

# SUSTAINABILITY REPORT 2019



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# ABOUT THIS REPORT

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<b>REPORTING PERIOD</b>	2019 calendar year (1 January 2019 – 31 December 2019)
<b>DATE OF MOST RECENT POST</b>	The most recent annual report is Coca-Cola HBC Hungary Sustainability Report 2018, published in 2019.
<b>REPORTING CYCLE</b>	Since 2016, we have been publishing our Sustainability Report on an annual basis.
<b>REPORT CONTENT</b>	In this Report, we present material topics as well as related programme and initiatives regarding Coca-Cola HBC Hungary Ltd.'s operations, based on a Materiality Assessment carried out by Hellenic Group in 2019. These topics cover altogether 19 GRI disclosures.
<b>SCOPE OF THE REPORT</b>	The reporting scope covers all functional areas of the company, including the sales offices and distribution centres in Hungary.
<b>RE-STATEMENTS IN THE REPORT</b>	This year we prepared our Report based on a Materiality Assessment conducted by the Coca-Cola HBC AG Group in 2019, and the GRI Standards guidelines. Details about any re-statements of information can be found in the GRI index table.
<b>REPORTING CLAIMS</b>	This Report has been prepared in accordance with the GRI Standards that satisfy the "core" compliance level.
<b>EXTERNAL ASSURANCE</b>	Regarding our Hungarian operations, we do not seek external assurance for our Sustainability Report annually. 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.

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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](mailto:pac.hungary@cchellenic.com)

# LETTER FROM THE GM



## Dear Reader,

Once again, Coca-Cola HBC Hungary is publishing its Sustainability Report which summarises our activities and key results for 2019. The year was one in which we received much acknowledgement. In appreciation for our steady, persistent work, we have received multiple awards, reassuring us that our goals and values serve not only our company, but the community as well.

Our sustainable business operations and practices were recognised by HBLF's "Business Life for the Environment" Awards in the category of management. We also received credits on the basis of the Dow Jones Sustainability Index. Our #YouthEmpowered programme has also received an award, this time from Effekt 2030 in the category of "Everyone's society," further strengthening our ambitions regarding social justice and equal opportunity. Being ranked first within the domestic FMCG sector based on our workplace practices by Randstad's employer brand research this year was a special honour for us. We have also been recognized as an ideal place for people starting their careers by PwC's Excellence Award. These acknowledgements drive us to improve continuously and serve as an example to others.

This year was outstanding in terms of business results as well. Despite the volatility seen throughout the year, we have proven that our company has a stable foundation, which has enabled us to achieve record revenue figures. Our successful financial performance makes it possible to further expand our domestic production. Our goal is to become Central Europe's largest production facility through technological developments and production capacity expansion. In 2019 we invested approximately HUF 5.9 billion in Hungary.



In 2019, we also broadened our product portfolio, introducing new products to the market, many of which are reduced in sugar and calorie content. Preserving the health of our consumers is also a goal we keep in mind in this expansion. Across our product range, low calorie drinks are becoming a more sizable portion of our offering, and we are also constantly working to reduce the sugar content of our existing products.

We have created a new approach to our ambitious goals regarding further growth and sustainable, responsible business operations in 2019. We based our strategy on five growth pillars that not only support our aims in sustainability, but also ensure growth for the company. The UN-defined Sustainable Development Goals (SDGs) identify the path that we need to take together to create a sustainable world. As a market-leading beverage company, we must play a decisive role in achieving these goals – hence our report highlights the ways in which we contribute to the objectives of individual SDGs.

In 2019, we started to optimise our operational processes in a new approach, namely, with the ambition to create a circular economy. We know that the improper management of plastic waste means a huge problem for the environment. For this reason, we would like to pull our weight in addressing the issue. The most efficient method of waste management is circulation, made possible by collecting and recycling packaging waste, thus, many of our developments and campaigns in 2019 had this goal in mind. Besides our campaign activities, we take direct actions to promote such circulation. Our PET bottles are fully recyclable and we are constantly increasing the proportion of recycled materials used in their production. As a result, close to 24 percent of the materials used in our bottles is recycled plastic, and our goal is to increase this proportion to 50 percent.

An essential part of sustainable business operations are our work practices. One of the most important growth pillars is the dedication of our employees to the company's goals and values. Besides

thriving to create an excellent working environment and outstanding benefits for our employees, we also try to involve them in as many of the company's community programmes as possible. The most successful events of 2019 were the "Zero Waste Tisza River" volunteer days, which involved more than 160 employees who collected 3.3 tonnes of waste from the upper Tisza regions. The preservation of our natural resources is a great opportunity to recycle waste and fosters team building as well.

I am confident that our Sustainability Report will provide a comprehensive view of our activities as well as the results we have achieved so far, accomplishments which we fully aim to improve together as we move into the future.

**LÁSZLÓ BÉKEFI**

**General Manager  
Coca-Cola HBC Hungary**

# KEY HIGHLIGHTS OF 2019

**48%**



of our portfolio is low-calorie or sugar free products

**INVESTMENTS**



**HUF 5.9 billion**

2018: HUF 6.5 billion\*

**NET REVENUES**



**HUF 138 billion**

2018: HUF 131.505 billion

**PRODUCED BEVERAGES**



**618 million litres**

2018: 672 million litres

**CAPITAL**



**HUF 18 billion**

2018: HUF 19.8 billion

**THE MOST ATTRACTIVE WORKPLACE**



in the FMCG sector - received twice in 2019

**RECORD NUMBER OF PARTICIPANTS**



in our talent development programme

The ratio of recycled plastic used in our PET bottles exceeded



**24%** in 2019

#YouthEmpowered initiative welcomed



**8,358**

online and offline participants by the end of 2019

Our volunteers collected more than



**3.3 tonnes**

of waste on Tisza River

(\*) In this year's reporting, we only considered CAPEX expenditures, based on which last year's value also changed.

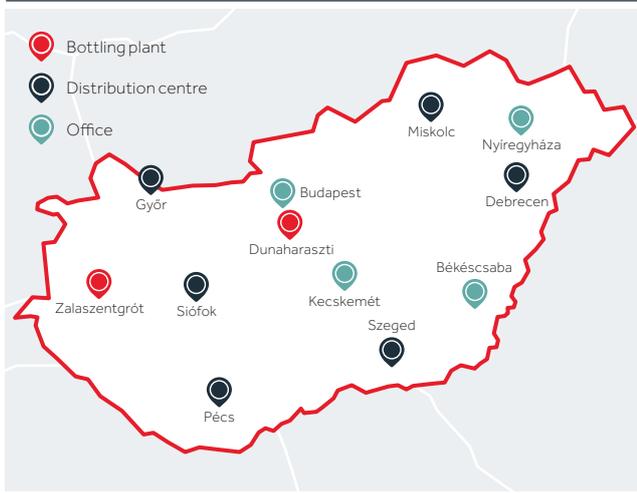
# COCA-COLA HBC HUNGARY

## 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 600 million consumers and operates in 28 countries (and is 100 percent owned by CC Beverages Holdings II. B.V). Headquartered in Dunaharaszti, our company operates as one of the regional production centres of the Hellenic Group. Besides our two

bottling plants - in Dunaharaszti and Zalaszentgrót - via our distribution centres and offices we are present in 10 locations across Hungary. Beyond our local market presence, we export more than 40 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.



*Our portfolio includes more than 100 different products, 90% of which are produced in Hungary*

*Product exports to 26 countries totalled HUF 21.3 billion*





*We offer  
an appropriate product  
in an appropriate size  
for an appropriate price.*

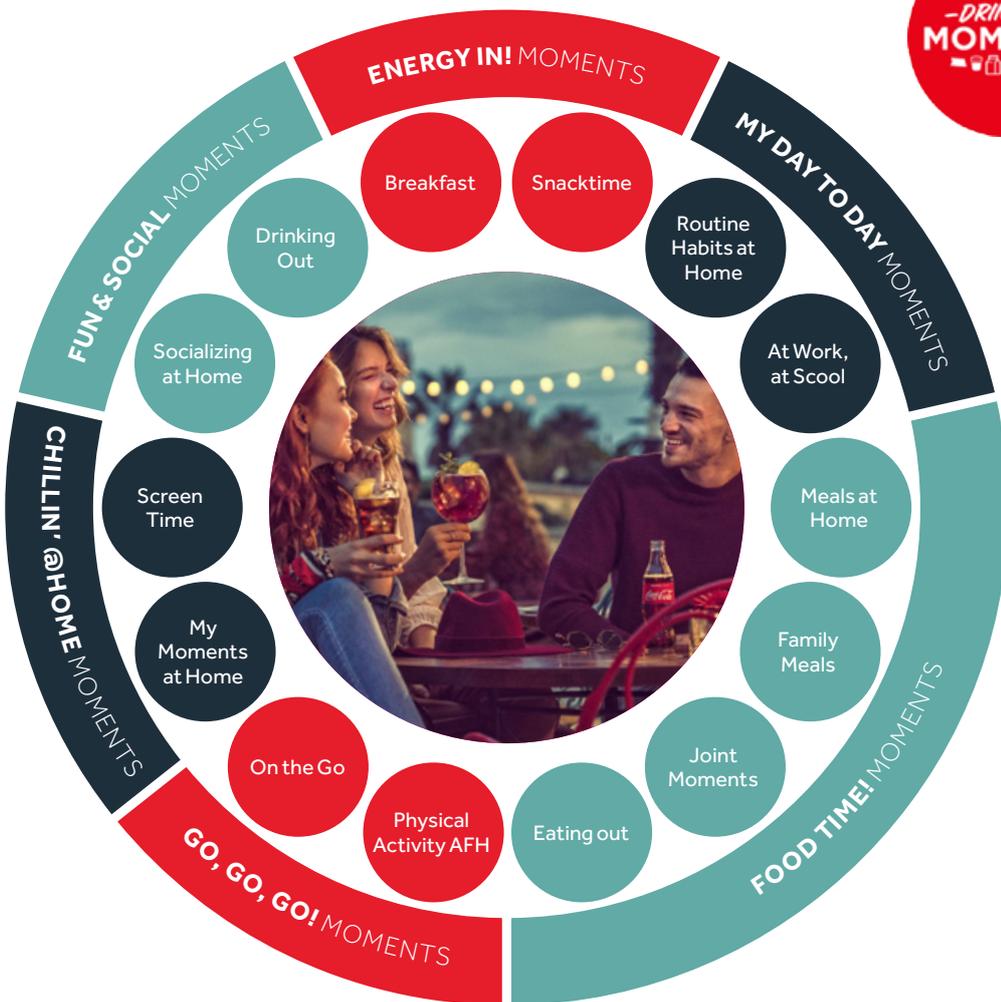
### 24/7 Portfolio

We bottle and distribute leading brand products such as Coca-Cola, Fanta, Sprite, Kinley and Royal Bliss soft drinks, NaturAqua and GLACEAU SmartWater and Römerquelle mineral waters, Cappy juices and fruit drinks, FUZE TEA ice teas, Adez plant-based drinks, Powerade sport drinks, and energy drinks such as Burn, Monster and Coca-Cola Energy. Regarding premium spirits, we distribute Jack Daniel's, Finlandia, Bacardi, Famous Grouse, Rézangyal and Campari branded products. We also introduced 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.

We made a significant change in our coffee distribution this year, sealing a partnership with Costa Coffee and planning to launch the distribution of Costa Coffee products in at least 10 countries, including Hungary. As a result, we terminated our partnership with Lavazza at the end of October 2019.

For the first time in our history, we launched a Coca-Cola-branded energy drink announcing in March 2019 the expansion of our product range with the Coca-Cola Energy. The new product is available in sugar- and calorie-free versions, too.

We also added to our portfolio a new premium category soft drink family, Royal Bliss, which has six different flavours, including sugar-free versions. In addition, Brugal 1888, a Caribbean rum speciality, was also launched in the Hungarian bars and restaurant ("HoReCa") segment as part of the Coca-Cola HBC Hungary portfolio.



## Our Strategy – Driver of Our Growth

At Coca-Cola HBC Hungary, we work every day to build on our success story and remain the undisputed top beverage company on the market. In order to realize our vision at an even higher level, in 2019 Coca-Cola HBC announced a new strategy, Growth Story 2025, built upon 5 key pillars pivotal for our responsible and sustainable growth, which provides value for our company as well as for our stakeholders.

Corporate sustainability and social responsibility are indispensable elements of the corporate culture of Coca-Cola HBC. Our sustainability goals are inseparably linked to our business goals and are part of our overall strategy. Our approach aims at maintaining business success and value creation for the long run while being in line with our sense of responsibility for our society and environment, and our basic values. Our sustainability goals are closely connected to our business goals and are incorporated in our general strategy, while they also focus on our people, those who ensure sustainable growth for Coca-Cola HBC. As a member of the Coca-Cola Hellenic Group, we at Coca-Cola HBC Hungary strive to bring our goals in line with the UN's Sustainable Development Goals (SDG) through our initiatives and key agenda.

Our empowered, high achiever team together with our customers will grow beverage category value by leveraging our expanding 24/7 portfolio and solutions, leveraging our competitiveness. Therefore, we set our goals in line with our new growth strategy:



### Our 5 Growth Pillars

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Leverage our unique 24/7 portfolio</b>	<b>Win in the marketplace</b>	<b>Fuel growth through competitiveness &amp; investment</b>	<b>Cultivate the potential of our people</b>	<b>Earn our licence to operate</b>
Customer-oriented, continuous expansion of our portfolio.	A holistic approach to building capacity for growth. Ensuring market growth besides customer satisfaction.	Continuous investments and improvements for fair and transparent operation.	Investing in building an inclusive growth culture around our employees for further development.	Engaging with our communities and improving our #YouthEmpowered program. Moving towards circular economy.
Responsible Operations and Product Range	Responsible Operations and Product Range	Responsible Operations and Product Range	Responsibility towards our Employees	For a Sustainable Environment Social Engagement



## Our Values Ensure our Future Success

Everything starts with our values: authenticity, excellence, learning, caring for our people, performing as one and winning with our customers – these are what set us apart from others and lay the foundation of our future success.

### Our Values



**Authenticity:**

We have deeply felt values, we act with integrity and do what is right, rather than what is just easy.



**Excellence:**

We strive to amaze, with passion and speed.



**Continuous learning:**

We listen attentively and our natural curiosity to learn takes us forward.



**Caring for our people:**

We believe in our colleagues, invest in them and empower them.



