



Coca-Cola HBC
Magyarország



SUSTAINABILITY REPORT

2016

ABOUT THE REPORT

Reporting period	2016 calendar year
Date of last report	2015
Reporting cycle	Previously we had compiled reports annually, but we prepared a single report for 2014-15 as we were preparing for compliance with and transitioning to the GRI G4 standard. Now we have returned to the annual reporting cycle.
Contact us	coca-cola.fenntarthatosag@cchellenic.com
Content	The report presents the material issues related to the operation of Coca-Cola HBC Magyarország Kft, as well as the programs and initiatives that have been created in regards to 12 of those material issues.
Scope	The report covers all functional areas of the company (including the sales and distribution centers around the country).
Classification of the report	According to our self-assessment: GRI G4 Core
Third-party certification	Reports on our local operations are not audited by an independent external third party. At the same time, the information pertaining to the countries in the Group is audited by the independent consulting firm Denkstatt in four-year cycles as part of the audit process of the integrated reports prepared in accordance with the comprehensive GRI G4 guidelines and issued annually by the Coca-Cola Hellenic Group. The consulting firm last audited the figures of the Hungarian operation for 2015.

Dear Reader,

There is tremendous interest in our company, we receive many questions about our products and there are perhaps even more legends floating around about our soft drinks. That is why we would like to share with you – by presenting to you a brief summary of the sustainability report of Coca-Cola HBC Hungary for 2016 – how important it is for us to be able to bring excellent quality product to our consumers, i.e. to you.

Ensuring excellent product quality is important to our company across all countries where our products are produced and distributed. That is why the Coca-Cola drink is produced using the renowned 130-year-old recipe and the best ingredients in all corners of the world. As a Central European production center, our Hungarian company supplies the markets of 25 countries with a variety of products.

We test the quality of our products in our own laboratory, and we have 100 enthusiastic colleagues who participate in our daily product tasting program. Our volunteers test taste, color and smell to ensure that only the products that provide the best taste and aesthetic experience reach the store shelves.

Ensuring that we supply our consumers with the freshest product possible is a priority for us. For this reason, our sales representatives and quality control staff regularly inspect the production dates of our marketed soft drinks. We continuously train our colleagues on the composition and quality of our products, our colleagues can learn about the ingredients used during the production process and our quality requirements through various training courses, various games and an application, enabling them to become Coca-Cola Ambassadors.

Innovation is an integral part of our lives, which is why we launched new products in 2016, adding to our product range consisting of 70 different drinks. We launched the production of new sugar-free drinks: Sprite zero and Nestea free, and we also introduced 5 new Cappy flavors – orange, blackcurrant, sour cherry, apple, and peach. We have also increased the size of our Cappy glass bottles. Our canned drinks have also been revamped: we launched a more youthful, taller, more slender can format in the summer of 2016.

Environmental protection is also part of our product quality, which means that we use less and less energy and water every year and have been consistently reducing our carbon dioxide emissions. In 2016, for example, we used 12% less energy and 4% less water in our production operations, and emitted 19% less carbon dioxide than in 2015. We buy 100% “green” electrical power, generated from renewable sources, for our plants in Dunaharaszti and Zalaszentgrót. We are also at the forefront of sustainable water management. Our production technology has been awarded the European Water Stewardship’s Gold Level Certification.

Our bottles are made from 10-30% recycled plastic in order to reduce the quantity of raw materials used. That is why we also ask you to put our bottles in the selective recycling containers.

We have nothing to hide, we are honest and open about ourselves and our products. We would like to hear your opinion about us! Please send any questions, comments, opinions you have to

coca-cola.fenntarthatosag@cchellenic.com

Minas Agelidis
General Manager
Coca-Cola HBC Hungary

Coca-Cola HBC Hungary and sustainability

Since 2008 our company has reported on the efforts made and progress achieved in the field of sustainability every year, as transparency, trust and reliability are important values for us.



Sustainability and transparency

MATERIAL ISSUES

We identify the material issues that have the greatest impact on our business operations and are the most important for our stakeholders, and we address them on an ongoing basis.

Material issues are the economic, environmental and social risks that can affect our business reputation and our ability to create value on the short, medium, and long term.

The process of identifying material issues provides valuable input to our business strategy and ensures that our sustainability reports address the truly important topics that merit real interest.

HOW DO WE IDENTIFY AND PRIORITIZE MATERIAL ISSUES?

To identify priority issues for our business operations, we monitor external trends and their effect on the long-term growth opportunities of our company on an ongoing basis.

We prioritize these issues from the perspective of the company and of society in general, and present the most important ones in the form of a priority matrix each year.

The procedure we have in place for assessing material issues also helps us to prioritize them, in line with the GRI (Global Reporting Initiative) G4 Sustainability Reporting Guidelines.

The degree to which an issue is considered material for our business depends on the extent to which it is relevant in terms of the following:

- Our goals, mission and business strategy
- The brands we produce and sell
- The impact of our operations on the Hungarian economy, the environment and on society
- How important the issue is to our stakeholders
- The extent to which we are able to influence the given issue as a company

MANAGING MATERIAL ISSUES

To ensure good corporate governance, we review our important issues every year, thereby ensuring that we are engaging with those that are truly relevant for our business operation and our stakeholders.

STAKEHOLDER ENGAGEMENT

Our company engages with the individuals and organizations affected by its operations in an ongoing and proactive manner. We take into consideration the expectations and messages of our stakeholders, and work with them as partners.

ENGAGEMENT OF OUR STAKEHOLDERS

We identify our stakeholders in accordance with our business and sustainability strategies. Stakeholders are defined as any individual or organization that is directly or indirectly affected by our operations and that has an impact on whether we are able to grow our organization in a sustainable manner.



