



**Coca-Cola HBC**  
Hungary



H MW 677  
A flottapartner® www.arval.hu

# SUSTAINABILITY REPORT

2017

# Table of Contents

About this Report	1
Letter from the CEO	2
Key Highlights in 2017	3

<b>Coca-Cola HBC Hungary</b>	<b>4</b>
Our Strategy	5
Our Values	6
Our Business Model	7
The Journey of our Products: Our Supply Chain	8
Our Stakeholders	9
<b>Material Topics</b>	<b>11</b>
How do we identify and prioritise our material topics?	11
Material Topics Matrix	12
<b>Our Sustainability Commitments</b>	<b>13</b>

<b>Economic Issues</b>	<b>14</b>
Corporate Governance, Business Ethics and Anti-Corruption	14
Direct and Indirect Economic Impacts	17
Product Quality and Integrity	18
Health and Nutrition of Our Consumers	19
Responsible Marketing Communications	22

<b>Environmental Issues</b>	<b>23</b>
Efficient and Green Energy Consumption	23
Packaging, Recycling and Waste Management	24
Sustainable Materials and Sourcing	26
Our Key Ingredient: Water	27

<b>Social Issues</b>	<b>28</b>
Responsibility towards Our Employees	28
Human Rights and Diversity	32
Commitment to Local Communities	33

GRI Index	35
Acknowledgment	39



# ABOUT THIS REPORT

<b>REPORTING PERIOD</b>	2017 Calendar Year
<b>DATE OF MOST RECENT REPORT</b>	2016
<b>REPORTING CYCLE</b>	Since 2016, we have published our Sustainability Report on an annual basis.
<b>CONTACT INFORMATION</b>	pac.hungary@cchellenic.com
<b>REPORT CONTENT</b>	In this Report, we present key material topics regarding Coca-Cola HBC Hungary Ltd.'s operations, as well as the firm's related programs and initiatives. These topics cover altogether 18 GRI disclosures.
<b>SCOPE OF THE REPORT</b>	The reporting scope includes all functional areas of the company, including the sales offices and distribution centres in Hungary.
<b>CHANGES IN CONTENT AND RESTATEMENTS OF INFORMATION</b>	This year we prepared our Report based on the materiality assessment conducted in 2018, and the GRI Standards guidelines. Details about re-statements of information can be found in the GRI index table.
<b>REPORTING CLAIMS</b>	GRI Standards "Core" level
<b>EXTERNAL ASSURANCE</b>	Concerning our Hungarian operations, we do not seek external assurance for our Sustainability Report annually. However, every 4 years the consulting company Denkstatt performs an audit on our key reports for the Group, which is part of the audit process of the Coca-Cola Hellenic Group's integrated annual report, prepared in accordance with the GRI Standards. Most recently, the consulting company audited data of our Hungarian operations in 2015.

# LETTER FROM THE CEO

Dear Reader,

We have just closed a memorable year in Coca-Cola HBC Hungary's history. Our business year 2017 was immensely successful, we overachieved our goals, and also managed to deliver outstanding performance within the Hellenic Group. Our revenue increased by 10%, the volume of products sold was up 7%, and we were able to improve our productivity and market share. As a result of new investment, we now own the largest food industry warehouse in Hungary. We are proud of our achievements, which would have not been possible without the dedicated and capable work of our colleagues.

I strongly believe that the key to this success was our responsible, long-term focused development of the past years. We follow a sustainable growth path that helps us to strengthen our leadership position in the market, always offering a growing portfolio of high quality products. We are confidently heading towards our strategic goal of becoming a 24/7 full beverage company so that we can serve our consumers at any time throughout the day. In 2017 we introduced new products and product categories (Lavazza, Rézangyal), and widened our low sugar and sugar-free product offerings. Meanwhile, we have not lost sight of our values, and acted in accordance with our economic, social and environmental responsibility commitments.

Besides our great successes, we do recognise the challenges awaiting us. Hungarian labour market disparities, especially labour shortages affect our company both directly and - through our supply chain - indirectly. We listen to our employees, recognising their engagement and energy, and we also aim to support our suppliers to deal with challenges arising. We are aware that unemployment particularly affects the younger generation, so this is why we have launched our #YouthEmpowered program to enhance youth-centric labour market opportunities.

There is ever growing global attention on the future of plastics. As considerable packaging users, we are fundamentally part of this debate. With our commitments we not only aspire to be part of future changes – but we also want to be drivers in this process. Leading by our own example and by supporting our consumers, we actively seek better ways to decrease plastic use and to promote recycling.



We know that obesity and unbalanced nutrition pose risks to human health, which is a challenge both in Hungary and globally. We feel responsible for our consumers, and want to fulfil our commitment through our product offering, and by helping them to make well-grounded, informed decisions. Almost half of our current portfolio consists of products with low or zero sugar content. By 2020, we will further reduce the amount of calories and sugar we turn out.

Each year since 2008, we have published a report on our sustainability performance – this year is no exception. I am happy to share our company's 2017 Sustainability Report, in which we summarise our most important commitments, actions and impacts. We always aim to present data in a transparent, comprehensible and objective manner, as transparency in our operations and the trust of our stakeholders are highly important to us. Yet again this year, we also conducted a materiality assessment amongst our internal and external stakeholders so that we could include relevant topics in this Report.

Next year, we will continue on the path we have started – I hope you enjoy sharing this journey with us.

**Minas Agelidis**

Country General Manager  
Coca-Cola HBC Hungary

# KEY HIGHLIGHTS IN 2017

## PRODUCED BEVERAGES (million litres)

+7%



596 (2016) | 638 (2017)

## LOCAL INVESTMENTS (HUF billion)

HUF  
6 billion



6 (2017)

## CAPITAL (HUF billion)

HUF  
+1.9 billion



14.6 (2016) | 16.5 (2017)

## NET REVENUES from export (HUF billion)

+4%



21.191 (2016) | 22.035 (2017)

## NET REVENUES from local market (HUF billion)

+10%



85.735 (2016) | 94.398 (2017)

## WE USED

-23% water  
-36% energy

for production (compared to 2010)

## WE USED

100%



green energy  
in our production plants

## WE RECYCLED

92%



of our waste

## EMPLOYEES

80%



of our employees are satisfied  
with our company

## OUR #YouthEmpowered PROGRAM

engaged

669



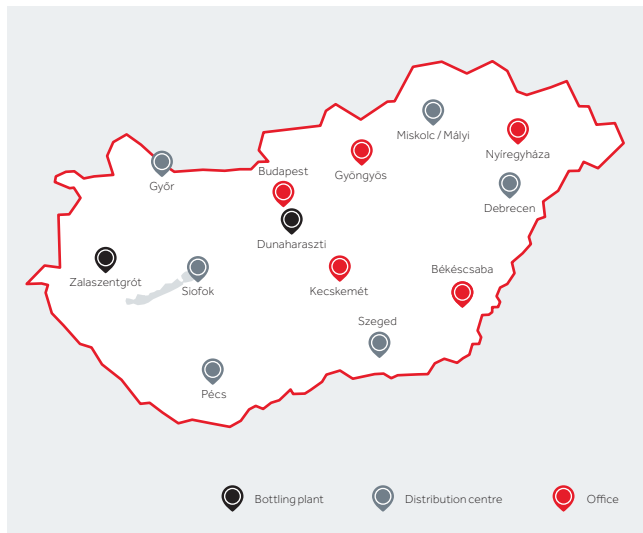
youngsters  
in the first 4 months

# COCA-COLA HBC HUNGARY



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 (100% 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, with our distribution centres and offices we are present in 10 locations across Hungary.

***Our portfolio has more than 90 different products, 90% of which were produced in Hungary***



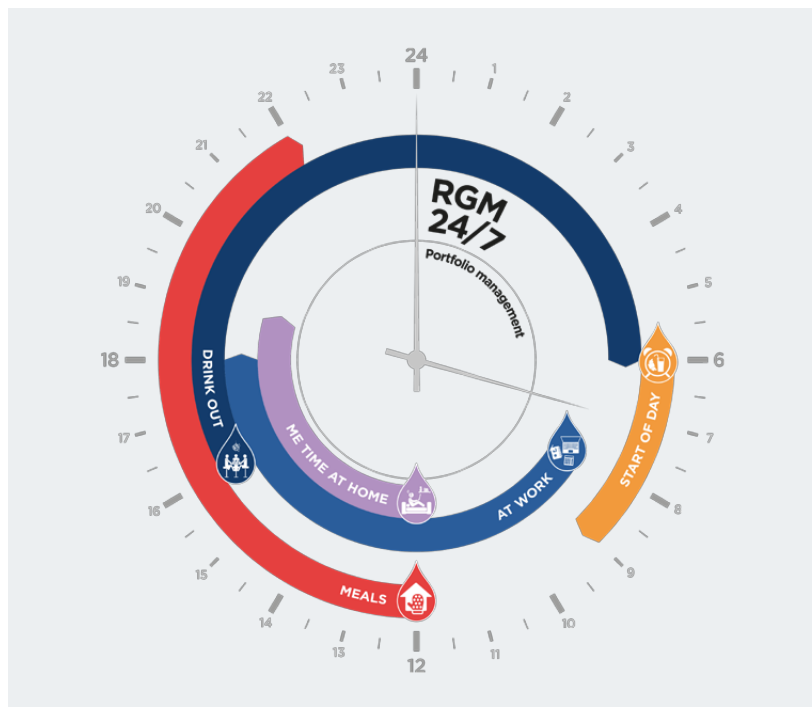
We bottle and distribute leading brand products such as Coca-Cola, Fanta, Sprite, Kinley, NaturAqua mineral waters, Nestea ice teas, Cappy juices, Powerade sport drinks, and energy drinks such as Burn and Monster. Since 2017 we have been the exclusive distributors of Italy's number one coffee, Lavazza, in Hungary. Regarding premium spirits, we distribute

