

We have set out to deliver more for all of our stakeholders through our new strategy, targets and vision. Achieving our goals is made possible by our bold approach to products and portfolio strategy, route to market, passionate people, innovative thinking and commitment to responsible, sustainable practices throughout our Company.

About our report

The 2019 Integrated Annual Report ('Annual Report') consolidates Coca-Cola HBC AG's UK and Swiss disclosure requirements while meeting the disclosure requirements for its secondary listing on the Athens Exchange and the sustainability reporting standards. For more information about our Integrated Annual Report, see page 236.

Throughout the 2019 Integrated Annual Report, we have identified areas which are relevant to each of our five growth pillars. These are indicated through the following icons:

- 1 LEVERAGE OUR UNIQUE 24/7 PORTFOLIO**
go to pages 26-29
- 2 WIN IN THE MARKETPLACE**
go to pages 30-33
- 3 FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT**
go to pages 34-37
- 4 CULTIVATE THE POTENTIAL OF OUR PEOPLE**
go to pages 38-41
- 5 EARN OUR LICENCE TO OPERATE**
go to pages 42-45

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Our portfolio lies at the heart of our future growth plans. As the strongest, broadest and most flexible in the industry it caters to a growing range of tastes and preferences.

With over 100 brands, covering eight categories, we have evolved our offering dramatically in the past two decades as we have innovated and shifted into new and exciting brands and categories. Each category has a unique strategy targeted at driving profitable growth.

We are seeing strong growth in our low- and no-sugar variants, in line with our sustainability strategy, which includes reducing calories by 25% in the sparkling category over 10 years to 2025. Alongside that, we have increased our focus on premiumisation through accelerating the adult sparkling segment, adding premium water and juice offerings, introducing new products such as Coca-Cola Energy and exploring new categories, such as plant-based beverages with AdeZ. We consider coffee to be a highly promising category and The Coca-Cola Company's acquisition of Costa Coffee is an exciting opportunity in the years ahead.



Read more about how we are leveraging our unique 24/7 portfolio on pages 26-29.

IT TAKES BEING

BOLD


WITH CONSUMER
CHOICE

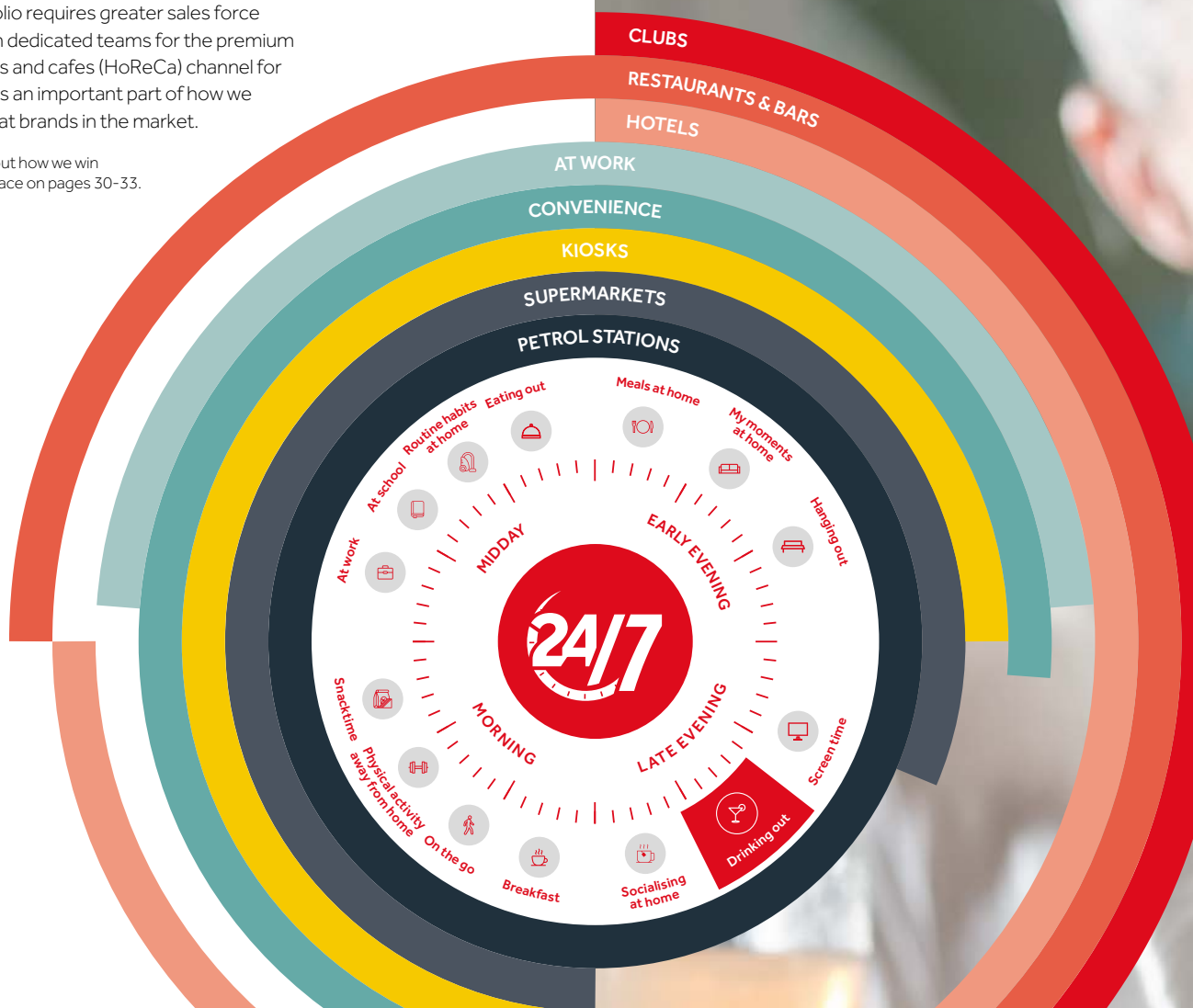


IT TAKES BEING DYNAMIC IN THE MARKETPLACE

Our route-to-market strategy ensures that we create value for our customers by ensuring that the right outlets receive the right beverages, in the right pack, in the right quantities, at the right time and at the right price.

In line with our improving portfolio, we are continuously strengthening our route to market and partnering with our customers to bring our 24/7 portfolio into the hands of our consumers faster and with greater efficiency. Our route to market is increasingly segmented to offer more customer service options, aiming to capture the full potential of each individual outlet rather than just the channel. At the same time the broader portfolio requires greater sales force specialisation, with dedicated teams for the premium Hotels, restaurants and cafes (HoReCa) channel for example, and this is an important part of how we activate these great brands in the market.

 Read more about how we win in the marketplace on pages 30-33.







INN

**To ensure our business is fit for the future,
we are transforming and digitalising many of
our supply chain and sales execution processes.**

Innovation helps us become more customer-centric. Our sales force automation tool embeds the latest technology into a single user-friendly solution that enables our sales people to make customer-specific suggestions of products and quantities, and track performance and execution in real time. At the same time, we are building a network of connected coolers that produce significantly lower emissions, while maximising performance by tracking door openings and inventory and undertaking automatic stocking and ordering. These 'smart coolers' connect directly to the sales person's device, freeing up time to spend with the customer.

We are also applying innovation to our manufacturing and logistics to expand our technical capabilities while ensuring productivity and cost savings.

Innovative approaches to manufacturing are helping us manage growth at our mega plants while consuming less energy and water. New, automatic line changeovers reduce idle production time and free up volume capacity, effectively expanding our production line capacity by nearly 1% per year. These lines support smaller runs of new products, helping us supply niche market segments and respond to rapidly changing consumer preferences.

And in the warehouse, new augmented reality technology helps us manage the complexity of our expanded 24/7 portfolio. The technology aids our warehouse colleagues in pulling inventory from stock and packing it for customer delivery, enhancing the speed and accuracy of our service.



Read more about how we are fuelling growth through efficiency on pages 34-37.

IT TAKES HAVING

OVATIVE

OPERATIONS

We are creating a more sustainable business that makes a positive impact on our people, our communities and our planet.

This begins by nurturing and cultivating the talent of our people. Our Company is made up of over 28,000 diverse, passionate professionals who are all committed to achieving long-term, sustainable success.

We introduced a new set of comprehensive sustainability targets in 2018, called Mission 2025. We report on our progress towards these goals on pages 48-49. This includes an update on our journey to a World Without Waste, the Coca-Cola System's commitment to tackle the challenges of packaging waste, in particular plastics.



Read more about how we cultivate the potential of our people and earn our licence to operate on pages 38-45.

IT TAKES BEING COMMIT TO OUR PEOPLE AND OUR COMMUNITIES





TED

IT TAKES HAVING A

VISION

FOR THE FUTURE

Our vision is to be the leading 24/7 beverage partner – growing with our customers by ensuring that we have a beverage for every consumer moment around the clock.

This vision can only be achieved by leveraging our 24/7 portfolio, which is the strongest, broadest and most flexible in the industry. With over 100 brands covering eight categories – sparkling, water, juices, ready-to-drink tea, energy, plant-based, premium spirits and coffee – we have more opportunities to help our customers delight consumers than ever before, by providing the brands and drinks people want, when and where they want them.

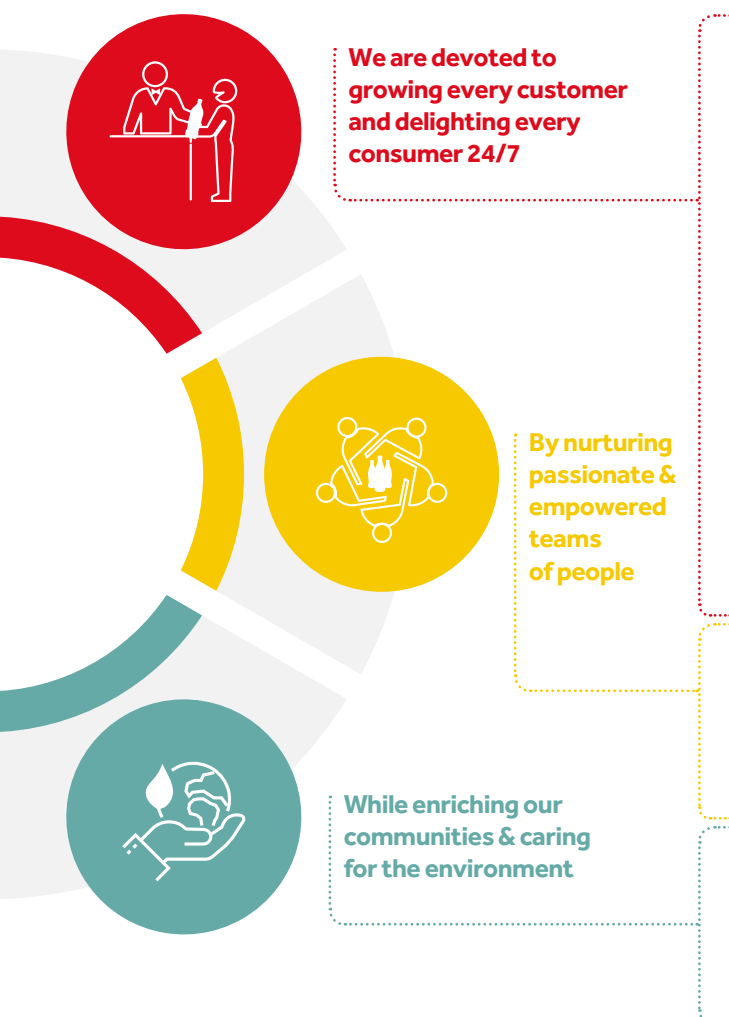


Our purpose and strategy

We will deliver on our vision through a clear purpose and strategy

To deliver on our vision of being the leading 24/7 beverage partner, we introduced a new strategy in 2019. Growth Story 2025 gives us a roadmap to grow with our customers and to delight consumers across our 28 markets, around the clock. We do this by empowering our people and building trust by operating our business responsibly and sustainably.

Our purpose



Our growth pillars

1 LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

 Read more on pages 26-29.

2 WIN IN THE MARKETPLACE

 Read more on pages 30-33.

3 FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT

 Read more on pages 34-37.

4 CULTIVATE THE POTENTIAL OF OUR PEOPLE

 Read more on pages 38-41.

5 EARN OUR LICENCE TO OPERATE

 Read more on pages 42-45.


Our Growth Mindset Values

WINNING WITH CUSTOMERS

We are the selling organisation devoted to providing innovative solutions to create shared value

NURTURING OUR PEOPLE

We believe in our people, and have a passion to develop ourselves and others

 Read more about our values on pages 38-41.

Built on five key pillars of growth, each of which is a core strength or competitive advantage, our 2025 strategy is underpinned by new Growth Mindset Values and guided by ambitious targets. This plan to achieve our vision reflects the significant opportunities ahead that will help us deliver growth and value for our Company and all of our stakeholders.

How we grow

- Offer the best 24/7 beverage portfolio on the planet in partnership with The Coca-Cola Company
- Build unrivalled teams of true partners for our customers, executing with excellence in every channel for prioritised drinking moments
- Fast-forward critical capabilities for growth
- Transform, innovate and digitalise our business to ensure that we are fit for the future
- Invest in building the best teams in the industry
- Develop an inclusive growth culture around our empowered people
- Be an environmental leader, engage our communities behind water and waste initiatives, and empower youth, together with our partners

2021-2025 targets

5-6%

FX-neutral revenue growth per annum, on average

20-40bps

EBIT margin growth per annum, on average

Employee engagement

score greater than the high-performing norm

Accomplish

Mission 2025 sustainability commitments

EXCELLENCE

We strive for unparalleled performance by amazing customers with our passion and speed

INTEGRITY

We always do what is right, not just what is easy, and are accountable for the results

LEARNING

We listen, have a natural curiosity to learn and are empowered to take smart risks

PERFORMING AS ONE

We collaborate with agility to unlock the unique strength of diverse teams



Read more about our Growth Story 2025 on pages 24-25.

Chairman's letter



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

Our business model

Delivering value for our stakeholders

1. Our resources and relationships



Human

Our success is dependent on the passion, engagement and customer focus of our talented people. We cultivate their potential and empower them to leverage opportunities for growth, both for themselves and our Company.



Natural

To produce our products, we use raw materials including water, sugar, fruit concentrate, energy, glass, aluminium, PET resin and paper. We source these using sustainable practices and seek to use them efficiently.



Social and relationships

Maintaining our reputation and the trust of our key stakeholders is essential to our business. Our most valuable stakeholder relationships are with The Coca-Cola Company, our people and the communities we operate in, our customers, suppliers, governments and regulators.



Financial

Our business activities require financial capital, and we seek to allocate it efficiently. This capital is provided by our equity and debt holders as well as cash flow earned from our operations.



Intellectual

Innovation is embedded in our culture and the intellectual property created from that includes new packaging, new products and improvements in manufacturing, logistics and sales execution. As we expand our 24/7 portfolio, the importance of innovation is increasing.



Manufacturing

As a strategic partner, our plant and logistics assets allow us to prepare, package and deliver our products to meet the demands of customers and consumers.

2. What we do

We are a strategic bottling partner of The Coca-Cola Company

We have the exclusive authorisation to bottle and sell the beverages of The Coca-Cola Company in our 28 markets. We also partner with other beverage businesses such as Monster, Brown Forman and Campari to sell their products in our markets.

How our partnership works

The Coca-Cola Company owns, develops and markets its brands with the end consumer. Coca-Cola HBC is responsible for producing, distributing, and selling these beverages. We work together to ensure that we have the right portfolio for our markets and to ensure excellent, efficient execution.

We buy concentrate from The Coca-Cola Company under an incidence-based pricing model. We also share marketing costs and responsibilities, with The Coca-Cola Company marketing to consumers while we take responsibility for trade marketing to our customers.



Read more about how we leverage our unique 24/7 portfolio and win in the marketplace on pages 26-33.

3. How we do it



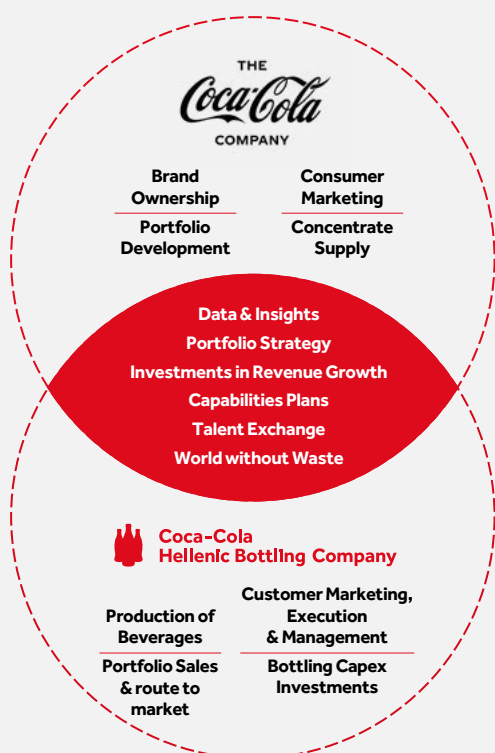
1. Working with suppliers

We work with our suppliers to procure high-quality ingredients, sustainably-sourced raw materials and equipment and services required to produce beverages.

2. Producing beverages efficiently and sustainably

Using concentrate from The Coca-Cola Company along with other ingredients, we prepare, package and deliver products with an optimised manufacturing infrastructure and logistics network.

Our business model describes the essence of what we do:
How we create value for all our stakeholders from the
resources and relationships we use to operate the business.



4. Value created for stakeholders



For our people

- Our business directly employs 28,389 people in 28 countries and supports many times more people across our value chain.
- Our people invested more than 600,000 hours to improve their functional capabilities and leadership capacities through different Company programmes.

For customers

- We are a customer-centric business aiming to provide value to our customers by growing their business and through perfect execution in the marketplace.

For the communities where we operate

- We are an important contributor to the local economies of the 28 countries in which we operate. Aside from our direct contribution through employment, and our indirect contribution through the value chain, we also invest in community programmes to address environmental and social issues.
- According to our socio-economic local reports, we support more than 406,000 direct and indirect jobs across our value chain.

For shareholders

- The cash flow we generate through the efficient management of our resources benefits our shareholders through dividend payments and share price appreciation.
- We operate a progressive dividend policy and occasionally make additional capital returns to shareholders through special dividends.

For wider stakeholders

- Our business activities generate revenue for our customers, suppliers and contractors as well as income for our employees. We are paying taxes which support government revenue, in turn supporting public wellbeing, local communities and infrastructure investment. For more details please see page 18: "Our socio-economic impact".

For consumers

- Our innovation provides consumers with beverages of the highest quality and increasingly healthy choices. We have committed to reduce calories per 100ml of sparkling soft drinks by 25% between 2015 and 2025. The reduction achieved in 2019 compared to the 2015 baseline was 12%.

For suppliers

- We benefit from a network of approximately 19,500 suppliers. In 2019 our spend with suppliers was €3.3bn. 74% of key ingredients are certified sustainable agricultural products.

3. Partnering with our customers

We grow by supporting our customers' growth. To do this, we leverage our 24/7 portfolio and segmented sales execution to grow the overall beverage industry, focusing on areas of high value opportunity and executing with excellence.

4. Serving our consumers and communities

Our 24/7 product portfolio caters to a growing range of tastes and preferences with a wider choice of healthier options and premium products, and we continually innovate to remain relevant.



Our socio-economic impact

Making an impact

Since 2010, we have been conducting socio-economic impact studies in our individual markets in a local sequence of maximum three years. We measure our impact on the communities where we operate in order to engage with stakeholders against the backdrop of this information. The numbers below represent the aggregated data from the latest set of local socio-economic reports from our markets, covering the period 2017-2019.

In conducting these studies, we use input-output modelling to generate estimates of jobs supported and economic value added. Input data includes our financial information (revenues, expenses, taxes, sales volume and profits) as well as some data from The Coca-Cola Company. While rigorous, the process involves statistical modelling, which should be considered when interpreting and using the results from the studies.