Local communities



Industry associations



Consumers



Decision-makers



The media



FMCG companies



Our staff

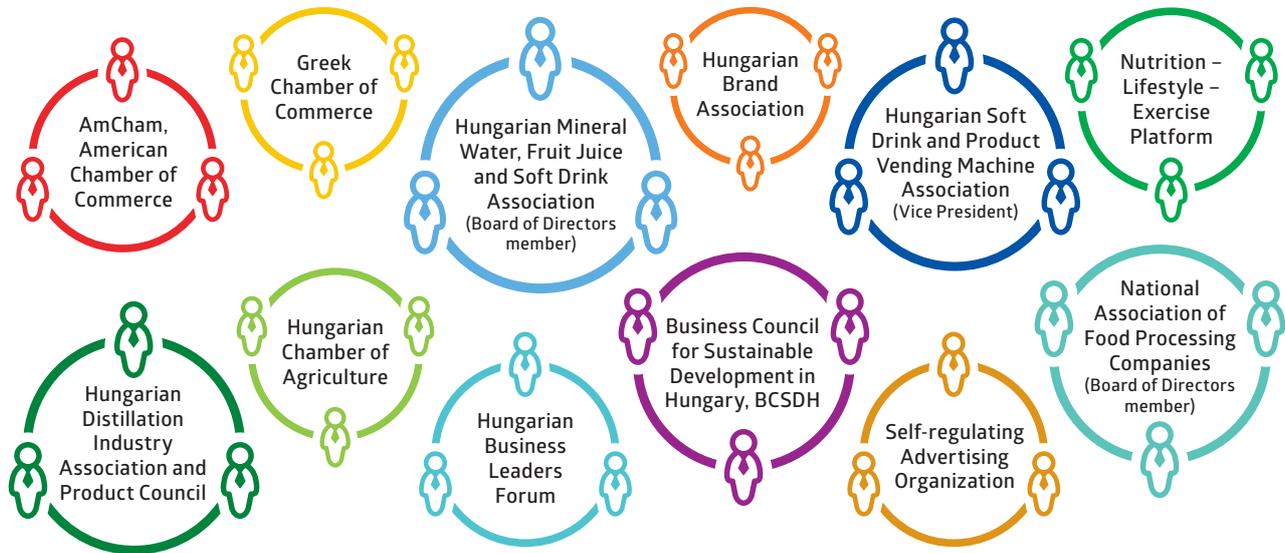


Civil society organizations



Authorities

LIST OF MEMBERSHIPS IN ASSOCIATIONS



We identify the material issues that have the greatest impact on our business operations and are the most important for our stakeholders, and we address them on an ongoing basis.

We continuously monitor the views and opinions of our stakeholders using the following tools:

- Organizing stakeholder forums
- In-person meetings, discussions with our most important internal decision-makers and external partners
- Ongoing communication with our external stakeholders
- Online survey involving more than 60 leaders representing every functional area of the company, as well as over 50 external stakeholders identified by our executive management
- We take into account the material issues lists of the Coca-Cola Company and other bottlers and food and drink production companies
- We listen to the feedback from our company Risk Forum

As a first step in the preparation of this report, we conducted a survey of material issues.

BRIEF DESCRIPTION OF THE METHODOLOGY USED

The first time the Hungarian company conducted a survey of material issues was in 2015, with regard to 2014. The survey of material issues relevant to 2016 was conducted in March 2017.

As earlier, we used the Material Issues List of the Hellenic Group as a basis for our own list of material issues in 2017 as well. We did not add any special topics relevant to the local market.

In the online survey, we provided a brief explanation for the various issues. While the names of the issues did not change, the attached explanations were slightly modified compared to 2016. External stakeholders completed a Hungarian language survey, while our company executives completed an English language survey.

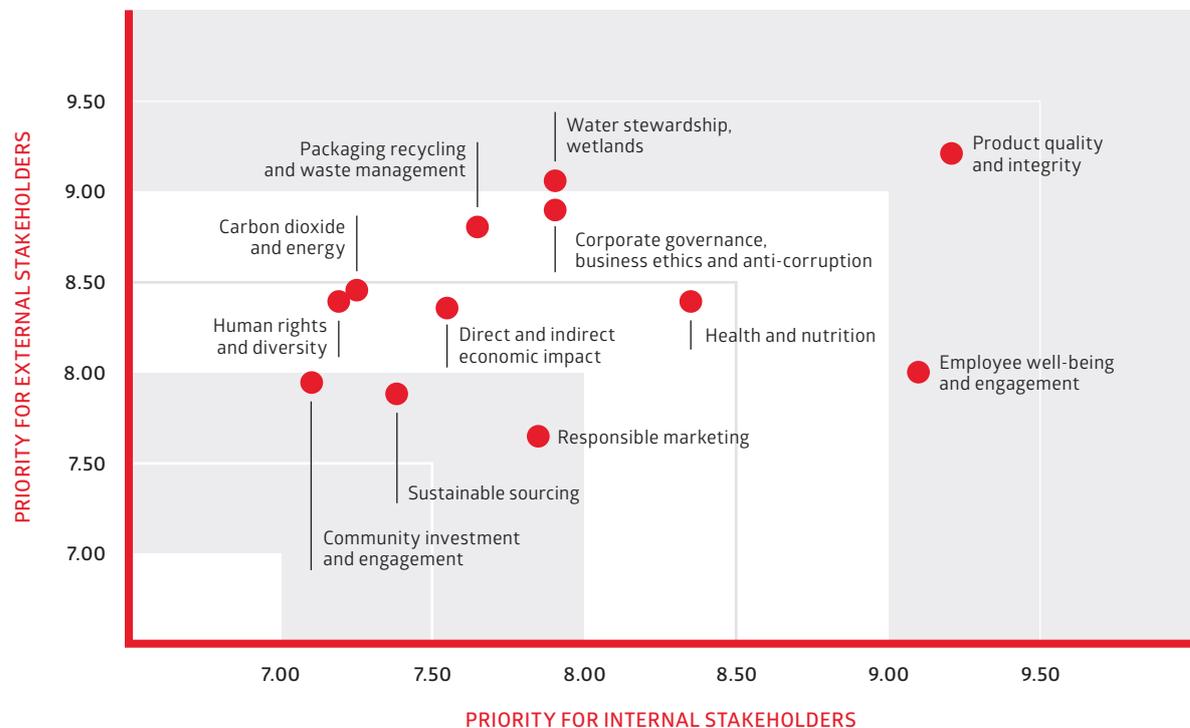
The external stakeholders who completed the survey come from the following areas, sectors:

- Academia, higher education
- Customer/distributor/marketing partner
- Industry advocacy organization/reconciliation forum
- The media
- Civil society organizations
- Representatives of Local Communities
- Ingredient, material, components suppliers
- Service providers (shipping, labor, catering, etc.)
- Service providers (professional)

The survey was sent to 66 of our most important internal stakeholders, Hungarian top and middle management.

