

## Chairman's letter



**A clear focus  
for the year  
ahead**

### **Dear Stakeholder,**

Our strong growth and the significant progress we delivered toward our goals in 2019 reflect the successful implementation of Coca-Cola HBC's ambitious strategy. This was achieved despite the challenge of unfavourable weather in many of our markets.

We set the stage during the year for further improvements to our Company's long-term competitiveness and future growth.

Our Board's independence and diverse range of skills are complemented by the stability and truly long-term focus of our two majority shareholders. This keeps our focus on delivery not just in the current year but in building the conditions for success over the next five, 10 and 50 years.

### **Growth Story 2025**

In 2016, we introduced a bold strategy, with 2020 targets, based on a vision to be the undisputed beverage leader in every market in which we compete. Aiming for further growth and success, the Board approved a new strategy in 2019 with new 2025 targets, in the context of an updated purpose and vision.

These targets include measures on financial results, people engagement and sustainability commitments. The entire Board is in agreement that achievement in each of these areas is crucial. With the ambition to be the leading 24/7 beverage partner, we have reinforced our commitment to delight consumers while creating growth and value for our Company, our partners, and all of our key stakeholders.

The Board of Directors has worked to ensure that the new strategy and targets reflect our ongoing engagement with stakeholders, including the communities in which we operate.

**/// AIMING FOR FURTHER GROWTH AND SUCCESS, THE BOARD APPROVED A NEW STRATEGY IN 2019 WITH NEW 2025 TARGETS, IN THE CONTEXT OF AN UPDATED PURPOSE AND VISION."**

A more dynamic operating environment and ambitious growth strategy also requires that our people are more empowered, and the Board is overseeing this cultural evolution. With this in mind, I am pleased to report that Charlotte Boyle has been designated as our non-Executive Director responsible for work-force engagement.

We also welcomed Alfredo Rivera as a new member of the Board in 2019. Alfredo is the President of The Coca-Cola Company's Latin America Group and has a wealth of insights to bring with his experience. Meanwhile, let me also take this opportunity to thank Ahmet Bozer for his years of service.

**Culture and values**

A big part of our success is based on our efforts to support and cultivate the potential of our people. This means investing in our teams and developing a culture that ensures that our people feel they belong in their place of work. Experience shows that diverse teams with an inclusive culture deliver better business outcomes, and I am encouraged by the steps taken to foster greater inclusivity.

Coca-Cola HBC has long had a very strong, values-based culture. Many of these values – excellence, customer-centricity – are timeless and enduring. As our Company evolves to respond to a changing business environment, we have advanced our Growth Mindset Values to better support the increased need for agility and continual learning and transformation. The years ahead will see an even greater focus on innovation, technology and growth. The Board is confident that these values and the continued development of the leaders of our Company, as well as our inclusive culture, will ensure that our teams are up for the challenges ahead.

**Sustainability**

One enduring aspect of our culture and values is our commitment to manage our business sustainably with integrity and respect for the planet. We took some big steps forwards on our journey to meet our 2025 sustainability commitments in 2019, particularly regarding product packaging.

We launched our first 100% recycled PET bottles for water brands in Austria, Switzerland, Ireland, Croatia and Romania and increased the recycled PET content of packaging for our sparkling brands in several markets. We know that we have more work to do and we remain committed to continued progress. Therefore, we have started to replace plastic wrap on can multi-packs with minimalist, paperboard packaging.

This effort is backed by a strategic €15 million investment in KeelClip packaging technology.

At our annual Group Stakeholder Forum, we listened to stakeholders from 20 countries and their recommendations for water stewardship strategies. Anastasios Leventis and Charlotte Boyle represented the Board at the event. Our efforts to support water availability in specific risk areas led to four different projects, of which one was finished in Nigeria's Kano State in 2019. Our investment in new wells and new piping to transport water from the Challawa River is already providing clean water to one million people in 20 communities.

In recognition of our sustainability leadership, we were named the most sustainable beverage company in Europe by the Dow Jones Sustainability Indices in 2019. We also received recognition in other sustainability benchmarks, such as CDP Climate and Water, FTSE4Good and MSCI ESG.

In 2019, the Company has made substantial investments in collision avoidance technology for our fleet and in safety training for all of our drivers. Building on the progress already made the Board will work closely with management on the critical need to reduce harm suffered on the job by our colleagues and those who work with us.

**Dividend**

Due to the continued strong operating performance of the business and our confidence in the Company's long-term strategy, the Board is proposing a full-year dividend payment of €0.62 per share. This proposal represents an 8.8% increase compared to the dividend that we paid in 2018.

**Priorities for 2020**

Our focus in 2020 will be on overseeing strategy implementation and decision-making as we continue to evolve our portfolio and transform our operations in this new decade. We will also continue to nurture the culture and values which underpin the potential of the business.

As we finalise the implementation of one strategy and begin to work toward an even bolder vision of growth, I would like to give my sincere thanks to everyone at Coca-Cola HBC for their passion, and hard work which continues to drive this Company to new strengths.

I am confident that we are operationally and strategically well-placed for long-term success. On behalf of the Board, I thank all of our stakeholders for your continued support.



**ANASTASSIS G. DAVID**  
CHAIRMAN OF THE BOARD

**Section 172 statement**

Section 172 of the UK Companies Act 2006 requires directors to promote the success of the company for the benefit of the members as a whole having regard to the interests of stakeholders in their decision-making. As the Company is Swiss incorporated, the UK Companies Act 2006 has no legal effect. However, in accordance with the UK Corporate Governance Code 2018 and as a matter of good governance, in our decision-making the Board considers the interests of the Group's employees and other stakeholders and understands the importance of taking into account their views and considers the impact of the Company's activities on the community, environment and the Group's reputation. In its decision-making, the Board also considers what is most likely to promote the success of the Company for its shareholders in the long term.

Read more about:

- How we manage risks and materiality on pages 54 to 61
- How we engage with key stakeholders on page 19
- Examples of how stakeholders were considered in specific decisions on page 91