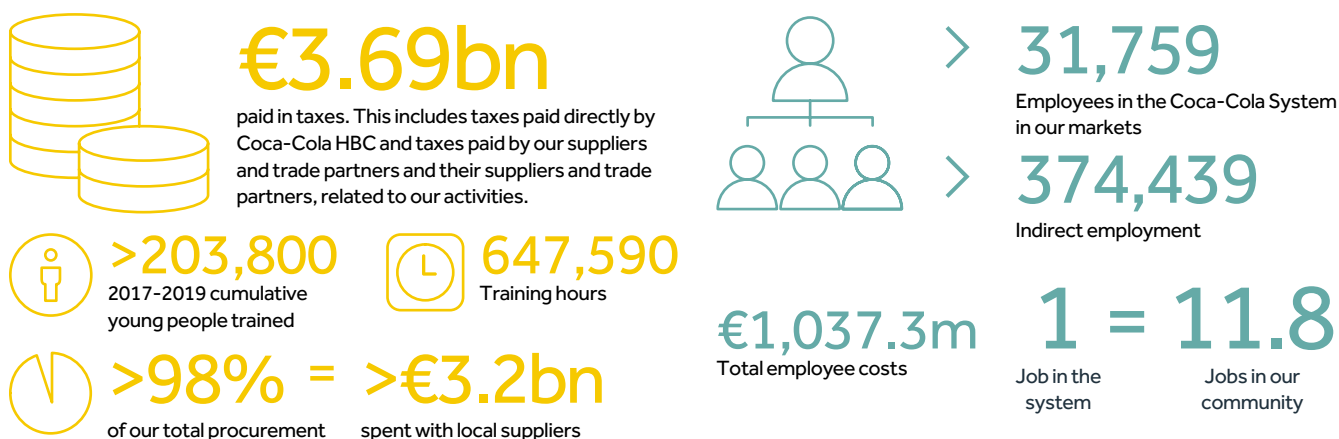
The input-output model enables an assessment of three key dimensions of impact:

- **Direct:** immediate effect in terms of employment, wages and output
- **Indirect:** subsequent effect in the supply chain
- **Induced:** effect caused by staff spend on goods or services

Overall footprint



Contribution to the economy



€11.4bn created

in added value to total contribution via our value chain

Disclaimers:

- Numbers presented are aggregated based on the local SEI reports from CCHBC territories in the period 2016-2019;
- All KPIs represent an annual impact;
- Where applicable and relevant in local SEIS, the impact of other entities of the Coca-Cola System is included;
- All presented data covers CCHBC territories only.



STAKEHOLDER ENGAGEMENT

Understanding our stakeholders

The Board will sometimes engage directly with certain stakeholders, however, most stakeholder engagement takes place at the operational level with the Board receiving reports on activities and key areas of concern to use in its decision-making. The Board will then balance different perspectives as it determines the best course of action. Further information on stakeholder engagement is set out on page 90 with examples of "Governance in Action" on page 91.

Description	Key issues	How we engage	Why we engage	Growth pillar
Our people 	<ul style="list-style-type: none"> Building the best teams in the industry Engagement score is greater than high performing norm 	Through continuous conversations focused on results and behaviours as well as frequent employee surveys; by offering unique, personalised experiences and programmes for personal and professional growth; overseen by employee representative bodies, which have direct access to our non-Executive Director Charlotte Boyle.	Our people are our most important asset and engine of growth. They are both the creators and caretakers of our culture and values. Our people's views enhance our decision-making.	4
Our communities 	<ul style="list-style-type: none"> Water conservation Waste from our packaging Empowering youth and women 	We engage directly with people in the markets in which we operate, particularly those living in the areas around our bottling operations, and through third-party partnerships.	<p>To build trust by operating responsibly and sustainably, and addressing issues that are material for our communities.</p> <p>To provide training opportunities and support to young people currently not in education, training or employment.</p>	5
Our consumers 	<ul style="list-style-type: none"> Continuously evolving our products to meet consumers' needs for healthy hydration, quality, taste, innovation and convenience 	Understanding consumers' needs and preferences through collecting consumer insights. While this is also part of The Coca-Cola Company's role, we gain access to these insights.	By understanding the consumer and evolving our portfolio accordingly, we grow our business sustainably in the long term.	1 5
Our customers 	<ul style="list-style-type: none"> Identifying products, channels and other opportunities that offer growth and value creation for us and our customers Offering a 24/7 beverage portfolio that meets the changing preferences of consumers 	<p>A system of key account managers, in whom we are constantly investing, who engage with our customers at a strategic level.</p> <p>Our business developers make regular visits to outlets.</p>	<p>To build business plans with specific in-store execution and promotional activities to suit our customers' needs and create joint value.</p> <p>To avoid unnecessary costs.</p>	1 2
Partners in efficiency 	<ul style="list-style-type: none"> Rising costs of ingredients, labour, packaging material, energy and water Minimising the environmental impact of water and energy resources, as well as air emissions 	<p>We receive feedback at our annual Group Stakeholder Forum.</p> <p>We align and co-ordinate with the Coca-Cola System's Central Procurement Group and our technology and commodity suppliers through regular interactions.</p>	<p>To share knowledge and expertise and find ways of using all our resources as efficiently as possible, reducing costs to our Company.</p> <p>To ensure a healthy, sustainable supply chain.</p>	3 5
NGOs 	<ul style="list-style-type: none"> Wide-ranging issues facing our business, from energy and water use, reductions in packaging waste to corporate governance, human rights and diversity 	Via our annual Group Stakeholder Forum and our annual materiality assessment, as well as through ad hoc meetings.	NGOs have a key contributing role to our annual materiality process and we engage with them, both in our markets as well as at Group level, on an ongoing basis to develop and support community and environmental initiatives.	5
Shareholders 	<ul style="list-style-type: none"> Quality and effectiveness of governance Profitability and growth potential of the business 	Through open, honest communication during our Annual General Meetings, investor roadshows, press releases and results briefings, and ongoing dialogue with analysts and investors.	To achieve fair value and appropriate ownership of our shares by enabling the full understanding of the strategy, as well as the operational and financial performance of the Company.	1 2 3 5
Governments 	<ul style="list-style-type: none"> Industry and/or product-specific policies, such as taxes, restrictions or regulations Environmental policies Consumer health and public health policies 	Our advocacy efforts are mainly conducted through trade associations, which represent companies, organisations, causes and industries. We also partner with local governments to tackle waste collection challenges.	We consider it our duty and our responsibility to make our views clear to those who have the potential to influence the laws, regulations and policies that can impact our business.	5
The Coca-Cola Company 	<ul style="list-style-type: none"> Profitable growth opportunities Value share in our markets Sustainable sourcing 	Day-to-day interaction as business partners, joint projects, joint business planning, functional groups on strategic issues and 'top-to-top' senior management forums.	To maintain consumer trust and generate sustainable growth for the Coca-Cola System, objectives central to both of our business models.	1 2 4 5

Market review

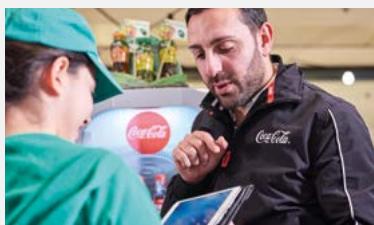
Responding to evolving trends

Market trends



Dynamic retail environment

The retail landscape is changing in response to transformation in lifestyles and technology use. Smaller households and busier lives are impacting consumer preferences and buying habits, and driving rapid growth in both the convenience and e-commerce channels. Consumers are also increasingly price-sensitive, fuelling the growth of discounters. Growth in away-from-home socialising occasions creates a big opportunity to capture sales through hotels, restaurants and cafés.



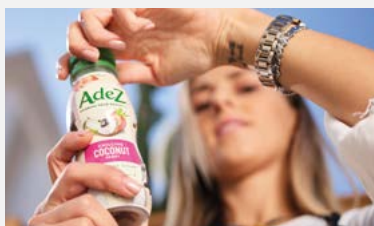
Digital evolution

With increasingly affordable and efficient connectivity, more consumers are using digital technology to explore potential purchases and interact with brands. Consumers increasingly use social media as a primary interaction point with brands and companies, requiring retailers to engage with these platforms. Smartphones have enabled consumers to become more price savvy, with the majority of shoppers doing online research before committing to a purchase. At the same time, online shopping is growing and evolving to provide consumers with more services and flexibility. One of the fastest growing segments of online shopping is online restaurant food delivery.



Regulatory environment

Our industry is facing increased regulation of product packaging as concerns about plastic pollution increase. To support the transition to a circular economy, the Europe-wide plastics strategy calls for all plastic packaging to be reusable or recyclable by 2030. At the same time, discussions about discriminatory taxation of added-sugar beverages are gaining traction. Following Ireland's adoption of a sugar tax in 2018, governments in Italy and Poland explored similar taxes in 2019. The World Health Organization recommends a reduction in consumption of free sugar to less than 10% of the daily energy intake to prevent obesity, diabetes and tooth decay.



Consumer preferences

Consumers increasingly look for healthy, sustainable product options, creating a clear shift towards natural and organic offerings that contain pure ingredients, less sugar or fat and are sourced locally. Product labels are increasingly scrutinised, with consumers searching for evidence of natural ingredients and brand authenticity. The demand for innovation and differentiation creates an opportunity for emerging, premium brands. Consumers are willing to pay more for better quality beverages, creating greater incentives to build authentic brand images to foster consumer trust and loyalty.



Sustainability

In 2019, global movements such as Fridays for Future as well as the United Nations Climate Change Conference COP 25 have created a lot of momentum for the environmental and socio-economic challenges that our world is facing. As a result, consumers and customers are increasingly aware of the impact they have on the environment and society. Companies are more than ever expected to act upon issues related to climate, water, packaging, poverty etc. in line with the UN Sustainable Development Goals. A thoughtful, authentic approach to sustainable business practices will help companies generate greater trust, help to attract employees, increase brand and customer loyalty and, eventually, strengthen competitive advantage.

How we are responding

To reach consumers, we work hard to build strong customer relationships through joint value-creation processes. We are leveraging our unique 24/7 beverage portfolio with targeted execution excellence, covering more outlets more often. We are also evolving from a product supplier to a 360-degree business partner, offering customers a holistic set of products, services and expertise. We are using new technologies to provide better service faster. This includes connected coolers, sales force automation, image recognition and an online, 24/7 ordering platform. Technology frees up time for our sales force and increases possibilities for specialisation.

Delivered through

Growth pillar

+3%

In our active universe we have increased our net new outlets coverage by 3% in 2019.

1

2

In each of our markets, we have a dedicated person or team responsible for e-commerce. We continue improving visibility of our products online and the use of e-commerce tools including eRED, our online merchandising performance tracking system. In many markets, we have built strong collaborations with merchandising, including the implementation of joint business plans. Going forward, we will continue building e-commerce capabilities and further improve our online ordering platform for retailers. To improve incremental volume and attract new shoppers, we have a goal to increase our sales incidence rate through online restaurant food delivery companies to a minimum of 30%. We are pursuing these opportunities responsibly, with increased focus on cyber-security and data protection. We have obtained in the year ISO 27001 certification for our IT organisation which confirms our commitment to secure management of information and adherence to international cyber-security standards.

+48%

In our top three markets for e-commerce (Ireland, Italy and Russia) e-commerce volumes grew by 48% in 2019 compared to 2018.

1

2

As part of the Coca-Cola System-wide World Without Waste initiative, we have committed to help collect the equivalent of 75% of primary packaging, use more recycled and renewable materials in packaging and make 100% of our consumer packaging recyclable by 2025. We offer low- or no-sugar drink options in every market, provide transparent nutritional information and have committed to a 25% reduction in the calories per 100ml of our sparkling beverage products by 2025 against a 2015 baseline. We also continue to support UNESDA's commitment to not offering soft drinks in primary schools or added-sugar beverages in secondary schools across the EU and Switzerland.

48%

In 2019, we recovered 48% of the primary packaging we put in the marketplace.

3

4

We are well placed to respond to these trends with an ever expanding 24/7 portfolio. Our range of low- and no-sugar sparkling variants has been very successful. We are nurturing premium propositions in the adult sparkling category, which has revenue growth over three times that of the overall sparkling category. To improve and expand our offerings for health-conscious consumers, we have established our position in ready-to-drink tea with FUZETEA, a sustainably sourced tea blended with natural juice and herbs, and we launched our first plant-based, sugar and dairy-free, vegan-friendly beverage with AdeZ. In addition, we are incubating new brands offering natural ingredients and simplicity in hand-picked outlets.

+3.0pp

In 2019, the share of low- and no-sugar variants in our sparkling portfolio increased by 3.0pp, to 16.1%.

1

5

By introducing Mission 2025 in late 2018, we have set a robust strategy which drives our progress in six main areas: emissions reduction; water reduction and stewardship; World Without Waste; sustainable sourcing; nutrition; and our people and communities. We continuously engage with all relevant stakeholder groups; we listen to them, for example during our annual Forum event, we discuss and implement their material recommendations and share updates accordingly.

42%

In 2019, 42% of the total energy we used came from renewable and clean sources.

1

3

4

5

Chief executive officer's letter



Dear Stakeholder,

I am pleased to report that we continued to make progress on our 2020 strategic objectives during 2019, putting us well on track to meet our targets.

We remain focused on implementing and delivering our strategy, leveraging a product portfolio that is stronger, broader and more consumer- and customer-centric than ever. We are continuously evolving and strengthening our route to market with segmented execution, which allows us to serve our customers better and capture the growth opportunities in every channel.

A focus on our customers is central to the way we want to work at Coca-Cola HBC, and we are embedding a growth mindset throughout our organisation to support this focus. Our willingness to cherish and leverage all our strengths, while being honest with each other, and open to identifying and addressing our gaps, underpins our progress and long-term success.

We delivered a strong set of results despite the challenging backdrop of unusually cool, wet summer weather in several of our largest markets which constrained consumption and impacted sales growth in the second and third quarter. It is when we come up against challenges that I am most impressed by the tenacity, creativity and spirit of our talented people. Due to their efforts, we gained or maintained share in the majority of our markets while also achieving solid growth and strong margin expansion.

An indispensable part of our strategy is our commitment to manage our business responsibly and sustainably.



**OUR VISION IS
CLEAR: TO BE
THE LEADING
24/7 BEVERAGE
PARTNER."**



Read more on our performance at
[https://coca-colahellenic.com/en/
investors/2019-integrated-annual-report/](https://coca-colahellenic.com/en/investors/2019-integrated-annual-report/)

I am proud that we have again been ranked as Europe's most sustainable beverage company by the Dow Jones Sustainability Index. This is the ninth year in a row that we have been ranked among the top three beverage companies globally and in Europe. However, rankings and ratings are secondary to action and impact and we continue to work to improve in this regard.

In the key area of packaging, we collected 48% of our primary packaging, launched four water brands across five markets in 100% recycled PET packaging and we have announced that we will replace plastic shrink film on can multi-packs with recyclable paperboard by the end of 2021.

We are also making progress on carbon emissions: 89% of electricity used at our production sites in the EU and Switzerland is from renewable and clean sources. Our target is to be at 100% by 2025.

I hope you will spend some time reading more about this and other initiatives on pages 42-45. We intend to be as accountable on our sustainability targets as we are on our financial ones, and you can see our comprehensive reporting against Mission 2025 on pages 48-49.

What it takes to deliver 24/7

Since 2016, and as a part of our 2020 strategic plan, FX-neutral revenues grew at an average of 4.8%, at the upper end of the 4-5% range we targeted. At the same time, we have seen comparable EBIT margins expand by 330 basis points, leaving us well on track to achieving our 11.2% target in 2020.

We know that beverages remain a fast-growing industry, particularly in the markets in which we operate where per-capita consumption of sparkling drinks is still very low.

The sparkling category continues to have significant opportunities driven by innovation. We are seeing continued double-digit growth from low- and no-sugar variants, as well as strong growth from adult sparkling with brands such as Schweppes, Kinley and Royal Bliss.

Outside of sparkling we continue to focus on premiumisation while expanding our share. We know that we have an opportunity to continue to selectively expand our already broad product portfolio into new categories and brands as well as brand extensions where we see strong growth opportunities, today and in the future. Costa Coffee is a good example of this and we are excited to be embarking on our journey with this high-quality coffee and great brand in 2020.

In line with our improving portfolio, we are continuously strengthening our route to market with a relentless focus on execution excellence. Through segmentation, we are better able to sell our broader portfolio and serve our customers. We continue to invest to remain agile. Our investments in digital capabilities allow us to be more granular in how we slice the market to go after the highest potential opportunities. Similarly, our investments in tools for our sales force can enhance their productivity, while connected coolers can monitor both the performance and productivity of our chilled space.

This 24/7 portfolio and our execution excellence means faster growth for us, our partners and customers, more opportunities for our people and more value created for other stakeholders and the communities in which we operate.

We are energised by the ambition to deliver on this opportunity and What It Takes To Deliver 24/7 is the theme of this year's Integrated Annual Report. Throughout the report you can learn about how we aim to do this.

Preparing for future success

As we go into the final stages of our 2020 strategy implementation, we have also looked ahead to the next stage of growth, development and opportunity for all the stakeholders connected to Coca-Cola HBC.

In June of 2019, following approval and endorsement by the Board, we introduced our new purpose, values, vision and strategy. To guide and measure our success in implementing this strategy, Growth Story 2025, we also introduced new 2025 targets.

Our vision is clear: to be the leading 24/7 beverage partner. Our success and continued growth depend on our ability to serve our customers and delight consumers in collaboration with The Coca-Cola Company. We are committed to enriching the communities where we work and delivering sustainable products with excellence. Our future success is most dependent on the passion and engagement of our people, as well as the continual development of their capabilities which will make us fit for the future. That is why nurturing talent and inspiring people to take the initiative is such a focus for us.

Our targets, by which we will judge our success, include delivering, on average, FX-neutral revenue growth of 5-6% and comparable EBIT margin expansion of 20-40 basis points from 2021 to 2025. This would place our growth above the average for the beverage industry.

Our priority remains organic growth, but we have also made some targeted acquisitions. In December 2019 we acquired Lurisia in Italy, together with The Coca-Cola Company; this acquisition adds to our premium water and adult sparkling portfolio. Earlier in the year we acquired Bambi, the leading confectionery brand in Serbia, which helps us strengthen our market leverage and route to market, while synergising our beverage and snacks portfolio through joint activations. Going forward, we will continue to look at opportunities to make complementary, bolt-on acquisitions.

As we look to 2020 and beyond, we remain committed to partnership. We know that our Company can only grow when our customers grow, and when our growth benefits all of our stakeholders.

I thank you for your interest and partnership on our exciting journey to deliver 24/7.

Yours sincerely,



ZORAN BOGDANOVIC
CHIEF EXECUTIVE OFFICER



Growth story 2025

Setting out our Growth Story 2025

Over the first four years of our 2020 plan, currency-neutral revenues have grown at an average of 4.8% per year, at the upper end of the 4-5% range we targeted, while comparable EBIT margin expanded by 330 basis points to 10.8%, leaving us well on track to achieve the 11.2%¹ target in 2020.

As we entered the final stages of this plan, we started to look ahead to the next stage of growth and opportunity for all of our stakeholders.

Our new strategy, Growth Story 2025, builds on our new vision. Our focus has shifted to growing the market in partnership with our customers, aiming to be the leading 24/7 beverage partner.

Growth Story 2025 is built upon five key pillars of growth – each of which is a core strength or competitive advantage – and reflects our capabilities and the significant opportunities that will help us deliver another step up in performance through 2025.

In support of this revamped strategy, we have introduced 2025 targets that raise the bar for financial results, people engagement and sustainability achievements.

1. 2020 comparable EBIT margin target has been adjusted for the accretive impact of acquiring Bambi, taking an original target of 11% to 11.2%.