Please find below the material issues matrix generated on the basis of the survey. The issues presented in the matrix also serve as a basis for our report.

MATERIAL ISSUES MATRIX



MATERIAL ISSUE

	Priority for external stakeholders	Change compared to 2015	Priority for internal stakeholders	Change compared to 2015	Average score
Product quality and integrity	9.18	↑	9.22	—	9.20
Employee well-being and engagement	7.97	↓	9.12	—	8.61
Water stewardship, wetlands	9.06	—	7.88	↓	8.41
Health and nutrition	8.42	↑	8.34	↓	8.38
Corporate governance, business ethics and anti-corruption	8.91	↓	7.88	↓	8.34
Packaging recycling and waste management	8.79	—	7.63	↓	8.15
Direct and indirect economic impact	8.33	↑	7.54	↓	7.89
Carbon dioxide and energy	8.45	—	7.24	↓	7.78
Responsible marketing	7.67	↑	7.83	↓	7.76
Human rights and diversity	8.39	↑	7.22	↓	7.74
Sustainable sourcing	7.88	—	7.39	—	7.61
Community investment and engagement	7.94	↑	7.12	↓	7.49

MANAGEMENT OF MATERIAL ISSUES

Economic dimension

	Why is this material?		
	How does it relate to stakeholder concerns?	How are we addressing this issue?	Stakeholder group
CORPORATE GOVERNANCE, BUSINESS ETHICS AND ANTI-CORRUPTION POLICIES	Integrity and respect for society are at the core of the business activities of CCHBC Hungary. A good corporate framework of thinking requires good business ethics and well-established processes and systems for managing financial and non-financial dimensions of performance, to build trust and reputation for CCHBC.		
	Managing non-financial performance, including environmental and social impact, is integral to maintaining good financial performance over the long term.	We address corporate governance holistically, maintaining a zero tolerance culture related to breaches of our Code of Business Conduct and Anti-corruption policies and making sure that all of our employees receive training on these policies every two years.	Local communities, consumers, customers, suppliers, decision-makers, civil society organizations, media authorities, scientific education institutions, employees.
DIRECT AND INDIRECT ECONOMIC IMPACT	We contribute to local economies through our core business activities. These activities generate income for our employees and revenue for our suppliers and contractors, improve purchasing power and the general standard of living. Through tax payments, dues and fees we also contribute to infrastructural development. By supporting community programs, we contribute to the solution of important social and environmental issues.		
	Many of our stakeholders are direct or indirect beneficiaries of our business operations. They therefore have an interest in the success of and value added by our business.	We employ more than 1000 employees in Hungary and provide thousands of people with a job directly or indirectly, through our value chain. Our suppliers provide us with raw materials, equipment and services.	Consumers, customers, suppliers, scientific education institutions, local communities, decision-makers, the press, civil society organizations, employees.
HEALTH AND NUTRITION	We recognize that illnesses linked to obesity and a sedentary lifestyle represent a complex global health issue. This includes energy imbalance, meaning too many calories consumed and too few expended. Our products can be part of a balanced diet combined with an active, healthy lifestyle, and we believe that regular physical activity is of key importance for the long-term success of our business.		
	The health and well-being of our consumers is important, as it affects the overall healthcare costs of governments.	We offer low or no-calorie beverage options, provide transparent nutrition information, featuring calories on the front of all packages. With our Coca-Cola Wake Your Body Program, we encourage people to get moving.	Coca-Cola system, consumers, customers, suppliers, scientific education institutions, local communities, decision-makers, the press, civil society organizations, employees.

MANAGEMENT OF MATERIAL ISSUES

Economic dimension

		Why is this material?		
		How does it relate to stakeholder concerns?	How are we addressing this issue?	Stakeholder group
RESPONSIBLE MARKETING		Our advertising and promotions reach millions of people. Responsible marketing is therefore of the utmost importance to us. Our approach to implementing responsible marketing - that is, all of our direct commercial activities, advertisements and promotions - has an effect on our corporate reputation.		
		Our stakeholders expect us to provide clear information about the ingredients and benefits of our products and to help raise awareness of the importance of maintaining energy balance (calories consumed versus calories expended).	In accordance with our responsible marketing policy, we do not engage in direct commercial activities in primary schools and we do not advertise to children below the age of 12. We offer a choice of low or no calorie sparkling soft drinks, mineral waters, fruit juices; the ingredient composition of our products is clearly presented, and with our Coca-Cola Wake Your Body Program we encourage people to get moving.	Customers, consumers, civil society organizations, public offices.
PRODUCT QUALITY AND INTEGRITY		Our products are designed to refresh our consumers and satisfy customer needs. We strive to ensure that we enjoy our consumers' trust by ensuring consistent safety and quality.		
		Stakeholders are interested in how food safety and quality is ensured throughout the supply chain. High quality products help us to become even more competitive.	Product integrity means offering the highest quality beverages to consumers that satisfy their expectations in every way. Thanks to the end-to-end food industry standards, we are raising the bar even higher, striving to achieve world-class standards throughout the value chain.	Coca-Cola system, consumers, customers, suppliers, scientific education institutions, local communities, decision-makers, the press, civil society organizations, employees, FMCG companies.



MANAGEMENT OF MATERIAL ISSUES

Environmental issues

		Why is this material?		
		How does it relate to stakeholder concerns?	How are we addressing this issue?	Stakeholder group
CARBON DIOXIDE AND ENERGY		All of our production and logistics processes require energy. Climate change is a material issue for us, even more so because weather can affect the consumption of cold beverages. This issue also has a bearing on our suppliers, customers and the communities in which we operate.		
		Affordable, clean energy and combating climate change are two of the 17 Sustainable Development Goals adopted by the United Nations in September 2016. Failure to implement these is listed as a major risk in the World Economic Forum 2016 global report.	We are making significant investments in energy efficient and low-carbon technologies, so that by using them we can reduce our exposure to the negative effects of climate change, and also to improve cost effectiveness and production efficiency.	Consumers, customers, suppliers, scientific education institutions, local communities, decision-makers, the press, civil society organizations.
PACKAGING, RECYCLING AND WASTE MANAGEMENT		Our company sells several thousand unit cases of products annually, which is why packaging plays a key role in ensuring that our products are fresh and safe. Given the large amount of packaging we use, sustainable packaging and waste management are of key importance. That is why the recycling of packaging materials is one of our material issues.		
		Establishing a circular system, one that is restorative and regenerative, is a priority at the policy level as well as in every stakeholder area (policy, media)	Our ultimate goal is to close the recycling loop, during which used packaging is converted into new packaging. Our goal is to minimize the environmental impact of the packaging materials we use, by using lighter and smaller amounts of packaging materials.	Decision-makers, scientific education institutions, local communities, decision-makers, the press, civil society organizations.

