

# Coca-Cola HBC B-H Sarajevo Sustainability report





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## **Coca-Cola HBC B-H d.o.o. Sarajevo** **Sustainability report**

1 August 2019

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# Table of contents

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**Foreword • 4**

**About the report • 5**

**About the company • 6**

**2018 Sustainability highlights • 7**

**Governance, ethics, and sustainability • 8**

MATERIAL ISSUES • 9

**Market • 10**

PRODUCT QUALITY MANAGEMENT • 10

OUR PRODUCTS • 11

INNOVATING OUR PORTFOLIO FOR OUR CONSUMERS • 12

RESPONSIBLE MARKETING • 12

HEALTH AND NUTRITION • 13

OUR ECONOMIC PERFORMANCE • 14

CARE FOR OUR CONSUMERS AND OUR CUSTOMERS • 15

**Workplace • 17**

OUR PEOPLE • 17

EMPLOYEE ENGAGEMENT AND TRAINING • 18

**Environment • 19**

OUR ENVIRONMENTAL PRIORITIES • 19

OUR ENVIRONMENTAL FOOTPRINT • 20

BIODIVERSITY • 21

WATER STEWARDSHIP • 22

WASTEWATER MANAGEMENT • 24

ENERGY RESOURCE CONSERVATION AND CLIMATE PROTECTION • 25

ENERGY • 27

EMISSIONS • 28

BOTTLING PLANT EMISSIONS • 29

COOLING DRINK EQUIPMENT • 30

OUR FLEET • 31

SUSTAINABLE PACKAGING • 32

WASTE MANAGEMENT AND RECYCLING • 32

**Community • 33**

YOUTH DEVELOPMENT • 34

COMMUNITY WELLBEING • 35

SUPPORT TO COMMUNITY PROJECTS • 36

**Our sustainability commitments and targets • 37**

# Foreword

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This year we celebrate five decades since the beginning of the distribution of Coca-Cola products on the market of Bosnia and Herzegovina, and we are proud to present the second Coca-Cola HBC B-H Sustainability Report, which showcases our collective achievements in the field of sustainability.

As pioneers and leaders of socially responsible business in Bosnia and Herzegovina, we insist on sustainable business practices across the entire value chain, through which our partners, customers, and suppliers also largely contribute to the attainment of our sustainability goals. Of course, as a company, we would not have been able to be a leader in the field of sustainable and responsible business without our employees being equally committed to upholding those principles, which are incorporated into all segments of our business. Coca-Cola HBC AG, which we are a part of and which operates in 28 countries on three continents, has been at the very top of the beverage industry in Europe and worldwide for years, according to the Dow Jones Sustainability Indices and due to achieved results and success in meeting set goals.

In the fifty years of our business operation in Bosnia and Herzegovina, we have become not only an important part of the local community but also one of the key players in the B-H economy. Our achievements are the result of joint efforts with all stakeholders in our value chain, and our goal is to give back to the community through the value added to our business as a result of that collectively achieved success. Therefore, we are particularly proud of the progress recorded in the Coca-Cola HBC B-H Sustainability Report for 2018. Compared to 2010, we have reduced water consumption and production by over 50%, energy consumption by 25%, and the percentage of our recycled waste has increased by 95%. We are especially proud of our investments in the community, which have grown by 40% between 2016 and 2018.

We continually take note of needs and problems, endeavoring to address and resolve them, and have therefore focused a significant portion of our investments towards improving the position of young people in the labor market. Through our Coke Sum-

mership summer internship program and our Coca-Cola Youth Empowered program we help young people gain knowledge and skills that will enable them to improve their position on the market and provide them with opportunities for building successful careers in Bosnia and Herzegovina.

Managing our environmental footprint and preventing environmental pollution is one of our most important obligations. Our goal is to continuously reduce our direct impact on the environment, which results from our activities, as well as our indirect impact, caused by the activities of our suppliers and business partners.

The results presented in this Report are the outcome of our continual efforts and constant commitment, which we are extremely proud of. The secret of our long-term success lies in constantly adjusting to changes, advancing our products, the way we work, and the relationships we foster with all of our stakeholders. We will continue to set ambitious goals, and, spurred on by the excellence of our employees and associates, we strongly believe that we will not only continue to attain those goals, but that we will surpass them.

Warm regards,

Ruža Tomić Fontana  
General Manager of Coca-Cola HBC B-H Sarajevo



# About the report

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The Coca-Cola HBC B-H 2018 Sustainability Report is our second local report designed to present our achievements in the field of sustainability to all of our stakeholders. It examines our environmental, social and economic impacts since our first report for 2016. It is also a useful benchmark for tracking our progress on the path to meeting our 2025 sustainability commitments.



The report charts our sustainability achievements and also provides an opportunity to identify areas where there is room for improvement, which we will address in the upcoming period. We have devoted special attention to material issues identified by internal and external stakeholders. For each strategic issue that can have a significant economic, social or environmental impact, we take into account the views of our internal and external stakeholders, which helps us to determine how to best integrate sustainability into all of our business processes.

All information and data presented here, unless otherwise stated, relates to Coca-Cola HBC B-H Sarajevo. This company, together with Coca-Cola HBC Croatia and Coca-Cola HBC Slovenia forms the business unit Adria, which is part of the larger business entity Coca-Cola HBC AG.

Unless otherwise specified, the period covered by this Report is the calendar year beginning 1 January and ending 31 December 2018. Wherever possible, earlier years are used for comparative purposes to identify trends.

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# About the company

## Coca-Cola HBC AG

28 

Coca-Cola HBC B-H d.o.o. Sarajevo (referred to herein as "Coca-Cola HBC B-H") is in the majority ownership of its parent company, Coca-Cola HBC AG (referred to herein as "CCHBC" or "the Group") operating in 28 countries, one of the biggest bottlers of The Coca-Cola Company's products.

595  mil

CCHBC services a market of around 595 million consumers, employs directly over 31,000 people and sells over 2 billion unit cases a year, which makes it one of the leading producers of non-alcoholic beverages by The Coca-Cola Company.

 1

The Group is considered a sustainability leader in the beverage industry, ranked in the top three in the World and Europe Dow Jones Sustainability Indices (DJSI), having been the global industry leader for the previous four consecutive years; it is also included in the FTSE4Good Index.

Shares of CCHBC are listed on the premium segment of the London Stock Exchange (LSE: CCH), with a secondary listing on the Athens Exchange (ATHEX: EEE).

More information on Coca-Cola HBC AG can be found at [www.coca-colahellenic.com](http://www.coca-colahellenic.com)



## Coca-Cola HBC B-H Sarajevo

1969 

Coca-Cola HBC B-H d.o.o. Sarajevo is the only company in Bosnia and Herzegovina licensed to produce, bottle and distribute products of The Coca-Cola Company. The first-ever

bottle of Coca-Cola produced in Bosnia and Herzegovina was manufactured in 1975 in the Hadžići bottling plant. However, Coca-Cola products entered the country's market several years earlier, in 1969.

89%

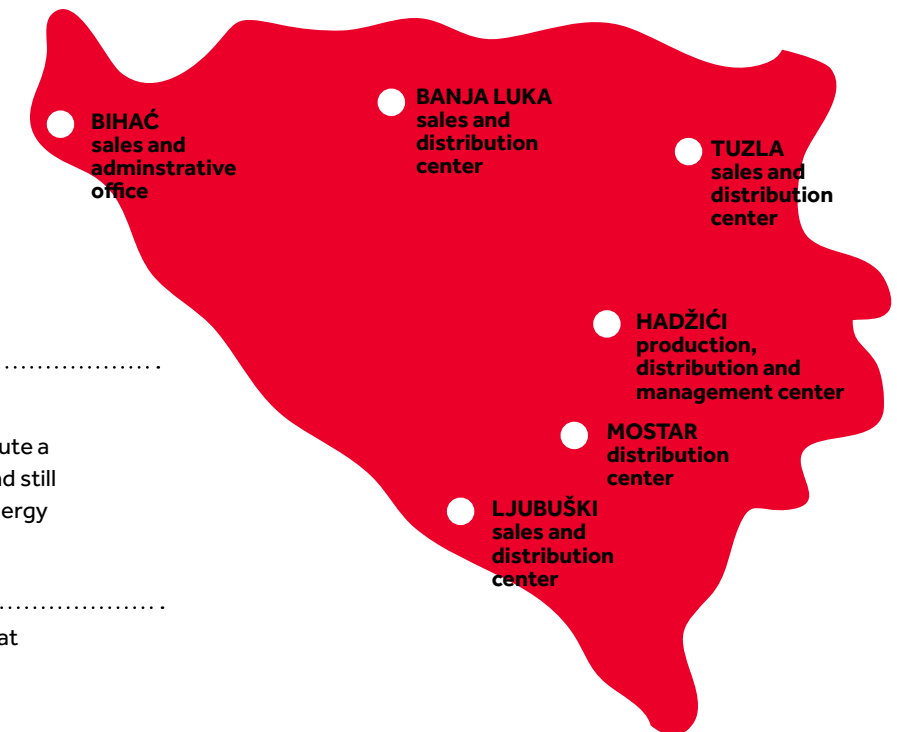
Of the total 120 million liters of non-alcoholic beverages that Coca-Cola HBC B-H imports or produces for the local market, 89% are produced in Bosnia and Herzegovina.

Coca-Cola HBC B-H operates across the whole of Bosnia and Herzegovina: with a production, distribution and management center in Hadžići, sales and distribution centers in Tuzla, Mostar, Ljubuški, and Banja Luka – Laktaši, and a sales and administrative office in Bihać.



Currently, we distribute a range of sparkling and still beverages, water, energy drinks, and spirits.

Additional information on the company is available at <https://ba.coca-colahellenic.com/ba/>



# 2018 Sustainability highlights

Continued sales and unit case volume growth of no-calorie beverages since 2016



**68%**

68% of total procurement (by cost) in 2018 went to domestic suppliers



**55%**

Waste reduced by 55% since 2010



**52%**

Water use reduced by 52% since 2010



**26%**

Energy use reduced by 26% since 2010



**95%**

Over 95% waste recycled in 2018



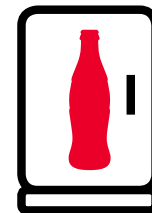
**40%**

Investments in youth development and total community investments up by nearly 40% since 2016



**17.5%**

Total amount of water discharged reduced by 17.5% since 2014



We fulfilled one of the Group's 2025 Sustainability Commitments two years early - as of 2018, over 50% of coolers in our market are energy-efficient refrigeration devices

Calories per 100 ml sparkling drinks reduced by over 5% between 2016 and 2018



# Governance, ethics, and sustainability

Our mission in Bosnia and Herzegovina is to refresh our consumers, partner with our customers and enrich the lives of the local communities in which we operate. We share with Coca-Cola HBC AG a fit-for-purpose, strategic approach to sustainability that we revise periodically to suit changing circumstances.



We work to ensure that sustainability is integrated into every aspect of our business model. Our sustainability mission is to grow our business in a responsible, sustainable and profitable manner, assessing risks and opportunities, making decisions and investing in ways that create social value. We seek to assess our progress in terms of sustainability against clear and measurable targets that relate to the most important elements of our business and its impact on people and the planet. Our governance structures are designed to ensure that we meet the following three strategic objectives at the heart of our sustainability approach:

## Empowering youth,

## minimizing our environmental impact,

## and giving back to our communities.

Our Board of Directors has ultimate responsibility for our sustainability objectives and performance, delegating tasks to a Committee for Social Responsibility where appropriate. The Code of Business Conduct is an essential part of our governance structure, ensuring that all employees are responsible for upholding our commitment to the highest standards of ethical business conduct. We also have a Human Rights Policy in place, guided by international human rights principles, and covering diversity, collective bargaining, and workplace security. Our Supplier Guiding Principles ensure that our partners respect the same values as we do. We also have an Anti-Corruption Policy and accompanying

Compliance Manual, defining conflicts of interest and creating a zero-tolerance approach towards bribery in relation to government officials. Our employees undergo regular training in these areas and we have a safe and secure whistleblower policy in place. Coca-Cola HBC, as a whole, received no fines for non-compliance on human rights-related issues in 2018.

We operate a reward and remuneration policy based on the achievement of our business objectives, including our sustainability goals. In regular reviews of this policy, special attention is given to the views of our stakeholders. The performance and effectiveness of senior management are assessed annually and recommendations are made to enhance performance. We pride ourselves on recognizing and rewarding talent and initiative at all levels of the organization, and doing so in an inclusive manner.

Our risk management process, assessing, analyzing and mitigating risks, is an essential part of our governance of sustainability. A new SMART risk management program was rolled out in 2018, aiming to build a business culture that is well informed about risks and able to quickly and effectively implement risk mitigation measures. We will continue to take risks, but in an informed, smart and effective way, with the aim of creating new business opportunities. All departments are actively involved in risk evaluation for their scope of work. There is a Financial Controller at the business unit level (Coca-Cola HBC Adria), working closely with designated risk officers in every department. No changes in processes or equipment are allowed without a thorough risk analysis of the impact on the quality and safety of finished products, the environment, and employee health and safety. By adhering to ISO 9001:2015, FSSC 22000, ISO 14001:2015, OHSAS 18001 and EWS we ensure that our processes are safe and sustainable.