Our growth pillars

How we grow



1

LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

Offer the best 24/7 beverage portfolio on the planet in partnership with The Coca-Cola Company

- Extend sparkling quality leadership in all markets, driving accelerated shift to lights/zeros and adult
- Increase our portfolio value share in stills, moving into accretive premium sub-segments
- Build a substantial business in complementary categories



2

WIN IN THE MARKETPLACE

Build unrivalled teams of true partners for our customers, executing with excellence in every channel for prioritised drinking moments

- Create value with every customer we serve
- Deliver innovative growth ideas with devotion
- Seamlessly serve to exceed expectations across all functions

Fast-forward critical capabilities for growth

- Key Account Management, Revenue Growth Management, Route to Market, Big Data & Advanced Analytics & Innovation



3

FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT

Transform, innovate and digitalise our business to ensure we are fit for the future

- Organise to act with agility and eliminate all non-essential cost
- Digitalise the business where it creates exceptional customer, consumer and employee experiences
- Make disciplined, growth-focused investments
- Experiment with new business models & technology to create the bottler of the future



4

CULTIVATE THE POTENTIAL OF OUR PEOPLE

Develop an inclusive growth culture around our empowered people

- Deliver high performance fast, by empowering every team to make it happen
- Ensure our people grow, and pursue their passion

Invest in building the best teams in the industry

- Make talent development our lighthouse capability, which each leader is excited to drive
- Become the employer of choice in all our markets



5

EARN OUR LICENCE TO OPERATE

Be an environmental leader in the markets in which we operate

- Help secure water availability in water risk areas
- Further decrease CO₂ emissions
- Work towards a World Without Waste

Engage our communities behind water and waste initiatives, as well as empower youth, together with our partners

1





GROWTH PILLAR

LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

KPIs

- FX-neutral revenue growth
- Volume growth
- FX-neutral revenue per case growth

Stakeholders

-  Our consumers
-  Our customers
-  Shareholders
-  The Coca-Cola Company

Risks

- Consumer health and wellbeing
- Geopolitical and macroeconomic
- Strategic stakeholder relationships

Highlights in 2019

- Maintained high growth in the sparkling category, aided by the strong performance of sophisticated adult sparkling beverages
- Achieved another year of double-digit revenue growth in energy drinks and expanded the energy portfolio with Coke Energy and Predator
- Innovations supported overall growth, with 4.2pp of total volume growth in the year delivered by products and packages launched in the last 12 months

Priorities in 2020

- Continue expanding to become a 24/7 beverage partner, creating shared value with our consumers and customers
- Consolidate the performance of product innovations by increasing distribution and repeat sales
- Continue driving growth in sparkling by leveraging light variants, flavour and pack architecture
- Bring ready-to-drink tea back to growth through a strong plan for FUZETEA
- Drive revenue growth in water by implementing our hydration portfolio strategy
- Launch Costa Coffee in at least 10 countries

Introduction

As lifestyles and consumer habits change, the motivations and occasions driving beverage consumption are also evolving. We are unlocking growth potential in segments beyond our core sparkling portfolio, offering a wider choice of drinks to meet consumer needs at any time of the day.

In line with growing societal concerns around environmental issues, consumers are looking for sustainably-sourced ingredients and responsible packaging. Technology, particularly social media, is changing socialising occasions and the ways consumers interact with brands. Consumers are also more focused on making healthier choices. This all leads to demand for a broader range of products, providing us with a number of new growth opportunities.

In 2019 we sold 165 million cases of new product, flavour and package innovations, and 4.2 percentage points of our volume growth was attributable to these new launches.

This is testament to how, working together with The Coca Cola Company, we are well placed to respond to market trends with an ever expanding 24/7 portfolio. We have the right brands, packaging and categories to meet the evolving needs of our consumer base.

Percentage of Coca-Cola HBC revenue



2019

- Sparkling **71%**
- Water **8%**
- Juice **8%**
- RTD tea **4%**
- Energy **4%**
- Plant based **1%**
- Premium spirits **3%**
- Coffee **1%**

Our category strategy



Leverage our unique 24/7 portfolio continued

Driving sparkling category growth

Our evolving sparkling drinks portfolio is proving popular with consumers across our territories and we are seeing strong growth from new variant and flavour launches. Sparkling beverage volume grew 3.5% in 2019 compared to the prior year, fuelled by the double-digit volume growth of low- and no-sugar options, which is stimulating growth in the entire category.

Coca-Cola Zero grew 26.2% in volume during the year, delivering 10 consecutive quarters of double-digit growth. This growth reflects execution excellence and powerful assets such as our Star Wars-themed activations. We also delivered strong performance from new, low- and no-sugar sparkling beverage options such as Sprite Zero and Fanta Zero. Our light variants had value growth over four times higher than the sparkling category average in 2019. In 2019, the share of low- and no-sugar variants in our total volume increased by 3.0pp to 16.1%.

Innovations played a key role in our success for 2019. In 14 markets, we launched Coca-Cola Plus Coffee, featuring a great coffee taste with more caffeine but zero calories for consumers on the go. This innovative product has seen great initial consumer engagement. In flavours, we introduced Coca-Cola Zero Vanilla, Cherry and seasonal flavours such as Cinnamon and Ginger in many of our markets.

We are also driving packaging innovation with smaller, more convenient packages, which also serve to expand revenue per case. Single-serve packages comprised 48.5% of our sparkling sales volume in 2019, up 2.5% compared with 2018, with significant potential for additional growth.

Another high-value, high-growth segment we are prioritising is the adult sparkling category, which has revenue growth over three times that of the overall sparkling category. Adult consumers with more discretionary income are interested in superior products and experimentation. When compared to core sparkling products, this category commands significant price premiums.

We launched the Royal Bliss brand in the adult sparkling category in 2018, using the best practices developed with our Schweppes and Kinley brands. Our approach for this category involves premiumisation and segmented execution with hotels, restaurants and cafes. We also support growth by fully leveraging partnerships with premium spirits.

Expanding value beyond sparkling beverage offerings

In energy, one of the fastest-growing segments of the beverage industry, our Monster brand products had another year of impressive growth with volume up 36% compared to 2018. In this category, we have pursued a segmentation strategy, launching a variety of brands at different price points to target different types of consumers. For consumers seeking a new taste and a taurine-free formula, we launched Coca-Cola Energy, a premium product, in 15 of our countries during 2019, attracting new users to the category. We also added the Predator brand to our portfolio in five markets, offering energy at a more affordable price point in two flavours.

Our biggest system-wide launch in 2018 was FUZETEA, and we continued to build on the successful introduction of this fresh, innovative, ready-to-drink tea in 2019. This fusion of sustainably-sourced tea extracts with fruit and herbal flavours has attracted strong competition in some markets, impacting growth. With good activation and customer coordination, the multi-layered, contemporary tea taste of FUZETEA is winning over consumers. In Italy, for example, FUZETEA doubled our market share. Our focus going forward is on adding differentiating flavours to attract more consumers to the category.

We are also focused on expanding our premium offerings in the juice and water categories. Within juice, we focused on product stratification during 2019 to capture premium revenue opportunities. In Russia, where our juice business represents a considerable proportion of our portfolio, we have a track record of continuous innovation, which supports higher price points and increased revenue per case. Bringing these juice innovations, and increased revenues, to other markets is a focus for 2020.

Within the water category, our overall focus is on accelerating value share gains with an aim to double the pace of our market share growth in the next five years. We develop market-specific maps of diverse water segments and price tiers, seeking to expand our market share and capture higher revenue per case. This hydration portfolio strategy involves a range of product offerings, execution tactics and route-to-market approaches.

We added to the premium water brands in our portfolio during the year with the acquisition of Acque Minerali S.r.l., owner and producer of Lurisia, an Italian natural mineral water and adult sparkling beverages company. This acquisition, which we made in conjunction with The Coca-Cola Company, was completed in December 2019.

Building market share

The dramatic expansion of our product portfolio includes products in new categories for our business. Following initial product rollouts, we are continuing to take action to build our market share.

We entered a completely new category in 2018 with AdeZ, our first plant-based, sugar- and dairy-free beverage. Thus far, we have launched eight vegan-friendly flavours, including plain for the breakfast occasion and fruit flavours for snacking on the go. We extended the distribution of AdeZ across all our channels in 2019, increasing our share of the plant-based beverage category in the 17 markets where it has been introduced. We have gained 6% market share in just over a year since its launch in prioritised markets.

“ FOR CONSUMERS SEEKING A NEW TASTE AND A TAURINE-FREE FORMULA, WE LAUNCHED SUPER-PREMIUM COCA-COLA ENERGY IN 15 OF OUR COUNTRIES DURING 2019, ATTRACTING NEW USERS TO THE CATEGORY.”



UN Sustainable Development Goals

We serve our consumers with a broad range of high-quality products. In doing so, we create value by contributing to global goals for good health and wellbeing, innovation, responsible production and consumption and partnerships.

One of our biggest growth opportunities is in the coffee category. We announced in mid-2019 that we will launch Costa Coffee, a brand recently acquired by The Coca-Cola Company, in at least 10 countries during 2020. We believe this launch will address a broad range of consumer and customer needs across multiple occasions, particularly for the hotels, restaurants and cafes (HoReCa) and At Work channels. We are pleased to be the first Coca-Cola bottler to undertake such a launch in close partnership with The Coca-Cola Company. Our well-established infrastructure, processes and capabilities around coffee mean that we are well positioned to hit the ground running with this exciting opportunity.

We also benefit from the highly complementary premium spirits category, which is now available in 19 of our markets. We leverage premium spirits to create a compelling offering for HoReCa. This provides us with strong cross-selling opportunities for our core beverage portfolio in new, lucrative outlets.

Health and nutrition

As a company we are continuously evolving our portfolio to help create a healthier food environment. We've already reformulated many of our drinks to contain less sugar and fewer calories. To give consumers more options, we're also offering more diet, light and zero-calorie drinks in our portfolio.

Key nutritional information is visible on all of our bottles and cans. Guideline Daily Amount labels provide at-a-glance information on calories, as well as on sugar, fat, saturated fat and salt content. In several of our markets, we are trialling new front-of-pack labels which use the current European-wide Reference Intake (R.I.) monochrome model, disclosing the nutrient content per 100ml of our drinks for sugars, salt, fat and saturated fat through a simple 'traffic-light' colour scheme of red, amber and green.

The World Health Organization recommends that no more than 10% of total energy/calorie consumption come from added sugars. To help tackle consumption of added sugar we support UNESDA's pledge. In this context, we have committed to reduce calories per 100ml of sparkling soft drinks by 25% between 2015 and 2025, across all of our markets. The reduction we achieved in 2019 compared to the 2015 baseline was 12%.

Responsible marketing

Our advertising and promotions reach millions of consumers. While this is a core driver of our business, we take steps to ensure that marketing is responsible as well as effective. As part of the Coca-Cola System, we adhere to The Coca-Cola Company's Global Responsible Marketing policy and, together with other members of our industry, we are also signatories of the European Soft Drinks Industry Association (UNESDA) commitments.

In the EU and Switzerland, we do not offer soft drinks in primary schools or offer added-sugar beverages in secondary schools. We plan to gradually expand this approach to all our markets over the coming years. Further, we avoid engaging in any direct commercial activity in primary schools, except when requested by school authorities.

Product quality

Product quality is a critical priority for our business, highlighting the importance of maintaining consumer trust. The freshness of our products in trade, a key measure of quality, remained at the same level in 2019 compared to the prior year, while we introduced approximately 1,000 new SKUs across Coca-Cola HBC.

Our low rate of consumer complaints also demonstrates the high quality of our beverages and the trust consumers and customers place in our products and brands. The number of complaints declined by 5%, to 18 complaints per 100 million bottles sold. This meets our 2019 target of no more than 18 complaints per 100 million bottles sold. For 2020, we have set a target of no more than 17 complaints per 100 million bottles sold.

We offer the highest quality beverages in all markets by applying end-to-end quality and food safety standards and maintaining a strong focus on quality and safety throughout our value chain. To minimise quality risks in our supply chain, in 2019 we continued to collaborate with suppliers of key primary ingredients and packaging materials. This collaboration helped us eliminate quality incidents related to suppliers in 2019.

In 2019, we continued our strong focus on enhancing our training and capabilities in regard to product quality and food safety. As the result of best-in-class industry benchmarking, each of our markets has developed tailored plans to support and further develop our quality and food safety culture.





2

GROWTH PILLAR

WIN IN THE MARKETPLACE

KPIs

- FX-neutral revenue growth
- Volume growth
- FX-neutral revenue per case growth

Stakeholders



Our customers



Shareholders



The Coca-Cola Company

Risks

- Channel mix
- Geopolitical and macroeconomic
- Quality

Highlights in 2019

- Continued improvement in customer satisfaction results and launch of new customer satisfaction pulse survey
- Improvements in customer coverage, including time spent with customers, with greater sales force specialisation to enable our 24/7 strategy
- Accelerated use of new technology, including connected coolers, sales force automation, image recognition and web-based ordering
- Holistic approach to building growth capabilities, including revenue growth management and key account management, by defining prioritised actions per capability

Priorities in 2020

- Leverage data and advanced analytics to improve segmented execution
- Step up in indirect partner management and data sharing
- Launch of new business developers' academy to drive our sales force's capability to deliver improved customer service, performance and execution and ensure successful onboarding for new business developers
- Strengthen our relationship with e-retailers and start deep partnering with new channels to achieve higher market share online
- Launch of internal validation and certification process to share best practices and accelerate the development of our prioritised growth capabilities



Route-to-market approach

Our route-to-market approach is about converting our strategy into excellent execution at every point of sale. In line with our improving portfolio, we are continuously strengthening our route to market and partnering with our customers to bring our 24/7 portfolio into the hands of our consumers faster and with greater efficiency.

Our targeted and segmented way of serving our customers, with an appropriate level of sales force specialisation and combined with the utilisation of new technologies, gives us a competitive advantage to win in the marketplace.



Capturing growth opportunities requires more than a strong product portfolio. It is equally necessary to have excellence in execution, successfully serving every customer through every outlet for every occasion, 24/7.

Our success is dependent on the success of our customers. When our customers are able to generate profits by selling our products, they demand more products from an expanded range. Joint value creation is therefore key to both category and market share expansion as well as profitable growth.

There are two pillars underpinning our joint value creation process: our next-generation customer approach and our industry-leading commercial capabilities.

Partnering with customers

Our next-generation customer partnership model allows us to generate powerful insights from customer data, which supports tailored execution plans implemented in collaboration with our partners. We start by commissioning an annual survey of more than 16,000 customers, comparing ourselves with other beverage suppliers. This survey allows us to understand the challenges and opportunities our customers are encountering, meaning we can identify how to become better partners and continue to exceed their expectations. This approach is helping us to develop stronger and more productive customer partnerships and provides a platform for us to continue building these relationships.

As a result of this model, in 2019 we were recognised as the top supplier for traditional outlets in three additional countries compared with 2018. We increased our share of satisfied customers by 2% to 68.6% in 2019, and we maintained our high share of satisfied key account customers at 81%.

We also launched customer pulse surveys during the year to listen and respond to our partners' needs even more frequently. Pulse surveys allow us to analyse satisfaction levels by region, channel and outlet segment for a more targeted response.

To optimise strategies undertaken together with our customers, we are developing more powerful analytic tools to assess commercial decisions and better understand the investment and returns required. Our customers are also developing their own offerings.

The HoReCa channel remains a key focus, as it is pivotal in driving premiumisation and building the right consumer experience around our brands. We leverage the expertise of our centres of excellence in Croatia and Greece to build a shared value proposition, provide a bespoke service to our customers and capitalise on available synergies.

Prioritising critical capabilities for growth

The second pillar underpinning our growth is our industry-leading commercial capabilities. This includes a game-changing approach to revenue growth management, which makes our business more sustainable and profitable, and excellent sales execution, which lets us offer the right range of products and services to our customers while remaining cost competitive.

Win in the marketplace continued

By improving revenue growth management, we aim to maximise value from every transaction. Our new revenue growth management framework, developed in partnership with The Coca-Cola Company, makes better use of big data and advanced analytics, giving us deep insight across different channels, customers and types of shoppers. This has led to fundamental changes in planning, and it empowers our markets to make the right strategic decisions.

In the last few years, we have continued to expand our portfolio and make it more consumer centric, along with an increased focus on consumer occasions. At the same time, we have striven to improve category and package mix, focusing on portfolio premiumisation, brand stratification and growing sales of single-serve packages. These are all crucial to our revenue growth approach.

As an example, in Russia we created a plan to address the challenges of low per-capita consumption and overall affordability of Coca-Cola products, combining consumer insights, pack-price architecture and promotions to create a compelling customer selling story. One specific initiative was the launch of a 900ml package size, which successfully contributed to sales growth.

In Italy, we have successfully used pack-price architecture to reverse declines in the sparkling category and dilution of customer margins. We launched several new packs including a 660ml PET bottle with a €1 price point as well as a new, smaller, 450ml pack for on-the-go occasions. In addition, we supported new multi-packs with value-based promotions. These moves helped us unlock opportunities for smart pricing which led to a return of sparkling category value growth in the market.

As our Revenue Growth Management approach is analytically intensive, it requires the right tools to be supported by our systems. To embed this model, we have equipped our business units with various analytical tools which are fully integrated with our digital environment. Our business developers can now use advanced pricing and assortment optimisation tools which are allowing us to make the right strategic decisions.

Leveraging technology for better execution

Our route-to-market approach converts our strategy into excellent execution at every point of sale. These efforts are increasingly segmented, with implementation plans for almost 300 initiatives across our markets. Increasingly, new technology frees up time needed by our sales force to focus on channel and product specialisation.

We have equipped our sales teams with a sales force automation tool, which helps our people provide the very best service quality. This platform uses a range of customer data, including from connected coolers, suggesting activities with the biggest impact for each customer visit, and recommending products and quantities to be ordered whilst reducing administrative tasks.

We have increased our investment in coolers over the past few years. Our cooler coverage reached 87% of our top customer outlets by the end of 2019, amounting to 1.43 million coolers, of which 28% are energy-efficient. This investment serves to drive immediate consumption and increases revenue per case. At the same time, we are building a network of connected coolers, which are now present in all of our 28 markets. This technology automatically keeps track of inventory and supports promotional messaging to consumers within close range.

In order to improve our in-store execution we have deployed image recognition technology. In Italy for example, our customers are incentivised through a loyalty scheme to perform image recognition in our coolers, ensuring the right presence for all our product categories.

In 2019, we launched Coca-Cola Hellenic's first service brand, Qwell by Valser, for delivery in Switzerland. The project includes a web-based ordering platform and app, and we have doubled the number of products available since 2017. This effort is supported by a cross-system team, in partnership with The Coca-Cola Company, and supports brand launches to fuel growth.

In 18 of our markets, we have improved online ordering and self-service functionality for customers with a solution that fully integrates SAP platforms with Coca-Cola HBC back-end systems. This streamlines both ordering and processes for cooler servicing, financial claims and order tracking. In 2019, we expanded this solution to a total of 12,000 customers. In 2020, our focus is on expanding the rollout of this solution to additional markets and further improving customers' online shopping experience with options for email marketing campaigns and product proposals.



UN Sustainable Development Goals

As we build our business by helping our customers to grow and thrive, we make substantial contributions to the achievement of the Sustainable Development Goals related to ending poverty, decent work, sustainable communities, responsible production, justice and strong institutions, and partnerships.



Sales force specialisation

By segmenting our customers and introducing dedicated sales teams specialising in specific channels, we are unlocking the potential of our 24/7 portfolio.

We start by understanding the total universe of outlets, defining different service levels and contact options and optimising customer visits by channel and segment. This process helps us determine the right level of specialisation so that we deploy the right number of business developers. In big cities, we have launched dedicated teams serving HoReCa key accounts and wholesalers, as well as ambassadors for coffee and premium spirits.

Meanwhile, our business developers in rural areas are responsible for a mix of customers and products.

In Italy, over half of the beverage revenue in the country comes from out-of-home consumption, but just over a third of our revenues in the market come from this channel. We have addressed this with a specialised sales force, supported by digital prospecting tools, adding 34,000 high potential outlets to our business developers' routes. Since we began this approach in 2017, we improved our coverage from 23% to 51% by the end of 2019.

Our tailored approach for the emerging e-commerce and at-work channels supports product cross-selling.

We are pleased with the results we have achieved, through customer segmentation and sales force specialisation. Our outlet coverage was up 6% to 68% in 2019 and time with customers up 3% in 2019 compared to the prior year.

Building customer-centric capabilities

To improve our efforts to partner with our customers to drive mutual revenue and profit growth, we have developed a new framework for end-to-end customer management.

We are also training and developing the next generation of key account leaders as we continue to evolve into an even more customer-centric business.

To accomplish this, we have put in place a robust programme of training backed by a targeted development centre to address skill gaps and ensure our people have the right capabilities to take our customer partnerships forward. As an example, we are setting up dedicated negotiation rooms in each market for our teams to practise and build their negotiating skills, ready to meet our customers' expectations.

