1)	383.1	1,893.9	5.1	2,855.7
Profit for the year net of tax	—	—	—	—	—	—	221.2	—	221.2
Other comprehensive income for the year, net of tax	—	—	—	—	(125.2)	5.6	10.0	—	(109.6)
Total comprehensive income for the year, net of tax ¹	—	—	—	—	(125.2)	5.6	231.2	—	111.6
Balance as at 31 December 2013	1,997.4	5,287.1	(6,472.1)	(70.7)	(293.3)	388.7	2,125.1	5.1	2,967.3

1. The amount included in the exchange equalisation reserve of €125.2m loss for 2013 represents the exchange loss attributable to the owners of the parent of €124.3m plus the share of equity method investments of €0.9m loss.

The amount included in other reserves of €5.6m gain for 2013 consists of gains on valuation of available-for-sale financial assets of €0.7m, cash flow hedges gain of €5.1m (of which €3.2m represents revaluation losses for the year, €10.8m represents revaluation losses reclassified to profit and loss for the year and €2.5m represents revaluation gains reclassified to inventory for the year) and the deferred income tax loss thereof amounting to €0.2m.

The amount of €231.2m profit comprises profit for the year of €221.2m plus actuarial gains of €11.4m less a deferred income tax charge of €1.4m.

2. As these consolidated financial statements are a continuation of the consolidated financial statements of Coca-Cola Hellenic Bottling Company S.A., for the period 1 January 2013 to 25 April 2013 these components of equity reflect the capital structure of Coca-Cola Hellenic Bottling Company S.A. and following the reorganisation these components of equity reflect the capital structure of Coca-Cola HBC.

The accompanying notes form an integral part of these consolidated financial statements

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	Total € million	Non-controlling interests € million	Total equity € million
Balance as at 31 December 2013	1,997.4	5,287.1	(6,472.1)	(70.7)	(293.3)	388.7	2,125.1	2,962.2	5.1	2,967.3
Shares issued to employees exercising stock options	0.7	0.7	—	—	—	—	—	1.4	—	1.4
Share-based compensation:										
Options	—	—	—	—	—	12.1	—	12.1	—	12.1
Movement in shares held for equity compensation plan	—	—	—	—	—	(2.3)	—	(2.3)	—	(2.3)
Share of other changes in equity of equity method investments	—	—	—	—	—	—	(0.5)	(0.5)	—	(0.5)
Appropriation of reserves	—	—	—	—	—	(138.0)	138.0	—	—	—
Hyperinflation impact	—	—	—	—	—	—	3.2	3.2	—	3.2
Dividends	—	(130.2)	—	—	—	—	1.2	(129.0)	(0.4)	(129.4)
	1,998.1	5,157.6	(6,472.1)	(70.7)	(293.3)	260.5	2,267.0	2,847.1	4.7	2,851.8
Profit for the year net of tax	—	—	—	—	—	—	294.8	294.8	(0.6)	294.2
Other comprehensive income for the year, net of tax	—	—	—	—	(322.0)	(0.8)	(32.1)	(354.9)	—	(354.9)
Total comprehensive income for the year, net of tax ³	—	—	—	—	(322.0)	(0.8)	262.7	(60.1)	(0.6)	(60.7)
Balance as at 31 December 2014	1,998.1	5,157.6	(6,472.1)	(70.7)	(615.3)	259.7	2,529.7	2,787.0	4.1	2,791.1

3. The amount included in the exchange equalisation reserve of €322.0m loss for 2014 represents the exchange loss attributable to the owners of the parent.

The amount included in other reserves of €0.8m loss for 2014 consists of loss on valuation of available-for-sale financial assets of €0.6m, cash flow hedges gain of €6.4m (of which €5.4m represents revaluation gain for the year, €7.4m represents revaluation losses reclassified to profit and loss for the year, €6.4m represents revaluation gain reclassified to inventory for the year) and the deferred income tax charge thereof amounting to €6.6m.

The amount of €262.7m profit comprises profit for the year of €294.8m, plus actuarial loss of €38.7m, less a deferred income tax gain of €6.6m.

The amount of €0.6m loss included in non-controlling interest for 2014 represents the share of non-controlling interest in retained earnings.

For further details, please refer to: Note 18 Share capital and share premium; Note 19 Reserves; Note 25 Shares held for equity compensation plan; Note 26 Stock option compensation plans; and Note 28 Dividends.

The accompanying notes form an integral part of these consolidated financial statements.

Financial statements continued

Consolidated Cash Flow Statement

	Note	Year ended 31 December	
		2014 € million	2013 € million
Operating activities			
Profit after tax		294.2	221.2
Total finance costs, net	21	72.9	91.5
Share of results of equity method investments	6	(63.8)	(11.9)
Tax charged to the income statement	3,22	57.8	72.9
Depreciation of property, plant and equipment	5	336.4	355.8
Impairment of property, plant and equipment	5	32.4	19.3
Employee stock options	26	12.1	6.3
Amortisation of intangible assets	3,4	0.4	1.0
Other items		(0.3)	–
		742.1	756.1
Gains on disposals of non-current assets		(1.8)	(13.6)
(Increase)/decrease in inventories		(38.0)	6.4
(Increase)/decrease in trade and other receivables		(53.9)	95.2
Increase/(decrease) in trade and other payables		106.9	(3.1)
Tax paid		(69.0)	(56.1)
Net cash from operating activities		686.3	784.9
Investing activities			
Payments for purchases of property, plant and equipment		(362.6)	(380.2)
Payments for purchases of intangible assets	4,33	(14.1)	–
Proceeds from sales of property, plant and equipment		23.0	24.5
Net receipts from investments		6.6	15.2
Interest received		10.0	9.7
Net cash used in investing activities		(337.1)	(330.8)
Financing activities			
Payments for buy-out of non-controlling interest of Coca-Cola Hellenic Bottling Company SA	18	–	(1.0)
Payment for purchase of own shares	19	–	(1.6)
Proceeds/(payments) for shares held by non-controlling interests	27	2.6	(18.1)
Proceeds from shares issued to employees exercising stock options	18	1.4	16.4
Dividends paid to owners of the parent	28	(129.0)	(123.7)
Dividends paid to non-controlling interests		(0.4)	(4.5)
Proceeds from external borrowings		1,137.9	1,596.7
Repayments of external borrowings		(1,347.2)	(1,488.6)
Principal repayments of finance lease obligations		(14.0)	(16.5)
Interest paid		(91.3)	(113.7)
Net cash used in financing activities		(440.0)	(154.6)
Net (decrease)/increase in cash and cash equivalents		(90.8)	299.5
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		737.5	439.1
Net (decrease)/increase in cash and cash equivalents		(90.8)	299.5
Effect of changes in exchange rates		(11.4)	(4.1)
Effect of consolidation of Coca-Cola HBC AG		–	1.8
Hyperinflation impact on cash		1.0	1.2
Cash and cash equivalents at 31 December	14	636.3	737.5

The accompanying notes form an integral part of these consolidated financial statements.

1. Basis of preparation and accounting policies

Description of business

Coca-Cola HBC AG and its subsidiaries (the 'Group' or 'Coca-Cola HBC' or 'the Company') are principally engaged in the production, sales and distribution of non-alcoholic ready to drink beverages, under franchise from The Coca-Cola Company. The Company distributes its products in 27 countries in Europe and Nigeria. Information on the Company's operations by segment is included in Note 3.

On 11 October 2012, Coca-Cola HBC, a Swiss stock corporation (Aktiengesellschaft/Société Anonyme) incorporated by Kar-Tess Holding (a related party of the Group, see Note 33), announced a voluntary share exchange offer to acquire all outstanding ordinary registered shares and all American depositary shares of Coca-Cola Hellenic Bottling Company S.A. As a result of the successful completion of this offer, on 25 April 2013, Coca-Cola HBC acquired 96.85% of the issued Coca-Cola Hellenic Bottling Company S.A. shares, including shares represented by American depositary shares, and became the new parent company of the Group. On 17 June 2013, Coca-Cola HBC completed its statutory buy-out of the remaining shares of Coca-Cola Hellenic Bottling Company S.A. that it did not acquire upon completion of its voluntary share exchange offer. Consequently, Coca-Cola HBC acquired 100% of Coca-Cola Hellenic Bottling Company S.A. which was eventually delisted from the Athens Exchange, from the London Stock Exchange where it had a secondary listing and from the New York Stock Exchange where American depositary shares were listed.

These transactions were treated as a reorganisation of an existing entity that has not changed the substance of the reporting entity. The consolidated financial statements of Coca-Cola HBC are presented using the values from the consolidated financial statements of Coca-Cola Hellenic Bottling Company S.A. On the date that Coca-Cola HBC became the new parent of the Group, 25 April 2013, the statutory amounts of share capital, share premium and treasury shares of the Company were recognised through an adjustment in the Statement of Changes in Equity under the heading 'Change of parent company to Coca-Cola HBC'. The resulting difference has been recognised as a component of equity under the heading "Group reorganisation reserve".

The shares of Coca-Cola HBC started trading in the premium segment of the London Stock Exchange (Ticker symbol: CCH), on the Athens Exchange (Ticker symbol: EEE) and regular way trading in Coca-Cola HBC ADS commenced on the New York Stock Exchange (Ticker symbol: CCH) on 29 April 2013. On 24 July 2014 the Group proceeded to the delisting of its American Depositary Receipts from the New York Stock Exchange and terminated its reporting obligations under the U.S. Securities Exchange Act of 1934. The deregistration of Coca-Cola HBC shares under the U.S. Securities Exchange Act of 1934 and the termination of its reporting obligations became effective on 3 November 2014.

These consolidated financial statements were approved for issue by the Board of Directors on 19 March 2015 and are expected to be verified at the Annual General Meeting to be held on 23 June 2015.

Basis of preparation

The consolidated financial statements included in this document are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments and the financial statements of certain subsidiaries operating in a hyperinflationary economy which are restated and expressed in terms of the measuring unit currency at the balance sheet date and translated to Euro at the exchange rate of the balance sheet date.

Basis of consolidation

Subsidiary undertakings are those companies over which the Group, directly or indirectly, has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiary undertakings are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which effective control is transferred out of the Group.

The acquisition method of accounting is used to account for business combinations. The consideration transferred is the fair value of any asset transferred, shares issued and liabilities assumed. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred and the fair value of non-controlling interest over the net assets acquired and liabilities assumed is recorded as goodwill. All acquisition related costs are expensed as incurred.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Intercompany transactions and balances between Group companies are eliminated. Accounting policies of subsidiaries are modified where necessary to ensure consistency with policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when such control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Critical accounting judgments and estimates

In conformity with generally accepted accounting principles, the preparation of the consolidated financial statements for Coca-Cola HBC requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates.

1. Basis of preparation and accounting policies continued

Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination cannot be assessed with certainty in the ordinary course of business. The Group recognises a provision for potential liabilities that may arise as a result of tax audit issues based on assessment of the probabilities as to whether additional taxes will be due. Where the final tax outcome on these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made. The Group anticipates that were the final tax outcome, on the judgment areas, to differ from management's estimates by up to 10%, the Group's consolidated tax expense would increase (or decrease) by approximately €4.5 million.

Impairment of goodwill and indefinite lived intangible assets

Determining whether goodwill or indefinite-lived intangible assets are impaired requires an estimation of the value-in-use of the cash-generating units to which they have been allocated in order to determine the recoverable amount of the cash-generating units. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. These assumptions and a discussion on how they are established are described in Note 4.

Employee benefits – defined benefit pension plans

The Group provides defined benefit pension plans as an employee benefit in certain territories. Determining the value of these plans requires several actuarial assumptions and estimates about discount rates, future salary increases and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Details of assumptions used, including a sensitivity analysis, are given in Note 17.

Joint Arrangements

The Group participates in several joint arrangements. Judgment is required in order to determine their classification as a joint venture where the Group has rights to the net assets of the arrangement or a joint operation where the Group has rights to the assets and obligations for the liabilities of the arrangement. In making this judgment, consideration is given to the legal form of the arrangement, the contractual terms and conditions as well as other facts and circumstances (including the economic rationale of the arrangement and the impact of the legal framework). The Group's joint arrangements are further discussed in Note 6.

Revenue recognition

Revenues are recognised when all of the following conditions are met: when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when the significant risks and rewards of ownership of the products have passed to the buyer, usually on delivery of the goods.

Revenue is measured at the fair value of the consideration received or receivable and is stated net of sales discounts, value added taxes and sales taxes as applicable, listing fees and marketing and

promotional incentives provided to customers. Listing fees are incentives provided to customers for carrying the Company's products in their stores. Listing fees that are subject to contract-based term arrangements are capitalised and amortised over the term of the contract as a reduction to revenue. All other listing fees as well as marketing and promotional incentives are a reduction of revenue as incurred. The amount of listing fees capitalised at 31 December 2014 was €13.2m (31 December 2013: €28.3m). Of this balance, €10.1m (31 December 2013: €22.2m) was classified as current prepayments and the remainder as non-current prepayments. Listing fees recognised as a reduction to revenue for the year ended 31 December 2014 amounted to €486.2m (year ended 31 December 2013: €479.8m). Marketing and promotional incentives provided to customers during the year ended 31 December 2014 amounted to €218.0m (year ended 31 December 2013: €192.9m).

Coca-Cola HBC receives contributions from The Coca-Cola Company in order to promote sales of their brands. Contributions for price support, marketing and promotional campaigns in respect of specific customers are recognised as an offset to promotional incentives provided to those customers to which the contributions contractually relate. These contributions are accrued and matched to the expenditure to which they relate. In the year ended 31 December 2014, such contributions totalled €44.1m (year ended 31 December 2013: €69.9m).

Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. Diluted earnings per share incorporates stock options for which the average share price for the year is in excess of the exercise price of the stock option and there is a dilutive effect.

Intangible assets

Intangible assets consist mainly of goodwill, trademarks and franchise agreements. Goodwill is the excess of the consideration transferred over the fair value of the share of net assets acquired. Goodwill and other indefinite-lived intangible assets are not amortised but rather tested for impairment annually and whenever there is an indication of impairment. Goodwill and other indefinite-lived intangible assets are carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the business combination in which the goodwill arose. Other indefinite-lived intangible assets are also allocated to the Group's cash-generating units expected to benefit from those intangibles. The cash-generating units to which goodwill and other indefinite lived intangible assets have been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount (i.e. the higher of the value in use and fair value less costs to sell) of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rata to the other assets of the unit on the basis of the carrying amount of each asset in the unit. Impairment losses recognised against goodwill are not reversed in subsequent periods.

Intangible assets with finite lives consist mainly of trademarks and water rights and are amortised over their useful economic lives.

The useful life of trademarks is determined after considering potential limitations that could impact the life of the trademark, such as technological and market limitations and the intent of management. The majority of the Group's trademarks have been assigned an indefinite useful life as they have an established sales history in the applicable region, it is the intention of the Group to receive a benefit from them indefinitely and there is no indication that this will not be the case.

The useful life of franchise agreements is usually based on the term of the respective franchise agreements. The Coca-Cola Company does not grant perpetual franchise rights outside the United States. However, the Group believes its franchise agreements, consistent with past experience, will continue to be renewed at each expiration date and have therefore been assigned indefinite useful lives.

The useful lives, both finite and indefinite, assigned to intangible assets are evaluated on an annual basis.

Goodwill and fair value adjustments arising on the acquisition of subsidiaries are treated as the assets and liabilities of those subsidiaries. These balances are denominated in the functional currency of the subsidiary and are translated to Euro on a basis consistent with the other assets and liabilities of the subsidiary.

Property, plant and equipment

All property, plant and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the operation. All other subsequent expenditure is expensed in the period in which it is incurred. Assets under construction are recorded as part of property, plant and equipment and depreciation on these assets commences when the assets are available for use.

Depreciation is calculated on a straight-line basis to allocate the depreciable amount over the estimated useful life of the assets as follows:

Freehold buildings	40 years
Leasehold buildings and improvements	Over the lease term, up to 40 years
Production equipment	4 to 20 years
Vehicles	5 to 8 years
Computer hardware and software	3 to 10 years
Marketing equipment	3 to 10 years
Fixtures and fittings	8 years
Returnable containers	3 to 12 years

Freehold land is not depreciated as it is considered to have an indefinite life.

Deposits received for returnable containers by customers are accounted for as deposit liabilities.

Residual values and useful lives of assets are reviewed and adjusted if appropriate at each balance sheet date.

Impairment of non-financial assets

Goodwill and other indefinite-lived assets are not amortised but rather tested for impairment annually and whenever there is an indication of impairment. Property, plant and equipment and other non-financial assets that are subject to amortisation are reviewed for impairment

whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's fair value less cost to sell and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest level of separately identifiable cash flows.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be prepared for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their use for qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed as part of finance costs in the period in which they are incurred.

Investments in associates

Investments in associated undertakings are accounted for by the equity method of accounting. Associated undertakings are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights.

The equity method of accounting involves recognising the Group's share of the associates' post-acquisition profit or loss for the period in the income statement and its share of the post-acquisition movement in other comprehensive income is recognised in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's interest in each associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associate.

Investment in joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement and are accounted for as follows:

The Group classifies a joint arrangement as a joint operation when the Group has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its assets, liabilities, revenues and expenses, including its share of those held or incurred jointly, in relation to the joint operation.

The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement. The Group accounts for its interests in joint ventures using the equity method of accounting as described in Investments in associates above.

If facts and circumstances change, the Group reassesses whether it still has joint control and whether the type of joint arrangement in which it is involved has changed.

1. Basis of preparation and accounting policies continued

Financial assets

The Group classifies its investments in debt and equity securities into the following categories: financial assets at fair value through profit or loss ('FVTPL'), held-to-maturity and available-for-sale. The classification depends on the purpose for which the investment was acquired. FVTPL and available-for-sale financial assets are carried at fair value. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as FVTPL investments and included in current assets. Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for those with maturities within twelve months from the balance sheet date, which are classified as current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are classified as non-current assets, unless they are expected to be realised within twelve months of the balance sheet date.

Regular purchases and sales of investments are recognised on the trade date which is the day the Group commits to purchase or sell. The investments are recognised initially at fair value plus transactions costs, except in the case of FVTPL. For investments traded in active markets, fair value is determined by reference to stock exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. When the Group has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Gains and losses on investments classified as FVTPL are recognised in the income statement in the period in which they arise. Unrealised gains and losses on available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets that are recognised in the income statement, until the financial assets are derecognised at which time the cumulative gains or losses previously recognised in equity are reclassified to the income statement.

Held-to-maturity investments are carried at amortised cost using the effective interest rate method. Gains and losses on held-to-maturity investments are recognised in the income statement, when the investments are derecognised or impaired.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be principally recovered through a sale

transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. In order for a sale to be considered highly probable, management must be committed to the sale, an active programme to locate a buyer and complete the plan has been initiated, and the sale is expected to be completed within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the individual assets' previous carrying amount and their fair value less costs to sell.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost for raw materials and consumables is determined either on a first-in, first-out or weighted average basis, depending on the type of inventory.

Cost for work in progress and finished goods is comprised of the cost of direct materials and labour plus attributable overhead costs. Cost includes all costs incurred to bring the product in its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete and sell the inventory.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms of the trade receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable could be uncollectible. The amount of the provision is the difference between the receivable's carrying amount and the present value of its estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the receivable is reduced by the amount of the provision, which is recognised as part of operating expenses. If a trade receivable ultimately becomes uncollectible, it is written off initially against any provision made in respect of that receivable with any excess recognised as part of operating expenses. Subsequent recoveries of amounts previously written off or provisions no longer required are credited against operating expenses.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Foreign currency and translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the presentation currency for the consolidated financial statements.

The assets and liabilities of foreign subsidiaries are translated into Euro at the exchange rate ruling at the balance sheet date. The results of foreign subsidiaries are translated into Euro using the average monthly exchange rate (being a reasonable approximation of the rates prevailing on the transaction dates), except for foreign subsidiaries operating in a hyperinflationary environment whose results are translated at the

closing rate. The exchange differences arising on translation are recognised in other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are recognised as a component of the gain or loss on disposal.

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the rate of exchange ruling at the balance sheet date. All gains and losses arising on remeasurement are included in income statement, except for exchange differences arising on assets and liabilities classified as cash flow hedges which are deferred in equity until the occurrence of the hedged transaction, at which time they are recognised in the income statement. Share capital denominated in a currency other than the functional currency is initially stated at spot rate of the date of issue but is not retranslated.

Entities operating in hyperinflationary economies prepare financial statements that are recorded in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*. The gain or loss on net monetary position is recorded in finance costs. The application of hyperinflation accounting includes:

- Adjustment of the historical cost of non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the balance sheet to the end of the year for the changes in purchasing power of the currency caused by inflation.
- The various components in the income statement and statement of cash flows have been adjusted for the inflation index since their generation.
- The subsidiary's financial statements are translated at the closing exchange rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments with an original maturity of three months or less. Bank overdrafts are classified as short-term borrowings in the balance sheet and for the purpose of the cash flow statement.

Borrowings

All loans and borrowings are initially recognised at the fair value net of transaction costs incurred.

After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a loan or borrowing is amortised to the income statement over the borrowing period.

Derivative financial instruments

The Group uses derivative financial instruments, including interest rate, currency and commodity derivatives, to manage interest, currency and commodity price risk associated with the Group's underlying business activities.

All derivative financial instruments are initially recognised on the balance sheet at fair value and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments are recognised at each reporting date either in the income statement or in equity, depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or a cash flow hedge. All derivative financial instruments that are not part of an effective hedging relationship (undesignated hedges) are classified as assets or liabilities at FVTPL. The Group does not enter into derivative financial instruments for trading activity purposes.

At the inception of a hedge transaction the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking the derivative financial instrument designated as a hedging instrument to the specific asset, liability, firm commitment or forecast transaction. Both at the hedge inception and on an ongoing basis, the Group assesses and documents whether the derivative financial instrument used in the hedging transaction is highly effective in offsetting changes in fair value or cash flow of the hedged item.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges and are effective, are recorded in the income statement, together with the changes in the fair values of the hedged items that relate to the hedged risks. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement as the related asset acquired or liability assumed affects the income statement. Changes in the fair values of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Other leases are classified as operating leases.

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the lease term.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset and the lease term. The useful life for leased assets corresponds with the Group policy for the depreciable life of property, plant and equipment.

Provisions

Provisions are recognised: when the Group has a present obligation (legal or constructive) as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when such reimbursement is virtually certain. If the effect of the time value of

1. Basis of preparation and accounting policies continued

money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Offsetting financial instruments

The Group offsets financial assets and financial liabilities to the net amount reported in the balance sheet when it currently has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Employee benefits

The Group operates a number of defined benefit and defined contribution pension plans in its territories.

The defined benefit plans are made up of both funded and unfunded pension plans and employee leaving indemnities. The assets of funded plans are generally held in separate trustee administered funds and are financed by payments from employees and/or the relevant Group companies.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets.

For defined benefit pension plans, pension costs are assessed using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to the income statement in subsequent periods. The defined benefit obligations are measured at the present value of the estimated future cash outflows using interest rates of corporate or government bonds, depending on whether or not there is a deep market for corporate bonds in the relevant country, which have terms to maturity approximating the terms of the related liability. Past service cost is recognised immediately in the income statement. A number of the Group's operations have other long service benefits in the form of jubilee plans. These plans are measured at the present value of the estimated future cash outflows with immediate recognition of actuarial gains and losses.

The Group's contributions to the defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

Share-based payments

Coca-Cola HBC issues equity-settled share-based payments to its senior managers.

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value reflects the parameters of the compensation plan, the risk-free interest rate, the expected volatility, the dividend yield and the early exercise experience of the Group's

plans. Expected volatility is determined by calculating the historical volatility of Coca-Cola HBC's share price over previous years.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

In addition, the Group operates an employee stock purchase plan, an equity compensation plan in which eligible employees can participate. The Group makes contributions to the plan for participating employees and recognises expenses over the vesting period of the contributed shares. Any unvested shares held by the plan are owned by the Group and are recorded at cost on the balance sheet, within equity, until they vest.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits and b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Tax rates enacted or substantively enacted at the balance sheet date are those that are expected to apply when the deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or in equity. In this case, the tax is recognised in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Franchise incentive arrangements

The Coca-Cola Company, at its sole discretion, provides the Group with various incentives, including contributions towards the purchase of cold drink equipment. Payments are made on placement of coolers and are based on franchise incentive arrangements. The terms and conditions of these arrangements require reimbursement if certain conditions stipulated in the agreements are not met, including minimum volume through-put requirements. Support payments received from The Coca-Cola Company for the placement of cold drink equipment are deducted from the cost of the related asset.

Share capital

Coca-Cola HBC has only one class of shares, ordinary shares. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded to the share premium reserve.

Incremental external costs directly attributable to the issue of new shares or to the process of returning capital to shareholders are recorded in equity as a deduction, net of tax, in the share premium reserve.

Dividends

Dividends are recorded in the Group's consolidated financial statements in the period in which they are approved by the Group's shareholders.

Comparative Figures

Comparative figures have been reclassified and adjusted where necessary to conform with changes in presentation in the current year. More specifically, in Note 33 'Related party transactions', an amount of €36.3m referring to purchases of finished goods from The Coca-Cola Company and its subsidiaries from joint ventures with The Coca-Cola Company, was reclassified to purchases of finished goods from joint ventures. An amount of €9.9m referring to amounts due to joint ventures with The Coca-Cola Company as at 31 December 2013 was reclassified to amounts due to joint ventures. As a result, transactions with joint ventures undertaken with The Coca-Cola Company are reported under 'Joint ventures'. In addition, in Note 16 'Trade and other payables', an amount of €25.2m of 2013 was reclassified from 'Accrued liabilities' to 'Other payables'.

Accounting pronouncements adopted in 2014

In the current period, the Group has adopted the following new and revised standards and interpretations which were issued by the IASB and the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB, that are relevant to its operations and effective for accounting periods beginning on 1 January 2014. None of these standards and interpretations had a significant effect on the consolidated financial statements of the Company but did impact disclosures. The revised and new standards and interpretations are as follows:

IFRIC 21 *Levies* which clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs.

Amendment to IAS 32 *Financial Instruments: Presentation*. The amendment relates to the application guidance in IAS 32 and clarifies

some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

Amendment to IAS 39 *Novation of Derivatives*. The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

Amendment to IAS 36 *Recoverable Amount Disclosure for Non Financial Assets*. The amendment removes certain disclosures of the recoverable amount of cash-generating units which had been included in IAS 36 by the issue of IFRS 13 and requires additional disclosure where non financial assets have been impaired.

The following amendments resulting from the annual improvements to IFRS (2010-2012 cycle):

Amendments to IFRS 2 *Shared-based Payments*. The amendments clarify the definition of "vesting condition" and separately define "performance condition" and "service condition".

Amendments to IFRS 3 *Business Combinations*. The amendments clarify that the obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32 *Financial Instruments: Presentation*.

Amendments to IFRS 13 *Fair Value Measurement*. The amendments clarify that short-term receivables and payables may be recorded at invoice amounts when the impact of discounting is not material.

Accounting pronouncements not yet adopted

At the date of approval of these consolidated financial statements, the following standards and interpretations relevant to Company's operations were issued but not yet effective and not early adopted. The Group is currently evaluating the impact the amendments or standards will have on its consolidated financial statements.

In November 2013, the IASB issued an amendment to IAS 19 *Defined Benefit Plans: Employee Contributions*. The amendment clarifies the treatment of contributions from employees or third parties to the pension plan. The amendment is effective for annual periods beginning on or after 1 July 2014.

In December 2013, the IASB issued its annual improvements to IFRS (2010-2012 cycle). The effective dates of the amendments are generally for annual periods beginning on or after 1 July 2014.

Amendments to IFRS 8 *Operating Segments*. The amendments require the disclosure of judgements made by management in aggregating operating segments as well as requiring a reconciliation of segment assets to the entity's assets when segment assets are reported.

Amendments to IAS 24 *Related Party Disclosures*, the amendment clarifies that on the entity that provides key management personnel services is a related party subject to the related party disclosures.

In December 2013, the IASB issued its annual improvements to IFRS (2011-2013 cycle). The effective dates of the amendments are generally for annual periods beginning on or after 1 July 2014. The amendments are as follows:

Amendment to IFRS 3 *Business Combinations* which clarifies that joint arrangements are outside the scope of IFRS 3. However, this scope exemption only applies to the accounting in the financial statements of the joint arrangement itself.

1. Basis of preparation and accounting policies continued

Amendments to IFRS 13 *Fair Value Measurement* which clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and liabilities on a net basis, applies to all contracts (including non-financial contracts).

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* that replaces IAS 18 *Revenue Recognition*. The new standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The standard is effective for annual periods beginning on or after 1 January 2017.

In May 2014, the IASB issued the amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. The amendments clarify that a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

In May 2014, the IASB issued the amendment to IFRS 11 *Joint Arrangements* which adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions and is prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

In July 2014, the IASB issued IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

In September 2014, the IASB issued amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. The amendments describe transactions involving an associate or joint venture where the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after 1 January 2016.

In September 2014, the IASB issued its annual improvements to IFRS (2012-2014 cycle). The effective dates of the amendments are generally for annual periods beginning on or after 1 January 2016. The Group is currently evaluating the impact the amendments will have on its consolidated financial statements. The amendments are as follows:

Amendment to IFRS 5 *Assets Held for Sale*. The amendment defines that assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. It clarifies that changing from one of these disposal methods to the other (sale or distribution to owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS.

Amendments to IFRS 7 *Financial Instruments: Disclosures*. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

Amendments to IAS 19 *Employee Benefits*. The amendment clarifies that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located.

In December 2014, the IASB issued an amendment to IAS 1 *Presentation of Financial Statements*. The amendment clarifies the materiality guidance in IAS 1 and how this applies to financial statements as a whole, including primary statements and notes. Additional disclosures may be necessary if the information required by IFRS is not sufficient for the understanding of the impact of particular transactions or events on the entity's financial performance.

2. Exchange rates

The Group's reporting currency is the Euro (€). Coca-Cola HBC translates the income statements of subsidiary operations to the Euro at average exchange rates and the balance sheets at the closing exchange rates at 31 December, except for subsidiaries operating in hyperinflationary environment, as explained in Note 1. The principal exchange rates used for transaction and translation purposes in respect of one Euro are:

	Average 2014	Average 2013	Closing 2014	Closing 2013
US dollar	1.33	1.33	1.22	1.38
UK sterling	0.81	0.85	0.78	0.84
Polish zloty	4.19	4.19	4.31	4.15
Nigerian naira	208.35	207.33	204.99	214.41
Hungarian forint	308.58	296.44	315.45	296.36
Swiss franc	1.22	1.23	1.20	1.23
Russian rouble	50.82	42.26	68.34	44.98
Romanian leu	4.45	4.41	4.47	4.46
Ukrainian hryvnia	15.86	10.62	19.23	10.94
Czech koruna	27.55	26.05	27.69	27.48
Serbian dinar	117.26	113.08	120.41	114.62

3. Segmental analysis

The Group has one business, being the production, sale and distribution of ready-to-drink, primarily non-alcoholic, beverages. The Group operates in 28 countries and its financial results are reported in the following three reportable segments:

Established markets:	Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland and Switzerland.
Developing markets:	Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
Emerging markets:	Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, FYROM, Moldova, Montenegro, Nigeria, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

The Group's operations in each of these segments share similar levels of political and economic stability and development, regulatory environments, growth opportunities, customers and distribution infrastructures. The accounting policies of the Group's reportable segments are the same as those described in Note 1. The Group's chief operating decision maker is its Operating Committee, which evaluates performance and allocates resources based on volume, net sales revenue and operating profit.

There are no material amounts of sales or transfers between the Group's segments. In addition there are no customers who represent more than 5% of the total balance of trade receivables for the Group.

Year ended 31 December	Note	2014 € million ¹	2013 € million ¹
Volume in unit cases²			
Established		615.2	650.6
Developing		358.3	381.0
Emerging		1,029.4	1,028.9
Total volume in unit cases		2,002.9	2,060.5
Net sales revenue			
Established		2,448.9	2,539.6
Developing		1,054.1	1,105.6
Emerging		3,007.2	3,228.8
Total net sales revenue		6,510.2	6,874.0
Operating profit			
Established		123.7	88.6
Developing		52.0	36.6
Emerging		185.4	248.5
Total operating profit		361.1	373.7
Interest expense and finance charges			
Established		(60.9)	(73.4)
Developing		(1.3)	(3.1)
Emerging		(33.9)	(36.7)
Corporate		(137.7)	(149.5)
Inter segment interest expense		161.8	161.7
Total interest expense and finance charges	21	(72.0)	(101.0)
Finance income			
Established		15.8	17.2
Developing		1.2	0.8
Emerging		49.3	44.4
Corporate		105.5	109.3
Inter segment finance income		(161.8)	(161.7)
Total finance income	21	10.0	10.0
Income tax expense			
Established		(15.3)	(16.0)
Developing		(13.0)	(9.5)
Emerging		(18.6)	(40.3)
Corporate		(10.9)	(7.1)
Total income tax expense	22	(57.8)	(72.9)

1. Excluding volume which is reported in unit cases.

2. One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. Volume data is derived from unaudited operational data.

3. Segmental analysis continued

Year ended 31 December	Note	2014 € million	2013 € million
Reconciling items			
Net foreign exchange translation losses	21	(10.9)	(0.5)
Share of results of equity method investments	6	63.8	11.9
Profit after tax		294.2	221.2
Expenditure on non-current assets³			
Established		79.7	67.9
Developing		34.0	44.4
Emerging		263.0	267.9
Total expenditure on non-current assets		376.7	380.2

3. Total additions of property, plant and equipment for the year ended 31 December 2014 were €366.7m (2013: €384.6m). Total additions of intangible assets for the year ended 31 December 2014 were €14.1m (2013: €2.5m).

Corporate line refers to holding, finance and other non-operating subsidiaries of the Group.