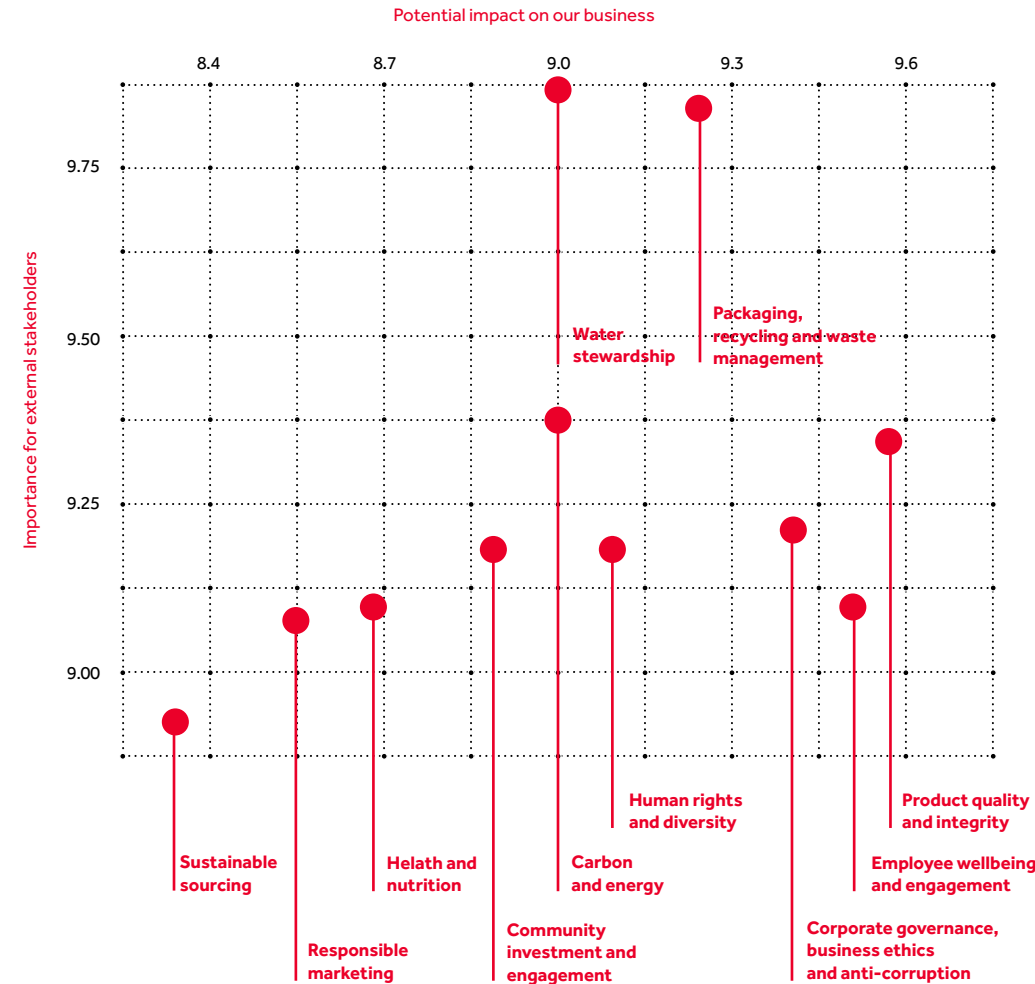


# MATERIAL ISSUES

Engaging with our many and diverse stakeholders is crucial to our commitment to sustainable business. Stakeholders provide valuable insights into our business, hence listening to their concerns provides vital feedback and allows us to improve and make better decisions. We carried out a survey among 36 internal and 29 external stakeholders to identify the material economic, social and environmental topics that stakeholders suggest are of most importance and that should be prioritized in both our sustainability practices and in our reporting. External stakeholders included: customers, members of the academic community, officials of governmental agencies, NGOs, media and suppliers, chosen based on their interest in our actual and potential social, environmental and/or economic impact. The selection of internal stakeholders was based on collaboration with all of Coca-Cola HBC B-H's departments and designed to ensure appropriate representation across the organization.

External stakeholders were asked to rank from 1 (not at all important) to 10 (very important) twelve different aspects of our business. The same issues were ranked in the same way by internal stakeholders with respect to their potential impact on our business. Combining the average scores of both groups of stakeholders, we were able to compile a Materiality Matrix. This is a vital tool in allowing us to identify and prioritize the issues that matter most to our stakeholders, and to change our priorities over time in line with changes in stakeholders' assessments. Focusing our efforts in this way allows for the most efficient use of our resources, both material and human, allowing us to integrate key issues into our strategic approach, meet the expectations of our stakeholders, and identify and tackle new issues as they emerge.

External stakeholders identified Water stewardship and Packaging recycling and waste management as the most important issues in terms of our impact. As might be expected, Product quality and integrity were viewed as the highest priority by our internal stakeholders. All twelve issues are seen as important, relevant and in need of attention. Notably, compared to our previous survey conducted in 2016, the matter of Carbon and energy has been given greater importance by both external and internal stakeholders, reflecting greater awareness of the need to address climate change and switch to low-carbon and alternative energy sources.

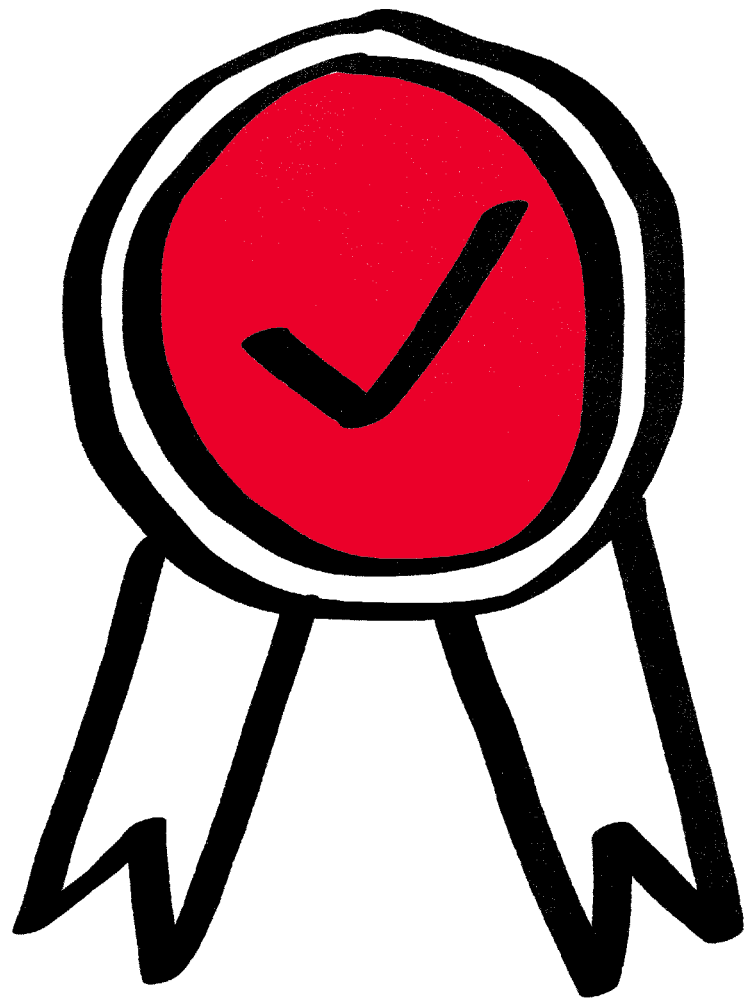


In the sections that follow, we divide our sustainability practices and impacts into the following four broad areas:

- 1. The Market:** here we address our direct and indirect economic impacts, the impacts of our products, and our management of the supply chain.
- 2. The Workplace:** here we address our interactions with our employees, and our commitment to equality and diversity, as well as investment in our workforce to improve their skills and job satisfaction.
- 3. The Environment:** here we address our environmental footprint, including energy use, water use, carbon emissions, and recycling, as well as ways to protect and preserve scarce natural resources.
- 4. The Community:** here we address ways in which we engage with the community, from those living near to one of our facilities to the wider community who help us to build and maintain a good reputation as a corporate citizen.

# Market

## PRODUCT QUALITY MANAGEMENT



The integrity of our company's products means that, at any moment, we can offer the highest quality products and respond to the needs of both our customers and consumers. The trust of our consumers is based on our continuous investment in health, safety and product quality.

Coca-Cola HBC B-H holds certification verifying compliance with the following six international standards:

### **ISO 9001:2015**

an international standard defining quality management system requirements

### **ISO 22000:2005**

a voluntary standard for certification of safety management systems in the food production sector

### **FSSC 22000 (Version 4.1)**

an internationally recognized scheme for certification of food safety systems in the supply chain, including: ISO / TS 22002-1: 2009 - Prerequisite Programs for Food Safety Part 1: Food Production, and ISO / TS 22002-4: 2013 - Prerequisite Programs for Food Safety Part 4: Manufacture of Food Packaging

### **ISO 14001:2015**

an international standard for identifying requirements for environmental management systems to enable an organization to develop and implement environmental policies

### **OHSAS 18001:2007**

a system that ensures adequate control of occupational safety and the health of workers

### **EWS (European Water Stewardship) standard**

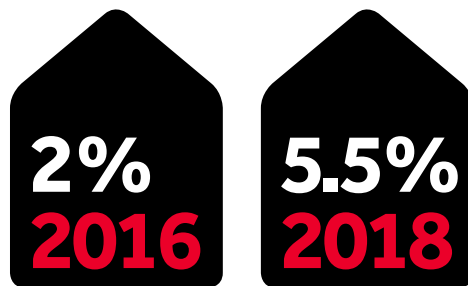
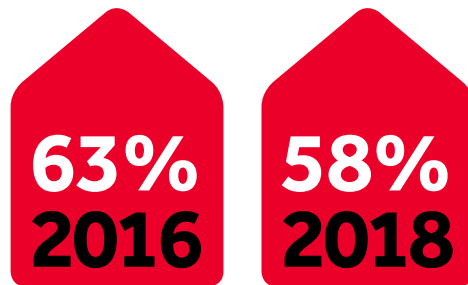
which addresses the implementation of Water Stewardship at site-level, with a strong focus on understanding and engaging in the local river basin, as water users share risks and opportunities related to good or poor water resource management

# OUR PRODUCTS



We offer the highest quality beverages tailored to the needs of our consumers. The majority of our market activity stems from the sale of sparkling beverages (Figure 1)

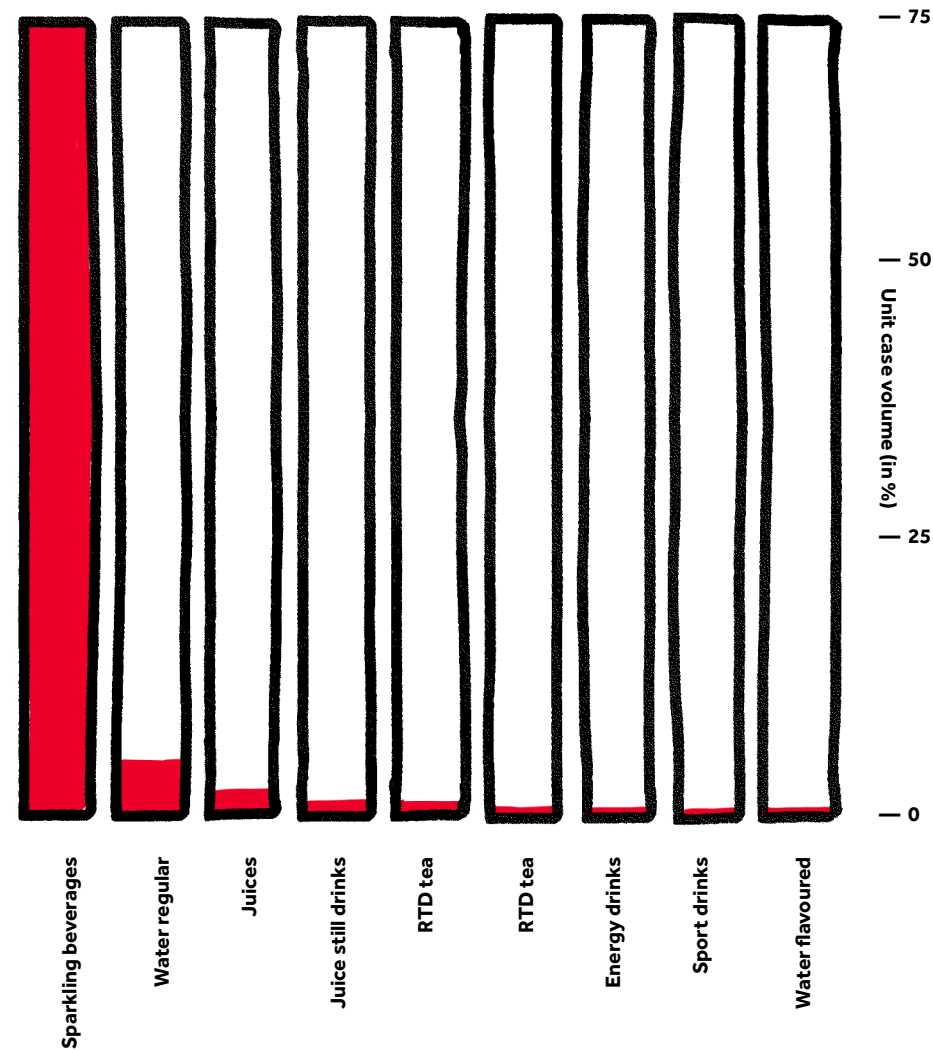
Coca-Cola is still by far our most popular product, albeit with a decreasing share in the sparkling beverages category over the last three years (from 63% in 2016 to 58% in 2018)



This decrease corresponds to the increasing share of Coca-Cola Zero, the no-calorie beverage, which grew from just over 2% in 2016 to over 5.5% in 2018

We are committed to continually reviewing our product range, in order to respond to the changing demands of consumers. Over time, we expect to see sales of water and other low and no-calorie beverages to form an increasing share of our product portfolio

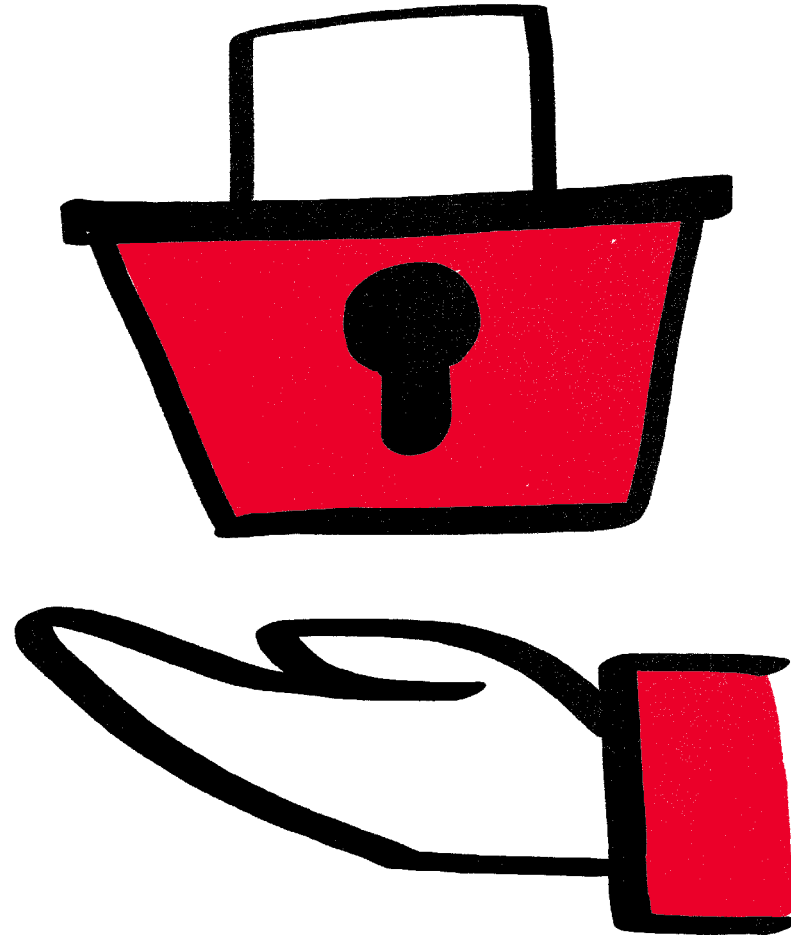
Figure 1: Unit case volume by category cluster (2018)



## INNOVATING OUR PORTFOLIO FOR OUR CONSUMERS

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New brands, categories, and premium segments help us ensure that our products can be part of a balanced diet and that we cater to the evolving preferences of busy, health-conscious consumers.