We are investing in improving leadership skills and intensifying the involvement of leaders in talent development. We have also launched a simplified people-powered process for performance and talent management which incorporates regular feedback from peers and customers. This is part of our effort to improve employee experiences, with increased focus on hiring, onboarding and career discussions.

Disciplined innovation

As we become the leading 24/7 beverage partner, we are unlocking growth potential in segments outside our core sparkling portfolio. New product launches accounted for 4.2pp of our volume growth in 2019, the result of our disciplined approach to innovation.

By offering a broader portfolio, with a wider choice of products, we grow our business and those of our customers. In established categories, new recipes, variants and packages are having a strong impact, while initiatives for new categories are the basis for long-term success.

With every initiative, we are focused on growing the value of our portfolio. For example, Coca-Cola Energy yields four times the net sales revenue per unit case compared to the non-alcoholic ready-to-drink average. For our customers, this represents increased revenue incremental to the overall energy category.

Additionally, we have launched an internal innovation platform with 6,600 employees currently engaged in the scheme. This is a hub for our employees to share their ideas, and so far, we have generated more than 4,700 ideas.

We also engage with external parties in our quest for innovation, partnering with leading universities and start-ups.

Big data and advanced analytics

As we seek to become more innovative and customer-centric, we are leveraging our data and investing in advanced analytic tools to identify and capture value creation and improve our service and operations.

In Nigeria, where trade is very fragmented, advanced analytics have given us the ability to segment our outlets to the same degree we had previously achieved in our other markets. This allows us to have different activations for different outlet segments, addressing different drinking occasions. In Lagos, for example, we were able to target the Easter occasion in outlets near major churches, with additional premium products in more affluent areas.

We aim to build and sustain this critical capability as a long-term competitive advantage.

Data and advanced analytics techniques are also supporting our segmented execution model, providing suggested activities to our sales force, including recommended orders with specific products and quantities to minimise out-of-stock incidents.



**BY SEGMENTING OUR
CUSTOMERS AND
INTRODUCING DEDICATED
SALES TEAMS SPECIALISING IN
SPECIFIC CHANNELS, WE ARE
UNLOCKING THE POTENTIAL
OF OUR 24/7 PORTFOLIO."**



3

GROWTH PILLAR

FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT

KPIs

- OpEx as a % of NSR
- CapEx as a % of NSR
- Comparable EBIT margin
- ROIC

Stakeholders



Partners in efficiencies



Shareholders

Risks

- Cyber incidents
- Foreign exchange and commodity costs
- Geopolitical and macroeconomic
- Ethics and compliance

Highlights in 2019

- Introduced automatic line changeovers to improve production flexibility
- Invested in augmented reality technology for increased efficiency
- Continued investing in automatic guided vehicles and high-bay warehouses
- Invested in growth-focused areas such as big data and advanced analytics, production capacity and connected coolers
- Introduced 100% recycled PET in four water brands

Priorities in 2020

- Continue increasing production flexibility to support our 24/7 portfolio and innovation
- Continue to focus on automation in all areas including production and warehousing
- Introduce innovative carton packaging to reduce plastic use
- Invest in new technology to produce 100% recycled PET widely at an affordable cost

Optimising infrastructure

Our drive to optimise and develop our infrastructure to support growth and produce an expanded 24/7 portfolio continued in 2019. By centralising our production planning system for the whole Group, with each plant serving regional needs, we have been able to meet market demand with speed and agility. We are currently expanding production capacity in targeted markets, including Nigeria and Russia, where we anticipate strong future growth.

To support innovation, we upgraded production lines so that our manufacturing capabilities reflect our diverse product portfolio. We made investments to support the new premium glass packaging for FUZETEA in the Czech Republic and Romania and for Coca-Cola Energy in Hungary. During the year, we also made additional investments to support the production of Cappy Lemonade and Coca-Cola signature mixers in Romania.

Investments made in Italy during the year included new production capabilities for different package sizes, a new aseptic PET line at our Nogara plant to accommodate our expanded 24/7 portfolio and new TriBlock technology in a PET line in our Marcanise plant. TriBlock technology helps us use production space more efficiently and reduce water and energy consumption.

To manage the increased output from our mega plants and the complexity of our expanded 24/7 portfolio, we continued investing in automation for our high-capacity warehouses. Automated warehouses, and automatic guided vehicles, improve both efficiency and service quality.

At our distribution centre in Northern Greece, we piloted augmented reality glasses to help our warehouse colleagues find products and pack orders for delivery. The positive results, with improvements in service and transaction speed and excellence, led us to introduce the technology to an additional seven locations in 2019 and we plan for further rollout across our 28 markets in 2020.

Beyond logistics, we also improved our manufacturing efficiency. In Bulgaria and the Czech Republic, we introduced automatic line changeovers to reduce idle production time and increase our effective production capacity. These lines are particularly well suited for small batch production, which improves our flexibility and helps us cater to changing consumer preferences. Additional investment in automatic line changeovers is planned for 2020 in Poland, Romania and Russia.

We have implemented split maintenance, which spreads maintenance activities more evenly across the year, and we are moving towards a predictive maintenance model. The move from one annual maintenance overhaul for manufacturing equipment to a more spread out maintenance schedule helped us reduce down time by approximately 6,500 production hours in 2019 compared with 2018. We made our first investments in predictive maintenance during the year, using machine learning to recognise patterns and generate insights to further improve the efficiency and effectiveness of our maintenance schedule.

In the five plants where this technology has been introduced, emergency breakdowns have been reduced by 30% resulting in a 2% increase in line capacity.

In 27 of our plants, we are now using smart glasses to resolve production line issues faster, capitalising on remote technical support from equipment manufacturers. This technology helps us resolve emergency incidents 70% faster than if a technician had to come to resolve problems on site and it will be rolled out in an additional 16 plants in 2020.

Across the business since 2008, our optimisation work has resulted in a 30% reduction in plants, from 80 to 56 at the end of 2019. At the same time, we increased our production lines per plant by 40% which allowed us to maintain our capacity and create more efficient and flexible facilities. To improve our service offering while reducing our costs, we have also reduced our distribution centres by 65% and our warehouses by 34% over the same time period.

Nigeria is a good example of our focus on fuelling growth through investments in efficiency. The country represents a key growth market for our business and one of the most challenging environments from a supply chain perspective. Since 2014, we have reduced our Nigerian production footprint by 38% while optimising our logistics network with a 74% reduction in distribution centres. By eliminating non-essential infrastructure and costs, the country has become more efficient and flexible for further growth.

Fuel growth through competitiveness & investment continued

Leveraging technology and big data

We are making investments in technology to provide a better and faster service. In 2019, we continued building a powerful network of connected coolers that maximises performance by tracking door openings, supporting automatic stocking and ordering and freeing up time for sales people to spend with our customers.

A productivity assessment in Bulgaria found that connected coolers increased sales team productivity by 117 minutes per month, equivalent to four selling days per year, while boosting incremental sales by 3.2%.

Our sales force automation tool gives our sales people easy access to critical data, including information from coolers, in a single user-friendly solution which is tablet-based in most markets. This technology boosts sales process effectiveness and agility with real-time performance measurement and execution tracking. Across our markets in 2019, we increased the use of our sales force automation tool by 7pp compared with the prior year.

We are also investing in big data and advanced analytics to identify and capture value creation opportunities. Leveraging our extensive customer and market data allows us to make better decisions faster and implement laser-focused initiatives that generate incremental value. In select Nigerian outlets where we trialled this approach in 2019, we achieved a 32% average increase in sales volumes.

In addition to outlet segmentation, our investments in analytics allow further optimisation in supply chain, minimising out-of-stocks with faster, more efficient responses to demand fluctuations. In 2020, we will deploy a machine learning solution that will have a demand forecasting process based on analytics in Italy, Greece, Romania and Poland.

Robotic process automation and master data

Following the 2018 implementation of robotic process automation (RPA) to execute basic tasks in our shared Business Service Organisation (BSO) in Sofia, we achieved cost and process efficiencies. During 2019, we expanded RPA use to additional processes in Sofia and in our Russian BSO, automating a total of 102 processes.

For example, we now have an RPA application extracting customer balances from SAP and sending them to customers by email and creating payment batches for weekly supplier payments. In 2020, we will implement this technology in other areas of the organisation including supply chain management, treasury and human resources.

Another area of enhanced efficiency is maintenance of our Company data relating to customers, suppliers and materials, called master data. We have implemented a new technology solution that has not only improved the quality and accuracy of our master data but has also reduced the cost per processed transaction.

Smarter procurement and joint initiatives

As part of ongoing efforts to digitalise our procurement processes, we are implementing a variety of new tools. We kicked off the implementation of SAP Ariba e-procurement software across our Company, a process we expect to complete by 2021. We also launched a new digitally-based buying platform to procure materials supporting our trade marketing. Following an initial rollout to four markets, it will be implemented in all of our other markets by late 2020. We have selected the Merkteo procurement platform as our preferred solution for cost-effectively managing smaller procurement orders, based on the success of a 2019 pilot in Austria. The platform will be available in seven markets by the end of 2020.

Changes in regulation in the EU sugar market have brought it more in line with global price setting practices, subsequently affecting global sugar prices. Capitalising on this opportunity along with other Coca-Cola bottlers, we have requested that all our sugar suppliers offer pricing formulas that reference the world benchmark contract for raw sugar trading. This gives us the option to use financial derivatives to mitigate the risk of sugar price volatility.

In line with our continuous efforts to improve operational efficiency and support our sustainability agenda, we have worked to continuously improve and reduce product packaging. Efforts to make our cans the lightest in the market are underway, with an aim of reducing our average aluminium can weight by 2%. We managed to reduce the weight of our 33cl can by 4% during 2019, and expect to achieve an additional 4% reduction by 2021.



OUR SALES FORCE AUTOMATION TOOL GIVES OUR SALES PEOPLE EASY ACCESS TO CRITICAL DATA, INCLUDING INFORMATION FROM COOLERS, IN A SINGLE USER-FRIENDLY SOLUTION WHICH IS TABLET-BASED IN MOST MARKETS."

We are making similar improvements to plastic packaging. Our aggressive PET bottle light-weighting programme reduced our Group-wide use of PET by 6,000 tonnes in 2019 compared with the prior year. We introduced our first 100% recycled PET bottles for water brands in Austria, Ireland, Switzerland, Croatia and Romania as part of a long-term effort to increase our use of recycled PET. In 2020, we will continue to expand this approach and we will invest in an innovative technological solution in Poland to produce 100% recycled PET bottles.

We are also one of the first bottlers in the Coca-Cola System to move to replace plastic wrap on can multi-packs with a sustainable, paperboard packaging solution, KeelClip™. The first countries to start introducing this will be Ireland, Poland, Austria and Romania. Meanwhile, we are exploring other sustainable solutions to replace stretch and shrink films.

We have guidelines and tools for supplier selection and governance, including Supplier Guiding Principles, and sustainability criteria for supplier selection are an integral part of our supply assessment process. On an ongoing basis, we monitor the activities of our critical suppliers through our internal supply base assessments, audits of compliance and the EcoVadis platform. EcoVadis helps us monitor a range of risks using 21 criteria from international standard setters including the UN Global Compact, ISO 26000, the Global Reporting Initiative and the International Labour Organization.

In 2019, more than 450 of our critical suppliers were assessed using EcoVadis and our plans are to expand the use of these assessments for better, more objective supplier monitoring.

To increase awareness of sustainability in our supply chain, during 2019 we held sustainability days with strategic suppliers in Russia, Austria and Hungary. These events create opportunities to identify joint sustainability initiatives and share our corporate social responsibility policy, sustainability commitments and best practices.

Sustainable sourcing

The sourcing of our raw materials accounts for a large portion of our economic, operational and environmental footprint, and the behaviour of our suppliers directly impacts our sustainability performance. We therefore consider our suppliers as critical partners, as well as contributors to the ongoing and sustainable success of our business.

As part of the Coca-Cola System, we have a uniform approach to sustainable agriculture, which is rooted in the principles of protecting the environment, upholding human and workplace rights, and helping to build more sustainable communities. These principles are showcased in The Coca-Cola Company's Sustainable Agriculture Guiding Principles, which provide guidance to our suppliers of agricultural ingredients.

The scale and uniform approach of the Coca-Cola System helps us source our raw materials sustainably, while mitigating business risks. This helps us balance the costs of sustainability by leveraging relationships and initiating new opportunities, ensuring that our agricultural suppliers and their suppliers have a sustainable business. All suppliers are required to meet our Supplier Guiding Principles. These principles communicate our values and expectations of compliance with all applicable laws, and emphasise the importance of responsible workplace practices that respect human rights.

This framework for sustainable sourcing is integrated into internal governance and procurement processes. Our 2025 target for ingredient sourcing is to achieve 100% certification of our key agricultural ingredients against the Sustainable Agriculture Guiding Principles. In 2019, 74% of the key commodities we purchased for use as ingredients were certified, up from 64% in 2018. Our work to certify our key agricultural ingredients will continue to expand in 2020, with close cooperation with suppliers who are still progressing towards certification.



UN Sustainable Development Goals

Our sustained efforts to reduce our costs and improve our impact have generated significant results for our business, our communities, society and the environment. These results correspond to contributions to the Sustainable Development Goals for clean water and sanitation, clean energy, economic growth, industry innovation, sustainable communities, responsible production, climate action, life below water and life on land.



4

GROWTH PILLAR

CULTIVATE THE POTENTIAL OF OUR PEOPLE

KPIs

- Employee engagement
- Percentage of managers that are women
- Lost time accident rate

Stakeholders



Our people

Risks

- People
- Geopolitical and macroeconomic
- Health and safety

Highlights in 2019

- Evolved approach to values and culture to better support agility, learning and transformation, ensuring we are fit for the future
- Improvement of employee engagement score by 2pp to 90%, compared to 2018
- Established an Agility Centre of Excellence to support improvements in speed to market, productivity and cultural evolution
- Transitioned our robust yet traditional performance management to an employee-driven continuous process, focused on results, behaviours and mindset
- Improved our social media presence to engage and attract the best talent
- The Board appointed Charlotte Boyle as the designated non-Executive Director for workforce engagement

Priorities in 2020

- Inspiring and activating our people to live our culture
- Investment in transformational leadership and the personal growth of our people
- Accelerating the development of our six prioritised organisational growth capabilities
- A step change to the digital and personal ambassadorship of our leaders in order to attract the best talent
- Fostering agile ways of working to improve the productivity of our empowered and motivated teams



Cultivating the potential of our people is one of the five pillars of our growth strategy. We know that to achieve our vision and our growth objectives, we need to develop our people, our culture and our critical organisational capabilities with even greater speed and effectiveness. We also understand that in this dynamic talent market the relationship between organisations and their people is changing.

We aim to make our Company an irresistible place to work, where employees feel heard, valued, supported and motivated to realise their full potential. To attract and retain the capable, committed people our business requires, we strive to provide a workplace where:

- Talented people have the opportunity for unique, personalised experiences and personal and professional growth;
- Our talent pipeline is a source of adaptive and disruptive leaders who are fully fit for the future;
- High achievers and curious learners are empowered to make decisions and take smart risks; and
- Learning is deeply embedded while diversity is leveraged as a source of energy and innovation.

An inclusive culture to empower people

One of our greatest strengths is our values-based culture which is built on six Growth Mindset Values. As our Company evolves in the face of changes in our operating environment, we advanced our enduring values in 2019.

Next to the timeless values of excellence and customer-centricity, we are increasing focus on the continual learning and smart risk-taking necessary to manage fast-paced change.

We know that introducing new values is not enough; culture must be embedded throughout the organisation and progress measured. We use employee engagement surveys, evidence-based feedback from direct reports, peers and customers and quarterly reflection on how employees demonstrate growth mindset behaviours to understand how our culture evolves.

To bring our culture to life, we fostered internal discussions about our behaviours and mindset at Culture Lab workshops held across the Company in 2019. As we move forward, our focus is on embedding our culture into ways of working, structures and processes across our markets. We also aligned our employee engagement survey with our new values, sharpened its focus and increased the survey frequency from once to twice a year.

We know that committed employees provide the best experience for our customers, and we therefore listen to their voice carefully and act on what we hear.

In 2019, our Employee Engagement Index score improved by two percentage points from 2018, to 90%. We kept participation quite high, at 87% of our people, despite keeping the survey open for only three days.

By partnering with Willis Towers Watson, we are able to benchmark our performance against other companies in our industry and in the Coca-Cola System, as well as other high-performing companies. Our 2019 results strengthened our leading position in our industry and among the Coca-Cola System companies. Our score is 1% above the Willis Towers Watson's high-performing norm and considerably higher than the 81% average for FTSE 100 companies participating in the Willis Towers Watson benchmarking pool.

Engagement survey respondents reported that they are proud to be part of the company and, compared with 2018, were 2% more likely to recommend Coca-Cola HBC as a good place to work. Respondents also expressed an interest in more clarity about the Company's strategy.

Our six Growth Mindset Values are:

WINNING WITH CUSTOMERS

We are the selling organisation devoted to providing innovative solutions to create shared value.

NURTURING OUR PEOPLE

We believe in our people, and have a passion to develop ourselves and others.

EXCELLENCE

We strive for unparalleled performance by amazing customers with our passion and speed.

INTEGRITY

We always do what is right, not just what is easy, and are accountable for the results.

LEARNING

We listen, have a natural curiosity to learn and are empowered to take smart risks.

PERFORMING AS ONE

We collaborate with agility to unlock the unique strength of our diverse teams.

Cultivate the potential of our people continued

Managing performance for growth

We made a very bold change in our performance management approach in 2019, moving from manager-led performance to continuous conversations focused on results, behaviours and mindset with mutual accountability. These feedback loops are a critical part of evolving our culture and supporting continuous learning and agility.

We are especially proud of the high participation rates in evidence-based feedback sessions where our people and teams provide continuous feedback and learn from each other. In the last quarter of 2019, more than 80% of our people provided feedback to their teams.

We also simplified our leadership model during 2019, introducing new leadership standards with six prioritised leadership capabilities. These are: empowers, thinks customers, fosters agility, collaborates, builds talent and drives impact. These six capabilities focus on both results and behaviours to ensure that our people balance short- and long-term objectives and demonstrate desired growth behaviours.

In our effort to foster agility, we established a centre of expertise for agile working in 2019 with a multi-year plan to introduce the agile methodology, run projects and introduce elements of agility into our culture and organisation. Through this effort, we conducted eight major projects and trained 195 employees in our selected framework for fostering agility. Our aim is to use agility to deliver high quality results for customers faster and to prioritise, simplify, and improve the productivity of our teams.

In 2019, we further digitalised our workplace and introduced cloud-based applications for ongoing feedback and performance management as part of our HELO (hiring, empowering and learning online) platform. We also upgraded technologies for personalised learning as well as for talent identification and selection. The video interviewing and the new selection applications improve candidate experience, provide additional insights for selection decisions and improve hiring speed. HELO is available to all our online employees, democratising learning, accelerating development and helping our people fulfil their potential.

Invest in building the best teams in the industry

In addition to introducing six prioritised leadership capabilities for our people, as a Company we are focusing on six organisational capabilities that can accelerate our growth and performance.

Our investments in attracting talent, training, technology and process improvements are driven by these priorities: big data and advanced analytics, revenue growth management, route to market, key account management, disciplined innovation and talent development.

Through our ongoing Innovation for Growth initiative, 6,600 participating employees generated 4,700 new ideas in 2019, twice the amount generated in 2018. In 2020, we will step up our focus and investment in this programme and we will launch an upgraded platform that will support faster realisation of new ideas.

To engage people and maximise learning from critical work experiences, development programmes use a mix of in-person and online training. 95% of online employees completed digital learning programmes in 2019.

Our use of digital learning further increased in 2019, reaching 70% of all programmes completed. Learning through conversations and knowledge sharing complements formal learning. In 2019, 286 employees participated in mentoring and 568 in formal leadership coaching programmes.

Leadership acceleration centres have been established to support unlocking the potential of our talents and the development of future leaders. This helps our people understand their strengths and the areas of opportunity for development in their current and future roles. We also use functional development centres to accelerate functional expertise in our six prioritised organisational capabilities.