Jack Daniel's, Finlandia, Bacardi, Famous Grouse, Rézangyal and Campari branded products. In addition, we operate cold drink, warm drink and snack vending machines. Besides our local market presence, we export more than 40 different products to 26 countries

# Our Strategy

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. We want to create value for our Group, The Coca-Cola Company, our customers and communities. Our goal is to be the front-runners in the growth journey within the Hellenic Group. We aim to achieve this by our responsible, sustainable and profitable growth strategy, the continuous development of our portfolio, and with the help of our committed and capable team.

We have set an important strategic goal which will bring a new era for our company's life: we strive to become a 24/7 multi-beverage portfolio company. To meet this objective, we are developing our portfolio so that we can offer our consumers high-quality products to meet their beverage needs at any time during the day – whether at the start of the day, at work, during meals or during me time at home, or drinking out.



## Four pillars of our strategy

COMMUNITY TRUST	CONSUMER RELEVANCE	CONSUMER PREFERENCE	COST LEADERSHIP
 <p>We build trust with our communities</p>	 <p>We offer our consumers the most suitable products for every occasion</p>	 <p>Our products and services fully meet our partners' expectations</p>	 <p>We focus on cost efficiency at operative level</p>



### BUILDING OUR TOTAL BEVARAGE PORTFOLIO – A MILESTONE

2017 marked an important milestone in our strategic goal of becoming a full beverage portfolio company. In May we started the distribution of Lavazza products, and by doing so, our portfolio now includes coffee as well as soft drinks, juices, mineral waters, and premium spirits.

# Our Values

Everything starts with our values: authenticity, excellence, learning, caring for our people, performing as one and winning with customers.



## **AUTHENTICITY:**

we have deeply felt values, we act with integrity and do what is right, not just what is easy.



## **EXCELLENCE:**

we strive to amaze, with passion and speed.



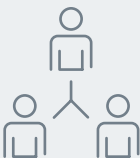
## **LEARNING:**

we listen and have a natural curiosity to learn.



## **CARING FOR OUR PEOPLE:**

we believe in our people, invest in them and empower them .



## **PERFORMING AS ONE:**

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



## **WINNING WITH 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 focusing on the people, and people the foundation of Coca-Cola HBC's sustainable growth.

## OUR CAPITALS

### 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, licences 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. 97% of 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. Utilising 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 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 **116.433** bn

Direct economic value generated

99,5 (2015) | 106,9 (2016)

HUF **24.715** bn

Operating costs

23,6 (2015) | 23,6 (2016)

HUF **10.148** bn

Employee wages and benefits

9,9 (2015) | 10,3 (2016)

HUF **5.472** bn

Payments to providers of capital

16,2 (2015) | 5,2 (2016)

HUF **2.023** bn

Payments to government

2,4 (2015) | 2,3 (2016)

HUF **42.358** bn

Total economic value generated and distributed

52,1 (2015) | 41,4 (2016)

## VALUE SHARE

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

As we create value, we support businesses along our value chain, and job creation beyond our business

### EMPLOYEES

Developing, recognising 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 minimisation of environmental impact.

# The Journey of our Products: Our Supply Chain



In 2017, we had business relationship with 1120 suppliers, 1057 of which were located in Hungary. 80% of total payments to suppliers went to local business partners.

# 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 2017
<b>Suppliers</b>	Daily business contact, supplier audits	Continuous	Provision of ingredients and services necessary for our operations
<b>Coca-Cola HBC Group</b>	Financial statements and reporting, daily business contact, internal communication, company events	Continuous	All areas of our business operations
<b>Consumers</b>	Website and social media, communication campaigns, plant visits, product testing, other events, mailing	Regular	Consumer questions, complaints, product testing (tasting)
<b>Authorities and decision-makers</b>	Bilateral and multilateral meetings, inspections by authorities, memberships of Chambers of Commerce, mailing, events	Regular	Legal framework of our business operations, other official matters
<b>Local communities, NGOs</b>	Sponsorship, community initiatives, volunteering, events, meetings, mailing	Regular	Local aspects of our business operations (infrastructure), supporting local communities, environmental protection, active lifestyle, NGO initiatives
<b>Industry organisations</b>	Memberships of associations, professional forums, events, mailing	Regular	Legal framework of our business operations, initiatives
<b>Media</b>	Ad-hoc engagements, communication campaigns, press events, mailing	Regular	Issues regarding our business operations and products
<b>Employees</b>	Annual employee engagement survey, internal communication, Social Committee, company events, internal meetings	Continuous	Employee support, scholarships, bonus, financial support for commuting, changes in our stock program, parking lot expansion
<b>Academic and educational institutions</b>	Cooperation (e.g. dual training program), traineeship programs, events	Regular	Training and labor market opportunities for young people
<b>The Coca-Cola Company</b>	Daily business contact, company events, joint initiatives and commitments/policies	Continuous	All areas of our business operations
<b>Customers and sales partners</b>	Daily business contact, meetings, annual customer survey	Continuous	Product pricing, sales and distribution

## Membership of Associations

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

# MATERIAL TOPICS

## How do we identify and prioritise our material topics?

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.

Regular assessment ensures that our performance on sustainability is reported for all important and relevant fields. Subsequently, we have presented our performances based on the results of our materiality assessment conducted in June 2018. The assessment was conducted anonymously with the involvement of KPMG Advisory Ltd. as independent third-party.

The topics were selected based on the Hellenic Group's 12 material issues. Their importance was rated by our internal and external stakeholders through an online survey (available both in English and Hungarian), broken down by GRI topics.

*Together with our stakeholders,  
we review our material topics  
each year*

Similarly to previous years, we involved all stakeholder groups, having collected feedback from 143 individuals or groups (58 from external and 85 from internal stakeholders). Based on this, we prepared the material issues matrix that served as a guidance to present our performance for 2017.

Our material issues are also in line with recognized 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.



# Material Topics Matrix

CCHBC focus areas	Topic	GRI disclosure
<b>Direct and indirect economic impacts</b>	Economic performance	GRI 201
	Procurement practices	GRI 204
<b>Corporate governance, business ethics and anti-corruption</b>	Anti-corruption	GRI 205
	Anti-competitive behavior	GRI 206
	Customer privacy	GRI 418
	Socioeconomic compliance	GRI 419
<b>Sustainable sourcing</b>	Materials	GRI 301
<b>Energy and climate change</b>	Energy	GRI 302
<b>Water stewardship</b>	Water	GRI 303
<b>Packaging and recycling</b>	Effluents and waste	GRI 306
<b>Employee well-being and engagement</b>	Employment	GRI 401
	Labor-management relations	GRI 402
	Occupational health and safety	GRI 403
<b>Human rights and diversity</b>	Diversity and equal opportunity	GRI 405
<b>Community investments</b>	Local communities	GRI 413
<b>Health and nutrition</b>	Customer health and safety	GRI 416
<b>Responsible marketing</b>	Marketing and labelling	GRI 417
<b>Product quality and integrity</b>	Consumer products lowered in saturated fat, trans fats, sodium and added sugars	G4 FP6