**Performing as one:**

We believe in the power of working together, contributing in every interaction.



**Winning with our customers:**

Our customers are at the heart of everything we do.

## 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, in order to ensure the production and storage of our products.

#### HUMAN

We are continuously developing our employees' skills and competences, 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 exclusive rights to manufacture and sell their branded products. Ninety-seven percent of the products we sell are developed and owned by TCCC. They also produce and supply us with the concentrate or syrup that is 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 range of beverages to satisfy evolving consumer preferences. By providing products that meet consumer needs and operating a responsible, sustainable business, we create value for the communities where we operate.



#### PRODUCING COST EFFICIENTLY

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



#### SERVING OUR CUSTOMERS EFFECTIVELY

We put great emphasis on managing customer relationships as well as our promotions and physical displays and marketing materials at the 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 consumer refreshment needs. In order to give our customers the best possible service, we segment each market and serve each customer based on size and needs, taking into account prevalent market conditions.

### VALUE CREATION

We create value for our stakeholders and our business by managing our capital and expenses in a responsible way.

HUF <b>138.087</b> bn	HUF <b>28.359</b> bn	HUF <b>10.450</b> bn	HUF <b>10.535</b> bn	HUF <b>2.637</b> bn	HUF <b>52.031</b> bn
Direct economic value generated	Operating costs	Employee wages and benefits	Payments to providers of capital	Payments to government	Total economic value generated and distributed

### SHARED VALUES

By running a profitable, sustainable, responsible business, we create value which is subsequently both retained by our business, making it stronger, and shared with all of our stakeholders.

#### SHAREHOLDERS

By managing all inputs to our business well, we create profits which benefit shareholders through dividend payments and share value.

#### SUPPLIERS

We support businesses and create new jobs along the entire value chain of the company.

#### EMPLOYEES

Developing, recognizing and rewarding our people secures a skilled and motivated workforce.

#### CUSTOMERS

Producing products efficiently and responsibly builds value for our customers' businesses.

#### 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 minimization of environmental impact.

## The Journey of our Products: Our Supply Chain



In 2019, we had business relationships with 1,240 suppliers, 1,081 of which were located in Hungary. 79 percent of total payments to suppliers went to local business partners.



### How do we connect this to the SDGs?

There is a large number of Hungarian owned companies among our suppliers, contributing to the growth of the domestic economy.

## 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 2019	Growth Pillars
 <b>Suppliers</b>	Daily business contact, supplier audits	Continuous	Provision of ingredients and services necessary for our operations	3 5
 <b>Coca-Cola Hellenic Group</b>	Financial statements and reporting, daily business contact, internal communication, company events	Continuous	All areas of our business operations	1 2 3 4 5
 <b>Consumers</b>	Website and social media, communication campaigns, plant visits, product testing, other events, mailings	Regular	Consumer questions, complaints, product testing (tasting)	1 2 5
 <b>Authorities and decision-makers</b>	Bilateral and multilateral meetings, inspections by authorities, memberships in chambers of commerce, mailings, events	Regular	Legal framework of our business operations, other official matters	1 5
 <b>Local communities, NGOs</b>	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
 <b>Industry organisations</b>	Memberships of associations, professional forums, events, mailings	Regular	Legal framework of our business operations, initiatives	1 5
 <b>Media</b>	Ad-hoc engagements, communication campaigns, press events, mailings	Regular	Issues regarding our business operations and products	1 5
 <b>Employees</b>	Annual employee engagement survey, internal communication, social committee, company events, internal meetings	Continuous	Product innovation, payroll changes, cafeteria changes, new canteen, representatives bonus, 'Recommend my friend for a seasonal position', investment plans to improve employees' well-being (e.g. designing pedestrian sidewalk, extending bus stop, parking lot automation, mobile phone change, organisation of several programme that strengthen employee engagement, Coca-Cola Christmas Open Day)	4
 <b>Academic and educational institutions</b>	Cooperation, traineeship programme, events	Regular	Training and labour market opportunities for youngsters	4
 <b>The Coca-Cola Company</b>	Daily business contact, company events, joint initiatives and commitments/policies	Continuous	All areas of our business operations	1 2 5
 <b>Customers and sales partners</b>	Daily business contact, meetings, annual customer survey	Continuous	Product pricing, sales and distribution	1 2

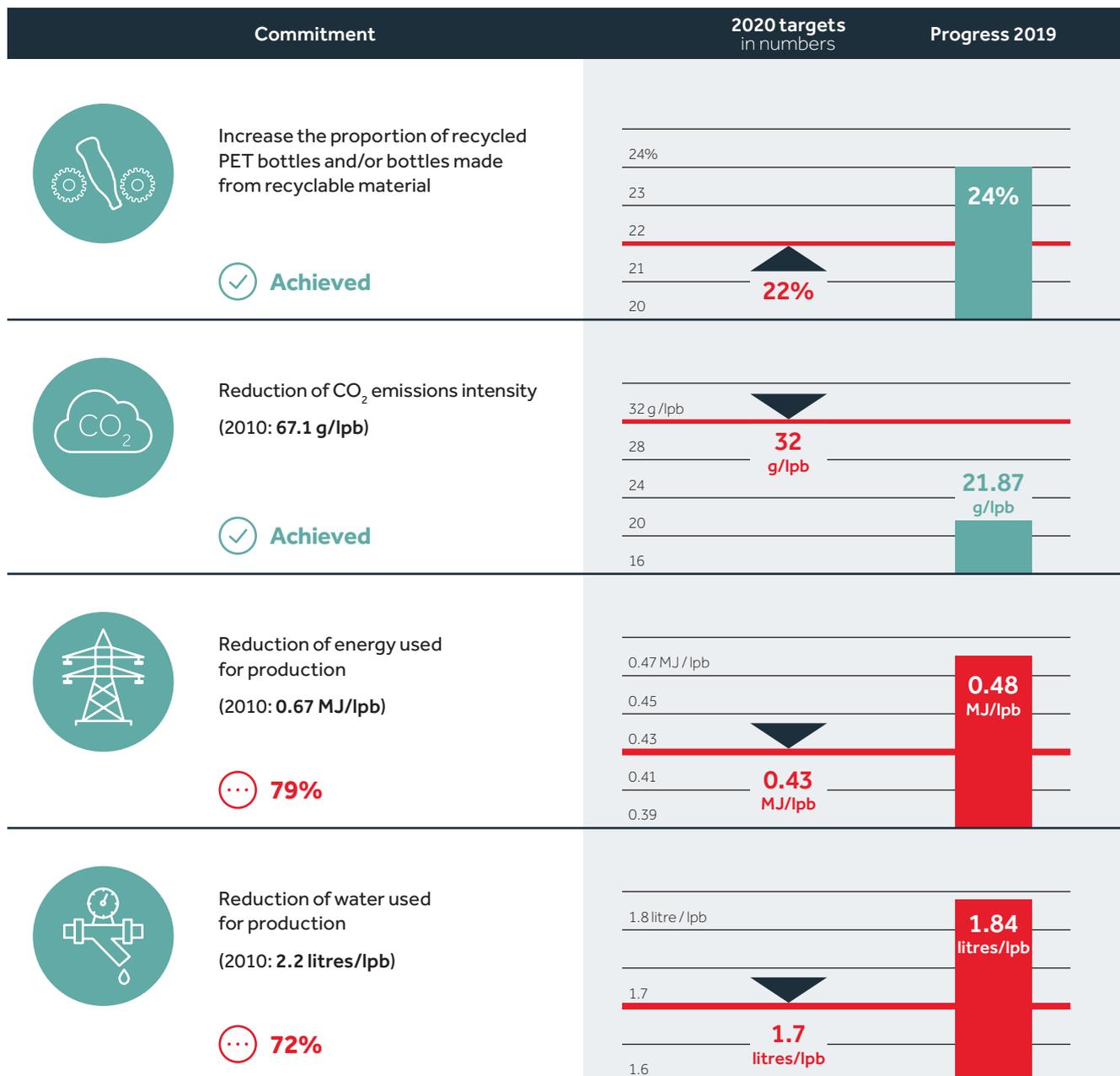
# Membership in Associations

 <p><b>AmCham</b> American Chamber of Commerce</p>	 <p><b>BCSDH</b> - Business Council for Sustainable Development in Hungary</p>	 <p>Effekteam</p> <p><b>MEMBER OF THE BOARD</b></p>
 <p>Hungarian Association of Food Processors</p> <p><b>MEMBER OF THE BOARD</b></p>	 <p>Greek-Hungarian Chamber of Commerce</p>	 <p><b>HBLF</b> Hungarian Business Leaders Forum</p>
 <p>Hungarian Mineral Water, Fruit Juice and Soft Drinks Association</p> <p><b>MEMBER OF THE BOARD</b></p>	 <p>Hungarian Vending Association</p> <p><b>VICE-PRESIDENT</b></p>	 <p>Hungarian Brand Association</p>
 <p>Hungarian Spirits Association</p>	 <p>Hungarian Chamber of Agriculture</p>	 <p>Advertising Standards Board</p>
 <p>Platform for Action on Diet, Physical Activity and Health</p>		

# SUSTAINABILITY AT COCA-COLA HBC HUNGARY

## 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.



Building on the 2020 Sustainability Goals yet raising our ambitions to a higher level, in 2018 the Coca-Cola HBC Group announced a new sustainability strategy and commitments for 2025.

### Our 2025 Sustainability Mission

Topic	The Coca-Cola HBC Group's commitments		
 <p><b>Nutrition</b></p>	<p><b>-25%</b></p> <p>We will decrease the calorie content of our soft drinks by 25% (per 100 ml of drinks).</p>		
 <p><b>World Without Waste</b></p>	<p><b>100%</b></p> <p>Make our packaging 100% recyclable.</p>	<p><b>35%</b></p> <p>Use 35% recycled material in our PET bottles.</p>	<p><b>75%</b></p> <p>Aim to collect and recycle a bottle or can – regardless of where it comes from – for every one we sell by 2030 (75% by 2025).</p>
 <p><b>Renewable energy</b></p>	<p><b>100%</b></p> <p>Our electric energy usage will 100% originate from clean and renewable sources.</p> 	<p><b>50%</b></p> <p>50% of our plants' total energy consumption will originate from clean and renewable sources.</p> 	
 <p><b>Emission reduction</b></p>	<p><b>-30%</b></p> <p>30% lower direct CO<sub>2</sub> emission.</p>	<p><b>50%</b></p> <p>50% of our refrigerator units will be replaced by energy efficient ICOOLERS.</p>	
 <p><b>Water use and stewardship</b></p>	<p><b>-20%</b></p> <p>20% water usage reduction at water-scarce locations.</p>	<p><b>100%</b></p> <p>100% water supply safety at water-scarce locations.</p>	

## 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.

Topics were selected based on the Coca-Cola HBC AG group's "Materiality Assessment" carried out in 2019.

As a first step, the 12 focus areas of the group ("material issues") were reviewed and validated, which identified the issues with the greatest impact on the operation of the group.

In 2019, the importance of sustainability issues was rated by the Coca-Cola HBC AG group's most important internal and external stakeholders through an online survey. The assessment was completed by 300 senior managers, 300 external- and 1200 internal stakeholders. All countries in the group were represented in the stakeholder research, including Hungary. The Hungarian

external stakeholders involved in the survey included suppliers, business partners, industry and professional organisations, non-profit organisations and government agencies, while among the internal stakeholders, the top managers of Coca-Cola HBC Hungary participated. The responses of external and internal stakeholders were taken into account with equal weight of 50 percent in the final evaluation.

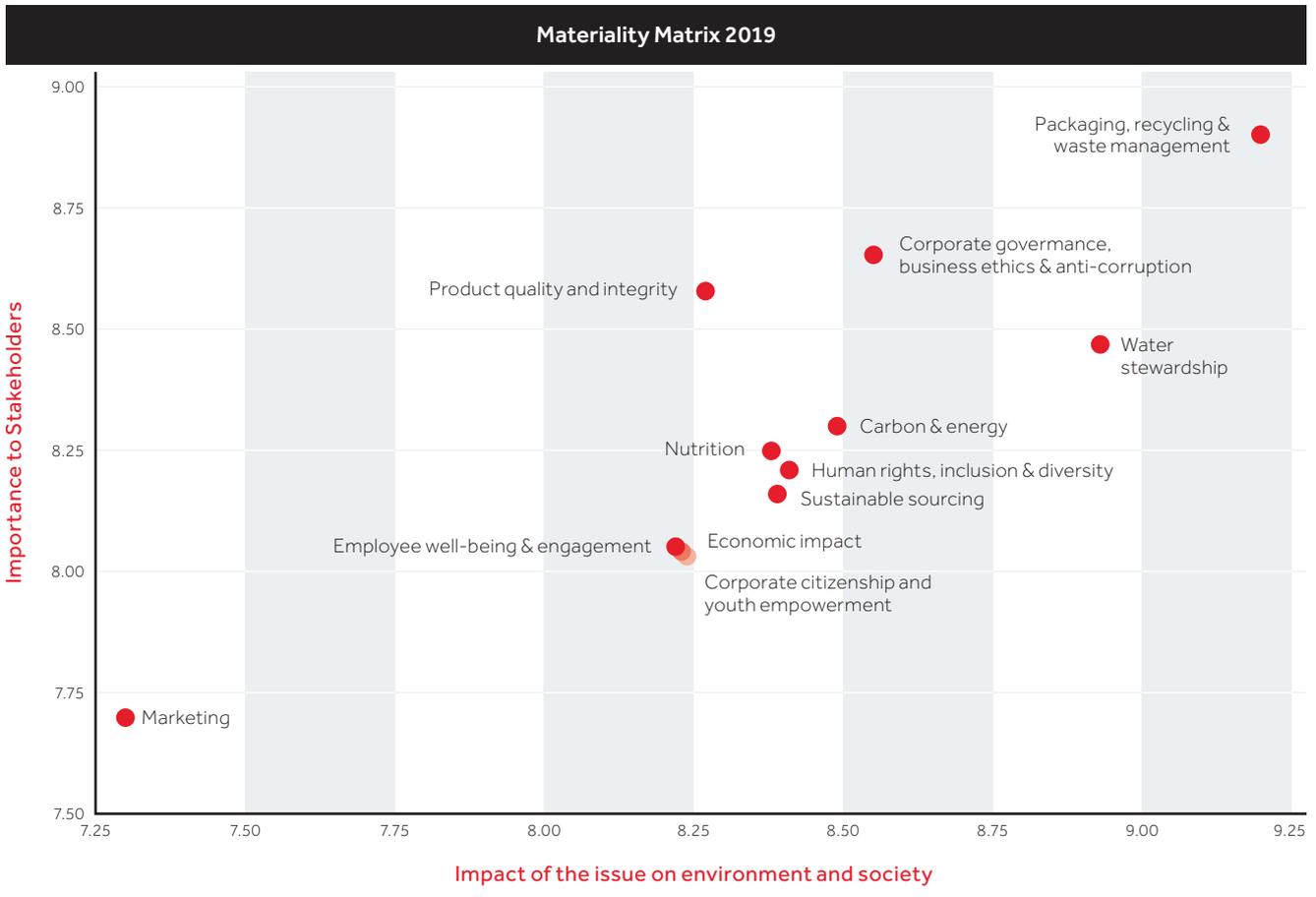
Our material issues are also in line with the Sustainable Development Goals (SDGs). As part of the Coca-Cola Hellenic Group, we contribute to a number of global goals - as well as by our initiatives and the handling of important topics.