To accelerate the development of more than 600 people with leadership potential, we further improved experiential learning through our Fast Forward programmes. This programme received the 2019 Excellence in Practice Award from the Association for Talent Development. Within 12 months of graduating from this high-potential programme, 81% of the graduates were promoted. Promotion rates among the graduates of our management trainee programme improved as well due to our efforts to create a more effective entry point for our leadership pipeline.

Attracting and developing talent

To support our efforts to recruit the best teams, we refreshed our employer value proposition and improved our social media presence. Investments in recruiting help us retain nine out of ten new hires.

We are particularly proud of the 60 recognitions we received across our 28 countries, reflecting different measurements of employer attractiveness.

The number of people following Coca-Cola HBC as an employer on social media also increased by more than 50%, exceeding 300,000 followers by the end of 2019.

Our ability to develop leaders internally is an important competitive advantage, ensuring cultural continuity. Career progression depends on long-term performance and potential, as well as alignment with our values. In 2019, we simplified our talent review approach, making the career outlook for our people more understandable and eliminating unnecessary complexity. Our focus on succession for business unit function heads also paid off as we increased our successor pool for this critical workforce segment in 2019.

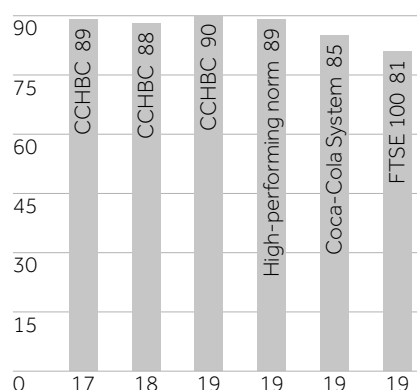
Our leadership plays an essential role in ensuring that we have the best teams, with every leader accountable for attracting, developing, retaining and engaging the right talent, and then empowering them to execute our strategy. We remain committed to enhancing talent development as our lighthouse organisational capability.

Championing diversity, inclusion and human rights

Respect for individuals is at the core of our values and we foster behaviours that create an inclusive culture. These behaviours can be found in our formal Inclusion and Diversity Policy, our Code of Business Conduct and our Human Rights Policy which can be found online at <https://coca-colahellenic.com/en/about-us/policies>.

One of our 2025 sustainability commitments is to achieve full gender balance in managerial positions. Our CEO also formalised our commitment to diversity and inclusion in 2019 by signing the CEO pledge of the LEAD Network Europe, which aims to accelerate gender parity and drive inclusion. In support of gender balance, we are building a strong pipeline of female leaders and a support network to help women in our business.

Employee engagement: outperforming peer companies (%)



We increased the percentage of management roles held by women by 1pp in 2019, to 38% compared with 37% in 2018. At the end of 2019, women made up 29% of our total workforce. Our newly established Diversity and Inclusion Council closely monitors our progress.

We foster diversity in our talent pipeline by recruiting a balanced number of male and female management trainees. In keeping with this approach, 62% of the management trainees we hired in 2019 were women.

To promote awareness and understanding of the importance of diversity and inclusion for our business, we launched a diversity and inclusion communication campaign. Also in 2019, leadership modules to develop ambassadors of inclusion were launched in five languages.

Our Human Rights Policy covers diversity, collective bargaining and workplace security and is guided by international human rights principles, such as the International Labour Organization's international labour standards and the UN Guiding Principles on Business and Human Rights (also known as the Ruggie Framework). Given that we also expect our partners to respect these workplace values, our Supplier Guiding Principles are aligned with our Human Rights Policy.



UN Sustainable Development Goals

Efforts to foster an engaging workplace, nurture and develop the capabilities of our people, increase gender balance in our management ranks and reduce stress and support employee wellbeing all contribute toward global goals for development. The specific Sustainable Development Goals supported are those for: good health and wellbeing; gender equality; decent work and economic growth; reducing inequalities; and peace, justice and strong institutions.

We regularly review our policies and internal standards to ensure we adhere to all applicable laws and regulations. In line with that, in 2019 we updated our Code of Business Conduct. To ensure awareness and understanding across our entire workforce, our Code of Business Conduct is acknowledged by all employees.

To ensure we continue to drive improvement in this area, in 2019 we held a cross-functional workshop on human rights with external guests to challenge our thinking.

In addition, we have a well-publicised whistleblower system, and we investigate all reported issues and incidents.

Health and safety

The health and safety of our people and contractors is managed as a principal risk, emphasising the critical importance of ensuring the wellbeing of everyone in our workplaces.

While the number of employee workplace accidents fell for the tenth consecutive year in 2019, regrettably, nine contractors died in road accidents. There were no employee fatalities. The Lost Time Accident Rate (LTAR) was 0.33, compared with 0.39 in 2018. All contractors are invited to attend a safety induction course and other ongoing training.

Our fleet safety training programmes aim to improve safety for all drivers within the Group. The blend of online, classroom and on-the-road training elements is adjusted for different groups, reflecting their relative risk classification. Overall, 5,407 participants completed these programmes in 2019, with an average 7% safety knowledge improvement.

To reduce the number of road accidents, we continued installing collision avoidance technology in fleet vehicles. OEM or MobilEye driver warning systems have now been installed in 71.7% of the Group's light fleet vehicles.

As a result of these efforts, the number of accidents per million kilometres travelled fell to 2.63, compared with 3.67 in 2018. This was our seventh consecutive year of improvement, resulting in a cumulative reduction of 71%.

While we have made much progress in ensuring safety, we are determined to do more. In 2019, we extended our behaviour-based safety programme to 53 manufacturing plants, 51 warehouses and commercial teams in five countries. Of the barriers to safety identified under this programme in 2019, 76% have been eliminated.

Support for wellbeing

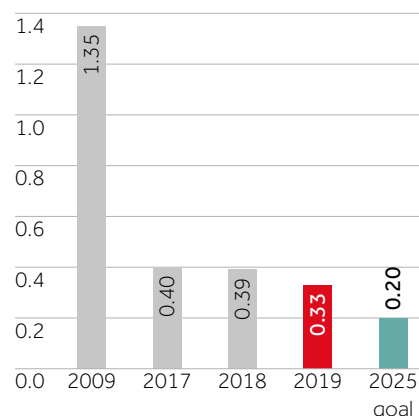
At Coca-Cola HBC, all of our employees have access to a range of health and wellbeing programmes. Our approach to employee wellbeing exemplifies our values and enhances engagement and productivity.

To help employees financially, we offer benefits such as pensions, a savings scheme and life insurance, and assistance with financial planning and literacy. Emotional wellbeing is addressed through on-site counselling, relaxation techniques, and energy balance programmes. To support social wellbeing, we host events for families and employee bonding and team building.

We have developed a Health and Dependent Care Framework designed to address the wellbeing needs of our employees. In each of our countries, employees are offered at least one programme option for both health and dependent care. Healthcare initiatives include medical and health insurance benefits, preventative measures such as medical check-ups, subsidised gym memberships and nutrition information. We also offer our people a range of dependent care initiatives, including dependent care leave, subsidies for school activities and supplies, internships and career days.

Across the Company, we promote the use of flexible working. Under our flexible working framework, over a quarter of our total workforce now has options for flex-time, remote working, job sharing, part-time work and compressed working arrangements. Flexible working arrangements involve a partnership between managers and employees that supports wellness and productivity.

Lost Time Accident Rate trend (# LTA per 100 FTE)





5

GROWTH PILLAR

EARN OUR LICENCE TO OPERATE

KPIs

- Mission 2025 sustainability commitments

Stakeholders



Our communities



Our consumers



Partners in efficiencies



NGOs



Shareholders



Governments



The Coca-Cola Company

Risks

- Sustainability: Plastics and packaging waste
- Sustainability: Climate and carbon
- Sustainability: Water
- Geopolitical and Macroeconomic

Highlights in 2019

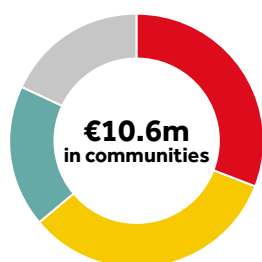
- Increased our community investment by 34% to €10.6 million
- Engaged with 576 partners for community projects
- Secured water supplies for one million people in Nigeria
- >118,053 #YouthEmpowered participants – almost twice as many as in the year before
- Collection of primary packaging fully on schedule, 48% (equivalent) recovered

Priorities in 2020

- Improving effectiveness and impact of #YouthEmpowered digital platform
- Agree next science-based carbon reduction targets aligned with the new methodology



Total community investment



- #Youth Empowered: **31%**
- Water stewardship: **33%**
- World Without Waste: **18%**
- Local initiatives: **18%**

Environmental leadership

As we grow our business, we seek to ensure that this growth is sustainable over the long term and that ecosystems are sustained for future generations.

Long recognised as an environmental leader in the beverage industry. In 2019, we further improved our environmental impact, particularly regarding packaging. We introduced the first 100% recycled PET bottles for our water brands sold in Austria, Croatia, Ireland, Romania and Switzerland.

Working towards a World Without Waste

Together with The Coca-Cola Company, we have made good progress in making our packaging have more than one life.

We are working to achieve 100% recyclability in advance of the 2025 deadline; 99.9% of our primary packaging is already recyclable.

We are working to increase our use of recycled PET across all our packaging. Of the PET material that we used in packaging in 2019, 12% was from renewable or recycled materials. We are working to increase this percentage to 35% by 2025 and to 50% by 2030.

Innovative design is a key part of reducing packaging waste. By light-weighting our bottles, we reduced the total PET used across our portfolio by approximately 25%¹ vs a 2010 baseline. In 2019 we eliminated 6,000 tonnes of PET plastic compared to 2018. We also announced the introduction of KeelClip™, a paperboard packaging solution which replaces plastic packaging for multi-pack cans. This innovative, minimalist packaging will roll out in Austria, Ireland, Poland and Romania in 2020, and in our remaining EU markets by the end of 2021.

We believe every package has value and life beyond its initial use and should be collected and recycled into either a new package or another beneficial use. Therefore, we are striving to create a closed loop, so that old packaging can become new packaging. Nearly half, 48%, of the bottles and cans that we placed in the market in 2019 were either refilled or collected for recycling.

We are supporting the development of new infrastructure and improved collection systems across all our markets to ensure that we collect 75% of our primary packaging for recycling by 2025. As part of these efforts, we are exploring investment opportunities in PET recycling facilities in various markets.

We also partner with other organisations and use brand messaging to encourage consumers to reuse and recycle. Together with The Coca-Cola Company, and with the support of The Coca-Cola Foundation, we have engaged in seven zero waste partnerships during the year and promoted recycling through messaging on packaging and in stores in several markets.

In partnership with the Italian plastic waste collection consortium (COREPLA), we developed and executed an educational project called Upcycle during 2019, at an annual public event called "Rimini Meeting". We provide information about packaging design and market-specific recycling processes. In addition to returning to the Rimini event in 2020, we are partnering with customers to bring Upcycle to Italian retail spaces. With national retailer Finiper, we will take Upcycle to two of Italy's largest shopping malls.



Educational project Upcycle at the "Rimini Meeting" event.

1. Considering neutral package mix evolution vs. 2010; packaging intensity reduction per litre of beverage produced is 4% in 2019 vs. 2010.

Earn our licence to operate continued

Further decreasing CO₂ emissions

As a business, we are aware that the effects of climate change are significant. Our risk management efforts to manage and mitigate the impacts of climate change include a focus on: increased cost of energy and raw materials; carbon taxation and regulation; water sustainability; and business disruption due to severe weather conditions.

Reducing emissions is a strategic priority, including ongoing investment along the value chain in energy efficiency and renewable and low carbon technologies.

Our Mission 2025 sustainability targets, which we report against on page 48-49, include goals for reducing energy consumption and associated emissions. Through a set of projects and innovative solutions implemented across our value chain, we saved 262,038 tonnes of CO₂ in 2019 compared to 2018 and increased the use of renewable electricity by 7.7% across our markets.

In Austria and Switzerland, we are using more power from the sun. We installed one of the largest photovoltaic systems in Austria on the roof of our production and logistics centre in Edelstal. This will save around 725 tonnes of CO₂ per year compared with conventional energy production, equivalent to the annual emissions of 400 mid-size cars.

The photovoltaic system on the roof of our Swiss mineral water warehouse was originally installed for the benefit of the community, supplying energy for 64 households. An extension of this project was added in September 2019 using bi-facial vertical solar panels, an innovation specifically developed for mountain areas to increase energy yield. This collected solar power is now also used in our plant, providing around 4% of the plant's annual energy consumption.

We tackle emission reductions throughout our value chain, including Company vehicles. Our 180 pool vehicles in Switzerland are powered by compressed natural gas, forming the country's largest biogas vehicle fleet. In comparison to similar vehicles using diesel, biogas-powered vehicles emit 15% less CO₂, resulting in annual savings of approx. 250 tonnes of CO₂.

By 2025, we will source 100% of our electricity needs from renewable and clean sources in the EU and Switzerland. In many of these markets, including Austria, Greece, the Czech Republic, Italy, Romania, Northern Ireland, Croatia and Hungary, we have already achieved this target, using only renewable and clean electricity in our plants.

In our Greek plants, we have reduced energy required for lighting by 75% by replacing conventional lighting with LED lights. For the impact we achieved through this project, we received recognition at the Energy Mastering Awards 2019.

Securing water availability

Safe, accessible water is essential to human health and ecosystems. Water is also the primary ingredient of many of our products, critical for our manufacturing processes and necessary to grow the agricultural ingredients for our products.

By the end of December 2019, 38 of our manufacturing sites were certified for their responsible use of water resources and excellence in water management according to the standards of either the European Water Stewardship or the Alliance for Water Stewardship. While all our European plants are now certified, we continue to move towards achieving certification for all our plants by the end of 2020. New acquisitions will be certified during the related post-merger integration.

We reduce water intensity in all our operations and focus particularly on our impact in water-risk areas. As part of our 2025 targets, we will reduce water use by 20% in plants located in water-risk areas. Together with other stakeholders in those watersheds, we also want to make sure that these communities retain access to safe, good-quality water.

Through assessments using globally recognised tools such as the WWF Water Risk Filter, we have identified 16 of our 56 bottling plant locations as areas with water risk. Half of these are in Nigeria, and the rest in Greece, Cyprus, Russia and Armenia.

In these catchment areas, we will:

- provide access to drinking water,
- purify waste water, and
- protect and restore watersheds.

We have reduced the water intensity at our plants in water-risk areas by 7% compared to the 2017 baseline. In 2019, we implemented 60 new water-saving projects, investing roughly €6 million and saving more than half a million cubic metres of water.



Community borehole in Kano, Nigeria.

First water stewardship initiative in Nigeria

To improve water security for communities around our production plant in Challawa, we made significant investments in water infrastructure in 2019. By drilling several new shallow wells, replacing ageing pipe, and supporting the refurbishment of the Kano State Water Board's water analysis laboratory, we are helping to ensure that one million people have greater access to water and water quality has been improved for approximately 10 million people. We further established a community water supply point at our plant, which has reduced the time needed by many families for water collection.

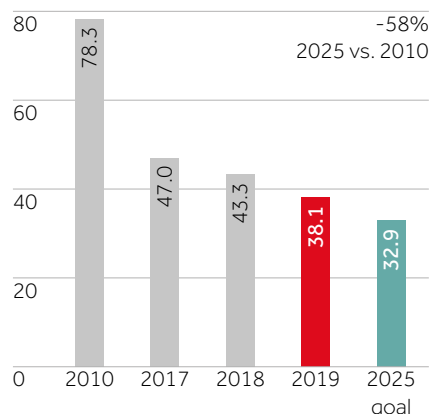
We continued to supply 8,000 litres of water per day by tube wells and solar powered boreholes to displaced people in a settlement close to Maiduguri in the north-east of Nigeria.

Our investments and process improvements are also having an impact in Greece and Cyprus.

We have begun using treated wastewater to clean the recycling area in our plant in Schimatari, Greece. Strict quality control ensures that we comply with all environmental requirements.

Our water initiatives in Cyprus were recognised in 2019 for their impact, benefiting more than 80,000 Cyprus residents, at the Responsible Business Awards. We launched Mission Water in 2013, with funding from The Coca-Cola Foundation, in cooperation with the international organisation Global Water Partnership Mediterranean (GWP-Med). Through Mission Water, 19 water projects were undertaken, saving more than 40,000 m³ of water annually.

CO₂ ratio (scopes 1 and 2) (gCO₂/litre of produced beverage)





UN Sustainable Development Goals

Our community initiatives contribute to the Sustainable Development Goals (SDGs). Our initiatives to empower youth and women contribute to the goals for quality education, decent work and economic growth, sustainable cities and communities, and partnerships. Our initiatives regarding water stewardship, CO₂ emissions reduction and waste reduction aid global progress towards the SDGs for clean water and sanitation, and climate action. Our initiatives in communities help advance the global objectives of good health and wellbeing, and sustainable cities and communities.

Beyond water-risk areas, we continue to invest to reduce water intensity. In the Czech Republic, a new system installed for pasteurisation has reduced water consumption by approximately 13,000 m³ per year. Energy and chemical use have also been reduced. In Poland, we installed an additional reverse osmosis treatment step at our plant in Radzymin. This allows us to recover 35 to 60% of nano-filtration wastewater, saving approximately 60,000 m³ of water annually.

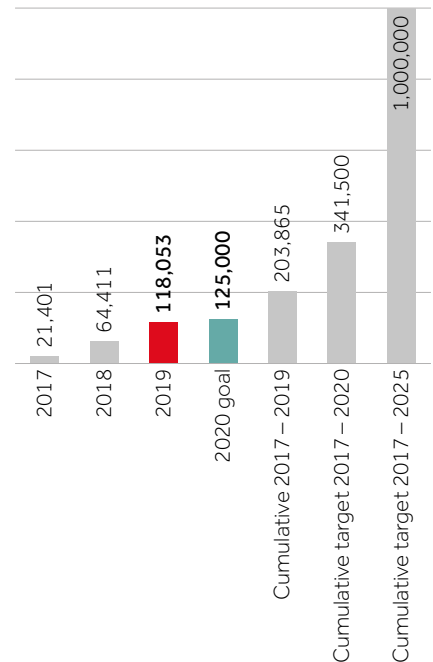
Engaging communities to empower youth

We know that our business can only be as healthy and strong as the communities in which we operate. We have therefore been tackling one of the most relevant societal issues in many of our markets, the employability of young people. Through our flagship programme #YouthEmpowered, we aim to provide training for one million young adults across our markets by 2025.

Because the challenges faced by young people vary as much as the markets in which we operate, we adapt the programme to local needs. We have engaged over 118,053 young people during 2019 and hope to further ramp up our outreach through a new, improved online platform. More than 750 of our employees have become mentors through the initiative, and we have partnered with almost 50 local non-governmental organisations. Last year, we made particular progress in Italy, Poland, Russia and Greece. The strengths of the Polish programme include a mobile-friendly tool that is well-linked to social media platforms. We plan to take the learnings from Poland's online success to additional markets in 2020.



Number of young people trained through #YouthEmpowered

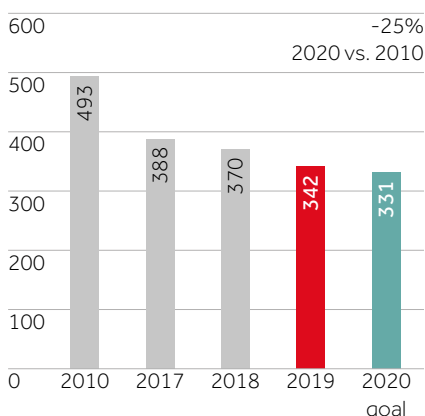


Beyond those markets, we have engaged in various additional initiatives. In Croatia, we are aligning the skills and knowledge of young people with the needs of employers in the tourism and hospitality sectors. Nearly two dozen young chefs applied for a culinary scholarship programme which we offered in 2019.

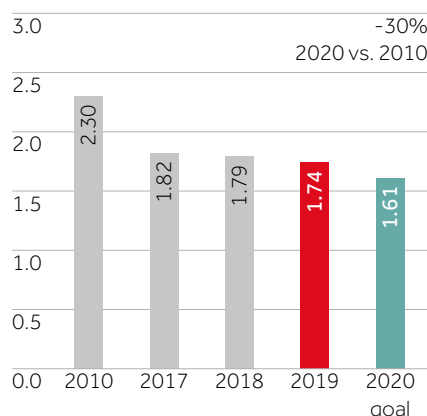
All candidates underwent a personality assessment, a skills test and an interview. The finalists were granted scholarships to top culinary schools. The winners commit to work in Croatia for at least two years after their training. We plan to finance 25 scholarships by 2024, supporting young culinary talent and the Croatian restaurant industry.