Depreciation and impairment of property, plant and equipment and amortisation of intangible assets included in the measure of operating profit, are as follows:

Year ended 31 December	Note	2014 € million	2013 € million
Depreciation and impairment of property, plant and equipment			
Established		(107.7)	(127.9)
Developing		(64.8)	(59.2)
Emerging		(196.3)	(188.0)
Total depreciation and impairment of property, plant and equipment	5	(368.8)	(375.1)
Amortisation of intangible assets			
Established		–	(0.2)
Developing		–	(0.1)
Emerging		(0.4)	(0.7)
Total amortisation of intangible assets	4	(0.4)	(1.0)

Net sales revenue from external customers and the balance of long-lived assets attributed to Switzerland (the Group's country of domicile), Russia, Italy and Nigeria (whose revenues from external customers or long-lived assets are significant compared to the combined Group revenues from external customers or long-lived assets) and the total of all other countries, as well as the entire Group, were as follows for the years ended 31 December:

Year ended 31 December	2014 € million	2013 € million
Net sales revenue from external customers		
Switzerland	400.3	412.0
Russia	1,335.6	1,498.2
Italy	911.8	999.0
Nigeria	586.7	571.3
All countries, other than Switzerland, Russia, Italy and Nigeria	3,275.8	3,393.5
Total net sales revenue from external customers	6,510.2	6,874.0
	2014 € million	2013 € million
Non-current assets⁴		
Switzerland	503.2	502.0
Russia	554.1	799.4
Italy	1,028.1	1,048.3
Nigeria	547.3	455.9
All countries, other than Switzerland, Russia, Italy and Nigeria	1,912.6	2,077.7
Total non-current assets	4,545.3	4,883.3

4. Excluding financial instruments, equity method investments and deferred tax assets.

In addition to non-alcoholic beverages, the Group distributes certain premium spirits brands in 12 of its markets. The primary brand partners are Brown Forman Corporation and The Edrington Group. The volume and net sales revenue are provided for NARTD^(*) and premium spirits, as set out below:

Year ended 31 December	2014 € million ¹	2013 € million ¹
Volume in unit cases⁵		
NARTD	2,000.3	2,058.6
Premium Spirits	2.6	1.9
Total volume in unit cases	2,002.9	2,060.5
Net sales revenue		
NARTD	6,311.3	6,692.1
Premium Spirits	198.9	181.9
Total net sales revenue	6,510.2	6,874.0

* NARTD: non-alcoholic, ready-to-drink beverages.

5. For NARTD volume, one unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For premium spirits volume, one unit case also corresponds to 5.678 litres.

4. Intangible assets

	Goodwill € million	Franchise agreements € million	Trademarks € million	Other intangible assets € million	Total € million
Cost					
As at 1 January 2014	1,874.3	155.9	73.5	26.6	2,130.3
Additions	–	–	14.1	–	14.1
Foreign currency translation	(26.5)	0.9	(24.3)	(0.3)	(50.2)
As at 31 December 2014	1,847.8	156.8	63.3	26.3	2,094.2
Amortisation					
As at 1 January 2014	182.4	–	8.9	17.7	209.0
Charge for the year	–	–	–	0.4	0.4
As at 31 December 2014	182.4	–	8.9	18.1	209.4
Net book value as at 1 January 2014	1,691.9	155.9	64.6	8.9	1,921.3
Net book value as at 31 December 2014	1,665.4	156.8	54.4	8.2	1,884.8
Cost					
As at 1 January 2013	1,891.8	156.6	80.1	24.1	2,152.6
Additions	–	–	–	2.5	2.5
Foreign currency translation	(17.5)	(0.7)	(6.6)	–	(24.8)
As at 31 December 2013	1,874.3	155.9	73.5	26.6	2,130.3
Amortisation					
As at 1 January 2013	182.4	–	8.9	16.7	208.0
Charge for the year	–	–	–	1.0	1.0
As at 31 December 2013	182.4	–	8.9	17.7	209.0
Net book value as at 1 January 2013	1,709.4	156.6	71.2	7.4	1,944.6
Net book value as at 31 December 2013	1,691.9	155.9	64.6	8.9	1,921.3

Goodwill is allocated to each of the Group's cash-generating units expected to benefit from the business combination in which the goodwill arose. Other indefinite-lived intangible assets are also allocated to the Group's cash-generating units expected to benefit from those intangibles.

4. Intangible assets continued

The following table sets forth the carrying value of intangible assets subject to and not subject to amortisation:

	2014 € million	2013 € million
Intangible assets not subject to amortisation		
Goodwill	1,665.4	1,691.9
Franchise agreements	156.8	155.9
Trademarks	54.3	64.5
	1,876.5	1,912.3
Intangible assets subject to amortisation		
Trademarks	0.1	0.1
Water rights	8.2	8.9
	8.3	9.0
Total intangible assets	1,884.8	1,921.3

The following table sets forth the carrying value of goodwill and other indefinite lived intangible assets for those cash-generating units that are considered significant in comparison with the Group's total carrying value of goodwill and other indefinite-lived intangible assets, as at 31 December 2014.

	Goodwill € million	Franchise agreements € million	Total € million
Italy	625.2	126.9	752.1
Switzerland	383.1	—	383.1
The Republic of Ireland and Northern Ireland	288.9	—	288.9
Total	1,297.2	126.9	1,424.1

The Group conducts a test for impairment of goodwill and indefinite lived intangible assets in accordance with IAS 36 *Impairment of Assets* annually and whenever there is an indication of impairment. No impairment was indicated from the impairment tests of 2014 and 2013.

The recoverable amount of each cash-generating unit was determined through a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the Board of Directors covering a one-year period and cash projections for four additional years. Cash flow projections for years two to five were projected by management based on operation and market specific high-level assumptions including growth rates, discount rates and forecasted selling prices and direct costs.

Management determined gross margins based on past performance, expectations for the development of the market and expectations about raw material costs. The growth rates used in perpetuity reflect the forecasts in line with management beliefs. Management estimates discount rates using rates that reflect current market assessments of the time value of money and risks specific to the countries of operation.

For those cash-generating units that are considered significant in comparison with the Group's total carrying value of goodwill and other indefinite lived intangible assets, as at 31 December 2014, cash flows beyond the five-year period (the period in perpetuity) have been extrapolated using the following estimated growth and discount rates:

	Growth rate in perpetuity (%)		Discount rate (%)	
	2014	2013	2014	2013
Italy	2.5	2.5	6.8	7.7
Switzerland	0.9	1.0	6.4	6.0
The Republic of Ireland and Northern Ireland	1.1	2.0	6.6	7.2

In Italy, the recoverable amount calculated based on value in use exceeded carrying value by €737.3m. Either a reduction in the average gross profit margin of 4.7%, a fall in the revenue growth rate in perpetuity of 3.6%, or a rise in the weighted average discount rate of 2.8% would remove the remaining headroom. In the Republic of Ireland and Northern Ireland, the headroom was € 169.0m. Either a reduction in the average gross profit margin of 3.5%, a fall in the revenue growth rate in perpetuity of 2.9% or a rise in the weighted average discount rate of 2.2% would remove the remaining headroom.

In addition, in the joint operation Multon ZAO Group of companies that holds €47.4m of goodwill, the recoverable amount calculated based on value in use exceeded carrying value by €78.3m. Either a reduction in the average gross profit margin of 2.1%, a fall in the revenue growth rate in perpetuity of 3.0 %, or a rise in the weighted average discount rate of 2.0% would remove the remaining headroom. Further, in Nigeria, where the Group's operation holds €40.9m of goodwill and franchise agreements, the recoverable amount calculated based on value in use exceeded carrying value by €176.3m. Either a reduction in the average gross profit margin of 1.3%, a fall in the revenue growth rate in perpetuity of 1.2%, or a rise in the weighted average discount rate of 1.3% would remove the remaining headroom.

5. Property, plant and equipment

	Land and buildings € million	Plant and equipment € million	Returnable containers € million	Assets under construction € million	Total € million
Cost					
As at 1 January 2014	1,497.7	3,946.0	366.1	103.8	5,913.6
Additions	7.4	150.2	44.1	165.0	366.7
Disposals	(12.7)	(164.6)	(4.5)	–	(181.8)
Classified to assets held for sale (refer to Note 13)	(0.1)	(0.9)	–	–	(1.0)
Reclassifications	44.5	103.5	–	(148.0)	–
Foreign currency translation	(130.8)	(369.3)	9.0	(7.2)	(498.3)
Effect of hyperinflation	0.4	3.6	–	0.1	4.1
As at 31 December 2014	1,406.4	3,668.5	414.7	113.7	5,603.3
Depreciation and impairment					
As at 1 January 2014	379.9	2,485.3	146.5	–	3,011.7
Charge for the year	39.5	262.1	34.8	–	336.4
Impairment	10.7	20.2	1.2	0.3	32.4
Disposals	(3.4)	(159.5)	(0.5)	–	(163.4)
Foreign currency translation	(32.3)	(212.5)	4.1	–	(240.7)
Effect of hyperinflation	0.1	2.7	–	–	2.8
As at 31 December 2014	394.5	2,398.3	186.1	0.3	2,979.2
Net book value as at 1 January 2014	1,117.8	1,460.7	219.6	103.8	2,901.9
Net book value as at 31 December 2014	1,011.9	1,270.2	228.6	113.4	2,624.1
Cost					
As at 1 January 2013	1,516.0	3,953.9	384.3	134.8	5,989.0
Additions	10.8	143.5	38.6	191.7	384.6
Effect from consolidation of Coca-Cola HBC	–	–	–	0.2	0.2
Disposals	(46.6)	(166.4)	(47.7)	–	(260.7)
Reclassified from assets held for sale (refer to Note 13)	4.7	–	–	–	4.7
Reclassifications	67.4	152.8	–	(220.2)	–
Foreign currency translation	(54.9)	(139.7)	(9.1)	(2.7)	(206.4)
Effect of hyperinflation	0.3	1.9	–	–	2.2
As at 31 December 2013	1,497.7	3,946.0	366.1	103.8	5,913.6
As at 1 January 2013	359.9	2,423.6	164.1	–	2,947.6
Charge for the year	41.0	289.2	25.6	–	355.8
Impairment	7.5	9.4	2.4	–	19.3
Disposals	(16.3)	(156.3)	(42.3)	–	(214.9)
Foreign currency translation	(12.3)	(82.4)	(3.3)	–	(98.0)
Effect of hyperinflation	0.1	1.8	–	–	1.9
As at 31 December 2013	379.9	2,485.3	146.5	–	3,011.7
Net book value as at 1 January 2013	1,156.1	1,530.3	220.2	134.8	3,041.4
Net book value as at 31 December 2013	1,117.8	1,460.7	219.6	103.8	2,901.9

Assets under construction at 31 December 2014 include advances for equipment purchases of €19.6m (2013: €19.8m).

In 2014 the Group recorded an impairment loss of €10.0m, €6.9m and €18.5m and recorded reversals of impairment of €2.4m, €0.2m and €0.4m in the established, developing and emerging segments respectively. This resulted in a net impairment loss of €7.6m, €6.7m and €18.1m in the established, developing and emerging segments respectively. Impairment recorded mainly relates to restructuring initiatives, refer also to Note 20(b). The impaired assets, being mainly production equipment, were written off based on value in use calculations; while assets with recoverable amount of €2.7m were valued at fair value less cost to sell which is considered a level 3 measurement.

5. Property, plant and equipment continued

In 2013 the Group recorded an impairment loss of €19.2m, €0.8m and €5.0m and recorded reversals of impairment of €0.9m, €1.3m and €3.5m in the established, developing and emerging segments respectively. This resulted in a net impairment loss of €18.3m and €1.5m in the established and emerging segments respectively and a gain of €0.5m in the developing segment. Impairment recorded mainly relates to restructuring initiatives, refer also to Note 20 (b). The impaired assets, being mainly production equipment, were written off based on value in use calculations; while assets with recoverable amount of €10.3m were valued at fair value less cost to sell which is considered a level 3 measurement.

Depreciation charge for the year included in operating expenses amounted to €155.6m (2013: €170.0m). Depreciation charge for the year included in cost of goods sold amounted to €180.8m (2013: €185.8m).

Property, plant and equipment was insured for fire, among other risks, for a replacement value of €6,414.5m (2013: €5,494.4m).

Included in property, plant and equipment are assets held under finance leases, where the Group is the lessee, as follows:

	2014 € million	2013 € million
As at 1 January	156.0	157.7
Additions	0.3	22.8
Disposals	(9.0)	(6.6)
Depreciation charge	(16.7)	(17.3)
Foreign currency translation	(4.6)	(0.6)
As at 31 December	126.0	156.0

Assets held under finance leases have been pledged as security in relation to the liabilities under the finance leases. The net book value of land and buildings held under finance leases as at 31 December 2014 was €40.2m (2013: €42.3m). The net book value of plant and equipment held under finance leases as at 31 December 2014 was €85.8m (2013: €113.7m).

6. Equity method investments and joint operations

(a) Investments in associates

Summarised financial information of our investments in associates is as follows:

	2014 € million	2013 € million
Share of profit	3.3	1.4
Share of other comprehensive income	0.8	(0.6)
Share of total comprehensive income	4.1	0.8

Included in investment in associates is the Group's investment in Frigoglass Industries Limited. Nigerian Bottling Company plc holds an interest in Frigoglass of 23.9% (2013: 23.9% respectively). The Group has a 100% (2013:100%) interest in Nigeria Bottling Company plc, therefore the Group has an effective interest in Frigoglass of 23.9% (2013: 23.9%). There are restrictive controls in the movement of funds out of Nigeria.

Changes in the carrying amounts of investments in associates are as follows:

	2014 € million	2013 € million
As at 1 January	18.1	16.6
Capital increase	—	0.7
Share of results of equity method investments	3.3	1.4
Return of capital from associates	(0.7)	—
Dividends	(0.9)	—
Foreign currency translation	0.8	(0.6)
As at 31 December	20.6	18.1

(b) Investments in joint ventures

The Group has a material joint venture with Heineken that is conducted through a number of legal entities, being the Brewinvest S.A. Group of companies and the BrewTech B.V. Group of companies. As such the joint venture is structured through separate vehicles and provides the Group with rights to their net assets. Brewinvest S.A., parent company of Brewinvest S.A. Group of companies, is incorporated in Greece and the Group owns 50% (2013: 50%) of its share capital. The BrewTech B.V. Group of companies is engaged in the bottling and distribution of soft drinks and beer in FYROM. BrewTech B.V. is incorporated in the Netherlands and the Group owns 50% of its share capital.

Summarised financial information of our material joint venture is as follows (the information below reflects the amount presented in the IFRS financial statements of the joint venture, and not our share in those amounts):

	2014 € million	2013 € million
Summarised balance sheet:		
Cash and cash equivalents	10.2	9.8
Other current assets (excluding cash)	84.3	28.8
Total current assets	94.5	38.6
Other current liabilities (including trade payables)	(28.4)	(28.0)
Non – current assets	269.3	195.1
Non – current other liabilities	(0.6)	(0.3)
Net assets	334.8	205.4
Summarised statement of comprehensive income:		
Revenue	53.8	55.8
Depreciation and amortisation	(7.0)	(7.5)
Interest income	1.9	0.9
Profit before tax from continuing operations	12.6	11.8
Income tax expense	(1.8)	(1.6)
Profit after tax from continuing operations	10.8	10.2
Profit after tax from discontinued operations	130.7	11.7
Total comprehensive income	141.5	21.9
Dividends received	1.0	2.3
Reconciliation of net assets to carrying amount		
Closing net assets	334.8	205.4
Interest in JV at 50%	167.4	102.7
Goodwill	16.9	16.9
Non-controlling interest	(1.7)	(2.1)
Carrying value	182.6	117.5

On 27 October 2014, Brewmasters Holdings Ltd, subsidiary of Brewinvest S.A., sold its participation in Zagorka A.D. to Heineken. Zagorka A.D. was engaged in the bottling and distribution of beer in Bulgaria. Our share of the consideration amounted to €76.5m. The transaction resulted in a gain for the Group of €59.9m, net of tax. The revenue and profit after tax of Zagorka A.D. up to the date of disposal amounted to €59.3m and €10.8m respectively.

Summarised financial information of our investment in other joint ventures is as follows:

	2014 € million	2013 € million
Carrying amount	24.3	35.2
Share of loss	(10.1)	(0.3)
Share of other comprehensive income	(0.8)	(0.3)
Share of total comprehensive income	(10.9)	(0.6)

Our share of loss in other joint ventures includes restructuring initiatives within the joint ventures of €6.5m (2013: €nil).

Changes in the carrying amounts of investments in joint ventures are as follows:

	2014 € million	2013 € million
As at 1 January	152.7	151.9
Capital injections	–	6.1
Share of results of equity method investments	60.5	10.5
Return of capital from joint ventures	(4.0)	(13.2)
Dividends	(1.0)	(2.3)
Share of other changes in equity of equity method investments	(0.5)	–
Foreign currency translation	(0.8)	(0.3)
As at 31 December	206.9	152.7

6. Equity method investments and joint operations continued

At 31 December 2014, the Group's share of the capital commitments and long-term commitments to purchase raw materials and receive services from its joint ventures, amounted to €nil and €0.1m, respectively (2013: €0.8m and €1.3m, respectively).

(c) Investments in joint operations

The Group has a 50% interest in the Multon Z.A.O. Group of companies (Multon). Multon is engaged in the production and distribution of juices in Russia and is classified as a joint operation as the arrangement gives the Group rights to the assets and obligations for the liabilities relating to the joint arrangement.

Other joint operations of the Group comprise mainly a 50% interest in each of several water businesses including Romerquelle, Fonti Del Vulture, Dorna, Multivita, Valser and Vlasinka, which are engaged in the production and distribution of water in Austria, Italy, Romania, Poland, Switzerland and Serbia, respectively.

7. Available-for-sale financial assets

Movements in available-for-sale financial assets are as follows:

	2014 € million	2013 € million
As at 1 January	2.5	1.7
Purchases	0.1	0.2
Disposals	–	(0.1)
Unrealised (losses)/gains on available-for-sale financial assets	(0.6)	0.7
As at 31 December	2.0	2.5

Available-for-sale financial assets relate to listed equities of €1.1m (2013: €1.7m) and other unlisted equities of €0.9m (2013: €0.8m). The fair values of available-for-sale financial assets are based on quoted market prices, where available, or discounted cash flow projections where quoted market prices are unavailable.

8. Financial Instruments

Categories of financial instruments as at 31 December were as follows:

2014

Assets	Loans and receivables € million	Assets at FVTPL € million	Derivatives used for hedging € million	Held-to- maturity € million	Available- for-sale € million	Total € million
Investments	–	–	–	1.2	2.0	3.2
Derivative financial instruments	–	14.7	39.2	–	–	53.9
Trade and other receivables excluding prepayments	896.1	–	–	–	–	896.1
Cash and cash equivalents	636.3	–	–	–	–	636.3
Total	1,532.4	14.7	39.2	1.2	2.0	1,589.5

Liabilities	Liabilities held at amortised cost € million	Liabilities at FVTPL € million	Derivatives used for hedging € million	Total € million
Trade and other payables excluding provisions	1,487.6	–	–	1,487.6
Borrowings	2,104.9	–	–	2,104.9
Derivative financial instruments	–	59.7	26.6	86.3
Total	3,592.5	59.7	26.6	3,678.8

2013

Assets	Loans and receivables € million	Assets at FVTPL € million	Derivatives used for hedging € million	Held-to-maturity € million	Available-for-sale € million	Total € million
Investments	–	–	–	1.3	2.5	3.8
Derivative financial instruments	–	2.7	25.2	–	–	27.9
Trade and other receivables excluding prepayments	931.5	–	–	–	–	931.5
Cash and cash equivalents	737.5	–	–	–	–	737.5
Total	1,669.0	2.7	25.2	1.3	2.5	1,700.7

Liabilities	Liabilities held at amortised cost € million	Liabilities at FVTPL € million	Derivatives used for hedging € million	Total € million
Trade and other payables excluding provisions	1,486.5	–	–	1,486.5
Borrowings	2,299.8	–	–	2,299.8
Derivative financial instruments	–	12.9	83.7	96.6
Total	3,786.3	12.9	83.7	3,882.9

The derivative financial instruments are included in the Group's balance sheet as follows:

At 31 December 2014	Assets € million	Liabilities € million
Current		
Foreign currency forward contracts	15.6	(4.4)
Foreign currency option contracts	25.5	–
Cross-currency swap contracts	–	(34.3)
Commodity swap contracts	1.3	(13.4)
Interest rate swap contracts	10.6	–
Total current	53.0	(52.1)
Non-current		
Forward starting swap contracts	–	(24.7)
Commodity swap contracts	0.9	(9.5)
Total non-current	0.9	(34.2)
At 31 December 2013		
Current		
Foreign currency forward contracts	3.9	(4.3)
Foreign currency option contracts	1.8	(0.1)
Commodity swap contracts	–	(8.2)
Total current	5.7	(12.6)
Non-current		
Interest rate swap contracts	22.1	–
Commodity swap contracts	0.1	(5.3)
Cross-currency swap contracts	–	(78.7)
Total non-current	22.2	(84.0)

As at 31 December 2014, other receivables of €3.5m (2013: €8.8m) served as collateral for net open position of interest rate and cross-currency swap derivative financial instruments. The collateral resets monthly and earns interest based on Euro Overnight Index Average (EONIA) rate.

8. Financial Instruments continued

Net fair values of derivative financial instruments

(a) Cash flow hedges

The fair values of derivative financial instruments as at 31 December designated as cash flow hedges were:

	2014 € million	2013 € million
Contracts with positive fair values		
Foreign currency forward contracts	12.0	1.6
Foreign currency option contracts	19.7	1.0
Interest rate swap contracts	–	22.1
Commodity swap contracts	0.4	–
Total contracts with positive fair values	32.1	24.7
Contracts with negative fair values		
Foreign currency forward contracts	(0.6)	(2.1)
Commodity swap contracts	(1.3)	(2.6)
Foreign currency option contracts	–	(0.1)
Cross-currency swap contracts	–	(78.7)
Forward starting swap contracts	(24.7)	–
Total contracts with negative fair values	(26.6)	(83.5)

Cash flows from the Group's cash flow hedges at 31 December 2014 are expected to occur and, accordingly, affect profit or loss in 2015, except for the commodity swap contracts, for which cash flows are expected to occur and affect profit or loss up to 2016 and 2017 respectively and the forward starting swap contracts for which cash flows are expected to occur from 2016 and onwards.

(b) Fair value hedges

The fair values of derivative financial instruments as at 31 December designated as fair value hedges were:

	2014 € million	2013 € million
Contracts with positive fair values		
Foreign currency forward contracts	1.5	0.4
Foreign currency option contracts	5.6	0.1
Total contracts with positive fair values	7.1	0.5
Contracts with negative fair values		
Foreign currency forward contracts	–	(0.2)
Total contracts with negative fair values	–	(0.2)

(c) Undesignated hedges

The fair values of derivative financial instruments as at 31 December which economically hedge Group's risks and for which hedge accounting has not been applied, were:

	2014 € million	2013 € million
Contracts with positive fair values		
Foreign currency forward contracts	2.1	1.9
Foreign currency option contracts	0.2	0.7
Interest rate swap contracts	10.6	–
Commodity swap contracts	1.8	0.1
Total contracts with positive fair values	14.7	2.7
Contracts with negative fair values		
Foreign currency forward contracts	(3.8)	(2.0)
Cross-currency swap contracts	(34.3)	–
Commodity swap contracts	(21.6)	(10.9)
Total contracts with negative fair values	(59.7)	(12.9)

Foreign currency forward contracts and foreign currency option contracts

The Company uses a combination of foreign currency forward and option contracts to hedge foreign exchange transaction exposures. The net notional principal amounts of the outstanding foreign currency forward contracts at 31 December 2014 totalled €175.8m (2013: €236.4m). The net notional principal amounts of the outstanding foreign currency option contracts at 31 December 2014 totalled €106.0m (2013: €111.8m).

Commodity swap contracts

The Group purchases sugar, aluminium cans and fuel oil on an ongoing basis to meet its operational needs. The Group uses commodity swap contracts to hedge commodity price exposure deriving from the increased volatility in commodity prices.

These contracts, which economically hedge sugar, aluminium can and fuel oil purchases, are expected to reduce volatility of cash flows attributable to the fluctuation of the respective commodity price for a period up to 36 months in accordance with the Group's risk management policy (see Note 29).

The notional principal amounts of the outstanding commodity swap contracts at 31 December 2014 totalled €165.1m (2013: €126.7m).

Interest rate swap contracts

The Group used interest rate swap contracts to hedge the foreign exchange cash flow exposure on the US\$400m fixed rate debt. In October 2014 these cash flow hedges have been de-designated. The change in fair value of the derivatives from the date of de-designation amounted to €3.3m loss, which has been recognised in interest expense (2013: €nil). The notional principal amounts of the outstanding interest rate swap contracts totalled US\$400.0m (2013: US\$400.0m). The interest rate swap contracts with notional value of US\$500.0m, which were related to the US\$500.0m fixed rate debt, matured in September 2013.

The Group entered into forward starting swap contracts in 2014 to cover the interest rate risk related to its Euro denominated forecasted issuance of fixed rate debt in March 2016 and formally designated as cash flow hedges. The notional principal amounts of the outstanding forward starting swap contracts at 31 December 2014 total €500.0m.

The interest rate swap contracts outstanding at 31 December 2014 can be summarised as follows:

Currency	Amount million	Start date	Maturity date	Receive fixed rate	Pay floating rate
USD	400.0	17 September 2003	17 September 2015	5.5%	Libor + margin
	400.0				

Repricing dates for all US dollar denominated interest rate swap contracts are 17 March and 17 September until maturity.

The forward starting swap contracts outstanding at 31 December 2014 can be summarised as follows:

Currency	Amount million	Start date	Maturity date	Pay fixed rate	Receive floating rate
EUR	350.0	9 March 2016	9 March 2026	1.5195%	Euribor
EUR	120.0	9 March 2016	9 March 2026	1.5380%	Euribor
EUR	30.0	9 March 2016	9 March 2026	1.5000%	Euribor
	500.0				

Repricing date of the fixed payments for all euro denominated forward starting swap contracts is 9 March whereas repricing dates of the floating receipts are 9 March and 9 September until maturity.

Cross currency swap contracts

The Group entered into cross currency swap contracts to cover the currency risk related to its US dollar denominated debt (refer to Notes 15 and 29). At 31 December 2014 the fair value of the cross currency swap contracts represented an outstanding liability of €34.3m (2013: €78.7m). The €44.4m gain (2013: €3.1m loss) on the US\$400m cross currency swap contracts during 2014 was offset by the €38.5m loss (2013: €13.0m gain) recorded on the translation of the US\$400m denominated debt to Euro. The change in fair value of the derivatives from the date of de-designation amounted to €2.1 gain, which has been recognised in interest expense (2013: €nil).

The notional principal amounts of the outstanding cross currency swap contracts at 31 December 2014 totalled €357.1m (2013: €357.1m).

The cross currency swap contracts outstanding at 31 December 2014 are summarised as follows:

US\$ million	€ million	Start date	Maturity date	Receive floating rate	Pay rate
250.0	223.2	17 September 2003	17 September 2015	Libor + margin	2.718%
100.0	89.3	17 September 2003	17 September 2015	Libor + margin	2.750%
50.0	44.6	17 September 2003	17 September 2015	Libor + margin	2.675%
400.0	357.1				

Repricing dates for all US dollar denominated cross currency swap contracts are 17 March and 17 September annually until maturity.

8. Financial Instruments continued

Cash flow hedges

The net amount reclassified from other comprehensive income to profit and loss for the period amounted to a €7.4m loss (2013: €10.8m loss) all of which was recorded in interest expense (2013: €8.8m loss) and €nil in cost of goods sold (2013: €2.0m loss).

The ineffectiveness recognised in interest expense for the interest rate and cross-currency swap contracts used for cash flow hedging was €4.6m (2013: €6.1m loss). No ineffectiveness has been recognised for the forward starting swap contracts.

Fair value hedges

No interest rate swaps were used as fair value hedging instruments in 2014. The fair value of the interest rate swaps used as fair value hedging instruments in 2013 decreased by €11.3m upon their maturity, which had been recognised in interest expense and offset with a similar gain on borrowings.

The fair value net gain of the foreign currency forward and option contracts used as fair value hedging instruments was €5.5m in 2014 (2013: €1.2m), which had been recognised in operating expenses and offset with a similar loss on the hedged item attributable to foreign currency risk.

Undesignated hedges

The net losses on foreign currency and commodity derivative contracts at fair value through profit and loss (for which hedge accounting was not applied) amounted to a €38.3m loss (2013: €13.1m loss) of which a €18.3m loss was recorded in cost of goods sold (2013: €12.1m loss) and a €20.0m loss in operating expenses (2013: €1.0m loss).

9. Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred taxes are levied by the same fiscal authority on either the taxable entity or different taxable entities, and there is an intention to settle the balances on a net basis. The following amounts, after off-setting balances within the same tax jurisdiction where applicable, are shown in the consolidated balance sheet:

	2014 € million	2013 € million
Deferred tax assets	40.0	43.2
Deferred tax liabilities	(137.4)	(179.4)
Total deferred tax	(97.4)	(136.2)

The gross amounts of deferred tax assets and liabilities are as follows:

	2014 € million	2013 € million
Deferred tax assets		
To be recovered after more than 12 months	68.2	60.6
To be recovered within 12 months	83.0	82.3
	151.2	142.9
Deferred tax liabilities		
To be recovered after more than 12 months	(236.6)	(272.9)
To be recovered within 12 months	(12.0)	(6.2)
	(248.6)	(279.1)
Deferred tax liabilities (net)	(97.4)	(136.2)

The movements in deferred tax assets and liabilities during the year, after off-setting balances within the same tax jurisdiction where applicable, are as follows:

	2014 € million	2013 € million
As at 1 January	(136.2)	(137.3)
Taken to the income statement (refer to Note 22)	22.7	(5.7)
Taken to other comprehensive income	–	(1.6)
Taken to equity (refer to Note 19)	–	1.5
Foreign currency translation	16.1	6.9
As at 31 December	(97.4)	(136.2)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, where applicable, are as follows:

	Tax in excess of book depreciation € million	Capital investment incentives € million	Derivative instruments € million	Other deferred tax liabilities € million	Total € million
Deferred tax liabilities					
As at 1 January 2013	(292.7)	(2.2)	(2.0)	(6.5)	(303.4)
Taken to the income statement	11.2	0.6	0.4	(0.4)	11.8
Taken to other comprehensive income	–	–	(0.5)	(0.2)	(0.7)
Taken to equity (refer to Note 19)	–	1.5	–	–	1.5
Transfers between assets/liabilities	(0.4)	–	–	(0.1)	(0.5)
Foreign currency translation	11.7	–	–	0.5	12.2
As at 31 December 2013	(270.2)	(0.1)	(2.1)	(6.7)	(279.1)
Taken to the income statement	4.9	–	(1.0)	2.5	6.4
Taken to other comprehensive income	–	–	(1.6)	(1.3)	(2.9)
Transfers between assets/liabilities	0.8	–	1.8	(1.7)	0.9
Foreign currency translation	26.3	–	(0.2)	–	26.1
As at 31 December 2014	(238.2)	(0.1)	(3.1)	(7.2)	(248.6)

	Book in excess of tax depreciation € million	Provisions € million	Tax losses carry-forward € million	Leasing € million	Pensions and benefit plans € million	Other deferred tax assets € million	Total € million
Deferred tax assets							
As at 1 January 2013	2.9	52.5	31.7	18.3	21.8	38.9	166.1
Taken to the income statement	2.4	(13.3)	(5.5)	(2.5)	1.0	0.4	(17.5)
Taken to other comprehensive income	–	–	–	–	(1.0)	0.1	(0.9)
Transfers between assets/liabilities	0.4	9.5	–	–	–	(9.4)	0.5
Foreign currency translation	–	(2.6)	(1.2)	(0.2)	(0.5)	(0.8)	(5.3)
As at 31 December 2013	5.7	46.1	25.0	15.6	21.3	29.2	142.9
Taken to the income statement	0.3	7.3	11.4	(0.7)	(2.0)	–	16.3
Taken to other comprehensive income	–	–	–	–	7.2	(4.3)	2.9
Transfers between assets/liabilities	1.5	(0.8)	–	0.1	–	(1.7)	(0.9)
Foreign currency translation	–	(6.8)	(1.6)	(1.6)	0.6	(0.6)	(10.0)
As at 31 December 2014	7.5	45.8	34.8	13.4	27.1	22.6	151.2

Deferred tax assets recognised for tax losses carry forward to the extent that realisation of the related tax benefit through the reduction of future taxes is probable. The Group has unrecognised deferred tax assets attributable to tax losses that are available to carry forward against future taxable income of €12.6m (2013: €8.8m). €10.9m of this unrecognised deferred tax asset is attributable to tax losses that expire between 2015 and 2019 and €1.7m is attributable to tax losses that expire after 2019.

The aggregate amount of distributable reserves for which deferred tax liabilities have not been recognised amount to €1,689.4m (2013: €1,801.5m). It is not practical to compute the total amount of the potential income tax consequences that would result from the payment of dividends to shareholders.

10. Other non-current assets

Other non-current assets consisted of the following at 31 December:

	2014 € million	2013 € million
Non-current prepayments	14.5	24.4
Non-current receivables from sale of property, plant and equipment	8.5	17.0
Loans to and receivables from related parties (refer to Note 33)	0.2	7.2
Non-current income tax receivable	8.1	6.7
Non-current receivables from customers	4.7	4.3
Loans to non-related parties	0.4	0.4
Held-to-maturity investments	1.2	1.3
Total other non-current assets	37.6	61.3

Non-current receivables from customers relate to re-negotiated trade receivables, which are expected to be settled within the new contractual due date.

11. Inventories

Inventories consisted of the following at 31 December:

	2014 € million	2013 € million
Finished goods	162.2	176.8
Raw materials and work in progress	168.5	161.0
Consumables	83.5	91.2
Total inventories	414.2	429.0

The amount of inventories recognised as an expense during 2014 was €3,157.2m (2013: €3,385.6m). During 2014, provision of obsolete inventories recognised as an expense amounted to €12.3m (2013: €9.5m), whereas provision reversed in the period amounted to €3.1m (2013: €0.4m).

The total of materials and goods purchased during 2014 was €3,302.5m (2013: €3,550.6m).

12. Trade receivables

Trade receivables consisted of the following at 31 December:

	2014 € million	2013 € million
Trade receivables	763.7	809.4
Less: Provision for doubtful debts	(79.2)	(79.0)
Total trade receivables	684.5	730.4

The credit period given to customers ranges from 7 days to 90 days depending on the country and customer type. In most territories, interest is not charged for late payment.