Outside of our core sparkling portfolio and natural spring water Olimpija, we offer consumers a wide choice of drinks to suit their needs and desires at any time of day and for every occasion. In the last two years, we have introduced various new products in different category clusters, i.e. we launched the ready-to-drink (RTD) tea brand Fuze Tea, and expanded our offer of juices and energy drinks. With AdeZ plant-based beverages, we added an entirely new category to our portfolio.

Through the changes we introduce, we are proving that it is possible to reduce sugar intake and cut calories, whilst still being able to enjoy the great and recognizable tastes people love.

## RESPONSIBLE MARKETING

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We undertake responsible marketing practices that involve the delivery of accurate, transparent and truthful messages, complying with all applicable laws and local regulations. Promotional activities in Bosnia and Herzegovina are conducted by Barlan B-H, a subsidiary of The Coca-Cola Company.

The Coca-Cola Company is a leader in global marketing practices. In the context of sustainable and socially responsible marketing, the company is actively involved in the development and promotion of ethical codes that relate to responsible marketing to children, and the sale of beverages in schools (UN-ESDA support to the European Union Platform for Nutrition, Physical Activity and Health, EU Pledge on Advertising to Children, Global Guidelines on Marketing to Children - International Council of Beverage Manufacturer Associations). In the context of the European Union regulations on advertising to children, we have committed ourselves, as a System, to respect the authority of parents and teachers, and avoid advertising in media where the audience is comprised of over 30% children under the age of 12.

## HEALTH AND NUTRITION

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To meet evolving consumer needs and preferences, we are focusing on offering consumers more of the products they want, including low- and no-sugar options, across categories and in a wider array of packaging. By providing clear and transparent information, we enable consumers to make informed choices.



Coca-Cola HBC B-H adheres to all national statutory requirements related to the declaration of product information, and therefore our beverages are labeled with information on average nutritional value (energy, fat and saturated fatty acids, carbohydrates and sugars, proteins and salt), which best describe the amount of nutrients contained in the food, including all factors that cause deviations from actual values. Also where appropriate, we provide the amount and/or the percent of the reference intakes/nutrient reference values (NRVs) expressed on the basis of per portion or per consumption unit, to provide a uniform basis of comparison for the consumer based on "Reference intake of an average adult (8,400 kJ/ 2,000 kcal)".

At the end of 2018, we introduced new front-of-pack labeling. This builds on the current Europe-wide Reference Intake (RI) monochrome model with a system that reflects the nutrient content per 100ml of our drinks for sugars, salt, fat and saturated fat through a simple 'traffic-light' color scheme of red, amber, and green.

## OUR ECONOMIC PERFORMANCE

Our total sales in unit cases exhibited growth in the whole reporting period, increasing by 9.4% and 8.5% in 2017 and 2018 respectively

Our sales revenue also increased steadily by 12% on average between 2016 and 2018

Our direct economic value generated has increased cumulatively by almost a quarter since 2016 (Table 1)

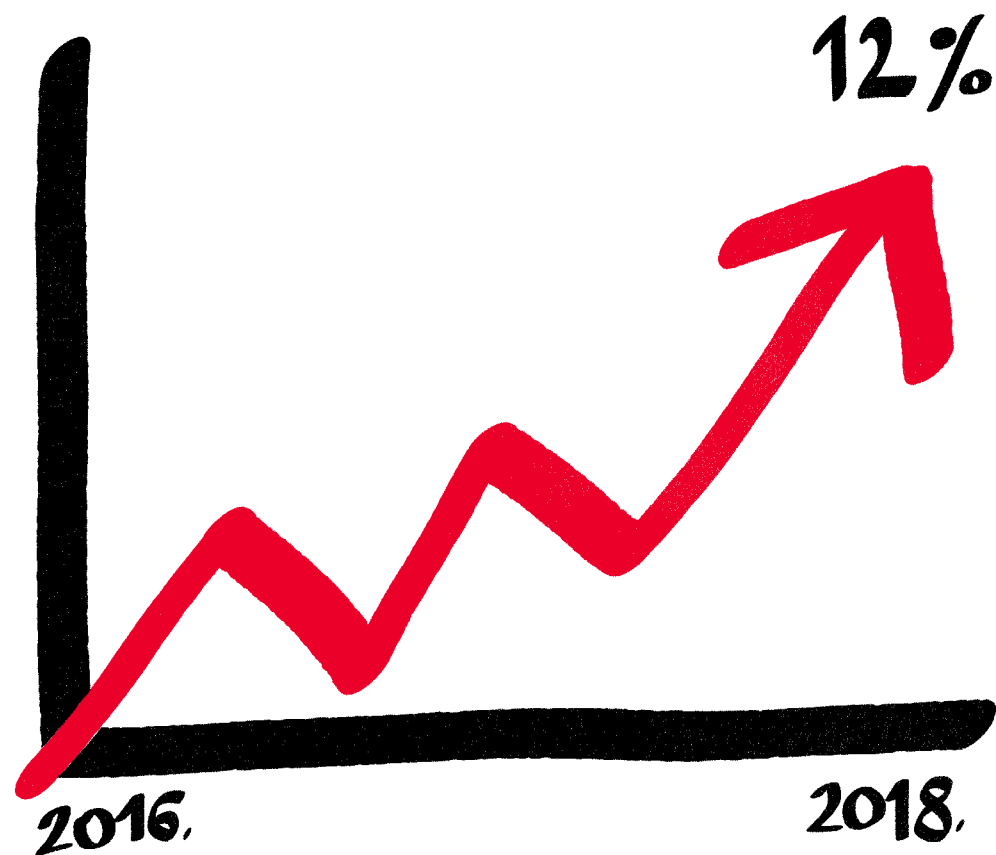


Table 1: Our economic bottom line

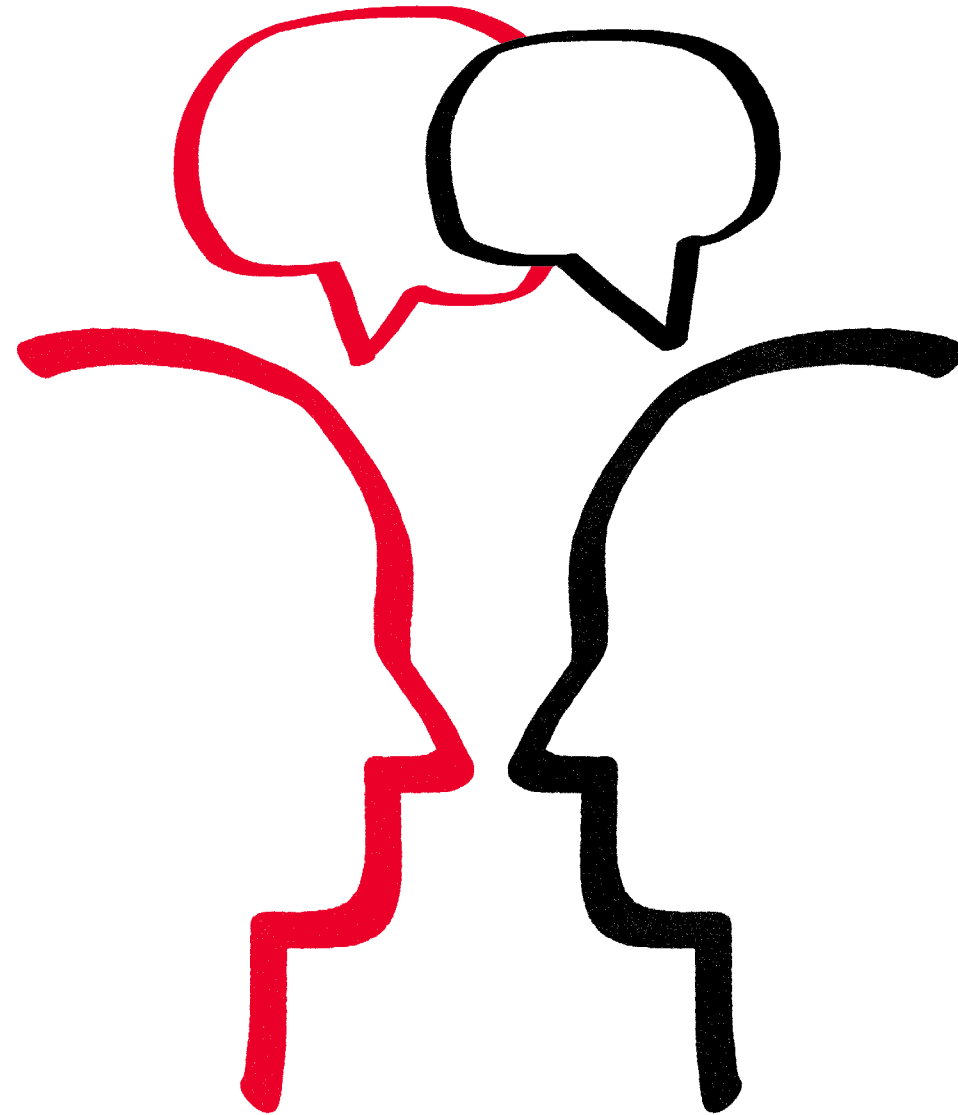
|                                 | 2016           | 2017           | 2018           |
|---------------------------------|----------------|----------------|----------------|
| Direct economic value generated | 112,839,683.00 | 122,698,585.00 | 138,857,237.00 |
| Distributed economic value      | 109,590,685.85 | 118,206,067.25 | 134,517,953.10 |
| Economic value retained         | 3,248,997.15   | 4,492,517.75   | 4,339,283.90   |

\*All values are in BAM

## CARE FOR OUR CONSUMERS AND OUR CUSTOMERS

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We have procedures in place for solving queries and complaints from consumers and customers across the entire Adria business unit. In Bosnia and Herzegovina, consumers and customers can ask questions and submit complaints via the free info landlines 0800 20100 and 0800 20104, or by e-mail at [info.ba@cchellenic.com](mailto:info.ba@cchellenic.com).



We are committed to resolving the concerns of our consumers as quickly as possible and to responding in a suitable manner so as to mitigate possible problems in the future. This is evident from the sharp decline in the number of complaints regarding quality during the reporting period: In 2016 and 2017 we had 11 and 17 justified quality complaints, respectively. In 2018 this was reduced to just one justified complaint, related to a leaking container. Our business is built on consumer trust. A low rate of consumer complaints shows that our beverages are of high quality and people trust our products and brands.

## OUR CUSTOMERS

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For the fourth year in a row, according to the Gfk Customer Satisfaction Survey, we hold the leading position in the soft drinks manufacturing industry in Bosnia and Herzegovina.

Due to our focus on constantly improving customer relations, and taking into account all the changes in the market and the challenges we have faced, we consider this No 1 rating as one of our greatest successes to date.

## RIGHT EXECUTION DAILY (RED) INITIATIVE

- In order to be a trusted partner, we endeavor to produce and deliver products efficiently and responsibly.
- One of our key customer-oriented initiatives is Right Execution Daily (RED), the goal of which is to continually improve everyday performance in the market.
- The RED index measures execution compliance against the picture of success at all retail outlets, and the results we achieved best reflect the dedication of our sales force and the perfect day-to-day performance we strive to provide to our customers through the highest quality of service.
- In 2016 we were awarded the prestigious Certificate of Compliance with Group Standards, and the RED Index reached a record 75% at the years' end.
- This success was further amplified in 2017 and 2018, increasing to 76% and 82% respectively.

## OUR SUPPLIERS

- As part of our ongoing efforts to develop and strengthen our relationship with suppliers, we put in place guidelines for all of our direct suppliers.
- The Coca-Cola HBC Supplier Guiding Principles (SGP) are founded on the belief that responsible business behavior is critical to our long-term success, which must be reflected in our relationship with and activities within the market, workplace, environment, and community.
- We expect our suppliers to:
  - not discriminate employees and subcontractors based on race, skin color, sex, religion, political opinion, nationality or sexual orientation;
  - provide a safe working environment and have in place policies and procedures to minimize the risk of injuries, accidents, and exposure to health risks;
  - not employ persons below the age prescribed by law, nor allow physical or any other harassment;
  - pay fair compensation to their employees competitive within the industry; and
  - conduct their operations in a manner that protects and preserves the environment.
- In the reporting period, we have increased the share of domestic suppliers, underlining our commitment to developing the community around us.

Table 2: Coca-Cola HBC B-H suppliers

|   | 2016       | 2017       | 2018       |
|---|------------|------------|------------|
| Total number of suppliers                       | 716        | 508        | 525        |
| Percentage of suppliers subscribed to the SGP   | 100%       | 100%       | 100%       |
| Percentage of domestic suppliers by total costs | 65%        | 67%        | 68%        |
| Total costs in EUR                              | 17,748,421 | 23,473,013 | 26,571,388 |



# Workplace

## OUR PEOPLE

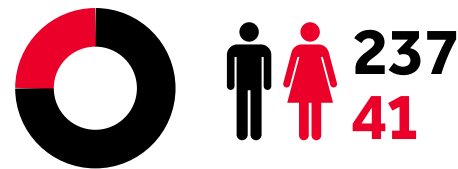


 **2018** **278**

As on 31 December 2018, Coca-Cola HBC B-H employed 278 people, a slight decrease compared to 2017 (282) and 2016 (281)

We seek out the most capable people for the job, regardless of gender, with men and women receiving equal pay for equal work

At the end of 2018, 237 of the employees were male and 41 female



**88%** 

In 2018, the vast majority of our employees (244) were on permanent contracts (88%), which is a slight increase compared to 2017 and 2016

- We are committed to attracting, motivating, developing and retaining talented people.
- The only additional benefits that full-time permanent employees have compared to temporary employees are severance pay in case of redundancy or retirement, in accordance with the national law.
- As means of retaining talented individuals, we provide: insurance against risks (accidental death, permanent disability due to accident, death from disease, treatment costs, hospital stay costs), and disability and accident insurance .
- During the one-year maternity leave, we pay our employees a full salary, minus the State benefits received .