The #YouthEmpowered initiative in North Macedonia was recognised during the year by the country's ministry of economy and the national coordination body for corporate social responsibility. Our ongoing Skills for Success project provides free training for young adults in the country, including 1,700 trained in 2019. In recognition of our impact, the project received an award for best socially responsible practice in community investment.

CO₂ ratio (scopes 1, 2 and 3) (gCO₂/litre of produced beverage)



Water use ratio in plants (litre/litre of produced beverage)



Key performance indicators

Tracking our progress

We measure our performance against our strategic objectives using specific KPIs. These KPIs allow us, and our stakeholders, to track our progress against our 2020 targets. These are also the financial and operational milestones which we will focus on for Growth Story 2025.

1

GROWTH PILLAR

LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

How we measure our progress

Volume is measured in unit cases, where one unit case represents 5.678 litres. For Bambi volume, one unit case corresponds to 1 kilogram. We grow volume as we expand per-capita consumption of our products.

What happened in the year

Volume grew by 3.3%, or by 2.6% excluding Bambi.

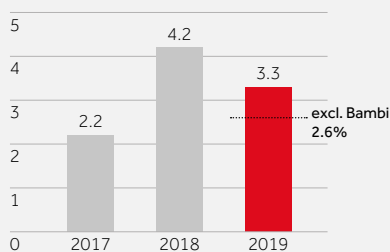
Link to remuneration

Volume is a key component of revenue and revenue is a measure for MIP awards.



Read more on page 122.

Volume growth (%)



2

GROWTH PILLAR

WIN IN THE MARKETPLACE

How we measure our progress

We measure revenues on a currency-neutral basis to allow better focus on the underlying performance of the business. We grow FX-neutral revenue per case through pricing as well as driving positive category and package mix.

What happened in the year

Currency-neutral revenue per case grew by 1.0%, in part impacted by price investments in Nigeria. Currency-neutral revenue grew by 4.4%, 3.7% excluding Bambi, with growth in all geographical segments.

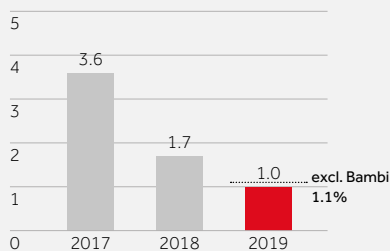
Link to remuneration

Revenue is a measure for MIP awards.

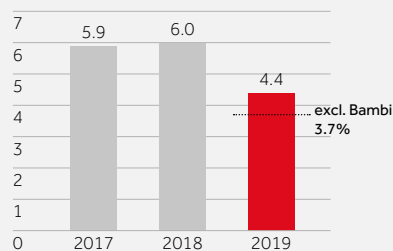


Read more on page 122.

Currency-neutral revenue per case growth (%)



Currency-neutral revenue growth (%)



3

GROWTH PILLAR

FUEL GROWTH THROUGH COMPETITIVENESS & INVESTMENT

How we measure our progress

We measure this by OpEx as a percentage of NSR and by comparable EBIT margin. We generate positive operational leverage as we grow revenues on our efficient cost base.

What happened in the year

OpEx as a percentage of NSR improved by 80 basis points, and comparable EBIT margin expanded by 60 basis points.

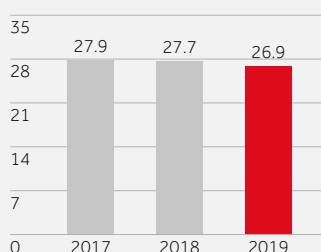
Link to remuneration

Gross profit margin, OpEx as a percentage of NSR and comparable EBIT are all measures for MIP awards.

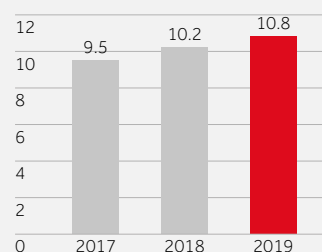


Read more on page 124.

OpEx as percentage of NSR (%)



Comparable EBIT margin (%)



How we measure our progress

We measure CapEx as a percentage of NSR, as well as ROIC, to ensure prudent capital allocation and efficient working capital management. Disciplined investment supports our growth.

What happened in the year

ROIC expanded by 50 basis points to 14.2%. CapEx as a percentage of NSR expanded to 6.9% with the majority of this investment being spent on revenue generating assets. Following the adoption of IFRS 16, CapEx in 2019 includes capital repayments of all leases.

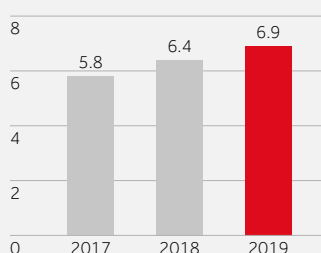
Link to remuneration

ROIC is a measure for PSP awards.



Read more on page 123.

CapEx as percentage of NSR (%)



ROIC (%)



4

GROWTH PILLAR

CULTIVATE THE POTENTIAL OF OUR PEOPLE

How we measure our progress

We conduct an engagement survey with an independent third party and measure our results against the norm for companies who perform highly on this metric.

What happened in the year

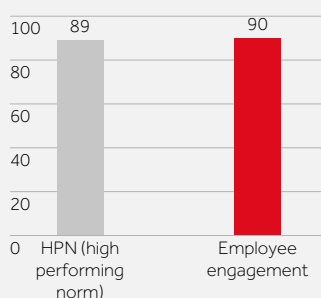
Our employee engagement is above the high-performing norm.

Link to remuneration

Maintaining our high engagement score is part of the CEO's individual performance metrics.



Read more on page 122.



5

GROWTH PILLAR

EARN OUR LICENCE TO OPERATE

How we measure our progress

Progress on Mission 2025.

What happened in the year

Please see our performance on the following page.

Link to remuneration

Maintaining our leadership of the beverage industry in the DJSI index is part of the CEO's individual performance metrics.



Read more on page 122.

Sustainability performance

5 EARN OUR LICENCE TO OPERATE

Mission 2025 – our sustainability commitments

Sustainability areas	Material issues	UN's Sustainable Development Goals (SDGs) and their targets					
Climate and renewable energy	<ul style="list-style-type: none"> Carbon and energy Economic impact 	 	7.2 7.3 12.2	 	9.4 13.1		11.6
Water reduction and stewardship	<ul style="list-style-type: none"> Water stewardship Economic impact 	 	6.1 6.4 6.5 6.6 12.1 12.2 12.4	 	9.4 15.1	 	11.6 17.17
World Without Waste	<ul style="list-style-type: none"> Packaging, recycling and waste management Economic impact 	 	8.4 12.1 12.2 12.5	 	9.4 14.1	 	11.6 17.17
Ingredient sourcing	<ul style="list-style-type: none"> Product quality and integrity Human rights, diversity and inclusion Economic impact Sourcing 	 	8.3 8.8 13.1		9.4		12.1 12.2 12.4 12.6 12.7
Nutrition	<ul style="list-style-type: none"> Product quality and integrity Nutrition Marketing 		3.4		12.8		
Our people and communities	<ul style="list-style-type: none"> Human rights, diversity and inclusion Employee wellbeing and engagement Corporate citizenship and youth empowerment Packaging, recycling and waste management Economic impact 	  	3.4 3.6 8.5 8.6 8.8 12.2 12.4	  	4.3 4.4 10.2 10.4 16.7	  	5.5 11.6 17.16 17.17

Note: The 17 Sustainable Development Goals (SDGs) are an urgent call for action by all countries – developed and developing – in a global partnership. Each of the 17 goals has very specific targets, referenced by the numbers shown above. You can read more about the SDGs and these targets here: <https://sustainabledevelopment.un.org/sdgs>

Key for performance status



Partly on track with internal annual plans



On track, progress in line with internal annual plans

2025 Commitments ¹	2019 Performance	Status
30% reduce carbon ratio in direct operations	19%	
50% increase in energy-efficient refrigerators to half of our coolers in the market	28%	
50% of our total energy from renewable and clean ² sources	42%	
100% total electricity used in the EU and Switzerland from renewable and clean ² sources	89%	
20% water reduction in plants located in water-risk areas	7%	
100% help secure water availability for all our communities in water-risk areas	25%	
75% help collect the equivalent of 75% of our primary packaging	48%⁵	
35% of total PET used from recycled PET and/or PET from renewable material	12%	Due to availability and cost of high-quality food-grade feedstock. Roadmap developed up to 2025.
100% of consumer packaging to be recyclable ³	99.9%	
100% of our key agricultural ingredients sourced in line with sustainable agricultural principles	74%	We have recently introduced new suppliers that are currently in the process of certification and expect to be completed within 2020-2021.
25% reduce calories per 100ml of sparkling soft drinks (all CCH countries) ⁴	12%	
10% community participants in first-time managers' development programmes	4.5%	
1 MIL train one million young people through #YouthEmpowered	203,865	Cumulative number 2017-2019, 2019-only number is 118,053.
20 engage in 20 zero waste partnerships (city and/or coast)	7⁶	
10% of employees take part in volunteering initiatives	17%	
ZERO target zero fatalities among our workforce	ZERO	
50% reduced (lost time) accident rate per 100 FTE	18%	Not reached due to increased number of incidents related to contact with machinery in production and 19% of accidents caused by public vehicles, out of our control and influence.
50% of managers are women	38%	

1. Baseline 2017.

3. Technical recyclability by design.

5. Calculation methodology changed in 2019.

2. Clean source means CHP.

4. Baseline 2015.

See page 14 from 2019 GRI Index.

6. Supported by The Coca-Cola Foundation.

Q&A**Marcel Martin,**

Group Supply Chain Director, explains the approach we are taking to tackle plastic packaging waste.



Tackling the problem of plastic

More than a million plastic bottles are sold throughout the world every minute, and most, 91%, are not recycled.

All plastic packaging can and should have more than one life. The beverage industry, including Coca-Cola HBC, has an obligation to take significant action to solve this problem.

Through our World Without Waste initiative, described on page 43, we are committed to collect and recycle all the packs that we put on the market. Achieving that goal requires collective action from many stakeholders, and we are working proactively to help drive these changes.



“
**ALL PLASTIC
PACKAGING CAN AND
SHOULD HAVE MORE
THAN ONE LIFE.”**

Marcel Martin



Q. Are you seeing changes in consumer behaviour resulting from the negative perceptions around plastic?

A. Plastic pollution is a huge concern and one that we are taking very seriously. While we are not yet seeing consumer concerns translating into significant avoidance of single-use plastics, we know that this is only a matter of time. So, we are taking action now to put the right solutions in place.

Q. Are you considering moving away from plastic packaging in the future?

A. While we understand that this might appear to be a sensible strategy, to be honest, that may not be the most environmentally sustainable scenario. When you look at the overall environmental impact of the different types of packaging material, PET plastic bottles typically have a lower carbon footprint compared to other options.

And, bottles made from recycled PET have an even lower carbon footprint compared to PET bottles made from virgin material.

The challenge is around disposal – we need to create a circular economy around plastics. PET bottles can be recycled many times if they are collected in a well-segregated system and if the industry has good access to the packages that are collected. Most of our bottles are clear or lightly coloured, which means that they can be used to create recycled PET. In turn, recycled PET can be used to make new bottles, creating a closed loop for plastic. We see this closed loop in action with our 100% recycled PET pack water brands that we introduced last year.

Q. What new packaging solutions are you working on?

A. Designing more sustainable packaging is a big priority and this work focuses on four areas: ensuring recyclability, using more recycled materials, reducing the overall amount of packaging and exploring novel packaging materials.

Currently, 99.9% of our packaging is recyclable and we are committed to making that 100% in advance of our 2025 target. In 2019, we made some significant steps forward by introducing bottles made from 100% recycled PET for our water brands in Austria, Croatia, Ireland, Switzerland and Romania. This is an authentic circular approach that significantly reduces carbon impact, and we expect to make more progress in this regard in 2020.

We have also been continuing our work to reduce the overall amount of packaging materials. By light-weighting our bottles, we have managed to reduce total PET used across our portfolio by approximately 25%¹ since 2010. In 2019 we have eliminated 6,000 tonnes of PET plastic compared to 2018. When it comes to secondary packaging, we are eliminating shrink film from multi-pack cans through the introduction of KeelClip™ and carton packs, while also developing solutions to remove plastic film from PET multi-packs.

1. Considering neutral package mix evolution vs. 2010; packaging intensity reduction per litre of beverage produced is 4% in 2019 vs. 2010.





Investing in KeelClip™

In 2019, Coca-Cola HBC partnered with Graphic Packaging International to invest in KeelClip™, an innovative, minimalist paperboard packaging that replaces plastic shrink film from multi-pack cans. All of our markets in the EU will have KeelClip™ by the end of 2021.



**WE ARE TAKING
ACTION TO PUT THE
RIGHT SOLUTIONS
IN PLACE."**

Marcel Martin

Smart packaging approaches are another area we are exploring. These offer consumers the opportunity to use reusable smart cups with contactless and chip payment technology.

Q. What about biodegradable plastic? Is this a viable option?

A. Two universities, Politecnico di Milan and the National Technical University of Athens, have helped us investigate options using alternative materials. The viability of biodegradable plastics for primary packaging is limited by the very specific conditions they require to break down. However, following on from our work with the universities, we will be testing bio-based and recycled plastic films for secondary and tertiary packaging in several markets during 2020.

Q. What are you doing to ensure that you have access to enough high-quality, recycled PET to meet your future needs?

A. Across Europe and the EMEA region, there is a limited supply of high-quality, recycled PET (rPET) available to produce food-grade packaging. It is also expensive, currently commanding a price premium compared to virgin PET. Because we believe supply pressures will only increase, we are considering a number of options.

In 2006, we invested, as part of a consortium, in the establishment of a 'bottle to bottle' PET recycling facility in Austria. Our investment has meant that we have access to the high-quality, rPET the facility produces from well-segregated plastic. This is an economically sustainable model we are looking to replicate in other markets.

In 2020, we will also pilot some innovative technology on-site at our Krakow plant in Poland. The SIPA-EREMA Prime technology will allow us to process non-food grade 'hot washed' PET flakes, which are readily available, to produce high-quality food-grade rPET. While this is a pilot, we are excited about the potential it has to provide high-quality rPET in a cost-effective way. Innovative, new technologies may also play an important role. One example is an 'enhanced' recycling process that breaks PET down to the molecular level. This helps get around the need for highly segregated recycling, which is currently rare.

In short, we believe the war on waste will be won not through one simple solution but by being innovative, proactive and using many technologies. It also requires that we work with partners who are as engaged and passionate about this issue as we are.



Managing risk and materiality

Our approach to materiality

Our material issues are those that matter most to our stakeholders and subsequently impact on the Company's value drivers, competitive position and long-term value creation.

Through our regular materiality assessment, we consider the importance of all environmental, social, economic and financial topics that could either positively or negatively affect our ability to create value over the short, medium and long term.

The assessment is conducted annually to fully understand how to best manage the relevant risks and opportunities. Carried out by our cross-functional Mission Sustainability team, the annual materiality assessment consists of four phases:

- identify material issues;
- assess impact on or importance to stakeholders;
- assess impact on society and the environment; and
- review and validate findings.

The work to ensure that management of material issues is successfully embedded in our strategy and operations is carried out by three groups within the Company. The Mission Sustainability team assesses the list of material issues and ensures that our sustainability approach is fully aligned with our business priorities. The Social Responsibility Committee of the Board of Directors subsequently endorses the prioritised list of issues and the resulting materiality matrix. Finally, it is the responsibility of the Operating Committee to integrate our sustainability priorities into our business strategy.

In 2019, our process to validate areas defined as material included detailed desktop research, peer comparison internal interviews and review of summarised feedback from our external stakeholders. The process confirmed the relevance of the 12 material issues.

For more information about our materiality approach, please see the materiality section of our website.

Engaging stakeholders

Stakeholder engagement is essential to grow our business and fulfil our purpose. We need to engage and work in partnership with a wide range of stakeholders to make better business decisions and deliver on our commitments. Our key internal and external stakeholders include investors, employees, customers, consumers, suppliers, governments and regulators, The Coca-Cola Company, and local communities. We also engage with other businesses through trade associations and universities.

Every year we hold a Group Stakeholder Forum, organised together with The Coca-Cola Company, to discuss our material topics with a group of experts. In 2019, our focus was on water stewardship, which was ranked as having the second highest impact amongst our material issues by our stakeholders in our 2018 materiality survey. The 2019 Stakeholder Forum was held in Athens, Greece, in a market where two of our three manufacturing facilities are facing some water risk. We welcomed 34 participants from 20 countries, including customers, industry associations, non-governmental organisations, policy makers, investors and peer companies. Discussions covered three main areas: using water more efficiently in our operations and in the value chain; establishing water stewardship initiatives with local communities (stakeholder partnerships); and helping to educate local households on more efficient use of water.

Stakeholder recommendations from the 2019 Forum included:

- using 'big data' and new technologies to mitigate water risks;
- including water use reduction in standards for agricultural suppliers;
- demonstrating leadership through innovative technologies and scale locally;
- working with governments to influence local business;
- using the power of the brands to communicate broadly about water scarcity; and
- leveraging partnerships across markets to raise awareness and amplify achievements in water stewardship.



Stakeholder recommendations lead to detailed action plans, and we conduct follow-up webinars with the community of experts to inform them of our progress. At our 2018 Group Stakeholder Forum, held in a waste incineration plant in Vienna, we discussed the challenges of packaging waste. Our follow up on a number of the recommendations we received from stakeholders during the 2018 Forum is detailed in this report in the section on Tackling the problem of plastic on pages 50-52. This includes our exploration of biodegradable plastics and new technologies that break PET down to a molecular level, which is also called chemical recycling.

Along with the annual Group Stakeholder Forum, we ask more than 500 key stakeholders to provide online feedback every year via our material issues survey. This gives them the opportunity to prioritise our material issues based on their own interests and perception of the value we create.

The survey includes open-ended questions allowing stakeholders to propose further emerging material topics. In parallel, we conduct this survey internally to collect input from our top 300 business leaders and our 770 change leaders, which includes senior leadership teams in our 28 countries, key managers in our operations and at Group level, the regional management teams and the Group top management.

You can read more about our stakeholder engagement processes in the "Our stakeholders" section of this report (page 19) and on our website.