## Coca-Cola HBC Hungary - Materiality Assessment 2018



# Our Sustainability Commitments

Sustainability commitments of Coca-Cola HBC Hungary for 2020

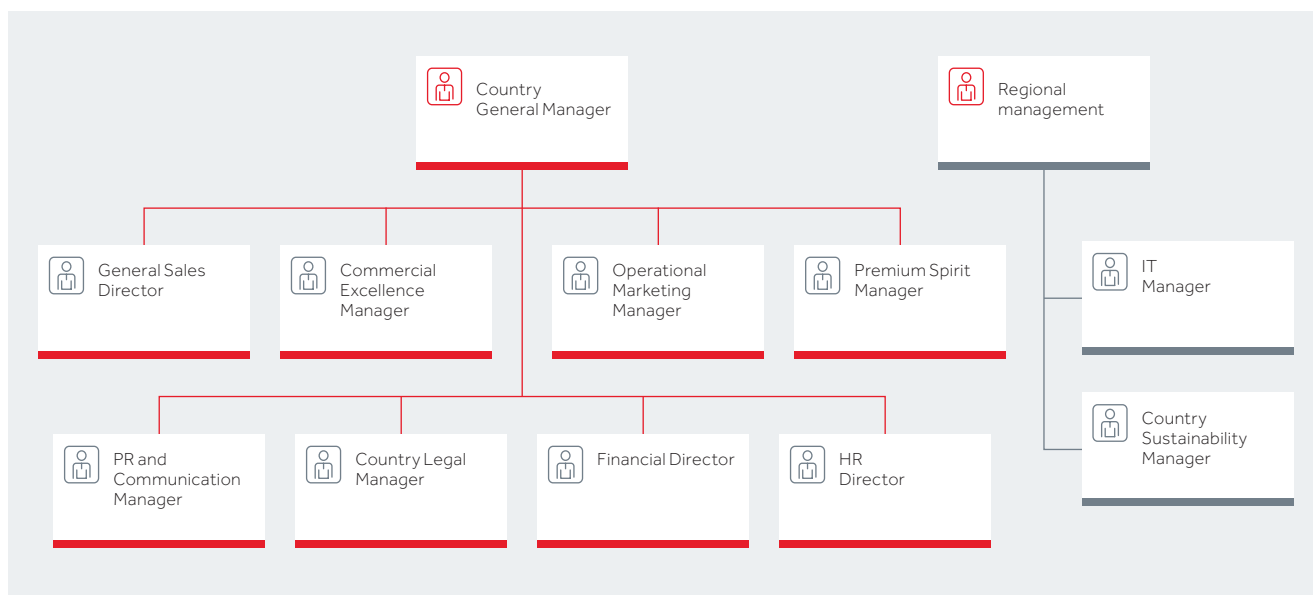


# ECONOMIC ISSUES

## 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 breaching of any of our relevant internal policies.

### Organisational structure<sup>(1)</sup>



#### ACKNOWLEDGEMENT TO OUR CEO

We are very proud that following the success of FY 2017, our CEO, Minas Agelidis was nominated for the award "Expat CEO of the Year" by the Budapest Business Journal. The award is usually given to foreign CEOs living and working in Hungary and who have devoted great effort to the growth of their company's recognition and the development of Hungary.

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



## Integrity within the company

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, our Legal director is responsible for all compliance matters.

Our Code Compliance Officers ensure that all co-workers and new joiners familiarise themselves with the Code biannually, and declare in writing their understanding of and compliance with its provisions. Our colleagues may turn to the Code 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. All ethical reports will be examined thoroughly and we guarantee that honest report submitters will never face any negative consequence.

We are committed to protecting personal data and also data collected through our business activities, whether that relates to our employees, clients, customers or suppliers. Concerning data protection, for 2017 our most important task was to prepare ourselves for the General Data Protection Regulation (GDPR) entering into force in 2018. Our revised Policy on Data Protection integrates the already existing Acceptable Use Policy with a new and updated protection measure and regulatory mechanism. For related compliance issues, our data privacy officer bears responsibility. Similarly to previous years, there were no incidents or complaints with regards to customer data protection or data loss.

## Integrity in our business relations

It is in our strongest interest and remains an ethical principle to comply with all regulations and 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 (e.g. by the Contracting policy) and via the operating structure.

All of our contracts follow templates and guidelines prescribed by our Legal Department, which is also in charge of reviewing and approving individual agreements. Ensuring compliance and legal consultation is part of our business decision-making process. Beyond that, our Terms of Business, Anti-corruption policy and our Competition policy guidelines ensure our socially responsible operations. Our internal audit department continuously monitors legal and corporate compliance.

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. Our Anti-corruption policy and compliance handbook sets out detailed standards. The policy is applicable to all employees, and violation may imply the termination of employment. 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 that are in regular contact with government officials are classified as risk-employees and receive more in-depth and thorough training.

We believe in fair competition and we never pursue unlawful or unethical competitive advantages. Our Competition policy guidelines define the principles of fair operations, which is in



### AS A RESPONSIBLE BUSINESS PARTNER, WE CARE ABOUT OUR CUSTOMERS' SATISFACTION

We are in contact with our business partners on a daily basis, selling them our product directly. Taking their feedback into account is crucial to establish long-term and successful cooperation. We make efforts to maintain continuous dialogue with our partners, and we channel the results of our customer surveys and feedback provided during bilateral consultations back into our operations. We provide courses and professional career development to our sales colleagues, so that they meet the requirements of high customer expectations.

We conduct customer satisfaction surveys on an annual basis. According to the 2017 results, we managed to improve our scores across all customer groups. Based on GfK's scoring, we finished in the highest "Champions' League" category.

compliance with the current competition law and is binding to all members of the Hellenic Group. The policy sets standards for organising our commercial practices, pricing and promotional activities as well as communication with our competitors and communication about business processes.

Similarly to previous years, our company did not have any incidents of corruption, nor did we have legal proceedings for anti-competitive behaviour, anti-trust conduct or monopoly-style practices.

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 principles covering all our business relations.



*For the WSZL company, working together with a sustainable partner means an economic, social and business relationship by which both organisations can fulfil their potential and increase their company value in the long run. This cannot be done from one day to another; however, with small steps and hard work, we can achieve serious results at company level and within society.*

*Our core values:*

- *Reliability: We keep our promises.*
- *Innovation: We are open-minded, always looking for and developing new solutions.*
- *Adaptation: We adapt to the challenges of changing environments quickly and efficiently.*
- *Sustainability: We think about our employees, partners and the natural and social environment responsibly and for the long run.*
- *Commitment: Because we love it...*

**Zsolt Barna,**

*Waberer's Szemerey Logistics Ltd.  
Managing Director*

# Direct and Indirect Economic Impacts

Coca-Cola HBC 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 have 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.

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 is monitored by the Audit and Risk Management Committee on behalf of the Hellenic Group. 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

---

***This year, our local investments exceeded HUF 6 billion***

---

a robust system to identify and monitor risks, and we send a quarterly report to the Group's Board of Directors.

This year, thanks to our growth strategy and our colleagues' dedicated and capable work, we were able to close a highly successful financial year. We increased our revenue by 10% and the volume of production by 7%. Hence, we exceeded the average of the Hellenic Group's regional and overall performance. Besides our economic performance, we are proud of our indirect economic impacts. We actively contributed to Hungary's economic development. We work together with a significant number of local suppliers, we carried out investments of high value, and our company is one of the biggest corporate taxpayers in the country.



*Coca-Cola started their production in Hungary 50 years ago, since then they invested more than HUF 120 billion in the country. Thanks to the continuous process developments, corporate social responsibility actions and improvements in environmental-friendly packaging techniques, today they are one of the most important Hungarian FMCG companies.*

**Róbert Ésik,**

*President, Hungarian Investment Promotion Agency*

*A precondition of competitiveness of the national food industry that the nationally operating companies increase their export share on the foreign markets. As a result of the investments of the past period, the Coca-Cola HBC Hungary became leading production base of the region, supplying 25 countries with their products."*

**Géza Miklósvári,**

*chairman of Hungarian Mineral Water, Fruit Juice and Soft Drink Association*



## INVESTMENTS TO SUPPORT HUNGARIAN ECONOMIC DEVELOPMENT

This year, with a HUF 2 billion investment, we carried out a project to expand our warehouse in Dunaharaszti by 6500 extra square meters. As a result, the facility now has the biggest warehouse capacity in the Hungarian food industry.

Also in 2017, we started a unique technological investment in Zalaszentgrót. As a result of the project, from next year we will be able to launch the production of GLACEAU Smartwater products. This new premium brand, produced in Zalaszentgrót, will be available not only on the local market, but in eight other countries as well.

# Product Quality and Integrity

We are constantly working on assuring that all of our 90 different 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.

We aim to minimise any risks or customer complaint potential related to quality or food safety. To this end, we apply quality control systems (ISO 9001 and FSSC 22000) that are audited by an independent party, and we have our internal guidelines and commitments set out in our Quality and Food Safety Policy. 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 plant managers and quality control managers.

The number of customer and food safety complaints, which we seek to minimise, are our key indicators for performance. We follow-up on customer complaints in line with our own detailed internal policies.



## 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 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. After having completed our internal training course, these colleagues test the flavour, colour and odour of the products in order to ensure their constantly high quality. In our well-equipped microbiological and analytical lab we carry out regular tests on products, raw ingredients, packaging materials and intermediate samples.



# 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 help them make conscious choices to have a balanced and healthy diet.

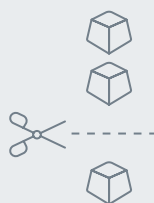
## What measures do we take to enhance consumer health?

### INTRODUCING NEW PRODUCTS



We are continuously improving our product portfolio and increasing the proportion of low calorie, sugar and calorie-free products. Between 2015 and 2017, we introduced 14 new products, including the sugarfree versions of our already existing brands (e.g. Sprite Zero or Nestea Zero)

### EVOLVING OUR RECIPES



We are continuously assessing options to evolve recipes to reduce our products' sugar and calorie content. Between 2015 and 2017 we managed to reduce the sugar content in 8 leading products, including the most popular brands (Fanta, Sprite, Cherry Coca-Cola).