The Group provides for all receivables that are considered non-collectible on a specific basis after considering the circumstances of each case. Before accepting any new credit customers, the Group investigates the potential customer's credit quality (usually through external agents) and defines credit limits for each customer. Customers are reviewed on an ongoing basis and credit limits adjusted accordingly. There are no customers who represent more than 5% of the total balance of trade receivables for the Group. The Group's exposure to credit risk is managed by established policies and procedures regarding financial risk management, as described in Note 29.

The trade receivables are as follows:

	2014 € million	2013 € million
Due within due date	573.1	622.3
Less: Provision for doubtful debts within due date	—	(0.2)
Past due	190.6	187.1
Less: Provision for doubtful debts past due	(79.2)	(78.8)
Total trade receivables	684.5	730.4

As at 31 December 2014, the Group held collateral, in the form of mortgages, bank guarantees, bills of exchange and credit insurance, as security against trade receivables with a nominal amount of €32.4m (2013: €21.2m).

As at 31 December 2014, trade receivables of €111.4m (2013: €108.3m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2014 € million	2013 € million
Up to 3 months	104.4	101.4
3 to 6 months	3.7	5.3
6 to 9 months	1.4	1.4
More than 9 months	1.9	0.2
	111.4	108.3

As at 31 December 2014, trade receivables of €79.2m (2013: €78.8m) were past due and impaired. The ageing analysis of these receivables is as follows:

	2014 € million	2013 € million
Up to 3 months	(4.4)	(1.4)
3 to 6 months	(8.0)	(7.3)
6 to 9 months	(4.4)	(2.1)
More than 9 months	(62.4)	(68.0)
	(79.2)	(78.8)

The movement in the provision for doubtful debts during the year is as follows:

	2014 € million	2013 € million
As at 1 January	(79.0)	(76.9)
Amounts written off during the year	11.3	8.0
Amounts recovered during the year	0.5	3.5
Increase in allowance recognised in profit or loss	(13.5)	(14.2)
Foreign currency translation	1.5	0.6
As at 31 December	(79.2)	(79.0)

The recording and release of provision for impaired receivables are classified within operating expenses.

13. Other receivables and assets

Other receivables and assets consisted of the following at 31 December:

	2014 € million	2013 € million
Prepayments	66.8	66.0
Receivables from related parties (refer to Note 33)	104.0	81.7
Loans to related parties (refer to Note 33)	5.1	—
Collateral for interest rate swap contracts (refer to Note 8)	3.5	8.8
VAT and other taxes receivable	21.3	16.2
Loans and advances to employees	6.7	5.8
Assets classified as held for sale	1.0	4.0
Receivables from sale of property, plant and equipment	16.9	17.7
Other receivables	31.2	31.3
Total other receivables and assets	256.5	231.5

The related party receivables, net of the provision for doubtful debts, are as follows:

	2014 € million	2013 € million
Due within due date	79.8	77.7
Past due	24.2	4.0
Less: Provision for doubtful debts	—	—
Total related party receivables	104.0	81.7

As at 31 December 2014, related party receivables of €24.2 million (2013: €4.0 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2014 € million	2013 € million
Up to 3 months	7.7	2.2
3 to 6 months	8.2	0.6
6 to 9 months	2.5	0.4
More than 9 months	5.8	0.8
Total	24.2	4.0

During 2013, non-current assets with a net book value of €4.7m were reclassified to property, plant and equipment, and the depreciation charge for the year was adjusted for the depreciation that would have been recognised had the assets not been classified as held for sale, because the criteria for continued classification as held for sale were no longer met. The €4.0m assets held for sale comprise land and buildings in our developing markets segment that have been written down to their fair value less cost to sell. This is a non-recurring fair value measurement and within level 3 of the fair value hierarchy. The fair value of held-for-sale assets is determined through the use of sales comparison approach.

During 2014, non-current assets with a net book value of €1.0m were reclassified from property, plant and equipment to assets held for sale. The €1.0m assets held for sale comprise the net book value of property, plant and equipment in our established markets segment of €0.9m and buildings in our emerging markets segment of €0.1m, that have been written down to fair value less cost to sell. This is a non-recurring fair value measurement and within level 3 of the fair value hierarchy. The fair value of held-for-sale assets is determined through the use of sales comparison approach.

14. Cash and cash equivalents

Cash and cash equivalents as at 31 December comprise the following:

	2014 € million	2013 € million
Cash at bank, in transit and in hand	102.1	82.7
Short-term deposits	534.2	654.8
Total cash and cash equivalents	636.3	737.5

Cash and cash equivalents are held in the following currencies:

	2014 € million	2013 € million
Euro	549.7	674.6
Nigerian naira	36.6	34.0
Russian rouble	6.7	4.4
Serbian dinar	6.1	2.9
US dollar	5.0	1.9
Belorussian rouble	4.2	7.2
Ukrainian hryvnia	2.7	2.0
Other	25.3	10.5
Total cash and cash equivalents	636.3	737.5

€27.6m equivalent in Nigerian naira relates to the outstanding balance of the bank account held for the repayment of the former minority shareholders of the Company's subsidiary Nigerian Bottling Company plc (refer to Note 27).

The amount of dividends payable to the Company by its operating subsidiaries is subject to, among other restrictions, general limitations imposed by the corporate laws and exchange control restrictions of the respective jurisdictions where those subsidiaries are organised and operate. Also, there are fund transfer restrictions in certain countries in which we operate, in particular Nigeria, Belarus, Ukraine, Serbia and Cyprus. These restrictions do not have a material impact on the Group's liquidity, as the amounts of cash and cash equivalents held in such countries are generally retained for capital expenditure and working capital purposes. Intra group dividends paid by certain of our subsidiaries are also subject to withholding taxes.

15. Borrowings

The Group held the following borrowings as at 31 December:

	2014 € million	2013 € million
Bank overdrafts	3.9	6.2
Current portion of long-term bonds, bills and unsecured notes	334.3	317.2
Commercial paper	100.0	100.0
Loan payable to related parties (refer to Note 33)	93.2	7.5
Other borrowing	8.6	–
	540.0	430.9
Obligations under finance leases falling due within one year	8.6	15.3
Total borrowings falling due within one year	548.6	446.2
Borrowings falling due within one to two years		
Bonds, bills and unsecured notes	599.6	303.7
Loan payable to related parties (refer to Note 33)	43.0	–
Borrowings falling due within two to five years		
Bonds, bills and unsecured notes	–	599.3
Loan payable to related parties (refer to Note 33)	21.3	53.8
Borrowings falling due in more than five years		
Bonds, bills and unsecured notes	793.7	792.6
	1,457.6	1,749.4
Obligations under finance leases falling due in more than one year	98.7	104.2
Total borrowings falling due after one year	1,556.3	1,853.6
Total borrowings	2,104.9	2,299.8

15. Borrowings continued

Commercial paper programme and committed credit facilities

In March 2002, the Group established a €1.0bn global commercial paper programme (the 'old CP programme') to further diversify its short-term funding sources. In October 2013, a new €1.0bn Euro-commercial paper programme (the 'new CP programme' and, together with the old CP programme, the 'CP programmes') was established in place of the old CP programme. The Euro-commercial paper notes may be issued either as non-interest bearing notes sold at a discount or as interest bearing notes at a fixed or floating rate. All commercial paper issued under the CP programmes must be repaid within 7 to 364 days. The new CP programme has been granted the STEP label and is fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC and Coca-Cola HBC Holdings B.V. The outstanding amount under the CP programmes was €100.0m as at 31 December 2014 (2013: €100.0m).

In May 2011, the Group replaced its then-existing €500.0m syndicated revolving credit facility with a new €500.0m syndicated loan facility, provided by various financial institutions, expiring on 11 May 2016. This facility can be used for general corporate purposes and carries a floating interest rate over EURIBOR and LIBOR. The facility was amended in June 2013 and Coca-Cola HBC acceded to it as a guarantor. The facility allows the Company to draw down, on three to five days' notice, amounts in tranches and repay them in periods ranging from one to six months, or any other period agreed between the financial institutions and Coca-Cola HBC. No amounts have been drawn under the syndicated loan facility since inception. The syndicated loan facility is fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC, Coca-Cola HBC Holdings B.V. and Coca-Cola HBC Finance plc and is not subject to any financial covenants.

In connection with the voluntary share exchange offer, Coca-Cola HBC had available a €500.0m bond bridge facility (all undrawn), a €500.0m revolving credit facility (which was cancelled in October 2012) for the purpose of replacing, if required, the €500.0m syndicated revolving credit facility referred to above and a statutory buy-out facility for up to €550.0m. On 18 June 2013, the €500.0m bond bridge facility was cancelled and the statutory buy-out facility limit was reduced to €55.0m. The amount drawn under the statutory buy-out facility of €45.5m was repaid on 26 July 2013 and the facility was cancelled.

Euro medium-term note programmes

In 2001, the Group established a €2.0bn Euro medium-term note programme (the 'Old EMTN programme'), which was increased to €3.0bn in April 2012. In June 2013, a new €3.0bn Euro medium-term note programme (the 'New EMTN programme' and, together with the Old EMTN programme, the 'EMTN programmes') was established in place of the Old EMTN programme. Notes are issued under the New EMTN programme through Coca-Cola HBC's 100% owned subsidiary Coca-Cola HBC Finance B.V. and are fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC and Coca-Cola HBC Holdings B.V.

In December 2008, Coca Cola HBC Finance B.V. issued €500.0m five-year Euro-denominated fixed rate notes carrying 7.875% per annum coupon. Proceeds from this issue were partly used to fund the acquisition of Socib S.p.A. and partly for the refinancing of the 350.0m notes that matured in March 2009. In June 2013 Coca-Cola HBC Finance B.V. purchased an aggregate amount of €183.0m notes which is almost 37% of the total issued €500.0m Euro-denominated notes. As a result, an amount of €6.9m was charged to the income statement, in the finance costs line. The remaining €317.0m notes were fully repaid in January 2014.

In March 2011, Coca Cola HBC Finance B.V. completed the successful offering of €300.0m 4.25% fixed rate Euro-denominated notes under the Old EMTN programme to be consolidated and form a single series with the existing €300.0m 4.25% fixed rate notes due 16 November 2016 issued in November 2009. The issue of these notes brought the total outstanding amount of the series to €600.0m. The proceeds of the issue were used to repay the existing €301.1m notes due on 15 July 2011 at maturity in July 2011.

In June 2013, Coca Cola HBC Finance B.V. completed the issue of €800.0m 2.375% seven-year fixed rate Euro-denominated notes under the New EMTN programme. The net proceeds of the new issue, were used to repay the \$500.0m notes due in September 2013 and partially repay €183.0m of the 7.875% five-year fixed rate notes due in January 2014.

As at 31 December 2014, a total of €1.4bn in notes issued under the EMTN programmes were outstanding. A further amount of €2.2bn is available for issuance under the new EMTN programme.

Notes issued in the US market

On 17 September 2003, the Coca-Cola HBC Group successfully completed, through its 100% owned finance subsidiary Coca-Cola HBC Finance B.V., a US\$900.0m global offering of privately placed notes with registration rights. The first tranche consisted of an aggregate principal amount of \$500.0m due 2013 and the second tranche consisted of an aggregate principal amount of US\$400.0m (€328.6m at 31 December 2014 exchange rates) due in September 2015. The net proceeds of the offering were used to refinance certain outstanding debt, the leveraged re-capitalisation of the Group and the acquisition of Römerquelle GmbH. In December 2003, an exchange offer was made by Coca-Cola Hellenic Bottling Company S.A. in order to effect the exchange of the privately placed notes for similar notes registered with the U.S. Securities and Exchange Commission (SEC). Acceptances under the offer, which was finalised in February 2004, were US\$898.1m. Both tranches of notes were de-registered in connection with Coca-Cola HBC's voluntary share exchange offer by filing a Form 15F with the SEC in August 2013 and the 2013 US Notes were fully repaid upon maturity.

The 2015 US Notes are fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC and Coca-Cola HBC Holdings B.V. and are not subject to any financial covenants.

Summary of bonds and notes outstanding as at 31 December 2014

	Start date	Maturity date	Fixed coupon
\$400m notes	17 September 2003	17 September 2015	5.500%
€300m notes	16 November 2009	16 November 2016	4.250%
€300m notes	2 March 2011	16 November 2016	4.250%
€800m notes	18 June 2013	18 June 2020	2.375%

The fair value of bonds and notes payable, including the current portion, is €1,831.6m (2013: €2,070.7m) compared to their book value, including the current portion, of €1,727.6m (2013: €2,012.8m). The fair values are within Level 1 of the fair value hierarchy.

The present value of finance lease liabilities at 31 December was as follows:

	2014 € million	2013 € million
Less than one year	8.6	15.3
Later than one year but less than two years	7.7	9.1
Later than two years but less than three years	7.9	7.5
Later than three years but less than four years	8.3	7.7
Later than four years but less than five years	7.4	8.2
Later than five years	67.4	71.7
Present value of finance lease liabilities	107.3	119.5

The minimum lease payments of finance lease liabilities at 31 December were as follows:

	2014 € million	2013 € million
Less than one year	12.6	20.0
Later than one year but less than two years	11.4	13.3
Later than two years but less than three years	11.3	11.3
Later than three years but less than four years	11.4	11.3
Later than four years but less than five years	10.2	11.3
Later than five years	79.6	85.7
	136.5	152.9
Future finance charges on finance leases	(29.2)	(33.4)
Present value of finance lease liabilities	107.3	119.5

Finance leases are mainly for land and buildings as well as plant and equipment. The finance leases do not contain contingent rent payments or escalation clauses.

15. Borrowings continued

The borrowings, including loans payable to related parties, at 31 December were held in the following currencies:

	Current 2014 € million	Non-current 2014 € million	Current 2013 € million	Non-current 2013 € million
Euro	202.5	1,494.4	437.0	1,496.1
US dollar	335.2	33.0	0.7	306.2
Croatian kuna	8.6	–	–	–
UK sterling	1.3	14.1	1.2	14.4
Polish zloty	0.9	14.8	5.0	14.8
Nigeria naira	–	–	2.2	22.0
Other	0.1	–	0.1	0.1
Borrowings	548.6	1,556.3	446.2	1,853.6

The carrying amounts of the borrowings, including loans payable to related parties held at fixed and floating interest rate as at 31 December 2014, as well as the weighted-average interest rates and maturities of fixed-rate borrowings, were as follows:

	Fixed interest rate € million	Floating interest rate € million	Total € million	Fixed rate liabilities weighted average interest rate	Weighted average maturity for which rate is fixed (years)
Euro	1,649.5	47.4	1,696.9	2.8%	3.5
US dollar	337.1	31.1	368.2	5.5%	0.7
UK sterling	–	15.4	15.4	–	–
Polish zloty	–	15.7	15.7	–	–
Other	0.1	–	0.1	–	–
Financial liabilities	1,986.7	109.6	2,096.3	3.3%	3.0

Financial liabilities represent fixed and floating rate borrowings held by the Group. The Group's policy is to hedge exposures to changes in the fair value of debt and interest rates by using a combination of cross-currency swap contracts, fixed-to-floating-rate interest rate swap contracts and interest rate option contracts. In order to hedge the foreign exchange cash flow exposure on the US\$400m fixed-rate debt, a combination of floating to fixed rate cross-currency swap contracts and fixed to floating rate interest rate swap contracts were used and restructured it to a €357m fixed-rate liability. (refer to Note 8).

Floating rate debt bears interest based on the following benchmark rates:

Euro	6 month EURIBOR (European inter-bank offer rate)
Euro	12 month EURIBOR (European inter-bank offer rate)
USD	3 month LIBOR (London inter-bank offer rate)

Other borrowing of €8.6m does not bear any interest.

16. Trade and other payables

Trade and other payables consisted of the following at 31 December:

	2014 € million	2013 € million
Trade payables	509.2	480.8
Accrued liabilities	427.6	486.6
Payables to related parties (refer to Note 33)	253.1	236.2
Deposit liabilities	117.3	111.9
Current portion of provisions (refer to Note 17)	62.9	79.8
Other tax and social security liabilities	66.8	86.9
Salaries and employee related payable	52.7	42.9
Deferred income	1.2	0.9
Other payables	45.8	33.6
Total trade and other payables	1,536.6	1,559.6

The amounts due to pension funds as at 31 December 2014 was €1.9m (2013: €19.1m).

17. Provisions

Provisions consisted of the following at 31 December:

	2014 € million	2013 € million
Current		
Employee benefits	50.9	55.0
Restructuring and other	12.0	24.8
Total current provisions	62.9	79.8
Non-current		
Employee benefits	149.0	109.9
Restructuring and other	1.2	1.3
Total non-current provisions	150.2	111.2
Total provisions	213.1	191.0

The movements in restructuring and other provisions comprise:

	2014 € million	2013 € million
As at 1 January	26.1	50.5
Arising during the year	38.3	43.8
Utilised during the year	(50.8)	(59.3)
Unused amount reversed	(0.4)	(8.1)
Foreign currency translation	–	(0.8)
As at 31 December	13.2	26.1

Restructuring and other provisions comprise outstanding balances relating to restructuring of €7.9m (2013: €23.4m) of which €7.7m is expected to be completed in 2015 and €0.2m in 2016 and 2017 (see Note 20(b)), a provision for employees litigations in our established segments of €2.9m (2013: €1.0m) and other items of €2.4m (2013: €1.7m).

Employee benefits

Employee benefits consisted of the following at 31 December:

	2014 € million	2013 € million
Defined benefit plans		
Employee leaving indemnities	95.7	86.2
Pension plans	38.9	20.7
Long service benefits – jubilee plans	8.5	7.8
Total defined benefits plans	143.1	114.7
Other employee benefits		
Annual leave	8.7	10.9
Other employee benefits	48.1	39.3
Total other employee benefits	56.8	50.2
Total employee benefits obligations	199.9	164.9

Other employee benefits is primarily comprised of employee bonuses.

Employees of Coca-Cola HBC's subsidiaries in Austria, Bulgaria, Croatia, Greece, Italy, Montenegro, Nigeria, Poland, Romania, Serbia and Slovenia are entitled to employee leaving indemnities, generally based on each employee's length of service, employment category and remuneration. These are unfunded plans where the company meets the payment obligation as it falls due.

Coca-Cola HBC's subsidiaries in Austria, Greece, Northern Ireland, the Republic of Ireland and Switzerland sponsor defined benefit pension plans. Of the three plans in the Republic of Ireland, two have plan assets, as do the two plans in Northern Ireland, one plan in Greece and two plans in Switzerland. The Austrian plans do not have plan assets and the company meets the payment obligation as it falls due. The defined benefit plans in Austria, Greece, Republic of Ireland and Northern Ireland are closed to new members.

Coca-Cola HBC provides long service benefits in the form of jubilee plans to its employees in Austria, Croatia, Nigeria, Poland, Slovenia and Switzerland.

17. Provisions continued

Defined benefit obligation by segment is as follows:

	2014 € million	2013 € million
Established	100.2	76.5
Emerging	40.3	36.0
Developing	2.6	2.2
Defined Benefit obligation:	143.1	114.7

The average duration of the defined benefit plans is 17 years and the total employer contributions expected to be paid in 2015 are €18.5m.

Pension plan assets are invested in different asset classes in order to maintain a balance between risk and return. Investments are well diversified to limit the financial effect of the failure of any individual investment. Through its defined benefit plans the Group is exposed to a number of risks as outlined below:

Asset volatility: The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Northern Ireland, the Republic of Ireland and Swiss plans hold a significant proportion of growth assets (equities) which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term. The allocation to growth assets is monitored regularly to ensure it remains appropriate and in line with the Group's long-term strategy to manage the plans. As the plans mature the level of investment risk will be reduced by investing more in assets, such as bonds, that better match the liabilities.

Changes in bond yields: A decrease in corporate bond yields will increase the plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation: The Northern Ireland, the Republic of Ireland and Swiss plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy: The majority of the pension plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	0.50%	decrease 8.04%	increase 10.15%
Rate of compensation increase	0.50%	increase 2.68%	decrease 1.86%
Rate of pension increase	0.50%	increase 4.56%	decrease 2.01%

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant.

Reconciliation of defined benefit obligation:

	2014 € million	2013 € million
Present value of defined benefit obligation at 1 January	410.0	415.1
Current service cost	10.3	10.6
Interest cost	15.2	13.8
Plan participants' contributions	4.3	4.3
Past service cost	(3.9)	(1.9)
Curtailment/settlement	3.2	4.4
Benefits paid	(29.2)	(29.2)
Gains from change in demographic assumptions	(3.7)	(0.3)
Loss/(gain) from change in financial assumptions	67.4	(6.5)
Experience adjustments	0.9	4.3
Foreign currency translation	10.3	(4.6)
Present value of defined benefit obligation at 31 December	484.8	410.0

Reconciliation of plan assets:

	2014 € million	2013 € million
Fair value of plan assets at 1 January	301.3	270.5
Interest income on plan assets	9.4	7.7
Return on plan assets excluding interest income	19.7	15.7
Actual employer's contributions	13.6	13.8
Actual participant's contributions	4.3	4.3
Actual benefits paid	(14.2)	(7.5)
Admin expenses	(0.2)	(0.2)
Foreign currency translation	7.8	(3.0)
Fair value of plan assets at 31 December	341.7	301.3

The present value and funded status of defined benefit obligations were as follows at 31 December:

	2014 € million	2013 € million
Present value of funded obligations	378.2	313.7
Fair value of plan assets	(341.7)	(301.3)
Plan assets ceiling	—	6.0
	36.5	18.4
Present value of unfunded obligations	106.6	96.3
Defined benefit obligations	143.1	114.7
Total defined benefit obligations	143.1	114.7

Funding levels are monitored in conjunction with the agreed contribution rate, the funding level of the funded plans as at 31 December 2014 was 90% (2013: 94%). The unfunded plans were mostly comprised of statutory leaving indemnities.

None of the plans had a funded status surplus as at 31 December 2014 (31 December 2013: €6.0m) that is not recognised as an asset on the basis that the Group has no unconditional right to future economic benefits either via a refund or a reduction in future contributions.

The movement in the defined benefit obligation recognised on the balance sheet was as follows:

	2014 € million	2013 € million
Defined benefit obligation as at 1 January	114.7	144.6
Expense recognised in the income statement	15.6	18.6
Remeasurements recognised in OCI	38.7	(11.4)
Employer contributions	(13.6)	(13.8)
Benefits paid	(15.0)	(21.7)
Foreign currency translation	2.7	(1.6)
Defined benefit obligation as at 31 December	143.1	114.7

The assumptions (weighted average for the Group) used in computing the defined benefit obligation comprised the following for the years ended 31 December:

	2014 %	2013 %
Discount rate	2.7	3.8
Rate of compensation increase	2.9	3.0
Pension increases	1.0	1.0

The expense recognised in the income statement comprised the following for the years ended 31 December:

	2014 € million	2013 € million
Service cost	9.6	13.1
Net interest cost on defined benefit liability/(asset)	5.9	6.1
Actuarial gain	(0.1)	(0.8)
Administrative expenses	0.2	0.2
Total	15.6	18.6

17. Provisions continued

Defined benefit plan expenditure is included in staff costs and presented in cost of goods sold and operating expenses.

Plan assets are invested as follows:

	2014 %	2013 %
Asset category		
Equity securities – EU	3	5
Equity securities – Non-EU	32	33
Government Bonds – Non-EU	9	7
Government Bonds – EU	9	7
Corporate Bonds – EU	2	2
Corporate Bonds – Non-EU	29	27
Real estate	8	8
Cash	2	6
Other	6	5
Total	100	100

The assets of funded plans are generally held in separately administered trusts, either as specific assets or as a proportion of a general fund, or are insurance contracts. Plan assets held in trust are governed by local regulations and practice in each country. Plan assets relate predominately to quoted financial instruments.

Equity securities were not invested in ordinary shares of the Company as at 31 December 2014 or 31 December 2013.

Defined contribution plans

The expense recognised in the income statement in 2014 for the defined contribution plan is €25.2m (2013: €20.9m). This is included in staff costs and recorded in cost of goods sold and operating expenses.

18. Share capital, share premium and group reorganisation reserve

	Number of shares (authorised and issued)	Share capital € million	Share premium € million	Group reorganisation reserve € million	Total € million
Balance as at 1 January 2013	366,553,507	370.2	569.3	–	939.5
Shares issued to employees exercising stock options	1,199,080	6.5	9.9	–	16.4
Change of parent company to Coca-Cola HBC	14,925	1,620.7	4,832.6	(6,472.1)	(18.8)
Shares of Coca-Cola Hellenic Bottling Company S.A. and its subsidiaries, acquired for cash consideration	(77,287)	–	–	–	–
Dividends	–	–	(124.7)	–	(124.7)
Balance as at 31 December 2013	367,690,225	1,997.4	5,287.1	(6,472.1)	812.4
Shares issued to employees exercising stock options	129,022	0.7	0.7	–	1.4
Dividends	–	–	(130.2)	–	(130.2)
Balance as at 31 December 2014	367,819,247	1,998.1	5,157.6	(6,472.1)	683.6

On 25 April 2013, Coca-Cola HBC acquired 96.85% (355,009,014 shares) of the issued share capital of Coca-Cola Hellenic Bottling Company S.A., including shares represented by American depositary shares, following the successful completion of its voluntary share exchange offer to acquire the outstanding ordinary shares of Coca-Cola Hellenic Bottling Company S.A. in exchange for ordinary shares of Coca-Cola HBC on a one-for-one basis, and became the new parent company of the Group.

On 17 June 2013, Coca-Cola HBC completed its statutory buy-out of the remaining shares of Coca-Cola Hellenic Bottling Company S.A. that it did not acquire upon completion of its voluntary share exchange offer. Consequently, Coca-Cola Hellenic Bottling Company S.A. became a 100% owned subsidiary of Coca-Cola HBC. Out of the remaining 3.15% interest acquired in Coca-Cola Hellenic Bottling Company S.A., representing 11,544,493 shares, 11,467,206 shares were exchanged for an equal number of Coca-Cola HBC shares and 77,287 shares were acquired for a cash consideration of €1.0 million.

These transactions were treated as a reorganisation of an existing entity that has not changed the substance of the reporting entity. The consolidated financial statements of the Group are presented using the values from the consolidated financial statements of Coca-Cola Hellenic Bottling Company S.A. On the date that Coca-Cola HBC became the new parent of the Group, being 25 April 2013, the statutory amounts of share capital, share premium and treasury shares of Coca-Cola HBC have been recognised through an adjustment in the Statement of Changes in Equity under heading "Change of parent company to Coca-Cola HBC". The resulting difference, together with the transaction costs incurred by Coca-Cola HBC relating primarily to the redomiciliation of the Group and its admission to listing in the premium segment of the London Stock Exchange, has been recognised as a component of equity under the heading "Group reorganisation reserve".

On 19 June 2013, Coca-Cola HBC's extraordinary general meeting of the shareholders approved the distribution of a €0.34 dividend per share. The effect to Coca-Cola HBC's share premium amounted to €124.7 million (refer also to Note 28).

On 25 June 2014, Coca-Cola HBC's extraordinary general meeting of the shareholders approved the distribution of a €0.354 dividend per share. The effect to Coca-Cola HBC's share premium amounted to €130.2 million (refer also to Note 28).

In 2013, the share capital of the Group increased by the issue of 1,199,080 new ordinary shares following the exercise of stock options pursuant to the Group's employee stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €16.4 million.

In 2014, the share capital of the Group increased by the issue of 129,022 new ordinary shares following the exercise of stock options pursuant to the Group's employee stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €1.4 million.

After the above changes, and including 14,925 ordinary shares held as treasury shares, representing the initial ordinary shares of Coca-Cola HBC, the share capital on 31 December 2014 amounted to €1,998.1 million and was comprised of 367,819,247 shares with a nominal value of CHF 6.70 each. Each share provides the right to one vote at general meetings of Coca-Cola HBC (subject to certain requirements and exemptions pursuant to Coca-Cola HBC's Articles of Association) and entitles the holder to dividends declared by Coca-Cola HBC.

19. Reserves

The reserves of the Group at 31 December were as follows:

	2014 € million	2013 € million
Treasury shares	(70.7)	(70.7)
Exchange equalisation reserve	(615.3)	(293.3)
Other reserves		
Shares held for equity compensation plan	(3.5)	(1.2)
Hedging reserve (net of deferred tax of €6.8m gain; 2013: €nil)	(10.4)	(10.0)
Tax-free reserve	163.8	241.8
Statutory reserves	17.0	77.0
Stock option reserve	70.3	58.2
Available-for-sale financial assets valuation reserve (net of deferred tax of €0.2m gain; 2013: €0.2m expense)	0.7	1.1
Other	21.8	21.8
Total other reserves	259.7	388.7
Total reserves	(426.3)	24.7

Treasury shares

On 30 April 2009, the Board of Directors of Coca-Cola Hellenic Bottling Company S.A. resolved to buy-back a maximum of 5% of its paid-in share capital during the 24 months from the date of the Extraordinary General Meeting of 27 April 2009, which approved the share buy-back programme, pursuant to Article 16 of Greek Codified Law 2190/1920, i.e. until 26 April 2011. Based on the Company's capitalisation at that time, the maximum amount that may be bought back pursuant to the programme was 18,270,104 shares. Purchases under the programme were subject to a minimum purchase price of €1.00 per share and a maximum purchase price of €20.00 per share. This programme therefore expired on 26 April 2011.

Applicable law does not require any actual use of such approved share buy-back programme. As at 31 December 2014, 3,430,135 shares had been held by the Group pursuant to the share buy-back programme of a total value of €69.1m (2013: 3,430,135 shares held of a total value of €69.1m) and an additional 14,925 shares had been held in treasury representing the initial ordinary shares of Coca-Cola HBC acquired from Kar-Tess Holding at a total value of €1.6m (2013: 14,925 shares held of a total value of €1.6m), bringing the shares in circulation to 364,374,187 as at 31 December 2014 (364,245,165 as at 31 December 2013).

19. Reserves continued

Exchange equalisation reserve

The exchange equalisation reserve comprises all foreign exchange differences arising from the translation of the financial statements of entities with functional currencies other than the Euro. The majority of the movement of 2014 is related to the Russian rouble.

Other reserves

Shares held for equity compensation plan

This reserve reflects shares held for the Group's employee stock purchase plan, which is an equity compensation plan in which eligible employees may participate. Until April 2013, the plan operated under the Coca-Cola Hellenic Bottling Company S.A. stock purchase plan, which was replaced by Coca-Cola HBC's employee stock purchase plan, which operates on substantially similar terms. The movement for share-based payment reserve in 2014 was an increase of €2.3m (2013: €0.1m reduction).

Hedging reserve

The hedging reserve reflects changes in the fair values of derivatives accounted for as cash flow hedges, net of the deferred tax related to such balances. The movement for 2014 relates to the movement in cash flow hedges of €0.4m loss, net of tax expense of €6.8m (2013: €5.1m gain, net of tax expense of €nil).

Tax-free and statutory reserves

The tax-free reserve includes investment amounts exempt from tax according to incentive legislation, other tax-free income or income taxed at source. The distribution of amounts from the tax-free reserve triggers taxation. On 23 July 2013, the Greek Government enacted the new Income Tax Code (Law 4172/2013). According to article 72 (as amended with article 26 of Law 4223/2013), the accumulated tax-free reserve formed according to the provisions of Law 2238/1994 if distributed as at 31 December 2013 may be taxed at the reduced rate of 15%. This tax extinguishes the tax liability on such reserves. The Group made use of the above provision and recorded a movement in the tax-free reserve of €9.8m for 2013 reflecting distribution of equal amount from the tax-free reserve (including the corresponding tax charge of €1.5m). In 2014 tax-free reserves of €4.0m were offsetted against tax losses carried forward.

On 26 May 2014, 3E (Cyprus) Limited Greek Branch was transformed (in accordance with Law 3190/1955, Law 4172/2013 and Law 2578/1998) into a Greek single-member limited company, named Coca-Cola HBC Services MEPE, by means of contribution of total assets (assets and liabilities). As a result of the transformation an amount of €55.6m and €74.0m regarding statutory and tax-free reserves, respectively, was utilised for the formation of the share capital of Coca-Cola HBC Services MEPE. This resulted in an allocation of €55.6m and €74.0m from statutory and tax-free reserves respectively to retained earnings for the Group.

Statutory reserves are particular to the various countries in which the Group operates. The amount of statutory reserves of the parent entity, Coca-Cola HBC, is €nil. In addition to the movement in the statutory reserves for 2014 described above, an amount of €4.7m was allocated from statutory reserves to retained earnings, due to cancellation of statutory reserve in Czech Republic and an amount of €0.3m (2013: €0.3m increase) was reclassified to statutory reserves relating to the establishment of additional reserves.

Other reserves

Other reserves are particular to the various countries in which the Group operates. There was no movement in other reserves for 2014 (2013: €9.8m increase).

Stock option reserve

The stock option reserve represents the cumulative charge to the income statement for employee stock option awards. The movement for the stock option reserve for 2014 was a €12.1m increase (2013: €6.3m increase).

Available-for-sale financial assets valuation reserve

The available-for-sale financial assets valuation reserve reflects changes in the fair values of available-for-sale financial assets. Amounts in this reserve are reclassified to profit or loss upon sale or impairment of the related investments. The movement for available-for-sale financial assets valuation reserve for 2014 was a €0.4m loss net of tax gain of €0.2m (2013: €0.5m gain net of tax expense of €0.2m) and relates to revaluation impact of listed and unlisted equities held.

20. Total operating costs

Total operating costs for the years ended 31 December comprised:

	2014 € million	2013 € million
Operating expenses	1,901.4	2,006.3
Restructuring costs	55.2	55.5
Total operating costs	1,956.6	2,061.8

(a) Operating expenses

	2014 € million	2013 € million
Selling expenses	908.9	941.6
Delivery expenses	564.4	615.2
Administrative expenses	415.6	442.2
Stock option expense (refer to Note 26)	12.1	6.3
Amortisation of intangible assets (refer to Note 4)	0.4	1.0
Operating expenses	1,901.4	2,006.3

In 2014, operating expenses included net gains on disposal of property, plant and equipment of €1.8m (2013: €13.6m gains).

(b) Restructuring costs

As part of the effort to optimise its cost base and sustain competitiveness in the market place, the Company undertook restructuring initiatives in 2014 which amounted to €55.2m (2013: €55.5m) before tax. During 2014, the Company recorded €25.6m (2013: €52.9m), €7.3m (2013: €0.7m) and €22.3m (2013: €1.9m) of restructuring charges in its established, developing and emerging markets, respectively. The restructuring concerns mainly employees' costs (see Note 17) and impairment of property, plant and equipment (see Note 5).

