



SUSTAINABILITY REPORT

2020

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1 ABOUT THIS REPORT

Reporting period	2020 calendar year: 1 January 2020 – 31 December 2020
Date of the most recent publication	The most recent annual report is Coca-Cola HBC Hungary Sustainability Report 2019, published in 2020.
Reporting cycle	Since 2016, we have been publishing our Sustainability Report on an annual basis.
Report content	In this report, we present material topics as well as related programmes and initiatives regarding Coca-Cola HBC Hungary Ltd.'s operations, based on a materiality assessment carried out by Coca-Cola HBC Hungary in 2021. These topics cover altogether 15 GRI disclosures.
Scope of the report	The reporting scope covers all functional areas of the company, including the sales offices and distribution centres in Hungary.
Re-statements in the report	This year we prepared our report based on a materiality assessment conducted in 2021, and the GRI Standards guidelines. Details about any re-statements of information can be found in the GRI index table.
Reporting claims	This report has been prepared in accordance with the GRI Standards that satisfy the "core" compliance level.
External assurance	Regarding our Hungarian operations, we do not seek external assurance for our Sustainability Report. However, the Group's data is audited annually during the assurance process for integrated reports. The audit process is prepared in line with the GRI Standards' comprehensive guidelines.



For more information and questions on the Coca-Cola HBC Hungary Sustainability Report, please contact our Public Affairs and Communications team:
pac.hungary@cchellenic.com



The year 2020 was an unprecedented one for all of us.

We were forced to confront a virtually unknown situation and react to it as soon as possible to protect our employees and provide uninterrupted service to our customers. As a responsible company, we implemented careful measures from the very first moment, to be able to ensure those things. The agility and sense of responsibility integral to our corporate culture have allowed us to adapt to the situation caused by COVID-19: protecting our employees, supporting the most affected social actors, and maintaining our position as the leading beverage manufacturer in Hungary, while creating value for our stakeholders.

2 LETTER FROM THE CEO



Dear Reader,

Once again, Coca-Cola HBC Hungary is publishing its annual Sustainability Report, which summarises our activities and key results for 2020.

This year has brought unprecedented change to our lives. The coronavirus pandemic has posed numerous challenges, but it has also strengthened our belief in what is really important. First of all, I would like to express my heartfelt thanks to all my colleagues for adapting quickly, flexibly, and with full attention to the shifts that the COVID-19 pandemic has caused. This situation has proved to us that each and every colleague is a solid pillar within our organisation and, together, we can assure the stability of our endeavours in these challenging times.

From the very first moment, our highest priority was to protect the health and safety of our colleagues, while still maintaining our everyday stable workplace. In the positions where it was possible, we introduced full-time work from home. For those colleagues whose presence was essential in daily operations, we ensured a safe environment in our plants, offices, and on-site and provided the necessary equipment and coronavirus tests. Our efforts have even been recognised, as we have been chosen as the most attractive workplace in the Hungarian FMCG sector once again this year. All of these factors bolster our belief that learning and development are key to achieving success.

The life of the company, as well as the entire industry, was impacted by the COVID-19 pandemic. Many of our commercial customers had to shut down their operations. Therefore, we had to change our usual business processes and shift the focus of our business plan and marketing strategy. We quickly made the necessary changes in our processes and placed emphasis on offering support to grocery stores, small shops, and gas stations to boost consumption at home. In addition, we supported not only our business partners but also the local communities who have faced unusual circumstances due to the pandemic. During the recovery period, we provided support to the most affected industries (e.g. the HoReCa industry) with large-scale campaigns.

Throughout the year, our priority was to ensure our position on the market and sustain our business. We have introduced new products and product categories in our portfolio. Thanks to its wide range and our expanding capacity, we were able to produce efficiently and continuously supply our customers. We have expanded the range of products from sustainable sources, introducing numerous new Costa Coffee products to support at-home, at-work or on-the-go consumption. However, in 2020, we had to consider our operations' sustainability: our sales revenue was almost 20% lower compared to the previous year, therefore, we had to ensure our business was balanced by reducing our costs and re-allocating our revenues.



Our tireless work has been recognised through several accolades. We are proud that we were able to build resilience during the year. Among our initiatives, we provided support to the heroic work of the Hungarian Red Cross. Our support initiatives have received several awards throughout the year, which highlighted the need for deep interactions between our business and stakeholders. At the beginning of April, Coca-Cola Hungary offered its advertising platforms and social media channels to the Hungarian Red Cross as part of the 'Ad to aid' campaign. The campaign helped to reach as many people as possible with important public service messages about self-isolation, health protection, blood donation, and charity. Beyond that, on a full-time basis, five regional representatives of our company helped the Hungarian Red Cross during the summer period.

The ambitious goals linked to our sustainable business operations remained stable despite the COVID-19

pandemic. Sustainability is embedded into our operations. In 2020, we invested more than HUF 300 million to expand our mineral water bottling capacity at our plant in Zalaszentgrót. The investment was completed at the end of 2020, which not only increased our bottling capacity but also contributed to more economic and flexible operations, alongside strengthening our sustainability goals. We are constantly working on our additional plans toward sustainability, such as the collection of packaging materials, higher rates of recycled plastics, use of renewable energy sources, emissions reduction, and more efficient water management, in order to achieve our 2025 goals.

Over the course of the year, we placed special focus on water management and preservation, which is one of our business priorities. In light of that, the Coca-Cola Group has also signed a joint declaration on water preservation. Our efforts, in line with our 'World Without Waste' strategy and

our '#YouthEmpowered' programme, have continued and been recognised domestically and internationally throughout the year. We are proud to have been at the top of the Dow Jones Sustainability Rankings (DJSI) in 2020 among beverage companies around the world.

With all of that in mind, I trust that our Sustainability Report will provide a detailed portrait of our company's endeavours and the results we have achieved so far, which provide a solid basis for moving forward together in the future.

LÁSZLÓ BÉKEFI
General Manager
Coca-Cola HBC Hungary

3 KEY HIGHLIGHTS OF 2020

RESULTS



NET REVENUES

2020: HUF **115.309** billion

2019: HUF 138.087 billion



PRODUCED BEVERAGES

2020: **514** million litres

2019: 618 million litres



INVESTMENTS

2020: HUF **4.4** billion

2019: HUF 5.9 billion



CAPITAL

2020: HUF **14** billion

2019: HUF 18 billion



During the first wave of the pandemic we donated **HUF 165 million** worth of goods, financial and marketing support.



Keeping our colleagues safe and healthy

is our number one priority since the beginning of the COVID-19 pandemic.



Our specific carbon dioxide emission was

22,2 g CO₂/lpb.



We used

170 tonnes less aluminium

for product packaging.



RECOGNITIONS

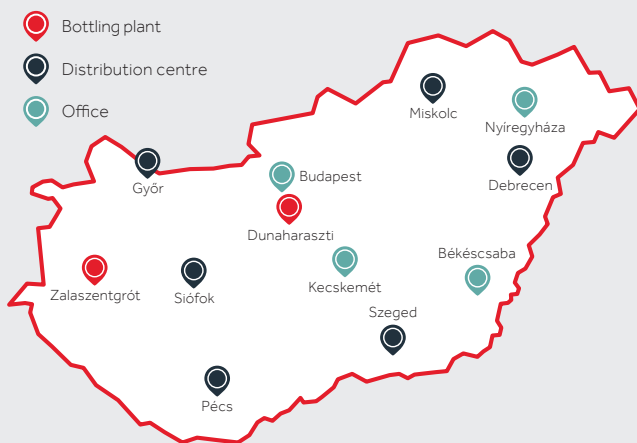
Category	Award
Corporate Responsibility	Communitas Awards – Zero Waste Tisza River programme
Corporate Responsibility	Communitas Awards – #YouthEmpowered programme
Marketing	Trade Magazine - Professional Promotions Day Beverages Category: Gold Prize: Coca-Cola HBC Hungary and Revard Kft's "Win some festival memories" and "Coca-Cola-Star Wars chatbot – Massive force, zero sugar!" promotions Silver Prize: Nationwide Promotion for Monster Mango Loco Bronze Prize: Kinley Promotion
Corporate Responsibility	International Public Relations Association (IPRA) Golden World Award Environmental and Community Relations Categories – Zero Waste Tisza programme
Corporate Responsibility	Trade Magazine – The Symbol of Sustainability 2020 Award Corporate Category: Coca-Cola Hungary's "World Without Waste" strategy
Corporate Responsibility	International Business Awards Bronze Stevie Award – Coca-Cola Hungary's "World Without Waste" strategy
Corporate Responsibility	Effekt 2030 – Community investments award Green Balance Category: 1st place, Zero Waste Tisza River programme COVID-19 Solutions for Community Category: 1st place, Coca-Cola Hungary's support during the COVID-19 pandemic
Corporate Responsibility	Business Council for Sustainable Development in Hungary (BCSDH) "For a Sustainable Future" Awards 2020 – Change leader, Social Responsibility category: Coca-Cola Hungary's "Subsidies provided in the first phase of the COVID-19 pandemic" programme
HR	Randstad Employer Branding Research FMCG Sector: Hungary's Most Attractive Workplace
Sustainability	2020 Dow Jones Sustainability Index: World's Most Sustainable Beverage Company
HR	PWC's Most Attractive Employer Award FMCG Sector Category: 1st place, Coca-Cola Hungary

4 COCA-COLA HBC HUNGARY

4.1 ABOUT OUR COMPANY

Coca-Cola HBC Hungary is the leading soft drink producer, bottler, and seller on the Hungarian market. We are a member of the Coca-Cola HBC AG Group, which serves 615 million consumers and operates in 28 countries (and is 100% owned by CC Beverages Holdings II. B.V). Headquartered in Dunaharaszti, our company operates as one of the regional production centres of the Coca-Cola HBC Group. Besides our two bottling plants - in Dunaharaszti and Zalaszentgrót - via our distribution centres and offices we are present in 12 locations across

Hungary. Beyond our local market presence, we export more than 100 different products to 26 countries. As a 24/7 beverage manufacturer, we are continuously building a wide-ranging portfolio with high-quality products at Coca-Cola HBC Hungary. We expand our portfolio every year, introducing new products, new flavours, and new presentations of existing products in the domestic market. The most important aspect of our portfolio development is to satisfy shifting consumer demands.



90% of our products are manufactured at our two bottling plants, while products are delivered to customers via our six distribution centres.

Product exports to 26 countries totalled HUF 16 billion.





OUR PORTFOLIO

Coca-Cola HBC Group bottles and distributes leading brand products. Our cooperation with The Coca-Cola Company contributes to the expansion of our 24/7 portfolio, also taking into consideration changing market trends and the needs of our consumer base. Our wide-ranging portfolio consists of products that can satisfy consumer needs in the morning, during the day, in the early evening, and at night.

Our leading brands and carbonated beverage segment remained formidable in 2020. In addition to the Coca-Cola product family, Fanta, Sprite, and Kinley soft drinks, NaturAqua, Aquarius, and GLACEAU SmartWater mineral waters, Cappy juices and fruit drinks, FUZETEA ice teas, Powerade sports drinks, Burn and Monster energy drinks, Royal Bliss soft drinks, we also offer Adez plant-based drinks.

We are continuously expanding our portfolio to contribute to a healthier nutrition environment. In 2020, nine new products with low- or zero sugar content were introduced: Coca-Cola

Zero Orange, Coca-Cola Zero Cinnamon, Fanta Zero Apple Lychee, Fanta Zero Lemon, FUZETEA Sea Buckthorn, Blueberry and Jasmine, FUZETEA Zero Apple, Kiwi, and two Aquarius low carbonated isotonic drinks in lemon and blood orange flavours. To broaden our energy drink portfolio, in 2020 Monster Espresso was introduced in two different flavours. We are proud that numerous products were launched successfully, therefore we could serve more consumers and support the long-term sustainable development of our company.

Regarding premium spirits, we distribute Jack Daniel's, Finlandia, Bacardi, Famous Grouse, Rézangyal, Campari, and Cinzano branded products. We also distribute so-called "mocktail" non-alcoholic beverage compositions like Fluère, a premium beverage that is a great alternative to spirits. In addition, we operate cold drink-, warm drink- and snack vending machines.



Soft drinks and mineral water in 100% rePET (recycled PET) bottles is a novelty on the Hungarian market. In 2020, one of our signature products was the Römerquelle mineral water in 100% recycled bottles. The motto on its label, "Bottle made of bottles" shows how empty plastic bottles enter into the circulation process and become a bottle again. Our expectations were forced to shift due to the pandemic. Consumer trends changed, with large-sized, lower-priced products becoming

more favourable. As a result, the demand for Römerquelle was hampered, so the novel product packaging was temporarily withdrawn. Our sustainability initiative is still highly committed to expanding our portfolio with products whose packaging has a high recycled material content. We hope that customer demand for these products will increase and their circulation will be greater following the end of the global health crisis.



At the end of May, Coca-Cola HBC Hungary - among the first in Europe - unveiled a new range of Costa Coffee products to enjoy at home, at work, and on the go. Considering that 85% of Hungarian adults drink coffee and half of them regularly take coffee breaks at work, the domestic coffee market looks to be promising and profitable. While the coronavirus pandemic has altered the habits of Hungarian consumers, the change in trends had begun earlier. On one hand, the need for quality coffee has been growing constantly, while on the other, the

market shifted from functional coffee consumption towards the coffee experience. At the same time, high-quality coffee became more popular in Hungary, hence the market for whole bean coffee and coffee pods has expanded. Thus, the portfolio will include whole beans, roast & ground coffee, and various coffee pods. Our company also provides a broad range of fully supported coffee machines and other services that deliver a great in-cup result, as well as best-in-class training, and technical support.

Rainforest Alliance

The Rainforest Alliance (RFA) – founded in 1986 – is an international non-profit organisation working to protect rainforest. The certification is only given to farms complying with the comprehensive requirements and strict guidelines on saving rainforests. To avoid harming the environment, packaging must also consist of only Rainforest Alliance-approved materials to be certified.

Costa Coffee is one of our certified products, only purchasing coffee beans from certified sources. As a result, consumers can make their coffee habits more sustainable. We are proud that our FUZETEA brand is also RFA certified, as all of the tea leaves that give the taste of FUZETEA are sourced from 100% sustainable producers.



4.2 THE PRODUCT JOURNEY: OUR SUPPLY CHAIN



In 2020, we paid special attention to, and adapted our supply chain, enabling it to react flexibly to the changes caused by the coronavirus. It was important for us to always be available for customers, and ensure that the service we provided was based on their needs.