### REDUCING PACK SIZES



A way to control the calorie intake is to reduce our products' pack sizes. In 2015 our large sized bottles were reduced by two glassfuls. We now aim for greater distribution of packs under 300ml.

### INFORMATION AND AWARENESS RAISING



We help make conscious choices through business and marketing activities. This includes our labelling policies (clear and understandable labels indicating the daily reference intake), the development of our shelf display guidelines or our commercials, of which 50% now indicate calorie-free products.

8 new recipes and  
14 new products  
developped to offer  
lower calorie intake

(2015-2017)

Calorie content of our  
products decreased  
by 5.3%

(2015-2017)

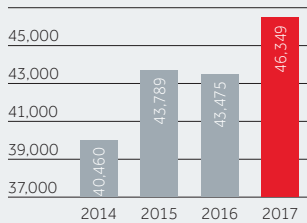
47% of our product  
portfolio is of low calorie  
content or calorie free

(2015: 35%)

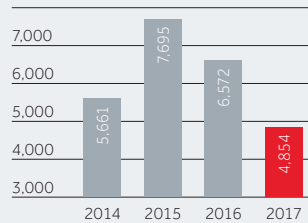
**We committed to a 50% sugar and calorie content reduction in our products between 2010-2020**

**TEA**

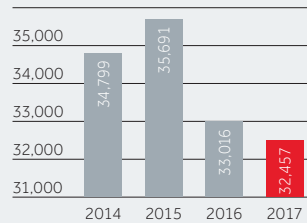
**Total sales volume**  
(thousand litres)



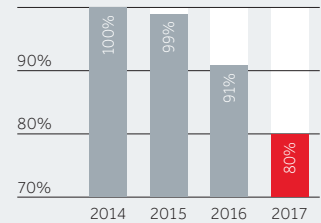
**Lowered in sugar**  
(thousand litres)



**Sugar substituted by artificial sweetener**  
(thousand litres)

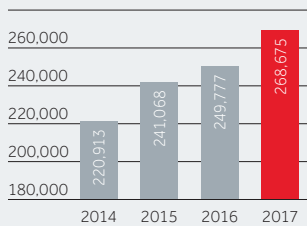


**% of sales volume of products that are lowered in sugar or sugar-free**

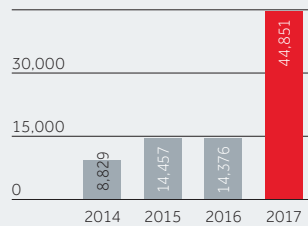


**CARBONATED SOFT DRINK**

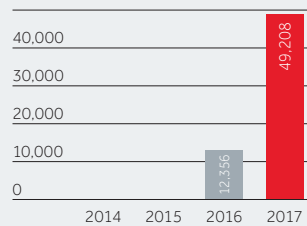
**Total sales volume**  
(thousand litres)



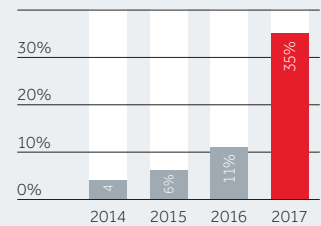
**Lowered in sugar**  
(thousand litres)



**Sugar substituted by artificial sweetener**  
(thousand litres)

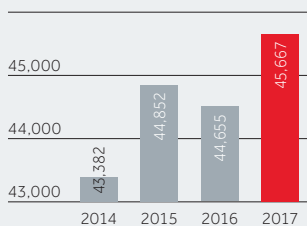


**% of sales volume of products that are lowered in sugar or sugar-free**

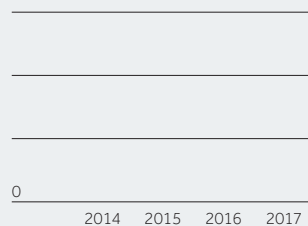


**JUICE**

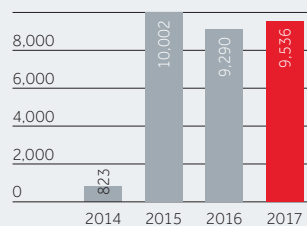
**Total sales volume**  
(thousand litres)



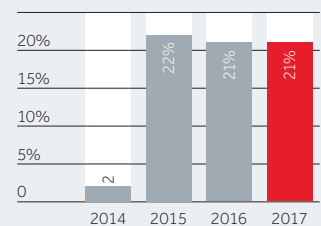
**Lowered in sugar**  
(thousand litres)



**Sugar substituted by artificial sweetener**  
(thousand litres)



**% of sales volume of products that are lowered in sugar or sugar-free**



**INDUSTRY COOPERATION TO REDUCE SUGAR INTAKE**

Coca-Cola HBC Hungary and members of the Association of Hungarian Mineral Water, Juice and Beverages Association committed to reducing sugar content in products by 50% by 2020 compared to the 2010 baseline. This objective is in line with our own commitments to reduce the calorie content of products, and means a new step forward. We are working on continuously developing our recipes and product portfolio to support conscious choice and healthy lifestyle of our consumers.



*Our most recent scientific recommendation, SMART PLATE® emphasises that sufficient daily drinks intake is an important part of our diet. The balanced and moderate consumption of soft drinks, juices and tea can form a part of a balanced diet. In addition, the reformulation programme of Coca-Cola HBC Hungary supports the conscious control of calorie and sugar intake.*

**Jolán Kubányi MSc,**  
Chairperson, Hungarian Dietetic Association



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, TCCC is responsible for designing product labels, while we cooperate and take corrective measures jointly in cases of customer complaint. In 2017 we had no 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 high quality flavour experience. All 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 to a balanced diet even in the case of long-term consumption.

# 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. 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 made voluntary commitments concerning responsible advertising and commercial communication. Subsequently 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. 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 communications, in 2017 we did not have any non-compliance issues with regards regulatory obligations or our voluntary commitments.



# ENVIRONMENTAL ISSUES

## Efficient and Green Energy Consumption

Our core processes, i.e. the production and distribution of our products would not be possible without a significant amount of energy. As part of our responsible and sustainable operation plan, we are committed to efficient energy usage and to continuously decrease the CO<sub>2</sub> emissions of our energy consumption.

Since 2016 we have been applying the ISO 50001 energy management system at national level, by which we can track our energy consumption. The system was assured by an independent third-party organization, SGS Hungária. As part of this system we set targets and action plans annually to reduce our energy consumption and improve the efficiency of our operations. Our devotion to this issue is set in our Energy Policy, and our Country Sustainability Manager is responsible for tracking our progress.

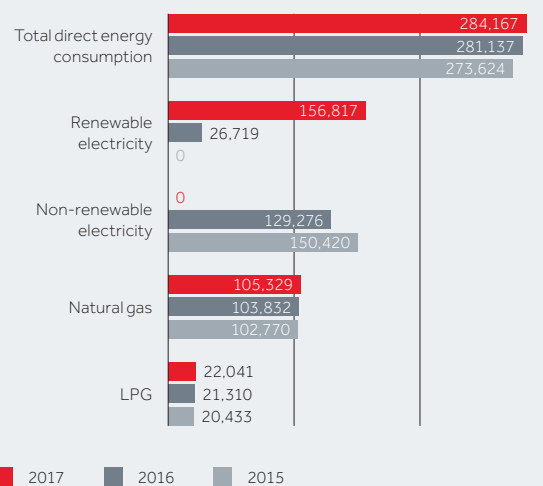
**Since 2017 both of our plants operate with 100% green electricity**

We consider it an important step that since 2016, our plant in Zalaszentgrót, and since this year also our Dunaharaszti site operate using only green electricity. The plant at Zalaszentgrót is equipped with heat pumps to supply the plant with green heat energy. As a result, the plant is almost completely carbon neutral.

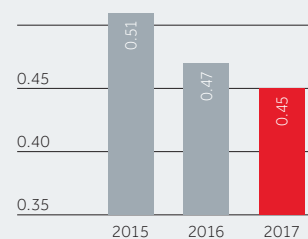
We are committed to implementing further efficiency improvements, thus we are continuously looking into possibilities for energy efficiency and renewable energy investments.