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

### Material Topics Matrix

Coca-Cola HBC AG group	GRI Topic	GRI disclosure	Related SDGs
<b>Packaging, recycling and waste management</b>	Materials	GRI 301	
	Effluents and waste	GRI 306	
<b>Water stewardship</b>	Water	GRI 303	
<b>Corporate governance, business ethics and anti-corruption</b>	Anti-corruption	GRI 205	
	Anti-competitive behaviour	GRI 206	
	Customer privacy	GRI 418	
	Socioeconomic compliance	GRI 419	
<b>Product quality and integrity</b>	Consumer products lowered in saturated fat, trans fats, sodium and added sugars	FP6	
<b>Energy and climate change</b>	Energy	GRI 302	
	Emission	GRI 305	
<b>Human rights and diversity</b>	Diversity and equal opportunity	GRI 405	
<b>Health and nutrition</b>	Customer health and safety	GRI 416	
<b>Sustainable sourcing</b>	Procurement practices	GRI 204	
<b>Community investments</b>	Local communities	GRI 413	
<b>Employee well-being and engagement</b>	Employment	GRI 401	
	Labour-management relations	GRI 402	
	Occupational health and safety	GRI 403	
<b>Economic impact</b>	Economic performance	GRI 201	
<b>Responsible marketing</b>	Marketing and labelling	GRI 417	

Coca-Cola HBC Hungary Materiality Assessment



Global Sustainability Challenges

In 2015, the UN identified various key challenges for sustainable development, and created the Sustainable Development Goals (SDGs). The 17 Goals identify the global challenges that we need to resolve by 2030 to create a sustainable world. In order to achieve the Goals, cooperation between the government, market and civil spheres is indispensable, since none of the actors are able to solve the problems on their own. Through the chapters of our report, we point out how our activities contribute to specific SDGs.





# RESPONSIBLE OPERATIONS AND PRODUCT RANGE



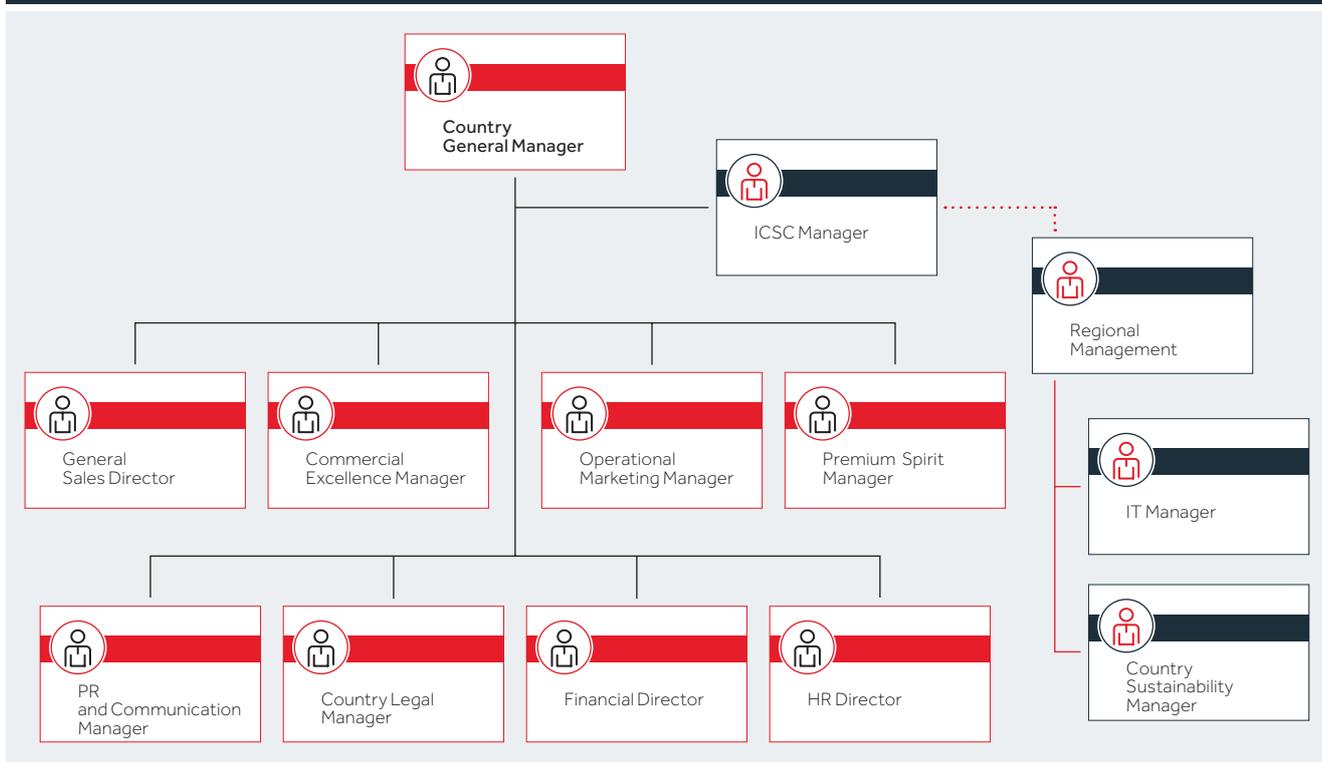
## Corporate Governance, Business Ethics and Anti-corruption

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 maintain our 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 with the aim of minimizing risks and, at the same time, of 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 the Coca-Cola HBC AG. In order 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 <sup>(1)</sup>



(1) The 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.

## Integrity within the Company

### 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 Compliance Officers ensure that all co-workers and new joiners familiarize 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 "Emeld fel a Hangod!" (Speak Up!) 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 honest report submitters will never face any negative consequences.

Representing the principles of ethical conduct and integrity, our company organized in 2019 once again the "Ethics and Compliance Week". During the thematic week, we presented our renewed Business Rules and the details of our Anti-Bribery Rules through online and personal training sessions. Conflicts of interest, gift policy, unethical behaviour and due diligence processes were the main topics.

### Protection of Business and Personal Data

We are committed to protecting personal data and data collected as part of our business activities, whether that relates to our employees, clients, customers or suppliers. Our revised Policy on Data Protection (GDPR) integrates the already existing Acceptable Use Policy with a new and updated protection measure and regulatory mechanism. Our data privacy officer bears responsibility for related compliance issues. Similarly to previous years, there were no incidents or complaints with regards to customer data protection or data loss in 2019.

### Integrity in Our Business Relations

It is in our strongest 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 Code of Business Conduct and Anti-Bribery Policy and our Competition policy guidelines ensure our socially responsible operations. Our internal audit department continuously monitors legal and corporate compliance. There were no incidents of non-compliance with economic and social legislation in 2019 at our company.

### 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 2019 at our company either.

We communicate our Anti-Bribery Policy to 100 percent of our employees, and adherence to it is binding on everyone. New joiners and biannually selected members of the management are required to attend 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 risk-employees and receive a 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.

Our Legal and HR departments also monitored and verified in 2019 that all our employees received the required training tailored to their position, with the required regularity.

Groups of employees	Headcount (persons, 2019)	Training Requirements
<b>Governance body members</b>	Senior Managers made up of the Directors immediate sub-ordinates	<b>9</b> Annual online or in-classroom management training, compliance and anti-bribing e-learning courses
<b>"High Risk" group of employees</b>	Employees responsible for reaching out to third parties on behalf of the company and making decisions regarding sales and the supply chain	<b>107</b> Compliance and anti-bribing e-learning courses every two years
<i>Detailed distribution of the above</i>	MS MSP MO MOM FH+GM	17 31 28 22 9
<b>In total:</b>	<b>116</b>	Compliance e-learning every two years



**How do we connect this to the SDGs?**

**We provide our employees with decent working conditions and demand ethical behaviour from all of our business partners via our Anti-corruption policy and Competition policy.**

**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 organizing our commercial practices, pricing and promotional activities as well as communication with our competitors and communication about business processes.

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.<sup>(2)</sup> In previous years, our enterprise has not had any incidents of corruption, in line with our internal policies, and we intend to continue to place great emphasis on ensuring compliance.

**Relationship with Business Partners**

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 Bribery Policy and Compliance handbook.

We place great emphasis on making the Business Code and Anti-Bribery Policy widely known, therefore, in 2019 we communicated in writing to all our suppliers (1240 companies) the importance of complying with the Code, and we also presented the relevant information about the Code during an Ethics and Compliance Week.

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

## Direct and Indirect Economic Impacts

### Sustainable Growth and Business Profitability

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.

In order 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.

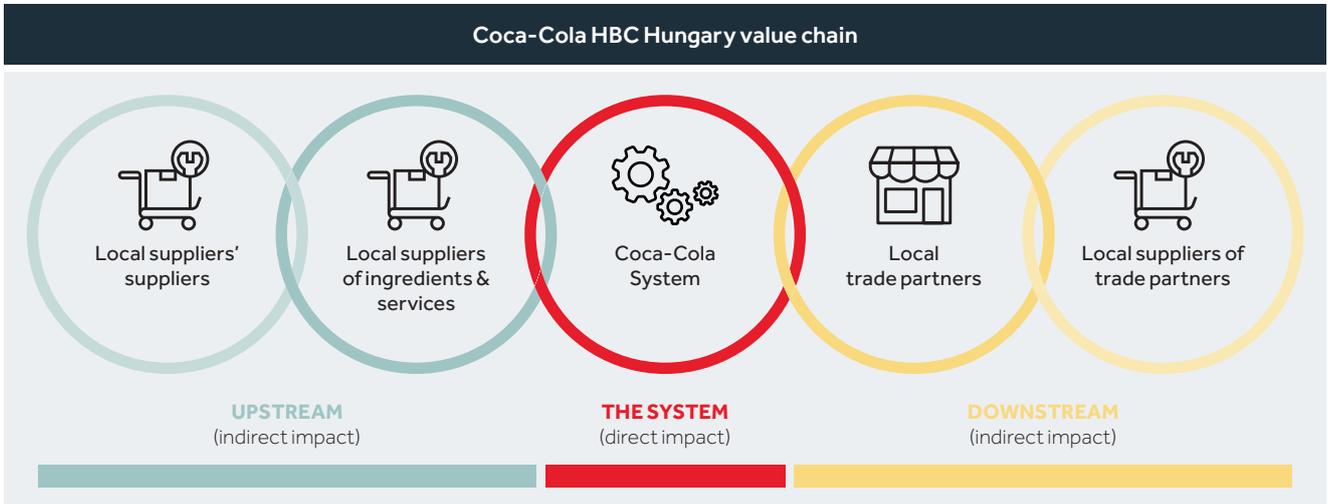
Adhering to our strategy, we set out our business and financial targets, breaking them down to sub-goals and action plans. We are committed to complying with all national financial and accounting standards – this is the responsibility of our Finance director.

For Coca-Cola HBC Hungary, 2019 can be considered the most successful year so far in terms of turnover and profit. Keeping our costs low is a growing challenge due to increasing expenses attributable to constantly rising wages and raw material prices, declines in export products and changing market conditions. Also, from an economic viewpoint, our main objective is to be able to support business processes as smoothly as possible, even in the constantly changing market conditions.

Our domestic sales revenue increased by 5 percent compared to 2018, which is mainly due to domestic sales. However, sales revenue from export activities decreased by 14 percent compared to the previous year due to a change in the group's production sites (several Central and Eastern European countries have launched their own production capacities to meet local demand with domestic resources). Despite the decline in our export activity, our economic results continue to be outstanding, both regionally and globally within the Group.

### Total economic value generated and distributed (HUF million)

	2016	2017	2018	2019
<b>Direct economic value generated</b>	106,926,678	116,432,746	131,505,113	<b>138,086,549</b>
Revenue	106,926,678	116,432,746	131,505,113	138,086,549
<b>Direct economic value distributed</b>	41,413,312	42,358,212	46,506,657	<b>52,031,118</b>
Operating costs	23,639,330	24,714,812	26,267,074	28,358,909
Employee wages and benefits	10,323,771	10,148,495	10,420,748	10,499,876
Payments to providers of capital	5,176,436	5,471,980	7,451,702	10,535,387
Payments to government	2,273,775	2,022,925	2,367,133	2,636,946
<b>Direct economic value retained</b>	65,513,366	74,074,534	84,998,456	<b>86,055,431</b>



**Indirect Economic Effects**

In addition to our successful business performance, our operations have positive indirect economic effects that we are proud of. 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.

In addition to the economic contribution, our company is also an important part of domestic production. Coca-Cola's products are almost entirely domestically produced<sup>(3)</sup>. Through our bottling plant, we directly create jobs and pay wages, but we also provide all of them indirectly by

***This year, our local investments was HUF 5.9 billion***

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 the issue of domestic employment.

The aim of our company is to increase our presence in Hungary and strengthen our commitment to local affairs. We dedicate a prominent role to local production processes. We strongly believe in continuous development: year after year we make important investments. Our goal is to become the largest production base in Central Europe through our developments and investments. In order to meet our ambitious business goals, in 2019 we made an investment in the country, worth approximately HUF 5.9 billion, and we also prepared for the development of several areas that will be fulfilled in 2020 and 2021. The expansion of production capacity and modern technological developments contribute to our continued business success and at the same time create value for the domestic economy.



**How do we connect this to the SDGs?**

**We continue to develop domestic production capacity and potential with outstanding investments.**

(3) The concentrate, which makes up 0.1percent of the product and comes from the TCCC headquarters.