1047
Hungarian supplier

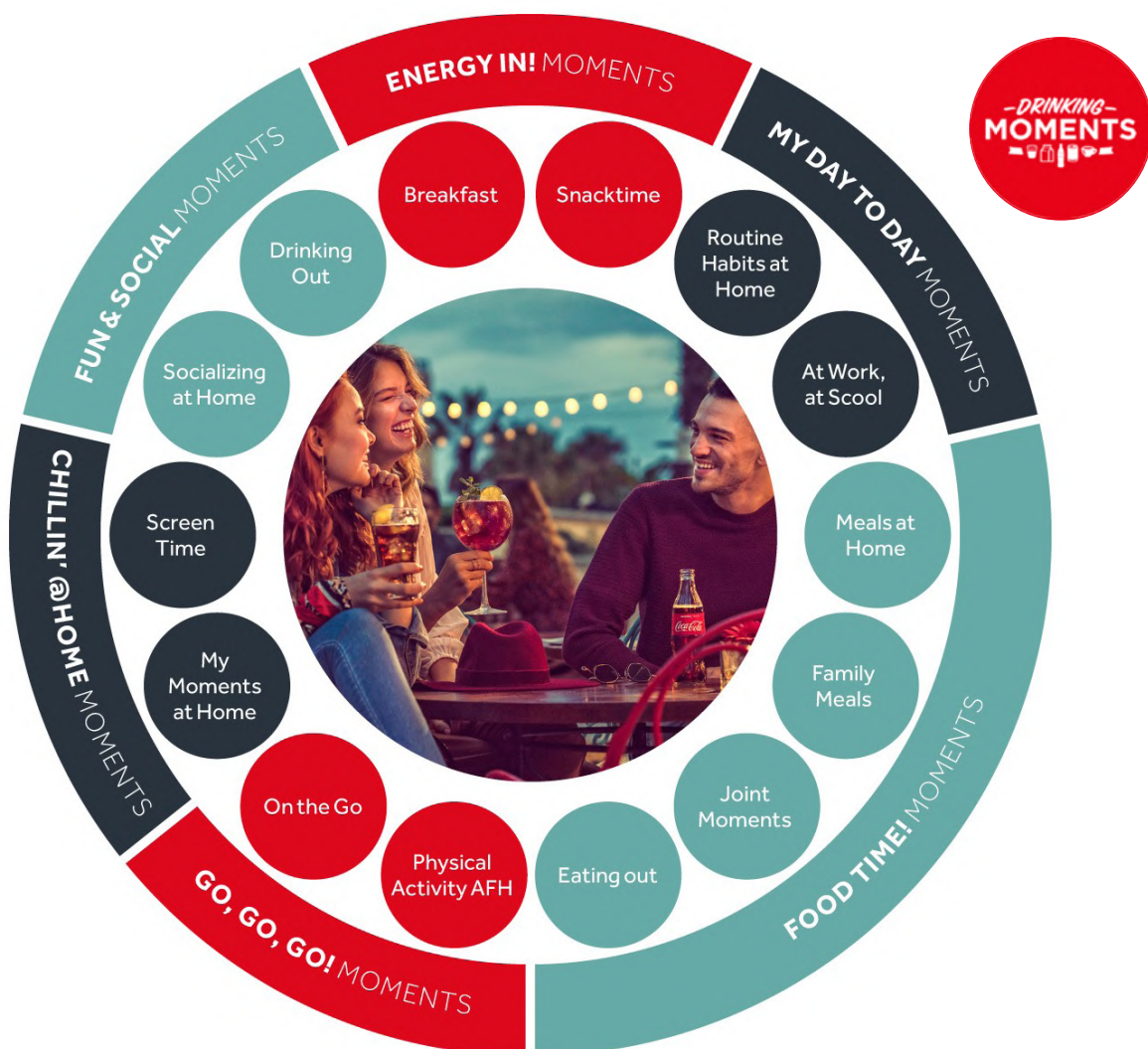
Most of our suppliers (85%) are located in Hungary. 75% of total payments to suppliers went to local business partners.

4.3 OUR STRATEGY – DRIVER OF OUR GROWTH

At Coca-Cola HBC Hungary, we work every day to remain the undisputed top beverage company on the market, providing value for our company as well as for our stakeholders. The Coca-Cola HBC Group aims to increase our business success through a responsible, sustainable, and profitable growth strategy, continuous improvement of our portfolio, and our well-prepared team.

As a 24/7 beverage manufacturer, we proudly provide a wide-ranging portfolio to our customers. As a result of our portfolio development achievements, customers can access high-quality products that satisfy all their expectations at any time of the day. According to the 24/7 strategy, in our portfolio we have defined "Drinking Moments" as drinking occasions, outlining the purpose

of the product consumed, and its well-being benefits. These moments were matched with our most suitable drinks, so the product portfolio can satisfy customers' needs at any time of the day. In 2020, the pandemic changed market trends. Our main priority was to quickly adapt to the new circumstances caused by COVID-19. We aimed to keep our employees safe, satisfy changing consumer needs, help our suppliers and partners, support the community, fulfil new market expectations, and maintain effective business operations while ensuring sustainability.



Our 2025 global growth strategy is built upon 5 key pillars, which are pivotal to our activities, support our goals and serve as a competitive advantage. The objective of Coca-Cola HBC is to develop its strategy based on these 5 pillars: leverage our

expanding 24/7 portfolio, grow our presence in the market, increase growth through investments and competitiveness, create opportunities for our employees for further development, and decrease our environmental footprint.

THEREFORE, WE SET OUR GOALS IN LINE WITH THE 5 PILLARS OF OUR NEW GROWTH STRATEGY:



Our values as well as our goals and strategy determine the path to future success and also differentiate us from others in terms of what we consider to be important and how we operate.



EXCELLENCE



CONTINUOUS LEARNING



AUTHENTICITY



CUSTOMER-FOCUS



TEAMWORK



PEOPLE

4.4 OUR BUSINESS MODEL

Corporate responsibility and sustainability are indispensable parts of Coca-Cola HBC Hungary's culture. Our sustainability objectives are connected to our business goals, and form an integral part of our business strategy, while also focusing on people, being the cornerstones of Coca-Cola HBC's sustainable growth.

OUR RESOURCES



FINANCIAL

We always seek to use all funds efficiently, whether generated from operations or investments.



ASSETS

We carefully manage our assets, including our equipment and buildings, to ensure the production and storage of our products.



HUMAN

We are continuously developing our employees' skills and competencies, and pay special attention to finding, developing, and retaining new talents.



NATURAL

Water, energy, and other natural materials are important resources for our value creation processes, therefore we seek to use them as effectively as possible.



INTELLECTUAL

Our knowledge-based assets include our brands, patents, standards, licenses, and processes.



SOCIAL AND RELATIONSHIPS

Our social and relationship capital includes our reputation and ability to earn and maintain the trust of our stakeholders.

OUR ADDED VALUES



Working with partners and suppliers

Our partnership with The Coca-Cola Company (TCCC) gives us the exclusive rights to manufacture and sell their branded products. 97% of the products we sell are developed and owned by TCCC. They also produce and supply us with the concentrate and syrup that are the main ingredient of our beverages. We rely on our supply chain for many types of inputs to our business, including equipment and machinery, consultancy services, and software. Partnering with responsible, reliable, dependable, and efficient suppliers allows us to focus on what we do best – producing and distributing beverages that bring smiles to our consumers.



Serving our consumers and communities

We offer a wide range of beverages to satisfy all consumer preferences, including those that can be part of an active and healthy lifestyle. By providing products that meet consumer needs, and operating a responsible, sustainable business, we create value for the communities in which we operate.



Producing cost efficiently

We produce, package, and distribute products using concentrate and other ingredients from The Coca-Cola Company. All of our production plants have warehouses and distribution centres. Utilising these facilities effectively helps us produce products responsibly and is key to our profitability.



Serving our customers effectively

We place great emphasis on managing customer relationships as well as on our promotions and physical displays and marketing materials at points of sale. Our customers rely on us to have access to a full range of quality products on their shelves every day, so that they can satisfy their consumers' refreshment needs. To give our customers the best possible service, we segment each market and serve each customer based on size and needs, taking into account prevailing market conditions.

SHARED VALUES AND VALUE CREATION











By running a profitable, sustainable, responsible business, we create value that is subsequently both retained by our business, making it stronger, and shared with all of our stakeholders. We create value by managing our capital and expenses responsibly and profitably.

SHAREHOLDERS	By managing all inputs to our business well, we create profits that benefit shareholders through dividend payments and share value.
SUPPLIERS	We prefer predictable partner relationships, locally sourced suppliers, and we see an outstanding opportunity in long-term co-operation with local partners. Due to the commitment to such preferences, positive economic benefits are evident along the entire value chain of the company.
EMPLOYEES	Developing, recognising, and rewarding our people secures a skilled and motivated workforce. We provide a stable workplace and compatible salary. The resultant strengthened loyalty increases the time employees spend at the company, which facilitates middle- and long-term business development as well as with the taking and execution of business decisions.
CUSTOMERS	Producing products efficiently and responsibly builds value for our customers' businesses. We always seek long-term partnerships and innovative solutions.
COMMUNITIES	When our business is profitable, sustainable, and responsible, the communities where we operate benefit through job creation, tax payments to governments, useful products and services, and the minimisation of environmental impact.

4.5 OUR STAKEHOLDERS

As an integral part of our sustainability activities, we proactively seek to involve individuals and organisations in our operations that are directly or indirectly affected by our business activities.

We define the scope of our stakeholders in line with our business and sustainability strategy.

Stakeholders	Methods of contact	Frequency	Key topics in 2020	Growth Pillars
 Industry organisations	Memberships in associations, professional forums, events, mailings	Regular	The legal framework of our business operations, initiatives	1 5
 Suppliers	Daily business contact, supplier audits	Continuous	Provision of ingredients and services necessary for our operations	3 5
 Customers and sales partners	Daily business contact, meetings, annual customer survey	Continuous	Product pricing, sales, and distribution	1 2
 Authorities and decision-makers	Bilateral and multilateral meetings, inspections by authorities, memberships in chambers of commerce, mailings, events	Regular	The legal framework of our business operations, other official matters	1 5
 Local communities, NGOs	Sponsorship, community initiatives, volunteering, events, meetings, mailings	Regular	Local aspects of our business operations (infrastructure), supporting local communities, environmental protection, active staff+ lifestyle, NGO initiatives	5
 Academic and educational institutions	Cooperation (e.g. dual education system), traineeship programme, events	Regular	Education and labour market opportunities for youngsters	4
 Media	Ad-hoc engagements, communication campaigns, press events, mailings	Regular	Issues regarding our business operations and products	1 5
 Consumers	Website and social media, communication campaigns, plant visits, product testing, other events, mailings	Regular	Consumer questions, complaints, product testing (tasting)	1 2 5
 The Coca-Cola Company	Daily business contact, company events, joint initiatives, and commitments/policies	Continuous	All areas of our business operations and COVID-19 related support	1 2 5
 Coca-Cola HBC Group	Financial statements and reporting, daily business contact, internal communication, company events	Continuous	All areas of our business operations	1 2 3 4 5
 Employees	Annual employee engagement survey, internal communication, social committee, company events, internal meetings	Continuous	Handle Covid-19 pandemic, internal crisis management, continuous communication, support communities, volunteering. Online events: executive conference, online job fair, Coca-Cola Christmas Open Day. Employer brand: internal surveys on the effects of the pandemic, SEI indices	4 5

4.6 MEMBERSHIP IN ASSOCIATIONS

MEMBERSHIP IN ASSOCIATIONS 2020

	AmCham – American Chamber of Commerce
 Magyarországi Üzleti Tanács a Fenntartható Fejlődésért Business Council for Sustainable Development in Hungary	BCSDH – Business Council for Sustainable Development in Hungary
	Hungarian Association of Food Processors (Member of Board)
	HBLF – Hungarian Business Leaders Forum
	Hungarian Mineral Water, Fruit Juice and Soft Drink Association (Member of Board)
	Hungarian Vending Association (Vice president)
	Hungarian Brand Association
	Hungarian Spirits Association
	Hungarian Chamber of Agriculture
	Advertising Standards Board
	Platform for Action on Diet, Physical Activity and Health
	Effekteam

5 SUSTAINABILITY AT COCA-COLA HBC HUNGARY

5.1 SUSTAINABILITY IN 2020: *AN UNPRECEDENTED YEAR*

The year 2020 was an unprecedented and challenging one for all of us. The situation caused by the COVID-19 pandemic has strengthened our commitment and responsibility to society. In 2020, our main responsibility was to quickly react to the COVID-19 pandemic. Our timely decisions and our adaptation to the situation have contributed to creating value for our partners, customers, and stakeholders, all of whom found themselves in

a difficult situation. Alongside value creation, the safety of our employees, continuous service for our customers, support for our partners and suppliers, and adjustments to our business plans became our main duties since the first days of the pandemic. Decisions we made in March 2020 have defined how we have had to reconsider our yearly plans and initiate actions, as outlined below:



PROTECTING OUR EMPLOYEES

- Taking actions and providing tools for protecting and maintaining the health of our employees
- Expanding work-from-home options
- Protecting jobs
- Supporting adaptation to the new digital work environment



SECURING THE SUPPLY

- Continuous operation of our bottling plants and distribution centres
- Developments to provide faster service to our sales partners
- Supporting the members of our supply chain (through partner programmes, extended commercial loans)
- Adapting to shifting customer demands



PROTECTING THE ENVIRONMENT

- Tracking our sustainability goals
- Supporting volunteer programmes
- Developing and utilising innovative packaging solutions
- Preserving our waters



SUPPORTING THE COMMUNITY

- Financial and human resource support, product support
- Organising campaigns to protect and support people's safety and well-being
- Expanding cooperation with medical organizations

However, this unprecedented year did not end with just actions. At year-end, a complex analysis was conducted to outline the factors that affected our performance and mattered most to our stakeholders. The conclusion was clear: a quick, sustainable,

mutual rebuilding was not only included in our pandemic-related actions, but had also become an integral part of our company culture.





5.2 OUR SUSTAINABILITY STRATEGY AND COMMITMENTS

Since the announcement of Coca-Cola HBC Group's 2020 sustainability initiatives in 2016, we have been continuously working to meet our corporate values and goals to the greatest extent possible.

Topic	The Coca-Cola HBC Group's commitments until 2020 ¹		
 Nutrition	-10% We will decrease the calorie content of our carbonated drinks by 10% (per 100 ml of drinks) compared to a 2015 baseline.		
 World Without Waste	40% All of our primary packaging will be 40% recyclable.	20% Recycled material content will reach 20% in our packaging materials.	-25% We will decrease the amount of packaging material by 25%.
 Climate Change and Renewable energy	-50% We will decrease our direct CO ₂ emissions by 50%.	-25% We will decrease our CO ₂ emissions throughout the supply chain by 25%.	40% 40% of our bottling plants' total energy consumption will originate from clean and renewable sources.
 Water use and stewardship	-30% We will decrease our water consumption by 30%.	 All our plants' water management processes will be certified.	

¹Compared to the 2010 baseline year.

At Coca-Cola HBC Hungary, we always consider the direction and objectives of the Group and announce our commitments accordingly. In addition to the guidelines of the Group, we set our annual targets for 2020 taking into account our previous year's performance and the planned portfolio and volume, which was accepted by the Group at the beginning of the year.

The Coca-Cola HBC Hungary's commitments	2020 targets	2020 results	Status
Increase the proportion of PET content from recycled and/or renewable materials in our PET bottles. ²	22%	16,8%	 76% achieved
Reduction of CO ₂ emissions intensity	23,86 gCO ₂ /lpb	22,17 g CO ₂ /lpb	 Achieved
Reduction of energy used for production ³	0,49 MJ/lpb	0,49 MJ/lpb	 Achieved
Reduction of water used for production ⁴	1,85 litres/lpb	1,82 litres/lpb	 Achieved

Due to the crisis caused by COVID-19, it was more difficult to achieve our goal to increase the usage rate of rPET, however, our results speak for themselves. Despite the difficulties, we have managed to achieve our goals in almost all areas. Our sustainability strategy and focus did not change in 2020: we plan to continue working to be even more effective in all target areas and to make sure sustainability is embedded in all aspects of our business.

The Coca-Cola HBC AG Group announced a new sustainability strategy and commitments for 2025 based on previous targets, which we will also take into account in our future corporate planning and commitments, and we seek to be active participants in their implementation.

²In 2020 the calculation methodology changed, therefore the 2019 value was adjusted to 19.9%.

³Calculated to one litre of product.

⁴The water consumption does not include the consumption of the distribution centres.

OUR 2025 SUSTAINABILITY MISSION

Topic	The Coca-Cola HBC Group's Commitments		
 <p>Nutrition</p>	<p>-25%</p> <p>We will decrease the calorie content of our soft drinks by 25% (per 100 ml of drinks).</p>		
 <p>World Without Waste</p>	<p>100%</p> <p>All of our primary packaging will be 100% recyclable.</p>	<p>35%</p> <p>The recycled material content of our bottles and aluminium cans will reach 35%.</p>	<p>75%</p> <p>We will contribute to the collection of 75% of beverage packaging.</p>
 <p>Renewable energy</p>	<p>100%</p> <p>100% of our electric energy usage will originate from clean and renewable sources.</p>	<p>50%</p> <p>50% of our plants' total energy consumption will originate from clean and renewable sources.</p>	
 <p>Emission reduction</p>	<p>-30%</p> <p>We will decrease our direct CO2 emissions by 30%.</p>	<p>50%</p> <p>We will replace 50% of our refrigerator units by energy-efficient ICOOLERS.</p>	
 <p>Water use and stewardship</p>	<p>-20%</p> <p>We will reduce our water usage by 20% at water-scarce locations.</p>	<p>100%</p> <p>We will ensure 100% water supply safety at water-scarce locations.</p>	

5.3 MATERIALITY ASSESSMENT

At Coca-Cola HBC Hungary, we are continuously monitoring the changes affecting our external environment and we pay attention to our stakeholders' feedback and the communities affected by our operations. In accordance with GRI guidelines, we identify our material topics as those social, economic, and environmental issues that affect our business operations, as well as topics that are most important for our external and internal stakeholders.