MANAGEMENT OF MATERIAL ISSUES

Environmental issues

		Why is this material?		
		How does it relate to stakeholder concerns?	How are we addressing this issue?	Stakeholder group
SUSTAINABLE SOURCING	<p>The beverage industry is one of the most important purchasers of agricultural raw materials. The sourcing process contributes greatly to the size of our economic, operational, and environmental footprint. The performance of our suppliers in this area directly affects our performance at the economic, environmental, and social levels.</p>	<p>There is increasing pressure on natural resources, and climate change, poverty, and social inequality affect crops and water supplies. Sustainable sourcing is a must if we want to protect our food and water supplies.</p>	<p>We are committed to working with TCCC suppliers that obtain their agricultural raw materials in a certain and certifiably sustainable manner. We will work with our suppliers to ensure compliance with the Sustainable Agriculture Guiding Principles by 2020. All of our suppliers are required to adhere to our Supplier policies.</p>	<p>Decision-makers, scientific education institutions, local communities, decision-makers, the press, civil society organizations..</p>
	<p>On the one hand, water is the primary ingredient of our products, while on the other hand it is also essential to producing the agricultural raw materials needed for their manufacturing. Water is also vital to the communities in which we operate. Responsible water management is therefore integral to all of our processes and our entire supply chain.</p>	<p>Sufficient amounts of good quality water and sanitation are essential to life and health. Two of the UN's Sustainable Development Goals relate to water and sanitation.</p>	<p>We are committed to achieving a water intensity of 1.61 l/l ratio in our production processes by 2020. We are continuously exploring initiatives and investment opportunities related to water. We are committed to ensuring that our plants operate in accordance with the European Water Stewardship (EWS) requirements. We support community water programs in order to raise awareness of the importance of protecting rivers and wetlands.</p>	<p>Scientific education institutions, local communities, decision-makers, civil society organizations.</p>

MANAGEMENT OF MATERIAL ISSUES

Social dimension

Why is this material?		
How does it relate to stakeholder concerns?	How are we addressing this issue?	Stakeholder group
<p>The success of our business largely depends on the well-being and strength of our communities. Providing clear direction and identifying focal points help our communities and enables our business to grow.</p>		
<p>COMMUNITY INVESTMENT AND ENGAGEMENT</p> <p>Ensuring good health, well-being, quality education, and decent jobs are all part of the Global Sustainable Development Goals and corporations are expected to contribute to their implementation. Stakeholders expect us to make the progress achieved in this area public.</p>	<p>Two of the most important areas within community programs are active, healthy living, and water stewardship. In terms of the first, we are very proud of our Coca-Cola Wake Your Body Program, in which we have invested more than 1 billion Hungarian forints over the last eleven years.</p>	<p>Scientific education institutions, local communities, decision-makers, the press, civil society organizations.</p>
<p>The key to our success lies in our ability to attract talented, healthy, happy, and committed employees. Training, development, motivation and the instilling of commitment in employees, as well as providing a safe work environment and ensuring employee well-being are all an integral part of our corporate culture.</p>		
<p>EMPLOYEE WELL-BEING AND ENGAGEMENT</p> <p>There is increasing recognition of the importance of individual well-being inside and outside the workplace. When an employee feels good at their workplace, they perform better, including financial performance, efficiency and quality. Sustainable engagement scores strongly correlate with workplace performance.</p>	<p>Our sustainable engagement index was 80% in 2016. Our employee well-being strategy rests on four pillars: physical, emotional, social, and financial well-being. We support the well-being of our employees with regular programs, health checks, access to sports activities, initiatives for return to work support for parents, and flexible work arrangements where appropriate.</p>	<p>Employees</p>

MANAGEMENT OF MATERIAL ISSUES

Social dimension

Why is this material?		
How does it relate to stakeholder concerns?	How are we addressing this issue?	Stakeholder group
<p>We cannot be successful without our people. We seek to create a work environment that fosters diversity and inclusion, making sure that human rights are fully recognized and respected across the supply chain.</p>		
<p>HUMAN RIGHTS AND DIVERSITY</p> <p>The globalization of business has greatly expanded the opportunities for employees from different cultures. Managing diversity well can also be indicative of management quality and innovativeness. Diversity statistics and policies are therefore of interest to many of our stakeholders.</p>	<p>Our corporate human rights policy has been created on the basis of the relevant human rights principles of the UN. The percentage of women in our total workforce was 27.5% to 2016, with women in the Senior Management team representing 34%.</p>	<p>Coca-Cola system, consumers, customers, suppliers, scientific education institutions, local communities, decision-makers, civil society organizations, employees.</p>

The issues described above are presented in detail below, grouped in the following categories: ethical operation, acting responsibly for our consumers, acting responsibly for our environment, and acting responsibly for our employees.

Our company in a nutshell

481.5
million liters

of product sold



14.616
billion HUF

in equity



85.735
billion HUF

in net sales revenue from
domestic sales



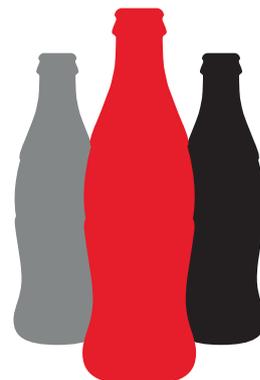
21.191
billion HUF

in net sales revenue from
export sales



25
European countries

export



Coca-Cola HBC Magyarország Kft, headquartered in Dunaharaszti and fully owned by Coca-Cola HBC AG, has 2 bottling plants, 6 distribution centers around the country, 2 offices in Budapest, and 4 offices around the country.