In line with our growing production, our absolute energy consumption is increasing as well. In order to better track our performance, we use intensity indicators. Our most important KPI is the amount of electricity used per average unit produced. Our target for 2017 was 0.46 MJ/liter (0.128 kWh/liter) which we were able to exceed.<sup>(2)</sup>

Direct energy consumption (GJ)



Energy intensity (MJ / litre product)



(2) The indicator is calculated as the energy used for production (gas, electricity, LPG) divided by the produced volume of product. The standard unit is MJ/liter

# Packaging, Recycling and Waste Management

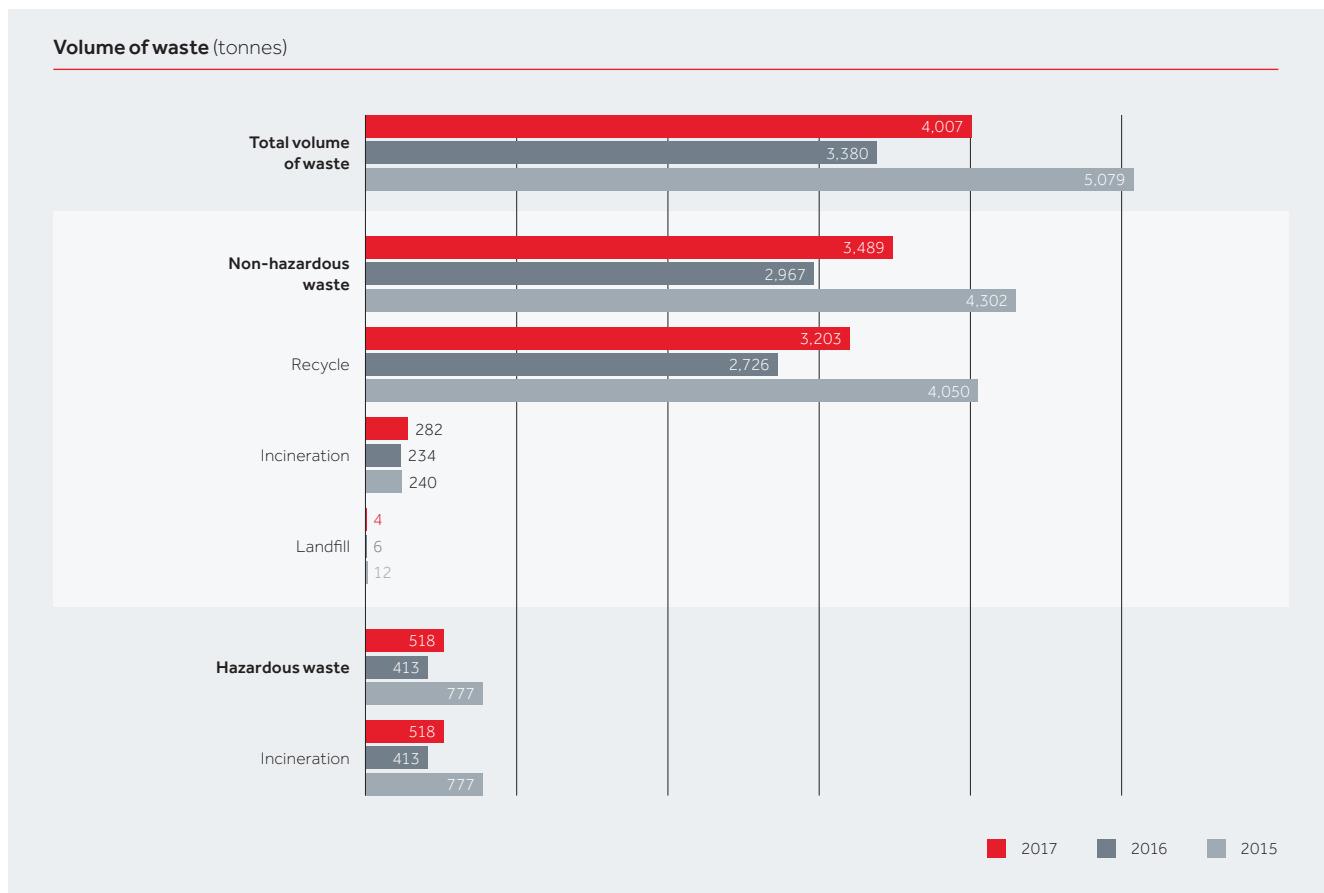
Appropriate packaging is essential to keep our products fresh and guarantee their safety. We work hard to provide sustainable packaging and waste management solutions so that we can reduce the environmental impact of our products.

First and foremost our goal is to reduce and manage the amount of waste generated during production, and to minimize the amount that is landfilled. Moreover, we strive to reduce the environmental impact at the end of the product life-cycle by modifying the design (lighter and thinner), collecting and recycling our packaging. Our final goal is to close the recycling loop and reuse old packaging materials.

As part of the ISO 14001 Environmental management system, we continuously monitor our waste management. 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 about the importance of waste recycling. We also strive to find new ways to reduce, reuse or recycle waste.

**We recycled 92% of our non-hazardous waste**

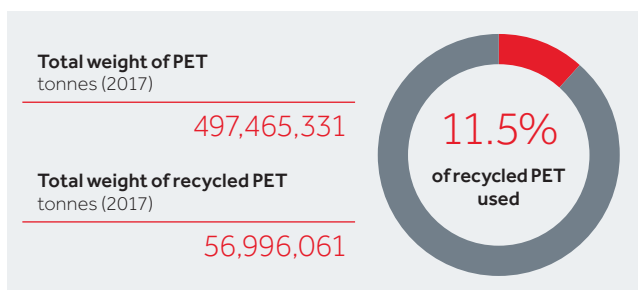
In our production line, the primary waste materials generated are plastic and cardboard, while hazardous waste is generated by our cold drink vending services. Since 2017, we have recycled 100% of the waste from our Dunaharaszti plant. In all of our plants and distribution centres we collect waste separately. We want to avoid disposing of our waste at landfills, therefore we send waste that cannot be recycled to incineration plants to generate energy.



**100% of our bottles  
can be recycled**

At Coca-Cola HBC Hungary we treat packaging waste reduction and reaching higher recycling rates as a priority. 100% of our bottles can be recycled, and thanks to our recent developments, today we need to use 15% 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. We offer several products in multipacks with printed shrink film. We work together with our packaging suppliers, and by using the latest innovative technologies, we are able to reduce the thickness and weight of the film to further decrease waste volumes.



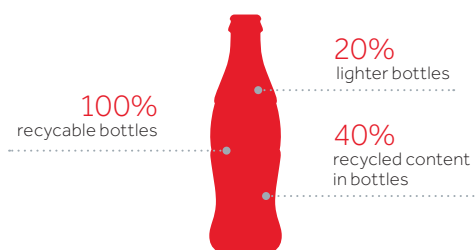
**INNOVATIVE PACKAGING DESIGN FOR WASTE REDUCTION**

In 2017 we made serious investments into reducing waste generated from packaging, starting from the packaging design process. This year we started to redesign the NaturAqua bottles for the production at Zalaszentgrót. By reducing the weight of the bottle, shortening its neck and reducing the size of the screw cap, we will be able to reach significant waste reduction.



**LIGHTER AND MORE ENVIRONMENT FRIENDLY BOTTLES BY 2020**

In order to reduce the environmental footprint of our plastic bottles, we made new commitments. By 2020 we will reduce the weight of our plastic bottles by 20%, and will increase their recycled input rate to 40%. With these targets we also contribute to The Coca-Cola Company's World Without Waste global program.



# Sustainable Materials and Sourcing

The ingredients used to produce our products are mainly natural raw materials, their 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 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 the economic 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. In our Supplier Guiding Principles we described not only the process but the guiding principles that enable us to control and monitor the process. Its efficiency is supported by the outcomes of regular audits performed at our company.



## WHAT KIND OF MATERIALS DO WE USE?

For our products:

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

For packaging:

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



# Our Key Ingredient: Water

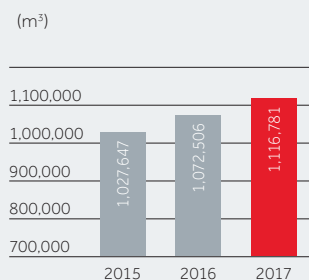
Water has a priority role in our production, it is the core ingredient in our products, and is also essential for the agricultural activities needed to grow our other input materials. Responsible water management is present in every process we have, and plays a crucial role in our supply chain.

We track our environmental performance, including our water consumption with the ISO 14001 Environmental management system. The system was 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.

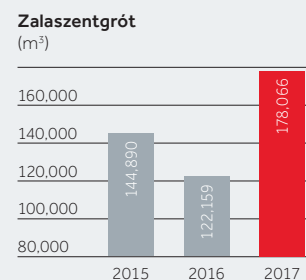
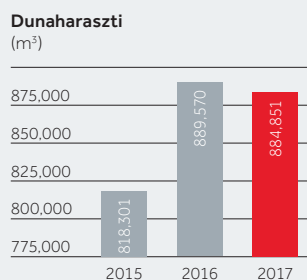
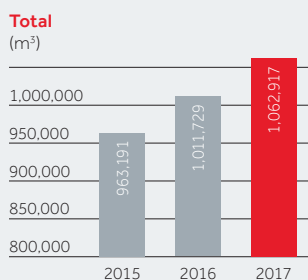
**In 2017 we used 1.75 litres of water to produce 1 litre of product (2016: 1,8 litres)**

Due to the significant growth in our production in 2017, our water consumption also increased in absolute terms. We track our performance primarily with an intensity indicator (water used to produce one unit of product), which we aim to reduce to 1.61 liters/liter by 2020. Thanks to our actions we were able to exceed our 2017 goal (1.85 liters/liter).