This year, the topics were selected based on the "materiality assessment" carried out by an independent third party, KPMG Advisory Ltd., in 2021. The assessment was reviewed and validated based on 32 selected GRI indicators and 12 focus areas of the Group ("material issues"), which identified the issues with the greatest impact on the Group's operation.

We systematically re-evaluate our material topics with the active involvement of our external and internal stakeholders

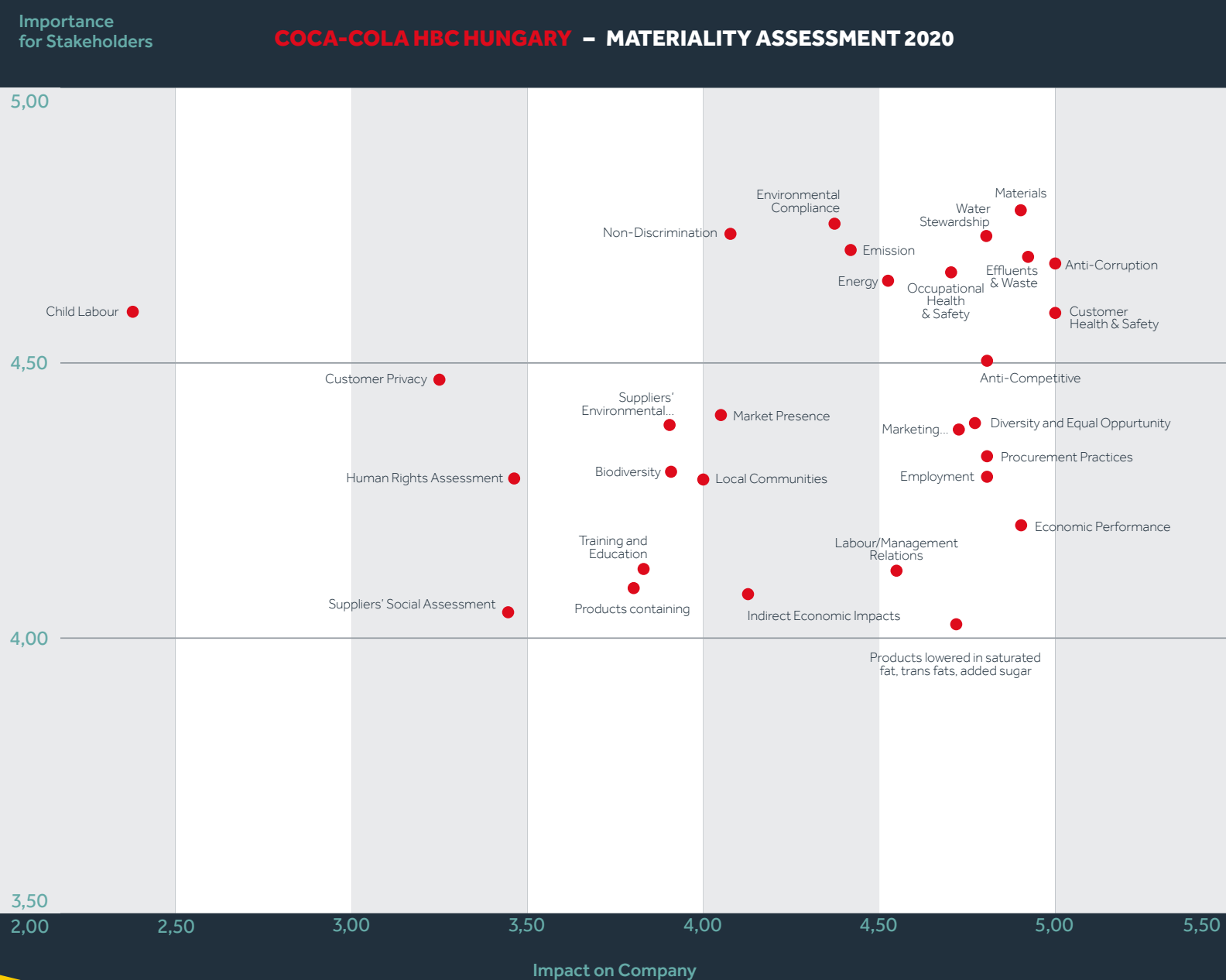
Coca-Cola HBC AG group	GRI Topic	GRI disclosure	Related SDGs
Packaging, recycling & waste management	Materials	GRI 301	
	Effluents and waste	GRI 306	 
Water stewardship	Water and effluents	GRI 303	 
Corporate governance	Anti-corruption	GRI 205	
	Anti-competitive behaviour	GRI 206	
	Environmental compliance	GRI 307	
Climate change	Energy	GRI 302	
	Emissions	GRI 305	
Human rights, diversity, and inclusion	Diversity and equal opportunity	GRI 405	 
Nutrition	Customer health and safety	GRI 416	
Sustainable sourcing	Procurement practices	GRI 204	
Employee well-being & engagement	Employment	GRI 401	 
	Occupational health and safety	GRI 403	
Economic impact	Economic performance	GRI 201	
Responsible marketing	Marketing and labelling	GRI 417	

We included all stakeholders in the materiality assessment through an online survey (both in English and Hungarian). The assessment was anonymous and was completed by 110 stakeholders: 56 external, 54 internal. The issues with the greatest impact were indicated by the top managers of Coca-Cola HBC Hungary, whose responses were given equal weight.

Based on those responses, the Material Topics Matrix seen below was created. It serves as a roadmap of our performance in 2020.

The "material topics" include 15 GRI indicators and one focus area of Coca-Cola HBC Hungary (product quality/liability) that is reported to comply with our commitments and to be transparent. Our material issues are also in line with the Sustainable Development Goals (SDGs). As part of the Coca-Cola Hellenic Group, we contribute to many global goals – as well as through our initiatives and handling of important topics.

MATERIAL TOPICS' MATRIX



6 RESPONSIBILITY TOWARDS OUR EMPLOYEES

6.1 PROTECTING OUR EMPLOYEES DURING THE PANDEMIC

The pandemic has changed the labour market. Within that context, we have faced several situations where, as an employer, we have had to react in a more flexible and innovative way. At Coca-Cola HBC, one of our main principles is to provide a safe environment for our employees, one that meets their expectations.

When the coronavirus started to spread in Hungary, we implemented measures aligned with the recommendations of the Hungarian government and health authorities to protect the health and safety of our employees at all function levels and locations. The implemented precautionary measures include strict sanitation protocols, social distancing, body temperature measurements, virtual meetings, and restriction of external visitors – which, in the beginning, was completely restricted, but later allowed when justified. Moreover, we have made the decision that those who had the opportunity, and the appropriate technical background could do their work entirely from home. We provided personal protective equipment (e.g. surgical masks, hand sanitizer, plastic gloves) for those who needed to work on-site. We also included in our internal policy social distancing requirements that set out general rules of working on sites or in offices during the unprecedented period. Thanks to those effective measures, and the successful implementation of remote-working, we were able to ensure business continuity without closing our facilities.

We have tightened the relationship with our employees in the digital space: we regularly sent the latest COVID-related information in our all-staff newsletters, shared messages from leadership, and organized online informational events relevant



to all employees. As the pandemic eases, we have still been working to improve the efficiency of digital cooperation and apply its tools as effectively as possible. We have also organised online events. We held a Christmas celebration, invited several external presenters, and also organised management meetings as well as business performance review webinars. Throughout the year, we conducted online surveys to see how our employees had adapted to the continuously changing circumstances, and to hear how to further help and support them. Based on the results, 90% of our employees were satisfied with the quality of information they had received from the company.



JUST SAYING TO YOU!

Based on the feedback we received from our employees, we re-launched our programme for managers, in which our Top150 managers share their actual challenges, results, and relevant leadership topics that they believe their colleagues might find interesting.

WELL-BEING IN AN UNPRECEDENTED YEAR

At Coca-Cola HBC, we pay a lot of attention to our employees. During the pandemic, we had to make instant decisions to be able to work without any disruptions. Despite the changing circumstances, we bolstered our efforts to retain our employees.

The key pillar of our HR strategy is to make our work environment innovative, friendly, and appealing. Since the beginning of our operations, we have found it important to make our employees feel safe, that they have a good opinion of the company, and also to make them proud to be part of the Coca-Cola HBC community. We are working on providing opportunities for continuous development and an attractive career path for our employees, while also working hard on creating an ideal and safe working environment. Through our internal measures, we want to ensure the well-being of our employees physically,

CELEBRATING CHRISTMAS VIRTUALLY

We held online programmes for the holiday celebration, organising performances, workshops, and surprises to get into the Christmas spirit. We invited our guests for a virtual factory visit, and organised activities for kids that they could enjoy from home.

materially, and socially. We measure our employees' satisfaction and engagement every two years in line with international standards. Based on the results, we prepare company-wide and functional action plans. The HR director is responsible for the implementation of our HR policy and measures.

NEW MANAGEMENT COMMITMENTS

During the pandemic it became more important to enhance the role of management within the company. We recognized and understood the changes in needs of our employees, hence our management announced new commitments:

1.

Self-motivation and Authority:

we lead our teams with a positive and performance-oriented attitude, and inspire our people to behave similarly. We make responsible decisions and are accountable for the results.

2.

Handle counter-opinions and misunderstandings:

we accept that opinions may differ, hence we try to remain calm and pay attention. We involve teams in evaluating opportunities and developing strategies.

3.

Lead change and believe in diversity:

it is our responsibility to lead change and highlight its possibilities. We accept and promote the idea that we can reach better results by utilising the team's diversity.

4.

Execute and communicate strategy:

we facilitate our teams commitment to the corporate strategy by explaining how they individually contribute to the company's success and assure the execution of the strategy. We are responsible for providing regular feedback to teams, giving and soliciting feedback.

The survey we conducted in 2020 showed that work-life balance and general well-being are the most important factors for our employees. For them, an ideal workplace entails communication, a supporting environment, and high employee morale.

The employee well-being and health promotion programmes aim to help our employees stay mentally and physically healthy. They can access the services of the Medical Health Centre. Employees can also choose health fund contributions as part

of their cafeteria system benefit. To help our employees in protecting their mental health, we established the Employee Support Programme, and we also organise an annual health awareness week. We support flexible working options, as many of our employees are working from home due to the pandemic. Moreover, we are constantly reviewing the opportunities and regulations for remote working and trying to best adapt them to the business and the needs of our employees.

6.2 EMPLOYEE DEVELOPMENT AND RECOGNITION

Ongoing consultation with our employees is especially important to take into account not only market trends but also their opinions when formulating our strategy and focal points. We believe in open, professional relationships based

on feedback, and this is the culture we promote inside and outside of the company. Our company embraces the continuous development of employees. Therefore, we recently implemented numerous new digital training solutions.

LEARN FEST HUNGARY

In November 2020, our employees could participate in a thematic week in which our education and talent development team organised diverse presentations and workshops for each day.



WORLD OF WINNERS

Our World of Winners (WoW) programme was tweaked and expanded with some new elements. We reward outstanding performance through our WoW programme. In 2020, 218 staff members in four categories received such recognition.

Learning and Improvement Award

19 award &
19 awarded

Customer-driven Employee of the Quarter Award

32 rewarded

Team of the Quarter Award

29 award &
147 awarded

Supporting Inclusion Award

20 rewarded

6.3 RETAINING OUR EMPLOYEES

For us, each employee is equally important: every person is valuable in a different way, and successful collaboration with them is the key to our success. Throughout the year, the most important objective was to maintain employment. The number of our employees did not change noticeably, and the turnover rate was also similar to the previous year. The positions that were mainly affected by the pandemic were successfully re-organised into other areas where additional workforce was required and similar competencies were needed. For instance, our sales colleagues from the HoReCa sector began working with retailers. We stopped hiring new employees during the course of the year, hence the new hire rate decreased. In 2020, due to the changed circumstances, we participated in an online job fair for the first time.

We are proud that in 2020
Coca-Cola HBC Hungary became
the most attractive workplace
in the FMCG sector

CHANGE IN THE NUMBER OF EMPLOYEES

	2017	2018	2019	2020
Total number of employees	1 258	1154	1159	1067
By employment type				
Full-time	1 251	1144	1146	1056
Male	826	767	781	712
Female	425	377	365	344
Part-time	7	10	13	11
Male	–	–	–	–
Female	7	10	13	11
By employment contract				
Permanent	1235	1134	1130	1043
Male	821	763	767	700
Female	414	371	363	343
Temporary	23	20	29	24
Male	5	4	14	12
Female	18	16	15	12
By status				
Employees	1099	1049	1078	997
Male	731	724	749	686
Female	368	325	329	311
Temporary agency workers	159	105	81	70
Male	95	43	32	26
Female	64	62	49	44
By location				
Dunaharaszti	1022	957	960	850
Zalaszentgrót	70	65	69	72
Distribution centres	166	132	130	145

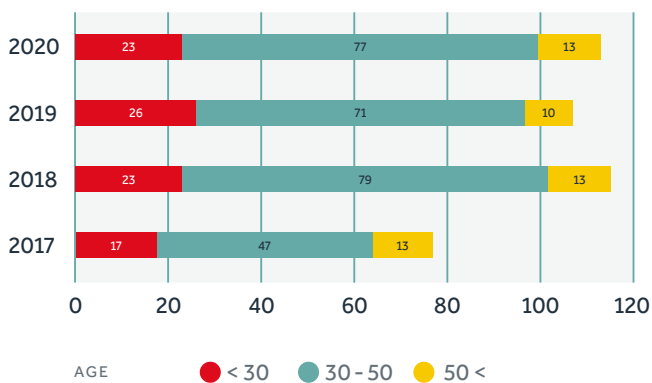
NEW EMPLOYEE HIRES – MEN



NEW EMPLOYEE HIRES – WOMEN



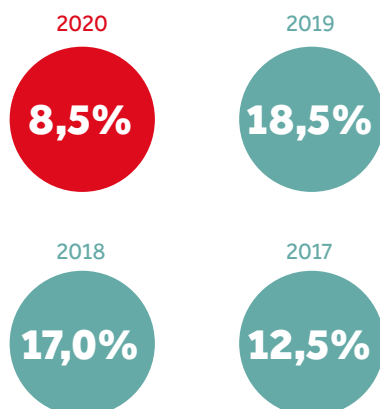
EMPLOYEE TURNOVER – MAN



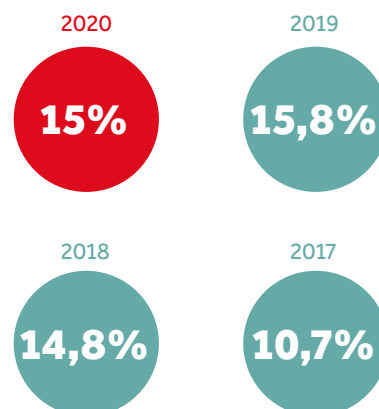
EMPLOYEE TURNOVER – WOMAN



NEW HIRES RATE



TURNOVER RATE



6.4 OCCUPATIONAL HEALTH AND SAFETY

Developing an effective occupational safety system is one of the most fundamental parts of a safe work environment. We are committed to continuously revising our protocol on, and minimizing occupational health and safety risks, meaning we strive to provide an ever-safer working environment and conditions for all our employees.

At all of our sites, we operate in accordance with the OHSAS 18001 (MEBIR 28001) standard and are aligned with current legislation – The Coca-Cola Company's and our Group's internal regulations. Our Occupational Health & Safety policy is revised and assured regularly by the external independent organisation SGS Hungária. Moreover, we perform regular internal audits in line with our annual internal audit plan. As a part of the workplace safety system, we define the key tasks and responsibilities annually that are also part of our annual financial plan.

We operate our occupational safety system in conjunction with other management systems, with an emphasis on prevention. The occupational safety risk assessments are revised annually

in every area – such as production, warehousing processes, office workers, and market sales team processes – and improvement measures are taken as necessary. In addition to risk assessments, we are also aligned with the occupational health and safety regulations of Coca-Cola HBC Group and The Coca-Cola Company, which might even be stricter than the Hungarian occupational safety laws. Moreover, we operate group-level occupational safety programmes, thus ensuring the continuous development of occupational safety processes and, at the same time, we try to involve our employees in them as much as possible. As part of the Behaviour Based Safety (BBS) and the Near Miss programmes, we constantly encourage our employees to report occupational safety hazards, which they can do on an online platform. We organise occupational health and safety training for new employee hires, while those who've joined previously can attend annual trainings. We also organise our Safety Week every year, when our employees take part in training courses and presentations to raise their awareness of the importance of this topic. We also publish awareness-raising monthly briefings (so-called "Toolbox" talks).