(c) Staff costs

Staff costs included in the income statement in operating expenses and in the cost of goods sold lines are analysed as follows:

	2014 € million	2013 € million
Wages and salaries	766.5	795.9
Social security costs	168.8	174.3
Pension and other employee benefits	135.5	122.4
Termination benefits	33.1	35.7
Total staff costs	1,103.9	1,128.3

Staff costs included in operating expenses amounted to €844.5m in 2014 (2013: €874.7m).

Staff costs included in cost of goods sold amounted to €259.4m in 2014 (2013: €253.6m).

The average number of full-time equivalent employees in 2014 was 36,362 (2013: 38,089).

(d) Fees and other services of the statutory auditor

Audit and other fees charged in the income statement concerning the statutory auditor of the consolidated financial statements, PricewaterhouseCoopers S.A. and affiliates, were as follows, for the years ended 31 December:

	2014 € million	2013 € million
Audit fees	5.7	5.4
Audit related fees	0.4	0.4
Other fees	0.1	0.1
Total audit and all other fees	6.2	5.9

21. Finance costs

Net finance costs for the years ended 31 December comprised:

	2014 € million	2013 € million
Interest income	10.0	10.0
Interest expense	(59.3)	(87.0)
Other finance cost	(1.9)	(2.3)
Net foreign exchange remeasurement losses	(10.9)	(0.5)
Finance charges paid with respect to finance leases	(8.4)	(9.0)
Finance costs	(80.5)	(98.8)
Loss on net monetary position	(2.4)	(2.7)
Total finance costs	(82.9)	(101.5)
Total finance costs, net	(72.9)	(91.5)

Other finance cost includes commitment fees on loan facilities, not drawn down, other similar fees and when applicable premium on debt buy back.

Belarus has been considered to be a hyperinflationary economy since the fourth quarter of 2011. The three year cumulative inflation exceeded 100% and therefore Belarus is consolidated in terms of the measuring unit at the balance sheet date and translated at the closing exchange rate. The restatement was based on conversion factors derived from the Belarusian Consumer Price Index (CPI) as compiled by the National Statistical Committee of the Republic of Belarus. The conversion factor used for December 2014 was 1.145 which resulted in a net monetary loss for 2014 of €2.4m. The conversion factor used for December 2013 was 1.136 which resulted in a net monetary loss for 2013 of €2.7m.

Capitalised borrowing costs in 2014 amounted to €0.5m (2013: €0.9m). The interest rate used to capitalise borrowing costs of the Group for 2014 was 3.08% (2013: 3.88%).

22. Tax

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2014 € million	2013 € million
Profit before tax per the income statement	352.0	294.1
Tax calculated at domestic tax rates applicable to profits in the respective countries	59.9	72.1
Additional local taxes in foreign jurisdictions	7.6	9.3
Tax holidays in foreign jurisdictions	(1.1)	(1.8)
Expenses non-deductible for tax purposes	19.8	27.3
Income not subject to tax	(31.5)	(34.1)
Changes in tax laws and rates	1.4	(8.2)
Current year tax losses not recognised	3.6	9.8
Utilisation of previously unrecognised post-acquisition tax losses	–	(0.3)
Recognition of previously unrecognised post-acquisition tax losses	(0.7)	(0.1)
Other	(1.2)	(1.1)
Income tax charge per the income statement	57.8	72.9

Non-deductible expenses for tax purposes include marketing and advertising expenses, service fees, bad debt provisions, entertainment expenses, certain employee benefits and stock options expenses and other items that, partially or in full, are not deductible for tax purposes in certain of our jurisdictions.

The income tax charge for the years ended 31 December is as follows:

	2014 € million	2013 € million
Current tax charge	80.5	67.2
Deferred tax charge (refer to Note 9)	(22.7)	5.7
Total income tax charge	57.8	72.9

23. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the parent entity is based on the following data:

	2014	2013
Net profit attributable to the owners of the parent (€ million)	294.8	221.2
Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	364.3	363.6
Effect of dilutive stock options (million)	1.3	1.6
Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)	365.6	365.2
Basic and diluted earnings per share (€)	0.81	0.61

Given the effect of rounding, basic and diluted earnings per share are equal. Outstanding stock options that have an anti-dilutive effect and therefore excluded from diluted earnings per share in 2014 were 5.8m (2013: 3.0m).

24. Components of other comprehensive income

The components of other comprehensive income for the years ended 31 December comprise:

	2014			2013		
	Before-tax amount € million	Tax (expense)/ benefit € million	Net-of-tax amount € million	Before-tax amount € million	Tax (expense)/ benefit € million	Net-of-tax amount € million
Available-for-sale financial assets	(0.6)	0.2	(0.4)	0.7	(0.2)	0.5
Cash flow hedges	6.4	(6.8)	(0.4)	5.1	—	5.1
Foreign currency translation	(322.0)	—	(322.0)	(124.3)	—	(124.3)
Actuarial (losses)/gains	(38.7)	6.6	(32.1)	11.4	(1.4)	10.0
Share of other comprehensive income of equity method investments	—	—	—	(0.9)	—	(0.9)
Other comprehensive income	(354.9)	—	(354.9)	(108.0)	(1.6)	(109.6)

25. Shares held for equity compensation plan

The Group operates a stock purchase plan, which is an equity compensation plan, in which eligible employees may participate. Until April 2013 the plan operated under the Coca-Cola Hellenic Stock Purchase Plan, which was replaced by the Employee Stock Purchase Plan which operates under substantially the same terms.

Under the terms of this plan, employees have the opportunity to invest 1% to 15% of their salary in ordinary Coca-Cola HBC shares by contributing to the plan monthly. Coca-Cola HBC will match up to a maximum of 3% of the employee's salary by way of contribution. Employer contributions are used to purchase matching shares on a monthly basis on the open market, which since 9 April 2, 2013 is the London Stock Exchange (previously the Athens Exchange). Shares are held under a Plan Administrator (previously the plan was administered by a Trust). Matching shares vest one year after the purchase. Forfeited shares are held in a reserve account of the plan and may be used to meet Plan expenses or for any other purposes relevant to the Plan. Dividends received in respect of shares under the Plan are used to purchase additional shares and are immediately vested to the employees.

In order to adapt the plan to the Greek legal framework, Coca-Cola HBC matches the contribution of employees resident in Greece with an annual employer contribution, made in December, of up to 5% of the employee's salary. Matching shares purchased in December vest immediately.

During 2014, 287,214 shares were purchased by Coca-Cola HBC (2013: 255,128) as matching shares to employee investments. The charge to the income statement totalled €4.3m (2013: €4.8m). The cost of unvested matching shares held by the trust at the end of December 2014, was €3.8m (2013: €4.7m). The total number of shares held under the plan as at 31 December 2014 was 2,472,937 (2013: 2,574,224). The total contributions made by employees to the plan during 2014 were €5.3m (2013: €3.1m).

No provision is made for any increase or decrease in value of these shares, as they will vest to employees, and the risks and rewards of fluctuations in the share price are borne by those employees.

The unvested shares held under the equity compensation plan are included in "other reserves" (refer to Note 19) and deducted from equity.

26. Stock option compensation plans

The Group operates an employee stock option plan as an equity compensation plan, under which senior managers are granted awards of stock options, based on performance, potentiality and level of responsibility. Options are granted at an exercise price equal to the closing price of the Company's shares trading on the London Stock Exchange on the day of the grant. Options vest in one-third increments each year for three years and can be exercised for up to ten years from the date of award. When the options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (at the nominal value) and share premium.

The following table summarises information regarding outstanding stock options exercisable at 31 December 2014 :

	Exercise price (EUR)	Exercise price (GBP)	Vesting status as at 31-Dec 2014	Vesting dates for further increments			End of option period	Number of stock options outstanding
2005 December Grant	13.19	11.24	fully vested	–	–	–	01.12.2015	428,918
2006 March Grant	14.23	12.13	fully vested	–	–	–	20.03.2016	50,001
2006 December Grant	16.37	13.95	fully vested	–	–	–	12.12.2016	886,300
2007 December Grant	26.41	22.51	fully vested	–	–	–	12.12.2017	1,207,700
2008 December Grant	9.02	7.69	fully vested	–	–	–	10.12.2018	981,601
2009 December Grant	15.70	13.38	fully vested	–	–	–	09.12.2019	1,412,000
2010 December Grant	19.31	16.46	fully vested	–	–	–	08.12.2020	1,642,768
2011 March Grant	18.53	15.79	fully vested	–	–	–	15.03.2021	18,334
2011 December Grant	11.98	10.21	fully vested	–	–	–	15.12.2021	1,340,673
2013 June Grant	–	15.00	one third	21.06.2015	21.06.2016	–	20.06.2023	1,544,000
2013 December Grant	–	16.99	one third	10.12.2015	10.12.2016	–	09.12.2023	1,693,000
2014 December Grant	–	13.33	–	10.12.2015	10.12.2016	10.12.2017	09.12.2024	1,720,500
Total								12,925,795

A summary of stock option activity in 2014 under all plans is as follows:

	Number of stock options 2014	Weighted* average exercise price 2014 (EUR)	Weighted average exercise price 2014 (GBP)
Outstanding at 1 January	11,580,884	17.22	14.63
Granted	1,720,500	17.03	13.33
Exercised	(129,022)	11.46	8.97
Expired	(155,567)	20.02	15.67
Forfeited	(91,000)	21.04	16.47
Outstanding at 31 December	12,925,795	18.51	14.49
Exercisable at 31 December	9,047,310	18.32	14.34

* For convenience purposes, the prices are translated with December 2014 GBP/EUR closing exchange rate.

A summary of stock option activity in 2013 under all plans is as follows:

	Number of stock options 2013	Weighted average exercise price 2013 (EUR)	Weighted average exercise price 2013 (GBP)
Outstanding at 1 January	9,701,053	16.19	13.24
Granted	3,341,000	18.99	16.03
Exercised	(1,199,080)	13.80	11.76
Expired	(56,250)	26.41	22.51
Forfeited	(205,839)	14.85	12.66
Outstanding at 31 December	11,580,884	17.22	14.63
Exercisable at 31 December	7,787,535	16.78	14.30

The related weighted average share price during the period of exercise was €14.17 (2013: €17.52).

As a result of the voluntary share exchange offer (refer to Note 1), outstanding stock options previously granted to senior managers over Coca-Cola Hellenic Bottling Company S.A shares were cancelled and replaced with new options over Coca-Cola HBC shares on a one-for-one basis following completion of the voluntary share exchange offer. The terms of these new options are substantially the same as previous options so that, amongst other things, the vesting and exercise periods generally remained the same. The exercise prices of the new options were converted in GBP using the exchange rate EUR/GBP at the date of conversion.

The incremental fair value granted as a result of the replacement options, measured using a Monte Carlo simulation model, was €1.0 million, which was charged to the 2013 income statement. The total charge to the income statement for employee stock option awards for 2014 amounted to €12.1m (2013: €6.3m).

Equity-settled share-based payments are measured at fair value at the date of grant using a Monte Carlo simulation stock option valuation model. For the years of 2014 and 2013, inputs into the model are as follows:

	2014	2013
Weighted average share price	€13.33	€16.00
Weighted average fair value of options granted	€3.50	€5.70
Risk free interest rates	1.80%	2.50%
Expected volatility	30.00%	38.40%
Dividend yield	2.10%	2.10%
Expected life	7.6 years	8 years

The weighted average remaining contractual life of share options outstanding under the stock option compensation plans at 31 December 2014 was 6.3 years (2013: 6.7 years).

27. Business combinations and acquisition of non-controlling interests

During 2013, the Group increased its controlling interest in the following entity and paid the following amounts in respect of non-controlling interest acquired in 2011 :

	Location	Amount of consideration € million
Payment for acquisition of non-controlling interests in Nigerian Bottling Company plc in 2011	Nigeria	4.8
Acquisition of non-controlling interests:		
Coca-Cola HBC Bulgaria AD	Bulgaria	13.3
Cash outflow included in cash flow		18.1

Acquisitions of non-controlling interests

On 8 June 2011, the Board of Directors of the Company's subsidiary Nigerian Bottling Company plc (NBC) resolved to propose a scheme of arrangement between NBC and its minority shareholders involving the cancellation of part of the share capital of NBC. The transaction was approved by the Board of Directors and General Assembly of NBC on 8 June 2011 and 22 July 2011, respectively, and resulted in the acquisition of the remaining 33.6% of the voting shares of NBC by Coca-Cola Hellenic Bottling Company S.A., bringing the Group's interest in NBC to 100%. The transaction was completed in September 2011 and NBC was de-listed from the Nigerian Stock Exchange. The consideration for the acquisition of non-controlling interests was €100.2m, including transaction costs of €1.8m, of which €72.6m was paid as of 31 December 2014. The remaining €27.6m has yet to be paid as the sellers have yet to claim the cash consideration. This amount is currently held in a separate bank account in Nigeria awaiting claim (see Note 14). The difference between the consideration and the carrying value of the interest acquired (€60.1m) was recognised in retained earnings in 2011, while the accumulated components recognised in other comprehensive income were reallocated within the equity of the Group.

On 14 January 2013, the Group acquired 14.0% of Coca-Cola HBC Bulgaria AD, bringing the Group's interest in the subsidiary to 99.39%. The consideration paid for the acquisition of non-controlling interests acquired was €13.3m and the carrying value of the additional interest acquired was €8.2m. The difference between the consideration and the carrying value of the interest acquired has been recognised in retained earnings.

28. Dividends

The Board of Directors of Coca-Cola HBC AG has proposed a €0.36 dividend per share in respect of 2014. If approved by the shareholders of Coca-Cola HBC, this dividend will be paid in 2015.

The shareholders of Coca-Cola HBC AG approved the dividend distribution of €0.354 per share at the Annual General Meeting held on 25 June 2014. The total dividend amounted to €130.2 million and was paid on 29 July 2014.

On 19 June 2013, the extraordinary general meeting of Coca-Cola HBC AG approved the distribution of a €0.34 dividend per share. The total dividend amounted to €124.7 million and was paid on 23 July 2013.

29. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and commodity price risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the Group's cash flows. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group Treasury in a controlled manner, consistent with the Board of Directors' approved policies. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's subsidiaries. The Board of Directors has approved the Treasury Policy and Chart of Authority, which together provide the control framework for all treasury and treasury related transactions.

Market Risk

Foreign currency risk

The Group is exposed to the effect of foreign currency risk on future commercial transactions, recognised monetary assets and liabilities that are denominated in currencies other than the local entity's functional currency, as well as net investments in foreign operations. Foreign currency forward and option contracts are used to hedge a portion of the Group's foreign currency risk. The majority of the foreign currency forward contracts and foreign currency option contracts have maturities of less than one year after the balance sheet date. The foreign currency risk arising from the investment in foreign operations is not hedged.

Management has adopted a policy that requires Group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised monetary assets and liabilities, entities in the Group use foreign currency forward and option contracts transacted with Group Treasury. Group Treasury's risk management policy is to hedge, on average coverage ratio basis, between 25% and 80% of anticipated cash flows and 100% of balance sheet exposures in each major foreign currency without significant currency control for the next twelve months by using a layer strategy. Each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific monetary assets, monetary liabilities or future transactions on a gross basis.

The following tables present details of the Group's sensitivity to reasonably possible increases and decreases in the Euro and US dollar against the relevant foreign currencies. In determining reasonable possible changes, the historical volatility over a twelve-month period of the respective foreign currencies in relation to the Euro and the US dollar, has been considered. The sensitivity analysis determines the potential gains and losses in the income statement or equity arising from the Group's foreign exchange positions as a result of the corresponding percentage increases and decreases in the Group's main foreign currencies, relative to the Euro and the US dollar. The sensitivity analysis includes outstanding foreign currency denominated monetary items, external loans as well as loans between operations within the Group where the denomination of the loan is in a currency other than the functional currency of the local entity. The sensitivity analysis for exchange risk for 2014 and 2013 was as follows:

2014 exchange risk sensitivity analysis

	% of historical volatility over a 12-month period	Euro strengthens against local currency		Euro weakens against local currency	
		Loss/(gain) in income statement € million	(Gain)/loss in equity € million	(Gain)/loss in income statement € million	Loss/(gain) in equity € million
Armenian dram	20.41%	0.6	–	(0.9)	–
Belarusian rouble	11.03%	(0.9)	–	1.2	–
Bulgarian lev	0.81%	(0.1)	–	0.1	–
Croatian kuna	0.97%	–	(0.1)	–	0.1
Czech koruna	2.37%	0.1	(0.3)	(0.1)	0.4
Hungarian forint	6.50%	–	(0.4)	–	0.4
Moldovan leu	8.16%	0.3	0.6	(0.4)	(0.7)
Nigerian naira	11.68%	0.9	–	(1.1)	–
Polish zloty	4.85%	(0.1)	(2.5)	0.1	2.7
Romanian leu	3.18%	0.1	(1.1)	(0.1)	1.2
Russian rouble	31.25%	1.3	(15.6)	2.8	9.3
Serbian dinar	3.68%	0.2	–	(0.2)	–
Swiss franc	1.93%	(0.1)	(0.9)	0.1	1.0
UK sterling	5.85%	(0.3)	3.0	0.3	(3.4)
Ukrainian hryvnia	32.32%	4.6	–	(8.9)	–
US dollar	5.91%	(1.4)	2.5	1.6	(2.8)
		5.2	(14.8)	(5.5)	8.2

	% of historical volatility over a 12-month period	US dollar strengthens against local currency		US dollar weakens against local currency	
		Loss/(gain) in income statement € million	(Gain)/loss in equity € million	(Gain)/loss in income statement € million	Loss/(gain) in equity € million
Euro	5.91%	(0.2)	–	0.2	–
Nigerian naira	9.71%	2.7	–	(3.3)	–
Russian rouble	29.72%	6.3	(20.3)	(5.0)	21.5
Ukrainian hryvnia	28.27%	2.6	–	(4.7)	–
		11.4	(20.3)	(12.8)	21.5

29. Financial risk management continued

2013 exchange risk sensitivity analysis

	% of historical volatility over a 12-month period	Euro strengthens against local currency		Euro weakens against local currency	
		Loss/(gain) in income statement € million	(Gain)/loss in equity € million	(Gain)/loss in income statement € million	(Gain)/loss in equity € million
Armenian dram	9.35%	0.5	–	(0.6)	–
Belarusian rouble	7.41%	(0.7)	–	0.8	–
Bulgarian lev	1.44%	(0.7)	–	0.7	–
Croatian kuna	1.35%	–	(0.1)	–	0.1
Czech koruna	6.54%	(0.9)	(0.9)	1.1	0.8
Hungarian forint	7.97%	0.1	(0.3)	–	0.3
Moldovan leu	11.70%	0.2	0.8	(0.3)	(1.1)
Nigerian naira	8.85%	0.4	–	(0.5)	–
Polish zloty	6.43%	(0.5)	(2.7)	0.5	2.6
Romanian leu	4.95%	0.2	(1.7)	0.2	1.0
Russian rouble	7.28%	(10.5)	(2.9)	13.0	0.4
Serbian dinar	3.64%	(0.1)	–	0.2	–
Swiss franc	4.41%	(0.4)	(3.0)	0.5	3.0
UK sterling	6.77%	(0.3)	4.1	0.5	(4.7)
Ukrainian hryvnia	7.78%	1.8	–	(2.1)	–
US dollar	7.33%	14.1	2.5	(16.3)	(2.7)
		3.2	(4.2)	(2.3)	(0.3)

	% of historical volatility over a 12-month period	US dollar strengthens against local currency		US dollar weakens against local currency	
		(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(gain) in income statement € million	Loss/(gain) in equity € million
Euro	7.33%	(14.1)	0.8	16.3	(0.9)
Romanian leu	8.83%	(1.1)	–	1.4	–
Russian rouble	7.58%	1.4	(5.6)	0.2	2.3
Serbian dinar	8.08%	(0.1)	–	0.1	–
Ukrainian hryvnia	2.73%	0.2	–	(0.3)	–
		(13.7)	(4.8)	17.7	1.4

Commodity price risk

The Group is affected by the volatility of certain commodity prices in relation to certain raw materials (being mainly sugar, aluminium, PET and fuel) necessary for the production of the Group's products.

Due to the significantly increased volatility of commodity prices, the Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. Although the Group continues to contract prices with suppliers in advance, to reduce its exposure to the effect of short-term changes in the price of sugar, fructose, aluminium and fuel oil, the Group hedges the purchase price of sugar, aluminium and fuel oil using commodity swap contracts based on a rolling 36 month forecast. The Group Treasury's Risk management policy is to hedge minimum 50% and maximum 80% of commodity exposure for the next 12 months.

The following table presents details of the Group's income statement and equity sensitivity to increases and decreases in sugar, aluminium and fuel oil prices. The table does not show the sensitivity to the Group's total underlying commodity exposure or the impact of changes in volumes that may arise from increases or decreases in the respective commodity prices. The sensitivity analysis determines the potential effect on profit or loss and equity arising from the Group's commodity swap contract positions as a result of the reasonably possible increases or decreases of the respective commodity price. The sensitivity analysis for sugar, aluminium and fuel oil price risk was as follows:

31 December 2014

	% of historical volatility over a 12-month period/per contract maturity	Commodity price increases with all other variables held constant		Commodity price decreases with all other variables held constant	
		(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million
Sugar	12.2%	(6.3)	–	6.3	–
Aluminium	18.4%	(9.9)	(3.6)	9.9	3.6
Fuel	17.1%	(3.3)	–	3.3	–
		(19.5)	(3.6)	19.5	3.6

31 December 2013

	% of historical volatility over a 12-month period/per contract maturity	Commodity price increases with all other variables held constant		Commodity price decreases with all other variables held constant	
		(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(Gain) in income statement € million	Loss/(Gain) in equity € million
Sugar	10.4%	(5.9)	–	5.9	–
Aluminium	18.1%	(4.8)	(5.1)	4.8	5.1
		(10.7)	(5.1)	10.7	5.1

Interest rate risk

The interest rate swap contracts with notional value of \$500.0m, which were related to the \$500.0m US dollar fixed rate debt, matured in September 2013.

The sensitivity analysis in the following paragraph has been determined based on exposure to interest rates of both derivative and non-derivative instruments existing at the balance sheet date and assuming constant foreign exchange rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit or loss and equity for the year ended 31 December 2014 would have been affected by a €0.2m loss (2013: €0.4m loss) and by a €45.4m gain (2013: €0m) respectively. If interest rates had been 100 basis points lower and all other variables were held constant, the Group's profit and loss and equity for the year ended 31 December 2014 would have been affected by a €0.2m gain (2013: €0.2m) and by a €49.5m loss (2013: €0m) respectively. The limited impact to the Group's profit and loss is mainly attributable to the Group's minor exposure to interest rate fluctuations as the majority of outstanding amount of debt is in the form of fixed-rate bonds. The impact in the Group's equity is attributable to the changes in the fair value of the forward starting swaps entered into 2014 and used as cash flow hedging instruments, assuming 100% hedge effectiveness.

Credit risk

The Group has limited concentration of credit risk across trade and financial counterparties. Policies are in place to ensure that sales of products and services on credit are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any single financial institution.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 December 2014 in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated on the balance sheet.

If credit is granted to customers, their credit quality is normally assessed using external agencies and historic experience. Credit limits are set accordingly. Further information regarding credit risk exposure is shown within Notes 12 and 13.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure for each derivative instrument is the carrying amount of the derivative (refer to Note 8). In addition, the Group regularly makes use of money market funds to invest temporarily excess cash balances and to diversify its counterparty risk. These funds all have a minimum AAA rating and strict investment limits are set, per fund, depending on the size of the fund.

29. Financial risk management continued

The Group only undertakes investment and derivative transactions with banks and financial institutions that have a minimum credit rating of 'BBB-' from Standard & Poor's and 'Baa3' from Moody's. Since June 2012, the Group has also introduced the Credit Default Swaps of a counterparty in order to measure more timely the credit worthiness of a counterparty and set up its counterparties in tiers in order to assign maximum exposure and tenor per tier. If the Credit Default Swaps of a certain counterparty exceed 400 basis points the Group will stop trading derivatives with that counterparty and will try to cancel any deposits on a best effort basis.

Liquidity risk

The Group actively manages liquidity risk to ensure there are sufficient funds available for any short-term and long-term commitments. Bank overdrafts and bank facilities, both committed and uncommitted, are used to manage this risk.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate cash reserves and committed banking facilities, access to the debt and equity capital markets, and by continuously monitoring forecasted and actual cash flows. In Note 15, the undrawn facilities that the Group has at its disposal to manage liquidity risk are discussed under the headings 'Commercial paper programme and committed credit facilities' and 'Euro medium-term note programmes'.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables include both interest and principal undiscounted cash flows assuming that interest rates remain constant from 31 December 2014.

	€ million up to 1 year	€ million 1–2 yrs	€ million 2–5 yrs	€ million over 5 years
Borrowings	606.8	698.5	111.3	892.4
Derivative liabilities	17.8	5.8	19.8	–
Trade and other payables	1,473.7	6.6	–	7.3
As at 31 December 2014	2,098.3	710.9	131.1	899.7
Borrowings	530.3	371.4	769.5	916.3
Derivative liabilities	12.6	4.5	0.8	–
Trade and other payables	1,479.8	–	–	6.7
As at 31 December 2013	2,022.7	375.9	770.3	923.0

The Group hedges exposures to changes in the fair value of debt, as well as in the foreign exchange cash flows of debt, by using a combination of interest rate and cross currency swap contracts (refer to Notes 8 and 15). Therefore, the impact of these instruments has been included in the aggregate interest and principal undiscounted cash flows related to the underlying borrowings presented above.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may increase or decrease debt, issue or buy back shares, adjust the amount of dividends paid to shareholders, or return capital to shareholders.

The Group's goal is to maintain a conservative financial profile. This is evidenced by the credit ratings maintained with Standard & Poor's and Moody's. In May 2014, Standard & Poor's affirmed Coca-Cola HBC's "BBB+" long-term and "A2" short-term corporate credit ratings. The corporate credit ratings by Moody's remained unchanged over the period, i.e. "Baa1" long-term and negative outlook.

The Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as 'Total equity' plus 'Net debt' as shown in the consolidated balance sheet. The Group's effort is to maintain a gearing ratio within a 35% to 45% range. The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014 € million	2013 € million
Total borrowings (refer to Note 15)	2,104.9	2,299.8
Less: Cash and cash equivalents (refer to Note 14)	(636.3)	(737.5)
Net debt	1,468.6	1,562.3
Total equity	2,791.1	2,967.3
Total capital	4,259.7	4,529.6
Gearing ratio	34%	34%

Fair values of financial assets and liabilities

For financial instruments such as cash, deposits, debtors and creditors, investments, loans payable to related parties, short-term borrowings (excluding the current portion of bonds and notes payable) and other financial liabilities (other than bonds and notes payable), carrying values are a reasonable approximation of their fair values. According to the fair value hierarchy, the financial instruments measured at fair value are classified as follows:

Level 1

The fair value of available-for-sale listed equity securities is based on quoted market prices at 31 December 2014. The fair value of bonds is based on quoted market prices at 31 December 2014.

Level 2

The fair value of foreign currency forward contracts, foreign currency option contracts, commodity swap contracts, bonds and notes payable, interest rate swap contracts, forward starting swap contracts and cross currency swap contracts is determined by using valuation techniques. These valuation techniques maximise the use of observable market data. The fair value of the foreign currency forward contracts, foreign currency option contracts, commodity swap contracts and cross currency swap contracts is calculated by reference to quoted forward exchange, deposit rates and forward rate curve of the underlying commodity at 31 December 2014 for contracts with similar maturity dates. The fair value of interest rate option contracts is calculated by reference to the Black Scholes valuation model and implied volatilities. The fair value of interest rate swap contracts and forward starting swap contracts is determined as the difference in the present value of the future interest cash inflows and outflows based on observable yield curves.

Level 3

The fair value of available-for-sale unlisted investments is determined through the use of estimated discounted cash flows.

The following table provides the fair value hierarchy in which fair value measurements are categorised for assets and liabilities measured at fair value as at 31 December 2014:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	–	2.1	–	2.1
Foreign currency option contracts	–	0.2	–	0.2
Interest rate swap contracts	–	10.6	–	10.6
Commodity swap contracts	–	1.8	–	1.8
Derivative financial assets used for hedging				
Fair value hedges				
Foreign currency forward contracts	–	1.5	–	1.5
Foreign currency option contracts	–	5.6	–	5.6
Cash flow hedges				
Foreign currency forward contracts	–	12.0	–	12.0
Foreign currency option contracts	–	19.7	–	19.7
Commodity swap contracts	–	0.4	–	0.4
Available-for-sale financial assets				
Equity securities	1.1	–	0.9	2.0
Total financial assets	1.1	53.9	0.9	55.9
Financial liabilities at FVTPL				
Foreign currency forward contracts	–	(3.8)	–	(3.8)
Cross-currency swap contracts	–	(34.3)	–	(34.3)
Commodity swap contracts	–	(21.6)	–	(21.6)
Derivative financial liabilities used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	(0.6)	–	(0.6)
Forward starting swap contracts	–	(24.7)	–	(24.7)
Commodity swap contracts	–	(1.3)	–	(1.3)
Total financial liabilities	–	(86.3)	–	(86.3)

There were no material changes in fair value measurements for Level 3 items for the year ended 31 December 2014. There have been no transfers between Level 1 and Level 2 in the period.

29. Financial risk management continued

The following table provides the fair value hierarchy in which fair value measurements are categorised for assets and liabilities measured at fair value as at 31 December 2013:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	–	1.9	–	1.9
Foreign currency option contracts	–	0.7	–	0.7
Commodity swap contracts	–	0.1	–	0.1
Derivative financial assets used for hedging				
Fair value hedges				
Foreign currency forward contracts	–	0.4	–	0.4
Foreign currency option contracts	–	0.1	–	0.1
Cash flow hedges				
Foreign currency forward contracts	–	1.6	–	1.6
Foreign currency option contracts	–	1.0	–	1.0
Interest rate swap contracts	–	22.1	–	22.1
Available-for-sale financial assets				
Equity securities	1.7	–	0.8	2.5
Total financial assets	1.7	27.9	0.8	30.4
Financial liabilities at FVTPL				
Foreign currency forward contracts	–	(2.0)	–	(2.0)
Commodity swap contracts	–	(10.9)	–	(10.9)
Derivative financial liabilities used for hedging				
Fair value hedges				
Foreign currency forward contracts	–	(0.2)	–	(0.2)
Cash flow hedges				
Foreign currency forward contracts	–	(2.1)	–	(2.1)
Foreign currency option contracts	–	(0.1)	–	(0.1)
Commodity swap contracts	–	(2.6)	–	(2.6)
Cross-currency swap contracts	–	(78.7)	–	(78.7)
Total financial liabilities	–	(96.6)	–	(96.6)

There were no material changes in fair value measurements for Level 3 items for the year ended 31 December 2013.

Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting similar agreements:

As at 31 December 2014

	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities set off in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Related amounts not set off in the balance sheet		Net amount € million
				Financial instruments € million	Cash collateral received € million	
Derivative financial assets	53.9	—	53.9	(17.3)	—	36.6
Cash and cash equivalents	636.3	—	636.3	—	—	636.3
Other current assets	747.3	(62.8)	684.5	—	—	684.5
Total	1,437.5	(62.8)	1,374.7	(17.3)	—	1,357.4

As at 31 December 2013

	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities set off in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Related amounts not set off in the balance sheet		Net amount € million
				Financial instruments € million	Cash collateral received € million	
Derivative financial assets	27.9	—	27.9	(24.8)	—	3.1
Cash and cash equivalents	760.2	(22.7)	737.5	—	—	737.5
Other current assets	788.4	(58.0)	730.4	—	—	730.4
Total	1,576.5	(80.7)	1,495.8	(24.8)	—	1,471.0

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting similar agreements:

As at 31 December 2014

	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets set off in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Related amounts not set off in the balance sheet		Net amount € million
				Financial instruments € million	Cash collateral pledged € million	
Derivative financial liabilities	86.3	—	86.3	(17.3)	(3.5)	65.5
Bank overdrafts	3.9	—	3.9	—	—	3.9
Other current liabilities	572.0	(62.8)	509.2	—	—	509.2
Total	662.2	(62.8)	599.4	(17.3)	(3.5)	578.6

As at 31 December 2013

	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets set off in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Related amounts not set off in the balance sheet		Net amount € million
				Financial instruments € million	Cash collateral pledged € million	
Derivative financial liabilities	96.6	—	96.6	(24.8)	(8.8)	63.0
Bank overdrafts	28.9	(22.7)	6.2	—	—	6.2
Other current liabilities	538.8	(58.0)	480.8	—	—	480.8
Total	664.3	(80.7)	583.6	(24.8)	(8.8)	550.0

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements or other similar agreements. In general, under such agreements the counterparties can elect to settle into one single net amount the aggregated amounts owed by each counterparty on a single day with respect of all outstanding transactions of the same currency and the same type of derivative. In the event of default or early termination all outstanding transactions under the agreement are terminated and subject to any set-off. These agreements do not meet all of the IAS 32 criteria for offsetting in the statement of financial position as the Group does not have any current legally enforceable right to offset amounts since the right can be applied if elected by both counterparties.