## Product Quality and Integrity

We are constantly working on assuring that all of our 100+ various products maintain high quality and unblemished food safety levels, fully meeting our consumers' expectations. The trust in our products, the value of our brands and our business productivity all require us to ensure food safety throughout our entire supply chain.

As a member of the Coca-Cola HBC AG group, our company tries to minimize all risks by applying the precautionary principle. The work of the Audit and Risk Management Committee ensures the adequacy of strategies from a risk management perspective and guarantees accountability. Within the ERM framework, we ensure the identification and traceability of risks, which we report to the Board of Directors on a quarterly basis.

In order to ensure the accurate operation of the systems, we operate ISO9001 and FSSC 22000 management systems, and our certificates for our Dunaharaszti plant were re-certified by an external independent party in 2019.

### Audits to ensure quality and integrity

We pay close attention to quality and food safety during the procurement of raw materials. All of our new suppliers have to go through quality risk assessment so that we are able to ensure their compliance with our high quality standards. In the course of our regular supply chain audits, regulatory compliance and compliance with the Coca-Cola HBC AG group policies are checked by independent third-party auditors.

As we are part of the Coca-Cola system, TCCC performs regular audits of our company and our supply chain, following these same criteria.



### Continuous quality control with the involvement of our employees

At our manufacturing plant we have our own laboratory, where more than 100 motivated staff run organoleptic testing. Having completed our internal training course, these colleagues test the flavour, colour and odour of the products in order to ensure their consistent high quality. In our well-equipped microbiological and analytical lab we carry out regular tests on products, raw ingredients, packaging materials and intermediate samples.

All of these arrangements enable us to comply with the regulatory requirements, but we also strive to go beyond standards. Compliance is ensured by internal and external control system audits and continuous microbiological tests, all of which fall under the joint responsibility of the sustainability manager, plant manager and quality control manager.

The number of customer and food safety complaints, which we seek to minimize, is a key performance indicator for us. We follow-up on customer complaints in line with our own detailed internal policies.

Regarding the products we sell, in 2019 we initiated the removal of our product from the shelf in only one case. Following routine product testing by the National Food Chain Safety Authority (NÉBIH), we learned that our 1.5 litre non-carbonated NaturAqua mineral waters marketed with a certain shelf life had microbiological contamination, so we removed them from the market as a precaution. While only a minor fine was imposed in connection with the case, our company made a significant investment which surpassed that fine several times in order to avoid a recurrence of similar events.



### Night of Modern Factories

In 2019, we participated again in the Night of Modern Factories event, where guests could visit our bottling plants at Zalaszentgrót and Dunaharaszti.

At the event in our two factories hosted a total of 433 visitors, who were able to hear various presentations from our colleagues about the history of the company, our production activities and the technology used in our factories. This year's theme included the most important goal of our company, the pursuit of a World Without Waste and its action points.

### Product of the year 2019

In 2019, Fuzetea iced tea received the winner's award in the Product of the Year category.

Besides consumer satisfaction, the product was also outstanding in terms of innovation. In addition to healthy products, Coca-Cola HBC Hungary also strives to introduce products that represent the premium category and provide the greatest possible comfort to consumers in the domestic market.



## 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. At the same time, we are aware of the global problems caused by excessive calorie intake, unhealthy lifestyle and obesity.

We integrate our responsibility towards these issues into our operations, i.e. into our product portfolio and marketing activities. 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 helping them make conscious choices to have a balanced and healthy diet.

### What measures do we take to enhance consumer health?



#### WE ARE INCREASING OUR PORTFOLIO OF SUGAR-FREE PRODUCTS

Our company is at the forefront of reducing the sugar and calorie content of products while constantly expanding our portfolio. Compared to last year, we have expanded the range of calorie-free or low-calorie drinks with five more new products, and we want to double the overall proportion of them next year.

We introduced new products in 2019: melon and star fruit flavoured Fanta Zero and lemon, lime and mint flavoured Sprite Zero calorie-free soft drinks.



#### EVOLVING OUR RECIPES

We are continuously assessing options to evolve recipes to reduce our products' sugar and calorie contents. Between 2015 and 2018 we managed to reduce the sugar content in 12 leading products, including the most popular brands. In 2019, reduced-sugar types of Natur Aqua Emotions, Fuzetea, Sprite and Kinley products are commercially available.



#### 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.

In 2019, a 250 ml aluminium can packaging of our Coca-Cola Energy product entered the market.



#### 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 percent 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.

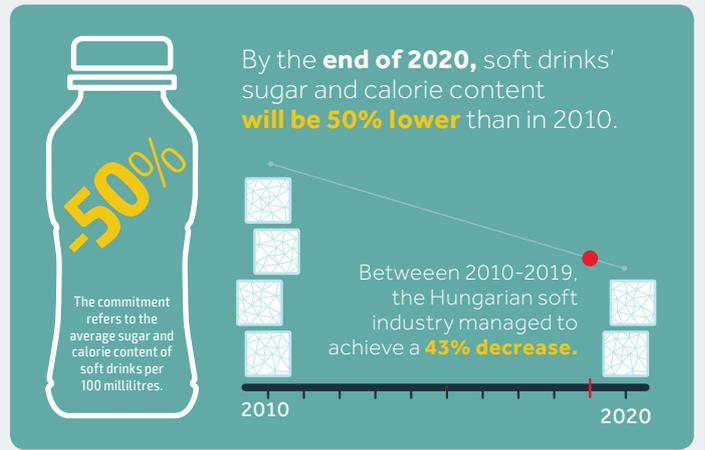
**12 new recipes and  
33 new products  
developed to offer lower  
calorie intake between  
2015-2019**

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

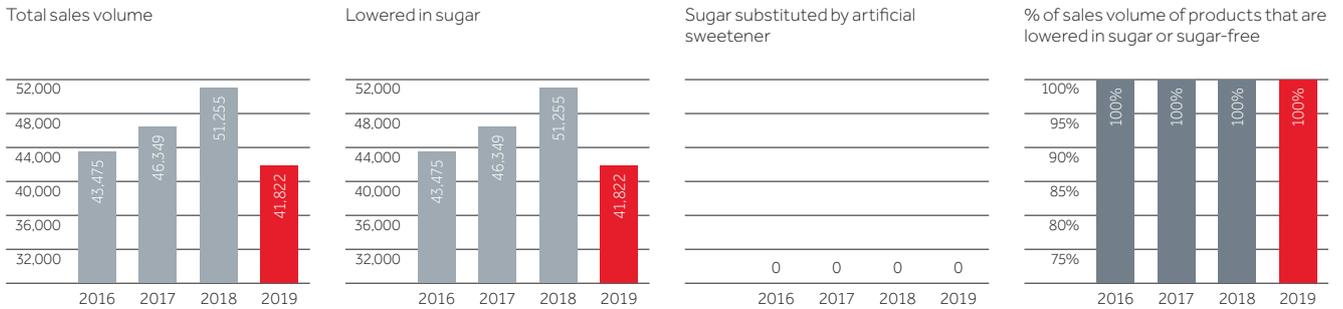
**By 2019 48% of our  
product portfolio  
is of low calorie  
content or calorie  
frees (2015: 35%)**

### Industry cooperation to reduce sugar

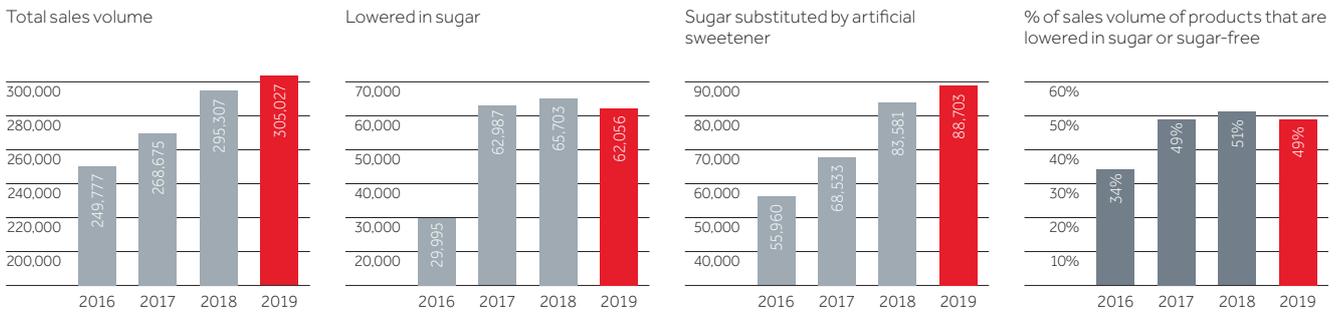
Coca-Cola HBC Hungary and members of the Hungarian Mineral Water, Fruit Juice and Soft Drinks Association committed to reducing sugar content in products by 50 percent by 2020 compared to the 2010 baseline. By the end of 2019, companies in the industry had reduced the average sugar and calorie content of soft drinks and juices in Hungary by 43 percent. This objective is in line with our own commitments to reduce the calorie content of products, and we are constantly developing our product portfolio and recipes to help our consumers make informed choices and lead a healthy lifestyle.



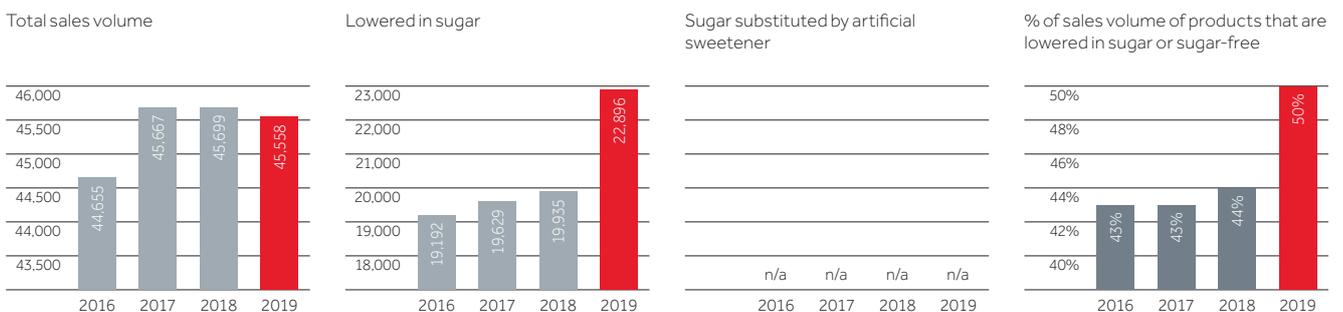
#### Tea<sup>(4)</sup> (1,000 litres)



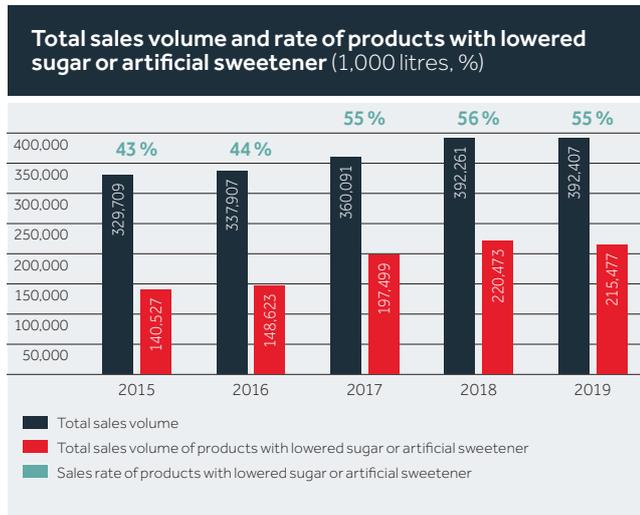
#### Carbonated Soft Drink<sup>(4)</sup> (1,000 litres)



#### Juice<sup>(4)</sup> (1,000 litres)



(4) Due to the changed approach in methodology, we have retroactively changed our product categories dating back to 2015. The altered limit values of the product categories "Lowered in sugar" and "Sugar substituted by artificial sweetener" caused change in the classification of products as well as the volumes of each category.



The packaging and labels of our products are organic parts of our brands, but they also act as a key information source for our consumers regarding the list of ingredients, their origin and the nutritional value of our products. We are aligned with and in close cooperation with The Coca-Cola Company in terms of labelling, and it is our common objective to go beyond regulatory compliance and always provide relevant and precise information to consumers. The brand owner, The Coca-Cola Company is responsible for designing product labels, while we cooperate and take corrective measures jointly in cases of customer complaint. In 2019, we had zero non-compliance issues regarding product description or labelling in relation to regulatory obligations or our voluntary commitments.

### Safe sweeteners to replace sugar

Sweeteners play a key role in meeting our commitments to lower sugar content: they help our customers reduce their sugar and calorie intake and they provide a high quality flavour experience. All of the sweeteners we use are rigorously controlled and approved as certified ingredients by international authorities, including the European Food Safety Authority (EFSA). Our products make up only a small proportion of the Acceptable Daily Intake (ADI) set out by the EU authority, hence they are safe to consume and can fit into a balanced diet even in the case of long-term consumption.



### How do we connect this to the SDGs?

By continuously reducing the sugar and calorie content of our products, and communicating in a transparent way, we contribute to a balanced lifestyle and nutrition for our customers.



## Responsible Marketing Communications

Our products can be found in more than two-thirds of Hungarian households, and our customers come across our commercials on a daily basis. 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 lay emphasis on 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.

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 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 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.

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.

Our policies prohibit any advertisement activity directed to minors, they align with the obligation of delivering the message of responsible alcohol consumption, and comply with detailed rules concerning the content and messages presented in our commercials.

Regarding marketing communication, in 2019 we did not have any non-compliance issues with regards to regulatory obligations or our voluntary commitments.



### How do we connect this to the SDGs?

**Our sales rules for children contribute to a healthy diet for those under the age of 12.**



# RESPONSIBILITY TOWARDS OUR EMPLOYEES

4



## Well-being and Engagement of our Employees

The key to the long-term growth and success of our company are our people, therefore, the opinion and recognition of our employees is especially important to us. The main factors in our colleagues' top performance are their satisfaction, continuous development, safety, and attractive career path, all of which bring value to our company, but also indirectly to our business partners and consumers. A shortage of labour is expected to be a major challenge in the domestic labour market in the coming years, and this trend also confirms to us the importance of consciously planning and continuously developing measures to promote employee well-being and satisfaction.

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. With our internal measures, we want to ensure the well-being of our employees physically, materially and socially. In addition to career development and benefits, we also work hard to make the work environment innovative and friendly and also to make our employees proud of us. Our current HR director is responsible for the implementation of our HR policy and measures.