NUMBER OF OCCUPATIONAL INJURIES

	2017	2018	2019	2020
Number of injuries⁵	7	6	4	7
Male	5	4	3	6
Female	2	2	1	1
Of which: injuries resulting in lost work days	3	4	3	5
Number of lost days	68	83	115	54
Male	62	75	83	40
Female	6	8	32	14
Number of missed (absentee) days	6122	6094	5452	6672
Incidents of occupational disease/ injury	0	0	0	0
Number of fatalities	0	0	0	0

The rate of work-related incidents⁶ varied from 0.7 to 0.9 between 2017 and 2020. Our occupational health and safety policy, which is approved by our General Manager, is reviewed annually and adjusted if necessary. The occupational health and safety policy (like all other QSE policies) is available to all our employees at our sites and in electronic form.



Our **occupational health and safety policy** is available on our website.

⁵Figures in the table refer to our employees. In cases of workers who are not employed by our company (temporary agency workers), there were four incidents of injury in 2020.

⁶Due to the size of the company, the calculation of the rate is based on 200 000 working hours. The rate is calculated based on occupational injuries and working hours per FTE.

6.5 HUMAN RIGHTS AND DIVERSITY

Respect for human rights is essential to Coca-Cola HBC in the communities in which we operate. At our company, we ensure that people are treated with dignity and respect. Each and every day we are in touch with people from different social and cultural backgrounds. One of our core values is to always respect human rights, diversity, and provide equal opportunities. We are

true to these values not only as an employer but as a business partner throughout our entire supply chain. We are committed to involving stakeholders in relevant communities, ensuring that during our business operations we listen to, understand, and take into account stakeholders' views.

DISTRIBUTION OF EMPLOYEE LEVELS⁷ BASED ON GENDER AND AGE

	Male	Female	<30	30-50	50<
Total employees⁸	67%	34%	21%	65%	14%
Front Line leadership level	72%	28%	16%	71%	14%
Change leadership level	58%	42%	0%	96%	4%
Top 300 leadership level	89%	11%	0%	100%	0%
Professionals level	42%	58%	32%	59%	10%
Troopers level	69%	31%	25%	67%	8%
Future Driver level	30%	70%	100%	0%	0%
Supporter	81%	19%	13%	65%	22%

As an employer, we are fully committed to ensuring equal opportunities, something which is guaranteed by our Code of Business Conduct, Inclusion and Diversity policy, and Human Rights policy. All of our employees are entitled to the same respect and esteem, and their career development should never be affected by any circumstances other than their professional performance. We proclaim zero tolerance for any discrimination based on ethnicity, religion, gender,

sexual orientation, or similar. Any potential violation in this matter is investigated thoroughly in line with our ethical procedures.

We demand ethical behaviour from our business partners as well. Each of our partners has to accept our Supplier Guiding Principles, which prescribes the respect of human and labour rights and the prohibition of any discrimination.



Our **Human Rights Policy** is available on our website.

⁷The classification of employee levels:

Supporter: supporting jobs such as administrators, and physical workers

Troopers: salespeople such as business developers, telephone salespeople, AW Key Account Managers

Professionals: specialist and experts

Front Line Leaders: team Leaders, supervisors, and Key Account Managers

Change Leader: strategically important leaders

Top 300: function managers

Future Driver: employees participating in an internship programme

⁸The results distribution of employee levels are to be understood together with temporary agency workers.

7 FOR A SUSTAINABLE ENVIRONMENT

Corporate sustainability and responsibility are an essential part of Coca-Cola HBC Hungary's culture. As responsible economic operators, we consider it important to manage the environmental risks arising from our operations and to make a positive contribution to the protection of our environment and natural resources in many different areas. During the COVID-19 pandemic, our sustainability initiatives remained relevant and our commitment to the issue grew further.

Our sustainability goals are tightly linked, therefore we aim for a comprehensive strategic approach that can support the environment in multiple ways. A pillar of the sustainability initiatives is our "World Without Waste" strategy. We are

continuously working to conduct sustainable circulation of our products' entire lifecycle. That includes the procurement and processing of raw materials, design, and recirculation of products and packaging, production processes, and also water- and energy management. In addition, we ensure that the development of responsible, sustainable operating processes goes hand in hand with raising the awareness of our employees and consumers, as we believe that wide-ranging cooperation is the foundation of our success. Our sustainability strategy and objectives are inextricably linked to our business goals, and sustainable operations are the driving force behind our growth.

7.1 PACKAGING, RECYCLING, AND WASTE MANAGEMENT

TOWARDS CIRCULAR ECONOMY

RECYCLING

- Industry commitments to increase recycling rate
- New recycling technologies to tackle plastic waste

COLLABORATION WITH

- Customers
- Suppliers / Partners
- Government bodies

AWARENESS

- Plastic waste separation
- Plastic recycling
- Include and educate consumers, NGOs, stakeholders

ATTITUDE FORMATION

- Increase demand for recycled plastics
- Grow local demand for recycled PET
- Social attitude formation and education



INNOVATION AND PRODUCT DEVELOPMENT

- Product Design:
 - Light weighting/High performance
 - Maximise recyclability in packaging
 - Use / Handling / Disposal

ALTERNATIVE RAW MATERIALS

- Test and use of recycled, renewable, and bio-based raw materials

REDUCE THE ENVIRONMENTAL FOOTPRINT

- Carbon-dioxide emission
- Renewable energy sources
- Waste recycling
- Water stewardship

IMPROVING LOGISTIC MANAGEMENT

- Reduce the amount of secondary packaging for transportation
- Infrastructure improvements for faster delivery



The inappropriate treatment of plastic waste has created a severe environmental issue for our times. In recent years, we have worked on developing a circular economy, which avoids unnecessary or wasteful use of raw materials and maintains their value within the cycle for a long time. We not only want to help the recycling of plastic waste, but also to become part of the comprehensive solution. Coca-Cola HBC Hungary promotes a circular economy by collecting and recycling its packaging, and works toward it via partnerships and cooperation.



PROCUREMENT

The acquisition of recycled plastic is a key element of increasing the percentage of rPET used in our beverage packaging. The procurement options strongly determine the execution of our commitments, but that doesn't dissuade us from seeking to increase the usage of recycled materials. Our packaging is designed to be 100% recyclable. We also aim to develop alternative packaging materials that can also be part of the circular economy.



MANUFACTURING

We are focused on minimising the negative environmental impact of our operations. Our conscious and responsible management of manufacturing processes aims to optimise our water and energy management. Next to effective resource utilisation, we also continuously examine the usage of alternative raw materials. For instance, in 2020 our bio-based paper packaging entered its test phase.



CONSUMPTION

We cannot realise our circular vision alone. In addition to collaboration with our partners, we are also focused on social engagement and education. The graphic design of our caps advocates recycling and adequate collection of plastic materials. Besides the recycling campaigns, the company takes direct part in waste collection and recycling programmes.



RECYCLING

The circle of collecting and recycling packaging materials is the most efficient way to manage packaging waste. We strive for partnerships and cooperation with NGOs, suppliers and regulatory bodies, and consumers to work for a common goal. For years, the company has strived for active dialogue, to maximise the collection of packaging waste in Hungary and support the processes of the circular economy.

TOWARDS A “WORLD WITHOUT WASTE”

Our “World Without Waste” strategy provides an ambitious and forward-looking approach to decrease the long-term negative impact of packaging materials, especially plastic packaging, on

the environment. We aim to keep our products in economical circulation at the best quality as long as possible, hence decreasing the need for new raw materials.

WORLD WITHOUT WASTE – OUR COMMITMENTS:



100%

By 2030 all primary packaging must be 100% recyclable – Primary packaging used by Coca-Cola HBC Hungary are 100% recyclable.



35%

50%

An increased proportion of recycled material should be used to produce PET bottles and aluminum cans – 35% by 2025 and 50% by 2030.



75%

100%

By 2025, 75% of beverage bottle waste should be collected, and by 2030, 100%.

INDUSTRY COOPERATION FOR RECYCLED PLASTIC

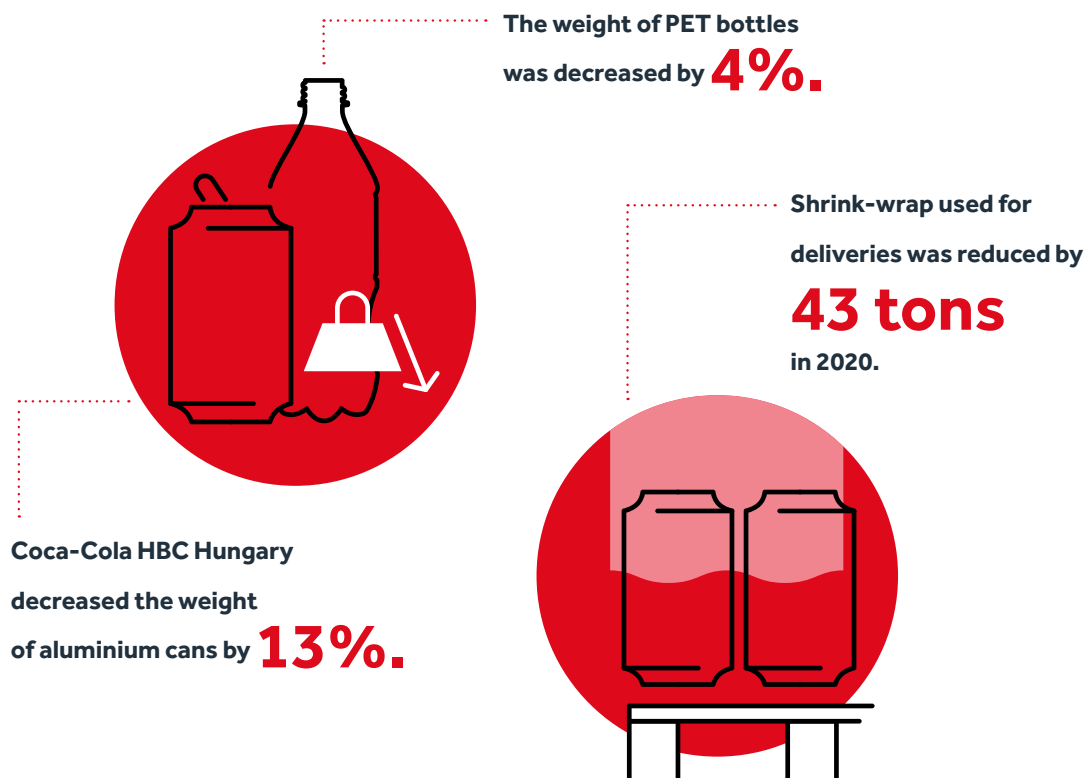
As a member of the Hungarian Association of Mineral Water, Juice and Softdrink, Coca-Cola HBC Hungary is committed to increasing the proportion of recycled plastic raw materials in its bottles to 50% by 2030. The aim of the industry cooperation is to make recycled plastics available on an industrial scale, supporting the creation of a circular economy. The industry collaboration started in 2020, with the main goal

of reaching 30% for the first 5 years and 50% for the alliance by 2030. All of the members will organise a communication campaign to promote selective waste collection and utilise further marketing tools to shape the public opinion. Coca-Cola Hungary has established a new approach towards plastic waste management. In this manner, our cups feature new slogans encouraging customers to recycle.

PACKAGING DESIGN AND DEVELOPMENT

Packaging waste is a strategic environmental issue for Coca-Cola HBC Hungary: it is an issue related to our basic business process, the solution of which is becoming increasingly urgent. Appropriate packaging is essential to keep our products fresh

and also for food safety aspects. We continuously improve our packaging materials – PET bottles and aluminium cans – mostly to decrease their weight.



Thanks to our recent progress, in 2020 the weight of aluminium used for producing aluminium cans was reduced by 170 tonnes. Due to a new palletising technique of aluminium products, we managed to reduce our shrink-wrap consumption by 43 tonnes. The decreasing amount of packaging lowers the weight of products, hence the distribution also requires fewer resources and energy.

We are also focused on increasing the proportion of recycled PET (rPET) in our bottles. In 2020, this figure reached 16.8%⁹. The COVID-19 crisis hindered our ambitious efforts to increase rPET rate in products, since re-collection options decreased, and waste treatment capacities were limited. The shutdowns and restrictions due to the pandemic have shifted the supply and demand balance on the recycling value chain. The coverage of plastic recycling companies has been reduced, while the demand for rPET increased. Furthermore, the market situation

of recycled plastic manufacturing companies was deeply affected by changes in the oil market that significantly lowered the price of virgin plastics. Our goal is to further increase the percentage of rPET in our bottles, despite the obstacles caused by the pandemic.

As part of our packaging strategy, we encourage the implementation of new, innovative solutions and sustainable technologies that are intended to reduce plastic packaging materials and, consequently, the environmental footprint of our company. We are not only concentrating on solving today's issues; it is also extremely important to us to utilise forward-looking possibilities that support recycling.

100% PAPER, 100% RECYCLED MATERIALS

The Coca-Cola Company puts great efforts into finding new, sustainable ways of packaging. In 2019, Paboco Pioneer Community was launched, with Coca-Cola as one of the founding members, which is working to create the world's first fully bio-based and recyclable paper bottle for packaging soft drinks, beauty products, and other everyday consumer products. The prototype of a recyclable paper bottle has already been created: it consists of a paper shell with plastic lining and cap. The plastic we use is made from 100% recycled plastic that can be recycled again after use. In the next few years, we will work on improving the first-generation paper bottle. The bio-based packaging is crucially important, as these materials are resistant to steam, therefore are suitable for beverage packaging. Also, their impact on the environment is significantly lower than other packaging solutions.



⁹The calculation method changed in 2020, which resulted in a lower figure than previously. Accordingly, the 2019 figure has been changed to 19.9%, which is also lower than the result we reported last year.

WASTE MANAGEMENT

Our waste management is continuously monitored as a part of the ISO 14001:2015 Environmental Management System. Our goal is to constantly decrease the volume of waste generated during manufacturing, and minimise the amount of waste disposed of in landfills. We seek to resell waste items (e.g. barrels, jugs, and containers) according to their functions, hence expanding their service life in a new target area. In terms of the amount of waste generated and recycled, at Group level we set annual targets which are monitored by our local sustainability team. The decrease in waste volume and our commitment to recycling are summarised by our Environmental Protection Policy.

We seek to decrease waste volume and maximise recycling. In our production line, the primary waste materials generated are plastic and cardboard, while hazardous waste is generated by our

cold drink vending services, as well as the replacement of certain technical equipment. Since 2017, the waste generated at our plant in Dunaharaszti has been 100% recycled. In all of our plants and distribution centres we collect waste separately. We want to avoid disposing of our waste in landfills, therefore, we send waste that cannot be recycled to incineration plants to generate energy. We organise annual training courses for our employees concerning the importance of waste recycling. We also strive to find new ways to reduce, reuse or recycle waste.

In 2020, the volume of our generated waste decreased by 30% due to the changes in demand because of the pandemic. In recent years, we have placed greater focus on selective waste collection and recycling. As a result, the combined proportion of recycled hazardous and non-hazardous waste was 99.96%.

	2016	2017	2018	2019	2020
Total volume of waste (tonnes) ¹⁰	3 380	4 007	3 396	4 227	3 039
Non-hazardous waste	2 967	3 489	2 744	3 437	2 411
Recycle	2 726	3 203	2 372	3 076	2 140
Incineration	234	282	369	359	270
Landfill	6	4	2	2	1
Hazardous waste	413	518	652	790	628
Incineration	413	518	652	790	628

¹⁰The table shows the waste volumes generated in our bottling plants in Dunaharaszti and Zalaszentgrót.

7.2 SUSTAINABLE MATERIALS AND SOURCING

Our procurement process and the performance of our suppliers significantly contribute to our economic, operational, and environmental footprint. Hence, we are committed to responsible procurement processes.

MATERIALS FROM SUSTAINABLE SOURCES

The ingredients used to manufacture our products are mainly natural raw materials whose sourcing and safety is a global issue of concern. In this regard, the performance of our suppliers has a direct impact on our performance. We are committed

to working only with suppliers who can assure – and prove – that the agricultural materials they contribute come from sustainable sources.