Our goals are:

- to provide our employees with a fair, ethical and inclusive workplace
- to care about our employees, and communicate with them and their representatives openly, truthfully, and with respect
- to help every employee realize his or her full potential and develop leadership skills
- to foster a culture that promotes health and safety in the workplace
- cultivate the potential of our people
- invest in building the best teams in the industry
- create an inclusive growth culture around our empowered employees
- we value our workforce and offer incentive wages (Table 3)

Table 3: Net average wage in Coca-Cola HBC B-H vs. net average wage in Bosnia and Herzegovina

| Year  | 2016    | 2017    | 2018    |
|---|---------|---------|---------|
| Average monthly paid off net earnings in Bosnia and Herzegovina (in BAM)* | 853     | 862     | 894     |
| Net average monthly wage in Coca-Cola HBC B-H (in BAM)                    | 1675.79 | 1747.13 | 1584.55 |

\* for December of the given year, except for 2018 where the latest available data for the net average monthly wage is for October

## EMPLOYEE ENGAGEMENT AND TRAINING

We highly value the opinions of our employees. Every year we conduct a survey open to all employees in order to evaluate their level of engagement. This poll, which has been conducted for many years in all Coca-Cola HBC countries, is completely anonymous and carried out by an independent consulting firm, and the results obtained are taken into account when developing business and employee development plans for the future.



- We have further improved employee participation in the all employee survey, evaluating their level of engagement.
- The Employee Engagement Index remained stable at 97%.
- We constantly strive to offer personal and professional development training and opportunities to our employees.
- We develop our people through projects, on-the-job learning, coaching, and feedback, in addition to standard classroom training. Our employees are also continuously improving through online training programs.
- We improved onboarding programs per position and leadership layers for all positions, with the average duration of on-the-job training programs being 3 months.
- We considerably invest in employee development programs (Fast Forward, Management Trainee) – where we prepare and develop people for the next layer of leadership.

Table 4: Employee participation and engagement

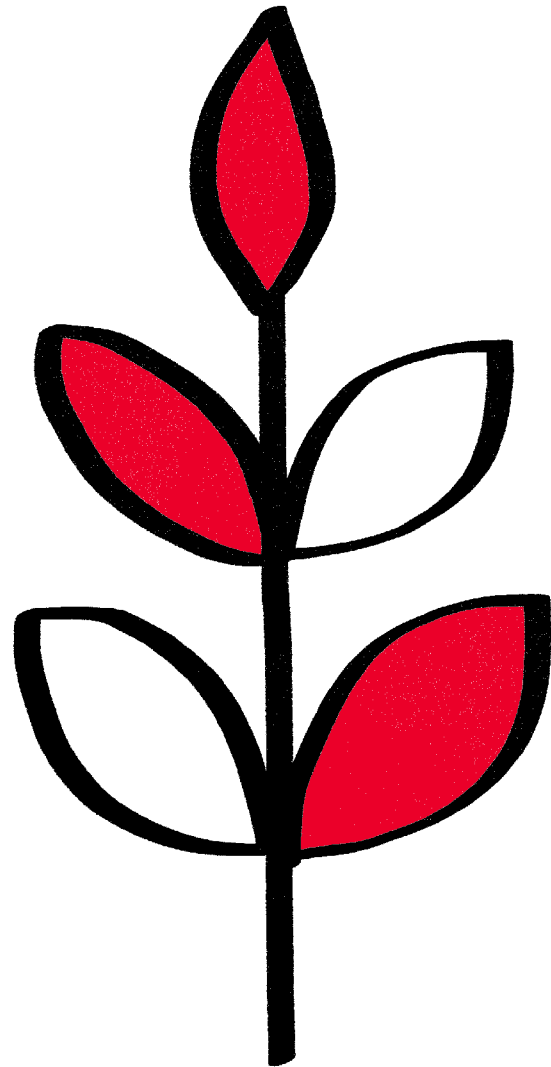
|                           | 2016 | 2017 | 2018 |
|---------------------------|------|------|------|
| Employee participation    | 93%  | 100% | 100% |
| Employee Engagement Index | 97%  | 97%  | 97%  |
| Values Index              | 98%  | 98%  | n/a  |
| Recommendation            | 98%  | 98%  | 97%  |

Table 5: Training of our employees

|   | 2016  | 2017  | 2018  |
|---|-------|-------|-------|
| Number of training hours                      | 3,495 | 2,507 | 4,201 |
| Number of employees                           | 276   | 282   | 278   |
| Average number of training hours per employee | 13    | 9     | 15    |

# Environment

## OUR ENVIRONMENTAL PRIORITIES



The following five ecological parameters are continuously measured at our bottling plant:

- Water usage (in liters per liter of produce beverage) .....
- Energy consumption (in MJ per liter of produced beverage) .....
- Total generated waste (in grams per liter of produced beverage) .....
- Recycled waste (percentage of recycled waste relative to total generated waste) .....
- Quantity of waste disposed at the city landfill (in grams per liter of produced beverage)

In 2014, across the Coca-Cola HBC Group, hence in B-H also, a new environmental leading indicator was introduced - Near Loss. The NL parameter was introduced to raise employee awareness and improve the results of other parameters, with its primary purpose being the detection and timely prevention of potential environmental losses. By applying this parameter, in 2018, we achieved excellent results, recording as many as 87.6 % successful actions. 'Successful action' means that the reported or identified 'near loss' was successfully managed.

These parameters form an integral part of our annual business planning. Within that framework, at the end of each year, water and energy consumption, and waste production and recycling targets are set for the next year, on a quarterly and monthly basis. Through our efforts to meet the local targets set for reducing energy consumption, water use and waste production, and increasing the percentage of recycled waste, Coca-Cola HBC B-H contributes to the achievement of the long-term goals set at the Group level.

Goal achievements are monitored on a weekly, monthly and annual basis, and senior management and the Coca-Cola HBC Group are briefed accordingly. It is important to point out that all the processes in the bottling plant are included in the assessment of environmental parameters - administration, production, and storage. The environmental parameters are also monitored at the distribution centers and sales offices.

# OUR ENVIRONMENTAL FOOTPRINT

We are devoted to finding ways to make our business as environmentally friendly as possible. By introducing new processes and continually improving existing solutions, we are making every effort to achieve our goals for 2020, the fulfillment of which would confirm and strengthen the Company's position as a global sustainability leader.

Our approach to environmental protection is based on a commitment to innovation - continually finding new ways to achieve sustainability, through our efforts to minimize negative impacts on the environment, and maximize our positive impacts. In doing so, we develop and nurture partnerships with different stakeholders - government agencies, non-governmental organizations, and other partners, to respond more successfully to ever-increasing challenges.

Our priorities in Bosnia and Herzegovina are fully aligned with the global Coca-Cola system, with four key environmental themes central to our operations:

- Water stewardship
- Energy efficiency and climate protection
- Sustainable packaging and recycling
- Waste management

The involvement of all employees is integral to our approach. A component on environmental protection is included as part of the induction training of all new members of staff. Also, every year we hold a series of trainings aimed at improving the competence of our employees in this area.

We reduce environmental impact across the value chain by meeting the following goals:

- reduction of water and energy consumption, and waste production,
- reduction of greenhouse gas emissions (GHG),
- optimization of packaging and recycling of packaging,
- reduction of waste that is deposited at landfills,
- responsible supply chain management.

Table 6: Headline figures of water and energy used, and waste production

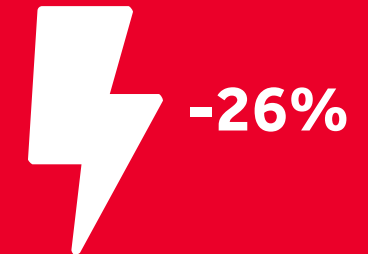
| Year           | Water Use Ratio<br>L/Lpb* |      | Energy Use Ratio<br>MJ/Lpb |      | Total Waste<br>Generated<br>g/Lpb |      | Waste Recycled<br>(%) |       |
|----------------|---------------------------|------|----------------------------|------|-----------------------------------|------|-----------------------|-------|
|                | 2010                      | 2018 | 2010                       | 2018 | 2010                              | 2018 | 2010                  | 2018  |
| Sarajevo plant | 4.09                      | 1.98 | 0.61                       | 0.45 | 11.76                             | 5.26 | 82.49                 | 95.73 |

\*Lpb = liter of produced beverage

Unit of reference to show environmental performance relative to production volume

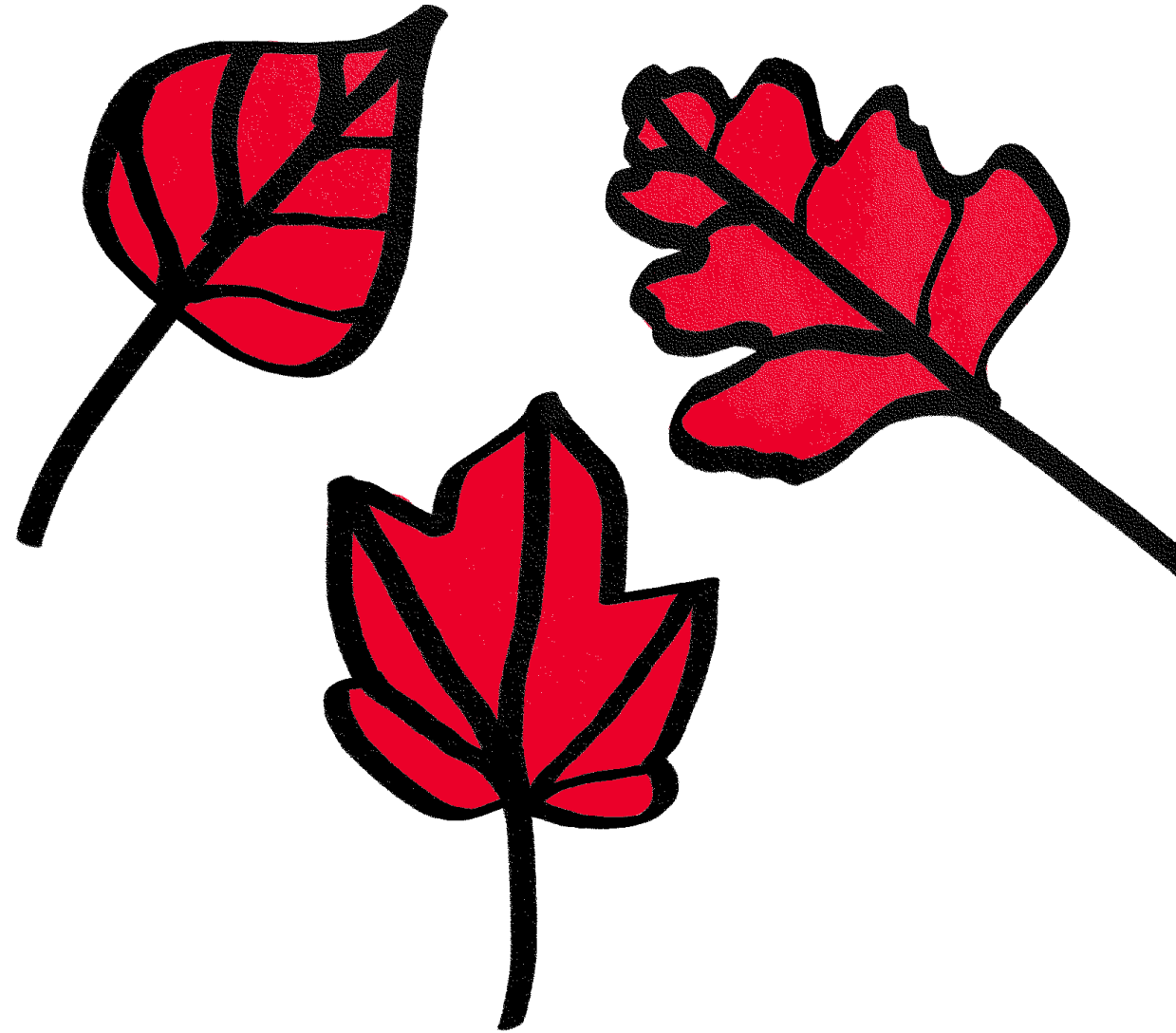
Table 6 above summarizes our results in environmental impact reduction across the value chain, from 2010 to 2018:

- 55% less waste generated, and 52% less water used
- Energy use reduced by 26%
- 13% more waste recycled



## BIODIVERSITY

Our business is fully aligned with the applicable laws and regulations on environmental protection, which is substantiated by the fact that in 2018, the same as in previous years, we received no fines for environmental violations. In addition, internal and external stakeholders can submit complaints related to environmental impact via the official company e-mail or telephone, and during 2018 none were received through those channels.



We closely monitor the impact of our operations on protected areas and high conservation value areas with regards to biodiversity. Coca-Cola HBC B-H lies on an area of 61,654 m<sup>2</sup>, and according to the Cantonal Institute for Protected Natural Areas, within a radius of 25 km from the bottling plant are the following: the Vrelo Bosne natural landmark, the Skakavac Nature Park, and the Trebević protected landscape.

The production of soft drinks and the bottling of natural spring water in our plant are carried out in compliance with the ISO 14001 standard, as well as regulations on protected natural areas and our Environmental Permit, and we have had no identifiable negative impact upon these regulated areas. Also, there are no endemic species from the Red List of the International Union for Conservation of Nature (IUCN) and national lists of endangered species present at the site of the bottling plant.