30. Contingencies

The Greek Competition Authority issued a decision on 25 January 2002, imposing a fine on Coca Cola Hellenic Bottling Company S.A. (following the mergers now Coca-Cola HBC Holdings B.V.) of approximately €2.9 million for certain discount and rebate practices and required changes to the Coca Cola Hellenic Bottling Company S.A.'s commercial practices with respect to placing coolers in certain locations and lending them free of charge. On 16 June 2004, the fine was reduced on appeal to €1.8 million. On 29 June 2005, the Greek Competition Authority requested that Coca Cola Hellenic Bottling Company S.A. provide information on its commercial practices as a result of a complaint by certain third parties regarding Coca Cola Hellenic Bottling Company S.A.'s compliance with the decision of 25 January 2002. On 7 October 2005, Coca Cola Hellenic Bottling Company S.A. was served with notice to appear before the Greek Competition Authority. On 14 June 2006, the Greek Competition Authority issued a decision imposing a daily penalty of €5,869 for each day that Coca Cola Hellenic Bottling Company S.A. allegedly failed to comply with the decision of 25 January 2002. On 31 August 2006, Coca Cola Hellenic Bottling Company S.A. deposited an amount of €8.9 million, reflecting the amount of the fine and applicable tax, with the Greek authorities. As a result of this deposit, Coca Cola Hellenic Bottling Company S.A. increased the charge to its 2006 financial statements in connection to this case. On 23 November 2007, the Court of Appeals partly reversed and partly upheld the decision of the Greek Competition Authority reducing the amount of the fine to €5.9 million. The reduction of the fine by €2.8 million was recognised in Coca Cola Hellenic Bottling Company S.A.'s 2007 income statement. Coca Cola Hellenic Bottling Company S.A. has appealed the decision of the Court of Appeals to the extent it upholds the fine, to the Supreme Administrative Court of Greece. Coca Cola Hellenic Bottling Company S.A. (following the mergers now Coca-Cola HBC Holdings B.V.) believes that it has substantial legal grounds for its appeal against the judgment of the Court of Appeals. The Greek Competition Authority and one of Coca Cola Hellenic Bottling Company S.A.'s competitors have also appealed the decision of the Court of Appeals to the extent that it reduces the fine. The original hearing before the Supreme Administrative Court of Greece, was due to take place on 4 November 2009 and after being postponed several times due to the backlog of pending cases before the Court, it was heard on 5 November 2014 and the court decision is expected. Utilising advice from outside legal counsel, Coca Cola Hellenic Bottling Company S.A. (following the mergers now Coca-Cola HBC Holdings B.V.) considers the risk of an increase to the amount of the fine and the possibility of further cash outflows as remote.

In relation to the Greek Competition Authority's decision of 25 January 2002, one of Coca Cola Hellenic Bottling Company S.A.'s competitors has filed a lawsuit against Coca Cola Hellenic Bottling Company S.A. claiming damages in an amount of €7.7 million. The court of first instance heard the case on 21 January 2009 and subsequently rejected the lawsuit. The plaintiff has appealed the judgment and on 9 December 2013 the Athens Court of Appeals rejected the plaintiff's appeal. The plaintiff has the right to file a petition for cessation against the Athens Court of Appeals decision before the Supreme Court. Following the spin off, Coca Cola HBC Greece S.A.I.C. substituted Coca Cola Hellenic Bottling Company S.A. as defendant in this lawsuit. Coca Cola HBC Greece S.A.I.C. has not provided for any losses related to this case. On 19 April 2014, the same plaintiff filed a new lawsuit against Coca Cola Hellenic Bottling Company S.A. (following the spin-off Coca-Cola HBC Greece S.A.I.C.) claiming payment of €7.5 million as compensation for losses and moral damages for alleged anti-competitive commercial practices of Coca Cola Hellenic Bottling Company S.A. between 1994 and 2013. The two lawsuits partially overlap in the time period for which damages are sought by the plaintiff and therefore, it is assumed that the plaintiff will not file a petition for cessation before the Supreme Court against the Athens Court of Appeal decision issued in relation to the initial lawsuit. The hearing of the new lawsuit is scheduled for 18 December 2016. Coca Cola HBC Greece S.A.I.C. has not provided for any losses related to this case.

On 1 February 2012, the Greek Competition Commission conducted an inspection of Coca Cola Hellenic Bottling Company S.A.'s (following the spin-off, Coca-Cola HBC Greece S.A.I.C.) operations as part of an investigation to our commercial practices in recent years into the sparkling, juice and water categories. Coca Cola HBC Greece S.A.I.C., by which the production, bottling and distribution division of Coca Cola Hellenic Bottling Company S.A. was absorbed, has a policy of strict compliance with Greek and EU competition law and is cooperating fully with the Greek Competition Commission.

In the second quarter of 2010, the Serbian Competition Authority opened an investigation into the commercial practices of our Serbian subsidiary for potential abuse of dominance in the market for distribution of alcoholic and non-alcoholic beverages. In December 2012, the authority addressed a statement of objections to our Serbian subsidiary on which our Serbian subsidiary responded in March 2013. On 4 December 2014, the Serbian Competition Authority dismissed the case against our Serbian subsidiary without any penalties or negative findings.

In 1992, our subsidiary Nigerian Bottling Company ("NBC") acquired a manufacturing facility in Nigeria from Vacunak, a Nigerian Company. In 1994, Vacunak filed a lawsuit against NBC, alleging that a representative of NBC had orally agreed to rescind the sale agreement and instead enter into a lease agreement with Vacunak. As part of its lawsuit Vacunak sought compensation for rent and loss of business opportunities. NBC discontinued all use of the facility in 1995. On 19 August, 2013, NBC received the written judgment of the Nigerian court of first instance issued on 28 June 2012 providing for damages of approximately €38.5 million. NBC has filed an appeal against the judgment. Based on advice from NBC's outside legal counsel, we believe that it is unlikely that NBC will suffer material financial losses from this case. We have consequently not provided for any losses in relation to this case.

The tax filings of the Group and its subsidiaries are routinely subjected to audit by tax authorities in most of the jurisdictions in which the Group conducts business. These audits may result in assessments of additional taxes. The Group provides additional tax in relation to the outcome of such tax assessments, to the extent that a liability is probable and estimable.

The Group is also involved in various other legal proceedings. Management believes that any liability to the Group that may arise as a result of these pending legal proceedings will not have a material adverse effect on the results of operations, cash flows, or the financial position of the Group taken as a whole.

31. Commitments

(a) Operating leases

The total of future minimum lease payments under non-cancellable operating leases at 31 December was as follows:

	2014 € million	2013 € million
Less than one year	48.4	50.7
Later than one year but less than five years	109.1	115.5
Later than five years	19.7	20.2
Future minimum lease payments	177.2	186.4

The total operating lease charges included within operating expenses for the years ended 31 December were as follows:

	2014 € million	2013 € million
Plant and equipment	68.8	66.5
Property	32.7	26.2
Total operating lease charges	101.5	92.7

(b) Capital commitments

At 31 December 2014 the Group had capital commitments amounting to €81.0m (2013: €79.2m). Of this, €5.5m related to the Company's share of the commitments of its joint operations (2013: €2.5m).

(c) Long-term commitments

At 31 December 2014 the Group had commitments to purchase raw materials and receive services amounting to €434.6m (2013: €567.8m). Of this, nil related to the Company's share of the commitments of its joint operations (2013: €2.0m).

32. Directors' and senior management remuneration

The total remuneration paid to or accrued for directors and the senior management team for 2014 amounted to €18.7 million (2013: €15.1 million). Salaries and other short-term benefits amounted to €10.7 million (2013: €10.3 million). Out of the total remuneration, the amount accrued for stock option grants during 2014 was €7.4 million (2013: €3.6 million). Pension and post-employment benefits for directors and senior management during 2014 amounted to €0.6million (2013: €0.7 million). No termination amounts have been paid or accrued to directors during 2014 (2013: €0.5 million).

33. Related party transactions

(a) The Coca-Cola Company

As at 31 December 2014, The Coca-Cola Company indirectly owned 23.1% (2013: 23.1%) of the issued share capital of Coca-Cola HBC. The Coca-Cola Company considers Coca-Cola HBC to be a 'key bottler' and has entered into bottlers' agreements with Coca-Cola HBC in respect of each of the Group's territories. All the bottlers' agreements entered into by The Coca-Cola Company and Coca-Cola HBC are Standard International Bottlers' ('SIB') agreements. The terms of the bottlers' agreements grant Coca-Cola HBC the right to produce and the exclusive right to sell and distribute the beverages of The Coca-Cola Company in each of the countries in which the Group operates. Consequently, Coca-Cola HBC is obliged to purchase all concentrate for The Coca-Cola Company's beverages from The Coca-Cola Company, or its designee, in the ordinary course of business. On 10 October 2012, The Coca-Cola Company agreed to extend the term of the bottlers' agreements for further ten years until 2023. On 29 December 2008, Kar-Tess Holding and The Coca-Cola Company agreed to extend their existing shareholders' agreement, whereby the combined shareholdings of Kar-Tess Holding and The Coca-Cola Company in Coca Cola Hellenic Bottling Company S.A. will not fall below 44% for the period up to January 2014 and not below 40% for the period thereafter until 31 December 2018. However, on 22 February 2013, Coca-Cola HBC announced that the shareholders' agreement of Kar-Tess Holding and The Coca-Cola Company would be terminated upon settlement of the voluntary share exchange offer and will not be renewed in relation to Coca-Cola HBC.

The Coca-Cola Company owns or has applied for the trademarks that identify its beverages in each of the countries in which the Group operates. The Coca-Cola Company has authorised Coca-Cola HBC and certain of its subsidiaries to use the trademark 'Coca-Cola' in their corporate names.

Total purchases of concentrate, finished products and other materials from The Coca-Cola Company and its subsidiaries during 2014 amounted to €1,381.1m (2013: €1,396.4m).

The Coca-Cola Company makes discretionary marketing contributions to Coca-Cola HBC's operating subsidiaries. The participation in shared marketing agreements is at The Coca-Cola Company's discretion and, where cooperative arrangements are entered into, marketing expenses are shared. Such arrangements include the development of marketing programmes to promote The Coca-Cola Company's beverages. Total net contributions received from The Coca-Cola Company for marketing and promotional incentives during the year amounted to €78.7m (2013: €99.2m). Contributions for price support and marketing and promotional campaigns in respect of specific customers are recorded in net sales revenue as an offset to promotional incentives paid to customers. In 2014, such contributions totalled €44.1m (2013: €69.9m). Contributions for general marketing programmes are recorded as an offset to selling expenses.

In 2014, such contributions made by The Coca-Cola Company to Coca-Cola HBC totalled €36.3m (2013: €31.0m) and the contributions of Coca-Cola HBC to The Coca-Cola Company totalled €1.7m (2013: €1.7m). The Coca-Cola Company has also customarily made additional payments for marketing and advertising directly to suppliers as part of the shared marketing arrangements. The proportion of direct and indirect payments, made at The Coca-Cola Company's discretion, will not necessarily be the same from year to year. In addition, there was support payments received from The Coca-Cola Company for the placement of cold drink equipments for the year ended 31 December 2014 of €0.3m (2013: €nil).

During the year, the Group sold €28.1m of finished goods and raw materials to The Coca-Cola Company (2013: €28.2m).

Other income primarily comprises rent, facility and other items of €4.0m (2013: €1.6m) and a toll-filling relationship in Poland of €14.2m (2013: €19.0m). Other expenses related to facility costs charged by The Coca-Cola Company and shared costs included in operating expenses amounted to €3.2m (2013: €2.8m).

Coca-Cola HBC agreed on 4 April 2014 to assume control through ZAO Multon ('Multon'), of the Moya Semya brands from The Coca-Cola Company in the Russian Federation and Belarus. The Coca-Cola Company holds 23.1% of the issued share capital of the Company and a 50% economic interest in Multon. The Moya Semya brands will be managed through the Multon Juice business in Russia. The Company paid US\$19.0m (€14.1m), to The Coca-Cola Company as consideration to acquire an effective 50% economic interest in the Moya Semya brands.

As at 31 December 2014, the Group had a total amount due from The Coca-Cola Company of €88.2m (2013: €73.6m), and a total amount due to The Coca-Cola Company of €222.3m including loans payable of €7.3m (2013: total payables €205.5m with loans payable €nil).

(b) Frigoglass S.A. ('Frigoglass'), Kar-Tess Holding and A.G Leventis (Nigeria) Plc

Truad Verwaltungs AG, currently indirectly owns 44.5% of Frigoglass and 50.8% of AG Leventis (Nigeria) PLC and also indirectly controls Kar-Tess Holding, which holds approximately 23.2% (2013: 23.2%) of Coca-Cola HBC's total issued capital.

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics. Frigoglass has a controlling interest in Frigoglass Industries Limited, a company in which the Group has a 23.9% effective interest, through its investment in Nigerian Bottling Company plc (refer to Note 6).

The Group entered into a supply agreement with Frigoglass for the purchase of cooling equipment in 1999. The supply agreement was extended in 2004, 2008 and most recently, in 2013, on substantially similar terms. Coca-Cola HBC has the status of most favoured customer of Frigoglass, on a non-exclusive basis, provided that it obtains at least 60% (at prices which are negotiated on an annual basis and which must be competitive) of its annual requirements for cooling equipment from Frigoglass. The current agreement expires on 31 December 2018.

During 2014, the Group made purchases of €91.4m (2013: €118.9m) of coolers, cooler parts, glass bottles, crowns and raw and plastics from Frigoglass and its subsidiaries and incurred maintenance and other expenses of €14.1m (2013: €10.6m). In addition, the Group recorded other income of €0.1m (2013: €0.3m). As at 31 December 2014, Coca-Cola HBC owed €12.1m (2013: €11.7m) to, and was owed €0.4m (2013: €0.5m) by Frigoglass.

During 2014, the Group purchased €7.3m (2013: €6.6m) of finished goods and other materials from AG Leventis (Nigeria) PLC. Furthermore, the Group incurred rental expenses of €0.9m (2013: €2.1m) and other expenses of €1.1m (2013: €0.5m) from AG Leventis (Nigeria) PLC. As at 31 December 2014, the Group owed €3.8m (2013: €1.0m) to, and was owed €0.7m (2013: €nil) by AG Leventis (Nigeria) PLC.

(c) Directors

Mr. George A. David, Mr. Anastassis G. David, Mr. Anastasios I. Leventis and Mr. Christos Leventis have been appointed at the request of Kar-Tess Holding to the board of Coca-Cola HBC. Mr. Irial Finan and Mr. José Octavio Reyes were appointed at the request of The Coca-Cola Company to the board of Coca-Cola HBC. There have been no transactions between Coca-Cola HBC and the directors except for remuneration (refer to Note 32).

(d) Other

Beverage Partners Worldwide ('BPW')

BPW is a 50/50 joint venture between The Coca-Cola Company and Nestlé. During 2014, the Group purchased inventory from BPW amounting to €79.0m (2013: €89.4m). As at 31 December 2014, Coca-Cola HBC owed €3.6m (2013: €0.3m) to and was owed €0.9m (2013: €nil) by BPW.

Leventis Overseas

Leventis Overseas was related to Coca-Cola HBC by way of common directors up until 25 June 2014, as a result of which significant influence was considered to exist up until that date. From 1 January 2014 up until 25 June 2014, the Group purchased €1.6m (purchases for the full year of 2013: €11.3m) of finished goods and other materials from Leventis Overseas. As at 31 December 2013, the Group owed €2.4m to, and was owed €0.1m by Leventis Overseas.

33. Related party transactions continued

Other related parties

During 2014, the Group recorded sales of finished goods of €0.3m to other related parties (2013: €nil.) and purchased €10.8m (2013: €1.6m) of raw materials and finished goods from other related parties. In addition, during 2014, the Group incurred expenses of €29.2m (2013: €34.0m) mainly related to maintenance services for cold drink equipment and installations of coolers, fountains, vending and merchandising equipment from other related parties. Furthermore, during 2014, the Group recorded income of €0.5m (2013: €3.9m) while €0.2m was received as reimbursements for direct marketing expenses (2013: €nil). At 31 December 2014, the Group owed €5.1m (2013: €3.1m) to and was owed €1.6m including loans receivables of €0.2m (2013: €5.6m with loans receivables €nil) by other related parties.

(e) Joint ventures

The Group purchased €56.5m of finished goods (2013: €61.9m) from joint ventures while the Group recorded sales of finished goods and raw materials of €0.7m (2013: €0.5m). In addition, the Group received reimbursement for direct marketing expenses incurred of €0.3m for the year (2013: €0.6m). Furthermore, the Group incurred other expenses of €0.9m (2013: €0.5m) and recorded other income of €2.7m (2013: €1.1m). As at 31 December 2014, the Group owed €163.7m including loans payable of €150.2m (2013: €73.5m including loans payable €61.3m) to and was owed €17.4m including loans receivable €5.1m (2013: €9.1m include loans €5.3m) by joint ventures.

There are no significant transactions with other related parties for the year ended 31 December 2014.

34. List of principal Group companies

The following are the principal Group companies as at 31 December:

	Country of registration	% ownership	
		2014	2013
3E (Cyprus) Limited ^{1,2}	Cyprus	–	100.0%
AS Coca-Cola HBC Eesti	Estonia	100.0%	100.0%
Bankya Mineral Waters Bottling Company EOOD ³	Bulgaria	–	100.0%
Brewinvest S.A. Group ^{4,5}	Greece	50.0%	50.0%
BrewTech B.V. Group ⁴	The Netherlands	50.0%	50.0%
CC Beverages Holdings II B.V.	The Netherlands	100.0%	100.0%
CCB Management Services GmbH	Austria	100.0%	100.0%
CCHBC Armenia CJSC	Armenia	90.0%	90.0%
CCHBC Bulgaria AD	Bulgaria	99.4%	99.4%
CCHBC Insurance (Guernsey) Limited	Guernsey	100.0%	100.0%
CCHBC IT Services Limited	Bulgaria	100.0%	100.0%
Coca-Cola Beverages Austria GmbH	Austria	100.0%	100.0%
Coca-Cola Beverages Belorussiya	Belarus	100.0%	100.0%
Coca-Cola Beverages Ceska republika, s.r.o.	Czech Republic	100.0%	100.0%
Coca-Cola Beverages Ukraine Ltd	Ukraine	100.0%	100.0%
Coca-Cola Bottlers Chisinau S.R.L.	Moldova	100.0%	100.0%
Coca-Cola Bottlers Iasi Srl	Romania	99.2%	99.2%
Coca-Cola Bottling Company (Dublin) Limited	Republic of Ireland	100.0%	100.0%
Coca-Cola HBC-Srbija d.o.o.	Serbia	100.0%	100.0%
Coca-Cola HBC B-H d.o.o. Sarajevo	Bosnia and Herzegovina	100.0%	100.0%
Coca-Cola HBC Finance B.V.	The Netherlands	100.0%	100.0%
Coca-Cola HBC Finance plc	England and Wales	100.0%	100.0%
Coca-Cola HBC Greece S.A.I.C.	Greece	100.0%	100.0%
Coca-Cola HBC Holdings B.V.	The Netherlands	100.0%	100.0%
Coca-Cola HBC Hrvatska d.o.o.	Croatia	100.0%	100.0%
Coca-Cola HBC Hungary Ltd	Hungary	100.0%	100.0%
Coca-Cola HBC Ireland Limited	Republic of Ireland	100.0%	100.0%
Coca-Cola HBC Italia S.r.l.	Italy	100.0%	100.0%

	Country of registration	% ownership	
		2014	2013
Coca-Cola HBC Kosovo L.L.C.	Kosovo	100.0%	100.0%
Coca-Cola HBC Northern Ireland Limited	Northern Ireland	100.0%	100.0%
Coca-Cola HBC Polska sp. z o.o.	Poland	100.0%	100.0%
Coca-Cola HBC Romania Ltd	Romania	100.0%	100.0%
Coca-Cola HBC Slovenija d.o.o.	Slovenia	100.0%	100.0%
Coca-Cola HBC Slovenska republika, s.r.o.	Slovakia	100.0%	100.0%
Coca-Cola HBC Switzerland Ltd	Switzerland	99.9%	99.9%
Coca-Cola Hellenic B.V. ⁶	The Netherlands	–	100.0%
Coca-Cola Hellenic Bottling Company-Crna Gora d.o.o., Podgorica	Montenegro	100.0%	100.0%
Coca-Cola Hellenic Business Service Organisation	Bulgaria	100.0%	100.0%
Coca-Cola Hellenic Procurement GmbH	Austria	100.0%	100.0%
Deepwaters Investments Ltd	Cyprus	50.0%	50.0%
Lanitis Bros Ltd	Cyprus	100.0%	100.0%
LLC Coca-Cola HBC Eurasia	Russia	100.0%	100.0%
MTV West Kishinev Bottling Company S.A.	Moldova	100.0%	100.0%
Multon Z.A.O. Group ⁷	Russia	50.0%	50.0%
Nigerian Bottling Company Ltd	Nigeria	100.0%	100.0%
SIA Coca-Cola HBC Latvia	Latvia	100.0%	100.0%
Star Bottling Limited	Cyprus	100.0%	100.0%
Star Bottling Services Corp.	British Virgin Islands	100.0%	100.0%
Tsakiris S.A.	Greece	100.0%	100.0%
UAB Coca-Cola HBC Lietuva	Lithuania	100.0%	100.0%
Valser Services AG	Switzerland	99.9%	99.9%
Yoppi Hungary Kft.	Hungary	100.0%	100.0%

1. Effective from 29 November 2013, Coca-Cola Hellenic Bottling Company S.A. merged into its wholly owned subsidiary in Cyprus, 3E (Cyprus) Limited.
2. Effective from 12 August 2014, 3E (Cyprus) Limited, merged into Coca-Cola HBC Holdings B.V.
3. Effective from 1 December 2014, Bankya Mineral Waters Bottling Company EOOD, merged into Coca-Cola HBC Bulgaria AD.
4. Joint venture.
5. On 27 October 2014, Brewmasters Holdings Ltd., subsidiary of Brewinvest S.A., joint venture with Heineken, sold its participation in Zagorka A.D. to Heineken.
6. Effective from 13 August 2014, Coca-Cola Hellenic B.V. merged into Coca-Cola HBC Holdings B.V.
7. Joint operation.

35. Post balance sheet events

During the first months of 2015 the Group incurred €10.7m of restructuring costs before tax, €6.6m in its Established, €3.8m in its emerging and €0.3m in its developing markets.

The ongoing situation in Ukraine and the Russian Federation has, adversely impacted the economies of these countries, and among other things, resulted in increased volatility in currency markets, causing the Russian rouble and the Ukrainian hryvna to depreciate significantly against some major currencies. Our 2014 net sales revenues for Russia and Ukraine represented 20.5% and 2.3% of the consolidated net sales revenues respectively, while non-current assets for Russia and Ukraine represented 12.2% and 1.4% of the consolidated non-current assets respectively as at 31 December 2014. As of 17 March 2015, the Ukrainian hryvna has been further depreciated by 22.1% against the Euro compared to the 31 December 2014 exchange rates. Management continually monitors and assesses the situation in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on the Company's performance.

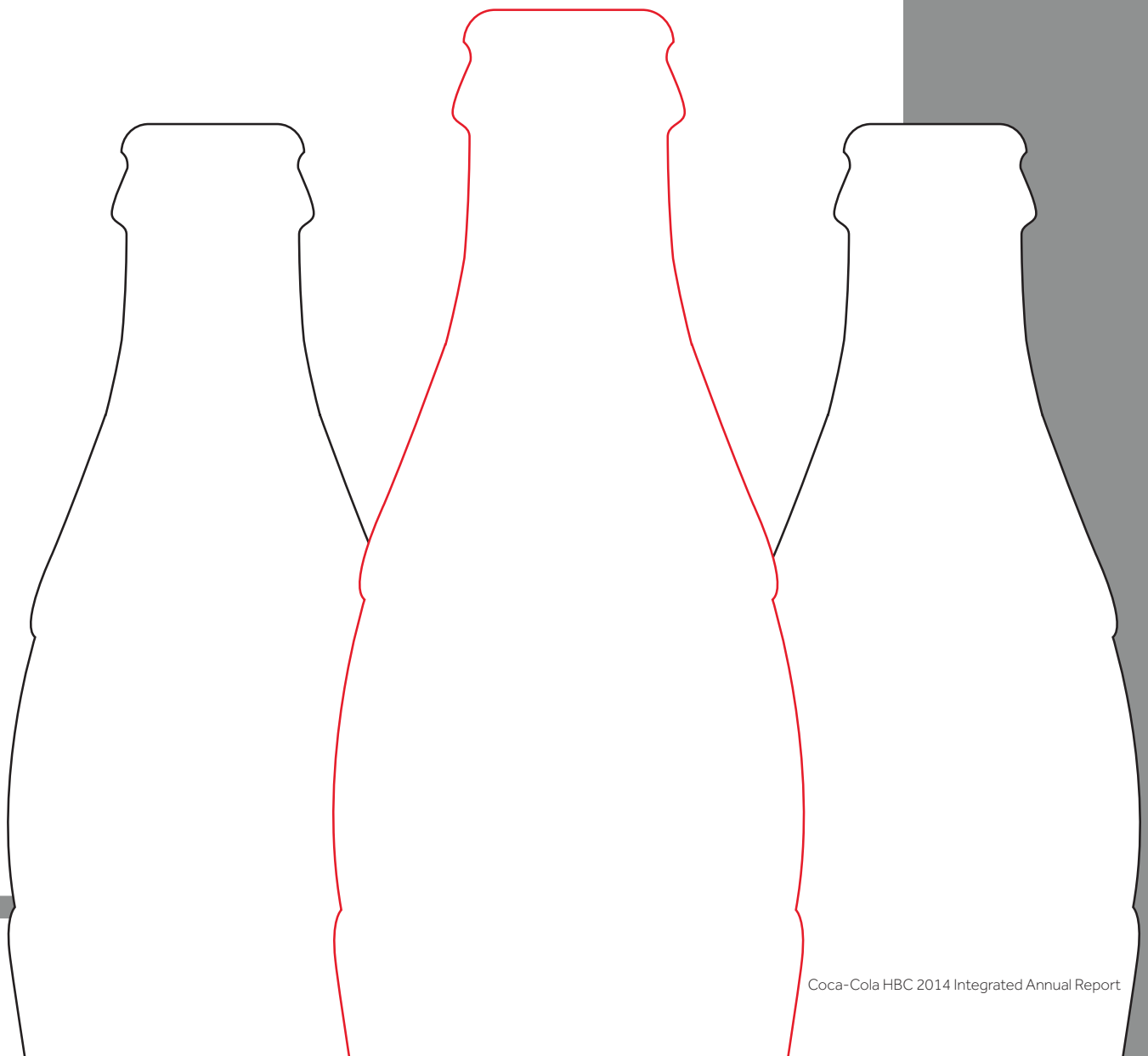
The recent developments in Greece, and the discussions with respect to the terms of its financing programme, have resulted in an unstable macroeconomic and financial environment in the country that could adversely affect the results of Coca-Cola HBC's local operations and on a consolidated basis. The Group continuously monitors the situation in the country.

Supplement Information

ary

Supplementary Information

- 168** CSR assurance statement
- 170** GRI index and communication on progress
- 182** United Nations Global Compact (UNGC) communication on progress
- 186** UNGC Caring for Climate Business Forum communication on progress
- 187** Shareholder information



CSR assurance statement

Independent verification report on the 2014 Integrated Annual Report

To the management and the stakeholders of Coca-Cola Hellenic Bottling Company AG:

denkstatt GmbH was commissioned by Coca-Cola Hellenic Bottling Company AG (hereinafter referred to as "the Company") to provide independent third-party assurance, in accordance with the AA1000AS Assurance Standard, for the printed and downloadable pdf versions of the Company's 2014 Integrated Annual Report (hereinafter referred to as "the Report"). We have reviewed all CSR-relevant content and data included in the Company's Report for the year 2014. Financial data were not reviewed as part of this process. The assurance engagement covered the nature and extent of the Company's incorporation of the principles of inclusivity, materiality and responsiveness for stakeholder dialogue contained in the AA1000 Accountability Principles Standard 2008. The application level of the guidelines of the Global Reporting Initiative (GRI G3.1) as well as Food Processing Sector Supplements was verified.

Management responsibilities

The Company's management is responsible for preparing the Report and related website content, and the information and statements within it. They are responsible for identifying stakeholders and material issues, defining commitments with respect to sustainability performance, and for establishing and maintaining appropriate performance management and internal control systems from which reported information is derived.

The Company's management is also responsible for establishing data collection and internal control systems to ensure reliable reporting, specifying acceptable reporting criteria and selecting data to be collected for the purposes of the Report. Management responsibilities also extend to preparing the Report in accordance with the GRI Sustainability Reporting Guidelines.

Assurance provider's responsibilities

Our responsibilities are:

- to express a conclusion and make recommendations on the nature and extent of the Company's adherence to the AA1000AS principles; and
- to express a conclusion on the reliability of the information in the Report, and whether it is in accordance with the criteria of the GRI guidelines.

Our team of experts has extensive professional experience of assurance engagements related to non-financial information and sustainability management, making it qualified to conduct this independent assurance engagement. During 2014 we did not perform any tasks or services for the Company or other clients which would lead to a conflict of interest, nor were we responsible for the preparation of any part of the Report.

Scope, standards and criteria used

We have fulfilled our responsibilities to provide appropriate assurance that the information in the Report is free of material misstatements. We planned and carried out our work based on the GRI G3.1 guidelines and in accordance with AA1000AS. We used the criteria in AA1000AS to perform a Type 2 engagement and to provide a moderate assurance regarding the nature and extent of the Company's adherence to the principles of inclusivity, materiality and responsiveness.

Methodology, approach, limitation and scope of work

We planned and carried out our work in order to obtain all the evidence, information and explanations that we considered necessary in relation to the above responsibilities. Our work included the following procedures, which involved a range of evidence-gathering activities:

- Gathering information and conducting interviews with members of the Executive Management, staff from the Sustainability Department, the Human Resources Department and the Public Affairs and Communication Department, as well as various Group-level functional managers, regarding the Company's adherence to the principles of inclusivity, materiality and responsiveness. This includes the commitment of the company's management to the principles, the existence of systems and procedures to support adherence to the principles, and the embedding of the principles at country level. Key topics of the interviews conducted at Group level were: Health and Safety, Health and Wellness, Employee Engagement, Diversity Management, Talent Development, Materiality Assessment Process and Integration into Sustainability Management, and Packaging.
- Further interviews conducted at national headquarters in Greece, Italy, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia (FYROM), Poland, Nigeria and Russia in order to guarantee the completeness of the information required for the audit.
- Gaining an understanding of the relevant documentation.
- Site visits to nine bottling plants, with a focus on Emerging and Developing markets:
 - Established markets: Rionero (Italy) and Aeghion (Greece);
 - Developing markets: Bankya (Bulgaria), Zagreb (Croatia), Skopje (FYROM) and Tylicz (Poland);
 - Emerging markets: Abuja (Nigeria), and Krasnoyarsk and Novosibirsk (Russia).
- Making enquiries and conducting spot checks to assess implementation of the Company's policies (at plant, country and corporate level).
- Making enquiries and conducting spot checks with regard to selected documentation required to assess the current data collection systems and the procedures implemented to ensure reliable and consistent reporting from the plants to the corporate level.
- Verifying the GRI index in the Report to ensure consistency with the requirements of GRI level A+.

The scope of the assurance covered all of the information relevant to sustainability in the Report and focused on Company systems and activities during the reporting period. The following chapters were not covered in the sustainability verification process:

- Corporate Governance (68-103), Financial Statements (106-165) and Swiss Statutory Report (189-205).

Positive developments

- Environmental Management: The Top 10 Water and Top 18 Energy activities reveal very good practice in terms of continuous improvement of environmental management. In addition, a new leading environmental indicator, Near Loss, has been introduced.
- Compliance: The Code of Business Conduct and the Anti-Bribery Policy have been updated and a strong emphasis is being placed on their enforcement, including by means of employee training.
- Environmental Data Collection: The scope of data tracking has been broadened and now includes remote locations such as warehouses.
- Health and Safety: New, innovative approaches have been introduced such as the Total Incident Rate and the Behavioural

Safety concept. In addition, employee H&S initiatives (e.g. Safety Week, Mobileye) are efficiently implemented at country and plant level.

- Employee Engagement Survey: A new survey methodology was introduced with modified categories (e.g. "engaged/enabled/energised"). The results of the survey were communicated transparently across the Group and action plans are under development.
- Employee Development: The principle of "70-20-10" (70% on-the-job learning, 20% coaching, 10% training) is pursued as an innovative approach to employee development.
- Sustainability Leadership: The Company has reached the rank of industry leader among beverage companies in the Dow Jones Sustainability World and Europe Indices (DJSI), has been awarded an A rating by the Carbon Disclosure Project and was included in the CDP Global Climate Performance Leadership Index in 2014.

Findings and conclusion concerning adherence to the AA 1000 principles of Inclusivity, Materiality, Responsiveness, and specified performance information.

Inclusivity

- An excellent Stakeholder Engagement process is in place at Group level. Its cornerstones are the annual internal and external stakeholder surveys as well as the Annual Stakeholder Forum (held in Budapest in 2014).
- Stakeholder maps or matrices are implemented at country level, providing decision-makers with a concise overview of key economic, political and social actors.

Materiality

- There is a highly developed materiality assessment process at Group level which monitors and integrates stakeholder expectations efficiently. In addition, the materiality assessment includes input from the Group Risk Universe.
- There is a clear understanding of material sustainability topics at country and plant level, which are handled pragmatically in the course of day-to-day business. These efforts, however, can sometimes make an 'ad hoc' impression. Therefore, a systematic materiality approach needs to be developed for these levels.

Responsiveness

- Well-developed stakeholder engagement plans are in place at Group and country level, based on a good understanding of the national environment and fully aligned with business planning. In addition, country and plant levels are able – and willing – to reach out flexibly and proactively to individual stakeholder groups whenever needed.
- There are a variety of best practice examples of community engagement projects, both at national and at plant level. They take local specifics into account and are, at the same time, in clear alignment with Group community development focus areas.
- Excellent examples of national sustainability reporting are in place. The Group should highlight these best practices and encourage – or even incentivise – reporting efforts in all operations.

Additional conclusions and recommendations

- Employee representatives (from works councils and unions) could be more intensively involved in country- and Group-level stakeholder dialogue processes (such as the Annual Stakeholder Forum).
- A more systematic approach needs to be developed for the identification of material sustainability topics at country level, especially in major markets with large production volumes.
- Greater involvement of environmental and social NGOs, and advocacy groups, is required for country-level stakeholder mapping processes.

- Premium spirits, an important segment of the Company's product portfolio, has again experienced a significant increase in sales volumes in 2014. The sustainability aspects of this segment need to be assessed more systematically, especially with regard to sales and marketing practices (e.g. in respect of promoting "responsible drinking").
- The traceability of key performance indicators related to community investment projects, as well as employee training, needs to be improved.
- A unified sustainability data collection procedure for all levels (Group, country, plant) is desirable. Currently, data (environment, health and safety, training etc.) is collected simultaneously using online tools (e.g. in SAP or Entropy) as well as manually (in Excel sheets), which can cause data distortion. The possibility of adding 'sustainability modules' to the SAP system should be examined.
- A stronger focus needs to be placed on Equality and Diversity topics at Group level (especially with regard to salary equity and the inclusion of local minorities). All HR indicators need to also be tracked by gender (in accordance with GRI G4).
- The Company ought to develop a unified approach for sustainable procurement, e.g. by defining key criteria that must be included in all tenders and supplier contracts. Moreover, a clear definition of "local suppliers" needs to be provided at country level.
- The Company should ensure that all employees of the Group are aware of, and when appropriate actively use the whistleblowing mechanism.
- The range and focus of the Company's response to climate change should be extended, as this is currently one of the most prominent sustainability topics at EU level.