Our raw materials



For our products

- sugar and sweeteners
- concentrate
- carbon-dioxide
- nitrogen
- water



For packaging

- plastic (PET)
- glass
- aluminium
- steel
- cardboard



RESPONSIBLE PROCUREMENT POLICY

We must choose our suppliers independently without any external influence, taking into account only the highest quality and competitive price levels. Therefore, we created internal regulations that make our tendering process auditable. After collecting the required number and quality of proposals, we select our suppliers during the evaluation process in a fair and transparent way. Our policy is to invite a wide range of potential suppliers to all tenders.

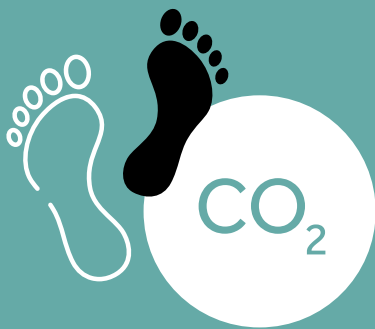
During the selection process, members of our procurement team cooperate with other relevant departments and offer their professional expertise to ensure impartiality. In our Supplier

Guiding Principles section we describe not only the process but also the guiding principles enabling us to control and monitor the process. Quality risk assessment is conducted for every new supplier to check if they meet our quality expectations. Independent third-party audits are regularly conducted to inspect regulatory compliance and compliance with the policies of the Coca-Cola HBC Group. Moreover, The Coca-Cola Company also performs regular audits at our company and our suppliers.

7.3 ENERGY EFFICIENCY MANAGEMENT AND CLIMATE PROTECTION

Our core activities, production, and the related transportation of our products are impossible without meeting the necessary energy demands. We are committed to being efficient with

energy usage while reducing the emissions of carbon dioxide and other greenhouse gases resulting from our activities.



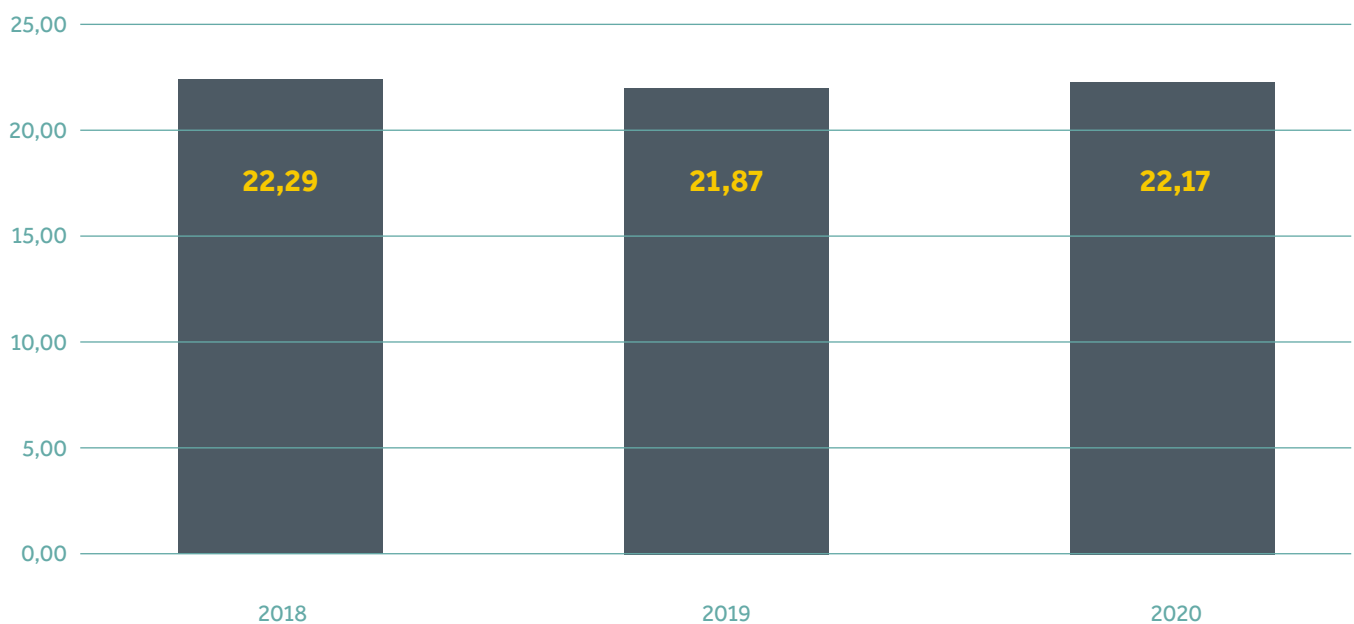
REDUCING OUR CARBON FOOTPRINT

We have implemented numerous energy efficiency measures to decrease our impact on climate change. We keep constant track of our emissions to have an accurate picture of the greenhouse gases resulting from our operations. This enables us to be certain that we can set appropriate goals and continue to achieve success in this matter.

The most significant sources of the company's carbon dioxide emissions are the energy consumed by our bottling plants, as well as the functioning of our machinery. In addition to that, supplying ingredients and packaging, logistics processes and cold drink vending services also contribute – indirectly – to our ecological footprint.

We pay close attention to the direct (Scope 1) and the indirect (Scope 2) emissions of our company, as well as to any changes in their intensity. Our CO₂-intensity index showcases the direct and indirect emissions per unit produced. In 2020, our carbon-dioxide intensity (22.17gCO₂/liter) was below the target (32gCO₂/liter).

CO₂-INTENSITY (gCO₂/lpb)

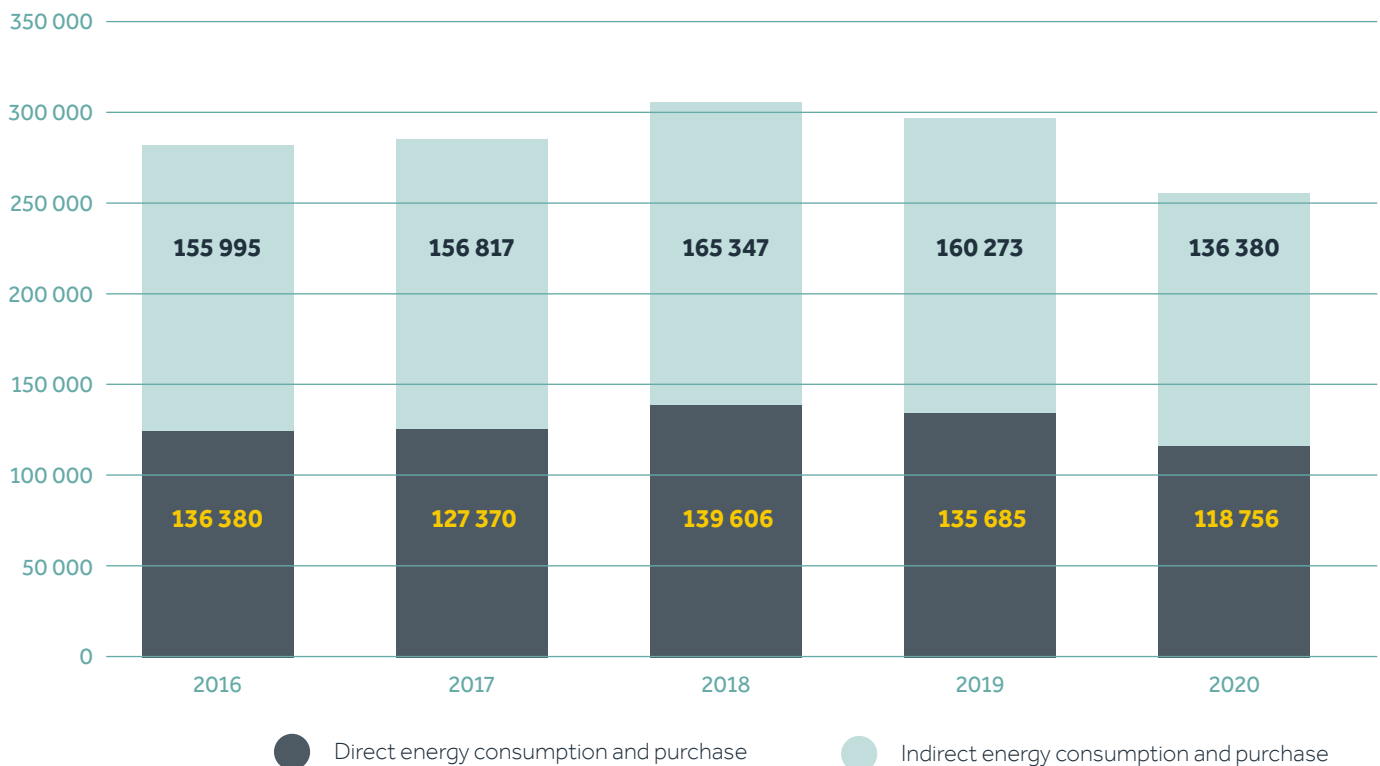


ENERGY EFFICIENCY

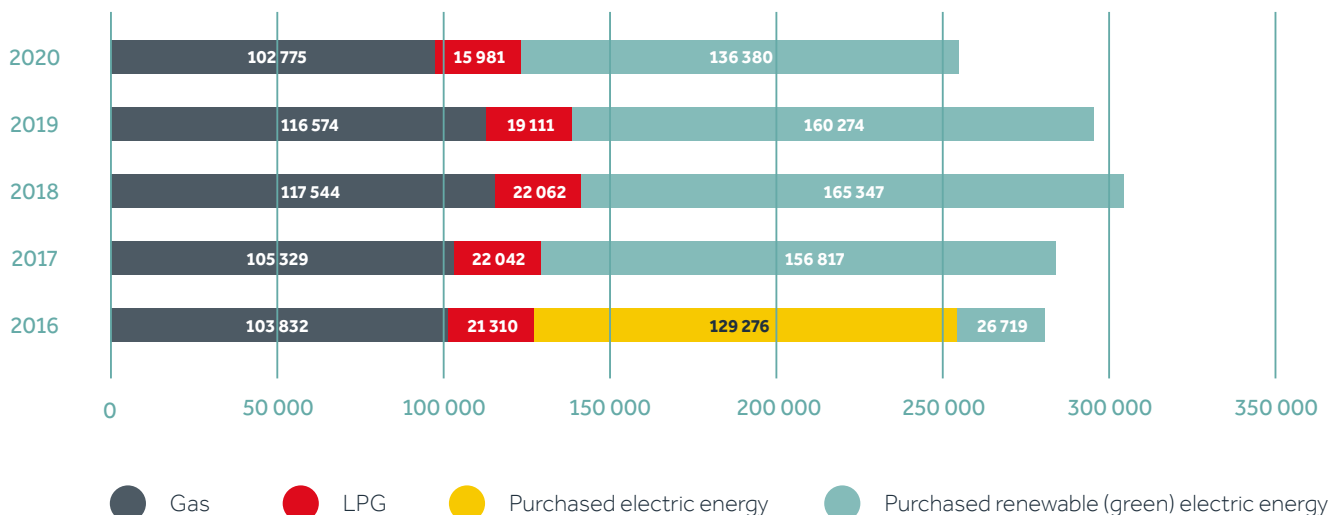
Our energy management is continuously monitored as a part of ISO 50001. It is certificated by an independent third party called SGS Hungária. We constantly monitor our energy consumption performance, which gives us an opportunity for continuous improvement. Our goals, which we lay out every year along with our action plans, target the reduction of our energy consumption

and involve efficiency improvements. Our employees are reminded of the importance of energy efficiency and sustainability regularly in our yearly educational meetings. Our commitment to the issue is secured by the company's Energy Policy – which is available on the company website - and the corresponding progress is tracked by our sustainability manager.

TOTAL ENERGY CONSUMPTION (GJ)



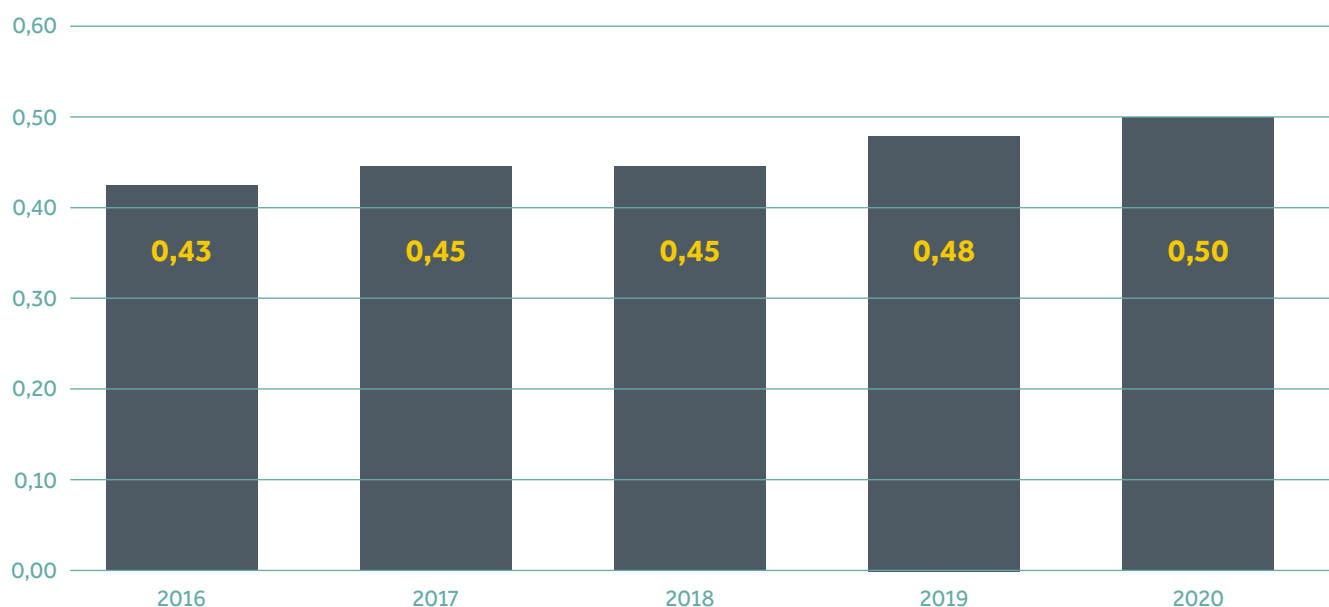
DISTRIBUTION OF ENERGY CONSUMPTION BY SOURCES (GJ)



Our absolute energy consumption decreased in 2020. It is highly important to us to use specific index numbers to measure our performance. Our key performance indicator shows the energy consumption per unit produced, a number which we aim to reduce year by year. In comparison to the previous year's performance of 0.48 MJ/lpb, our energy intensity slightly increased, since 0.49 MJ was needed for

1 litre of product to be manufactured in 2020. The main reason for the increase is that our manufacturing processes were operating at nearly full capacity, while the production volume decreased by 20%. Our commitment to improving our energy performance means we check on a consistent basis for investment opportunities regarding energy efficiency and renewable energy production.

ENERGY INTENSITY (MJ/L)



GOING GREEN IN ENERGY CONSUMPTION

We are proud that our production plants in Zalaszentgrót and Dunaharaszti both fully operate on green electricity. We believe these achievements to be important steps in the right direction. At the plant in Zalaszentgrót, we also use heat pumps to make it even more environmentally friendly, meaning that the plant is almost fully carbon neutral.

Our production plants use
100% green
electricity.

7.4 WATER MANAGEMENT

At Coca-Cola HBC the preservation of our natural resources plays a key role in our business processes. Water bears a priority in our production, as it is the core ingredient in our products, and is also essential for the agricultural activities needed to grow our other input materials. Responsible water management is present in every process we run and plays a crucial role in our supply chain. Our water management is summarised by our Environmental Protection Policy.

Besides decreasing the amount of water used, we also seek to reduce our impact on the environment by treating the wastewater produced. The Zalaszentgrót bottling plant has

onsite facilities to treat its wastewater in compliance with regulations. The treated wastewater is disposed of at a municipal sewage treatment plant. The industrial wastewater generated at our Dunaharaszti plant is treated by waterworks, following strict rules and guidelines.¹¹

We bring in external experts to identify the impacts of our water management. The social, environmental, and regulatory risks are all considered to reduce our water consumption.¹²

RESPONSIBLE WATER MANAGEMENT

We track our environmental performance, including our water consumption with the ISO 14001:2015 Environmental Management System. We set annual targets for water usage, define action plans, and launch projects to reduce and manage our water consumption. We prepare a regular report on our actual results, and also pay attention to the related trends and customer needs.