Our environmental management system is based on the internationally recognized ISO 14001 standard (last obtained certification: 28 August 2018), as well as a series of internal procedures and policies including:

- Environmental Policy (<https://coca-colahellenic.com/en/about-us/policies/environmental-policy/>)
- Policy on Climate Change (<https://coca-colahellenic.com/en/about-us/policies/climate-change-policy/>)
- Packaging waste management policy (<https://coca-colahellenic.com/en/about-us/policies/packaging-waste-recycling-policy/>)
- Protection and conservation of water resources (<https://coca-colahellenic.com/en/about-us/policies/water-stewardship-policy/>)
- Fleet Safety Policy (<https://coca-colahellenic.com/en/about-us/policies/fleet-safety-policy/>)

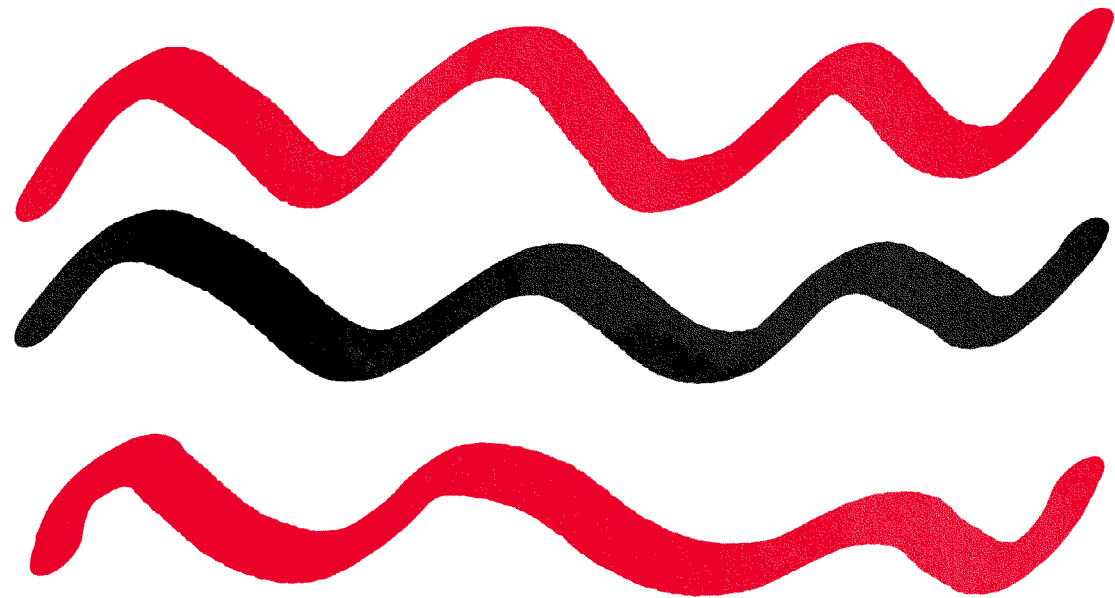
# WATER STEWARDSHIP

Water resource management is one of the key factors in the process of maintaining and improving the sustainability of our business. Apart from being the basic ingredient of our products, water is also essential in our production process and is vital for the cultivation of agricultural products that become our ingredients. Water is also of vital importance to the community in which we operate and because of all this, the responsible management of water resources through all of our processes and our supply chain is a matter of great importance to us.

When it comes to understanding water risks, a detailed source water analysis was carried out for each water source used by the Coca-Cola HBC Group, on the basis of which source water protection plans were drawn up to ensure their sustainability.

Our water stewardship strategy is based on three fundamental principles:

- water we use in production: we protect water sources that supply our plants, reduce the amount of water used in beverage production, and treat 100% of our wastewater;
- we work with our suppliers to reduce the impact on water resources across the value chain;
- we promote awareness of the importance of responsible water resource management, both among our employees and the wider public



At the international level, Coca-Cola HBC AG is one of the signatories of the UN Global Compact and its CEO Water Mandate. The purpose of this initiative is to manage water resource sustainability issues in areas of operation, the supply chain, and in communities and to work closely with governmental and non-governmental organizations in shaping public policies in this area. Coca-Cola HBC also co-operates with the Water Footprint Network, a global platform that connects various parties interested in sustainable and efficient use of water resources.

More on the CEO Water Mandate can be found here: <https://ceowatermandate.org>, and for further details regarding the Water Footprint Network visit: <http://waterfootprint.org/en/>.

In 2017 and 2018 a series of activities were undertaken with the aim of reducing water consumption and the use of chemicals in the manufacturing process, the most important of which were:

- reuse of backwash water from CFs
- CIP last rinsing water reuse
- reuse of water from vacuum pump (mixer PET1 line)
- reuse of water used for cooling of the ozoniser

By implementing a range of Water Savers - projects and programs aimed at rationalizing water use, the total water used per liter of produced beverage (the Water Use Ratio) within our company in 2018 is 52% less than compared to 2010, or 11 % less compared to 2016.

Table 7: Coca-Cola HBC B-H water consumption

| in 1000 L  | Sarajevo plant |         |         |         |         |
|--|----------------|---------|---------|---------|---------|
| Water use  | 2014           | 2015    | 2016    | 2017    | 2018    |
| Water withdrawn from wells (used)                    | 209,106        | 202,146 | 186,039 | 198,047 | 215,054 |
| Total water withdrawn                                | 209,106        | 202,146 | 186,039 | 198,047 | 215,054 |
| Estimated clean unused water                         | 0              | 0       | 9,986   | 9,492   | 23,680  |
| Estimated reused and recycled water                  | 0              | 21,417  | 21,732  | 21,814  | 18,809  |
| % recycled and reused water to total water withdrawn | ...            | 11      | 12      | 11      | 9       |

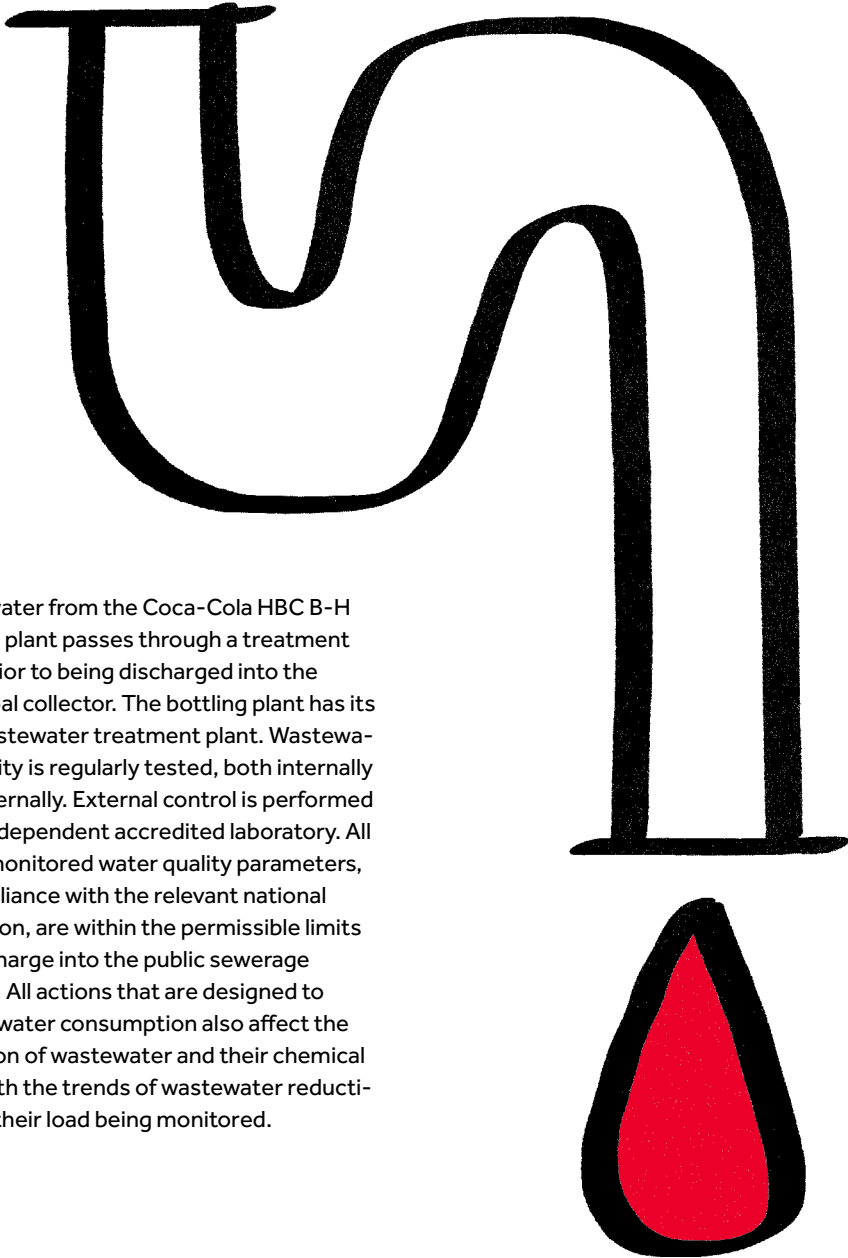
## **Coca-Cola HBC B-H proud recipient of Gold-level European Water Stewardship certification - the first in Bosnia and Herzegovina**

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The Gold European Water Stewardship (EWS) certificate awarded to the Coca-Cola HBC B-H bottling plant is the first EWS certificate earned by any company in Bosnia and Herzegovina. As of 2017, our plant bears the Gold EWS certificate issued by the European Water Partnership (EWP).

The certification scheme developed within the EWP framework, designed to uphold the goals of the EU in respect of safeguarding water resources, aims to encourage companies to develop sustainable policies and practices in the area of water stewardship. EWS assesses companies on the basis of the following criteria: efficiency of water use in beverage manufacturing; the production process; chemical and biological parameters of water quality; responsible use of water sources; protection of water sources and water recycling. The Certificate can be awarded in one of three categories: Bronze, Silver and, the highest award, Gold.

# WASTEWATER MANAGEMENT



Wastewater from the Coca-Cola HBC B-H bottling plant passes through a treatment plant prior to being discharged into the municipal collector. The bottling plant has its own wastewater treatment plant. Wastewater quality is regularly tested, both internally and externally. External control is performed by an independent accredited laboratory. All of the monitored water quality parameters, in compliance with the relevant national legislation, are within the permissible limits for discharge into the public sewerage system. All actions that are designed to reduce water consumption also affect the reduction of wastewater and their chemical load, with the trends of wastewater reduction and their load being monitored.

Figures on Chemical Oxygen Demand (COD) show the quality of treated wastewater by measuring the amount of oxygen required for the oxidization of decomposed organic substances in water. The permissible COD limit for wastewater discharge into natural receivers is 125 mg/L and in the public wastewater drainage system, it is 700 mg/L. From the table below, it is evident that the purified wastewater of the Sarajevo Plant meets the COD requirements for direct discharge into natural receivers. The reason behind the COD increase is a decreased volume of waste water from our processes, whereby wastewater was more concentrated and more loaded with chemicals. The decrease in volume of discharged water occurred as a result of our water savings programs, in which we reclaimed and reused the water for different processes. Consequently, as shown in table below, we have reduced the total amount of discharged water by 17.5% since 2014.

Table 8: Total wastewater discharged by Coca-Cola HBC B-H

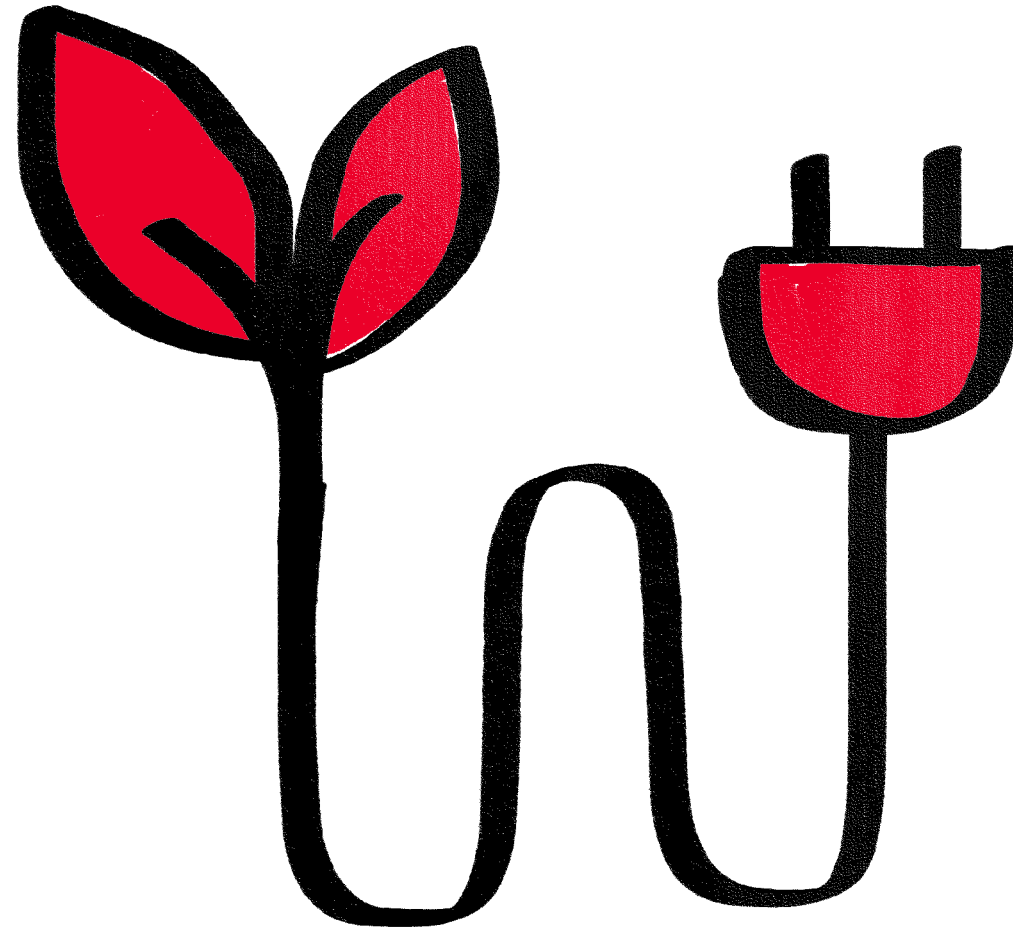
| in 1000 L   | Sarajevo bottling plant |         |         |         |         |
|---|-------------------------|---------|---------|---------|---------|
|   | 2014                    | 2015    | 2016    | 2017    | 2018    |
| <b>Total volume of discharged water, by quality and destination</b> |                         |         |         |         |         |
| Total water discharge   | 135,720                 | 118,826 | 107,649 | 103,776 | 111,993 |
| COD after treatment, mg/l   | 66                      | 64      | 79      | 94      | 94      |



## ENERGY RESOURCE CONSERVATION AND CLIMATE PROTECTION

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The pressing issues of climate change and the availability of clean energy sources have been identified as high-priority concerns by a wide range of stakeholders, and are included among the 17 Sustainable Development Goals that were set by the United Nations in September of 2015.



At Coca-Cola HBC, we analyze potential risks posed by climate change to our business and take proactive measures to avoid, prevent or mitigate them. The identified risks concern the availability of resources (e.g. water, fruit, and sugar), rising energy costs, as well as risks to our suppliers, customers, and the communities we serve. Sparked by our desire and intent to contribute to the fight against climate change, we are committed to reducing the impact of our business, primarily through sustainable energy use. Our approach involves improving our energy efficiency, switching to cleaner energy sources, and developing new low-carbon emission power technology. In order to address the indirect impacts of our operations, we strive to reduce emissions across the value chain, and are actively engaged in raising awareness about the risks of climate change. Through innovation and investment, we aim to turn climate change risks into new opportunities for sustainable business development.