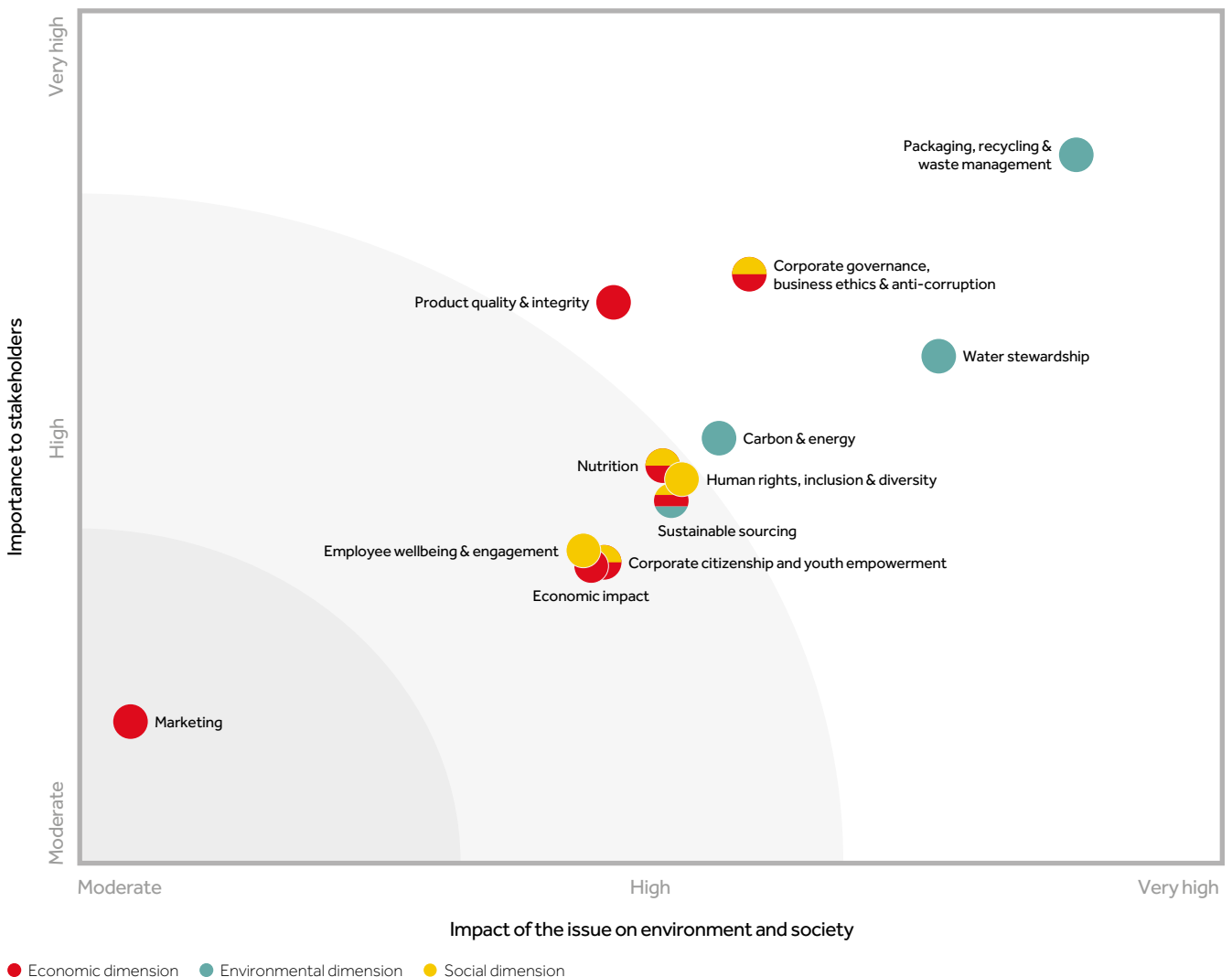
Managing our material issues

While the prioritisation of our 12 material issues has evolved, the issues continue to be the most relevant and important to our stakeholders and our business.

The outcome of our materiality survey is a ranking of material issues. By assessing the importance of these issues to our stakeholders and their decisions, combined with an assessment of the impact on society and the environment, we derive the relative materiality of each issue and prioritise them accordingly. Our work to manage the potential risks, opportunities and impacts of our material issues takes place across the Company, and is disclosed throughout this report.

We understand the critical role of companies like Coca-Cola HBC in addressing challenges the world faces and we fully support the UN sustainability agenda and the UN Sustainable Development Goals (SDGs). In 2018, when we published Mission 2025, our sustainability commitments, we linked all our material issues and 2025 targets with the UN SDGs, and their underlying targets. You can find more about how our material issues and sustainability commitments link to the SDGs at pages 48-49 of this report.

2019 Materiality matrix



Managing risk and materiality continued

Effective management of risk

Aligning risk and materiality

The management of our business risks is intrinsically linked to materiality and in 2019 the process of understanding and managing our material issues and principal risks remained high on our agenda as we continued to transform our business and expand our product portfolio.

Due to their criticality, our material issues and principal risks are monitored closely by the Operating Committee and our Board. To support our success and growth, we use a well-established, collaborative risk management approach across the business.

Enterprise risk management

Our risk management journey continued as we further embedded the Enterprise Risk Management (ERM) programme into our Company's DNA. Our Smart Risk programme, which is directly aligned to our growth mindset, drives cultural change by encouraging all employees to take informed risk to leverage opportunities for growth. By fully embedding risk discussions into existing monthly business routines, our leaders continue to boost their ability to identify risks and manage them in a timely manner.

The ERM programme is led by the Group Chief Risk Officer (CRO), who works in close collaboration with the risk owners across our business units and Group functions, such as legal, on specific business risks. The CRO is tasked with maintaining a wide-angled view of all business streams and emergent risks and opportunities and through regular reporting ensures that risk visibility is provided to the Operating Committee and our Board.

Our Board retains overall accountability and responsibility for the Group's risk management and internal control systems, has defined the Group's risk appetite, and, through the Audit and Risk Committee, has reviewed the effectiveness of these systems. During the year, the Board considered the nature and extent of the principal risks that have the potential to impact the ability of the Group to achieve its strategic objectives and reviewed its risk appetite statement to ensure that it remained not only aligned to our objectives but remained supportive of our robust Enterprise Risk Management programme and internal control systems.

Our system of enterprise risk management and internal control monitors operational, strategic, financial, legal and regulatory risk and the Board endorses our risk transference and insurance strategy. Overall, our programme is designed to manage risk and opportunities and encourages our people to embrace the concept of taking smart risks which drive innovation and growth, rather than eliminate the risk of failure in achieving business objectives.

The Smart Risk programme continued to enhance cross-functional collaboration with the strong internal partnerships and business alignment driving the successful integration of the programme. In 2019 we continued to enhance the ERM framework to ensure that it was effectively integrated into monthly routines to support senior leadership discussions on risk and opportunity. The revised ERM framework, which will be rolled out in 2020, will incorporate an analysis of both the velocity of the likelihood and consequence. This will enable us to evaluate the speed of onset of the risk itself, and if it occurs, the speed at which the consequences will eventuate.

The ERM programme incorporates a variety of processes including:

- alignment to our business strategies, objectives and principals;
- integration in our Group statements on strategic direction, ethics and values;
- integration into the business planning cycle;
- continual monitoring of our macro and operational environments for emerging risks and factors that may change our risk profile and create opportunities;
- robust training to increase risk awareness across all business units and functions which are focused on embedding the smart risk concepts into our DNA, creating informed risk-taking leaders across all management levels; and
- an annual evaluation of the type and amount of insurance purchased from the market for Group-wide policies while leveraging our captive insurance entity. In a hardening insurance market, our approach is influenced by the availability of insurance cover and cost, measured against the probability and magnitude of the relevant risks.

Programme review

Our internal audit department conducts an annual independent review of the ERM programme and its implementation. The audit team evaluates, across business units and functions, the risk management and business resilience programmes, the specific processes and their application against business best practices and the International Accounting Standard.

The Corporate Audit Director makes recommendations to improve the overall risk management programme, where required, with the findings submitted to the Audit and Risk Committee. Building on the review of our ERM programme, the Board and its Committees also conduct annual reviews of the effectiveness of our internal controls and further details of that review are set out in the Audit and Risk Committee Report on pages 98-103. Based on its reviews and evaluation, the Board confirms that it has concluded that our risk management and internal control systems are effective.

Principal risks

The cyclic review of our key risks involves an assessment of the likelihood of their occurrence and their potential consequences to confirm the level of exposure and evaluate the strategies to manage them. It is noted that the list does not include all risks that can ultimately affect our Company as there are risks that are not yet known to us, and risks currently evaluated to be immaterial that could ultimately have an impact on our business or financial performance.

By leveraging our robust risk management programme, which is integrated into monthly business routines and evaluates risks against our business and strategic priorities, we remain vigilant to the uncertainty in our operating environment and can react with greater speed.

The programme enables us to proactively identify new risks and opportunities which enable us to understand threats to our business viability. This analysis is the key component of our qualitative review process in support of our viability statement. The ERM programme did not identify any emerging risks that altered our principal risk dynamics.

The Smart Risk programme in action

During 2019, while we observed a general stability across the majority of our principal risks, changes in risk dynamics required changes in our principal risk articulation. Due to the continued rise in focus on the elements within our sustainability risk area (carbon and climate, packaging and water) we have decided to split that risk into three separate principal risks. This enables us to specifically articulate key elements of the changing consumer sentiment and public debate for each sustainability risk, thereby ensuring specific visibility of the risk elements and related mitigations. In respect of climate change, a broader discussion on our climate-related risks, their link to materiality, and our risk management approach is provided as part of our statement on implementing the recommendations of the Task Force on Climate-related Financial Disclosures located on pages 62-63.

Our evaluation and deliberations also determined that our existing discriminatory tax risk should be integrated as a potential consequence of two of the sustainability risks and our consumer health and wellbeing and geopolitical risks. As a result, the discriminatory tax risk was closed with the concept listed as a consequence for the cited specific risks.

In 2019 we attained an employee engagement level of 90%. Consequently, employee engagement risk has been integrated in a broader employee category that builds on the existing principal risk relating to attraction and retention. Lastly, as the global geopolitical and macroeconomic environment remains volatile and complex, with the potential to adversely impact consumer sentiment, the description and focus of that risk has been restructured.

Our ERM process for the identification, review, management and escalation of both risks and opportunities continued to be refined and integrated with the best aspects of both ISO 31000 and the revised COSO frameworks. During the year our process included the following activities:

Opportunities
and risks

- Monthly risk discussions and risk updates were undertaken by the business units;
- Monthly reviews were undertaken by the Business Resilience team; and
- Quarterly risk reviews were undertaken with corporate functions.

- The CRO and his team facilitated regular risk review sessions with senior leaders in the business units and functions.

- The CRO facilitated in May and November, regional-level reviews with the CEO, Regional Directors and their teams to evaluate the key risks and management actions; and
- Stakeholder feedback was provided after these sessions, ensuring a cyclic bottom-up, top-down information loop and enhancing risk visibility.

- The Group Risk Forum (GRF), which is chaired by the CRO and is our internal senior leadership risk 'think tank', met in May and November. The forum evaluated trends and the internal and external risk environment to support the preparation of our Group-wide strategic risk register and principal risks.

- The Operating Committee reviewed the risk review outputs from the GRF discussions in May and November. With the CRO, it discussed, evaluated and aligned on our strategic risks and the potential exposures against business objectives.

- The CRO briefed the Audit and Risk Committee quarterly on material risks, management actions to mitigate risk, and process compliance with the risk management elements of the UK Corporate Governance Code.























Feedback to
this process

Managing risk and materiality continued

Principal risks	Description	Potential impact
1. Sustainability: Plastics and packaging waste   	<p>The risk of rising stakeholder concerns relating to packaging waste and plastics pollution that will drive the agenda on production methods and waste recovery.</p>	<ul style="list-style-type: none"> • Potential imposition of discriminatory taxation • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base
2. Sustainability: Climate and carbon  	<p>The risk of the continued escalation of the climate change agenda and a failure to reduce our environmental footprint. Impacts to our operations and value chain may arise from more volatile effects of weather and NGO monitoring of our approach to carbon use and compliance with TCFD.</p>	<ul style="list-style-type: none"> • Commodity availability • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base
3. Sustainability: Water  	<p>The risk of water availability, water stress to the communities in which we operate, and water quality caused by climate change.</p>	<ul style="list-style-type: none"> • Potential imposition of discriminatory taxation • Long-term damage to our licence to operate • Losing our 'seat at the table' to contribute to legislation related to environmental and social sustainability • Increased cost of doing business • Loss of consumer base
4. Consumer health and wellbeing   	<p>Failure to adapt to changing consumer health trends, public health policies addressing misconceptions about our formulations, sugar and the health impact of our product portfolio.</p>	<ul style="list-style-type: none"> • Potential imposition of discriminatory taxation • Failure to achieve our growth plans • Damage to our brand and corporate reputation • Loss of consumer base
5. Cyber incidents  	<p>A cyber-attack or data centre failure resulting in business disruption or breach of corporate or personal data confidentiality.</p>	<ul style="list-style-type: none"> • Financial loss • Operational disruption • Damage to corporate reputation • Non-compliance with data protection legislation (e.g. GDPR)
6. Foreign exchange and commodity costs   	<p>Foreign exchange and commodity exposure arises from changes in exchange rates and commodity prices.</p> <p>Currency devaluation, in combination with capital controls, restricts movement of funds and increases the risk of asset impairment.</p>	<ul style="list-style-type: none"> • Financial loss • Increased cost base • Asset impairment • Limitations on cash repatriation

Key mitigations	Link to material issues
<ul style="list-style-type: none"> • Packaging waste management and World Without Waste global programmes • Partnering with local and international NGOs on packaging recovery • Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> • Packaging, recycling and waste management • Sourcing
<ul style="list-style-type: none"> • Energy management programmes and transition to renewable and clean energy • Partnering with local and international NGOs on common issues such as nature conservation • Partnering with local communities, start-ups and academia to minimise environmental impacts • Focus on sustainable procurement • Commitment to TCFD recommendations 	<ul style="list-style-type: none"> • Carbon and energy • Sourcing
<ul style="list-style-type: none"> • Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water-risk areas • Partnering with local and international NGOs on water stewardship strategies • Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> • Water stewardship • Sourcing
<ul style="list-style-type: none"> • Focus on product innovation and expansion to a 24/7 beverage portfolio • Expand our range of low- and no-calorie beverages • Introduce smaller packs • Reduce the calorie content of products in the portfolio • Clearer labelling on packaging • Promote active lifestyles through consumer engagement programmes focused on health and wellness 	<ul style="list-style-type: none"> • Nutrition • Marketing • Product quality and integrity
<ul style="list-style-type: none"> • Implement a cyber-security and privacy control framework and monitor compliance • Maintain certification against the ISO 27001 standard and confirm our commitment to secure information assets and comply with international security standards • Safeguard critical IT and operational assets • Detect, respond and recover from cyber incidents and attacks • Foster a positive culture of cyber-security • Monitor threat landscape and remediate associated vulnerabilities 	<ul style="list-style-type: none"> • Economic impact
<ul style="list-style-type: none"> • Treasury policy requires the hedging of 25% to 80% of rolling 12-month forecasted transactional foreign currency exposure • Hedging beyond 12 months may occur in exceptional cases subject to approval of Group CFO • Treasury policy requires the hedging of rolling three-year commodity exposures; different policy limits apply for each hedge-able commodity • Derivative financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations 	<ul style="list-style-type: none"> • Economic impact

Managing risk and materiality continued

Principal risks	Description	Potential impact
7. Channel mix   	The increasing concentration and consolidation of retailers and independent wholesalers with retailer disruption due to discounters and e-commerce players. Consumers altering consumption habits.	<ul style="list-style-type: none"> Reduced availability of our portfolio and overall profitability
8. People  	Inability to attract, retain and engage sufficient numbers of qualified and experienced employees in a highly competitive talent market.	<ul style="list-style-type: none"> Failure to achieve our growth plans
9. Geopolitical and macroeconomic       	Volatile and challenging macroeconomic, security, and geopolitical conditions together with adverse global events including health-related issues can affect consumer demand and wellbeing and create security risks across our diverse markets.	<ul style="list-style-type: none"> Eroded consumer confidence affecting discretionary spending Potential imposition of discriminatory taxation Inflationary pressures Social unrest Safety of people and assets
10. Quality  	The occurrence of quality/food safety issues, or the contamination of our products across our diverse brand portfolio.	<ul style="list-style-type: none"> Damage to brand and corporate reputation Loss of consumer trust Reduction in volume and net sales revenue
11. Ethics and compliance  	We operate in some complex markets with high levels of perceived corruption. As a result, we are exposed to an increased risk of fraud against the Company as well as to the risk of anti-bribery and corruption (ABAC) fines or sanctions if our employees or the third parties we engage to deal with government fail to comply with ABAC requirements.	<ul style="list-style-type: none"> Damage to our corporate reputation Significant financial penalties Management time diverted to resolving legal issues We may suffer economic loss because of fraud and reputational damages, fines and penalties, in the event of non-compliance with ABAC regulations by our employees or by third parties representing us with government
12. Strategic stakeholder relationships  	We rely on our strategic relationships and agreements with The Coca-Cola Company (including Costa Coffee), Monster Energy and our premium spirits partners.	<ul style="list-style-type: none"> Termination of agreements or unfavourable renewal terms could adversely affect profitability
13. Health and safety  	The risk of health and safety issues being ineffectively managed. This incorporates the management of third-party providers, particularly fleet and logistics.	<ul style="list-style-type: none"> Death or injury of employees, contractors or members of the public Employee engagement and motivation Attraction of talent/prospective employees

Key mitigations	Link to material issues
<ul style="list-style-type: none"> Enhance our key account capabilities to partner and grow with top customers Work closely with our immediate consumption channel customers to drive incremental transactions Accelerate Right Execution Daily (RED) to support our commitment to operational excellence Develop our digital and e-commerce capabilities to capture opportunities associated with existing and new distribution channels 	<ul style="list-style-type: none"> Economic impact
<ul style="list-style-type: none"> Upgrade our Employer Value Proposition and Employer Brand Develop leaders and people for key positions internally, improve leaders' skills and commitment for talent development Continuous employee listening to address culture and engagement effectively Promote inclusive environment that allows all employees to achieve their full potential Create shared value with the communities in which we work to ensure we are seen and considered as an ethical business with an attractive purpose Expand talent pool by hiring more diverse workforce 	<ul style="list-style-type: none"> Employee wellbeing and engagement Human rights, inclusion and diversity Corporate citizenship and youth empowerment
<ul style="list-style-type: none"> Seek to offer the right brand at the right price in the right package through the right channel Robust security practices and procedures to protect people and assets Crisis response and business continuity strategies that enable effective responses to adverse events 	<ul style="list-style-type: none"> Economic impact Corporate citizenship and youth empowerment
<ul style="list-style-type: none"> Stringent quality/food safety processes in place to minimise the likelihood of occurrence Early warning systems (Consumer Information Centres and social media monitoring) that enable issue identification Robust response processes and systems that enable us to quickly and efficiently deal with quality/food safety issues, ensuring customers and consumers retain confidence in our products 	<ul style="list-style-type: none"> Product quality and integrity
<ul style="list-style-type: none"> Annual 'Tone from the Top' messaging Code of Business Conduct (COBC), ABAC and commercial compliance training and awareness campaigns for our entire workforce All third parties that we engage to deal with government on our behalf are subject to ABAC due diligence, and must agree and comply with our Supplier Guiding Principles Cross-functional Joint Task Forces in Italy, Nigeria and Russia that pro-actively address risks in our key operations Risk-based internal control framework and assurance programme with local management accountability Periodic risk-based internal audits of ABAC compliance programme Speak Up Hotline 	<ul style="list-style-type: none"> Corporate governance, business ethics and anti-corruption
<ul style="list-style-type: none"> Management focus on effective day-to-day interaction with our strategic partners Working together as effective partners for growth Engagement in joint projects and business planning with a focus on strategic issues Participation in 'Top to Top' senior management forums 	<ul style="list-style-type: none"> Economic impact
<ul style="list-style-type: none"> Standardised programmes, policies and legislation applied locally Group oversight by the Health and Safety (H&S) Team H&S Board with the clear purpose to accelerate the H&S step-change plan implementation Implemented the Behavioural-Based Safety Programme 	<ul style="list-style-type: none"> Employee wellbeing and engagement

Link to growth pillars

Principal risks trend



Risk included in viability assessment



Increasing



Stable



Decreasing

Managing risk and materiality continued

Climate-related financial disclosures

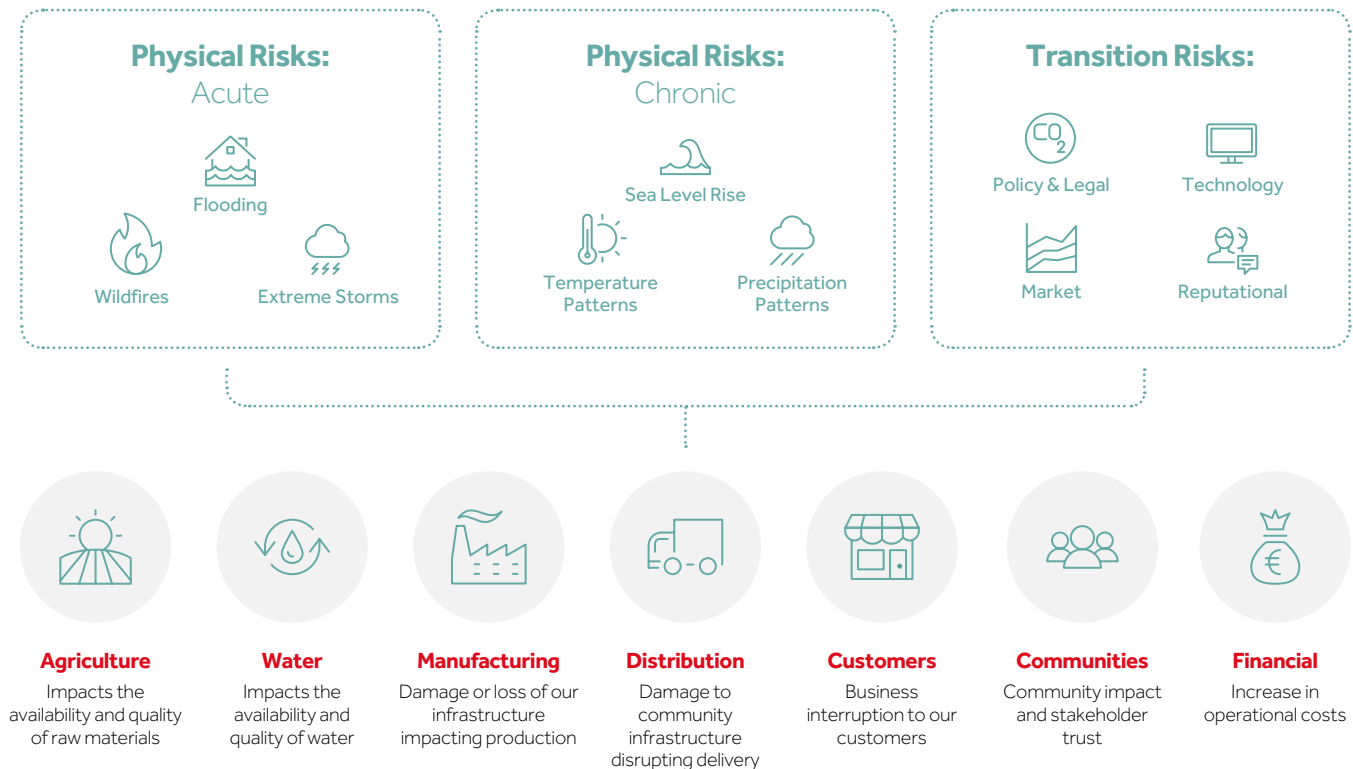
Managing climate change risk and opportunity

At Coca-Cola HBC we understand the physical and non-physical impacts that climate change may have on our assets, productivity and the communities in which we operate. Physical impacts can include the acute risks resulting from the increase in extreme weather events that can impact our production, distribution and supply chain. There are also chronic risks resulting from the longer-term changes in climate patterns, including water sustainability. The non-physical impacts can arise from risks relating to policy, legal, technological and stakeholder responses stemming from the challenges posed by climate change and the transition to a lower carbon economy.