Both of our bottling plants have significant water consumption due to their production activities. Most of our water demand is covered by our wells, and the rest is supplied by the municipal water system. At our distribution centres and offices, the water and wastewater demands are also covered by the municipal water and sewage systems. The industrial wastewater generated at our Dunaharaszti plant is treated by the Dunaharaszti wastewater treatment plant that is operated by Észak Dunántúli waterworks. The quality of the wastewater is examined by the plant, but we also conduct measurements to ensure compliance with our permits. The results of the measurements are sent to the authorities.

Along with European Water Stewardship (EWS) certification, both plants – in Dunaharaszti and Zalaszentgrót – have received the gold AWS International Water Stewardship Standard certification for maintaining and developing a sustainable water management system.

¹¹We do not obtain information on the water consumption or wastewater treatment of our suppliers.

¹²We do not collect information on water storage.

DISTRIBUTION OF TOTAL WATER USE

	2016	2017	2018	2019	2020
Total water consumption (m3)	1 119 277	1 116 781	1 185 097	1 140 812	939 330
Water consumption Low water stress areas (m3)	948 318	936 821	1 009 452	978 857	832 678
Water consumption High water stress areas (m3) ¹³	170 959	179 960	175 645	161 955	106 652

We annually monitor our water consumption target and pursue further initiatives based on our results. In 2020, we used 1.82¹⁴ litres of water to produce 1 litre of product, which is lower than in the previous years, but slightly higher than our 2020 target. In 2020, we decided to take further actions to get closer to our target in the next year. During the course of the year, we renovated the glass bottle washing equipment and considered the replacement and transformation of water pipes connected to our product line.



In 2020, we further decreased relative water usage.



¹³High water stress areas were determined by the **Aqueduct Water Risk Atlas**. To identify the areas we examined locations with medium-high (20-40%) and high (40-80%) values.

¹⁴The water consumption of our distribution centres is considered.

8 RESPONSIBLE OPERATIONS AND PRODUCT RANGE

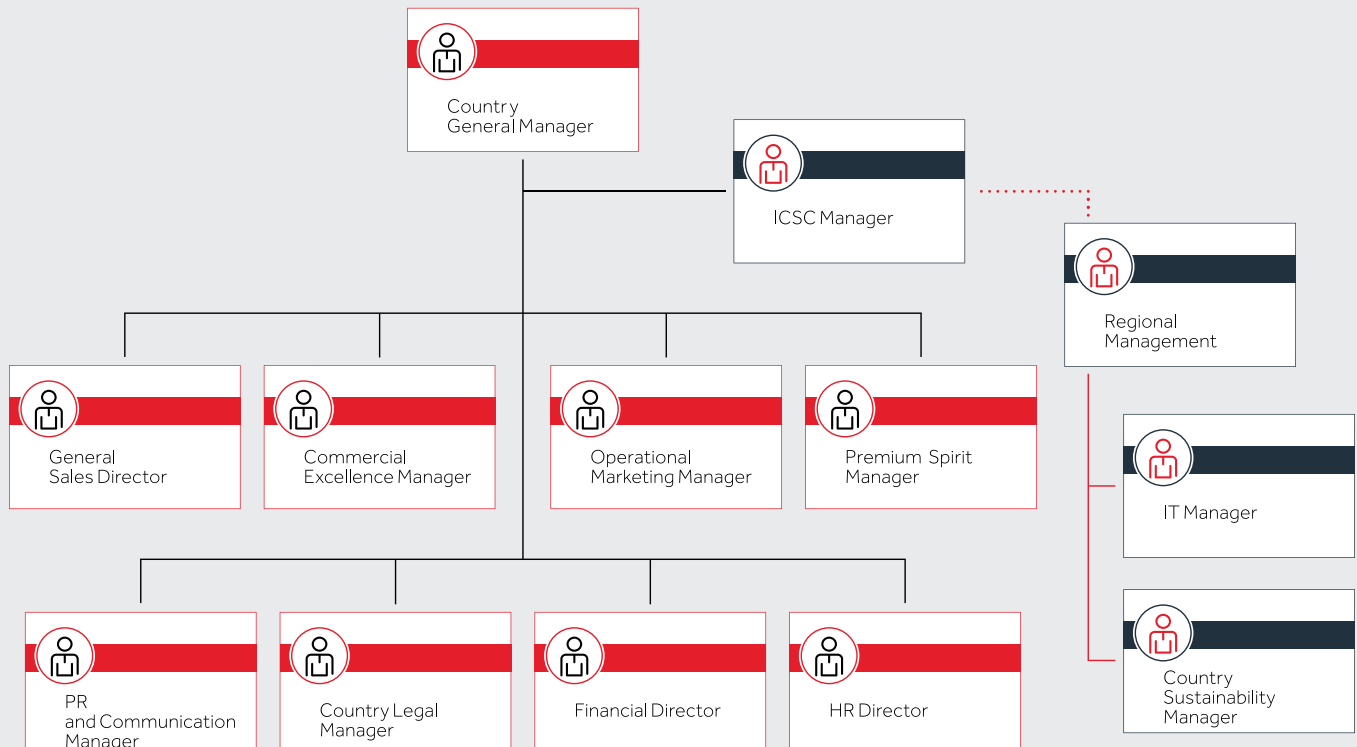
8.1 CORPORATE GOVERNANCE, COMPLIANCE, AND ANTI-CORRUPTION

At Coca-Cola HBC Hungary, all of our business activities are driven by our commitment to integrity and ethical behaviour. Firm business ethics form an integral part of our corporate culture and values, and this is crucial to maintaining our long-term financial success, reputation, and our partners' trust. We apply this approach holistically to all financial and non-financial aspects of our corporate governance, and we have a zero-tolerance policy towards the breach of any of our relevant internal policies.

We shape our business operations intending to minimise risks and, at the same time, grasping opportunities. Our strategic goals and responsibilities for risk management are defined by

our Group's Risk Management Policy and are monitored by the central Audit and Risk Management Committee of Coca-Cola HBC AG. To support the Policy, we are continuously reviewing our approach to corporate risk management processes so that they are integrated into our operative processes. At Coca-Cola HBC Hungary, we apply a robust system to identify and monitor risks, and we send a quarterly report to the Group's Board of Directors.

ORGANISATIONAL STRUCTURE ¹⁵



¹⁵The top executive of our company is the Country General Manager. Due to the legal formulation of the firm, there is no executive board. IT services and sustainability functions are operated regionally and local managers report to regional leaders.

CORPORATE COMPLIANCE AND RELATED POLICIES

ETHICAL OPERATION IN CORPORATE CULTURE

Our Code of Business Conduct sets out the requirements for our internal operations to ensure we always act in line with our core values and current regulations. The Code is adopted by the executive board of the Group and is binding to all countries of operation and employees without further changes. Within our company, it is extremely important that all stakeholders are aware of all applicable laws and take responsibility for their compliance. Our policies are reviewed by the Chief Executive Officer and Legal, and Excellence Manager.

Our Compliance Officers ensure that all co-workers and new joiners familiarise themselves with the Code biannually, and declare in writing their understanding of and compliance with

its provisions. Our colleagues may turn to the Compliance Officers or our firm's management with all their ethics-related questions and issues. Our employees are required to report all ethical violations, while they may also choose to remain anonymous. Those who want to make an anonymous announcement can do so on the "Raise your voice!" (Emeld fel a Hangod!) line, which is managed by an independent company, thus ensuring the objectivity of any investigation. All ethical reports will be examined thoroughly and we guarantee that those who submit reports in good faith will never face any negative consequences.

Representing the principles of ethical conduct and integrity, our company organised once again the "Week of Ethics and Compliance". In 2020, online workshops were organised. During the thematic week, we addressed the

dangers of digital innovations and the risks of the company's digitalisation, the abrupt changes and rapid development of digitalisation due to the pandemic. In a number of workshops, we tried to show interactively the consequences of unethical behaviour to our colleagues. We also published interviews with upper management on our Intranet page, where further information can be found on the Anti-bribery Policy and Compliance Handbook, and the renewed Gifts and Entertainments Policy, and Data Privacy Policy. Our suppliers also receive training on our compliance requirements and the most important policies.



Our Anti-bribery Policy
is available on our website.

ENVIRONMENTAL COMPLIANCE

Our leaders at Coca-Cola HBC Hungary seek to create a fine balance between meeting our financial goals and protecting the environment. Our company is committed to implementing and maintaining reliable initiatives concerning environmental protection, and effective monitoring systems. We are also committed to providing high-quality products and services to our partners and customers in a safe and environmentally friendly way.

During our business operations, we aim to comply with all relevant environmental regulations and apply the Group's internal environmental protection guidelines and other imposed policies. Our environmental management is continuously monitored as a part of ISO

14001:2015 to ensure accountability and continuous improvement. The certified management system is binding to all operation units, including our bottling plants in Dunaharaszti and Zalaszentgrót, and distribution centres in Mályi and Balatonfüzfő. We regularly examine the impacts of our business activities related to product manufacturing and the operation of our plants on the environment. Our plants and operations processes should fully comply with the regulatory expectations.

We identify and implement environmental targets and programmes following our Environmental Policy. Our employees not only get familiar with our Environmental Policy, but they also receive the necessary training

and detailed information on how to implement environmental protection in their daily activities. Protecting the environment and preventing pollution are the duties and responsibilities of every manager, and employee. Our sustainability officer is responsible for our Environmental Policy. Similar to previous years, there were no incidents or complaints with regards to environmental protection in 2020.



Our Environmental Policy
is available on our website.

INTEGRITY IN OUR BUSINESS RELATIONS

It is in our highest interest and remains an ethical principle to comply with all regulations as well as to adapt our operations to the expectations of society. Our Legal Department manages the framework for compliance. They ensure that legal adherence is part of our business processes by enacting it both formally and via the operating structure. All of our contracts follow templates and guidelines prescribed by our Legal Department, which is also in charge of reviewing and approving individual agreements. Ensuring compliance and legal consultation is part of our business decision-making process. Beyond that, our Terms of Business, Anti-corruption Policy, and our Competition Policy guidelines ensure our socially responsible operations. Our Internal Audit department continuously monitors legal and corporate compliance.

ZERO TOLERANCE FOR CORRUPTION

Our commitment towards responsible and ethical operations is especially important in relation to corruption. Our approach is clear: we show zero tolerance towards any case of corruption or bribery. There were no suspected cases of corruption in 2020 at our company either.

We communicate our anti-corruption policy to 100% of our employees, and adherence to it is binding on everyone. New joiners and biannually selected members of management are required to attend online or classroom-based anti-corruption training courses, which are monitored by our HR department. Employees in regular contact with third parties, government officials, or those who make procurement-related

decisions are classified as at-risk employees and receive more in-depth and thorough training. For them, we also supplement the e-learning materials with an anti-bribery module. For members of the Management Board, the Legal Department conducts online or classroom training annually. Besides our internal operations, we expect integrity from our business partners, too. Our Code of Business Conduct and Supplier guiding principles contain the rules and standards covering all our business relations. During the conclusion of a contract, our trading partners undertake to adhere to the ethical conduct set out in the Anti-Corruption Policy and Compliance Manual. In 2020, we communicated in writing to all our suppliers (1230 companies) the importance of complying with the Code.

ANTI-CORRUPTION TRAINING IN 2020:

Groups of employees		Headcount (2020)	Training Requirements
Governance body members	Senior managers made up of the directors' immediate subordinates	9 persons	Annual online or in-classroom management training, compliance, and anti-bribery e-learning courses
"At-risk" employees	Employees responsible for reaching out to third parties on behalf of the company and making decisions regarding sales and the supply chain	113 persons	Compliance and anti-bribery e-learning courses every two years
Detailed distribution of the above	Change Leaders Front Line Leaders Future Drivers Professional Supporters Troopers	1 person 10 persons 3 persons 31 persons 51 persons 17 persons	
In total		122 persons	Compliance e-learning every two years

FAIR COMPETITION

We believe in fair competition and we never pursue unlawful or unethical competitive advantages. Our Competition Policy guidelines define the principles of fair operations, are in compliance with the current competition law, and are binding to all members of the Coca-Cola HBC AG Group. The policy sets standards for organising our commercial practices, pricing, and promotional activities as well as communication with our competitors and communication about business processes.

We are committed to fully comply with the competition law. The company's

competitive commitments, rules, and guidelines are summarised in the competition handbook for employees. The handbook regulates the relationship with competitors, customers, suppliers, and third parties. It also provides detailed guidance to staff on competition law related to the company. In 2020, the competition handbook was revised and it became simpler, and easier to interpret. Hence, it further supports our employees working in the Commercial and other departments to get to know and to comply with the most important regulations of the competition law.

In 2019, the Hungarian Competition Authority initiated proceedings against our company for alleged anti-competitive behaviour based on a third-party complaint. The investigation is still ongoing and is being conducted in full cooperation with our company.¹⁶ In 2020, we were not involved in any anti-competitive proceeding in which our company was identified as a participant. In line with our internal policies, we intend to continue to place great emphasis on ensuring law-abiding behaviour.



¹⁶ Coca-Cola HBC Hungary will not release further information on the ongoing procedure until the end of the investigation.

8.2 DIRECT AND INDIRECT ECONOMIC IMPACTS

Coca-Cola HBC Hungary is committed to responsible and sustainable economic performance. We pursue a sustainable growth strategy that makes us a successful, value-creating company and business partner. To enjoy dynamic growth potential, we are continuously working on improving our market position and consumer satisfaction. We introduce new products and product categories that are produced at high-quality levels using our expanding, efficient production capacities.

Adhering to our strategy, we set out our business and financial targets, breaking them down into sub-goals and action plans. We are committed to complying with all national financial and accounting standards – this is the responsibility of our Finance Director.

We are committed to managing our business in a way that minimises risk while providing us the ability to leverage opportunities. The Group Risk Management Policy outlines the strategies and accountabilities, endorsed by the Audit & Risk Committee on behalf of the Board of Directors (BoD). In support of the Policy, we continue to refresh our approach to enterprise risk management (ERM) to ensure that the processes are embedded both operationally and culturally, across the Group. Within the ERM framework, Coca-Cola HBC Hungary applies a robust risk identification and tracking system, monitored and reported to the Board on a quarterly basis. We continuously review our approach to our environmental risk management systems so that they are integrated into our operative processes.

ECONOMIC RESULTS

Total economic value generated and distributed (HUF million)	2016	2017	2018	2019	2020
Direct economic value generated	106 926 678	116 432 746	131 505 113	138 086 549	115 309 633
Revenue	106 926 678	116 432 746	131 505 113	138 086 549	115 309 633
Direct economic value distributed	41 413 312	42 358 212	46 506 657	52 031 118	39 740 427
Operating costs	23 639 330	24 714 812	26 267 074	28 358 909	23 725 171
Employee wages and benefits	10 323 771	10 148 495	10 420 748	10 499 876	9 324 685
Payments to providers of capital	5 176 436	5 471 980	7 451 702	10 535 387	4 986 904
Payments to government	2 273 775	2 022 925	2 367 133	2 636 946	1 703 667
Direct economic value retained	65 513 366	74 074 534	84 998 456	86 055 431	75 569 206

Our financial results were strongly affected by the pandemic. Considering that many of our partners faced full or partial shutdown, our manufacturing capacity and sales channels significantly changed. Thanks to our wide-ranging portfolio, we were able to stabilise our position in the domestic market, strengthening the sales of products and areas that are suitable for stay-at-home lifestyles. Our revenue was 20% lower than in 2019. We aim to keep our business balanced by decreasing costs and re-grouping revenues. The sales revenue from export

activities decreased by 25% compared to the previous year, due to the pandemic, exchange rate fluctuations, and change at the Group's production sites.