Coca-Cola HBC has made notable progress addressing climate-related risks, taking an aggressively proactive approach and in 2016, set science-based targets to reduce carbon emissions per liter of produced beverage by 50% in our operations and by 25% across our value chain by 2020 vs. our 2010 baseline. Coca-Cola HBC was proud to be one of the first companies to introduce science-based targets, and is even prouder to have achieved, by the end of 2018, our 2020 target of a 25% reduction in emissions across our value chain.

Our approach to this complex issue encompasses

- increasing the energy efficiency of our business,
- transition to cleaner energy sources,
- reduction of emissions across the value chain,
- the introduction of new technologies with low CO<sub>2</sub> emissions,
- promotion of good practices and raising awareness about the significance of climate change.

## RAW MATERIALS

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All materials consumed in our manufacturing process form part of the finished product, in other words, we use direct materials.

**In 2018, the production volume grew by 13% compared to 2017, while the percentage of used materials increased by 17%.**

Table 9: Materials used in production by Coca-Cola HBC B-H

| <b>Sarajevo plant</b>                |                   |                   |                   |                   |                   |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Annual total, in kg</b>           | <b>2014</b>       | <b>2015</b>       | <b>2016</b>       | <b>2017</b>       | <b>2018</b>       |
| Materials used                       |                   |                   |                   |                   |                   |
| Sugar (Cane)                         | 5,472,000         | 5,374,000         | 5,183,200         | 5,664,000         | 1,632,000         |
| Sugar (Beet)                         | 0                 | 0                 | 0                 | 0                 | 4,252,350         |
| Other sweeteners                     | 3,600,680         | 3,747,080         | 4,127,960         | 4,685,530         | 5,217,620         |
| Total sugar and other sweeteners     | 9,072,680         | 9,121,080         | 9,311,160         | 10,349,530        | 11,101,970        |
| Concentrates, squash                 | 393,815           | 466,189           | 481,141           | 614,250           | 636,720           |
| CO2                                  | 1,160,238         | 1,266,551         | 1,298,817         | 1,271,963         | 1,627,060         |
| N2                                   | 3,600             | 2,924             | 3,150             | 1,200             | 2,950             |
| PET granulate (for own use)          | 2,156,000         | 2,486,000         | 2,327,000         | 2,258,153         | 2,147,300         |
| PET granulate (for other plants)     | 0                 | 0                 | 0                 | 56,647            | 0                 |
| Total PET granulate                  | 2,156,000         | 2,486,000         | 2,327,000         | 2,314,800         | 2,147,300         |
| PET preforms                         | 151,896           | 321,337           | 235,824           | 251,270           | 725,355           |
| Glass (bottles) RGB & NRGB           | 261,428           | 392,022           | 630,678           | 869,341           | 1,302,016         |
| % of glass from recycled sources     | 10                | 15                | 15                | 15                | 10                |
| Aluminum (cans and caps)             | 0                 | 0                 | 0                 | 3,617             | 3,853             |
| % of aluminum from recycled sources  | 0                 | 0                 | 0                 | 0                 | 0                 |
| Steel (caps)                         | 58,433            | 70,135            | 71,200            | 60,320            | 84,502            |
| % of steel from recycled sources     | 0                 | 24                | 24                | 10                | 10                |
| Plastic caps                         | 183,327           | 199,833           | 199,889           | 216,404           | 267,458           |
| Plastic labels                       | 27,099            | 34,033            | 33,242            | 38,347            | 41,715            |
| Paper labels                         | 17,501            | 14,392            | 14,884            | 17,949            | 18,044            |
| PE thermo and stretch film           | 221,766           | 225,624           | 234,940           | 262,422           | 318,116           |
| Cardboard                            | 108,138           | 94,640            | 131,326           | 162,534           | 175,519           |
| Wood (pallets)                       | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total</b>                         | <b>13,815,921</b> | <b>14,694,760</b> | <b>14,973,251</b> | <b>15,723,121</b> | <b>18,452,578</b> |
| % Δ used material vs. previous years | -                 | 6                 | 2                 | 5                 | 17                |

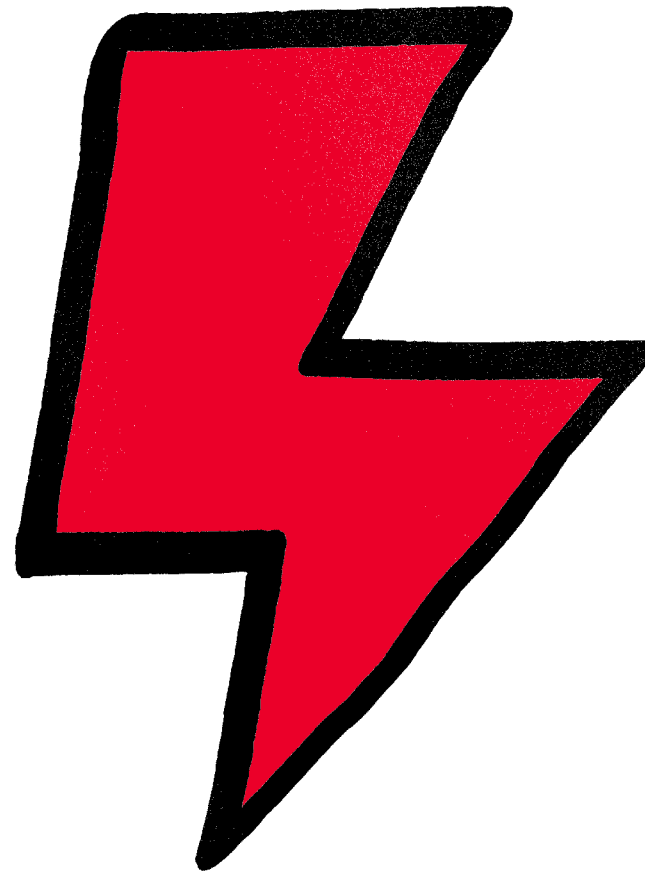
Table 10: Coca-Cola HBC B-H total production volume

| <b>Sarajevo plant</b>       |             |             |             |             |             |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
|                             | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> |
| Total Production Volume (L) | 81,181,953  | 82,653,576  | 83,794,758  | 96,312,126  | 108,373,324 |

# ENERGY

Energy is at the center of almost every major challenge, or opportunity, that the World faces today. How we approach energy issues is important in all aspects of business operations, including employment, safety, climate change, food manufacturing, and income growth.

Coca-Cola HBC B-H has committed itself to reduce energy consumption and the overall impact of its emissions. The greatest amount of energy is consumed in the following segments of our operations: the bottling plant, the vehicle fleet, and cooling equipment. According to the HEP Energija d.o.o. report for 2018, 73% of the electricity supplied to Coca-Cola HBC B-H came from renewable sources.



The following key activities were carried out by Coca-Cola HBC B-H in 2018 with the aim of reducing energy use within the production process:

- Heat pumps used for heating/cooling in the administrative building
- Modernization of illumination in FPW (led lightning)
- Bottle washer - thermal insulation with nano-composite coating
- Continuation of CIP optimization
- Air hunter Near Loss decrease
- Further HP optimization per bottle format

During the year, we found innovative ways to save water, energy and materials throughout our operational territory. An example is provided below.

### Heat pumps for energy and CO2 savings in Bosnia and Herzegovina

In our Sarajevo plant, we installed heat pumps as a renewable alternative to fossil fuels. Heat generated from cooling processes in production will be reused for heating our administrative building. With an investment of €60,000 we are able to save 160,000 kWh of energy and reduce carbon emissions by 110 metric tons, annually.

By applying various measures to rationalize the use of energy, the total energy consumption per liter of produced beverage (Energy Use Ratio) within our company was reduced by 26% in 2018 compared to 2010.

Table 11: Energy Use at Coca-Cola HBC B-H

| Direct energy consumption | Sarajevo plant    |                   |                   |                   |                   |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                           | 2014              | 2015              | 2016              | 2017              | 2018              |
| Electricity (MJ)          | 26,513,748        | 26,278,471        | 27,007,502        | 29,431,757        | 32,490,907        |
| Fuel oil (L)              | 9,074             | 1,200             | 1,000             | 4,000             | 1,200             |
| Fuel oil (MJ)             | 353,886           | 46,800            | 39,000            | 156,000           | 42,972            |
| Natural gas (MJ)          | 13,732,667        | 16,652,977        | 14,298,711        | 15,820,485        | 16,484,931        |
| Propane or LPG (MJ)       | 16,000            | 4,000             | 0                 | 4,000             | 0                 |
| <b>Total energy (MJ)</b>  | <b>40,616,301</b> | <b>42,982,249</b> | <b>41,345,213</b> | <b>45,412,242</b> | <b>49,018,810</b> |

## EMISSIONS



Coca-Cola HBC AG contributes to the CDP's efforts to reduce corporate carbon footprints. The CDP, formerly the Carbon Disclosure Project, is the only global disclosure system that provides companies with a platform for measuring, publishing, managing, and sharing key environmental information, and drives them to report data on their environmental impact, as well as to take action to reduce it.

Climate change mitigation measures form an integral part of our policies, strategies and plans. To ensure we meet our targets, Coca-Cola HBC uses an internal carbon price of €25 per metric ton of CO<sub>2</sub>. This is used in our financial evaluation and decision-making regarding further investment in carbon reduction and renewable energy.

Table 12: Coca-Cola HBC B-H CO<sub>2</sub> emissions

|   | 2014   | 2015   | 2016   | 2017   | 2018    |         |
|---|--------|--------|--------|--------|---------|---------|
| Total Production Volume (in 1000 L)                                     | 81,182 | 82,654 | 83,795 | 96,312 | 108,373 |         |
| CO <sub>2</sub> from bottling plants (fossil fuels) (t)                 | 731    | 845    | 725    | 811    | 836     | Scope 1 |
| CO <sub>2</sub> from owned fleet (fossil fuels) (t)                     | 677    | 757    | 705    | 732    | 696     |         |
| CO <sub>2</sub> losses (from product carbonization) (t)                 | 568    | 631    | 649    | 561    | 818     |         |
| CO <sub>2</sub> from supplied electricity, using Country GHG Factor (t) | 6,769  | 5,876  | 5,101  | 5,396  | 6,002   | Scope 2 |
| CO <sub>2</sub> in (not recycled) product (t)                           | 592    | 635    | 649    | 711    | 809     | Scope 3 |
| CO <sub>2</sub> from third party fleet (t)                              | 1,241  | 1,419  | 1,108  | 1,094  | 1,357   |         |
| CO <sub>2</sub> from primary packaging (t)                              | 6,703  | 8,123  | 7,652  | 7,607  | 8,974   |         |
| CO <sub>2</sub> from secondary packaging (t)                            | 608    | 606    | 657    | 747    | 888     |         |
| CO <sub>2</sub> from sugar and sweeteners(t)                            | 4,084  | 3,916  | 4,034  | 7,324  | 8,885   |         |

\* Data on emissions from distribution centers not owned by Coca-Cola HBC B-H are not available.

## BOTTLING PLANT EMISSIONS

Certified testing laboratories monitor the gas emissions from our furnaces and regularly inspect the CO2 and natural gas line installations.

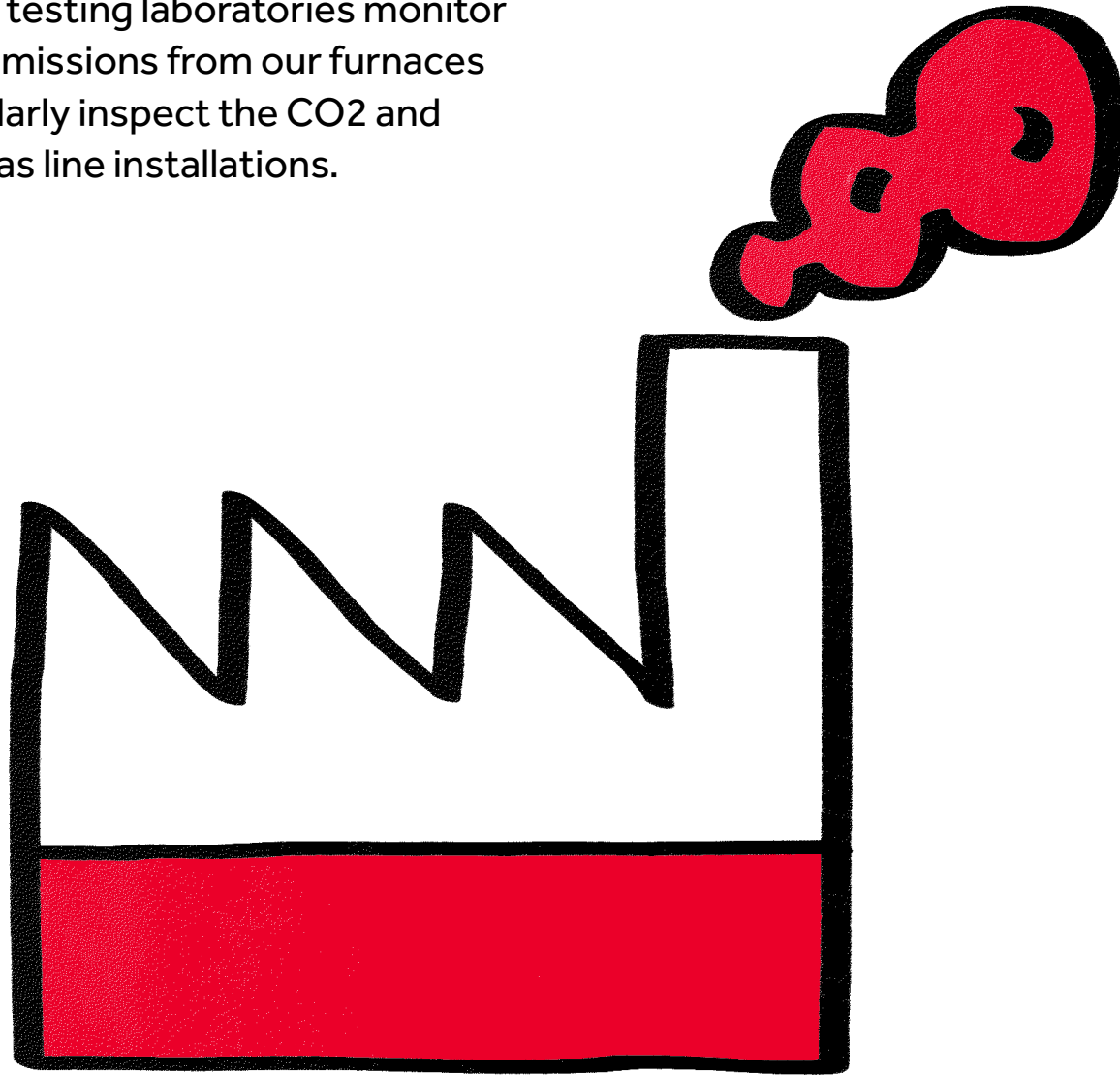


Table 13: Other emissions by type and weight

| NOx, SOx and other emissions by type and weight | 2014   | 2015   | 2016   | 2017   | 2018   |
|---|--------|--------|--------|--------|--------|
| NOx kg/yr.                                      | 501.44 | 588.15 | 572.28 | 511.00 | 591.89 |
| SO2 kg/yr.                                      | 47.89  | 5.45   | 20.02  | 3.60   | 0.00   |
| CO kg/yr.                                       | 18.69  | 48.96  | 102.64 | 67.00  | 39.43  |