Coca-Cola HBC Magyarország Kft, headquartered in Dunaharaszti and fully owned by Coca-Cola HBC AG, has two bottling plants (in Dunaharaszti and Zalaszentgrót), 6 distribution centers around the country (in Győr, Siófok, Pécs, Miskolc/Mályi, Debrecen and Szeged), and 4 offices around the country (in Békéscsaba, Gyöngyös, Kecskemét and Nyíregyháza).



As the market-leading beverage production and distribution company in Hungary, we sell over 70 types of products, 90 percent of which is produced in Hungary. We bottle and sell brands such as products in the Coca-Cola product range (Coca-Cola, Coca-Cola light, Coca-Cola zero, Cherry Coke), Fanta, Sprite, Kinley (ginger ale, tonic water), Lift sparkling beverages, NaturAqua natural mineral waters (sparkling, mild, natural, and flavored varieties), Nestea ice teas, Cappy fruit juices, Cappy Ice Fruit and Cappy Pulpy fruit beverages, Powerade sports drinks, and the Burn and Monster energy drinks. In addition, the company also operates cold and warm beverage and snack vending machines, as well as selling certain premium spirits of the Campari Group, Brown Forman, Bacardi-Martini and Rézangyal.



Supply chain



In 2016 we established commercial relationships with a total of 222 suppliers. The ratio of our Hungarian-based suppliers within all suppliers is currently 82%..



OUR COMPANY IS ONE OF THE BEST DOMESTIC SUPPLIERS

The opinion and satisfaction of our customers is important to us. To learn about the level of their satisfaction, we once again engaged GFK to conduct a customer satisfaction survey in 2016 among our key account partners, wholesale partners, and independent stores. Based on the survey conducted among our key account partners in 2014 and 2015, we were listed among the elite of Hungarian suppliers, in the so-called Champions League. In the 2016 survey our key account partners still rated our relationship as excellent, but we came in at a lower place in terms of our supplier ranking. Using the detailed results of the 2016 survey, we drew up an action plan focusing on the topics that our stakeholders are most interested in, to ensure in this year's survey we are once again able to make it to the elite league. Our action plans address the areas in which our partners provided low ratings compared to other beverage suppliers.

Business model

Corporate sustainability is an integral part of Coca-Cola HBC culture. Our sustainability goals are linked to our business priorities and form part of our general strategy, all the while focusing on the people who are the main pillars of Coca-Cola HBC's sustainable growth.

OUR CAPITALS

Financial

We continuously seek opportunities to efficiently use the financial capital generated from our operations and investments.

Fixed assets

We carefully manage our fixed assets, including equipment and buildings, to enable us to consistently produce and distribute our products.

Human

We continually work to develop the competencies, capabilities and talent of our staff, focusing on talent acquisition, retention, and realization.

Natural

Water, energy and other natural resources are important inputs to our value creation processes, which is why we utilize them as efficiently as possible.

Intellectual

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

Social and relationship

Social and relationship capital includes the reputation of our company and our ability to earn and maintain the trust of our stakeholders.

ADDED VALUE

Cooperating with partners and suppliers



Our partnership with The Coca-Cola Company (TCCC) gives us exclusive rights to manufacture and sell their branded products. TCCC develops and owns 97% of our volume sold. They also produce

and supply our company with the concentrate/syrup that is the main ingredient for our beverages. We rely on our supply chain for many types of inputs to our business, including equipment and machinery, as well as consultancy services and software. Partnering with responsible, dependable and efficient suppliers allows us to focus on what we do best – producing and distributing beverages that make our consumers smile.

Serving consumers and communities



We offer a range of beverages to satisfy all consumer needs and to ensure that they can be a part of active, healthy lifestyles. By producing products that meet consumer needs and operating a responsible, sustainable business, we create value for the communities where we operate.

Cost effective production



Using concentrate bought from TCCC, and other ingredients, we produce, package and distribute our products. All of our production plants have warehouses and distribution centers. These facilities help us produce products responsibly, and are key to our profitability.

Serving customers effectively



Fostering existing relationships with our customers is a key priority for us, as are our promotions and displays at points of sale. Our customers rely on us to have a full range of quality products on the shelves, so that they can satisfy consumers' beverage needs. In order to give our customers the best possible service, we categorize them based on size and needs, taking into account prevalent market conditions.

VALUE CREATION

We create value for our stakeholders and our business by carefully managing our capitals and expenditures.



VALUE SHARING

By running a profitable, sustainable and responsible business, we create value that makes our company stronger, and which is shared with all of our stakeholders.

Shareholders

Through the process of managing our business expenditures well, we generate profits which benefit shareholders through dividend payments and share value.

Suppliers

As we create value, we support business operations and job creation throughout our value chain.

Employees

Developing, recognizing and rewarding our employees ensures that we have a skilled and motivated workforce.

Customers

Our efforts to produce products efficiently and responsibly create value for our customers as well.

Communities

The communities where we operate benefit from our profitable, sustainable and responsible business operations through job creation, tax payments, useful products and services, and the mitigation of our environmental impact.

Ethical operation



Corporate governance, business ethics and anti-corruption

RESPONSIBLE GOVERNANCE

Coca-Cola HBC Magyarország Kft is owned exclusively by the Swiss-based group Coca-Cola HBC AG. Our company operates as a limited liability company (Kft.), and as such has no board of directors; the managing director serves as its top executive. The various areas of business – such as sales, marketing, legal, IT, supply chain, finance, human resources, corporate relations and communication – are managed by functional area managers who report directly to the managing director.

BUSINESS ETHICS

Maintaining our good reputation is crucial for the continued success of our company and group. This, among other things, is what makes our brands attractive to our consumers; this is why our customers are happy to do business with us; and this is why gifted and talented people join our organization.

Our Code of Business Conduct regulates ethical business operations, including all forms of cooperation and contact with government bodies and authorities. Our company is politically independent and is not committed to any party, politician or MP. Accordingly, we provide no direct or indirect pecuniary or in-kind support or contribution to any political party, MP or politician.

In addition to our internal policies, the basis for ethical practices is compliance with applicable Hungarian and international – primarily European Union – laws and regulations. Our legal department ensures full compliance with the Compliance Guiding Principles of the Coca-Cola Hellenic Group.

No competition law proceedings were opened against the company in 2016; we did not face any cases of suspected corruption, and accordingly received no related fines.