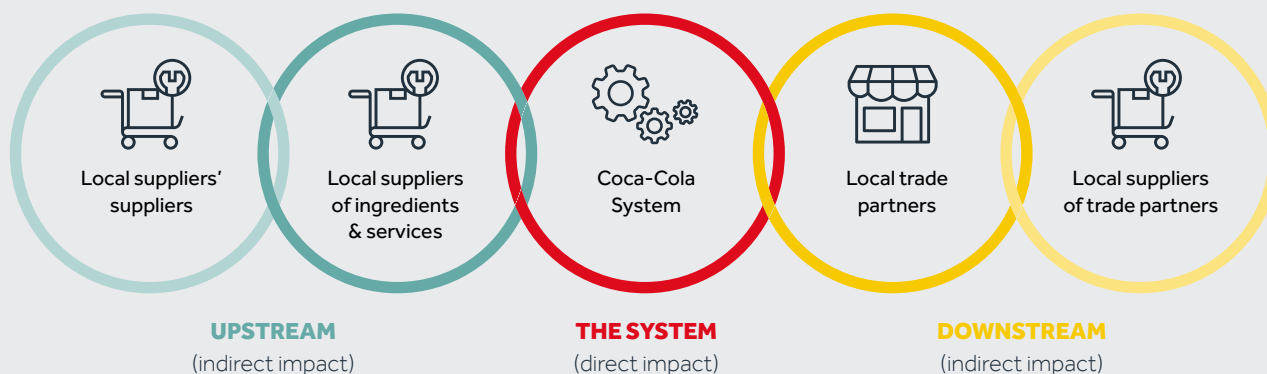
The objective of our sustainable business is to be able to support business processes as smoothly as possible, even in constantly changing market conditions, and to be able to fully satisfy customer needs.

INDIRECT ECONOMIC EFFECTS

Through its entire value chain, Coca-Cola HBC Hungary contributes hundreds of millions of forints to the state's tax revenues every year. Through the production, packaging, promotion, and delivery of soft drinks to

customers, the company's entire value chain stimulates economic activity, from farmers producing raw materials to partners selling soft drinks throughout Hungary.

COCA-COLA HBC VALUE CHAIN



In addition to the economic contribution, our company is also an important contributor to domestic production. Through our bottling plant, we directly create jobs and pay wages, but we also provide all of them indirectly by purchasing goods and services from local suppliers, and through the distribution of our products we have an impact on retailers as well as on their supplier level. Considering our local production and sales processes – not directly related to Coca-Cola HBC Hungary – we also contribute to the creation of thousands of jobs, thus promoting domestic employment.

In 2020, our investment volume decreased due to the COVID-19 pandemic. The re-grouping of our investments does not mean that we are no longer believers in continuous development. Our investment in the plant in Zalaszentgrót is worth approximately HUF 300 million. The expansion of production capacity and modern technological developments contribute to a more flexible operation that better serves the customer needs, and supports our sustainability initiatives.

"OPEN LIKE NEVER BEFORE"

During the recovery period, Coca-Cola helped industries that were hit the hardest by the COVID-19 pandemic, the HoReCa sector. Most restaurants had been closed in the months previous. Coca-Cola Hungary offered its support to the industry through the large-scale "Open Like Never Before" campaign which entailed the making and display of personalised advertisements - posters, online adverts, and in-restaurant promotional materials - for more than 430 customers in Budapest and across the country. Most restaurants in this difficult situation could not afford to spend on these, while they were in a huge need for publicity. Posters, citylights and giant net ads showing restaurants with the faces of their owners, chefs, or waiters and their delicious meals were displayed across the country. Coca-Cola also gave 100,000 bottles of free Coca-Cola to its partners for re-opening.



**ÉLVEZD A HÁZIAS
ÍZEKET JOBBAN,
MINT VALAHA.**

Ildi jellegzetes étele

8.3 HEALTH AND NUTRITION OF OUR CONSUMERS

At Coca-Cola HBC Hungary, we aim to offer a product portfolio that satisfies all the needs and preferences of our consumers. We believe that our products, when aligned with a balanced diet, can be part of a healthy lifestyle. We are committed to offering diversified alternatives to our customers and to help them make conscious choices to enjoy a balanced and healthy diet.

It is important to us to assure that all of our products are manufactured following strict food safety rules. We are committed

to good manufacturing and hygienic practices. We constantly improve the company's quality culture, so food safety is a main priority throughout our entire supply chain. Regarding food quality, in 2020 we did not have any non-compliance issues with regards to regulatory obligations.



INTRODUCING NEW PRODUCTS

We constantly expand our portfolio with new products, while also increasing the proportion of sugar- and calorie-free or low-calorie drinks.



EVOLVING OUR RECIPES

We are continuously assessing options to evolve recipes to reduce our products' sugar and calorie contents. In 2020, nine new products with low or zero sugar content were introduced: Coca-Cola Zero Orange, Coca-Cola Zero Cinnamon, Fanta Zero Apple Lychee, Fanta Zero Lemon, FUZETEA Sea Buckthorn, Blueberry and Jasmine, FUZETEA Zero Apple Kiwi, and two Aquarius low carbonated isotonic drinks in lemon and blood orange flavours.



REDUCING PACK SIZES

One way to control calorie intake is to reduce our products' pack sizes. We encourage the distribution of packs of less than 300ml via our business and sales strategy as well.



INFORMATION AND AWARENESS-RAISING

We help make conscious choices through business and marketing activities. This includes our labelling policies (clear and understandable labels indicating the daily reference intake), the development of our shelf display guidelines, or our commercials, of which 50% now relate to calorie-free products. In 2019, we were the first beverage distributor in Hungary to introduce front-of-pack ("FoP") labelling of calorie content and daily reference intake.

In 2020, 50%
of our portfolio
is low-calorie or
calorie-free.

Calorie content
of our products
decreased by 19%
between 2015-2019.

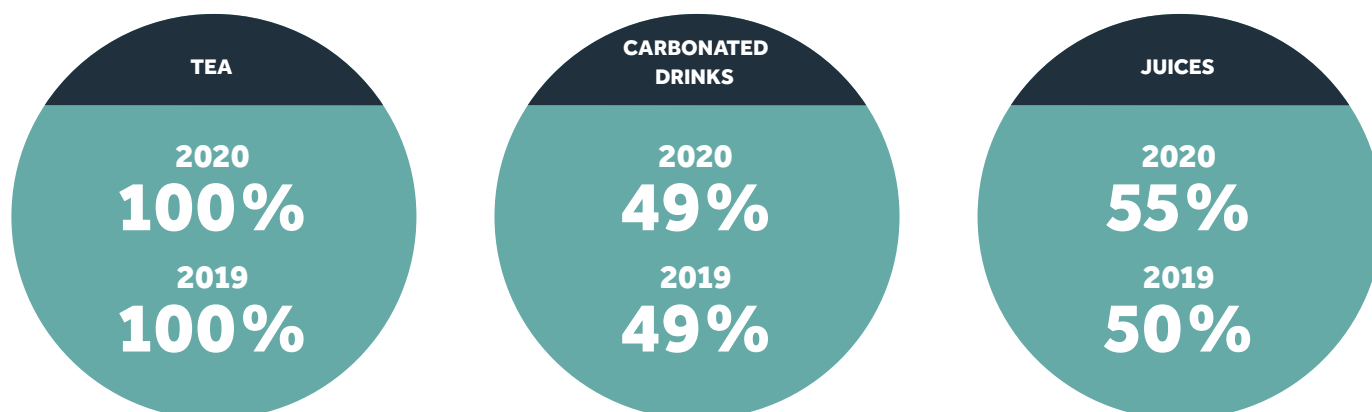
In 2020,
we offered
over 100 types
of products.

INDUSTRY COOPERATION TO REDUCE SUGAR INTAKE

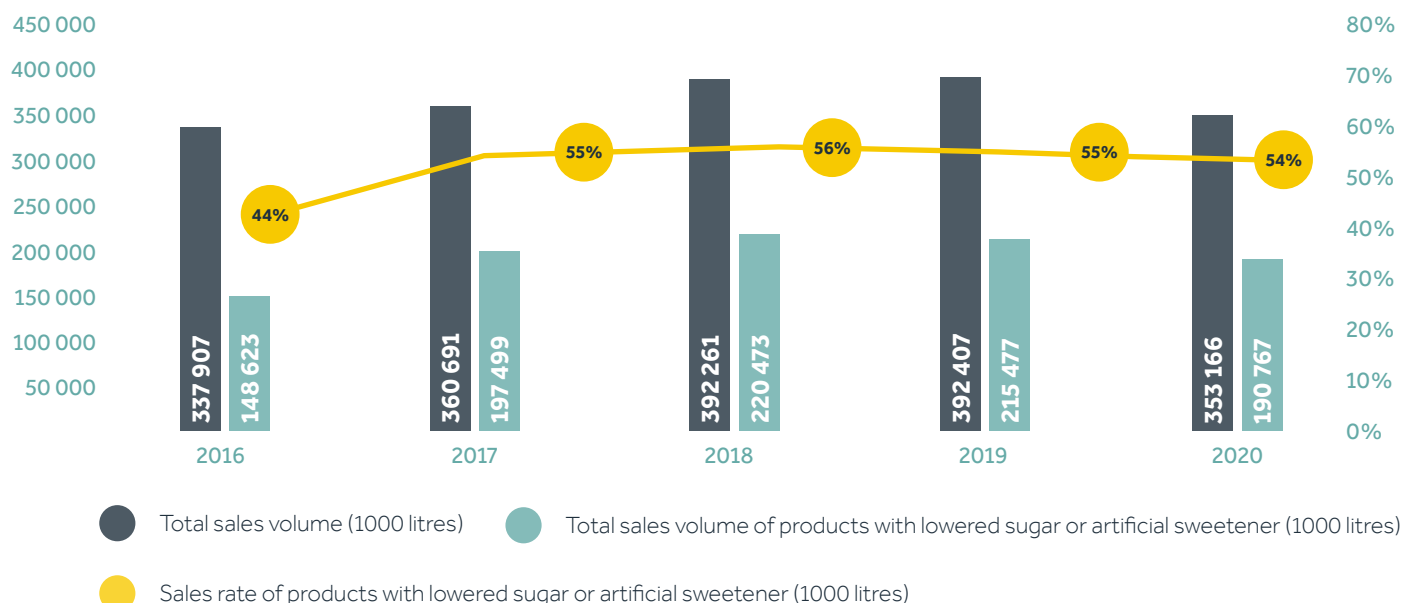
Coca-Cola HBC Hungary and members of the Association of Hungarian Mineral Water, Juice, and Softdrink Association committed to reducing sugar content in products by 50% by 2020 compared to a 2010 baseline. We increased the proportion of low-calorie and calorie-free drinks from 23% to 57% among non-alcoholic beverages, by developing our product portfolio and recipes. Between 2010 and 2020, members of the Association of Hungarian Mineral Water, Juice, and Softdrink Association reduced the average sugar and calorie content of soft drinks and juices in Hungary by 43%. This objective is in line with our commitments to reduce the calorie content of products.



THE PROPORTION OF THE TOTAL SALE VOLUME OF PRODUCT CATEGORIES "LOWERED IN SUGAR" AND "SUGAR SUBSTITUTED BY ARTIFICIAL SWEETENER" IN OUR PORTFOLIO



TOTAL SALES VOLUME AND RATE OF PRODUCTS WITH LOWERED SUGAR OR ARTIFICIAL SWEETENER



8.4 RESPONSIBLE MARKETING COMMUNICATIONS



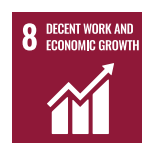
Responsible marketing communication had a key role in 2020. We found it important to play an active part in providing relevant information during the pandemic. In spring 2020, we terminated our product-related marketing activities for nearly 3 months to be able to protect people's health and well-being. We focused on providing tangible help to our partners and communities. We launched the "Ad to Aid" initiative, offering our advertising platforms and social media channels to the Hungarian Red Cross to help it reach as many people as possible with important public service messages about self-isolation, health protection, blood donation, and charity.

We believe that responsible marketing is an essential element of our impact on the economy, the environment, and society. Our sustainable business operations require our marketing activity to be efficient, while at the same time responsible. We continuously strive to provide fair, authentic, and clear information about our products, while we emphasise selecting the appropriate target groups and conveying proper messages. When we recently expanded our portfolio to include spirits, we placed even more emphasis on responsible marketing communications. Exceeding regulatory requirements, we made voluntary commitments to ensure we deliver responsibly to consumers. Regarding marketing communication, in 2020 we did not have any non-compliance issues with regards to regulatory obligations or our voluntary commitments.

Our responsible marketing directives concerning alcoholic beverages set out voluntary commitments that are beyond the expected regulatory provisions. Our policies provide guidance in relation to the promotion, advertisement, and marketing of all alcoholic drinks in our portfolio.

As a member of the Union of European Beverages Associations (UNESDA) we have made voluntary commitments concerning responsible advertising and commercial communication. Consequently, we do not advertise in any media or on channels aimed at an audience under 12 years of age. We avoid directly influencing children, hence we distribute only mineral water and juice products in school canteens. From 2019 on, we will sell exclusively calorie-free (maximum 4 calories / 100 ml energy) or low-calorie drinks near schools, for both primary and secondary school students. Beyond that, we always take into consideration the aspects of a healthy and balanced lifestyle in the course of promotional activities run either by ourselves or by our partners.

As part of our responsible marketing activities, we do not purchase advertising directly targeted at audiences where more than 35% are children under the age of 12. This policy applies principally to television, radio and print but also to internet and mobile advertising. We are also vehemently opposed to direct commercial activity in primary schools.



9 SOCIAL ENGAGEMENT

Coca-Cola HBC Hungary has been a partner of several voluntary initiatives for many years. In 2020, we embraced various social issues and also adapted to the circumstances of the pandemic. The goal of our corporate social responsibility remains to strengthen and respond to the needs and requirements of the communities around us through our responsible operations.

In 2020, 40 of our employees spent 320 hours with volunteering to help local communities

9.1 HELPING LOCAL COMMUNITIES

Our corporate volunteer programme has been a key part of our responsibility strategy since 2007. Through our voluntary activities, we take an active role in the life of our communities, integrate the approach of social responsibility into our daily operations and increase the sense of responsibility of our employees towards communities. Corporate volunteering is open to all of our employees, and anyone can join and take

the initiative in programmes. In 2020, the COVID-19 pandemic defined our social role. We sought out opportunities where we could use our professional experience and resources as effectively as possible to support communities in need.

Our volunteers supported the renovation of the **pentathlon settlement in Csepel**. Our staff planted grass, applied concrete, repaired the obstacle course, painted and participated in landscaping.

Our procurement team visited **EGYMI in Újpest** (Unified Methodological Institute for Special Needs Education). They worked in the yard, painted the traffic education road, renovated toys and coloured the pedestal of the building and flower-boxes.

As a result of the collaboration of our staff, our **Northeast sales team was able to open its new office**. The volunteers painted the walls, assembled furniture and made the office complete.

TOGETHER FOR OUR COMMUNITIES EVEN IN THE MOST DIFFICULT TIMES

Our support for the Hungarian Red Cross turned into the most important initiative of the year. In addition to the volunteer and donation programme offered to the organisation, we launched our "Ad to aid" campaign in March 2020. Coca-Cola Hungary handed over the social media channels and other advertising platforms to the Hungarian Red Cross, in order to reach as many people as possible with important public service announcements about staying at home, social distancing, health protection, blood donation, and charity. As part of the joint communication campaign, we contributed to keep people informed and helped the elderly receive immediate support. Our poster campaigns connected people living in the same community. Neighbours could write down their contact information on the posters and communicate their needs such as shopping for groceries or medicine, walking their dogs, watering their plants or anything else they needed.

We were able to assign tasks enabling our colleagues to provide technical support for the delivery of the donations. During the first wave of the COVID-19 pandemic, five of our regional representatives assisted full time in delivering donations for the Hungarian Red Cross, packing and distributing food across the country. Also, our 16 employees did voluntary work in their non-working hours for the Red Cross. In May 2020, our colleagues provided basic food, hygiene products and hot meals to a number of maternity homes, homeless shelters, hospitals and older or disabled people, and to those whose circumstances were difficult at that time.



WE ARE TOGETHER, WE HELP TOGETHER!

From April 2020, we suspended the commercial advertising of the company's brands in cooperation with The Coca-Cola Company for nearly 3 months. We have dedicated our resources to promoting the safety and health of our communities and employees. The messages of the Hungarian Red Cross were visible on our advertising platforms and social media channels in Hungary. The Coca-Cola Company, the bottling partner, and the Coca-Cola Global Foundation have also donated more than \$120 million globally to vulnerable communities to help protect against COVID-19.