## 2019's Most Attractive Workplace

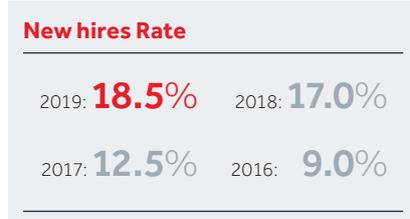
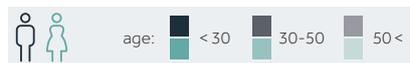
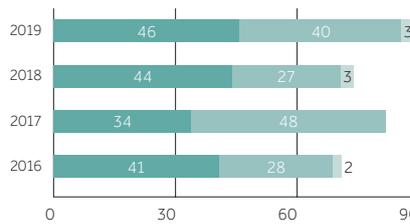
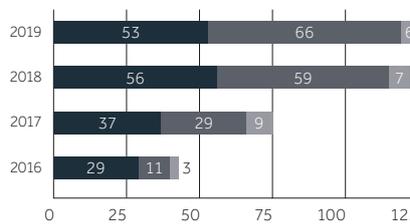
We are proud that according to a survey by Randstad, in 2019 Coca-Cola HBC Hungary became the most attractive and well-known workplace in the Hungarian FMCG sector. The PwC excellence award we received also confirmed to us that the right work environment, flexible working, predictable workload and a fair basic salary are also attractive to young people.

One of our main goals of these measures is to retain our employees. We consider it an important result that similarly to 2018 the turnover rate at our company was below the overall Hungarian and FMCG market average.<sup>(5)</sup>

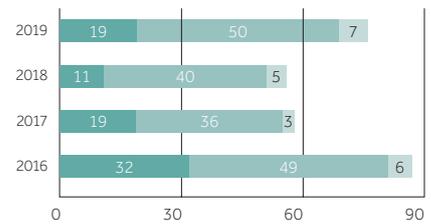
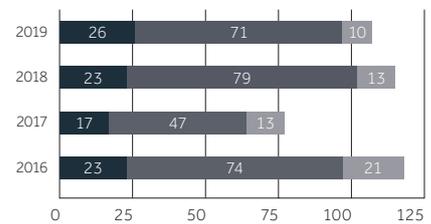
In 2019, we continued our previously initiated programmes which support the well-being and health of our employees. This year we organized an "Energy Days" event series for the fourth time at our Dunaharaszti and Zalaszentgrót plants and our distribution centres. The Energy Days agenda was compiled based on an employee needs assessment survey. The aim of the initiative was to increase the energy levels of our employees, which is crucial to their commitment, and mental and physical health. We support flexible working opportunities: our colleagues working in relevant positions still have the opportunity to work from home four times a month. Moreover, we are constantly reviewing the opportunities and regulations for teleworking and trying to best adapt them to the business and the needs of our employees.



### New employee hires



### Employee turnover



(5) According to Hay turnover rate data for 2019.

## Employee Development and Recognition

### The Cornerstones of our Operation: our Employees

Ongoing consultation with our employees is especially important in order to take into account not only market trends but also their opinions when formulating our strategy and focus points. We believe in open professional relationships based on feedback, and this is the culture we promote inside and outside the company. We expect our leaders to pay close attention to employees' suggestions and needs, supporting them in their development. We organize all-staff forums on a quarterly basis where our managers can answer our employees' questions directly. Since 2018 we have been organizing monthly forums for our sales staff, where we liaise with them about corporate strategy and priorities, thus, they can then represent our company with up-to-date information. In addition, we organize forums multiple times a year for our 60 most senior leaders, and for our top 150 leaders once a year, where, besides discussing business strategy, they have the opportunity to share their feedback and opinions, and hold focused discussions.

With our actions in 2019, we concentrated on three main areas: strengthening customer centricity in the internal corporate culture, embracing talent, and strengthening agile leadership.



### We All Sell – Customer Centricity in Focus

In 2019, we increased our focus even more on our customers than before. In the spirit of a change in internal culture, we held a forum for our colleagues within the "We All Sell" programme on the importance of a customer-centric approach and customer engagement. Our sales colleagues have nominated 50 executives from a number of operating areas for whom, although not in a day-to-day relationship with customers, it is important to learn about the importance of a customer-centric approach. The main goal was to further embed this approach in our business processes and to introduce commercial practices that help us better understand and communicate with our customers.



### Internal Talent Development – Fast Forward Programme

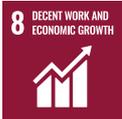
Our company considers embracing and continuously developing talented youngsters an everyday task. At Coca-Cola HBC Hungary we believe that the successful future of our company lies in our talents. This way, in order to efficiently develop our existing colleagues, we organized our Fast Forward initiative this year as well, in which our employees have the opportunity to move faster and develop professionally during the year. In 2019, a total of 23 of our employees participated in the programme, which was a record level of interest compared to previous years.

### External Talent Training – Management Trainee Programme

We also pay special attention to the acquisition and training of talent and future employees. We offer internships and the Management Trainee Programme. These 24-month-long, modular programmes provide unique opportunities for applicants to learn more about how the company works and the chance to participate in a variety of exciting and challenging projects. Seven talented young people participated in the programme in 2019.

### 2019, the year of talent

The abilities and knowledge inherent in our employees are the driver of our business. As a centre of excellence, Coca-Cola HBC Hungary, an engine of innovation, also strives to become a home for talent within the group. In addition to attracting young, university talent, our company invests massive energy in retaining, training and developing our employees. Thus, the Internship and Management Trainee programme, one of the company's most exciting and focused programmes for finding young talent, is complemented by an in-house Fast Forward talent management programme that offers an excellent opportunity for our existing, talented colleagues. Year 2019, saw the greatest number of employee participants: in addition to seven management trainees, 23 of our in-house talents attended our talent development programmes and enriched their corporate experiences.



### How do we connect this to the SDGs?

By continuously monitoring and improving our employees' satisfaction, we strive to create exemplary workplace conditions.

### Leadership Development

Our managers can also take part in our Leadership Development programme, by which they receive personalized support to develop their skills and improve their performance. Prior to the programme, we identified the key skills we expect from our leaders within the company, in the belief that developing these will also contribute to their success. The importance of training has increased for managers who directly manage employees, as they can support the success of both their teams and the company using the right approach and the right competencies. The session provides an opportunity for our leaders to discuss important topics, such as agility and accountability in an informal discussion. Throughout the programme, we can draw the attention of our leaders to the importance of effective knowledge sharing and inspiring each other.

### World of Winners – We reward outstanding performance

The driving forces of our company are our employees, hence the recognition and evaluation of their work is of primary importance to us. We award our outstanding employees and teams through our WoW (World of Winners) programme. In 2019 we awarded 88 different recognitions in four categories to our 247 staff members.

**World of Winners**

	<b>COKE &amp; CUSTOMER QUARTER CHAMPION</b> <b>36</b> awarded		<b>TEAM OF QUARTER</b> <b>20</b> award <b>166</b> awarded
	<b>IMPROVEMENT &amp; LEARNING AWARD</b> <b>30</b> award <b>43</b> awarded		<b>INSPIRING &amp; GROWTH MINDSET LEADER</b> <b>2</b> awarded



## 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 in line with current legislation – The Coca-Cola Company's and our Group's internal regulations. Our 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.

*Since 2016  
the number of  
missed days has  
fallen by 67%*

	2016	2017	2018	2019
<b>Number of injuries<sup>(6)</sup></b>	12	7	6	4
Male	11	5	4	3
Female	1	2	2	1
Of which: injuries resulting in lost work days	1	3	4	3
<b>Number of lost days</b>	40	68	83	115
Male	40	62	75	83
Female	0	6	8	32
<b>Number of missed (absentee) days</b>	5,321	6,122	6,094	5,452
<b>Incidents of occupational disease/injury</b>	0	0	0	0
<b>Number of fatalities</b>	0	0	0	0

### Health & Safety campaigns to create security

In 2019 we organized two Health and Safety weeks nationwide for our employees to further strengthen our safety culture in our workplace. In the first week, classroom and online training was held to provide guidance on managing stress and developing stress awareness, which also contributes to creating a safe work environment. The campaign, organized in the second week, drew attention to the importance of complying with the safety regulations and standards. The goal was to strengthen the role of regulations among our employees in as wide a range of areas as possible - in manufacturing, warehousing, logistics and in the office environment.



(6) Figures in the table refer to our employees. In cases of workers who are not employed by our company (temporary agency workers), there were six incidents of injury in 2019.

### With Awareness for Occupational Safety

We secure the occupational health and safety knowledge and mindfulness of our colleagues by providing education at every level of the organisation. We organize our Health and Safety week every year, when our employees take part in training courses and presentations to raise their awareness of the importance of this topic.

The Health and Safety Committee operates at a national level. The 16 members of the committee are appointed and elected by our employees, representing 100 percent of our colleagues. The Committee gathers at least once a year, taking part in the investigation of safety incidents and accidents and in the decision-making regarding the developments of our occupational safety system.

We are committed to preventing and minimizing the chances of vehicle risks, injuries, and fatal accidents related to our activities - via our Fleet Safety Policy.



### Further empowering of our safety culture

In order to further strengthen our safety culture, we were among the first within the Coca-Cola HBC Group to start a pilot project for the Behaviour Based Safety (BBS) programme at our Dunaharaszti plant in 2017. In 2019, we fully extended the initiative to our plants and warehouses in Dunaharaszti and Zalaszentgrót.

The BBS system focuses on building safety awareness and prevention by monitoring and improving the risks and tendencies of employee behaviour. In order to make the bottom-up system effective, we prepare our employees for its operation through training and workshops.

**Days without an accident\***  
**34 (Dunaharaszti), 2,499 (Zalaszentgrót)**  
**as of 31 December 2019**

*\* concerning our manufacturing plant in Dunaharaszti and the Zalaszentgrót plant*

## Human Rights and Diversity

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 equal opportunities. We are true to these values not only as an employer, but as a business partner throughout our entire supply chain.

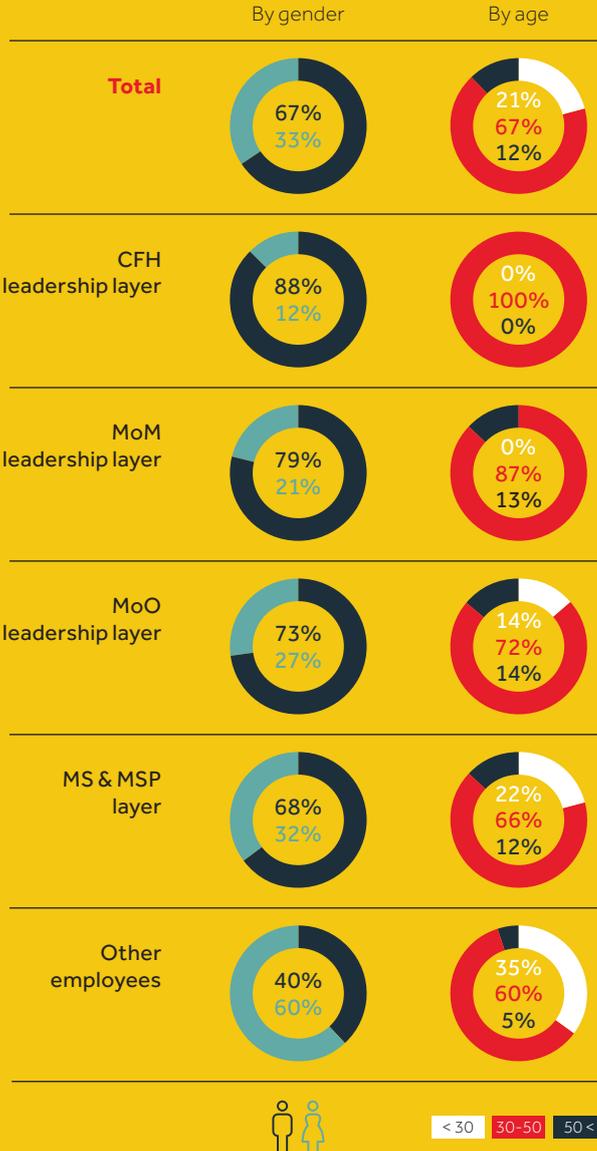
As an employer we are fully committed to ensuring equal opportunities, something which is guaranteed by our Code of Business Conduct, Inclusion and Diversity policy and Human Rights policy. All of our employees are entitled to the same respect and esteem, and their career development should never be 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.



### How do we connect this to the SDGs?

We believe diversity at work is a central value, not only in terms of gender, but also of age and nationality. Our Inclusion and Diversity policy and Human rights policy help us to be a workplace completely free of any discrimination. We expect our business partners to comply with this, broadening the application of our principles of equal opportunities.





# FOR A SUSTAINABLE ENVIRONMENT

5

Corporate sustainability and responsibility are an essential part of Coca-Cola HBC Hungary's culture. As a responsible economic operator, 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.