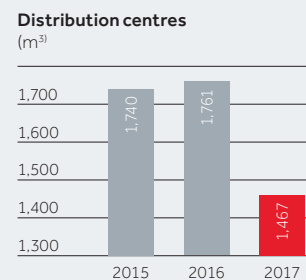
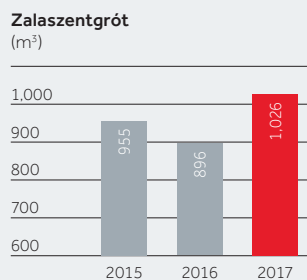
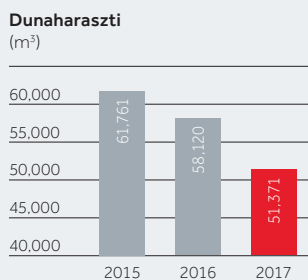
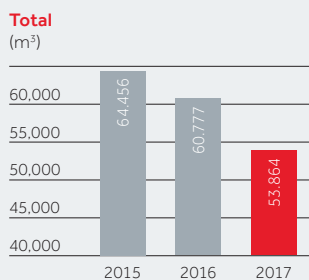
## Total water withdrawal



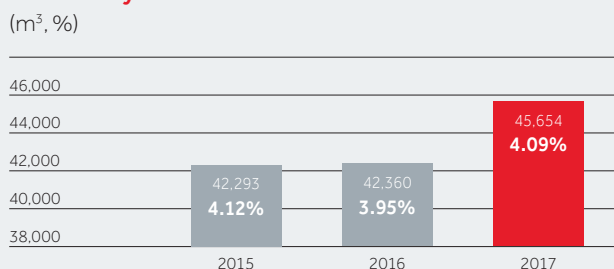
## Ground water



## Municipal water supplies



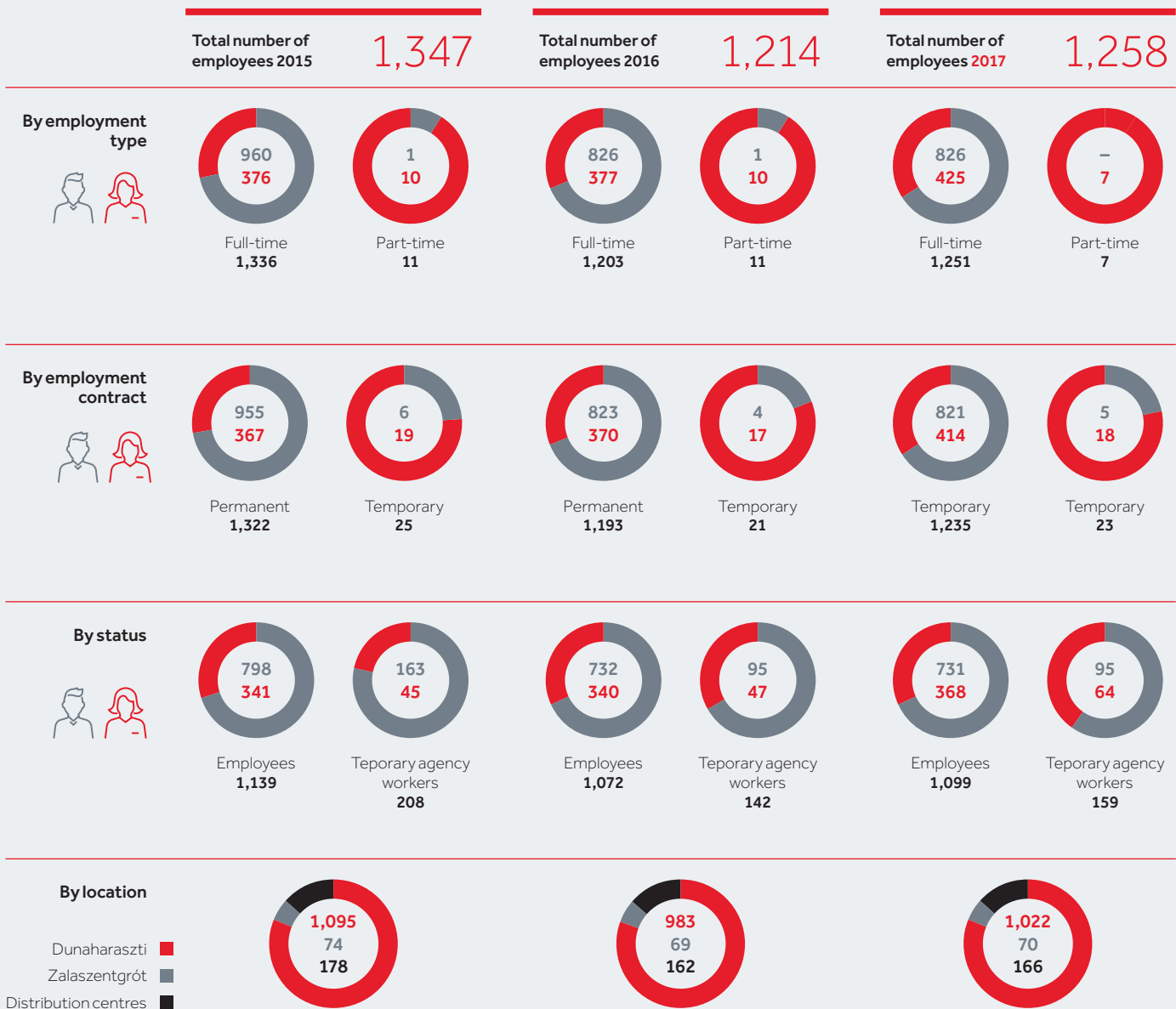
## Water recycled and reused in Dunaharaszti



At our plant at Dunaharaszti we were able to increase the amount of reused and recycled water.

# SOCIAL ISSUES

## Responsibility towards Our Employees



## Well-being and engagement of our employees

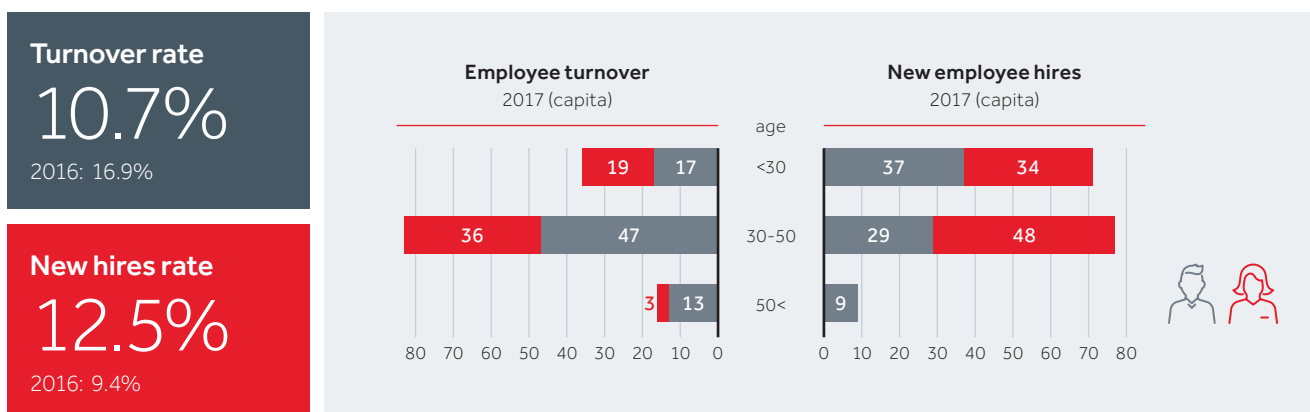
The key to long-term sustainable growth and success of Coca-Cola HBC Hungary is our employees. The main factors in our colleagues' top performance are their satisfaction, continuous development, safety, and attractive career path, all of which bring value to our company, but also indirectly to our business partners and consumers. We aim to ensure their physical, financial and social well-being. Our HR Director is responsible for implementing our relevant policies and actions.

We measure our employees' satisfaction and engagement every year according to international standards. Based on the results, we prepare company-wide and functional action plans. Based on the feedback from last year, in 2017 our action

plan focused on four areas: the energy level of our employees, leadership development, training, and compensation and benefits. The success of these measures is tracked by performance indicators.

One of our main goals with these measures is to retain our employees. We consider it an important result that in 2017 the turnover rate in our company was below the overall Hungarian and FMCG market average. <sup>(3)</sup>

**We are proud that 80% of our employees were satisfied with our company in 2017**



Our Workplace Wake Your Body program supports our employee's well-being and health, also providing opportunities for sports activities at the workplace. As an important development, in 2017 we introduced a new health insurance package, covering all of our colleagues. This year we organised our first Energy Week, in which 80% of our employees took part, improving their energy levels by attending training courses, lectures, playing sports or learning about healthy nutrition.

We fully support flexible working opportunities. This year we aligned our home office policy at company level, which makes working from home available four times a month for colleagues in certain positions.

We respect and value the performance of our employees. From this year, in the framework of the WoW (World of Winners) program we awarded the employees and teams who delivered exceptional performance on a quarterly basis. In 2017, 375 staff received the award. Our compensation and benefit system also aims to motivate and recognise our colleagues. This year, we further developed the system by increasing salaries above the market average, and by introducing new bonus elements.



(3) According to turnover rate data of Hay for 2017.