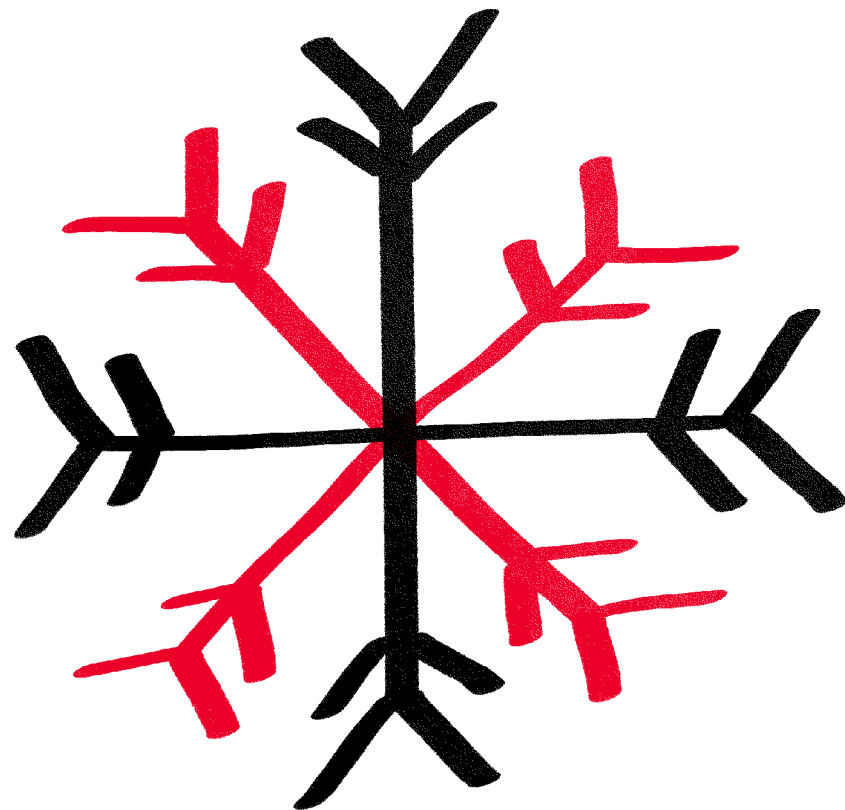
Note: Data on annual furnace emission values are calculated on the basis of the average annual emission value of two furnaces measured by an accredited testing laboratory, and the total annual fuel consumption and fuel-specific factors.

The values represent a sum of emissions from two emitters: furnaces running on natural gas and fuel oil furnaces. Furnaces have the option of combined combustion of natural gas and extra light oil, which is used as an alternative fuel in the event of loss or interruption of natural gas supply.

After submission of the report on annual emissions of pollutants, the Environmental Fund of the Federation of Bosnia and Herzegovina found that the reported emission levels were below those to which fees apply, and consequently Coca-Cola HBC B-H was not required to pay pollutant surcharges in 2018, same as in 2016 and 2017.

## COOLING DRINK EQUIPMENT

Coca-Cola HBC B-H adheres to the decision and commitment of The Coca-Cola Company regarding the use of new cooling equipment that is *HFC-free*. By eliminating the use of HFC-containing cooling equipment, The Coca-Cola Company shows its responsiveness and demonstrates that soft drink manufacturers can work towards preventing climate change.



To tackle the largest source of carbon emissions in our value chain, we are investing in a new generation of coolers which cut electricity use by more than half and use safe refrigerants which cause no harm to the atmosphere.

In 2018, Coca-Cola HBC B-H reduced the share of HFC-containing cooling equipment by 14%, and increased the share of HC-containing equipment by 35% and CO2 refrigeration by 9%, when compared to 2016.

Table 14: Number of CDE (Cold Drink Equipment) in the market with different gas cooling agents, from 2014 to 2018

|       | 2014   | 2015   | 2016   | 2017   | 2018   |
|-------|--------|--------|--------|--------|--------|
| HFC   | 11,031 | 10,544 | 8,378  | 8,329  | 7,191  |
| HC    | 3,764  | 4,392  | 6,323  | 6,816  | 8,560  |
| CO2   | 29     | 128    | 278    | 306    | 304    |
| Total | 14,824 | 15,064 | 14,979 | 15,451 | 16,055 |

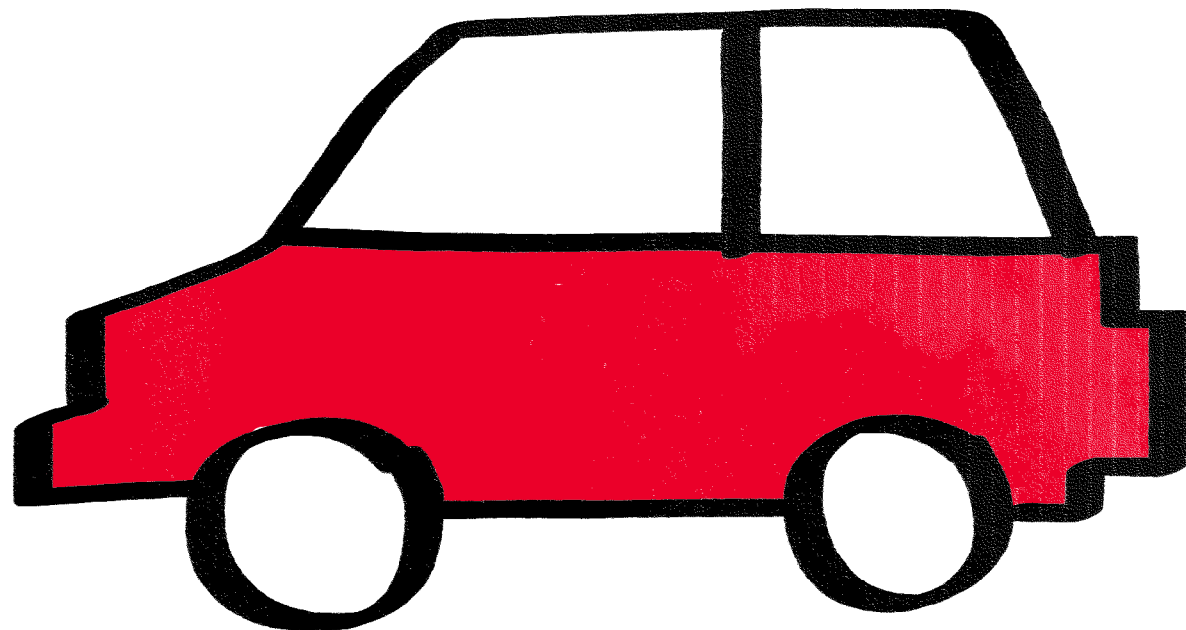
We have almost doubled the refrigeration devices with EMD (electronic management devices) between 2016 and 2018, while at the same time decreasing the number of cooling devices without EMD and LED. This means that already in 2018, 54% of our cooling devices are with EMD and 53% of our devices with LED.

Table 15: The number of energy-efficient coolers in the market Coca-Cola HBC B-H

|     |                    | 2014   | 2015   | 2016   | 2017  | 2018  |
|-----|--------------------|--------|--------|--------|-------|-------|
| EMD | With EMD           | 3,921  | 4,368  | 4,399  | 4,860 | 3,536 |
|     | i-cooler           | 0      | 0      | 0      | 1,459 | 5,192 |
|     | No EMD or i-cooler | 10,903 | 10,696 | 10,580 | 9,132 | 7,327 |
| LED | With LED           | 3,328  | 4,167  | 5,900  | 6,452 | 8,478 |
|     | No LED             | 11,496 | 10,897 | 9,079  | 8,999 | 7,566 |

## OUR FLEET

The most significant identified environmental impacts arising from the transport of our products are fuel consumption and gas emissions.



In accordance with the Coca-Cola HBC B-H Fleet Safety Policy, the vehicles must not be older than five years nor have a mileage exceeding 175,000 km. All of our vehicles must meet the minimum requirements of the Euro 6 standard.

For the Coca-Cola HBC B-H fleet, which consists of light vehicles, we monitor fuel consumption and the number of kilometers traveled in order to minimize the emission of harmful gases.

Table 16: Coca-Cola HBC B-H fleet in numbers

| Fleet  | 2016      | 2017      | 2018      |
|--|-----------|-----------|-----------|
| Total vehicles in fleet owned by Coca-Cola HBC B-H   | 178       | 174       | 172       |
| Total mileage by own fleet (km)                      | 4,543,438 | 4,655,783 | 4,294,273 |
| Total energy consumption – diesel (L)                | 261,139   | 273,626   | 259,912   |
| Average consumption (l / 100 km)                     | 5.7       | 5.9       | 6.1       |
| CO2 emission by owned fleet (t)                      | 705       | 732       | 696       |
| Total CO2 emissions by own and third-party fleet (t) | 1,813     | 1,827     | 2,053     |

## SUSTAINABLE PACKAGING

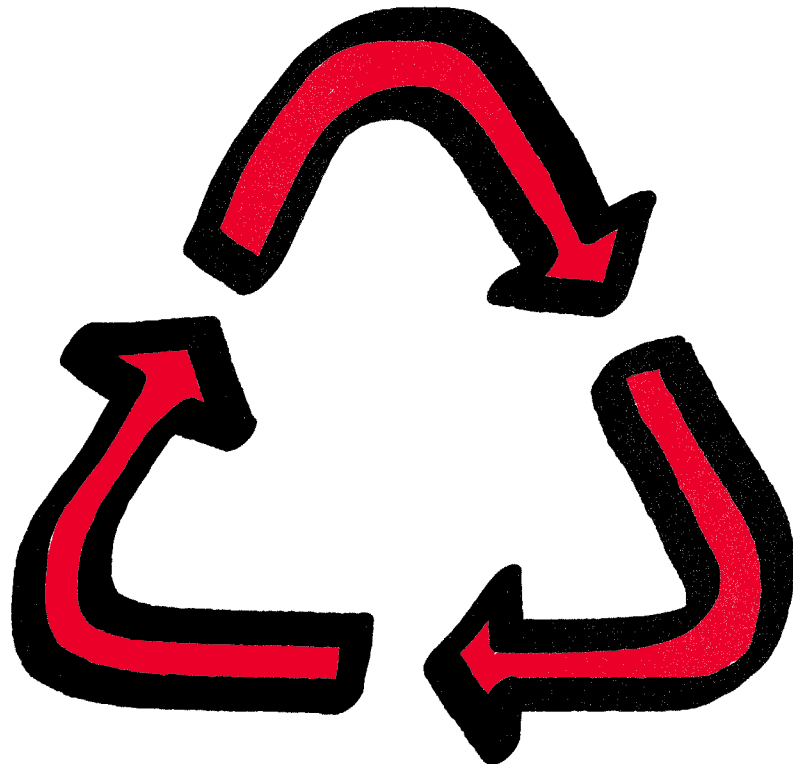
Our approach to packaging is holistic, minimizing our impact on every stage of the lifecycle. We do this by reducing packaging weight, increasing the use of recyclable materials and the overall recyclability of packaging. We are also investing in design innovations to create better packaging and explore packaging-free alternatives for delivering our products.

The Light-Weighting initiative was designed to drive Coca-Cola HBC B-H to reduce the weight of PET bottles.

Through the Light-Weighting program, Coca-Cola HBC B-H has so far reduced the weight of the 2L PET bottles by 22% and the weight of the 0.5L PET bottles by 26%.

With the Light-Weighting program, we introduced a new, shorter 1881 type thread, which allowed us to reduce the weight of the plastic caps used on these bottles by up to 15%.

The weight of reusable glass bottles for key category clusters has been reduced by 9%.



## WASTE MANAGEMENT AND RECYCLING

Our continuous commitment to environmental protection is demonstrated by the fact that in the period 2015-2018, on average we recycled approximately 95% of the total generated waste.

Table 17: Waste management Coca-Cola HBC B-H

|  | 2014    | 2015    | 2016    | 2017    | 2018    |
|--|---------|---------|---------|---------|---------|
| Non-hazardous waste generated (kg)                             | 475,141 | 599,700 | 674,816 | 567,180 | 569,946 |
| Hazardous waste generated (kg)                                 | 0       | 44,000  | 15,675  | 3,786   | 522     |
| Total waste generated (kg)                                     | 475,141 | 643,700 | 690,491 | 570,966 | 570,468 |
| Total non-hazardous waste recycled (kg)                        | 394,992 | 528,450 | 637,016 | 467,940 | 533,424 |
| Waste landfilled (kg)*   | 32,150  | 26,250  | 24,300  | 24,300  | 24,300  |
| Waste composted (kg)   | 48,000  | 45,000  | 13,500  | 74,940  | 12,222  |
| Amount of non-hazardous waste recycled or recovered (kg)       | 442,992 | 573,450 | 650,516 | 542,880 | 545,646 |
| Total hazardous waste recycled (kg)                            | 0       | 43,472  | 14,659  | 986     | 489     |
| % Amount of waste recycled (hazardous and non-hazardous waste) | 93      | 96      | 96      | 95      | 96      |

\* The quantities of landfilled waste were derived by estimation, while the quantities of all other waste were obtained by weighing.