All new employees must attend a classroom or e-learning training program on our Code of Business Conduct and Anti-corruption Handbook, which we repeat every two years. Employees with elevated exposure to corruption risk – colleagues in daily contact with customers, suppliers, government agencies or authorities – attend compulsory anti-corruption training every year.

In certain cases, our regulations require preliminary approval or reporting. Our Code of Business Conduct approval portal, which was launched in 2015, offers clear guidance to colleagues on approval and reporting.

Any employee who detects a potential breach can report it confidentially, in person, by phone – through the Speak your Mind line – or online, without having to fear retaliation. Every report is taken seriously and investigated.



ETHICAL SOURCING

Finding the partners and suppliers who operate in an ethical and transparent manner, and cooperating with them, are key to our ethical operation.

To this end, we require our business partners and suppliers to accept our Code of Business Conduct and our Anti-corruption Policy and Compliance Manual as terms that are integral to our contracts.

FP-1 In compliance with our internal procedures, our new suppliers – i.e. the companies that become our business partners as a result of a selection procedure – can only start doing actual business with us after they have accepted and signed our Supplier Guiding Principles. By accepting and signing our guiding principles, our partners also declare that they meet our requirements, including compliance with quality and environmental protection standards and labor law standards, e.g. the prohibition of child and forced labor and the requirement to respect human rights.

In accordance with our transparency efforts, we have also published the relevant policies on our website (coca-cola.hu).

COMMITTED TO IMPROVING THE SITUATION OF DISADVANTAGED GROUPS

We strive towards openness, partnership and mutual respect in our communities in a broader sense, in every place where we work, live and sell our products.

Coca-Cola HBC Hungary has joined the Catching Up Forum initiative of the Government to encourage large companies to employ socially disadvantaged people, such as Roma, and people with various degrees of capacity for work, people with disabilities, and women.

**Responsibly
for our consumers**



CONSCIOUS CHOICE

The provision of information to consumers is of the utmost priority to us. Aided by strict internal processes, the labels of all of our products include the information about their ingredients and nutrient content in compliance with the relevant statutory regulations in order to help our consumers make informed purchasing choices.

Coca-Cola Hungary has joined the voluntary commitment system of the National Association of Food Processing Companies, which aims to promote diverse and balanced eating habits among Hungarian consumers, as well as healthy and active lifestyles, thus contributing to the improvement of public health indicators.

In 2016, we received no fines or warnings from authorities for inappropriate or non-compliant labelling or product information. The sale of none of our products was banned or disputed and in fact, we were given no fines or warnings from authorities regarding our products.

QUALITY ABOVE ALL ELSE

In manufacturing and bottling our products, we adhere to all applicable statutory, customer and shareholder requirements and strive to exceed these. We check and control all materials used, as well as our manufacturing and logistics processes and finished products in compliance with applicable Hungarian and European Union regulations and the strict requirements of the Coca-Cola Hellenic Group and the TCCC.

We comply with all official and food safety requirements set forth in respect of manufacturing and distribution, thus we provide our consumers with safe products that meet the highest quality standards.

In 2016, we had no cases relating to our products or services where any improvements were ordered concerning their health and safety impact.

In 2016, there were no cases of non-compliance relating to the health and safety impact of our products.

Informing our consumers is paramount to us. Aided by strict internal processes, the labels of all our products include information about their ingredients and nutrient content in compliance with the relevant statutory regulations.

In 2016, we received no fines or warnings from authorities for inappropriate or non-compliant labelling or product information.

In 2016, the sale of none of our products was banned or disputed.

In 2016, we received no fines or warnings from authorities regarding the violation of legal provisions and regulations pertaining to our products.

In all our production units, including the Dunaharaszti factory and the Zalaszentgrót mineral water bottling plant, we have introduced and apply the most comprehensive food safety management system available in the market today: the FSSC 22000, which contains the key requirements of most currently existing standards, including GMP, HACCP, SQF, BRC, IFS and GLOBALGAP.

HEALTH AND WELL-BEING

As a manufacturer of foodstuffs, we are responsible for the health of our consumers. We have therefore undertaken commitments to help consumers attain a balanced, diverse diet and a lifestyle rich in exercise.

The primary objective of the Coca-Cola Wake Your Body program, launched in 2005, is to promote regular exercise and an active, sports-rich lifestyle. The program's leisure sports events offer suitable choices for the young and the old, for families and single people alike. By now the initiative has grown to become one of Hungary's largest corporate active lifestyle programs.



Responsibly for the environment

Our ambitious sustainability goals related to reducing our environmental footprint do not just serve the protection of the environment and the planet, but are also important pillars of the company's long-term, sustainable growth.

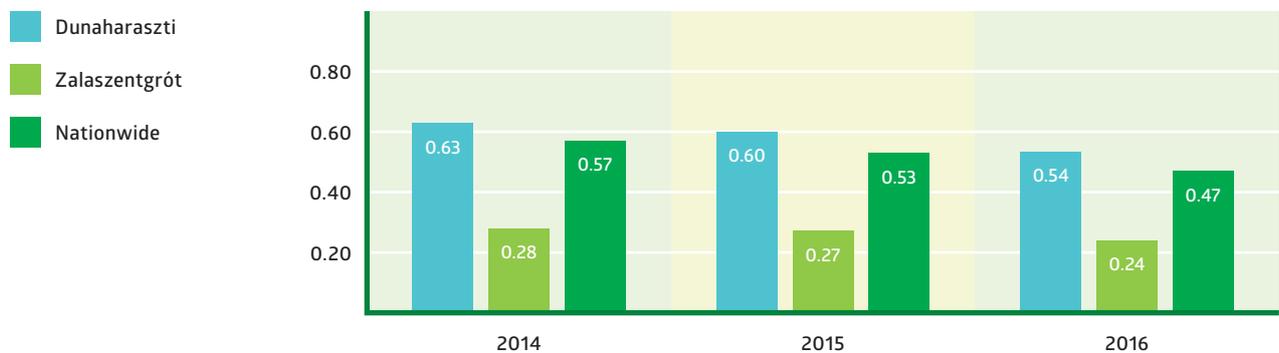
Through continuous development and technological innovation – often based on employee initiatives –, we are minimizing the impact of our manufacturing processes as well as our products, services and packaging materials on the environment. By optimizing our processes, in 2016 we generated substantial savings in terms of both water and energy usage, as well as the use of packaging materials.