We believe in open professional relationships based on feedback. It is our leaders' responsibility to pay attention to employees' suggestions and feedback during their work. We organise all-staff forums on a regular basis where our managers can answer our employees' questions directly. In addition, we organise forums multiple times a year for our 60 most senior leaders, and for our top 150 leaders once a year, where besides discussing the business strategy, they have the opportunity to share their feedback, opinions, and hold discussions. Our managers can also take part in our leadership development program, by which they get personalized support to develop their skills and improve their performances.

We pay special attention to attracting and developing talents and future employees. We offer traineeships and management trainee programs, and as part of our dual training program, we offer engineering students opportunities to gain practical experiences. We are continuously developing our recruitment process, and in 2017 we made this process shorter and more efficient.



### OUR EMPLOYER AWARDS

We are proud that not only our current employees, but also potential future hires consider us an attractive and reliable employer. In 2017 we received the Best of FMCG Employers Excellence Award 2017 Students' Choice, which was awarded based on feedback from 15,000 students. Based on Randstad's independent Employer Brand Research 2018, our company was placed in the top 10 list of the most attractive employers in Hungary. In the FMCG category, we also won the special award for The Most Attractive Workplace.



## Providing safe work environment

We are committed to continuously revising and minimising occupational health and safety risks, therefore we strive to provide an ever safer working environment and conditions for all our employees.

	2015	2016	2017	
<b>Number of injuries<sup>(4)</sup></b>	6 (2015)	12 (2016)	7 (2017)	
<b>Of which: injuries resulting in lost work days</b>	5 (2015)	1 (2016)	3 (2017)	
<b>Number of lost days</b>	376 (2015)	40 (2016)	68 (2017)	
<b>Number of missed (absentee) days</b>	4,947 (2015)	5,321 (2016)	6,122 (2017)	
<b>Incidents of occupational diseases</b>	N/A (2015)	0 (2016)	0 (2017)	
<b>Number of fatalities</b>	0 (2015)	0 (2016)	0 (2017)	

(4) Figures in the table refer to our employees. In cases of workers who are not employed by our company (temporary agency workers), there were 5 incidents of injury in 2017.



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 Occupational health & safety policy is revised and assured regularly by the external independent organization 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 2014 the number of missed days fell by 85%**

We secure the occupational health and safety knowledge and mindfulness of our colleges by providing education at every level of the organization. We organise our Occupational Safety week every year, in which our employees take part in training courses and presentations to raise their awareness of the importance of this topic.

The Occupational Health and Safety Committee operates at national level. The 16 members of the committee are appointed and elected by our employees, and they represent 100% of our colleagues. The Committee sits at least once a year, and they take part in the investigation of safety incidents and accidents and in the decision-making about the developments of our occupational safety system.

**Days without an accident\***  
**1238 Dunaharaszti**  
**1769 Zalaszentgrót**

*as of 31 December 2017*

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



#### PIONEER APPROACH TO OCCUPATIONAL HEALTH AND SAFETY

Although we achieved significant improvements with our occupational health and safety developments in 2017, we want to further strengthen our safety culture. In this regard, we were among the first within the Coca-Cola HBC Group to start a pilot project for the Behavior Based Safety programme at our Dunaharaszti plant.

The system focuses on prevention, it monitors behavioral risks and tendencies, and aims to enable improvements by building a safety conscious mindset. In order for the bottom-up system to be effective, we prepared our employees in advance with courses and workshops.

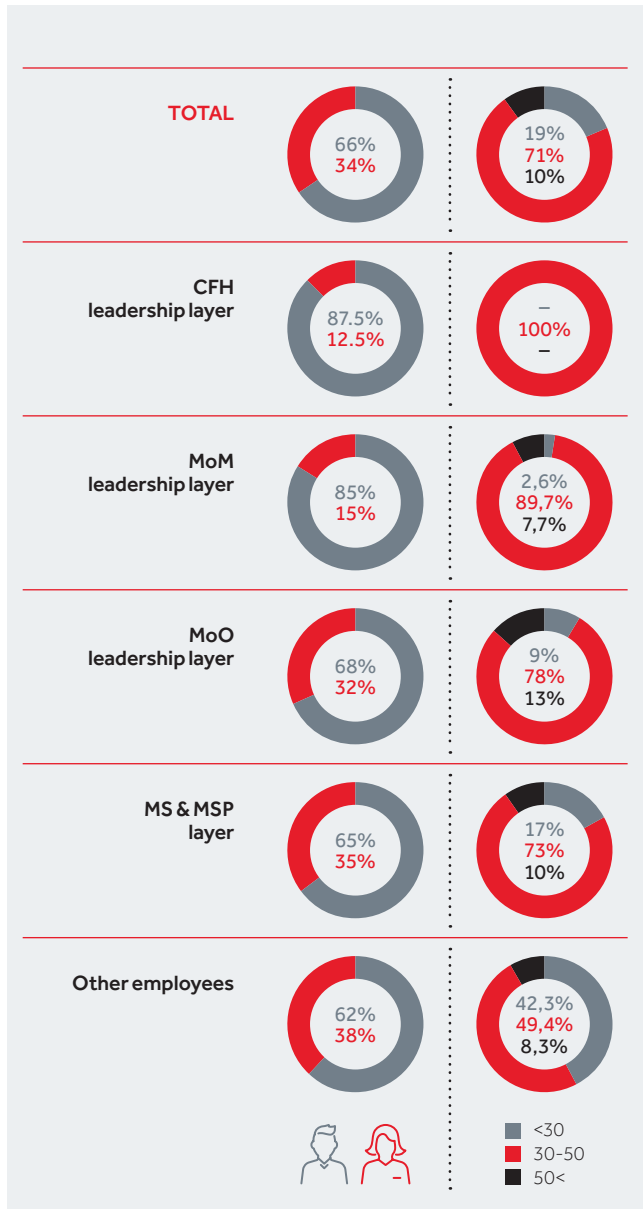
After evaluating the experiences of this pilot project, our aim is to extend the system to the entire plant in Dunaharaszti and to a part of our supply chain in 2018.

# Human Rights and Diversity

Day by 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, 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. In 2018 a comprehensive external audit was carried out at our company, which also examined the matter of equal opportunities, and concluded to be appropriate in every aspect.

We demand ethical behavior from our business partners as well. Each of our partners has to accept our Supplier guiding principles, which prescribes the respect of human and labor rights and the prohibition of any discrimination.



# Commitment to Local Communities

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. In 2017 we participated in the life of our communities primarily with voluntary initiatives and with the #YouthEmpowered program, while we also continued our long-term social partnerships. 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.

## Our Employees for Local Communities

Our corporate volunteering program has existed since 2007 and forms a key part of our responsibility strategy. Via our voluntary activities we take an active part in the life of our communities, we integrate the mindset of social responsibility into our daily operation and we enhance our employee's sense of responsibility towards communities. As part of the program our employees engage with important local matters, and help NGOs, educational institutions and communities that do not have necessary resources or capacities.

Participation in the volunteering program is open to every employee, and they can do these during official working hours. In 2016 we refreshed our program, and now our employees have the opportunity to initiate projects to improve and develop their direct environment. Our company also provides funding for initiatives through an application system. In previous

**83 of our employees did 664 hours of voluntary work in 2017**



years our projects were mainly connected to environmental protection, leisure and sports activities (for example: river bank cleaning, planting and environment repair or sports/playground restoration). Our program partner is Volunteering Hungary - Centre of Social Innovation (ÖKA). They help us with organization and implementation tasks.

“

*Doing something useful voluntarily even for strangers: almost addictively good!*

**János Kormos,**

Area logistics manager, Coca-Cola HBC Hungary

*The volunteering day was a great experience for the children living there. Us being there was exciting for them, they were curious about what would happen, what would change. For us the time spent there meant value creation. We helped with what they needed: we painted, cleared, dug, planted, and so on. It took us away from our everyday routine, enriched us with experiences and human relationships.*

**Zoltán Gerstenbrein,**

Central dispatcher, Coca-Cola HBC Hungary

”

## #YouthEmpowered program for the youth

In Hungary unemployment and labor shortage exists at the same time, and labour market difficulties fall especially hard on the younger generations. We experience the effects not only within our company but in our communities as well. Reacting to these problems and in line with our international objectives, we treat the topic of the younger generations' unemployment as a priority. We want to help them by providing such skills and networks that can help to build better career outlooks, and the possibility for a better life.

We launched our #YouthEmpowered program in autumn 2017. This program targets 18-30 year-olds and tries to improve their labor market opportunities. As part of the program we provide free training courses for young jobseekers who are currently not working, but also not studying anymore.

The courses aim to improve those basic competencies that are necessary for successful job seeking and employment. Moreover, participants can build valuable professional relationships, and they can practice efficient communication which will be useful when applying for a job.