Vienna, 12 March 2015

denkstatt GmbH
Consultancy for Sustainable Development

Willibald Kaltenbrunner
Lead Auditor
Managing Director, denkstatt



AA1000
Licensed Assurance Provider
000-86

GRI Indicators List and Communication on Progress

This index to the Coca-Cola HBC 2014 Annual Integrated Report provides detail to internal and external stakeholders on the Company's sustainability-related policies, programmes and performance. The report follows the guidance of the Global Reporting Initiative (GRI G3.1). As part of the Annual Integrated Report, this section also serves as our Communication on Progress (COP) to the United Nations Global Compact.

GRI INDICATORS

GRI Standard Disclosures 3.1

Below, we report against the GRI 3.1 Standard Disclosures, as well as the Food Processing Sector Supplement (FPSS). Some data is provided directly in the table, while for other indicators, we indicate where the data and a more full discussion of the topic can be found. Unless stated otherwise, the period covered is calendar year 2014 and the status described is at 31.12.2014.

Economic

Performance Indicator	Description	Reference to page numbers in this report	Content
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	3, 7-9, 29-36, 46-51, 170-181	Please see the respective sections of the annual integrated report including full financial disclosures and the section on Community Trust.
FPSS and EC1	Specify the amount spent on the programmes and practices to which the food processing sector is uniquely suited for contributing.	22-23, 29-36, 63, 183, 184, 186	We invested € 8.7 million on community programmes related to water stewardship, active lifestyles, youth development, other activities and disaster relief. We are also working to ensure a sustainable supply chain.
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	29-36, 52, 186, 209	See the Risks and Opportunities section of this report on page 52. More details are also in our CDP reports: www.cdp.net
EC3	Coverage of defined benefit plan obligations.	25-28, 170-181	13,677 of our 35,955 employees employed on 31 December 2014 are eligible for benefit plans. Of these, 6,894 are covered by defined contribution pension plans and 4,793 are covered by defined benefit pension plans.
EC4	Significant financial assistance received from government.		None.
FPSS and EC4	Governmental support for agriculture, biofuels and food production has important consequences across the global food value chain.		Does not apply: we do not produce agricultural or biofuels products, nor receive any related subsidies.
Market presence			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	93, 97	In every country, the lowest paid employee categories (junior line operators and entry level-merchandisers) earn at least the minimum wage. On average, junior line operators and merchandisers earn two times the local minimum wage.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	29-36, 180	Our practice is to source locally, provided goods and services are available, meet our requirements and are economical. As of 2014, >90% of our spending was local to our countries of operation or from within the EU.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	25-28	Employees are systematically hired from the local workforce. 96% of employees are local nationals, and 87.4% of managers are local nationals. Of foreign managers, 44% are from developed countries and 56% are from developing countries.
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	29-36	Covered in Community Trust section, on page 29.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	6-9, 29-36, 37-40, 41-45	Please see the respective sections of this report: Community Trust, Consumer Relevance, Customer Preference, At a glance, Our Business Model.

Environmental

Performance Indicator	Description	Reference to page numbers in this report	Content
Materials			
EN1	Materials used by weight or volume.	178-179	See Environmental Data Table, on pages 178-179.
FPSS and EN1	Commentary added to specify wild caught and farmed seafood and other identified raw materials.	178-179	Does not apply: we do not catch or farm any fish.
EN2	Percentage of materials used that are recycled input materials.	178-179	See Environmental Data Table, on pages 178-179.
Energy			
EN3	Direct energy consumption by primary energy source.	178-179	See Environmental Data Table, on pages 178-179.
EN4	Indirect energy consumption by primary source.	178-179	See Environmental Data Table, on pages 178-179.
EN5	Energy saved due to conservation and efficiency improvements.	178-179	See Environmental Data Table, on pages 178-179.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	30, 38, 44, 119, 160, 163-164, 178	Initiatives include: development of coolers which are on average 50% more energy efficient than the previous generation; purchasing only HFC-free coolers; 10 CHP units; launch of PlantBottle™; development of B Can, the lightest can in the world; increased rPET content in PET bottles; packaging light-weighting; PET-to-PET recycling; set up of 19 recovery organisations; mandating Top 18 Energy savers initiative for all our plants.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		
Water			
EN8	Total water withdrawal by source.	178-179	Total water withdrawal: 24.2 billion litres. From municipalities: 8.06 billion litres; from wells: 15.6 billion litres; from surface water: 0.6 billion litres.
EN9	Water sources significantly affected by withdrawal of water.	32, 51, 178, 182, 184	None. Every bottling plant undertakes a Source Vulnerability Assessment to ensure the sustainability of water supply and has established a Source Water Protection Programme to ensure future sustainability of water use.
EN10	Percentage and total volume of water recycled and reused.	178-179	Total volume recycled and reused internally: 0.94 billion litres.
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		None.
FPSS and EN11	Commentary added to include waters.	23, 33, 183-186	We do not own or control any land near protected areas, and we endeavour to promote the conservation of wetlands and other protected habitats. We support conservation through water stewardship projects in 24 countries.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		None.
EN13	Habitats protected or restored.	29-36, 184, 185	In 24 countries, we conduct community water projects with NGOs, a number of which include habitat protection programmes. Major programmes have included Liberty Island in Hungary and Yelnya Bog in Belarus. We also conduct clean-up activities in a number of the countries we operate in.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	8, 23, 36, 29-39, 178, 185	Our water stewardship community programmes include conservation activities to promote wetland habitats of river basins and the conservation of biodiversity.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		None.

GRI index and communication on progress continued

Environmental continued

Performance Indicator	Description	Reference to page numbers in this report	Content
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	178-179	See Environmental Data Table, on pages 178-179.
EN17	Other relevant indirect greenhouse gas emissions by weight.	178-179	See Environmental Data Table, on pages 178-179.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	178-179	Bottling plants: CHP units, energy-saving activities and photovoltaic solar installations; Fleet: fuel-saving driving courses and vehicle replacement in sales and distribution fleet, reverse logistics optimisation, internal LEAN logistics certification programme; Cold drink equipment: energy-efficient and HFC-free coolers and vending machines; Packaging: light-weighting, recycled and renewable content, recycling and recovery programmes; In offices: green IT initiatives and waste separation.
EN19	Emissions of ozone-depleting substances by weight.	178-179	See Environmental Data Table, on pages 178-179.
EN20	NOx, SOx, and other significant air emissions by type and weight.	178-179	See Environmental Data Table, on pages 178-179.
EN21	Total water discharge by quality and destination.	178-179	Total wastewater discharged: 10.8 billion litres; volume discharged to municipal treatment systems: 3.6 billion litres; volume treated on-site and discharged to natural bodies of water: 7.2 billion litres.
EN22	Total weight of waste by type and disposal method.	178-179	See Environmental Data Table, on pages 178-179. Recycled waste in tonnes: 68,155. Re-used: 7,750t. Incinerated with energy recovery: 1,706t. Composting: 11,182t.
EN23	Total number and volume of significant spills.	178-179	See Environmental Data Table, on pages 178-179.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	178-179	See Environmental Data Table, on pages 178-179.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	178-179	Since the completion of our wastewater treatment programme in 2011 – with 44 on-site wastewater treatment plants – no natural habitat is significantly affected by wastewater discharges.
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation.	178-179	Packaging and recovery organisations for post-consumer packaging waste; energy-efficient and HFC-free coolers.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	178-179	73% of packaging is recovered and collected in the countries where we have contributed to set up recovery organisations.
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	178-179	No significant fines; two minor fines, totalling €1,500.
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce.	178-179	The impacts of the transport of goods and people result from the combustion of fuel and resulting air emissions. Number of own vehicles: 17,555. CO ₂ emissions from own fleet: 135,731 tonnes; CO ₂ emissions from outsourced fleet: 186,429 tonnes.
Overall			
EN30	Total environmental protection expenditures and investments by type.	178-179	Investment in energy optimisation initiatives: €4.3 million; Investments in water saving initiatives: € 5.8 million; Investments in packaging optimisation projects: € 6.96 million.

Social: Labour Practices and Decent Work

Performance Indicator	Description	Reference to page numbers in this report	Content
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	25-28, 180	We employed 36,362 people in 2014, of whom >95% were permanent. Women accounted for 23% of our workforce and 32% of management.
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	180	Turnover was 14.69% in 2014. We hired 6,304 people in 2014.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees by significant locations of operation.	180, 182, 184	The same basic benefits are provided to full-time and temporary employees, in particular with regard to labour rights and safety. By definition, temporary workers do not participate in long-term employee development programmes and incentive plans.
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	180	49% of employees are covered by collective labour agreements.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	180	On average, the minimum notice period is 5.8 weeks for employees and 6.1 weeks for employee representatives, with variations between countries. In 2014 we held 489 consultations with unions including ones on organisational changes.
FP3	Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country.		In 2014, working time lost due to strikes and industrial disputes was insignificant.
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	180	Number and percentage of workforce covered by Health and Safety Committee meetings: 29,939 or 83.26%. Number and percentage of total workforce represented in formal management-worker Health and Safety Committees: 18,471 or 51.37%.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender.	28, 60, 62, 64, 180	In 2014, we achieved a lost-time incident rate of 0.49, a 14% improvement on 2013 and the sixth consecutive year of improvement. Average sickness days per full-time employee were 4.23. There were five fatalities (three employee road traffic accidents, one employee attacked by insurgents in northern Nigeria, and one on-site vehicle accident). Fatalities split by gender: four males and one female. Contractor lost time accidents were 31, resulting in a frequency rate of 0.91. Occupational Illness Frequency Rate (OIFR) in 2014: 0.
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	24, 28, 30-32	We offer employees a wide range of healthy living and active lifestyle programmes, supported by gym memberships, medical check-ups and education. In addition, we conduct HIV/AIDS awareness programmes where needed and offer a comprehensive testing and treatment programme in Nigeria, where we also support anti-malaria programmes.
LA9	Health and safety topics covered in formal agreements with trade unions.	180	In 11 countries, health and safety topics are covered in trade union agreements. 22 countries have a Safety Committee extended to all employees, covering a total of 20,385 employees.
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	25-28, 48, 49, 51	Average hours of training per full-time employee: 17.72 hours.
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	17, 26-27, 48, 49, 51	We provide training and development opportunities for all our employees reflecting one of our Corporate Values, Learning. In 2014 our training programmes covering leadership, functional training and general business training were attended by 57,745 participants, where one employee could participate in more than one training.
LA12	Percentage of employees receiving regular performance and career development reviews.	25	14,956 employees received performance and career feedback as part of our People Development Forums. 7,538 employees had formalised annual objectives for 2014.

GRI index and communication on progress continued

Social: Labour Practices and Decent Work continued

Performance Indicator	Description	Reference to page numbers in this report	Content
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		Our governance bodies are described in detail in the section on Corporate Governance, on page 71. Women in workforce: 23%; women in management: 32%; in senior management: 30% and among executive leaders: 17%.
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	180	A sampling of our six biggest business units representing 62% of total head count and covering all business segments, shows the median ratios of basic salary for women and men to be within the range of 92%-105%, with a median of 96%.
LA15	Return to work and retention rates after parental leave, by gender.	180	Number of employees who took parental leave in 2014: 318 (315 female, 3 male). Number of people returning from parental leave in 2014: 185, all female; Return to work rate: 58%. Retention rate: of 185 returning, 160 were retained, and 25 returning employees' employment was terminated. Retention rate females: 86.5%. Retention rate males: not applicable.

Social: Human Rights

Investment and procurement practices

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	81, 87, 180, 183, 184	Our total CAPEX investment in 2014 was £353.6 million. Of this, 80% constituted production equipment, cold drink equipment, refillable containers and fleet, which were covered by contracts that included Supplier Guiding Principles covering human rights.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	182-184	With consolidation of both direct and indirect spend centrally in the Group, we have assessed Supplier Guiding Principles (SGP) status for all contracts. For 2014, 85% of all contracts were SGP compliant and plans to address the remaining 15% are in place for 2015. The SGP covers human rights and other ESG requirements. Further, 47 supply points were audited in 2014.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	52, 168, 181-183	All Directors and employees are trained on the Code of Business Conduct, which includes human rights and other ESG requirements. Employees must gain certification. In 2014, 31,157 training hours were devoted to training on company policies and guidelines.

Non-discrimination

HR4	Total number of incidents of discrimination and corrective actions taken.	None.
------------	---	-------

Freedom of association and collective bargaining

HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	None.
------------	--	-------

Child labour

HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	None.
------------	--	-------

Prevention of forced and compulsory labour

HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	None.
------------	---	-------

Social: Human Rights continued

Performance Indicator	Description	Reference to page numbers in this report	Content
Security practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	52, 168, 181-183	The Code of Business Conduct, which notes compliance with all company policies, is rolled out to all employees, including national security leaders and managers. Most of the on-site security personnel are employees of contracted partners, who also have to abide by all company policies as per their contract, and receive relevant information as part of their induction.
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		None.
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	51, 180	During 2014, 16 (24%) bottling plants were audited. We have a three-year audit cycle for all sites with 36 plants scheduled for 2015.
Remediation Content			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.		None.
Social: Society			
Local communities			
SO1	Percentage of operation with implemented local community engagement, impact assessments, and development programmes.	33, 34, 179, 183-184	All countries implement community programmes (please see AIR, Community Trust section on page 29). The impacts from our water use have been reduced and remedied. Construction of 44 wastewater treatment units ensures 100% treatment of our wastewater.
Healthy and affordable food			
FP4	Nature, scope and effectiveness of any programmes and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.	29-36, 177, 180-181	Please see Community Trust section on page 29. We promote active lifestyles, provide clear nutritional information about our beverages and offer an increasingly wide range of beverages, including juices, waters and reduced and zero-calorie beverages. We also provide access to safe drinking water during times of emergency for local communities.
SO2	Percentage and total number of business units analysed for risks related to corruption.	183	We have a zero-tolerance approach to corruption. Annual mandatory training programmes ensure employees understand applicable anti-bribery and anti-corruption laws and act in compliance with those. Programmes are developed by the Legal Department to target specific risks faced by each region. All employees receive an annual letter from the Chief Executive Officer underlining our zero-tolerance approach to Code of Business Conduct violations. For further information, please see our Anti-Bribery Policy and Compliance Handbook and Code of Business Conduct on our corporate website: www.coca-colahellenic.com/sustainability/ourapproach/sustainabilitypolicy
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	170-177, 180	
SO4	Actions taken in response to incidents of corruption.		No reported incidents of corruption. Anti-bribery and corruption are part of risk management control. As part of their quarterly risk review processes operations assess current and emerging risks within this category, and where a risk is identified, implement appropriate mitigation steps.
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	18, 183-186	Sustainability Policies (on corporate website); UN Global Compact; Signature of climate communiqués, UNGC CEO Water Mandate and Caring for Climate Business Forum. Members of UNESDA and EUROPEAN industry associations for interest representation.

GRI index and communication on progress continued

Social: Human Rights continued

Performance Indicator	Description	Reference to page numbers in this report	Content
FPSS and SO5	Report context of any lobbying activities related to subsidised or otherwise advantaged production (for example, lobbying by food processing companies to influence agricultural legislation).		Coca-Cola HBC did not engage in any lobbying activity related to subsidised production.
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		None.

Anti-competitive behaviour

SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.		None.
-----	--	--	-------

Compliance

SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		None.
SO9	Operations with significant potential or actual negative impacts on local communities.		None.
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.		None.

Product Responsibility

Customer health and safety

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	29-36, 37-40	There are no safety impacts associated with our products. The health impacts associated with our products are discussed in the Community Trust and Consumer Relevance sections, on pages 29 and 37.
PR2	Total no. of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	37-41	We had no incidents relating specifically to the health and safety of our products during 2014. We are making progress to reduce quality failures, although in 2014 issues from product spoilage, process and packaging failures resulted in increased cost for the Company compared to 2013. Our consumer complaint rate remained flat at 0.22 complaints per million containers sold against a target of 0.18. We are maintaining 0.18 as our target for 2015.
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards.	182	65 of our plants are certified to ISO 22000 and FSSC 22000; this represents 99.5% of production volume.
FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and sugars.	182	Our products do not contain saturated fats or trans-fats. Our sports drinks contain salts which constitute part of their desired characteristics to replace salts lost through perspiration. Low calorie sparkling beverages accounted for 6% of total volume in 2014; water accounted for 19%.
FP7	Percentage of total sales volume of consumer products, by product category sold, that contain increased fibre, vitamins, minerals, phytochemicals or functional food additives.		We have several products with functional benefits such as Cappy Ice Fruit Multi-vitamin in a number of countries and 5Alive juice drinks in Nigeria which are fortified with vitamins to suit local markets. These products account for a very small percentage of total Group sales.

Product and service labelling

PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	31, 180	The printed packs and labels of all products sold in 2014 had front-of-pack calorie and sugar information, and back-of-pack voluntary Guideline Daily Amounts (GDA) information in the EU. We are working to include this on some glass bottles without print or labels in Nigeria and Russia, where relevant product information is included on the closures with limited space.
FPSS and PR3	Description of importance of social and environmental product information and its communication to consumers.	31, 180	In 2007, we pioneered Guideline Daily Amounts (GDA) labels on front of package in EU countries as a voluntary initiative. Since then, we have rolled out front-of-pack labelling of calorie content in non-EU countries, too (excluding some glass packages in Nigeria and Russia).
FP8	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements.	29, 36, 37-40	See Consumer Relevance and Community Trust sections on pages 29 and 37.

Product Responsibility continued

Performance Indicator	Description	Reference to page numbers in this report	Content
PR4	Total no. of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.		No incidents related to product information and labelling.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	41-46, 51, 180	We track the satisfaction of consumers and customers. Our consumer complaint rate was 0.22 per million containers sold in 2014. Our customer survey found that in outlet execution, we scored 1st or 2nd in performance and relationship health in 18 of 27 countries. Our ranking was maintained or improved in 70% of countries. For key accounts, we scored 1st or 2nd in 16 of 22 countries.
Marketing communications			
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	29-36	We do not market our products directly to children. We will not buy advertising directly targeted at audiences of which >35% are under 12. This policy applies to TV, radio and print and, where data is available, to the Internet, mobile phones and other means of digital communication. We do not engage in direct commercial activity in primary schools. We have helped to develop industry codes of practice, such as the UNESDA commitments, of which we are signatories. We regularly audit compliance with these codes in all of our markets, and UNESDA also commissions third-party auditors to monitor compliance of its members.
FPSS and PR6	Influence on dietary habits, guidelines to vulnerable groups.	29-36	We are reducing the calorie content of many of our products and expanding our range of reduced and zero-calorie beverages. We pioneered Guideline Daily Amounts (GDA) labels. We do not market our sparkling drinks to children and we are increasing pack size choice (portion control, re-closeable packs).
PR7	Total no. of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, sponsorship by outcomes.		None.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		None.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		None.
Across all aspects of sourcing			
FP1	Percentage of purchased volume from suppliers compliant with Company's sourcing policy.	29-30, 183, 184	With consolidation of both direct and indirect spend centrally in the Group, we have assessed Supplier Guiding Principles (SGP) status for all contracts. For 2014, 85% of all contracts were verified with SGP compliance and plans to address the remaining 15% are in place for 2015.
FP9	Percentage and total of animals raised and/or processed, by species and breed type.		Does not apply: We do not raise and/or process animals.
Animal husbandry			
FP10	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic.		Does not apply: We do not raise and/or process animals.
FP11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type.		Does not apply: We do not raise and/or process animals.
FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed.		Does not apply: We do not raise and/or process animals.
Transportation, handling and slaughter			
FP13	Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals.		Does not apply: We do not raise and/or process animals.

GRI index and communication on progress continued

Environmental Data Table

Environmental Data	GRI G3 indicator	Total Amount 2014	Relative Amount 2014	Relative Amount 2013
Production				
Total beverage production		11,474		
Materials				
Materials used	EN1	Tonnes	g/lpb	g/lpb
Sugar and fructose syrup		886,966	77.3	75.9
Concentrate		50,649	4.4	5.3
PET (bottles)		249,895	21.8	20.9
Plastic (closures)		23,246	2.0	2.0
Metal (crowns)		7,207	0.6	0.9
Polyethylene (PE) (labels and stretch/shrink film)		36,326	3.2	3.7
Glass (bottles)		71,907	6.3	6.4
Aluminium (cans)		37,750	3.3	3.6
Paper (labels)		1,145	0.1	0.1
Cardboard		39,075	3.4	3.8
Wood (palettes)		83,108	7.2	6.7
Percentage of materials from recycled sources	EN2	5.2% for PET; 13.5% for glass; 33.5% for aluminium		
Energy		million MJ	MJ/lpb	MJ/lpb
Direct energy use (plants and fleet)	EN3	9,810	0.86	0.92
Electricity		2,972	0.26	0.26
Light heating oil		145	0.01	0.02
Heavy heating oil		107	0.01	0.01
Natural gas		1,962	0.17	0.17
Liquid Propane Gas (LPG)		149	0.01	0.01
Others in plants (steam, district heating, own power)		113	0.01	0.02
Diesel		1,282	0.11	0.14
Petrol		561	0.05	0.06
Estimated diesel in 3rd-party fleet		2,519	0.22	0.23
Primary energy use	EN4			
Electricity		8,618*	0.75	0.74
Fossil fuels		1,052	0.09	0.10
Energy use of Cold Drink Equipment				
Total cooling equipment electricity consumption		14,595		
Coolers		14,006		
Venders		261		
Fountains		328		
Energy saved in bottling plants (vs 2004)	EN5	3,501	-39.1%	-36.4%
Initiatives for energy efficiency and renewable energies	EN6	See the text part in the above table		
Initiatives to reduce indirect energy consumption	EN7	See the text part in the above table		
Water				l/lpb
Total water received	EN8	24,237 mio L	2.11	2.20
Water used		23,667 mio L	2.06	2.17
Water unused (discharged unaltered)		569 mio L	0.05	0.03
Water withdrawal by source (% from municipal sources)		33%		
Water habitats affected by water withdrawal	EN9	None		
Total recycling and reuse of water	EN10	939 mio L	0.1 l/lpb	0.1 l/lpb
Biodiversity				
Total amount of land owned	–	857 ha		
Land owned in protected habitats	EN11	None		
Major impacts on biodiversity	EN12	None		
Changes to habitats from operations	EN14	None		
Programmes to protect habitats	EN13	See pages 36, 178, 179, 185 of this report and corporate website		
Red List species with habitats affected by operations	EN15	None		

* Total amount for 2013 is 8,680 million MJ.

Environmental Data	GRI G3 Indicator	Total Amount 2014	Relative Amount 2014	Relative Amount 2013*
Emissions, effluents and waste				
Greenhouse gas emissions from operations		Tonnes	g/lpb	g/lpb
CO₂ from energy used in plants (scope 1)	EN16	133,469	11.6	12.0
CO₂ from electricity used in plants (scope 2)	EN17	324,535	28.3	27.3
CO₂ from fuel used in company vehicles	EN16	135,731	11.8	14.4
Coolant emissions from cold drink equipment (CO ₂ eq.)	EN16	20,313	1.8	1.6
CO₂ for product carbonation (CO ₂ losses)	EN16	44,584	3.9	3.2
CO₂ – supplied heating & cooling (scope 2)	EN17	33,557	2.9	3.0
Total emissions (scope 1 and 2) (without energy from remote properties)		692,190	60.3	61.6
Indirect greenhouse gas emissions		Tonnes	g/lpb	g/lpb
CO₂ from electricity use of cold drink equipment	EN17	1,698,628	148.0	157.8
CO₂ embedded in packaging	EN17	1,220,844	106.4	117.6
CO₂ from sugar		421,719	36.8	36.1
CO₂ from 3rd-party transports		186,429	16.2	16.8
CO₂ from head office flights	EN17	1,224	0.1	0.1
CO₂ from product carbonation		84,252	7.3	8.3
Programmes to reduce greenhouse gas emissions	EN18	See page 186, UNGC Caring for Climate progress report		
Ozone-depleting substance emissions	EN19	Tonnes		
CFCs and HCFCs		0.283	0.00002	0.00001
Other significant air emissions	EN20	Tonnes		
NO_x		5,586	0.49	0.58
SO₂		3,998	0.35	0.41
Particulate matter		599	0.05	0.06
Waste				
Amount of solid waste	EN22	Tonnes		
Total amount		97,587	8.5 g/lpb	8.7 g/lpb
Recycling and energy recovery***		88,792	91%	89%
Hazardous waste				
Hazardous waste generated	EN24	1,144	0.1 g/lpb	0.2 g/lpb
Effluents				
Discharges to water				
Quantity of waste water discharged	EN21	10,825 mio L	0.9 l/lpb	1.2 l/lpb
Total COD (Chemical Oxygen Demand) produced	EN21	3,564 t O ₂	311 mg O ₂ /lpb	454 mg O ₂ /lpb
Total COD reaching the environment	EN21	480 t O ₂	42 mg O ₂ /l	42 mg O ₂ /l
Water habitats affected by water discharges	EN25	0		
Spills of chemicals, oils, fuels	EN23	23.0 t**	0.002 g/lpb	0.002 g/lpb
Products and services				
Significant environmental impacts	EN26	CFCs and HCFCs		
Percentage reclaimable products	EN27	3rd party carriers		
Rate of returnable packaging		10%		
Possible rate of packaging recycling		See page 51		
Achieved rate of packaging recycling		See page 51		
Compliance				
Incidents and fines	EN28	2		
Transport				
Environmental impacts of transport	EN29	3rd party carriers		
Number of vehicles		17,555		
Fuel consumption (litres)		52,122,683 L	4.5 ml/lpb	5.4 ml/lpb
Expenditures				
Total environmental expenditures	EN30	See some of the investments in the above table		

* Year 2013 was restated to correct energy data for Nigeria and for several fleet and ingredients figures.

** Out of this, 20 tonnes of NaOH were spilled in Edelstal, Austria where a defect valve combined with a defect conductivity meter resulted in the discharge of NaOH from the newly installed bottlewasher.

GRI index and communication on progress continued

*** Recycled waste from manufacturing sites.

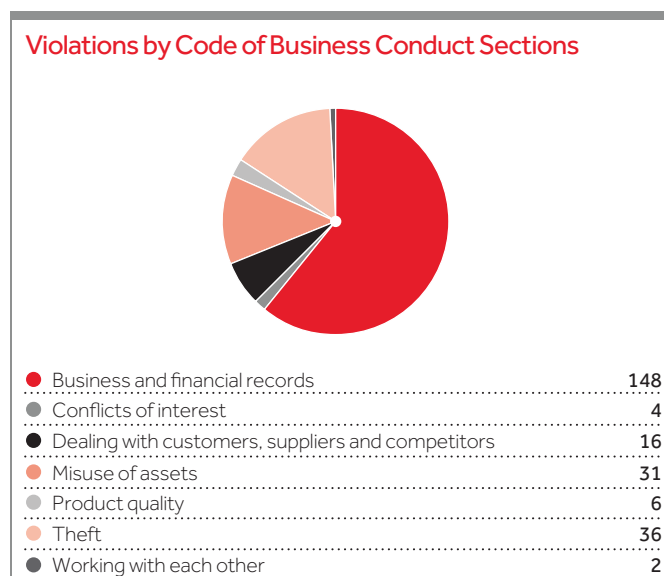
Social Data Table

		2014	2013
Employee Development			
LA1	Average no. of employees	36,362	38,089
	Permanent employees	>95%	>95%
	Employee engagement score	82 %*	62%
	Values index score	81 %*	70%
LA2	Employee turnover	14.69 %	15.5%
Training & Development			
LA10	Average training hours per employee	18	>21
	Key People in Key Positions	78.2%	71.6%
Human Rights			
HR4-7	No. of workplace accountability audits	16	23
HR4-7	No. of human rights violations resulting in litigation against the Company	0	0
Equality & Diversity			
LA13	Women in management	32%	30%
LA14	Male-to-female salary equality	Median for 6 countries 96% = 62% of to total headcount	99%
HR4	Breaches of equality legislation	0	0
Labour Rights			
LA4	Employees covered by collective bargaining	49%	> 50%
LA4	Employees belonging to independent trade unions	Approx 23%	Approx 25%
Health & Safety			
LA7	Fatalities (including contractors)	5	4
LA7	Accident incidence (accidents with >1 day absence per 100 employees)	0.49	0.57
LA7	Sickness absence (days absent)	153,594	156,144
LA7	Average sickness days per full-time employees (FTE)	4.23	3.86
	Employee lost time accidents (LTA)	178	217
	Contractor lost time illness frequency rate (LTIFR)	0.91	1.51
	Occupational illness frequency note (OIFR)	0.00	–
	No. of plants with OHSAS 18001 certification	65	67
	% of production volume covered	99.5 %	99%
Consumer Health			
	Percentage of still beverages (juices, waters, etc.)	30.4%	30.1%
	Average calorie content (per 100ml)	30 kcal	30 kcal
PR3	Rollout of Guideline Daily Amounts (GDA) labels	All sparkling beverages in cans and PET bottles, all beverages in the EU	All sparkling beverages, most others in EU territories
PR5	Consumer complaints (per million containers sold)	0.22	0.22
	No. of plants with ISO 9001 certification	65 plants (99.5% of volume)	67 plants
	No. of plants with ISO 22000 certification	65 plants (99.5% of volume)	67 plants (99% of volume)
Supplier Engagement			
HR2	No of independent SGP audits	47	30
EC1	Total supplier spend	€4,470.9 million	€4,364.5 million
EC6	Spending within local territories (includes EU)	>90%	Close to 90%
Community			
EC1	Economic benefits		
	Income taxes	€57.8 million	€72.9 million
	Salaries & benefits	€1,104 million	€1,128.3 million
	Supplier spend	€4,088.7 million	€4,364.5 million
EC1	Investment in community projects	€8.7 million (2,5 % of pre-tax profit)	€9.5 million (>2% pre-tax profit)
	Employee volunteers	13,975	12,800
	Volunteers house	31,296	39,668
	Political contributions	0	0

* The 2014 sustainable engagement index was done according to a different methodology (Towers-Watson) vs previous years (People Metrics), so the results are not comparable. We will continue using the Towers-Watson methodology going forward, which allows benchmarking with peer companies, The Coca-Cola Company, other Coca-Cola bottlers and high performing organisations.

2014 Code of Business Conduct violations and allegations received through the Whistleblower Hotline

In 2014, 243 violations of the Group's Code of Business Conduct were reported to the Corporate Audit Department. Below is a breakdown by violation type:



Of the 243 violations, 41 involved an employee in a management position or involved a loss greater than Euro 25,000. 76 of the matters investigated resulted in termination of the involved employee. The remaining matters resulted in discipline of formal/written warnings, financial penalties (unpaid suspension or loss of bonus) or voluntary resignation from the Company.

Whistleblower hotline

We regularly make our employees aware of various avenues to raise their concerns and report any violations of the Code of Business Conduct, including through an anonymous hotline. In 2014, we received 43 allegations through our whistleblower hotline. Allegations received related to issues not covered under the Code of Business Conduct are routed to the appropriate department for appropriate handling. All allegations involving potential Code of Business Conduct violations were investigated by Internal Audit. Through investigating these COBC violation allegations, 18 employees were found in violation of the Code of Business Conduct and relevant measures were undertaken to handle these.

Importantly, we make sure that the learnings from both the Code of Business Conduct violations and allegations reported through the whistleblower hotline are drawn and result in relevant decision making and procedural changes, for example the re-evaluation of our procedures in connection with incidents and the review, adjustment or update of related policies. We also undertake measures to improve our systems and use them to prevent as many of these violations as possible from happening, learning from our experience and those of others.

United Nations Global Compact (UNGC) communication on progress

UN Global Compact – Communicating our Progress

Coca-Cola HBC has participated in the UN Global Compact since 2005 and has worked to implement and promote the 10 principles in support of human rights, labour rights, environment and anti-corruption.

We fulfil our commitments to the UN Global Compact by:

- Implementing the 10 Principles into Company operations and strategy;
- Working to make our supply chain more sustainable;
- Promoting development of Local Networks;
- Supporting the Compact's global platforms;
- Contributing to broad UN development goals; and
- Reporting transparently.

1.1 GC Advanced Level

Our Annual Integrated Report serves as our Communication on Progress (COP) to the Global Compact. To achieve Advanced Level status requires that we meet the 21 criteria of the COP Differentiation programme. Below is a summary of these criteria and how we meet each one.

1.1.1 Mainstreaming into corporate functions and business units

We have integrated sustainability into the way we run our business. We identified material issues to our business with our stakeholders and developed ambitious strategies, demanding targets, rigorous governance and integrated reporting. We have also implemented internationally recognised management systems. Almost all (99%) of our production volume now comes from plants that are certified for quality (ISO 9000), environment (ISO 14001), health and safety (OHSAS 18001) and food safety (ISO 22000 and FSSC 22000).

1.1.2 Value chain implementation

The greatest environmental impacts of our business lie in our supply chain. We work with suppliers, NGOs and other partners to address issues such as water use and carbon emissions in our agricultural supply chain. We have also begun collaborative work with customers on joint sustainability initiatives. Together with The Coca-Cola Company, we are setting long-term sustainability targets and public commitments for our business that include our supply chain in a lifecycle approach.

Robust Human Rights Management Policies & Procedures

1.1.3 Robust commitments, strategies or policies in the area of human rights

- Relevant policies include: an updated Human Rights Policy, including reference to the UN Framework and Guiding Principles on Business and Human Rights (the Ruggie framework) and the ILO International Labour Standards, Equal Opportunities Policy, Supplier Guiding Principles, Occupational Health and Safety Policy, HIV-AIDS policy.
- We support the 5by20 programme of The Coca-Cola Company to empower 5 million women entrepreneurs by 2020. In Nigeria, more than 34,000 of our outlets are now managed by female entrepreneurs.

1.1.4 Effective management systems to integrate the human rights principles

- Our commitments are integrated into management systems and training.
- As of 31 December 2014, 65 plants were certified to OHSAS 18001 – 99% of production volume.

- High-profile health and safety campaigns and gender diversity initiatives are among the programmes which bring our commitments to life.