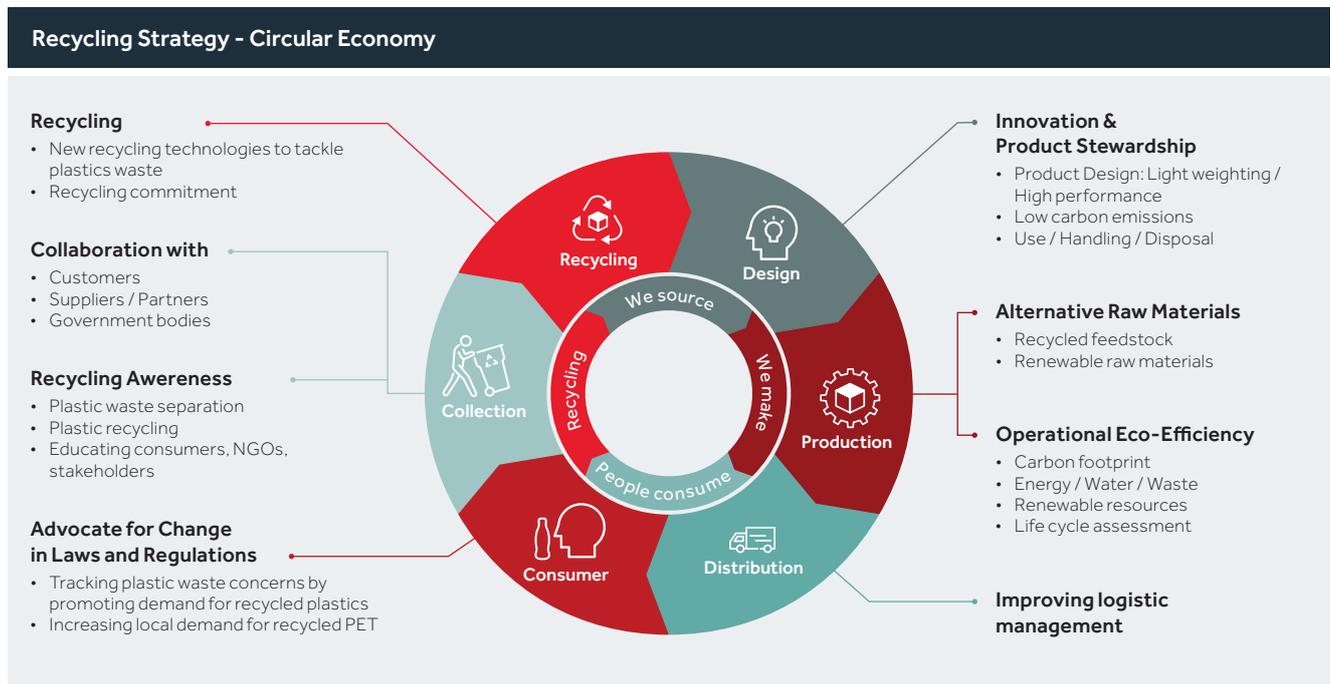
We are committed to minimizing the environmental impact of our own operations. Improving energy efficiency, reducing greenhouse gas emissions, responsible water management, and the collection and reuse of packaging waste all contribute to a more sustainable environment. In addition, we ensure that the 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.

A core pillar in our sustainability strategy is the enhanced commitment toward "World Without Waste", although our initiatives are not ended there. We are continuously working to conduct sustainable circulation of our products' whole lifecycle. That includes the procurement process of raw materials, design of products and packaging, production processes and also social engagement for common goals.



In 2019, in the HBLF Business and Environment Management category, our company was recognized for its exemplary environmental and sustainability activities. In addition, the Coca-Cola HBC AG Group's performance to date and continued efforts have been recognised by the Dow Jones Sustainability Index, the most important global indicator of companies' sustainability performance, thus, for the sixth time in the last seven years, we finished in first place on the list of beverage manufacturers.



### Coca-Cola Hungary for the circular economy

One of the driving forces of Coca-Cola Hungary's activities is to be at the forefront of replacing take-make-dispose practices in the linear economy. We strive to help build a closed-loop economic model that is built on resource efficiency and innovation, resulting in a smaller environmental footprint.

We want to build a future in which the unnecessary or wasteful use of the raw materials we use is avoided and materials retain their value within the cycle for a long time. In the case of packaging, we want to apply these principles at the stages of design, development, use of raw materials and production. If the cycle is closed, the collection and recycling of packaging is not only a theoretical possibility but a reality, and packaging materials will not endanger the environment or terrestrial and aquatic ecosystems.

We strive for conscious and responsible use of resources in our manufacturing processes. Our goal is to design our water, waste and energy management in a way that they help reduce our environmental footprint. In the interests of responsible resource management, we are also constantly striving to improve our carbon footprint.

We cannot realize our circular vision alone. The circular economy is built on collaboration, where we work with consumers, decision-makers, industry and professional organisations for a common goal. The creation of a circular economy requires such multi-player cooperation, which we at Coca-Cola Hungary are also trying to encourage. In this way, we strive for active dialogue and cooperation with both suppliers and regulatory bodies and consumers, so that the collection of waste from beverage packaging can take place as much as possible in Hungary.



world without waste  
THE COCA-COLA COMPANY

## Packaging, Recycling and Waste Management

### Towards World Without Waste

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. At the same time, the long-term impact of packaging materials, especially plastic packaging, on the environment has made it clear that we need to find new, sustainable solutions.

We are committed to being not only actors but also engines of change. Our approach and goals for the greater sustainability of packaging have been consolidated in our "World Without Waste" strategy announced in early 2018. With the strategy, the Coca-Cola HBC AG company-group is closely linked to the efforts of The Coca-Cola Company (TCCC), and we consider it a priority to work together and through a variety of means for this common cause.

The recycling of waste is a priority among our sustainability goals.

#### World Without Waste – Our Commitments



By 2030 all primary packaging must be 100 percent recyclable - PET bottles used by Coca-Cola HBC Hungary are 100 percent recyclable



An increased proportion of recycled PET should be used to produce PET bottles - 35 percent by 2025 and - 50 percent by 2030



By 2025, 75 percent of beverage packaging should be collected, and by 2030, 100 percent.

### Industry cooperation for recycled plastic

As a member of the Hungarian Mineral Water, Fruit Juice and Soft Drinks Association, Coca-Cola HBC Hungary is committed to increasing the proportion of recycled plastic raw materials in its bottles to 50 percent 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 will start in 2020, with the main goal of reaching 35 percent for the first 5 years and 50 percent for the alliance by 2030.

In addition, we follow and fully comply with the relevant directives of the European Union, and our internal regulations are in many cases stricter than the legal requirements.

## Packaging Design and Development

We sell most of our products in PET (polyethylene terephthalate) bottles, as primary packaging material that we manufacture at our plants. Besides bottles, screw caps lead to significant plastic waste at the end of their life-cycle.

In addition, aluminium cans and glass bottles are presenting another major part of our products. These materials' advantage relies on their recycling process, which has less environmental impact compared PET bottles. Thus, our aim is to actively support the implementation and development of these packaging solutions.

In order to increase effective recycling and to decrease the environmental footprint of our products, we have outlined an innovative packaging design for waste reduction and material usage, while continuously improving our packaging technologies.

Coca-Cola HBC Hungary's PET bottles are 100 percent recyclable. In order to appropriately recycle PET bottles, selective collection and re-collection are necessary processes. Therefore, in order to avoid unnecessary waste we inform our customers about the importance of recycling. Our new caps are intended to raise customers' awareness of this issue.

According to previous years' practices, we have continued to reduce the weight of our bottles. Due to our projects in 2019, the overall reduction of PET bottles was 2.1 tonnes, while the waste of aluminium cans will be reduced by 170 tonnes from 2020 on. Due to a new palletizing technique of aluminium products, we have managed to reduce our plastic film consumption by 50 percent in 2019. Thanks to our recent developments, today we need 15 percent less plastic to manufacture one PET bottle than in 2010.

We continuously seek to increase the percentage of recycled plastics (rPET) used in our beverage packaging. In 2019, this figure reached 24.8 percent, although in some cases we face obstacles from

procurement or from the regulatory side hindering our ambitious efforts to increase rPET rate in products. Nevertheless, our company continuously pursues holding meaningful discussions with regulatory bodies and monitoring of market opportunities and drawbacks, in order to optimize rPET rate usage at a rational cost level.

As part of our strategy, we have always encouraged 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.

Thanks to a HUF 500 million project investment, Coca-Cola HBC Hungary has developed new NaturAqua Mineral Water glass bottles, which are available in hotels and restaurants (in other words HoReCa sector) from mid-2019. The renewed bottles can be completely recycled, after collecting and washing them, as worn-down glass has become part of the industrial cycle by grinding. The current investment includes, among other things, the technological transformations of the filler, bottle tester, bottle washer and label, as well as the replacement of the glass fleet.

### Innovative packaging design & development is based on three pillars



Decreased weight of bottles



Usage of recycled materials



Innovative packaging design solutions

We are continuously seeking new opportunities to redesign secondary packaging materials as well. Many of our products are available in multipack form, packed by printed shrink wrap. In collaboration with our shrink film manufacturers, we are working on new technologies aiming to reduce plastic waste by decreasing the weight and thickness of the produced shrink wraps.

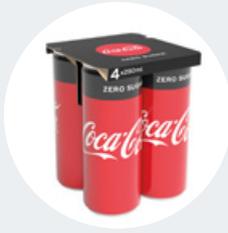
## Waste Management

Our waste management is continuously monitored as a part of the ISO 14001 Environmental Management System, which has been recertified in 2019. In terms of the amount of waste generated and recycled we set annual targets at Group level, which are monitored by our local sustainability team. We organize 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.



### "Look at the cap, recycle the bottle!"

In 2019, Coca-Cola Hungary has established a new approach towards plastic waste management. In this manner, our caps feature new slogans (e.g. I am not trash! Recycle me!) instead of the brand logos, encouraging customers to recycle. The graphic design of caps advocates recycling and adequate collection of plastic materials, activities that support a sustainable cycle of plastic waste management.



**KeelClip™ packaging technology on multipack cans**

Coca-Cola HBC group and its European partners as pioneers, have begun rolling out the KeelClip™, an innovative, minimalist paperboard packaging solution, on multipack cans across Europe. This new packaging solution representing a first for the non-alcohol ready-to-drink (NARTD) industry is based on a recyclable paperboard “topper” that will replace plastic shrink film in all can multipacks. This pioneering multipack packaging solution supports Coca-Cola’s global goals to work towards a World Without Waste, where all packaging is collected, recycled and reused. Accordingly, it will save 2,000 tonnes of plastic and 3,000 tonnes of CO<sub>2</sub> annually. In Hungary, this initiative is going to be introduced from the first quarter of 2021.

**Coca-Cola bottles made of paper, or even marine waste**

The Coca-Cola Company puts huge effort into finding new, sustainable ways of packaging. In 2019, The Company has manufactured its first 300 sample bottles, which have partially been produced from recycled marine trash. Twenty-five per cent of the bottles were made from recycled plastic, collected from the Mediterranean Sea, Spanish and Portuguese coasts. This new chemical recycling technology proves, in practice, that it is possible to produce bottles from marine waste, or even from lower quality and tinted plastic, something which was not possible before.

Meanwhile, The Company is working on another similarly innovative technology in cooperation with Danish bottle manufacturing start-up Paboco. Our goal is to create a bottle made of paper that is capable of storing both still and sparkly soft drinks, and is produced to be fully recyclable, using only non-synthetic materials. It would be the first of its kind.

**99.9% proportion of recycled non-hazardous waste**

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. In all of our plants and distribution centres we collect waste separately. We want to avoid disposing of our waste at landfills, therefore, we send waste that cannot be recycled to incineration plants in order to generate energy.

In 2019, the volume of waste generated has increased compared to that of previous years, which was mainly due to a change in NaturAqua bottles and the acquisition of new, more efficient cooling devices. In recent years, we have put a greater focus on selective waste collection, which has allowed us to substantially increase the amount of waste recycled.

	2016	2017	2018	2019
<b>Total volume of waste (tonnes)<sup>(7)</sup></b>	<b>3,380</b>	<b>4,007</b>	<b>3,396</b>	<b>4,227</b>
<b>Non-hazardous waste</b>	<b>2,967</b>	<b>3,489</b>	<b>2,744</b>	<b>3,437</b>
Recycle	2,726	3,203	2,372	3,076
Incineration	234	282	369	359
Landfill	6	4	2	2
<b>Hazardous waste</b>	<b>413</b>	<b>518</b>	<b>652</b>	<b>790</b>
Incineration	413	518	652	790

(7) Figures in the table refer to waste generated at our plants in Dunaharaszti and Zalaszentgrót.



**How do we connect this to the SDGs?**

**As part of our pledge to the World Without Waste programme, we aim to have as little waste as possible end up in nature. Increasing the proportion of recycled plastic used in our products serves the same purpose.**

**We bring modern technology and methodology to our production. We always look for innovative and environmentally friendly ways of packaging.**

## Sustainable Materials and Sourcing

The ingredients used to produce our products are mainly natural raw materials whose sourcing and safety is a global issue of concern. Our procurement process significantly contributes to our economic, operational and environmental footprint. In this regard, the performance of our suppliers has a direct impact on our own performance on a social, economic and environmental level as well. We are committed to working only with suppliers who can assure and prove that the agricultural materials they contribute come from sustainable sources.

In addition to budget and efficiency considerations, it is crucial for us to choose our suppliers independently without any external influence, taking into account only the highest quality and competitive price levels.

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, our procurement team cooperates with other relevant departments and offer their professional expertise to ensure impartiality. Sustainable values are already considered in the selection process, in order to pursue these aspects through the whole supply chain. In our Supplier Guiding Principles section we described not only the process but also the guiding principles enabling us to control and monitor the process. Its efficiency is supported by the outcomes of regular audits performed at our company.

## Energy Efficiency and Climate Protection

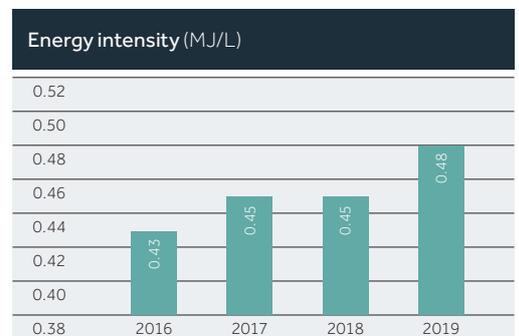
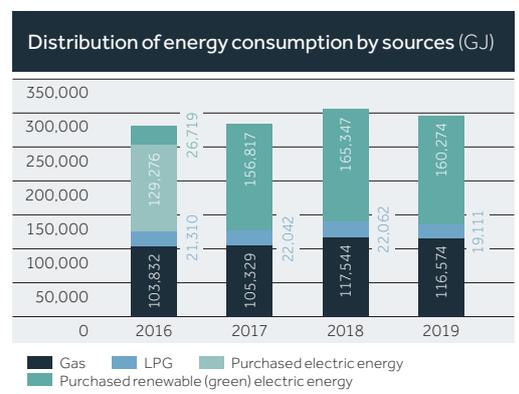
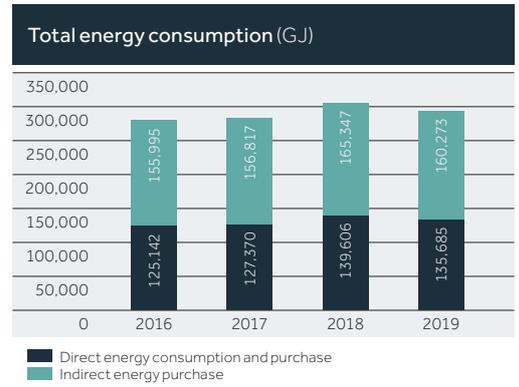
Our core activities, production and the related transportation of our products are impossible without meeting the necessary energy demands. In line with our commitment to function sustainably and responsibly, we must be efficient with the energy we use, while reducing emission of carbon-dioxide and other greenhouse gases produced by our energy consumption.