**In 2017 669 youngsters took part in our program**  
**By 2020 we want to engage 8,000 young people**



*Opportunity for me starts in the morning when I wake up. But what I do next is up to me. Some people already know how to do this, but there are others who need help to find the treasures in their personalities. What is great about the #YouthEmpowered program is that it awakens participants and gives them help to convert their personalities into opportunities!*

**Dr. Erika Sinkó,**  
 #YouthEmpowered trainer, Self Training Consulting Ltd.



### OUR COMMITTED PARTNERSHIP WITH THE HUNGARIAN FOOD BANK

"For the Hungarian Food Bank Association, our long-term partnership with Coca-Cola HBC is crucial. Our organization regularly receives products from the company that are perfectly suitable for consumption, however for some reason cannot be sold in retail. With the help of the Food Bank, these products are delivered to needy communities as donations. By this cooperation we can not only help those in need, but we save products that otherwise would go to waste, hence we reduce the environmental impact. Our partnership serves environmental and social purposes at the same time. We hope that this cooperation will be long term and we can continue to reduce food waste and destitution."

**Cseh Balázs,** chairman of the Food Bank

# GRI INDEX

GRI Disclosure	Description	Chapter	Page	Direct response
<b>GENERAL DISCLOSURES</b>				
<b>ORGANISATIONAL PROFILE</b>				
102-1	Name of the organization	Coca-Cola HBC Hungary	4	
102-2	Activities, brands, products, and services	Coca-Cola HBC Hungary	4	
102-3	Location of headquarters	Coca-Cola HBC Hungary	4	
102-4	Location of operations	Coca-Cola HBC Hungary	4	
102-5	Ownership and legal form	Coca-Cola HBC Hungary	4	
102-6	Markets served	Coca-Cola HBC Hungary	4	
102-7	Scale of the organization	Coca-Cola HBC Hungary	3-4	
102-8	Information on employees and other workers	Responsibility towards our employees	28	In this year's Report, we publish a restatement of information about the number of employees as per the status on 31 December, in line with the GRI guidelines.
102-9	Supply chain	The Journey of our Products: Our Supply Chain	8	
102-10	Significant changes to the organization and its supply chain	–	–	In 2017, there were no significant changes to our organisation or our supply chain.
102-11	Precautionary Principle or approach	Direct and Indirect Economic Impacts	17	
102-12	External initiatives	–	–	As part of the Coca-Cola HBC Group, we are members of several global initiatives, such as: <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> Key local initiative: <ul style="list-style-type: none"> <li>• Hungarian Mineral Water, Fruit Juice and Soft Drink Association's voluntary pledge for sugar reduction</li> </ul>
102-13	Membership of associations	Our Stakeholders	10	
<b>STRATEGY</b>				
102-14	Statement from senior decision-maker	Letter from the CEO	2	
<b>ETHICS AND INTEGRITY</b>				
102-16	Values, principles, standards, and norms of behavior	Our Values	6	
<b>GOVERNANCE</b>				
102-18	Governance structure	Corporate Governance, Business Ethics and Anti-corruption	14	
<b>STAKEHOLDER ENGAGEMENT</b>				
102-40	List of stakeholder groups	Our Stakeholders	9	
102-41	Collective bargaining agreements	–	–	There is no labor union at our company, therefore we do not have any collective bargaining agreements with our employees.
102-42	Identifying and selecting stakeholders	Our Stakeholders	9	
102-43	Approach to stakeholder engagement	Our Stakeholders	9	
102-44	Key topics and concerns raised	Our Stakeholders	9	

GRI Disclosure	Description	Chapter	Page	Direct response
<b>REPORTING PRACTICE</b>				
102-45	Entities included in the consolidated financial statements	–	–	Coca-Cola HBC Magyarország Kft.
102-46	Defining report content and topic Boundaries	About this report	1	
102-47	List of material topics	Material Topics	12	
102-48	Restatements of information	About this report	1, 35	
102-49	Changes in reporting	About this report	1	
102-50	Reporting period	About this report	1	
102-51	Date of most recent report	About this report	1	
102-52	Reporting cycle	About this report	1	
102-53	Contact point for questions regarding the report	About this report	1	
102-54	Claims of reporting in accordance with the GRI Standards	About this report	1	
102-55	GRI content index	About this report	1	
102-56	External assurance	About this report	1	

## ECONOMIC TOPICS

### ECONOMIC PERFORMANCE

103-201	Management approach – Economic Performance	Direct and Indirect Economic Impacts	17	
201-1	Direct economic value generated and distributed	Our Business Model	7	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.

### PROCUREMENT PRACTICES

103-204	Management Approach - Procurement practices	Sustainable Raw Materials and Procurement	26	
204-1	Proportion of spending on local suppliers	The Journey of our Products: Our Supply Chain	8	

### ANTI-CORRUPTION

103-205	Management Approach - Anti-corruption	Corporate Governance, Business Ethics and Anti-corruption	15-16	
205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance, Business Ethics and Anti-corruption	15-16	
205-3	Confirmed incidents of corruption and actions taken	Corporate Governance, Business Ethics and Anti-corruption	15-16	

### ANTI-COMPETITIVE BEHAVIOR

103-206	Management Approach - Anti-competitive behavior	Corporate Governance, Business Ethics and Anti-corruption	15-16	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance, Business Ethics and Anti-corruption	15-16	

## ENVIRONMENTAL TOPICS

### MATERIALS

103-301	Vezetési irányelvek - Anyagok	Sustainable Raw Materials and Procurement	26	
301-2	Újrahasznosított anyagok használata	Packaging, Recycling and Waste Management	25	

GRI Disclosure	Description	Chapter	Page	Direct response
<b>ENERGY</b>				
103-302	Management Approach - Energy	Energy Consumption – Efficient and Green	23	
302-1	Energy consumption within the organization	Energy Consumption – Efficient and Green	23	
302-3	Energy intensity	Energy Consumption – Efficient and Green	23	
<b>WATER</b>				
103-303	Management Approach - Water	Our Key Ingredient: Water	27	
303-1	Water withdrawal by source	Our Key Ingredient: Water	27	
303-3	Water recycled and reused	Our Key Ingredient: Water	27	
<b>EFFLUENTS AND WASTE</b>				
103-306	Management Approach - Effluents and Waste	Packaging, Recycling and Waste Management	24-25	
306-2	Waste by type and disposal method	Packaging, Recycling and Waste Management	24	
<b>SOCIAL TOPICS</b>				
<b>EMPLOYMENT</b>				
103-401	Management Approach - Employment	Responsibility towards our employees	29-30	
401-1	New employee hires and employee turnover	Responsibility towards our employees	29	
<b>LABOR-MANAGEMENT RELATIONS</b>				
103-402	Management Approach - Labor/ Management relations	Responsibility towards our employees	29-30	
402-1	Minimum notice periods regarding operational changes	–	–	There is no works council or labor union at our company, therefore the minimum notice period regarding operational changes is defined by the Hungarian Labor Code, which is minimum 30 days.
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
103-403	Management Approach - Occupational Health and Safety	Responsibility towards our employees	30-31	
403-1	Workers representation in formal joint management-worker health and safety committees	Responsibility towards our employees	31	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Responsibility towards our employees	30	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
103-405	Management Approach - Diversity and Equal opportunity	Human Rights and Diversity	32	
405-1	Diversity of governance bodies and employees	Human Rights and Diversity	32	
<b>LOCAL COMMUNITIES</b>				
103-413	Management Approach - Local communities	Our Commitment to Local Communities	33-34	
413-1	Operations with local community engagement, impact assessments, and development programs	Our Commitment to Local Communities	33-34	

GRI Disclosure	Description	Chapter	Page	Direct response
<b>CUSTOMER HEALTH AND SAFETY</b>				
103-416	Management Approach - Customer health and safety	Product Quality and Integrity	18-19	
416-1	Assessment of the health and safety impacts of product and service categories	Product Quality and Integrity	19	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Integrity	18	
G4 FP6	Products lowered in saturated fat, trans fats, sodium and added sugars	Health and Safety of our Consumers	20	
<b>MARKETING AND LABELING</b>				
103-417	Management Approach - Marketing and labeling	Product Quality and Integrity Responsible Marketing Communications	21 22	
417-2	Incidents of non-compliance concerning product and service information and labeling	Product Quality and Integrity	21	
417-3	Incidents of non-compliance concerning marketing communications	Responsible Marketing Communications	22	
<b>CUSTOMER PRIVACY</b>				
103-418	Management Approach - Customer privacy	Corporate Governance, Business Ethics and Anti-corruption	15	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Corporate Governance, Business Ethics and Anti-corruption	15	
<b>SOCIOECONOMIC COMPLIANCE</b>				
103-419	Management Approach - Socioeconomic compliance	Corporate Governance, Business Ethics and Anti-corruption	14-16	
419-1	Non-compliance with laws and regulations in the social and economic area	Corporate Governance, Business Ethics and Anti-corruption	15-16	



# ACKNOWLEDGMENT

Hereby, we would like to thank our colleagues for their help and support in preparing this year's Sustainability Report. We owe special thanks to the Country Managing Director of Coca-Cola HBC Hungary, Minas Agelidis, and to our senior management.

**János Jakab**

PA and Communication  
Director

**Orsolya Nyilas**

External Communication  
Manager



**Coca-Cola HBC  
Hungary**