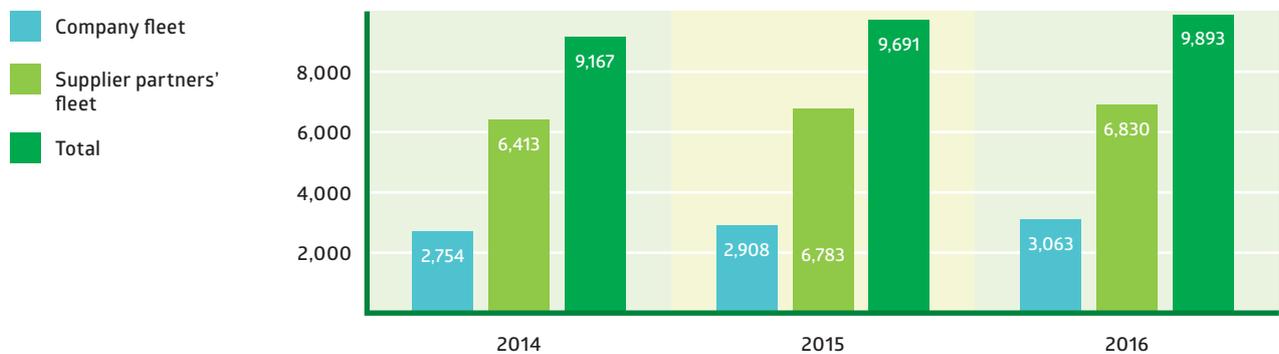
Energy consumption and climate protection

As a company committed to innovation and to the protection of the environment, we are continuously striving to use as little energy as possible for our operations and to reduce our carbon dioxide emission.

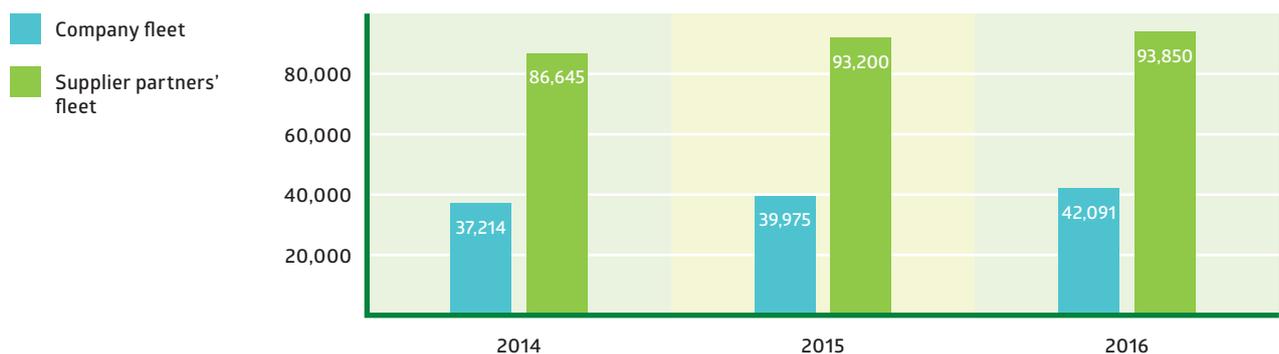
ENERGY INTENSITY (MJ / liter of manufactured product)



CO₂ EMISSION (tons)

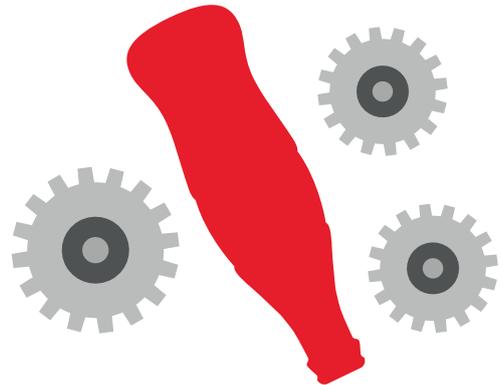


FUEL USAGE (GJ)



Waste as a valuable commodity

Our company is committed to reducing the volume of waste generated through ongoing improvement, and also supports the recycling of packaging materials. Reducing the amount of raw materials used leads to the production of less waste and to a lower impact on the environment, which is a key objective of the company's corporate social responsibility strategy.



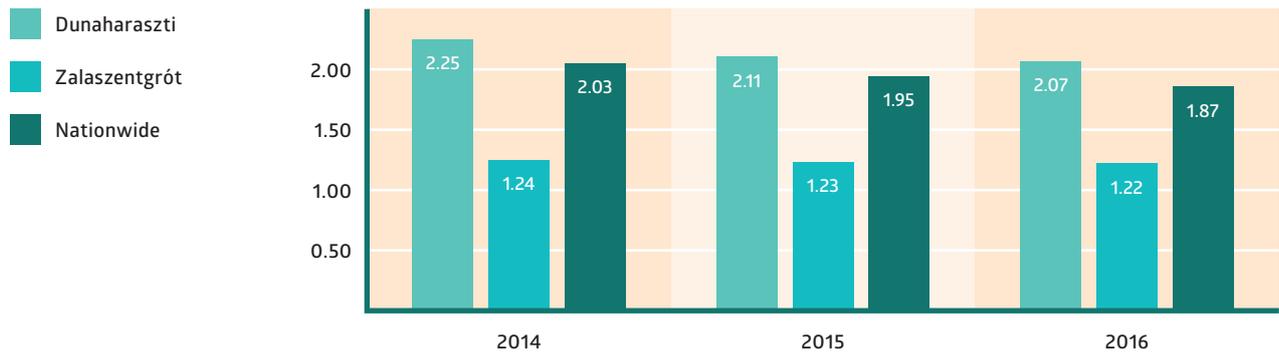
RecPET RATIO (tons)