1.1.5 Effective monitoring and evaluation mechanisms of human rights integration

- Regular reviews check that we adhere to all applicable laws and regulations, our Code of Business Conduct and internal standards.
- Annual certification confirms that we are in legal compliance, processes are well implemented, targets are set and reached and reporting is timely and accurate.
- Both suppliers and Company-owned operations are subject to independent assessments of workplace conditions.
- We have a well-publicised whistleblower system, with all contacts investigated and reported to the Board.
- Coca-Cola HBC received no fines for non-compliance with human rights-related laws and regulations in 2014.

Robust Labour Management Policies & Procedures

1.1.6 Robust commitments, strategies or policies in the area of labour

- Relevant policies include our Human Rights Policy and Supplier Guiding Principles available on our website.
- We also have a commitment to engage in social dialogue in the communities where we live and work. Various community development and investment initiatives that serve the needs of the communities in the countries where we operate are described in this report.

1.1.7 Effective management systems to integrate the labour principles

- These commitments are integrated into our management systems and training programmes.
- We have independent unions and/or works councils as well as formal communications protocols in place. For details please see relevant sections of our GRI data table included in this report.
- Comprehensive people development initiatives endeavour to ensure all employees achieve their potential.
- Salary parity has been achieved, with negligible difference between male and female employees of the same grade. For details, please see the GRI data table in this report.
- Pay for entry-level positions is on average twice the local minimum wage, where one exists. For details, please see the GRI data table in this report.
- We conduct gender diversity programmes in our own operations.
- In Nigeria, we work with the global Coca-Cola 5by20 programme which has earmarked \$22 million financing to women micro-distributors in Nigeria.
- We work to improve working conditions in informal packaging collection systems.
- We participate in industry initiatives, e.g. AIM-Progress, SEDEX.

1.1.8 Effective monitoring and evaluation mechanisms of labour principles integration

- Regular reviews check that we adhere to all applicable labour laws and regulations and internal standards.
- Independent audits are undertaken of both Company and supplier workplaces.
- We have a well-publicised whistleblower system, with all contacts investigated and reported to the Board.
- Coca-Cola HBC received no significant fines for non-compliance with labour laws and regulations in 2014.

Robust Environmental Management Policies & Procedures

1.1.9 Robust commitments, strategies or policies in the area of environmental stewardship

- We have publicly available policies on water stewardship, climate change, packaging and recycling: www.coca-colahellenic.com/sustainability/ourapproach/sustainabilitypolicy
- Environmental targets to 2020 and annual performance are publicly reported.
- Since 2011, 100% of wastewater is treated to a level that supports aquatic life.
- We develop energy-efficient HFC-free refrigeration with suppliers – up to 63% more energy-efficient than 2004 models. Details in GRI data table in this report.
- We have committed to build 15 CHP units and have built 10 to date; These reduce bottling plant emissions by at least 40%.

1.1.10 Effective management systems to integrate the environmental principles

- By the end of 2014, 65 bottling plants had achieved ISO 14001 certification, accounting for 99% of our production volume.

1.1.11 Effective monitoring and evaluation mechanisms for environmental stewardship

- Regular reviews check that we adhere to all applicable environmental laws and regulations and internal standards.
- Environmental management systems and data are audited annually by third parties at all bottling plants.
- Compliance and continuous improvement are integral to our management systems. Annual targets are set and progress monitored by the Board and reported publicly.
- Coca-Cola HBC received no significant fines for non-compliance with environmental laws and regulations in 2014. For details, please see the GRI data table in this report.

Robust Anti-Corruption Management Policies & Procedures

1.1.12 Robust commitments, strategies or policies in the area of anti-corruption

- Coca-Cola HBC's zero-tolerance approach to corruption is made clear to employees, suppliers, governments and others.
- Our Code of Business Conduct defines how employees are expected to do business. In addition to mandatory training, each employee receives an annual letter from our Chief Executive Officer underlining our zero-tolerance approach to corruption.
- Our Supplier Guiding Principles make clear the values and behaviour we expect, and audit, in our value chain.
- We have worked with Global Compact Local Networks and others to conduct anti-corruption initiatives.
- We publicly report on Code of Business Conduct violations by type and relevant actions/learnings undertaken as a result in this report on page 181.

1.1.13 Effective management systems to integrate the anti-corruption principle

- All employees undergo mandatory training and certification in the Code of Business Conduct.
- All employees receive an annual letter from the Chief Executive Officer underlining our zero-tolerance approach to violations of the Code.

- Employees can raise concerns about conduct and compliance through various mechanisms, including our confidential whistleblower hotline and email system. We also have an open door policy.
- We commit to protecting those who raise concerns in good faith from retaliation.

1.1.14 Effective monitoring and evaluation mechanisms for the integration of anti-corruption

- All contacts are investigated and results are reported to the Audit Committee.
- All violations of our Code result in disciplinary action, even dismissal.
- Our whistleblower system is independently audited each year.
- Independent audits of supplier sites are conducted. In 2014, 30 audits took place.

Action in Support of Broader UN Goals and Issues

1.1.15 Core business contributions to UN goals and issues

- Coca-Cola HBC primary contribution is through core business activities. Direct and indirect employment, salaries, supplier payments, community investments and government taxes are among the ways that we generate local economic benefit.
- Our business also brings indirect benefits, such as technical expertise or inward investment – particularly important in developing or transitional economies. We are helping to develop the Russian sugar beet industry, for example, bringing in technical expertise and funding, so as to eliminate foreign cane sugar import.
- As a founding member of the CEO Water Mandate and Caring for Climate initiatives, Coca-Cola HBC has committed to address water conservation and CO₂ emissions in our operations, supply chain and beyond.
- We also support entrepreneurs in our value chain. In Nigeria, we are helping women micro-distributors as part of the global Coca-Cola programme to empower five million female entrepreneurs by 2020.

1.1.16 Strategic social investments and philanthropy

- Our four strategic focus areas are: youth/education, sport/active lifestyles, water/environment protection and emergency relief. Most of our community funding was channelled into these four areas in 2014. For more information please see the Community Trust section of this report.
- We engage with UNDP, UNEP, UNESCO and other agencies to address broader UN goals. Partnerships focus on such issues as: access to sanitation, safe drinking water and watershed conservation; youth development and education; entrepreneurship and job creation; HIV/AIDS and malaria; and disaster relief and rehabilitation.
- In 2014, we channelled more than €8.5 million – more than 2.5% of pre-tax profit – into community investment programmes. This data is verified by the London Benchmarking Group (LBG).

1.1.17 Advocacy and public policy engagement

- We work with industry associations to inform public policy on sustainability challenges, sharing our experience and advancing practical solutions. Since 2005, our Green Danube partnership has conducted advocacy in 11 countries.
- We aim to be transparent about our positions – calling for urgent action on climate change, for example. We oppose measures that single out products or industries, such as soft drink taxes. We also challenge proposals that focus more on short-term financial gain than long-term sustainability.

United Nations Global Compact (UNGC) communication on progress continued

1.1.18 Partnerships and collective action

- Multi-stakeholder partnerships are critical to solving many sustainability challenges. We participate in many such initiatives, even setting them up where none exist.
- We have supported development of Local Networks and were actively involved in seven such networks in 2014.
- Since 2005, our Green Danube partnership with the International Commission for the Protection of the Danube River (ICPDR) has been active in conservation, awareness-raising, education and advocacy in 11 countries. In total, we conduct community water partnerships in 24 countries.
- Underpinned by a global agreement between the Coca-Cola System and the International Federation of Red Cross and Red Crescent (IFRC) societies, we work with national Red Cross societies on emergency relief and other locally relevant issues.
- We have led the set-up of recovery organisations in 19 countries, which collect, recycle or recover beverage packaging. We also supported the establishment in Austria of the first PET-to-PET recycling plant, closing the recycling loop.
- Active lifestyles and youth development are other key areas in which we work together with NGOs, government agencies and other technical experts.

- The Chief Executive Officer is actively involved in our sustainability agenda and attends quarterly meetings of the Board's Social Responsibility Committee.
- The Chief Executive Officer also participates in Top-to-Top meetings with partners such as The Coca-Cola Company and other bottlers to ensure alignment on sustainability issues, strategies and targets.

1.1.20 Board adoption and oversight

- The Board of Directors strongly supports the UN Global Compact and our work in the local networks. Social Responsibility Committee meetings of the Board of Directors are attended by the Chairman of the Board.
- The Social Responsibility Committee of our Board of Directors meets quarterly to review and guide our sustainability performance. The chairman is Sir Michael Llewellyn, the Senior Independent Director on our Board.

1.1.21 Stakeholder engagement

- The importance of creating value for stakeholders is enshrined in Coca-Cola HBC's Mission and Values. Similarly, Community Trust is one of our four key business strategies.
- We engage with a wide range of stakeholders on our sustainability strategy: employees, consumers, customers and suppliers, as well as non-governmental organisations (NGOs), governments and communities in which we operate.
- Our annual Stakeholder Forum comprises academics, government, industry and other technical experts.

We also participate in multi-stakeholder partnerships to address issues that are material to our business and our communities.

Corporate Sustainability Governance and Leadership

1.1.19 CEO commitment and leadership

- The Chief Executive Officer and Management of Coca-Cola HBC support the UN Global Compact and oversee our work in the areas of human rights, labour rights, environment and anti-corruption.

UNGC CEO Water Mandate communication on progress

Coca-Cola HBC is a founding signatory of the UN Global Compact's CEO Water Mandate. An in-depth discussion of our water stewardship strategy and progress can be found in this report on page 32 and the GRI communication on progress, which also serves as our communication on progress against the requirements of the UNAC COO Water Mandate. Below is a summary of our progress in the six focus areas of the Water Mandate.

CEO Water Mandate

Coca-Cola HBC's progress

1. Direct Operations

- | | |
|--|--|
| <ul style="list-style-type: none">• Conduct a comprehensive water-use assessment to understand company's water use in direct production.• Set targets for operations for water conservation and wastewater treatment, framed in a corporate cleaner production and consumption strategy.• Invest in and use new technologies to achieve these goals.• Raise awareness in corporate culture.• Include water sustainability in business decision-making. | <ul style="list-style-type: none">• Awarded new European Water Stewardship Gold Level certification at eight facilities, received in 2014: Dorna, Rosa, Tylicz, Edelstal, Zalaszentgrót, Vals, Dietlikon and Timisoara• 64.4% reduction in direct water footprint since 2004 – target is 75% reduction by 2020• 26.1% improvement in water efficiency since 2004 – target is 40% improvement by 2020• 100% of wastewater treated since 2011• All bottling plants undertake annual water footprint assessment; bi-annual risk assessments; source vulnerability assessments; and source water protection programmes• Using Global Water tool for water stress projection per plant• 65 plants are ISO 14001-certified, accounting for 99.8% of production volume• Work with suppliers to develop and implement water-saving technologies• Mandatory Top 10 Water Savers initiative helps plants identify water-saving opportunities• Employee participation encouraged in watershed protection initiatives |
|--|--|

2 Supply Chain and Watershed Management

- | | |
|---|---|
| <ul style="list-style-type: none">• Build capacities to analyse and respond to watershed risk.• Share water sustainability practices – established and emerging – with suppliers.• Encourage suppliers to improve water conservation, quality monitoring, wastewater treatment, recycling.• Encourage suppliers to assess their water usage and impacts.• Encourage major suppliers to report progress against goals. | <ul style="list-style-type: none">• Tier 1 suppliers required to achieve ISO 14001 certification• Sustainable agriculture programme• Supplier Guiding Principles• Supplier Risk assessment for Tier 1 includes water stress risk• Water footprint measures use in supply chain• Bi-annual risk assessments study local context for bottling plants• Source vulnerability assessments at all plants• Source water protection programmes at all plants• Watershed protection partnerships in 24 countries |
|---|---|

3. Collective Action

- Build ties with civil society organisations, especially those that are regional and local.
- Work with national, regional and local governments and authorities to address water sustainability issues and policies, and with international bodies.
- Encourage development and use of technologies.
- Actively support Country Networks of the UN Global Compact.
- Support water initiatives and collaborate with UN bodies and IGOs.
- Community watershed partnerships involve government agencies, NGOs and communities in 24 countries
- Work with UN bodies, IGOs and NGOs on water initiatives, including UNDP, UNICEF, GWP, WWF and many local community NGOs in various countries
- Through our award-winning Green Danube partnership, we have had active programmes running for the past 10 years with strategic NGOs in our markets in countries of the Danube River basin. These include public education and awareness raising initiatives each year, engagement in and support of freshwater and wetland habitat restoration activities, which also include benefits such as the preservation of biodiversity in the affected wetlands, and other community benefits such as better quality drinking water and restored community water sporting opportunities
- Projects include promoting rainwater harvesting in water-scarce areas in Greece, borehole projects for communities around our Nigerian plants in water scarce areas to ensure safe drinking water for communities in need, the honouring of World Water Day to raise employee awareness in various markets of operations, Water Ambassadorship projects in Africa, and cleaning of watershed areas and river banks in many countries in Europe
- Active members of Country Networks of the Global Compact in seven countries in 2013

4. Public Policy

- Contribute to government regulation and creation of market mechanisms to drive water sustainability agenda.
- Advocate water sustainability in global and local policy discussions, presenting role and responsibility of the private sector in supporting integrated water resource management.
- Partner with government, business, civil society and others to advance knowledge, intelligence and tools.
- Support policy-oriented bodies and frameworks.
- The Green Danube partnership actively engaged in public policy and supports the development of national policy and regulatory frameworks for integrated water resources management. See www.icpdr.org and www.coca-colahellanic.com/sustainability/community/waterenvironment/greendanubepartner
- Founding member of the Water Footprint Network
- Founder signatory of the CEO Water Mandate

5. Community Engagement

- Endeavour to understand the water and sanitation challenges in our communities and how we impact those challenges.
- Be active community members, and encourage/support local government, groups and initiatives advancing water and sanitation.
- Work with public authorities to support – when appropriate – development of adequate water infrastructure, including water and sanitation delivery systems.
- Undertake water-resource education and awareness campaigns with local stakeholders.
- Work in partnerships with local governments, communities and civil society to support safe water access and sanitation initiatives in a number of countries from Nigeria to Romania
- UN World Water Day awareness raising and celebrations, spreading the word with hashtags on social media for scope
- Annual river celebrations such as International Danube Day and raising public awareness about freshwater conservation and understanding of the Danube, Sava, Vistula and Volga rivers, the Black Sea, and various other watersheds and water sources in our markets.
- Clean-ups of waterways, embankments, oxbows and floodplains, conservation of wetland habitat in most countries of operation
- Education on water sustainability in schools in eight countries with the Danube Box tool-kit, with three spin-offs for other rivers and the Black Sea, building in school learnings from other country examples, reaching millions of children in class, online and on social media
- Bi-annual risk assessment on water and sanitation in local communities

6. Transparency

- Describe actions and investments in relation to CEO Water Mandate in a COP, referring to performance indicators such as GRI.
- Publish and share water strategies (targets, results, areas for improvement) in corporate reports, using GRI water indicators.
- Be transparent in dealings and conversations with governments and other public authorities on water issues.
- GRI reporter since 2003; Application level A+; all core/most additional water indicators reported
- Performance data reported publicly since 2002
- COP-Water member since 2008; Notable Reporter since 2005
- Reporting corporate and global water footprint annually since 2009
- All interaction with government and public authorities is governed by our Code of Business Conduct
- Political contributions are expressly prohibited by the Code of Business Conduct

UNGC Caring for Climate Business Forum communication on progress

UNGC Caring for Climate Business Forum communication on progress

Coca-Cola HBC is a founder signatory of the UN Global Compact's Caring for Climate initiative. We provide detailed information on our approach and results in our disclosure to the Carbon Disclosure Project (CDP), as well as this integrated annual report, which also includes the communication on progress on the Global Report Initiative – these serve as our COP-Climate. Below is a summary of our progress against the five commitments in Caring for Climate.

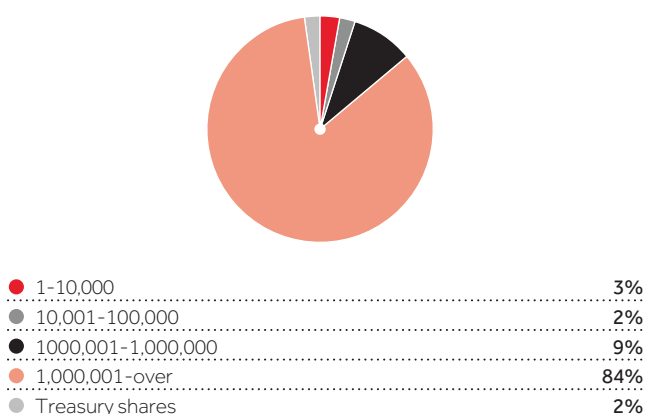
Caring for Climate	Coca-Cola HBC's progress
Taking practical actions now to increase the efficiency of energy usage and to reduce the carbon burden of our products, services and processes, to set voluntary targets for doing so, and to report publicly on the achievement of those targets annually in our COP.	- Improved energy efficiency (per litre of produced beverage) by 35% in 2014 vs. 2004 - Cut total energy usage by 16.3% despite 53% increase in production volume since 2004 - Reduced direct emissions (Scope 1 & 2) by 13.4% and emissions per litre of beverage by 34% since 2004 - Committed to reduce direct emissions by 20% by 2020 - Constructed 10 on-site CHP units – each cuts plant emissions by 40%, with food-grade CO₂ recovery further boosting this figure - Renewable energy projects include PV panels and heat pumps - Programmes include: Top 18 energy and 10 most basic energy savers in all plants; new Employee Ambassador programme - Energy-savings projects in our plants yielded savings of €2.1 million during 2014 - Developed energy-efficient and HFC-free refrigeration up to 63% more efficient than 2004 models - Set up 19 organisations that collect, recycle or recover equivalent of 73% of our packaging 65 plants are ISO 14001-certified, accounting for 99.5% of production volume
Building significant capacity within our organisation to understand fully the implications of climate change for our business and to develop a coherent business strategy for minimising risks and identifying opportunities.	- Calculated and reported on total carbon footprint annually since 2006 - Describe risks and opportunities to the Carbon Disclosure Project (we are in the A-list of companies on CDP Climate Performance Leadership Index 2014 and in Climate Disclosure Leadership Index 2014) - Risks and opportunities are also in the annual integrated report - Water stewardship is our main mitigation strategy
Engaging fully and positively with our national governments, inter-governmental organisations and civil society organisations to develop policies and measures that provide an enabling framework for the business sector to contribute effectively to building a low carbon economy.	- Liberty Island, Hungary – five-year restoration programme with WWF, supported by EU LIFE+ Nature Conservation Fund - The European Commission named our Combined Heat and Power (CHP) programme Official Partner of the Sustainable Energy Europe Campaign - Previously participated actively at COP15; signed Copenhagen, Bali and 2 degrees Communiqués
Working collaboratively with other enterprises nationally and sectorally, and along our value-chains, by setting standards and taking joint initiatives aimed at reducing climate risks, assisting with adaptation to climate change and enhancing climate-related opportunities.	- Tier 1 suppliers required to gain ISO 14001 certification - Develop with suppliers HFC-free, energy-efficient refrigeration that is up to 63% more efficient than 2004 - Work with suppliers to lightweight packaging and increase recycled PET content – in 2014 rPET was 13,267 tonnes, 31.5% higher than in 2013 - Launched PlantBottle™, made from up to 30% renewable plant-based sources, in CCHBC countries - Led set-up of 19 recovery organisations; equivalent of 73% of our packaging is recovered or recycled - Sustainable agriculture programme
Becoming an active business champion for rapid and extensive response to climate change with our peers, employees, customers, investors and the broader public.	- Through the 19 recovery organisations we have helped set up, we provide infrastructure and education to encourage consumers to recycle - Support to WWF Earth Hour campaign in some countries - Training programmes for employees: local training, Central Environmental training for Environmental responsible people

Shareholder information

We take great pride in being regarded as a transparent and accessible company in all our communications with the investment communities around the world.

Coca-Cola HBC engages with key financial audiences, including institutional investors, sell-side analysts and financial journalists, as well as our Company's shareholders. The Investor Relations department manages the interaction with these audiences by attending ad hoc meetings and investor conferences throughout the year, in addition to the regular meetings and presentations held at the time of the results announcements.

Analysis by shareholder



Listings

Coca-Cola HBC AG (LSE: CCH) was admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities on 29 April 2013. With effect from 29 April 2013, Coca-Cola HBC AG's shares are also admitted on the Athens Exchange (ATHEX: EEE). Coca Cola HBC AG has been included as a constituent of the FTSE 100 and FTSE All-Share indices from 20 September 2013.

Since our premium listing on the London Stock Exchange, the United Kingdom has become the principal trading market for our shares. Therefore, we made the decision to delist our American Depositary Receipts (ADRs) from the New York Stock Exchange, to terminate our ADR programme and to deregister with the U.S. Securities and Exchange Commission. The delisting became effective in November 2014.

London Stock Exchange

Ticker symbol: CCH
 ISIN: CH019 825 1305
 SEDOL: B9895B7
 Reuters: CCH.L
 Bloomberg: CCH LN

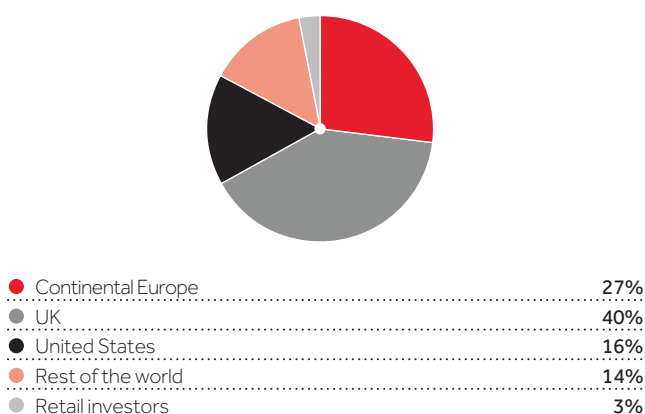
Athens Exchange

Ticker symbol: EEE
 ISIN: CH019 825 1305
 Reuters: EEEr.AT
 Bloomberg: EEE GA

Credit rating

Standard & Poor's: L/T BBB+, S/TA2 BBB, negative outlook
 Moody's: L/T Baa1, S/T P2, negative outlook

Geographic concentration



Shareholder information continued

Share price performance

LSE: CCH	2014	2013
In € per share		
Close	12.28	17.62
High	18.00	19.70
Low	12.14	14.65
Market capitalisation (€ million)	4,475	6,479

ATHEX: EEE	2014	2013	2012
In € per share			
Close	15.68	21.00	17.70
High	22.00	23.69	18.00
Low	15.00	17.00	11.30
Market capitalisation (€ million)	5,713	7,721	6,488

Source: Bloomberg

Share capital

In 2014, the share capital of Coca-Cola HBC increased by the issue of 129,022 new ordinary shares following the exercise of stock options pursuant to the Group's employee stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €1.4 million.

Following the above changes, and including 3,445,060 ordinary shares held as treasury shares, on 31 December 2014 the share capital of the Group amounted to €1,998.1 million and comprised 367,819,247 shares with a nominal value of CHF 6.70 each.

Major shareholders

The principal shareholders of the Group are Kar-Tess Holding (a Luxembourg company), which holds approximately 23.2% of the outstanding ordinary shares, and The Coca-Cola Company, which indirectly holds approximately 23.1% of the Group's outstanding ordinary shares.

Independent auditors

PricewaterhouseCoopers

Dividends

For 2014, the Board of Directors has proposed a 0.36 Euro dividend per share in line with the Group's progressive dividend policy. This compares to a dividend payment of 0.354 Euro per share in 2013.

Financial calendar

15 May 2015	First quarter trading update
23 June 2015	Annual General Meeting
13 August 2015	Half-year financial results
5 November 2015	Third quarter trading update

The dates in the financial calendar are provisional.

Corporate website

www.coca-colahellenic.com

Shareholder and analyst information

Shareholders and financial analysts can obtain further information by contacting:

Investor Relations

Tel: +30 210 618 3100

Email: investor.relations@cchellenic.com

IR website: www.coca-colahellenic.com/investorrelations

Swiss statutory reporting

190 Report of the statutory auditor on Coca-Cola
HBC AG's consolidated financial statements

191 Report of the statutory auditor on
Coca-Cola HBC AG's financial statements

192 Coca-Cola HBC AG's financial statements

200 Report of the statutory auditor on
the Statutory Remuneration Report

201 Statutory Remuneration Report

205 Special E&Y audit opinion on conditional
capital increase



Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen/Zug

Report of the statutory auditor on Coca-Cola HBC AG's consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Coca-Cola HBC AG, which comprise the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes (pages 107 to 165) for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'Anliker'.

Daniel Anliker

Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'Ph. Kegele'.

Philipp Kegele

Zürich, 20 March 2015



Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen/Zug

Report of the statutory auditor on Coca-Cola HBC AG's financial statements

As statutory auditor, we have audited the accompanying financial statements of Coca-Cola HBC AG, which comprise the Balance Sheet, Statement of Income and Notes (pages 192 to 199), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of association. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and reserves complies with Swiss law and the company's articles of association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Daniel Anliker
Audit expert
Auditor in charge

Philipp Kegele

Zürich, 20 March 2015

Coca-Cola HBC AG's financial statements, Zug

Balance sheet

		As at 31 December	
	Note	CHF 2014	CHF 2013
ASSETS			
Cash and cash equivalents		560,556	433,066
Receivables from group companies		9,706,004	10,158,590
Prepayments and other receivables		661,701	632,342
Own shares	5	281,591	387,340
Current assets		11,209,852	11,611,338
Other long-term receivables from third parties		383,440	390,613
Investments in subsidiaries	4	9,119,150,900	9,119,161,370
Fixed assets, net		1,885,680	1,311,805
Organisational costs, net		36,844,908	48,699,392
Non-current assets		9,158,264,928	9,169,563,180
TOTAL ASSETS		9,169,474,780	9,181,174,518
LIABILITIES AND EQUITY			
Payables third parties		802,696	913,939
Payables group companies		74,961,834	8,365,459
Accrued and other liabilities		7,041,512	4,777,181
Current liabilities		82,806,042	14,056,579
Other long-term loans to third parties		76,300	–
Other long-term loans to group companies		61,360,367	210,831,889
Long-term liabilities		61,436,667	210,831,889
Share capital	6	2,464,388,955	2,463,524,508
Legal reserves			
General reserve from capital contributions		6,274,972,192	6,433,831,398
Reserve for own shares from capital contributions	5	87,248,296	87,248,296
Retained earnings (losses)		(28,318,152)	–
Net profit/(loss)		226,940,780	(28,318,152)
Total equity	7	9,025,232,071	8,956,286,050
TOTAL LIABILITIES AND EQUITY		9,169,474,780	9,181,174,518

Statement of income for the period

	For the period	
	CHF 01.01.2014 - 31.12.2014	CHF 19.09.2012 - 31.12.2013
Fee income	25,675,099	10,207,999
Dividend income	246,078,000	–
Revenues	271,753,099	10,207,999
Payroll costs	(12,764,482)	(6,935,494)
Depreciation and amortisation	(11,925,298)	(10,631,524)
Other operating expenses	(18,743,772)	(14,719,501)
Total operating expenses	(43,433,552)	(32,286,519)
Operating profit/(loss)	228,319,547	(22,078,520)
Financial income	93,842	274,624
Financial expenses	(9,296,023)	(5,554,311)
Translation differences	8,105,318	(959,945)
Taxes	(281,904)	–
Net profit/(loss)	226,940,780	(28,318,152)

Notes to the financial statements

1. Introduction

The statutory financial statements of Coca-Cola HBC AG have been prepared in accordance with the requirements of the Swiss Code of Obligations ("SCO"). Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations in force until December 2012.

Coca-Cola HBC AG was incorporated on 19 September 2012 by Kar-Tess Holding. On 11 October 2012, Coca-Cola HBC AG announced a voluntary share exchange offer to acquire all outstanding ordinary registered shares and all American depositary shares of Coca-Cola Hellenic Bottling Company S.A., Maroussi (GR) ('CCHBC SA'). As a result of the successful completion of this offer, on 25 April 2013 Coca-Cola HBC AG acquired 96.85% of the issued CCHBC SA shares, including shares represented by American depositary shares, and became the new parent company of the Group. On 17 June 2013, Coca-Cola HBC AG completed its statutory buy-out of the remaining shares of CCHBC SA that it did not acquire upon completion of its voluntary share exchange offer.

On 24 July 2014 the Group proceeded to the delisting of its American Depositary Receipts from the New York Stock Exchange and terminated its reporting obligations under the U.S. Securities Exchange Act of 1934. The deregistration of Coca-Cola HBC shares under the U.S. Securities Exchange Act of 1934 and the termination of its reporting obligations became effective on 3 November 2014.

The financial year includes the period from 1 January to 31 December 2014.

2. Accounting policies

Exchange rate differences

Except for investments in subsidiaries, capitalised organisational costs, fixed assets, long-term receivables, long-term liabilities and equity that are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into Swiss francs (CHF) using the closing exchange rate as per 31 December 2014. Income and expenses are translated into CHF at the average exchange rate of the reporting year. Realised exchange gains or losses arising from the translation of balance sheet amounts as well as those from business transactions denominated in foreign currencies are recorded in the income statement. Net unrealised exchange losses are recorded in the income statement; however, net unrealised gains are deferred within accrued liabilities.

Applied FX rates	Balance sheet 31 December 2014	Income statement for the period 1 January 2014 to 31 December 2014	Balance sheet to 31 December 2013	Income statement for the period 19 September 2012 to 31 December 2013
EUR	1.20	1.22	1.23	1.23
USD	0.99		0.89	
GBP	1.54		1.46	

Investments in subsidiaries

Investments in subsidiaries are valued at historical cost and evaluated for impairment if identified triggering events occur.

Capitalised organisational costs

Under Article 664 SCO, the incorporation, capital increase and organisational costs arising from the set up of the business, can be capitalised. According to the new accounting law, Article 664 SCO is repealed as per 1 January 2013. The transition period to adopt the new accounting law is two years and capitalised costs have to be fully depreciated as per 1 January 2015. At 31 December 2014 the capitalised costs were depreciated using the straight-line method over 60 months. As at 1 January 2015, the remaining capitalised organisational costs will be fully depreciated.

Marketable securities

Marketable securities, including own shares, are valued at the lower of cost or market value.

3. Contingent liabilities

In 2001 the Group established a EUR 2.0 billion Euro Medium Term Note Programme (the "Old EMTN Programme") which was increased to EUR 3.0 billion in April 2012. In June 2013, a new EUR 3.0 billion Euro Medium Term Note Programme (the "New EMTN Programme") was established to replace the Old EMTN Programme. The New EMTN Programme was updated in September 2014. Notes are issued under the New EMTN Programme through Coca-Cola HBC AG's wholly owned subsidiary, Coca-Cola HBC Finance B.V., a private limited liability company established under the laws of The Netherlands, and are guaranteed by Coca-Cola HBC AG and Coca-Cola HBC Holdings B.V.

In March 2011 Coca-Cola HBC Finance B.V. issued EUR 600 million 4.25% notes due 2016 under the Old EMTN Programme which are guaranteed by Coca-Cola HBC AG and at that time CCHBC S.A. (now Coca-Cola Holdings B.V.), acceded as a guarantor pursuant to a supplemental trust deed.

On 18 June 2013 Coca-Cola HBC Finance B.V. issued EUR 800 million 2.375% notes due 18 June 2020 under the New EMTN Programme which are guaranteed by Coca-Cola HBC AG and at that time CCHBC SA (now Coca-Cola HBC Holdings B.V.), acceded as a guarantor pursuant to a supplemental trust deed.

In September 2003 Coca-Cola HBC Finance B.V. issued USD 400 million 5.500% notes due 2015 which are guaranteed by Coca-Cola HBC AG and at that time CCHBC SA (now Coca-Cola HBC Holdings B.V.), who acceded as a guarantor pursuant to a supplemental indenture.

On 18 June 2013 an English law governed amendment agreement was entered into between Coca-Cola HBC AG as acceding company and additional guarantor, at that time CCHBC SA and Coca-Cola HBC Finance plc as original guarantors, Coca-Cola HBC Finance B.V., Netherlands as original borrower, and ING Bank N.V., London Branch acting as facility agent amending and restating a EUR 500 million syndicated multi-currency revolving credit facility agreement originally dated 12 May 2011. Coca-Cola HBC Holdings B.V. acceded as a guarantor on 22 July 2013.

On 18 July 2013 Coca-Cola HBC AG signed as credit support provider to Deutsche Bank, Frankfurt in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 18 July 2013 Coca-Cola HBC AG signed as credit support provider to J.P.Morgan Securities plc, London in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 18 July 2013 Coca-Cola HBC AG signed as credit support provider to Credit Suisse International, London in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 18 July 2013 Coca-Cola HBC AG signed as credit support provider to Credit Suisse AG, London in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 18 July 2013 Coca-Cola HBC AG signed as credit support provider to ING Bank N.V., London in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 18 July 2013 Coca-Cola HBC AG signed as credit support provider to Societe Generale, London in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 18 July 2013 Coca-Cola HBC AG signed as credit support provider to Merrill Lynch International, London in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 18 July 2013 Coca-Cola HBC AG signed as credit support provider to The Royal Bank of Scotland plc, London in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 24 July 2013 Coca-Cola HBC AG signed as credit support provider to The Governor and Company of the Bank of Ireland, Dublin in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 8 August 2013 Coca-Cola HBC AG signed as credit support provider to Citibank N.A., London in favour of CCHBC Bulgaria AD for the obligations as defined in the ISDA Master Agreement¹.

On 8 August 2013 Coca-Cola HBC AG signed as credit support provider to Citibank N.A., London in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

On 8 August 2013 Coca-Cola HBC AG signed as credit support provider to Citibank N.A., London in favour of Bankya Mineral Waters Bottling Company EOOD (subsequently merged into Coca-Cola HBC Bulgaria AD) for the obligations as defined in the ISDA Master Agreement¹.

In October 2013 the Group established a new EUR 1.0 billion Euro Commercial Paper Programme (in place of the old EUR 1.0 billion Euro Commercial Paper Programme) which was updated in September 2014. Notes are issued under the Euro Commercial Paper Programme by Coca-Cola HBC Finance B.V. and guaranteed by Coca-Cola HBC AG and Coca-Cola HBC Holdings B.V.