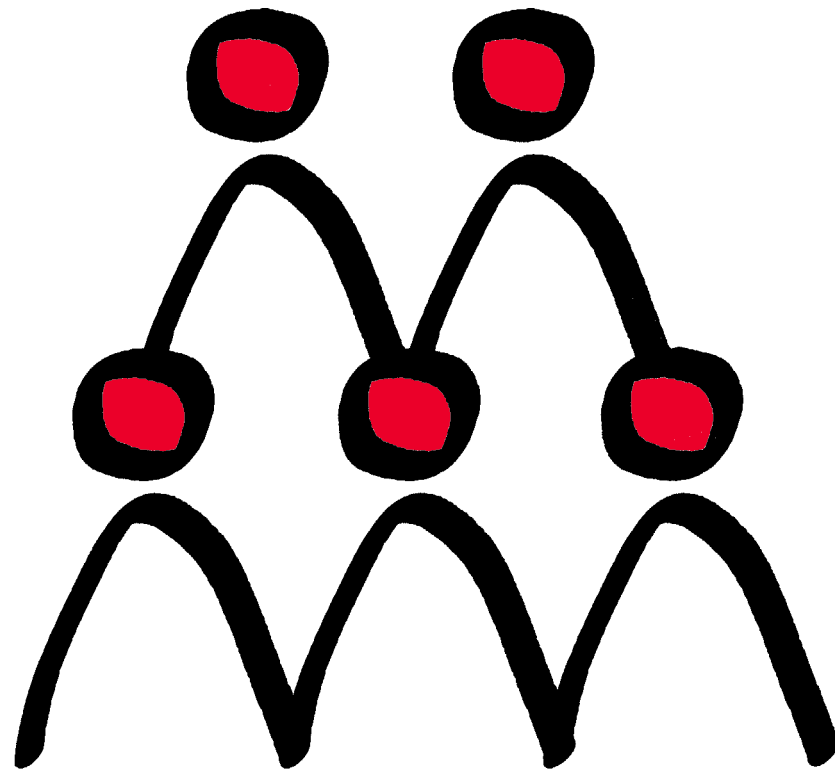
The applicable laws and regulations of Bosnia and Herzegovina stipulate that the disposal of waste at landfills is charged per m2 of administrative office space, not quantity of waste.

Note: The stated quantities and percentages of recycled waste have changed as a result of reporting methods being altered and the repeal of regulations governing the field of electrical and electronic waste management in Bosnia and Herzegovina.



# Community

As a key part of our strategic approach, we are committed to investing in the local community and to improving the quality of life of those who live in it. Social responsibility and principles of sustainable business are not fully achievable without, as we like to say, 'giving back to the community'. Our goal is to behave responsibly and to include all stakeholders, including the local community, in programs for sustainable development.



Our community investments have increased substantially between 2016 and 2018, by almost 40%, which illustrates our commitment to the community.

Table 18: Coca-Cola HBC B-H community investments in the reporting period (all figures in EUR)

|                     | 2016      | 2017      | 2018      |
|---------------------|-----------|-----------|-----------|
| Youth               | 37,626.00 | 53,881.00 | 75,776.00 |
| Waste and water     | 7,669.00  | 7,669.00  | 7,669.00  |
| Community wellbeing | 16,719    | 9,433.33  | 0         |
| Red Cross           | 0         | 10,226.00 | 4,090.00  |
| Total               | 62,014.00 | 81,209.33 | 87,535.00 |

We are working together with various stakeholders on programs aimed at improving the quality of life in local communities, with youth development being our main focus.

# YOUTH DEVELOPMENT

## Youth Empowered

A key aspect of our social responsibility is investing in youth development. Together with our partners, we want to contribute to social progress and help young people find their feet. In response to high unemployment levels among youth in many countries where Coca-Cola operates, including Bosnia and Herzegovina which, in 2016, had a youth unemployment rate of 67.6%, a number of activities have been launched to support the community, empower young people and contribute to reducing youth unemployment. Lack of work experience, lack of skills, and lack of confidence are the biggest obstacles preventing youth from getting jobs. Youth Empowered is an educational program designed to enable young unemployed people, motivated to learn, to become more competitive in the labor market. Through our workshops, young people are given the opportunity to acquire fundamental life and business skills necessary for employment, such as building self-confidence and developing long-lasting professional and peer networks. Life skills include communication skills, networking, self-development and self-assessment, the receiving and giving of feedback, while business skills encompass financial literacy, business planning, project management, and sales and negotiating skills. The program is intended for young people aged between 18 and 30, focusing on those who are not in education, employment or training, as well as vulnerable youth. Senior Coca-Cola HBC B-H staff share their success stories and professional experience with the participants and provide them with practical tips to familiarize them with the latest trends in the business world.

Following the launch of the project in 2017, five four-day workshops were held in Sarajevo and Banja Luka, through which Coca-Cola HBC B-H trained a total of 201 young people. In the year 2018, the goal was to train a total of 500 young people in ten B-H cities through three-day workshops. Partnering with the student organization AIESEC the goal was exceeded, with a total of 629 youngsters undergoing training - 501 through regular workshops and 128 through shortened versions for AIESEC members, who were one of our project partners and key stakeholders for the project. The project continued in 2019, with the target set at training 1,300 young people through modified two-day workshops and key-partner conferences, offering young people only the best-rated modules and workshops from previous years.

## Coke Summership

Another project, developed to help improve youth employability is the Coke Summership internship program, launched in 2016. The Coke Summership is a six-week summer internship program that provides educated, talented and ambitious young people with the opportunity to gain their first work experience and learn business skills in a highly professional environment; to acquire knowledge through practice and perfect it; and to attain skills that will help them in their further professional development. The program is designed to provide students with practical experience, working three days a week with mentors on actual projects within Coca-Cola HBC B-H, and spending two days a week attending lectures held by senior company managers and experts from partner organizations, as well as in interactive workshops and visits. Project management, presentation, leadership abilities, business communication, and time management are just some of the areas in which the Coke Summership program's participants improve their skills. Following the completion of the program, the program participants are entered into the database of potential Coca-Cola HBC B-H employees, and thus Coke Summership is one of our key talent-acquisition activities. Of the nearly 250 applicants in 2018, 20 young persons were given the opportunity to be part of the Coca-Cola HBC team through the Coke Summership. As a result of the 2018 program, six (30%) were employed by other companies and two (10%) by Coca-Cola HBC.

# COMMUNITY WELLBEING

## Olimpija Run Fest

Cementing its title as one of the most beautiful running cities in this part of Europe, in 2018 Sarajevo received its first running festival, the "Olimpija Run Fest". The organizer of the festival is NGO "Marathon" Sarajevo, and the general sponsor is the Coca-Cola HBC B-H Sarajevo company and its brand Olimpija, who have been partners of the Sarajevo Half Marathon since its inception and therefore now have the privilege of being the general sponsor of the first and only running festival in Bosnia and Herzegovina. During Olimpija Run Fest over 10,000 recreational runners, including several elite competitors from B-H, the region and the rest of the world, took part in the Olimpija Run Fest, and this event has significantly contributed to enhancing the image of both the city and the country.

## Giro di Sarajevo

In September 2018, together with the Giro di Sarajevo Association, the City Administration of Sarajevo and numerous other partners, we continued to promote an active lifestyle by supporting the organization of the ninth Giro di Sarajevo recreational cycling race. This traditional event, which takes place on the first Sunday in September every year, gathered more than 2,000 cycling enthusiasts who, by riding through the most beautiful streets of Sarajevo, promote the use of bicycles as an economical means of transport and a healthy mode of travel, as well as tolerance among road users. We are proud that over 30 of our employees and their family members took part in the ride. Every year, the World Car Free Day is celebrated by a bicycle ride, raising awareness of the importance of environmental protection.

## Plant visits

Through the plant visit program, we have had the opportunity to organize expert-guided visits to our plant on several occasions, and to present our achievements in the field of sustainability to our stakeholders. In 2018, visits were organized for a total of 64 visitors from high schools and universities, as well as our Coke Summership interns.

## Volunteering

As a company, we support the participation of our employees in existing opportunities for volunteering, and in a way that such activities take place during working hours. The most important volunteer activity was support to the implementation of the Youth Empowered program. During 2018, a total of 36 employees volunteered their time to the Youth Empowered program, dedicating 544 working hours to mentoring participants during workshops.

## Donations and sponsorships

We support numerous community projects and activities focused on development of young people. The aim is to provide support to young people in strengthening their leadership skills and their efforts to find employment as soon as possible after completing their education. In 2018, within the donation and sponsorship program, which provides refreshing drinks for project participants, we supported numerous community projects that involved over 16,400 people in total, out of which 8,867 participated in youth development or sports projects.

## SUPPORT TO COMMUNITY PROJECTS

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### Sarajevo Film Festival

As a socially responsible company, we aim to support projects of particular importance to our community. We are very proud of our long-standing partnership with the Sarajevo Film Festival, which during this period has positioned itself as one of the most important festivals in South-East Europe. In addition to giving movie fans an opportunity to watch the latest films from both international and regional production houses, the festival enables creative young people in the country to connect and engage with, as well as contribute to the global film scene. During the festival, over 100,000 visitors, guests, and tourists stay in Sarajevo, thus providing a significant boost to the tourism sector. In addition to supporting the performing arts, through this partnership we contribute to the promotion of Sarajevo and Bosnia and Herzegovina as important destinations on the world film and cultural map, and to the development of young people.

### We love holidays

We add to the festive atmosphere during the New Year and holidays that are traditionally celebrated in Bosnia and Herzegovina by supporting events such as Coca-Cola Holiday Market Sarajevo, Zimzograd Banja Luka, and Advent Mostar. According to the estimates of the organizers, these events were visited by nearly 850,000 visitors in 2018.

# Our sustainability commitments and targets

We aim to be the market leader and ensure the highest quality of products for our consumers, but also, to be the leader in sustainable business practices to ensure a prosperous future for our employees and the communities we serve while minimizing our negative impacts. This is why our sustainability commitments for 2025 are focused on the following six key areas: reducing emissions; water use and stewardship; the World Without Waste initiative; ingredient sourcing; nutrition; our people and communities.

## WHERE WE ARE AND WHERE WE WANT TO GO

### 01. Emission reduction

#### REDUCE CARBON RATIO IN DIRECT OPERATIONS BY 30%

In 2018 we reduced the CO2 scope 1 + 2 emissions ratio by 11%, and the CO2 scope 1 + 2 + 3 emissions ratio by 24%, compared to 2016.

#### 50% OF OUR REFRIGERATORS IN CUSTOMER OUTLETS WILL BE ENERGY EFFICIENT

We have almost doubled the number of refrigeration devices with EMD (electronic management devices) between 2016 and 2018, while at the same time decreasing the number of cooling devices without EMD and LED (see Tables 17 and 18).

This means that already in 2018, 54% of our coolers have EMD and 53 % have LED.

#### 50% OF TOTAL ENERGY USED IN OUR PLANTS WILL BE FROM RENEWABLE AND CLEAN SOURCES

#### 100% OF THE TOTAL ELECTRICITY WILL BE FROM RENEWABLE AND CLEAN SOURCES

In Bosnia and Herzegovina, the national legislation does not provide for the purchase of energy from renewable sources with an accompanying guarantee (Certificate of Origin). As of 2018, the company HEP Energija d.o.o. is Coca-Cola HBC B-H's electricity provider, and according to their report, 73% of the electricity that they delivered to us in 2018 came from renewable sources.

### 02. Water reduction and stewardship

#### REDUCE WATER USE IN PLANTS LOCATED IN WATER RISK AREAS BY 20%

#### HELP SECURE WATER AVAILABILITY FOR ALL OUR COMMUNITIES IN WATER RISK AREAS

These Group goals are not applicable to Bosnia and Herzegovina, as it is not a water risk area. We are nevertheless, constantly working on reducing water consumption in our plant in Sarajevo.

### 03. World Without Waste

#### HELP COLLECT THE EQUIVALENT OF 75% OF OUR PRIMARY PACKAGING

Ekopak (a non-profit company established with the aim of taking over the responsibility for fulfillment of legal obligations for recycling and re-use of packaging waste on behalf of packaging producers – including Coca-Cola HBC B-H Sarajevo) collected 36 % of all of the packaging its clients introduced into the marketplace in the Federation of Bosnia and Herzegovina in 2018. However, this figure refers to the total of all packaging, secondary and tertiary included, which means the percentage of primary packaging is substantially lower than the targeted 75%.

#### 100% OF OUR CONSUMER PACKAGING WILL BE RECYCLABLE

#### SOURCE 35% OF THE TOTAL PET WE USE FROM RECYCLED PET AND/OR PET FROM RENEWABLE MATERIAL

Our plant in Sarajevo didn't start with the usage of recycled PET as of 2018. However, we have plans in place for quantities in 2019 and further years and are committed to reaching the group goal by 2025.

### 04. Sourcing

#### SOURCE 100% OF KEY AGRICULTURAL INGREDIENTS IN LINE WITH SUSTAINABLE AGRICULTURAL PRINCIPLES

In 2018 our suppliers were all certified in line with sustainable agricultural principles.

### 05. Nutrition

#### REDUCE CALORIES PER 100ML OF SPARKLING SOFT DRINKS BY 25 %

In 2018 we achieved a reduction of 5.1% compared to 2016.

### 06. Our people & communities

#### TRAIN 1 MILLION YOUNG PEOPLE THROUGH #YOUTHEMPOWERED

Following the launch of the project in 2017, five four-day workshops were held in Sarajevo and Banja Luka, through which Coca-Cola HBC B-H Sarajevo trained a total of 201 young people. In the year 2018, a total of 629 youngsters underwent training. The target for 2019 is to train 1,300 young people through modified two-day workshops and key-partner conferences.

#### 10% OF EMPLOYEES WILL TAKE PART IN VOLUNTEERING INITIATIVES

During 2018, a total of 36 employees volunteered in our Youth Empowered program giving a total of 544 working hours to mentor our youth. This translates to almost 13% of our employees at the end of 2018, which means we have already surpassed this group sustainability goal.

#### TARGET ZERO FATALITIES AND REDUCE (LOST TIME) ACCIDENT RATE BY 50%

Our priority is the health and well-being of our people, and we are committed to our 'safety first' slogan.

Between 2016 and 2018 we had zero fatalities. In 2016 there were 0 accidents, in 2017 the lost time due to accidents amounted to 252 days, which was reduced to just 24 days in 2018.

#### 50% OF MANAGERIAL POSITIONS WILL BE HELD BY WOMEN

In 2018 we had four women and 13 men in senior management positions, which currently puts us at 24%. We are committed to improving those figures and fulfilling the Group's commitment in this regard by 2025.

#### 10% OF COMMUNITY PARTICIPANTS WILL JOIN THE FIRST-TIME MANAGERS DEVELOPMENT PROGRAMS

#### ENGAGE IN 20 ZERO WASTE PARTNERSHIPS

In respect of these two goals, we have just begun to engage and work towards achieving our ambitious targets, and are excited to track our progress in the future.



Impresum

**Sustainability report 2018**  
**Coca-Cola HBC B-H Sarajevo**

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