### Energy Management System

We use the ISO 50001 energy management system, which makes constant monitoring of our energy performance possible. In 2019, this system was successfully recertified by an independent third party called SGS Hungária. Our goals, which we lay out every year along with our action plans, target the reduction of our energy consumption and efficiency improvement. Our commitment to the issue is secured by the company's Energy Policy and the corresponding progress is tracked by our Sustainability Manager.

Our employees are reminded of the importance of energy efficiency and sustainability regularly in our yearly educational meetings.

Compared to the figure for 2018, the absolute value of our energy consumption has marginally decreased. However, with our production broadening, 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, which we are aiming to reduce year by year.<sup>(8)</sup>



In comparison to the previous year's performance of 0.45 MJ/litre (0.126 kWh/litre), our energy intensity has somewhat risen, since 0.48 MJ (0.133 kWh) was needed for 1 litre of product to be manufactured in 2019. The increased amount of energy and natural gas was due to several factors such as a longer heating degree period (caused by weather conditions), heightened production, and other unplanned troubleshooting.

(8) We calculate index numbers by dividing our production related energy consumption by the amount of output produced.

### What kind of materials do we use?



#### For our products:

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



#### For packaging:

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

## Continuous Improvements for Energy Efficiency

Our commitment to improve our energy performance leads us to consistently check for investment opportunities regarding energy efficiency and renewable energy production.

Once again in 2019, we made energy efficiency investments such as purchasing coolers and water heaters that are in better energy classes, as well as swapping compressors in order to further reduce our energy consumption. The replacement of the more outdated coolers in our plants is a regularly executed routine, in order to achieve more efficient energy consumption.

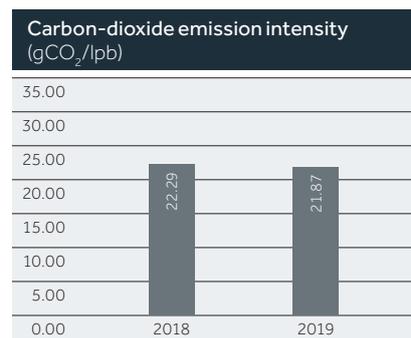
## Reducing Our Carbon Footprint

At Coca-Cola HBC Hungary, we believe that it is important for us to decrease our impact on climate change. Besides various actions taken to reduce our emissions of greenhouse gases, like the continuous replacement of our coolers for example, we keep constant track of our emission to have an accurate picture of where we are currently. This enables us to be certain that we can make appropriate goals and achieve continued success in this matter.

The most significant sources of the company's carbon-dioxide emission are the energy consumption of 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.

In 2019, we paid close attention to the direct (Scope 1) and the indirect (Scope 2) emission of our company, as well as the changes in their intensity. Our CO<sub>2</sub>-intensity index showcases the direct and indirect (Scope 1 and Scope 2) emissions per unit produced.

This year, our carbon-dioxide intensity had a small-scale improvement compared to the number for 2018. We not only managed to realize our goals regarding the specific carbon-dioxide emissions set to 2020 (decreased by more than 60 percent compared to the base year of 2010), but also further improved its measures in comparison to 2018's figure.



## Going Green in Energy Consumption

Our production plants in Zalaszentgrót and Dunaharaszti both fully operate on green electricity, since 2016 and 2017, respectively. We believe these 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 new fleet policy helps us further decrease our emissions, by setting new regulations regarding our fleet of employee-used company cars. We have set the goal of electrification of our fleet, replacing the previous diesel- and gasoline-powered cars with either hybrid or electric vehicles. This replacement process is being carried out in a continuous, phase-out system.

**Since 2017,  
our production plants  
use 100% green  
electricity**



### How do we connect this to the SDGs?

**Our production plants' exclusively use electricity that comes from green, clean energy sources, which helps us contribute to establishing of a modern, sustainable energy consumption.**



### How do we connect this to the SDGs?

**The reduction of the emission of greenhouse gases is an important element of our ambitions supporting the fight against climate change.**

## Water Management

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. At Coca-Cola HBC we believe that the preservation of our natural resources plays a key role in our business processes.

**In 2019**  
we used **1.84 litres**  
of water to produce  
**1 litre of product**

**2018: 1.83 litres**  
**2010: 2.20 litres**

### Committed to Responsible Water Management

We track our environmental performance, including our water consumption with the ISO 14001 Environmental Management System. It has been audited by SGS Hungária as an independent third party. We set annual targets for water usage, define action plans and launch projects to reduce and manage our water consumption.

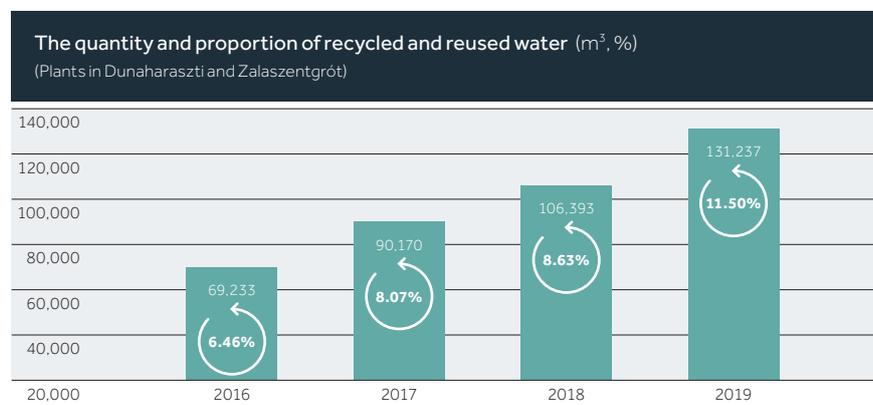
For the sustainable water management system our plants received the gold European Water Stewardship (EWS) certification: Zalaszentgrót in 2014 and Dunaharaszti in 2016, and have since been recertified by EWS in 2018, and 2019 respectively.

### Developments for Efficient Use of Water and Treatment of Wastewater

In 2019 the levels of our water consumption have decreased by 8 percent compared to that previous year. The increased usage at the Zalaszentgrót plant was due to faulty plumbing, a factor which is independent of our corporate water management practices.

Besides decreasing the amount of water used, we have a desire to reduce our impact on the environment by treating the wastewater produced. We have been able to improve the quantity and proportion of recycled and reused water compared to the total water use. In 2019, the amount of recycled and reused water has increased by 20 percent. This is largely due to the optimization of the technology used to clean our production equipment and constant improvements in water management.

Water consumption (m <sup>3</sup> )	2016	2017	2018	2019
<b>Municipal water supplies</b>	<b>60,777</b>	<b>53,864</b>	<b>50,792</b>	<b>62,385</b>
Dunaharaszti	58,120	51,371	48,172	57,948
Zalaszentgrót	896	1,026	1,232	3,218
Elosztóközpontok	1,761	1,467	1,388	1,219
<b>Ground water</b>	<b>1,011,729</b>	<b>1,062,917</b>	<b>1,182,478</b>	<b>1,078,427</b>
Dunaharaszti	889,570	884,851	1,008,867	920,429
Zalaszentgrót	122,159	178,066	173,611	157,998
Distribution centres	-	-	-	-
<b>Total water withdrawal</b>	<b>1,072,506</b>	<b>1,116,781</b>	<b>1,233,270</b>	<b>1,140,812</b>



## Investing in responsible water management

Human development and climate change have a profound impact on our water reserves. Our company works on reducing that impact and making as many improvements in our water management as possible. In 2019, we started drafting a modernized water management programme that is capable of saving 12 000 m<sup>3</sup> worth of water. This year we have installed four new sand filtering devices and are planning to do the same with four new carbon filters and an ion exchanger. These recent investments were made in order to reduce our environmental footprints that correlate with our company's production process and to make the use of existing and available water reserves more sustainable.



## How do we connect this to the SDGs?

**By increasing the proportion of recycled and re-used water, we try to reduce the amount of water we use to maintain a more responsible production practice.**



## Biodiversity

Our company considers environmental protection and preservation of biodiversity highly important. In order to protect our environment, it is necessary to track the ecosystem of our production areas, especially of those that contain endangered species covered by wildlife protection.

Part of our bottling plant in Zalaszentgrót belongs to an area that is a designated Natura 2000 protected area and is a home to diverse flora and fauna. Cooperation with local organisations and authorities is a routine activity for us driven by the cause of environmental protection.

Similarly to the 2011-2014 period, from 2015 to 2018 in collaboration with Pannon University we monitored the endangered plant and insect species. This study provided us with enough information to create a map of the area presenting the main organisms living there, the changing number of species and the ecosystem's current state. The area's endangered species include: *Cirsium rivulare*, Siberian iris, fringed pink, keeled garlic and *Ornithogalum*. During the zoological examinations, we also focused on Natura 2000's indicator species, such as the narrow-mouthed whorl snail.



# SOCIAL ENGAGEMENT

5

Our business success depends heavily on the well-being and strength of the communities where we are present. Our responsible operations demand that we react to the needs of the communities surrounding us. We stand for openness, partnership and mutual respect in the relationship with our communities everywhere we work, live and distribute our products.

We actively participate in the lives of our communities through our volunteering, Zero Waste Tisza River and #YouthEmpowered programme. Our Public Relations and Communications Director is responsible for these activities aiming to support our local communities, and these activities are reviewed if necessary in line with our business and sustainability strategy. Commitment to Local Communities.





## Commitment to Local Communities

### Corporate Volunteering Initiative

Our corporate volunteering programme having operated since 2007 is a key element of our corporate responsibility strategy. Within the framework of this programme, our employees support important local projects through which we integrate social responsibility mindset into our daily operation and raise a sense of responsibility for communities within our organisation. Through this process, our volunteers help non-governmental organisations, educational institutions and communities that would otherwise lack the necessary resources and competencies for what they do. Our volunteering is open for any of our employees who would like to join or initiate an activity.

This year once again, we encouraged our employees to volunteer and participate in the development of their immediate surroundings, increasing their sense of responsibility in the meantime. These initiatives enjoy financial support from our company through a system of tenders. In 2019, we had 40 employees joining the work of local communities.<sup>(9)</sup>



*40 employees  
volunteered  
320 hours helping  
local communities  
in 2019*



(9) Excluding Zero Waste Tisza River programme.



### **Zero Waste Tisza River programme: Together, for a Common Goal**

For us, it is important, not only to fight against packaging waste in our business processes, but also, via our CSR activities as well, promoting important causes as well as shifts in societal perspective.

In 2019, our company's most significant organized volunteering activity was Zero Waste Tisza River, an environmental protection programme, in which we had 161 employees participated.

The region of the River Tisza and Lake Tisza are areas that have highly valuable natural resources and spectacular wildlife. A significant amount of driftwood, organic material and communal waste flow down the River Tisza due to yearly flooding. The goal of Zero Waste Tisza River programme is continuous mitigation: collecting and recycling waste at the highest level possible and cleaning the river of increasing waste. The National Directorate General for Water Management, Plastic Cup and Coca-Cola Hungary – announced jointly in the summer of 2019 that they were prepared to manage the challenge collectively. Throughout the two years of the project The Coca-Cola Foundation gave financial support of USD 250 000 (HUF 73 million) to the cause, enabling the collection and recycling of 80 tonnes of waste by 2021.

In the first mission, in summer 2019, employees of Coca-Cola Hungary along with volunteers of Plastic Cup, collected 1.5 tonnes of (mostly plastic) waste at Kisköre Dam. This facility is hugely important for stopping the flood of garbage, thus preventing the lower section of the river from getting polluted. As a result of this large-scale clean-up mission, plastic waste was collected, sorted and ultimately recycled. In September, the initiative's second event, which was organized as part of the World Cleanup Day, managed to surpass the debut event in July, when 1.8 tonnes of waste had been removed from the river.

## 161 employees 3.3 tonnes of waste removed from Tisza

Aside from cleaning up the environment, the project also aims to recycle the waste that is collected. Volunteers collected refuse in sacks and then sorted them out by the type of material. PET bottles were grouped and packaged by colour. As a result, half of the residential waste collected could be reused as secondary raw materials.

Zero Waste Tisza River programme achieved highly significant results within its first year of operations. 10,000 tonnes of rubbish and driftwood collected, removed and recycled at the Kisköre Dam. Thanks to the actions organized by Plastic Cup a further 36 tonnes of waste had been collected on Lake Tisza and the upper sections of the river.



*"When I arrived at the River Tisza, I came across a picturesque sight. I remember one of my colleagues saying „There is no rubbish here!”. However, when I stepped out of our canoe onto the floodplain, my smile disappeared. There was an astonishing amount of plastic waste on the river bed, which was carpeted with the debris. Even after hours of collecting it, it seemed endless. That's when I realised how important participating in the clean-up is: from a distance nature looked beautiful, but a closer look makes one reconsider their future behaviour there."*

**Tamás Szabó**

Coca-Cola HBC Hungary,  
Supply Chain, Project Manager

*"I was rushing to a discussion on TV – about the pollution of rivers – when I noticed a large patch of waste right next to the ship we had the studio on. Taking a closer look, I saw a soda siphon. Its owner must have really wanted to get it back. The consumer, however, threw it in the river, once done having fun with its content. This siphon was a sign, that you cannot point fingers. Consumers are just as responsible as manufacturers. They caused these changes hand in hand, and they can only make a difference if they work together. Zero Waste Tisza River programme is an example of that."*

**Attila Dávid Molnár**

co-founder of PET Cup



You can read further information about Zero Waste Tisza River programme on the [website](#) of PET Cup.



Magyar Élelmiszerbank  
Partner 2019

### Cooperations against food waste

In 2019, our company continued its fight against food waste. Similar to past years, Coca-Cola HBC Hungary accompanied a joint convoy of UN Food and Agriculture organisation and Hungarian Food Bank Association.

The families in need received 50 tonnes of food from the convoy, which exceeded last year's amount. The aim of the Donation Convoy is to promote healthy and sustainable nutrition in a collaborative way. Furthermore, it also helps achieve important developments regarding sustainability by reducing the amount of food loss and waste every year.



### How do we connect this to the SDGs?

Through Zero Waste Tisza River programme, we remove refuse from waterways and help to restore ecosystems.



### How do we connect this to the SDGs?

In cooperation with the Hungarian Food Bank, we reduce food waste and highlight conscious and careful consumerism.