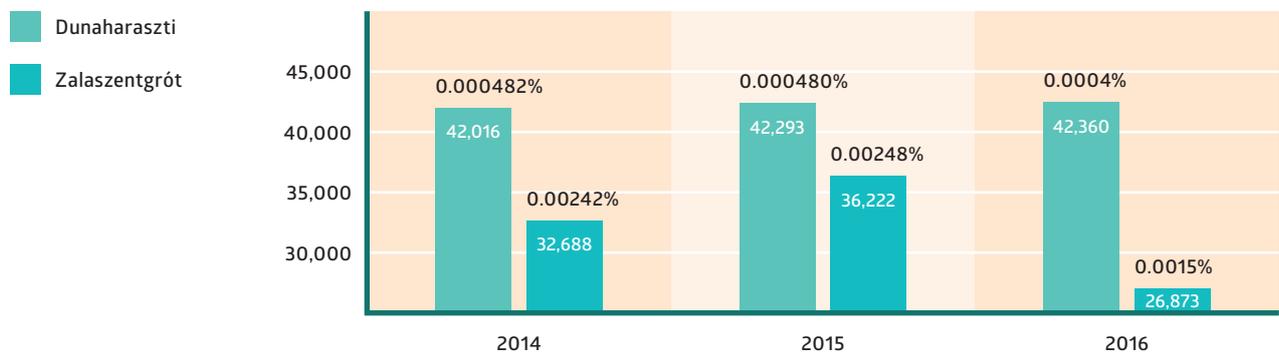
Every drop counts

As one of the world's largest soft drink manufacturers, we feel it is our responsibility to lead by example concerning the responsible use of this important resource.

WATER USE (liter of water used / liter of products manufactured)



PERCENTAGE AND TOTAL VOLUME (1,000 liter) of water recycled and reused



Environmental protection

As an environmentally conscious and responsible company, we consider the protection of natural treasures and protected values to be a priority.

Part of the territory of our Zalaszentgrót mineral water bottling plant is under international protection as a Natura 2000 site, and is home to numerous protected plant and animal species. These are the following: snake's head fritillary, Siberian iris, plume thistle, white veratrum, praying mantis, Theophilea subcylindricollis, southern festoon and the European peacock butterfly.

At our Zalaszentgrót plant we follow environmentally-friendly operating practices as determined by experts, in order to preserve the quality of protected areas in the plant's vicinity.

Responsibly for our employees



1,043
own employees



93
contracted employees



For the summer season, i.e. for the period from April-May to August-September, every year we employ 7-8 contracted sales representatives and 4-6 phone sales colleagues.

There is no trade union at the company, and therefore there is no collective bargaining agreement in place between the company and its employees. The Social Committee provides the formal interface between management and employees. Through representatives elected by workers, all functions are represented in the Committee. It is a self-organized body that provides opinions on issues and management decisions affecting employees, and communicates employee feedback and needs.

In respect of occupational safety matters, our employees are represented by an Occupational Safety Committee, set up and operated in compliance with legal regulations, made up of occupational safety representatives elected by workers.

CONTINUOUS DEVELOPMENT

We create an ethical, safe and pleasant work environment for all employees. We are committed to employee development and allow room for personal and professional advancement. This is the key to the continuous outstanding performance of our staff.



SAFE WORK ENVIRONMENT

Both our Dunaharaszti and Zalaszentgrót bottling plants, as well as our non-Budapest sites have the OHSAS 18001 certification on the occupational health and safety management system, which is reviewed every year by independent external experts.

We provide regular training to employees on matters of occupational safety, fire safety and accident prevention, collect their reports on near misses and unsecure working conditions on an ongoing basis, and incorporate the improvement measures (based on these reports as well as on regular external and internal audits) into our everyday practices.

LOST TIME ACCIDENTS:



In 2016, 599 employees attended occupational safety and fire safety training, and 26 attended first aid training.

DIVERSE WORKPLACE, EQUAL OPPORTUNITIES

No form of discrimination is accepted at our company, in particular negative discrimination relating to gender, age, political and religious beliefs, disabilities, gender identity and ethnicity. This is guaranteed by our Equal Opportunities and Human Rights Policies.

We always act fairly with our employees, in compliance with legal regulations and statutory provisions.

GRI G4

content index



Indikator	Description
G4-1	Statement from the most senior decision-maker of the organization (GM) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability
G4-3	Name of the organisation
G4-4	Primary brands, products, and services
G4-5	Location of the organization's headquarters
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report
G4-7	Nature of ownership and legal form
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)
G4-9	Scale of the organization
G4-10	Number of total employees (%/gender), number of total leased employees (%/gender), seasonal employees
G4-11	Percentage of total employees covered by collective bargaining agreements
G4-12	The organization's supply chain
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain
G4-14	Precautionary approach or principle
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents
G4-18	Process for defining the report content and the Aspect Boundaries
G4-19	Material Aspects identified in the process for defining report content
G4-20	Specific limitation regarding the Aspect Boundary within the organization
G4-21	Specific limitation regarding the Aspect Boundary outside the organization
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries
G4-24	List of stakeholder groups engaged by the organization
G4-25	Basis for identification and selection of stakeholders with whom to engage
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process"
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting
G4-28	Reporting period (such as fiscal or calendar year) for information provided
G4-29	Date of most recent previous report
G4-30	Reporting cycle
G4-31	Contact point for questions regarding the report or its contents
G4-32	GRI Content Index for 'In accordance' – Core
G4-33	External assurance policy
G4-34	Governance structure of the organization
G4-56	Organization's values, principles, standards and norms of behavior
G4-EC1	Direct economic value generated and distributed
G4-EC8	Significant indirect economic impacts, including the extent of impacts
G4-EC9	Proportion of spending on local suppliers at significant locations of operation
G4-EN3	Energy consumption within the organization

Indikator	Description
G4-EN6	Reduction of energy consumption
G4-EN9	Water sources significantly affected by withdrawal of water
G4-EN10	Percentage and total volume of water recycled and reused
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk
G4-EN15	Direct greenhouse gas (GHG) emissions
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category
G4-EN32	Percentage of new suppliers that were screened using environmental criteria
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category*
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria
G4-S04	Communication and training on anti-corruption policies and procedures
G4-S05	Confirmed incidents of corruption and actions taken
G4-S06	Total value of political contributions by country and recipient/beneficiary
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes
G4-PR5	Results of surveys measuring customer satisfaction
G4-PR6	Sale of banned or disputed products
G4-HR3	Total number of incidents of discrimination and corrective actions taken
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments
G4-HR10	Percentage of new suppliers that were screened using human rights criteria
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms
G4-FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy
G4-FP3	Society disclosures for the food processing sector - Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles
G4-FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards

THANK YOU

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