On 24 June 2014 Coca-Cola HBC AG signed as credit support provider to Intesa Sanpaolo S.p.A. in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement¹.

1. The ISDA (International Swap Dealers Association) Master Agreement is a standardised form issued by the International Swap Dealers Association Inc. to be used for credit support transactions.

4. Investments in subsidiaries

Subsidiary	Corporate purpose	Percentage owned by Coca-Cola HBC AG	Local currency	Total share capital in local currency
31.12.2013				
3E (Cyprus) Limited, Egkomi (CY) ^{1,3}	Holding company	100%	EUR	1,521,323,388
Coca-Cola HBC Holdings B.V., Amsterdam (NL) ²	Holding company	100%	EUR	220,000
31.12.2014				
Coca-Cola HBC Holdings B.V., Amsterdam (NL) ³	Holding company	100%	EUR	1,521,323,388

4. Investments in subsidiaries continued

Subsidiary	Book value in CHF 31.12.2014	Book value in CHF 31.12.2013
3E (Cyprus) Ltd.)	–	5,045,522,814
Coca-Cola HBC Holdings B.V., Amsterdam (NL)	9,119,150,900	4,073,638,556
Investments in subsidiaries	9,119,150,900	9,119,161,370

- On 29 November 2013 Coca-Cola HBC AG announced the merger of CCHBC SA into 3E (Cyprus) Limited, both subsidiaries of Coca-Cola HBC AG. The merger is effective as at the date hereof. The Cyprus subsidiary was the surviving entity and has assumed all of the assets and liabilities, as well as the benefits and obligations, of CCHBC SA.
- Coca-Cola HBC Holdings B.V., Amsterdam (NL) was founded on 26 June 2013.
- Coca-Cola HBC AG announced the merger of 3E (Cyprus) Limited into Coca-Cola HBC Holdings B.V., Amsterdam (NL), both subsidiaries of Coca-Cola HBC AG effective 12 August 2014. The Netherlands subsidiary was the surviving entity and has assumed all of the assets and liabilities, as well as the benefits and obligations, of 3E (Cyprus) Limited.

5. Own shares

The number of treasury shares held by Coca-Cola HBC AG and subsidiaries qualifying under article 659b SCO and their movements are as follows:

Own shares held as assets	Number of shares	Rate per share	Total
Purchase of own shares from the founding shareholder	14,925	130.66	1,950,100
Market value adjustment of own shares (including translation difference)			(1,562,760)
Market value of own shares held as assets at 31 December 2013	14,925	25.95	387,340
Market value adjustments of own shares (including translation difference)			(105,749)
Market value of own shares held as assets as at 31 December 2014	14,925	18.87	281,591

Reserve for own shares	Number of shares	Book value per share	Total
Purchase of own shares from the founding shareholder	14,925	130.66	1,950,100
Own shares held by subsidiary	3,430,135	24.87	85,298,196
Total own ordinary shares held by Coca-Cola HBC AG and its subsidiaries at 31 December 2013	3,445,060	25.33	87,248,296
Total own ordinary shares held by Coca-Cola HBC AG and its subsidiaries at 31 December 2014	3,445,060	25.33	87,248,296

6. Share capital

	Number of shares	Nominal value	Total
Incorporation of Coca-Cola HBC AG	1,000,000	0.10	100,000
Share capital decrease	(25)	0.10	(2)
Change of nominal value ¹	14,925	6.70	99,998
Capital increase through investment in CCHBC SA (subsequently merged into 3E (Cyprus) Ltd., Cyprus) ²	355,009,014	6.70	2,378,560,394
Share capital increase ³	11,467,206	6.70	76,830,280
Capital increase through stock options exercise 2013 ⁴	1,199,080	6.70	8,033,836
Total share capital 31.12.2013	367,690,225		2,463,524,508
Capital increase through stock options exercise 2014 ⁴	129,022	6.70	864,447
Total share capital 31.12.2014	367,819,247		2,464,388,955

- On 25 April 2013 the shareholders resolved that the existing 1,000,000 registered shares with a nominal value of CHF 0.10 each shall be consolidated in the proportion of 67:1 into new 14,925 registered shares with a nominal value of CHF 6.70 each.
- On 25 April 2013, the shareholders agreed to issue 355,009,014 shares with a par value of CHF 6.70 each.
- On 17 June 2013 the Board of Directors resolved to increase the share capital in the amount of CHF 76,830,280 out of authorised capital from CHF 2,378,660,391 to 2,455,490,671 through the issuance of 11,467,206 registered shares with a par value of CHF 6.70.
- On 25 April 2013, the shareholders agreed to the creation of conditional capital in the maximum amount of CHF 245,600,848, through issuance of a maximum of 36,656,843 fully paid-in registered shares with a par value of CHF 6.70 each upon exercise of options issued to members of the Board of Directors, members of the management, employees or advisers of Coca-Cola HBC AG its subsidiaries and other affiliated companies. Until 31 December 2014, 1,328,102 (2013: 1,199,080) new ordinary shares were issued following the exercise of stock options pursuant to Coca-Cola HBC AG's employee stock option plan.

7. Equity

	Share capital	General reserve from capital contributions	Reserve for own shares from capital contributions	Accumulated loss/profit	Total
Incorporation of Coca-Cola HBC AG	100,000	–	–	–	100,000
Additional capital contribution	–	1,810,800	–	–	1,810,800
Share capital decrease	(2)	2	–	–	–
Capital increase by contribution of shares in CCHBC SA to settle Coca-Cola HBC AG's exchange offer	2,378,560,394	6,449,555,260	–	–	8,828,115,654
Purchase of own shares	–	(1,950,100)	1,950,100	–	–
Allocation for own shares held by CCHBC SA tendered in Coca-Cola HBC AG's exchange offer	–	(85,298,196)	85,298,196	–	–
Capital increase by contribution of shares in CCHBC SA to settle Coca-Cola HBC AG's squeeze out	76,830,280	212,637,548	–	–	289,467,828
Stock option exercise	8,033,836	12,625,652	–	–	20,659,488
Dividend ¹	–	(155,549,568)	–	–	(155,549,568)
Loss of the period	–	–	–	(28,318,152)	(28,318,152)
Balance at 31 December 2013	2,463,524,508	6,433,831,398	87,248,296	(28,318,152)	8,956,286,050
Stock option exercise	864,447	888,617	–	–	1,753,064
Dividend payment ²	–	(159,747,823)	–	–	(159,747,823)
Profit of the year	–	–	–	226,940,780	226,940,780
Balance at 31 December 2014	2,464,388,955	6,274,972,192	87,248,296	198,622,628	9,025,232,071

1. In the Extraordinary General Meeting of Coca-Cola HBC AG held on 19 June 2013, the shareholders approved the distribution of a €0.34 dividend per each ordinary registered share. The dividend was paid on 23 July 2013 and amounted to CHF 155,549,568.
2. In the Annual General Meeting of Coca-Cola HBC AG held on 25 June 2014, the shareholders approved the distribution of a €0.354 dividend per each ordinary registered share. The dividend was paid on 29 July 2014 and amounted to CHF 159,747,823.

8. Significant shareholders

As at 31 December 2014, to the knowledge of Coca-Cola HBC AG, there were two shareholders exceeding the threshold of 5% voting rights in Coca-Cola HBC AG's share capital.

		Number of shares	Percentage of issued share capital ¹	Percentage of outstanding share capital ²
Total Kar-Tess Holding	31.12.2013	85,355,019	23.2%	23.4%
	31.12.2014	85,355,019	23.2%	23.4%
Total shareholdings related to The Coca-Cola Company	31.12.2013	85,112,078	23.1%	23.4%
	31.12.2014	85,112,078	23.1%	23.4%

1. Basis: total issued share capital including treasury shares. Share basis 367,819,247.
2. Basis: total issued share capital excluding treasury shares. Share basis 364,374,187.

9. Shareholdings, conversion and option rights

The table below sets out as of 31 December 2014, the interests in Coca-Cola HBC AG's total issued share capital that the members of the Board of Directors ("Directors") and members of the Operating Committee (all of which, unless otherwise stated, are beneficial interests or are interests of a person connected with a Director or a member of the Operating Committee) hold and the interests in Coca-Cola HBC AG's share capital:

	31.12.2014			31.12.2013		
	Number of shares	Percentage of issued share capital ¹	Percentage of outstanding share capital ²	Number of shares	Percentage of issued share capital	Percentage of outstanding share capital
Directors						
John Hunter	–	–	–	2,000	0.00%	0.00%
Christos Ioannou ³	400,000	0.11%	0.11%	447,500	0.12%	0.12%
Nigel Macdonald	1,700	0.00%	0.00%	1,700	0.00%	0.00%
Susan Kilsby	6,000	0.00%	0.00%	6,000	0.00%	0.00%
Sir Michael Llewellyn-Smith	545	0.00%	0.00%	545	0.00%	0.00%
Dimitris Lois ⁴	25,560	0.01%	0.01%	22,912	0.01%	0.01%
Operating Committee						
Richard Smyth	–	0.00%	0.00%	15,571	0.00%	0.00%
John Brady	7,597	0.00%	0.00%	5,776	0.00%	0.00%
Jan Gustavsson	42,222	0.01%	0.01%	34,770	0.01%	0.01%
June Hirst	3,741	0.00%	0.00%	–	0.00%	0.00%
Kleon Giavassoglou	4,183	0.00%	0.00%	2,597	0.00%	0.00%
Keith Sanders	20,542	0.01%	0.01%	18,810	0.01%	0.01%
Zoran Bogdanovic	10,246	0.00%	0.00%	8,354	0.00%	0.00%
Alain Brouhard	7,431	0.00%	0.00%	5,781	0.00%	0.00%
Michalis Imellos	7,756	0.00%	0.00%	6,077	0.00%	0.00%
Sotiris Yannopoulos	5,388	0.00%	0.00%	–	0.00%	0.00%

1. Basis: total issued share capital including treasury shares. Share basis 367,819,247.

2. Basis: total issued share capital excluding treasury shares. Share basis 364,374,187.

3. Mr. Christos Ioannou holds 355,000 Coca-Cola HBC AG Shares on his own and 180,000 Coca-Cola HBC AG Shares in a joint account with his brother and two sisters (of which he effectively owns 25%, i.e., 45,000 Coca-Cola HBC AG Shares). On 6 March 2014 Mr. Christos Ioannou sold the 47,500 Coca-Cola HBC AG Shares that he effectively owned in the one account with his brother and two sisters.

4. Includes 1,000 shares held by the spouse of Mr. Dimitris Lois.

The following table sets out the information regarding the stock options held by members of the Operating Committee as of 31 December 2014:

	Number of stock options	Already vested	Vesting at the end of 2015	Vesting at the end of 2016	Vesting at the end of 2017
Dimitris Lois	1,700,000	920,000	330,000	330,000	120,000
Richard Smyth	617,038	490,370	63,334	63,334	–
John Brady	826,001	604,333	95,000	95,001	31,667
Jan Gustavsson	823,500	601,832	95,000	95,001	31,667
June Hirst	110,000	19,999	36,667	36,668	16,667
Kleon Giavassoglou	654,834	439,834	91,666	91,667	31,667
Keith Sanders	556,000	381,000	75,000	75,000	25,000
Zoran Bogdanovic	248,501	123,167	50,999	51,001	23,334
Alain Brouhard	320,000	159,999	68,333	68,334	23,334
Michalis Imellos	286,500	96,499	80,000	80,001	30,000
Sotiris Yannopoulos	150,500	68,499	32,666	32,668	16,667

10. Accomplishment of a risk assessment

Coca-Cola HBC AG participates in the global, integrated risk management processes of Coca-Cola HBC AG Group. Within the scope of these processes, the Board of Directors evaluates the risks once a year in accordance with article 663b no. 12 SCO.

11. Subsequent events

The reported figures in these statutory financial statements do not reflect any change in the exchange rates between the Swiss franc and the other currencies after 31 December 2014. In view of the fact that Coca-Cola HBC AG presents its statutory financial statements in Swiss francs, any weakening of foreign currencies against the Swiss franc could have a negative translation effect on Coca-Cola HBC AG's equity presented in Swiss francs.

Proposed appropriation of retained earnings and reserves

1. Proposed appropriation of retained earnings and reserves

Retained earnings and reserves	CHF
Balance brought forward from previous years	(28,318,152)
Net profit for the year	226,940,780
Total retained earnings to be carried forward	198,622,628
General capital contribution reserve before distribution	6,274,972,192
Total retained earnings and reserves	6,473,594,820

2. Proposed treatment of reserves

The Board of Directors proposes a gross dividend of EUR 0.36 for each ordinary registered share to be paid out of the general capital contribution reserve, as shown in the financial statements of Coca-Cola HBC AG as of 31 December 2014. Own shares held directly by Coca-Cola HBC AG are not entitled to dividends. The total aggregate amount of the dividends shall be capped at an amount of CHF 200,000,000 (the "Cap"), and thus will reduce the general capital contribution reserve of CHF 6,274,972,192, as shown in the financial statements as of 31 December 2014, by a maximum of CHF 200,000,000. To the extent that the dividend calculated on EUR 0.36 per share would exceed the Cap on the day of the extraordinary general meeting, due to the exchange ratio determined by the Board of Directors in its reasonable opinion, the Euro per share amount of the dividend shall be reduced on a pro rata basis so that the aggregate amount of all dividends paid does not exceed the Cap. Payment of the dividend shall be made at such time and with such record date as shall be determined by the annual shareholders meeting and the Board of Directors.

3. Proposed appropriation of reserves/declaration of dividend

Variant 1: Dividend of EUR 0.36 at current exchange ratio

As of 31 December 2014	CHF
General capital contribution reserve before distribution	6,274,972,192
Proposed dividend of EUR 0.36 ¹	(139,030,034)
General capital contribution reserve after distribution	6,135,942,158

1. Illustrative at an exchange ratio of CHF 1.05 per EUR. Assumes that the shares entitled to a dividend amount to 367,804,322.

Variant 2: Dividend if cap is triggered

As of 31 December 2014	CHF
General capital contribution reserve before distribution	6,274,972,192
(Maximum) dividend if cap is triggered ²	(200,000,000)
(Minimum) general capital contribution reserve after distribution	6,074,972,192

2. Dividend is capped at a total aggregate amount of CHF 200,000,000.



Report of the statutory auditor
to the General Meeting
Coca-Cola HBC AG
Steinhausen/Zug

Report of the statutory auditor on the statutory remuneration report

We have audited the accompanying remuneration report (pages 202 to 204) dated 20 March 2015 of Coca-Cola HBC AG for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14-16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14-16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Coca-Cola HBC AG for the year ended 31 December 2014 complies with Swiss law and articles 14-16 of the Ordinance.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'Anliker'.

Daniel Anliker
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'Ph. Kegele'.

Philipp Kegele

Zürich, 20 March 2015

Statutory Remuneration Report

Additional disclosures regarding Statutory Remuneration Report

The section below is in line with Ordinance against excessive pay in stock exchange listed companies which requires disclosure of the elements of compensation paid to Coca-Cola HBC AG's Board of Directors (Directors) and the Operating Committee. The numbers relate to the calendar years of 2014 and 2013. In the information presented below, the exchange rate used for conversion of 2014 remuneration data from Euro to CHF is 1/1.2152 and the exchange rate used for conversion of 2013 remuneration data from Euro to CHF is 1/1.2316.

As Coca-Cola HBC AG is headquartered in Switzerland, it is required for statutory purposes to present compensation data for 2 consecutive years, 2013 and 2014. The applicable methodology used to calculate the value of stock option follows Swiss standards. The fair value of stock options is calculated based on the stock options that have been granted during 2014 and not the stock options that vested in 2014 (UK standards). Below is the relevant information for Swiss Statutory purposes.

Compensation for acting members of governing bodies

Coca-Cola HBC AG's Directors believe that the level of remuneration offered to Directors and the members of the Operating Committee should reflect their experience and responsibility as determined by, among other factors, a comparison with similar multinational companies and should be sufficient to attract and retain high caliber Directors who will lead the Group successfully. In line with the Group's commitment to maximise shareholder value, its policy is to link a significant proportion of remuneration for its Operating Committee to the performance of the business through short- and long-term incentives. Therefore, especially the equity-related long-term compensation of members of the Operating Committee align their financial interests with those of Coca-Cola HBC AG's shareholders.

The total remuneration of the Directors and members of the Operating Committee of Coca-Cola HBC AG, including stock option grants, during 2014 amounted to CHF 19.3 million. Out of this, the amount relating to the total fair value of stock options granted in relation to 2014 was CHF 5.6 million. Pension and post-employment benefits for Directors and the Operating Committee of Coca-Cola HBC AG during 2014 amounted to CHF 0.8 million.

Swiss statutory reporting continued

Compensation of the Board of Directors

	2014 (CHF)					
	Fees	Cash & non-cash benefits ¹	Cash performance incentives	Pension and post employment benefits ²	Total fair value of stock options at the date granted ³	Total compensation
George A. David ²	–	–	–	–	–	–
Anastasios P. Leventis ²	–	–	–	–	–	–
Haralambos K. Leventis ²	–	–	–	–	–	–
Anastasios I. Leventis ^{2,4}	–	–	–	–	–	–
Christo Leventis ^{2,5}	–	–	–	–	–	–
Anastassis G. David ⁶	85,061	–	–	–	–	85,061
Irial Finan	78,985	–	–	–	–	78,985
Antonio D'Amato	91,137	–	–	–	–	91,137
Christos Ioannou	94,175	–	–	–	–	94,175
Sir Michael Llewellyn Smith ⁷	109,364	–	–	–	–	109,364
Nigel Macdonald	109,364	–	–	–	–	109,364
Susan Kilsby	91,137	–	–	–	–	91,137
José Octavio Reyes ⁸	49,174	–	–	–	–	49,174
John P. Sechi ⁹	47,087	–	–	–	–	47,087
John Hunter ¹⁰	48,103	–	–	–	–	48,103
Stefan F. Heidenreich	47,087	–	–	–	–	47,087
Dimitris Lois ¹¹	–	–	–	–	–	–
Total Board of Directors	850,674	–	–	–	–	850,674

1. Allowances consist of cost of living allowance, housing support, Employee Stock Purchase Plan, Private Medical Insurance Relocation Expenses, Home Trip Allowance, lump sum expenses and similar allowances.
2. George A. David, Anastasios P. Leventis, Haralambos K. Leventis, Anastasios I. Leventis and Christo Leventis waived any annual fee in respect of their membership of their Board or any Board Committee.
3. Values under long-term incentives represent the fair value of stock options that granted during 2014 in order to comply with Swiss reporting guidelines. There were granted to the CEO 360,000 options with a fair value of 5.33 CHF (€4.39 initial currency Fair Value). Monte Carlo methodology was applied to calculate fair value.
4. Mr. Anastasios I. Leventis replaced Mr. Anastasios P. Leventis, who retired from the Board on 25 June 2014.
5. Mr. Christos Leventis replaced Mr. Haralambos K. Leventis, who retired from the Board on 25 June 2014.
6. Mr. Anastassis G. David has waived his fee as a Vice Chairman of the Board.
7. An additional annual fee of €10,000 for the Senior Independent Director was introduced in 2014. The Group has applied €5,000 for the Senior Independent Director for a half-year period. Note that Sir Michael Llewellyn-Smith has waived his fee as a Social Responsibility Committee Chairman.
8. Mr. José Octavio Reyes replaced Mr. John Hunter, who retired from the Board on 25 June 2014. Therefore, half an annual fee was paid. The Group, for Mr. Reyes on top of the basic fee of 45,568 CHF, covered as required by the Swiss legislation social security contribution of 3,605 CHF.
9. Mr. John P. Sechi replaces Mr. Stefan F. Heidenreich who retired from the Board on 25 June 2014. Therefore, half an annual fee was paid.
10. The Group, for Mr. Hunter on top of the basic fee of 45,568 CHF, covered as required by the Swiss legislation social security contribution 2,535 CHF.
11. Dimitris Lois' compensation is based on his role as CEO, member of the Operating Committee Team, and his employment agreement. Mr. Lois is not entitled and does not receive additional compensation as a Director.

Non-executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement benefits.

Compensation of the Board of Directors

2013 (CHF)

	Fees	Cash & non-cash benefits ¹	Cash performance incentives	Pension and post employment benefits ²	Total fair value of stock options at the date granted ³	Total compensation
George A. David, Chairman ⁸	—	—	—	—	—	—
Dimitris Lois, Chief Executive Officer ⁴	—	—	—	—	—	—
Anastasios P. Leventis, Vice-Chairman ⁸	—	—	—	—	—	—
Haralambos K. Leventis ⁸	—	—	—	—	—	—
Anastassis G. David	84,496	—	—	—	—	84,496
Irial Finan	79,875	—	—	—	—	79,875
John Hunter	92,164	—	—	—	—	92,164
Kent Atkinson ⁵	51,764	—	—	—	—	51,764
Antonio D'Amato	89,116	—	—	—	—	89,116
Christos Ioannou	95,236	—	—	—	—	95,236
Sir Michael Llewlyn-Smith	104,452	—	—	—	—	104,452
Nigel Macdonald	102,937	—	—	—	—	102,937
Susan Kilsby ⁶	69,306	—	—	—	—	69,306
Stafen F. Heidenreich ⁷	47,744	—	—	—	—	47,744
Total Board of Directors	817,090	—	—	—	—	817,090

1. Allowances consist of housing, schooling, lump sum expenses, child and similar allowances.

2. Members of the Operating Committee participate in their pension plan of their employing entity, as appropriate.

3. Values under long-term incentives represent the fair value of stock options that granted during 2013. Grant date is 10 December 2013. The weighted average fair value applied was 8.37 CHF (€6.80). Monte Carlo methodology was applied to calculate fair value.

4. Dimitris Lois' compensation is based on his role as CEO, member of the Operating Committee, and his employment agreement. Mr. Lois is not entitled and does not receive additional compensation as Director. Mr. Lois resigned from CCHBC SA on 19 April 2013.

5. Kent Atkinson was a member of the Board of Directors until 19 June 2013.

6. Susan Kilsby joined the Board of Directors as per 25 April 2013.

7. Stefan F. Heidenreich joined the Board of Directors as per 19 June 2013.

8. George A. David, Anastasios P. Leventis and Haralambos K. Leventis waived any annual fee in respect of their membership of the Board or any Board Committee.

Swiss statutory reporting continued

Compensation of the Operating Committee

The total remuneration paid to or accrued for the Operating Committee for 2014 amounted to CHF 18.5 million.

2014 (CHF)						
	Base salary	Cash & non-cash benefits ¹	Cash performance incentives	Pension and post employment benefits ²	Total fair value of stock options at the date granted ³	Total compensation
Dimitris Lois, Chief Executive Officer (highest compensated member of the Operating Committee) ⁴	840,079	586,323	363,211	132,048	1,921,894	3,843,555
Other members ^{5,6}	4,639,841	3,587,602	2,088,613	624,838	3,683,631	14,624,525
Total Operating Committee	5,479,920	4,173,925	2,451,824	756,886	5,605,525	18,468,080

1. Allowances consist of cost of living allowance, housing, support, schooling, Employee Stock Purchase Plan, Private Medical Insurance Relocation Expenses, employer social security contributions, lump sum expenses and similar allowances.
2. Members of the Operating Committee participate in the pension plan of their employing entity, as appropriate.
3. Values under long-term incentives represent the fair value of stock options that granted during 2014 in order to comply with Swiss reporting guidelines. The fair value that was used for the calculation is 5.33 CHF (€4.39). Grant date is 10 December 2014. Monte Carlo methodology was applied to calculate fair value.
4. Dimitris Lois' compensation is based on his role as CEO, member of the Operating Committee Team, and his employment agreement. Mr. Lois is not entitled and does not receive the fixed compensation applicable for Executive Directors of the Board of Directors.
5. Richard Smyth stepped down from the role of Region Director on 30 June 2014.
6. Sotiris Yannopoulos was promoted to the role of Region Director on 1 July 2014.

The total remuneration paid to or accrued for the Operating Committee for 2013 amounted to CHF 29.8 million.

2013 (CHF)						
	Base salary	Cash & non-cash benefits ¹	Cash performance incentives	Pension and post employment benefits ²	Total fair value of stock options at the date granted ³	Total compensation
Dimitris Lois, Chief Executive Officer (highest compensated member of the Operating Committee) ⁴	880,188	283,596	482,701	152,433	5,276,132	7,075,050
Other members ^{5, 6, 7, 8}	5,640,740	3,393,833	1,841,678	703,918	11,120,446	22,700,615
Total Operating Committee	6,520,928	3,677,429	2,324,379	856,351	16,396,578	29,775,665

1. Allowances consist of housing, schooling, lump sum expenses, child and similar allowances.
2. Members of the Operating Committee participate in their pension plan of their employing entity, as appropriate.
3. Values under long-term incentives represent the fair value of stock options that granted during 2013. Grant date is 10 December 2013. The weighted average fair value applied was 8.37 CHF (€6.80). Monte Carlo methodology was applied to calculate fair value.
4. Dimitris Lois' compensation is based on his role as CEO, member of the Operating Committee, and his employment agreement. Mr. Lois is not entitled and does not receive additional compensation as Director. Mr. Lois resigned from CCHBC SA on 19 April 2013.
5. Zoran Bogdanovic became Region Director as of 1 June 2013.
6. June Hirst started at Coca-Cola HBC AG as of 1 September 2013.
7. Per Breimyr stepped down from the role of Group Commercial Director as of 31 May 2013.
8. Bernard Kunerth stepped down from the role of Group HR Director as of 31 May 2013.

Credits and loans granted to governing bodies

In 2014, there were no credits or loans granted to active or former members of Coca-Cola HBC AG's Board of Directors, members of the Operating Committee or to any related persons. There are no outstanding credits or loans.

Special E&Y audit opinion on the conditional capital increase



Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone +41 58 286 31 11
Fax +41 58 286 30 04
www.ey.com/ch

To the Board of Directors of
Coca-Cola HBC AG, Steinhausen

Zurich, 11 March 2015

Independent auditor's report related to the conditional capital increase

We have audited the issue of new shares by Coca-Cola HBC AG in the period 01 January 2014 to 31 December 2014 pursuant to article 6 of the articles of incorporation in accordance with article 653f para. 1 Swiss Code of Obligations (CO).

Board of Directors' responsibility

The Board of Directors is responsible for the issue of new shares in accordance with the legal requirements and the company's articles of incorporation.

Auditor's responsibility

Our responsibility is to express an opinion based on our audit as to whether the issue of new shares complies with Swiss law and the company's articles of incorporation. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the issue of new shares complies with the legal requirements and the company's articles of incorporation.

An audit involves performing procedures to obtain audit evidence so that material breaches of the legal requirements and the company's articles of incorporation may be identified with reasonable assurance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material breaches of the requirements concerning the issue of new shares, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the issue of 129'022 registered shares with a nominal value of CHF 6.70 complies with Swiss law and the company's articles of incorporation.

Ernst & Young Ltd

Roger Müller
Licensed audit expert
(Auditor in charge)

Patric Roth
Licensed audit expert

Glossary

Brand Coca-Cola products

Includes Coca-Cola, Coca-Cola Zero and Coca-Cola Light brands

Capital expenditure; CAPEX

Gross CAPEX is defined as payments for purchase of property, plant and equipment. Net CAPEX is defined as payments for purchase of property, plant and equipment less receipts from disposals of property, plant and equipment plus principal repayment of finance lease obligations

Carbon emissions

Emissions of CO₂ and other greenhouse gases from fuel combustion and electricity use in Coca-Cola HBC's own operations (scope 1 and 2, mostly in bottling and distribution), in tonnes

Carbon footprint

Global emissions of CO₂ and other greenhouse gases from Coca-Cola HBC's wider value chain (raw materials, product cooling, etc.)

CHP

Combined heat and power plants

Coca-Cola HBC

Coca-Cola HBC AG, and, as the context may require, its subsidiaries and joint ventures; also, the Group, the Company

Coca-Cola System

The Coca-Cola Company and its bottling partners

Cold drink equipment

A generic term encompassing point-of-sale equipment such as coolers (refrigerators), vending machines and post-mix machines

Comparable adjusted EBITDA

We define adjusted EBITDA as operating profit before deductions for depreciation and impairment of property, plant and equipment (included both in cost of goods sold and in operating expenses), amortisation and impairment of and adjustments to intangible assets, stock option compensation and other non-cash items, if any

Comparable operating profit

Operating profit (EBIT) refers to profit before tax excluding finance income/(costs) and share of results of equity method investments

Consumer

Person who drinks Coca-Cola HBC products

Customer

Retail outlet, restaurant or other operation that sells or serves Coca-Cola HBC products directly to consumers

Energy use ratio

The KPI used by Coca-Cola HBC to measure energy consumption in the bottling plants, expressed in megajoules of energy consumed per litre of produced beverage (MJ/lpb)

FMCG

Fast moving consumer goods

Fragmented trade

Kiosks, quick service restaurants (QSR), hotels, restaurants and cafes (HORECA)

Future consumption

A distribution channel where consumers buy multi-packs and larger packages from supermarkets and discounters which are not consumed on the spot

FYROM

Former Yugoslav Republic of Macedonia

GDP

Gross domestic product

GfK

We work with the company Growth for Knowledge (GfK) to track our customer satisfaction level.

GRI

Global Reporting Initiative, global standard for sustainability reporting

IFRS

International Financial Reporting Standards of the International Accounting Standards Board

IIRC

The International Integrated Reporting Council, a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs

Immediate consumption

A distribution channel where consumers buy chilled beverages in single-serve packages and fountain products for immediate consumption, away from home

Inventory days

We define inventory days as the average number of days an item remains in inventory before being sold using the following formula: average inventory ÷ cost of goods sold x 365

Ireland

The Republic of Ireland and Northern Ireland

Italy

Territory in Italy served by Coca-Cola HBC (excludes Sicily)

Joint value creation (JVC)

An advanced programme and process to collaborate with customers in order to create shared value

Litre of produced beverage (lpb):

Unit of reference to show environmental performance relative to production volume

Market

When used in reference to geographic areas, a country in which Coca-Cola HBC does business

Modern trade

The way of buying is shifting as consumers increase frequency in visits to stores but have smaller basket sizes which can cause higher volume but lower revenue

NARTD

Non-alcoholic ready-to-drink

OBPPC

Occasion, Brand, Price, Package, Channel

Organised trade

Large retailers (e.g. supermarkets, discounters, etc.)

PET

Polyethylene terephthalate, a form of polyester used in the manufacturing of beverage bottles

Ready-to-drink (RTD)

Drinks that are pre-mixed and packaged, ready to be consumed immediately with no further preparation

Right Execution Daily (RED)

Major Group-wide programme to ensure in-outlet excellence

Receivable days

The average number of days it takes to collect the receivables using the following formula: average accounts receivables x net sales revenue x 365

SAP

A powerful software platform that enables us to standardise key business processes and systems

Serving

237ml or 8oz of beverage, equivalent to 1/24 of a unit case

Shared services

Centre to standardise and simplify key finance and human resources processes

Sparkling beverages

Non-alcoholic carbonated beverages containing flavourings and sweeteners, excluding, among others, waters and flavoured waters, juices and juice drinks, sports and energy drinks, teas and coffee

Still and water beverages

Non-alcoholic beverages without carbonation including, but not limited to, waters and flavoured waters, juices and juice drinks, sports and energy drinks, teas and coffee

Territory

The 28 countries where Coca-Cola HBC operates

Unit case

Approximately 5.678 litres or 24 servings, a typical volume measurement unit

UN Global Compact (UNGC)

The world's largest corporate citizenship initiative provides a framework for businesses to align strategies with its ten principles promoting labour rights, human rights, environmental protection and anti-corruption

Volume

Amount of physical product produced and sold, measured in unit cases

Volume share

Share of total unit cases sold

Value share

Share of total revenue

Waste ratio

The KPI used by Coca-Cola HBC to measure waste generation in the bottling plant, expressed in grammes of waste generated per litre of produced beverage (g/lpb)

Waste recycling

The KPI used by Coca-Cola HBC to measure the percentage of production waste at bottling plants that is recycled or recovered

Water footprint

A measure of the impact of water use, in operations or beyond, as defined by the Water Footprint Network methodology

Water use ratio

The KPI used by Coca-Cola HBC to measure water use in the bottling plant, expressed in litres of water used per litre of produced beverage (l/lpb)

Special note regarding forward-looking statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as "believe", "outlook", "guidance", "intend", "expect", "anticipate", "plan", "target", "seeks", "estimates", "potential" and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding the future financial position and results, Coca-Cola HBC's outlook for 2015 and future years, business strategy and the effects of the global economic slowdown, the impact of the sovereign debt crisis, currency volatility, Coca-Cola HBC's recent acquisitions, and restructuring initiatives on Coca-Cola HBC's business and financial condition, Coca-Cola HBC's future dealings with The Coca Cola Company, budgets, projected levels of consumption and production, projected raw material and other costs, estimates of capital expenditure, free cash flow, effective tax rates and plans and objectives of management for future operations, are forward-looking statements. You should not place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect the Coca-Cola HBC's current expectations and assumptions as to future events and circumstances that may not prove accurate. Forward-looking statements speak only as of the date they are made. Coca-Cola HBC's actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described under the section entitled "Risks and opportunities". Although Coca-Cola HBC believes that, as of the date of this document, the expectations reflected in the forward-looking statements are reasonable, Coca-Cola HBC cannot assure that Coca-Cola HBC's future results, level of activity, performance or achievements will meet these expectations. Moreover, neither Coca-Cola HBC, nor its directors, employees, advisors nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements. After the date of this Integrated Annual Report, unless Coca-Cola HBC is required by law or the rules of the UK Financial Conduct Authority to update these forward-looking statements, Coca-Cola HBC makes no commitment to update any of these forward-looking statements to conform them either to actual results or to changes in Coca-Cola HBC's expectations.



This report has been printed on revive 150gr garda matt art and revive 110gr premium white uncoated, a paper which is certified by the Forest Stewardship Council®. The paper is made in a mill registered to EMAS, the Eco Management Audit Scheme, and with ISO14001 environmental management system accreditation.

Printed by Peak advertising without the use of film separations, plates and associated processing chemicals.
99% of all dry waste associated with this production has been recycled.

Designed and produced by **Black Sun Plc**



Coca-Cola
Hellenic Bottling Company

Coca-Cola HBC AG

Turmstrasse 26, CH-6300 Zug, Switzerland

www.coca-colahellenic.com

investor.relations@cchellenic.com

sustainability@cchellenic.com