24
INSTITUTIONS



64 769
BOTTLES



HUF
15 230 482

Coca-Cola Hungary donated nearly 65,000 bottles of soft drinks, juices and water to those in need and to healthcare professionals. The value of our support surpassed HUF 15 million through 21 healthcare institutions and three aid organizations starting in March 2020.

COOPERATION AGAINST FOOD WASTE

Reducing food waste is also an important matter for us as a company. World Food Day celebrates the foundation of the Food and Agricultural Organization (FAO) in 1945, whose aim is to raise awareness of healthy eating, based on sustainable agricultural production and protection of natural resources. In 2020, on the 75th anniversary of the FAO, we celebrated

the 15th anniversary of our partner, the Hungarian Food Bank. A Coca-Cola HBC Hungary vehicle joined the celebratory convoy and 90 tonnes of food donations were delivered via the jubilee World Food Day through the joint effort. It was a highlight of the ongoing, long-term support we have been providing for the Hungarian Food Bank.



9.2 ZERO WASTE TISZA RIVER PROGRAMME

PROTECTION OF OUR WATERWAYS

As the world's largest beverage producer, we are aware of the importance of saving our freshwater resources. Protecting our water is a part of our business priority. We believe that civil, governmental and municipal collaborations make it possible to use water more efficiently and reduce the waste of water. Within the framework of the Zero Waste Tisza River programme launched in 2019, we not only want to take action to protect our water, but also to reduce, collect and recycle packaging materials. Pollution in the Tisza River and Lake Tisza is a significant environmental problem. As a result of flooding, large amounts of driftwood, organic material and communal waste move down the Tisza each year. Besides waste collection and recycling as much as possible, it is extremely important to map out the most polluted areas, which not only helps clean the river but also supports its protection.

Our collaboration with the Plastic Cup, and General Directorate of Water Management is an important initiative of environmental protection that promotes social awareness and strengthens the company's partnership. The Coca-Cola Foundation provided financial support of USD 250 000 (HUF 73 million) to the cause, enabling the collection and recycling of 80 tonnes of waste in the Tisza River area. By cleaning up the Hungarian part of the river, a significant amount of waste collected is delivered to the Waste



Free Oceans organization as well as the Plastic Cup. As a result, the plastic bottles get the chance to be recycled and become a part of the circular economy.

The main objective of the 2-year Zero Waste Tisza River programme was collecting and recycling 80 tonnes of waste from the Tisza. Up to now, we've collected more than 10,000 tonnes of waste, working with the specialists from the General Directorate of Water Management, and the Plastic Cup. In addition to the financial support, Coca-Cola Hungary involves its employees in this initiative. We have already organised three volunteer days, in which nearly 170 colleagues participated. The cleaning of the river continues in 2020 despite COVID-19, with financial support provided to pursue the work at the river, even if the in-person volunteer initiatives could not be realized. In 2020, a 2-year waste monitoring campaign was launched with the support of PET bottles equipped with GPS transmitters. These bottles use radio signals to help identify major pollution hotspots and contribute to more accurate action plans. The technical development, testing and monitoring of transmitter is realized through company support.



For further information about the **Zero Waste Tisza River programme**, visit the website of Plastic Cup.

ZERO WASTE TISZA RIVER PROGRAMME WINS INTERNATIONAL AWARDS

At the 2020 Golden World Award of the International Public Relations Association (IPRA), which is present in 80 countries, Coca-Cola Hungary won awards in two categories (Environmental and Community relations) with its Zero Waste Tisza River programme. The Golden World Award has been granted to the world's most outstanding and exemplary programs since 1990. Zero Waste Tisza River programme has been already granted awards from national and international competitions, including, the International Business Award, the Communitas Awards, and The Hungarian Business Leaders Forum's Business world for the Environment Award.



TOGETHER FOR PROTECTING OUR WATERS



It has never been more important to protect our waters. To protect and restore Europe's freshwater supplies, our company has announced crucial steps. Coca-Cola and its two biggest European bottlers support 375 thousand European citizens and join 16 other big companies in signing a joint business declaration asking the European Union to keep the framework directives on Water Management and Water Environmental Management of the European Union in their current form. We believe that the inclusion of water management issues in the regulatory framework is vital and essential for the protection of the waters of Europe.

9.3 #YOUTHEMPOWERED PROGRAMME

The #YouthEmpowered programme has been operating successfully for the 4th year this past year. The programme's goal is to support the employment prospects of young individuals on the job market. Originally, in 2017, the programme's goal was to improve the labour market prospects of those between the ages of 18 and 30, who are "Not in Employment, Education or Training" (NEET). However, we have continued to broaden our target audience and the number of partners involved. Besides NEET youngsters, we have increasingly focused on the involvement of underprivileged groups, graduating university students, expectant mothers, and young parents as well. At Coca-Cola Hungary, the issue of equal opportunity is close to our hearts. Since 2019, we have been organizing the initiative together with The Coca-Cola Company,

putting even more emphasis on providing equal opportunity for young women in the workplace. Coca-Cola Hungary's #YouthEmpowered programme discovered that women with small children often experience challenges similar to those just starting a job or who are fresh graduates. Therefore, it is important for us to embrace this area as well and assist them in finding a job in the labour market.

At the beginning of 2020, we held two in-person trainings together with the Diversitas Centre and Salva Vita Foundation: one programme was designed to support disadvantaged Roma youths and the other to support young people with disabilities. The training helped 35 young people (25 women, 10 men) to plan their future.



BETWEEN
2017 AND 2020,
7522 PEOPLE
JOINED TO THE
PROGRAMME



In 2020, the in-person workshops of #YouthEmpowered were temporarily halted due to the pandemic, and the programme moved to the virtual world. There, we launched a 13-episode video series focusing on online learning. The modules included the basics of financial knowledge, sales skills, business planning, and project management. The programme is still free of charge, can also be personalized and, if needed, our colleagues were happy to provide individual guidance to participants. In 2020, 1073 people joined our online interface. Google Hungary's "Grow with Google" and Coca-Cola Hungary's #YouthEmpowered programme joined forces to support young jobseekers. The companies' joint webinars addressed issues that can help motivated young people get the job of their dreams, or start their own successful business in the digital world. The webinars focused on digital awareness, business building, and self-knowledge. A total of 332 ambitious young people took part in the programme.

The popularity of the programme is well reflected in the fact that even during the pandemic, thousands of users from across the country completed the training. Its long-term goals include the continuation of our events for expectant women and mothers with young children, as well as the expansion of modules focusing on young entrepreneurs.

#YOUTHEMPOWERED LAUNCHES VIDEO SERIES TO FACILITATE HOME STUDIES

"The biggest advantage of our online trainings is that these can be joined anywhere, anytime, and can be completed at one's own pace – which is exactly why they are effective in helping people to study from home even during these times. Our online training is popular all year round, but this time our aim was to reach those who would have joined our in-person training and to explain why we believe that this training is also worth completing. We have

shot this series from our home offices, with the help of video conferences and phone calls, and we hope the videos will prove that it is possible to try new things and develop our skills even from home, even during the pandemic."

DR. ERIKA SINKÓ

#YouthEmpowered's professional coordinator



10 GRI INDEX

GRI Disclosure	Description	Chapter	Page	Direct response
GRI 102 General Disclosures - 2016				
Organisational profile				
GRI 102-1	Name of the organisation	Coca-Cola HBC Hungary	9	
GRI 102-2	Activities, brands, products, and services	Coca-Cola HBC Hungary	9 10	
GRI 102-3	Location of headquarters	Coca-Cola HBC Hungary	9	
GRI 102-4	Location of operations	Coca-Cola HBC Hungary	9	
GRI 102-5	Ownership and legal form	Coca-Cola HBC Hungary	9	
GRI 102-6	Markets served	Coca-Cola HBC Hungary	9	
GRI 102-7	Scale of the organisation	Coca-Cola HBC Hungary	31	
GRI 102-8	Information on employees and other workers	Responsibility towards our employees	31	Employee data were determined as of 31 Dec 2020
GRI 102-9	Supply chain	Coca-Cola HBC Hungary	13	
GRI 102-10	Significant changes to the organisation and its supply chain	–	–	In 2020, there were no significant changes to our organisation or our supply chain.
GRI 102-11	Precautionary Principle or approach	Responsible operations and product range	47	
GRI 102-12	External initiatives	–	–	<p>As sustainability gains increased significance, many organisations recognise the importance of joint initiatives. We are fortunate to be a member of several of these associations and to participate in their various sustainability efforts.</p> <p>As part of the Coca-Cola HBC Group, we are members of several global initiatives, such as:</p> <ul style="list-style-type: none"> • UN Global Compact Network • The Coca-Cola Company World without Waste Programme • UNESDA Guidelines for Responsible Marketing and Communication • EU Pledge on Marketing to Children • CDP (Carbon Disclosure Project) • Dow Jones Sustainability Index <p>Key local initiative:</p> <ul style="list-style-type: none"> • Hungarian Mineral Water, Fruit Juice and Soft Drink Association's voluntary pledge for sugar reduction and commitments to increase the ratio of recycled plastic
GRI 102-13	Membership in associations	Coca-Cola HBC Hungary	21	
Strategy				
GRI 102-14	Statement from senior decision-maker	Letter from the CEO	5 6	

GRI Disclosure	Description	Chapter	Page	Direct response
Ethics and integrity				
GRI 102-16	Values, principles, standards, and norms of behaviour	Coca-Cola HBC Hungary	16	
Governance				
GRI 102-18	Governance structure	Responsible operations and product range	47	
Stakeholder engagement				
GRI 102-40	List of stakeholder groups	Coca-Cola HBC Hungary	20	
GRI 102-41	Collective bargaining agreements	–	–	There is no labour union at our company, therefore, we do not have any collective bargaining agreement with our employees.
GRI 102-42	Identifying and selecting stakeholders	Coca-Cola HBC Hungary	20	
GRI 102-43	Approach to stakeholder engagement	Coca-Cola HBC Hungary	20	
GRI 102-44	Key topics and concerns raised	Coca-Cola HBC Hungary	20	
Reporting practice				
GRI 102-45	Entities included in the consolidated financial statements	–	–	Coca-Cola HBC Hungary Ltd.
GRI 102-46	Defining report content and topic boundaries	About this report	3	
GRI 102-47	List of material topics	Sustainability at Coca-Cola HBC Hungary	26	
GRI 102-48	Restatements of information	About this report, GRI Index	3 63	Changes in the information on water consumption, the calculation method, rPET rate, the 2020 target settings, as well as employee levels have been re-published for the current year and, where possible, for the previous period. Methodological and additional information about the areas that have been republished is indicated in a footnote in the given chapter.
GRI 102-49	Changes in reporting	About this report	3	
GRI 102-50	Reporting period	About this report	3	
GRI 102-51	Date of most recent report	About this report	3	
GRI 102-52	Reporting cycle	About this report	3	
GRI 102-53	Contact point for questions regarding the report	About this report	3	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About this report	3	This report has been prepared by the GRI Standards that satisfies the “core” level.
GRI 102-55	GRI content index	GRI Index	63 67	
GRI 102-56	External assurance	About this report	3	We do not conduct external assurance on the Sustainability Report for the Hungarian operations.

GRI Disclosure	Description	Chapter	Page	Direct response
Economic Topics				
GRI 201 Economic performance – 2016				
GRI 103-201	Management Approach (103-1, 103-2, 103-3)	Responsible operations and product range	51	
GRI 201-1	Direct economic value generated and distributed	Coca-Cola HBC Hungary	19	
GRI 204 Procurement practices – 2016				
GRI 103-204	Management Approach (103-1, 103-2, 103-3)	For a sustainable environment	41	
GRI 204-1	Proportion of spending on local suppliers	Coca-Cola HBC Hungary	13	Procurement does not include resale products. We consider suppliers as material and services providers for the manufacturing and sales activities.
GRI 205 Anti-corruption – 2016				
GRI 103-205	Management Approach (103-1, 103-2, 103-3)	Responsible operations and product range	47	
GRI 205-2	Communication and training on anti-corruption policies and procedures	Responsible operations and product range	49	
GRI 205-3	Confirmed incidents of corruption and corrective actions taken	Responsible operations and product range	49	
GRI 206 Anti-competitive behaviour – 2016				
GRI 103-206	Management Approach (103-1, 103-2, 103-3)	Responsible operations and product range	50	
GRI 206-1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	Responsible operations and product range	50	
Environmental Topics				
GRI 301 Materials – 2016				
GRI 103-301	Management Approach (103-1, 103-2, 103-3)	For a sustainable environment	35	
GRI 301-2	Recycled input materials used	For a sustainable environment	39	
GRI 302 Energia – 2016				
GRI 103-302	Management Approach (103-1, 103-2, 103-3)	For a sustainable environment	42	
GRI 302-1	Energy consumption within the organisation	For a sustainable environment	43	
GRI 302-3	Energy intensity	For a sustainable environment	44	

GRI Disclosure	Description	Chapter	Page	Direct response
GRI 303 Water – 2018				
GRI 103-303	Management Approach (103-1, 103-2, 103-3)	For a sustainable environment	45	
GRI 303-1	Water withdrawal by source	For a sustainable environment	45	
GRI 303-2	Water sources significantly affected by withdrawal of water	For a sustainable environment	45	
GRI 303-5	Water usage	For a sustainable environment	46	We do not obtain information on the water consumption or wastewater treatment of our suppliers. We do not collect information on our company's water storage.
GRI 305 Emissions – 2016				
GRI 103-305	Management Approach (103-1, 103-2, 103-3)	For a sustainable environment	42	
GRI 305-4	GHG emission intensity	For a sustainable environment	42	CO _e emissions are measured in CO ₂ equivalent. All greenhouse gases are included in the calculation.
GRI 306 Effluents and Waste – 2016				
GRI 103-306	Management Approach (103-1, 103-2, 103-3)	For a sustainable environment	40	
GRI 306-2	Waste by type and disposal method	For a sustainable environment	40	
GRI 307 Environmental Compliance – 2016				
GRI 103-307	Management Approach – Environmental Compliance	For a sustainable environment	48	
GRI 307-1	Non-compliance with environmental laws and regulations	For a sustainable environment	48	
Social Topics				
GRI 401 Employment – 2016				
GRI 103-401	Management Approach (103-1, 103-2, 103-3)	Responsibility towards our employees	29	
GRI 401-1	New employee hires and employee turnover	Responsibility towards our employees	32	
GRI 403 Occupational health and safety – 2018				
GRI 103-403	Management Approach (103-1, 103-2, 103-3)	Responsibility towards our employees	33	
GRI 403-1	Workers' representation in formal joint management-worker health and safety committees	Responsibility towards our employees	33	
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Responsibility towards our employees	33	
GRI 403-9	Work-related injuries	Responsibility towards our employees	33	

GRI Disclosure	Description	Chapter	Page	Direct response
GRI 405 Diversity and equal opportunity – 2016				
GRI 103-405	Management Approach (103-1, 103-2, 103-3)	Human Rights and Diversity	34	
GRI 405-1	Diversity of governance bodies and employees	Human Rights and Diversity	34	
GRI 416 Customer health and safety – 2016				
GRI 103-416	Assessment of the health and safety impacts of product and service categories	Responsible operations and product range	53	
GRI 416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	Responsible operations and product range	53	
GRI 416-2	Products lowered in saturated fat, trans fats, sodium and added sugars	Responsible operations and product range	53	
G4 FP6	Termékek csökkentett telített zsír, transzsír, nátrium és hozzáadott cukor tartalommal	Responsible operations and product range	54	
GRI 417 Marketing and labelling – 2016				
GRI 103-417	Management Approach (103-1, 103-2, 103-3)	Responsible operations and product range	55	
GRI 417-2	Incidents of non-compliance concerning product and service information and labelling	Responsible operations and product range	55	
GRI 417-3	Incidents of non-compliance concerning marketing communications	Responsible operations and product range	55	

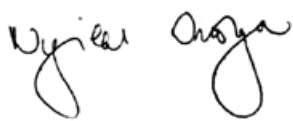
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ACKNOWLEDGMENT

We would like to thank our colleagues for their support and assistance in preparing this year's Sustainability Report. We also owe special thanks to our senior management.

**János Jakab**

Public Affairs and Communications Director

**Orsolya Nyilas**

External Communications Manager



**Coca-Cola HBC
Hungary**