## #YouthEmpowered Programme

Since the #YouthEmpowered programme launched, 2019 has been its busiest year, also bringing about the most change. 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 our partners involved. By the end of 2019, we worked together with almost 20 trained coaches, six fixed volunteer and educational partners in the training of six different target groups. Besides NEET youngsters, we have increasingly focused on the involvement of underprivileged groups, graduating university students, expectant women, young parents and young entrepreneurs as well. Since 2019, we have been organising the initiative together with the Hungarian subsidiary of The Coca-Cola Company, putting even more emphasis on providing equal opportunity for young women in the workplace.

At Coca-Cola Hungary, the issue of equal opportunity is close to our hearts, maintaining a firm belief that education, self-awareness and self-development are tools we can all use in order to help achieve it. In 2019, we won the Effekt 2030 award in the category of "Everyone's Society", which further bolstered our conviction that the #YouthEmpowered programme will enable us to have a measurable positive effect on society.

### #YouthEmpowered Programme for Young People

During our free-of-charge online and in-class workshops, participants are trained by professional trainers on how to apply for a job, how to behave in a job interview, and they are also being helped through exercises focusing on self-knowledge and empowerment. They receive guidance and motivation which will help them become the people they really want to be. One of the biggest



benefits of our in-person workshops is that participants have the possibility to build their network and discuss their questions in their own community, with people in similar situations. Apart from our in-person trainings, the learning material of #YouthEmpowered is also available online, on [www.enjovom.hu](http://www.enjovom.hu). Online modules found there partially overlap and partially complement our in-person training material, and all of them aim to help those who cannot join our workshops or would like to further develop their skills.

We are committed to reaching our target groups in the most appropriate and relevant way, and we place great focus on adjusting our core learning material to the very needs of each group. We work together with different NGOs, associations and educational centres, altogether with over 20 professional trainers, who help us in reaching our target groups, organizing the training sessions and having a conversation with our participants over a longer-term. It is hugely important for us to address our target groups.

In 2019, we saw a record number of people joining our initiative. Our online courses had 3,358 people registered from all over the country, while in-person training had 742 participants joining across 21 towns. Besides the employees of the partnering foundations, mentors of #YouthEmpowered and senior leaders of Coca-Cola HBC Hungary also visited our in-person sessions, contributing to 138 hours of volunteer work.

Although our original target was to reach 8,000 participants by the end of 2020, we had 6,449 to join our online courses and 1,909 to attend in-person training sessions, which adds up to 8,358 people, overachieving our target for 2020 a year earlier. Still, we do not intend to stop there! In the middle of 2020, we had considerably more than 9,000 participants join our courses, meaning that we are once again on track to reach our target number for the year. In 2020, we aim to involve 10,000 people in our training programme.



For more information on #YouthEmpowered visit our [website](#)

In summer 2019, we had an in-house survey on the results of our online courses. This survey showed that the 3,358 registered users spent more than 111,000 minutes studying on the platform. Out of the 10 available modules, Self-Awareness proved to be the most popular with our participants, an assessment which helps them to get to know their own abilities and

discover the career that suits them best. Another interesting fact is that the vast majority of registered users, around 85 percent, were women between the ages of 21 and 25. While online courses were most popular among residents of Budapest, our training takes place regularly all over the country.



### Focusing on digital skills

Besides self-awareness and other soft skills, we considered practical skills of importance right in the planning phase of #YouthEmpowered, skills that further improve participants' chances on the job market. We found the perfect partner in Google Hungary's "Grow with Google" with whom we worked together throughout 2019, organising five all-day long, interactive workshops that emphasize skills that are necessary for entrepreneurship and starting a business. First, experts from Google would teach the proper use of Google's tools and the topic of digital presence, followed by #YouthEmpowered trainers giving an inside view of the steps of personal branding.

Trainings was conducted in Budapest, Kecskemét, Szeged, Győr and Debrecen with more than 120 young entrepreneurs participating.





### **#futuremum Programme for the Equality of Opportunity for Women**

In 2019, we expanded our #futuremum and #YouthEmpowered series of programmes. The series was organized for mums in the Budapest area in cooperation with the Coworkid Foundation. As a part of #futuremum, we organized events, workshops and meet-ups supporting women's return to the labour market after maternity leave, and providing motivation for them, while the #YouthEmpowered programme's purpose was to help young parents get back into the workforce as entrepreneurs.

Although expectant women and parents of small children are not considered NEET youth in the traditional sense, during the #YouthEmpowered programme we discovered that they often experience things similar to those young adults who are having trouble finding their place in the labour market. However, disadvantages of expectant mothers and those with small kids do not typically root from lack of experience or professional background, but rather from low motivation and self-esteem and a lack of support. Therefore, our personal courses for small groups are structured in a way that sheds light not only on self-awareness and communication, but include inspirational success stories as well.

With the support of the Ministry of Interior, we started our collaboration with Csörögi Tanoda in the second half of the year. Students at this institution are mainly underprivileged Romani children whose parents fit well into the target groups of #YouthEmpowered. Even if they are employed, they often have trouble with change and lack many skills that are crucial for improvement in a professional work environment. In November,

with the cooperation of a foundation called Partners Hungary, we organized an all-day workshop and family event which highlighted the topics of communication and handling feedback. Fourteen adults and more than twenty children attended the occasion. While parents were able to learn with the help of the foundation's trainers, children could participate in playful activities provided by Csörögi Tanoda volunteers.

A total of 187 mothers attended our programmes in the spring and autumn of 2019.

### **#entrepreneurofthefuture – being a successful entrepreneur as a parent**

In 2019, in cooperation of Coworkid Foundation and with the support of the Ministry of Human Capacities, we organised an interactive workshop targeting parents of small children and young women in order to promote entrepreneurship. The goal of the programme was to spread awareness of the opportunities that make changing career paths and starting a business possible to those planning to start a family. We invited expert speakers to help our guests by providing them information regarding their practical knowledge in marketing & communication and financial planning, as well as answering questions about relevant legal and tax-related issues. There were 43 young mother entrepreneurs who attended this event.



### Girls' Day at Coca-Cola HBC Hungary

Year 2019 was the first time we joined the Girls' Day programme, in which we gathered 30 female high schoolers to provide them with success stories from women in leadership, the world of IT, as well as in production and operation. It is highly important for Coca-Cola HBC Hungary to stand for equality in the fields of technology and engineering and to motivate young women to pursue career paths that society dictates off limits to them.



### How do we connect this to the SDGs?

Via the #YouthEmpowered programme, we provide up-to-date knowledge to hoping to enter the job market, encouraging continuous, life-long learning and development.

The #futuremum programme provides help and broadens opportunities for young mothers struggling to find employment.

Social responsibility is at the core of our values. Our corporate volunteer programme encourages our employees to take responsibility for, and provides opportunities to act upon, the things they consider important.

# GRI INDEX

GRI Disclosure	Description	Chapter	Page	Direct response
<b>I. GENERAL DISCLOSURES – 2016</b>				
<b>ORGANISATIONAL PROFILE</b>				
GRI 102-1	Name of the organisation	About our company	5	
GRI 102-2	Activities, brands, products, and services	About our company	5-6	
GRI 102-3	Location of headquarters	About our company	5	
GRI 102-4	Location of operations	About our company	5	
GRI 102-5	Ownership and legal form	About our company	5	
GRI 102-6	Markets served	About our company	5	
GRI 102-7	Scale of the organisation	About Coca-Cola HBC Hungary	5	
GRI 102-8	Information on employees and other workers	Responsibility towards our employees	33	Employee data were determined as of 31.12.2019.
GRI 102-9	Supply chain	The Journey of our Products: Our Supply Chain	11	
GRI 102-10	Significant changes to the organisation and its supply chain	–	–	In 2019, there were no significant changes to our organisation or our supply chain.
GRI 102-11	Precautionary Principle or approach	Direct and Indirect Economic Impacts	22	
GRI 102-12	External initiatives	–	–	<p>As sustainability gains major significance, many organisations recognize the importance of joint action. We are fortunate to be a member of several of these associations and to participate in their various sustainability initiatives.</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"> <li>• UN Global Compact Network</li> <li>• UNESDA Guidelines for responsible marketing communication</li> <li>• EU Pledge on marketing to Children</li> <li>• CDP (Carbon Disclosure Project)</li> <li>• Dow Jones Sustainability Index</li> </ul> <p>Key local initiative:</p> <ul style="list-style-type: none"> <li>• Hungarian Mineral Water, Fruit Juice and Soft Drink Association's voluntary pledge for sugar reduction and commitments to increase the ratio of recycled plastic</li> </ul>
GRI 102-13	Membership in associations	Our Stakeholders	13	
<b>STRATEGY</b>				
GRI 102-14	Statement from senior decision-maker	Letter from the CEO	2-3	
<b>ETHICS AND INTEGRITY</b>				
GRI 102-16	Values, principles, standards, and norms of behaviour	Our Values	9	
<b>GOVERNANCE</b>				
GRI 102-18	Governance structure	Corporate Governance, Business Ethics and Anti-corruption	19	
<b>STAKEHOLDER ENGAGEMENT</b>				
GRI 102-40	List of stakeholder groups	Our Stakeholders	16	
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	Our Stakeholders	16	
GRI 102-43	Approach to stakeholder engagement	Our Stakeholders	16	
GRI 102-44	Key topics and concerns raised	Our Stakeholders	17	

GRI Disclosure	Description	Chapter	Page	Direct response
<b>REPORTING PRACTICE</b>				
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	1	
GRI 102-47	List of material topics	Material topics	17	
GRI 102-48	Restatements of information	About this report, GRI index	1, 59	GRI FP6 was restated between 2015-2019
GRI 102-49	Changes in reporting	About this report	1	
GRI 102-50	Reporting period	About this report	1	
GRI 102-51	Date of most recent report	About this report	1	
GRI 102-52	Reporting cycle	About this report	1	
GRI 102-53	Contact point for questions regarding the report	About this report	1	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About this report	1	This report has been prepared by the GRI Standards that satisfies the "Core" level.
GRI 102-55	GRI content index	GRI index	59	
GRI 102-56	External assurance	About this report	1	We do not conduct external assurance on the Sustainability Report for the Hungarian operations.

## II. ECONOMIC TOPICS

### GRI 201 ECONOMIC PERFORMANCE - 2016

GRI 103-201	Management Approach (103-1, 103-2, 103-3)	Direct and Indirect Economic Impacts	22	
GRI 201-1	Direct economic value generated and distributed	Our Business Model	10	This year we revised our calculation for the disclosure economic value generated and distributed' in line with the GRI Standards guidelines. We publish this year's figures according to the new calculation, together with the recalculated figures for the previous years.

### GRI 204 PROCUREMENT PRACTICES - 2016

GRI 103-204	Management Approach (103-1, 103-2, 103-3)	Sustainable Materials and Sourcing	46	
GRI 204-1	Proportion of spending on local suppliers	The Journey of our Products: Our Supply Chain	11	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

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GRI 205-2	Communication and training on anti-corruption policies and procedures	Corporate Governance, Business Ethics and Anti-corruption	20	
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### GRI 206 ANTI-COMPETITIVE BEHAVIOUR - 2016

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GRI Disclosure	Description	Chapter	Page	Direct response
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GRI 301-2	Recycled input materials used	Waste Management and Packaging	44	
<b>GRI 302 ENERGY - 2016</b>				
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GRI 302-1	Energy consumption within the organisation	Energy Efficiency and Climate Protection	46	
GRI 302-3	Energy intensity	Energy Efficiency and Climate Protection	46	
<b>GRI 303 WATER - 2016</b>				
GRI 103-303	Management Approach (103-1, 103-2, 103-3)	Water Management	48	
GRI 303-1	Water withdrawal by source	Water Management	48	
GRI 303-3	Water recycled and reused	Water Management	48	
<b>GRI 305 EMISSIONS - 2016</b>				
GRI 103-305	Management Approach (103-1, 103-2, 103-3)	Energy Efficiency and Climate Protection	47	
GRI 305- 4	GHG emission intensity	Energy Efficiency and Climate Protection	47	Emissions are captured in CO <sub>2</sub> equivalent. All greenhouse gases are included in the calculation.
<b>GRI 306 EFFLUENTS AND WASTE - 2016</b>				
GRI 103-306	Management Approach (103-1, 103-2, 103-3)	World Without Waste	43	
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GRI 401-1	New employee hires and employee turnover	Commitment and well-being	32	
<b>GRI 402 LABOUR-MANAGEMENT RELATIONS - 2016</b>				
GRI 103-402	Management Approach (103-1, 103-2, 103-3)	Commitment and well-being	31	
GRI 402-1	Minimum notice periods regarding operational changes	–	–	There is no works council or labour union at our company, therefore, the minimum notice period regarding operational changes is defined by the Hungarian Labour Code, which is minimum 30 days.
<b>GRI 403 OCCUPATIONAL HEALTH AND SAFETY - 2016</b>				
GRI 103-403	Management Approach (103-1, 103-2, 103-3)	Health and safety	36	
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GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and safety	37	
<b>GRI 405 DIVERSITY AND EQUAL OPPORTUNITY - 2016</b>				
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GRI Disclosure	Description	Chapter	Page	Direct response
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<b>GRI 417 MARKETING AND LABELLING - 2016</b>				
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GRI 417-2	Incidents of non-compliance concerning product and service information and labelling	Product Quality and Integrity	29	
GRI 417-3	Incidents of non-compliance concerning marketing communications	Responsible Marketing Communications	29	
<b>GRI 418 CUSTOMER PRIVACY - 2016</b>				
GRI 103-418	Management Approach (103-1, 103-2, 103-3)	Corporate Governance, Business Ethics and Anti-corruption	20	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Corporate Governance, Business Ethics and Anti-corruption	20	
<b>GRI 419 SOCIOECONOMIC COMPLIANCE - 2016</b>				
GRI 103-419	Management Approach (103-1, 103-2, 103-3)	Corporate Governance, Business Ethics and Anti-corruption	21	
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# ACKNOWLEDGMENT

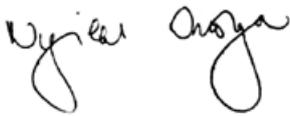
We would like to thank our colleagues and sustainability experts at KPMG in Hungary for their support and assistance in preparing this year's Sustainability Report.

We also owe special thanks to the General Manager of Coca-Cola HBC Hungary, László Békefi and to our senior management.



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