Utilising our overall Enterprise Risk Management framework, we take a robust risk-based approach in responding to the physical impacts of climate change. We analyse our internal data points and work with recognised specialist agencies, our insurance brokers and insurers to obtain regional analysis of climate science which enables us to make informed decisions in respect of our business resilience and viability. This analysis also improves our understanding of the potential climate vulnerabilities of our operations and the communities in which we distribute our product portfolio. This data is shared across our business units, enabling them to build climate resilience into their planning and operations.

Climate-related financial disclosures

The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) with the aim of improving industry disclosure of climate-related risks and opportunities. At Coca-Cola HBC we believe that the TCFD's recommendations were an important step in the establishment of an accepted voluntary framework for information on climate-related risks and their financial impacts for the use of investors, lenders, insurers and other stakeholders.



We support efforts to improve the quality and consistency of disclosures and have been a leader in the field having made our first carbon reduction commitments in 2006 and subsequently being one of the first companies in the world to introduce science-based targets. During 2019, discussions on climate-related risk were integrated into the overall risk management process across our business units and Group functions.

Our TCFD working party continued to focus on the implementation of the core elements of the four pillars of governance, strategy, risk management and metrics and targets. The Board continued to have oversight of climate-related risks and opportunity through the activities of the Social Responsibility Committee and the Audit and Risk Committee.

The response to climate change transcends all areas of our strategy and operations and, as a result, our TCFD disclosures can be found throughout this report. The table below documents how our disclosures and discussions on climate change in this report align to the TCFD recommendations and where specific information can be found.

Location of TCFD aligned disclosures

Governance: Disclose the Company's governance around climate-related risks and opportunities

a) Describe the Board's oversight of climate-related risks and opportunities	Social Responsibility Committee: Pages 106-107
b) Describe management's role in identifying, assessing and managing climate-related risks and opportunities	Audit and Risk Committee: Pages 98-101 Risk and materiality: Pages 54-63

Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's business, strategy and financial planning where material

a) Describe the climate-related risks and opportunities that the organisation has identified over the short, medium and long term	Material issues: Pages 54-55 Principal risks: Pages 58-59
b) Describe the impact of climate-related risk and opportunity on the Company's business, strategy and financial planning	Principal risks: Pages 58-59, 62-63 Earn our Licence to operate: Page 44
c) Describe the resilience of the organisation's strategy considering different climate-related scenarios, including a 2-degree or lower scenario	Climate-related financial disclosures: Pages 62-63

Risk management: Disclose how the Company identifies, assesses and manages climate-related risks and opportunities

a) Describe the Company's process for identifying and assessing climate-related risks and opportunities	Risk and materiality: Pages 56-59
b) Describe the Company's process for managing climate-related risks and opportunities	Principal risks: Pages 56-59 Key performance indicators: Pages 44-45, 48-49, 2019 GRI Content Index
c) Describe how these processes are integrated into the overall risk management programme	Risk and materiality: Pages 56-64

Metrics and targets: Disclose the metrics and targets used to assess and manage climate-related risks and opportunities

a) Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management processes	Reporting on our emissions: Pages 44-45, 48-49, 2019 GRI Content Index
b) Describe the targets used by the Company to manage climate-related risks and opportunities and performance against these targets	Addressing climate change across our business: Pages 44-45, 48-49, 2019 GRI Content Index

Managing risk and materiality continued

Viability statement

Business model and prospects

Our business model and strategy, outlined on pages 16-17 of this report, documents the key factors that underpin the evaluation of our prospects. These factors include our:

- attractive geographic diversity;
- strong sales and execution capabilities;
- market leadership;
- global brands; and
- diverse beverage portfolio.

The Group's business model has been tested during periods of challenging market conditions and has been found to be effective and resilient. We review our strategy and adjust it over time to respond to changing market conditions and to ensure that we create sustainable value for our shareholders, suppliers, employees, and the customers and communities we serve.

The Board considers that our diverse geographic footprint, including exposure to emerging markets with low per-capita consumption, and a proven strategy in combination with our leading market position, offer significant opportunities for future growth. Our Board has historically applied and continues to apply a prudent approach to the Group's decisions relating to major projects and investments. From 2015 to 2019, we generated free cash flow of €416 million per year on average.

Key assumptions of the business plan and related viability period

The Group maintains a well-established strategic business planning process which has formed the basis of the Board's quantitative assessment of the Group's viability, with the plan reflecting our current strategy over a rolling five-year period. The financial projections in the plan are based on assumptions for the following:

- key macroeconomic data that could impact our consumers' disposable income and consequently our sales volume and revenues;
- key raw material costs;
- foreign currency rates;

- spending for production overheads and operating expenses;
- working capital levels; and
- capital expenditure.

The Board has assessed that a viability period of five years remains the most appropriate. This is due to its alignment with the Group's strategic business planning cycle, consistency with the evaluated potential impacts of our principal risks as disclosed on pages 58-61 and our impairment review process, where goodwill and indefinite-lived intangible assets are tested based on our five-year forecasts.

Assessment of viability

Qualitatively, we analysed the output of our robust enterprise risk management and internal business planning and liquidity management processes, to ensure that the risks to the Group's viability are understood and are being effectively managed.

The Board has concluded that the Group's well established processes across multiple streams continue to provide a comprehensive framework that effectively supports the operational and strategic objectives of the Group. It also provides a robust basis for assessment and confirmation of the Group's ability to continue operations and meet its obligations as they fall due over the period of assessment. Supporting the qualitative assessment was a quantitative analysis performed as part of strategic business planning. This assessment included, but was not limited to, the Group's ability to generate cash. We have continued to stress test the plan against several severe but plausible downside scenarios linked to certain principal risks as follows:

Scenario 1: The impact of changes to foreign exchange rates was considered, particularly the depreciation of foreign currencies including the Russian rouble and Nigerian naira. Principal risk: foreign exchange and commodity costs.

Scenario 2: Lower estimates for sales volumes were assessed. Principal risk: geopolitical and macroeconomic.

Scenario 3: Lower estimates for sales revenue for reasons other than volume decline are considered. Principal risk: channel mix.

Scenario 4: Continued stakeholder focus on issues relating to sugar and packaging resulting in the potential for discriminatory taxation. Principal risks: sustainability; plastics and packaging waste and consumer health and wellbeing.

Scenario 5: The impact of higher raw material costs was also considered. Principal risk: foreign exchange and commodity costs.

The above scenarios were tested both in isolation and in combination. The stress testing showed that due to the stable cash generation of our business, the Group would be able to withstand the impact of these scenarios occurring over the period of the financial forecasts. This could be conducted by making adjustments, if required, to our operating plans within the normal course of business.

Following a thorough and robust assessment of the Group's risks that could threaten our business model, future performance, solvency or liquidity, the Board has concluded that the Group is well positioned to effectively manage its financial, operational and strategic risks.

Viability statement

Based on our assessment of the Group's prospects, business model and viability as outlined above, the Directors can confirm that they have a reasonable expectation that the Group will be able to continue operating and meet its liabilities as they fall due over the five-year period ending 31 December 2024.



Financial review



2019 was another year of strong progress towards our 2020 objectives. Reflecting on our performance during the first four years of our 2020 strategic plan, we have delivered an average FX-neutral revenue growth of 4.8% per annum and expanded our comparable EBIT margin by 330 bps, leaving us well on track to full delivery of all of our targets by the end of 2020.

Performance highlights for 2019 included:

- 4.4% FX-neutral revenue growth, or 3.7% excluding the impact of the acquisition of Bambi; a strong performance, considering the impact of the poor summer weather and the discontinuation of Lavazza coffee in Q4;
- price/mix improvement in all segments, up 1.0% overall, or up 1.1% excluding Bambi;
- volume increase of 3.3%, or 2.6% excluding Bambi. Volume growth accelerated strongly in Q4;
- 80 basis-point improvement in comparable operating expenses as a percentage of net sales revenue. Of this improvement, 30 basis points was due to revenue leverage on administration and logistics costs, and 50 basis points was due to lower marketing costs as we cycled the investment behind the FIFA World Cup in 2018, as well as other one-off items;
- another year of strong comparable EBIT growth, which was up 11.5% year-on-year;
- comparable EBIT margin increased by 60 basis points to 10.8%;
- comparable EPS increased by 10.0% to €1.436; and
- strong free cash flow generation of €443 million, up 20% year-on-year

As we come to the end of our 2020 strategic plan, we are setting our sights on 2025 and the new targets that we laid out for the business during our Capital Markets Day in June 2019.

Our vision to be the leading 24/7 beverage partner will see us targeting top-line growth of 5% to 6% per annum, on average and ongoing margin expansion of 20-40bps per annum, on average, while maintaining strong cash flow generation and a robust and flexible balance sheet.

Income statement

During 2019 we achieved a 3.3% increase in volume; excluding the impact of the acquisition of Bambi, the growth was 2.6%.

We continue to see sparkling drinks volumes growing faster than the overall portfolio. In 2019 sparkling drinks (including energy) grew by 3.5%, while still beverages grew by 1.7%. Volume was up 0.8% in the Established segment, up 0.5% in the Developing segment and up 5.7% in the Emerging segment (4.4% excluding Bambi). The pace of volume growth was negatively impacted by unusually poor weather in several of our larger markets during the second and third quarter which resulted in weaker industry volumes. Through this period, and the whole year, we gained or maintained share in the majority of our markets.

FX-neutral revenue per case increased by 1.0%, or 1.1% excluding the impact of Bambi. This performance is due to good improvements in package and category mix, and also to price increases taken in several markets. Excluding Nigeria, where we have made targeted price investments over the course of 2019, currency-neutral revenue per case increased by 2.1%.

Net sales revenue improved by 4.4% on a FX-neutral basis, or 3.7% excluding Bambi. Reported revenue grew by 5.5% as we benefited from favourable currency movements of several of our operating currencies versus the Euro.

FX-neutral input cost per case increased by 0.6%; a good outcome due to benign commodity costs growth as well as successful hedging and pre-buy actions that managed the risk effectively.

Comparable operating expenses as a percentage of revenue improved by 80 basis points in the full year to 26.9%.

During the course of 2019 we issued three bonds amounting to a total of €1.8 billion. Net financing costs in 2019 were €67.1 million, an increase of €25.8 million due to the higher level of gross debt on our balance sheet.

On a comparable basis, the Group's effective tax rate was 25.8% for 2019 and 26.2% for 2018. On a reported basis, the effective tax rate was 26.2% and 26.6% respectively.

The Group's effective tax rate varies depending on the mix of taxable profits by territory, the non-deductibility of certain expenses, non-taxable income and other one-off tax items across its territories.

Comparable net profit increased by 8.7% and net profit by 9.0% in 2019 compared to the prior year. The increase was primarily due to higher operating profitability, partially offset by higher net financing costs and increased taxes.

Key financial information

	2019	2018	% change
Volume (million unit cases)	2,265	2,192	3.3
Net sales revenue (€ million)	7,026	6,657	5.5
Net sales revenue per unit case (€)	3.10	3.04	2.2
Currency-neutral net sales revenue (€ million)	7,026	6,732	4.4
Currency-neutral net sales revenue per unit case (€)	3.10	3.07	1.0
Operating profit (EBIT) (€ million)	715	639	11.9
Comparable EBIT (€ million)	759	681	11.5
EBIT margin (%)	10.2	9.6	60bps
Comparable EBIT margin (%)	10.8	10.2	60bps
Net profit (€ million)	487	447	9.0
Comparable net profit (€ million)	522	480	8.7
Comparable basic earnings per share (€)	1.436	1.306	10.0

Percentage changes are calculated on precise numbers.

Balance sheet

	2019 € million	2018 € million
Assets		
Total non-current assets	5,138	4,416
Total current assets	3,076	2,438
Total assets	8,214	6,854
Liabilities		
Total current liabilities	2,667	2,019
Total non-current liabilities	2,847	1,719
Total liabilities	5,514	3,738
Equity		
Owners of the parent	2,697	3,111
Non-controlling interests	3	5
Total equity	2,700	3,116
Total equity and liabilities	8,214	6,854

Figures are rounded.

Financial review continued

CURRENCY-NEUTRAL REVENUE GROWTH

+4.4%

COMPARABLE OPERATING PROFIT

€759m

COMPARABLE EBIT MARGIN IMPROVEMENT

+60bps

Dividend

In view of the Group's progressive dividend policy and the assessment of the progress against the Group's strategy, the Board of Directors has proposed a dividend of €0.62 per share. This is an 8.8% increase from €0.57 per share for 2018. The dividend payment will be subject to shareholders' approval at our Annual General Meeting.

After several years of successful progress towards our 2020 objectives, and in light of the positive momentum in the business, a special dividend of €2.00 per share was paid to shareholders in July 2019.

Balance sheet

Total non-current assets increased by €722 million in 2019 driven by the acquisition of Bambi, the adoption of IFRS 16, additions to property, plant and equipment and foreign currency impact. Net current assets decreased by €11 million in 2019, mainly due to the reclassification of our bond maturing in June 2020 from long to short term, which was almost fully offset by increased current assets.

Cash flow

Net cash from operating activities increased by 16.3% in 2019 compared to the prior year, due to higher operating profit as well as improvement in working capital.

Capital expenditure, net of receipts from the disposal of assets and including principal repayments of lease obligations, as well as the impact of the adoption of IFRS 16 (leases), increased by 13.4% in 2019 compared to the prior year and represented 6.9% of net sales revenue compared to 6.4% in 2018.

We generated €443 million of free cash flow in 2019, compared to €370 million in 2018, representing a 19.6% increase year on year. This result reflects increased operating profitability and working capital improvements, partly offset by increased capital expenditure to support revenue growth.

Economic value

Efficient use of capital and higher profits resulted in an increase in return on invested capital (ROIC) from 13.7% in 2018 to 14.2% in 2019. At the same time, our weighted average cost of capital (WACC) decreased from 7.4% in 2018 to 6.9% in 2019. We continued to grow the positive economic value generated by our operations.

Financial risk management

Although faced with a benign environment in foreign exchange rates and commodity prices for most of 2019, the volatility experienced in the second half of the year was smoothed out through our continuous financial risk management approach. Just as in 2018, the source of the volatility could be attributed to geopolitical events, trade tensions and sanctions.

In terms of managing foreign exchange risk, the Group is exposed to exchange rate fluctuation of the Euro versus the US Dollar and the local currency of each country of our operations. Our risk management strategy involves hedging transactional exposures arising from currency fluctuations, with available financial instruments on a 12-month rolling basis.

The Russian Rouble performed relatively well in 2019, both against the Euro and the US Dollar. The imposition of new US sanctions during the summer of 2019 had a temporary negative impact on the Rouble that was largely mitigated by the hedging strategy we had in place.

Following the rather smooth Nigerian Presidential elections in the first quarter of 2019, the Nigerian Naira benefited from increased foreign inflows into the country, up until the middle of the year after which the Naira reversed almost all of the gains versus the US Dollar. As a result, the 2019 average exchange rate of the Naira compared to the previous year was virtually unchanged against the US Dollar and slightly stronger versus the Euro.

Cash flow

	2019 € million	2018 € million
Cash flow from operating activities	926	797
Payments for purchases of property, plant and equipment	(473)	(437)
Proceeds from sales of property, plant and equipment	35	18
Principal repayments of lease obligations	46	(8)
Free cash flow	443	370

Figures are rounded.

In terms of commodities, our active risk management strategy allowed us to partially take advantage of the decreasing prices in aluminium and PET resin. At the same time, the financial derivatives in fuel oil performed very well for another year and we were also able to benefit from fixed priced EU sugar contracts in certain countries and take advantage of lower prices for a large part of 2019.

As far as interest rates are concerned, we experienced very favourable market conditions, with interest rates moving to multi-year lows; this enabled us to capture very competitive interest rates for the 2019 Euro bond issuances through interest rate hedging.

Our general policy is to retain a minimum amount of liquidity reserves in the form of cash and cash equivalents on our balance sheet. During 2019, we invested our excess cash primarily in short-term time deposits and money market funds.

Borrowings

Our medium- to long-term aim is to maintain a ratio of net debt to comparable EBITDA in the range of 1.5 – 2.0 times. In 2019, we ended the year with a ratio of 1.54 times. Our primary funding strategy in the debt capital markets involves raising financing through our wholly owned Dutch financing subsidiary, Coca-Cola HBC Finance B.V.

We use our €5 billion Euro Medium Term Note programme and our €1 billion Global Commercial Paper programme as the main basis for our financing. We endeavour to maintain our presence and profile in the international capital markets and, where possible, to broaden our investor base. We also seek to maintain a well-balanced redemption profile.

Looking ahead

Prior to the COVID-19 outbreak, external forecasts for 2020 pointed to an economic outlook that was progressing well in our territories, albeit with global risks.

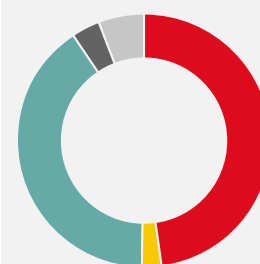
However, given the spread of the coronavirus, the range of potential outcomes for the global economy are difficult to predict at this point in time. Possible outcomes range from successful virus containment and minor short-term impact, to a prolonged global contagion resulting in potential recession. At the same time, there are a number of policy and fiscal responses emerging across the globe intended to mitigate potential negative economic impacts.

When it comes to our business, we are monitoring the COVID-19 outbreak developments closely, we follow guidance from the World Health Organization and local governments and have been implementing contingency plans to mitigate the impact on our people and operations. As the situation continues to unfold, our primary concern remains the welfare of our colleagues, their families and the local communities where we operate; our plans are focused on continuing to serve our customers while protecting the well-being of our people.



MICHALIS IMELLOS
CHIEF FINANCIAL OFFICER

Total tax by category in 2019 (%)



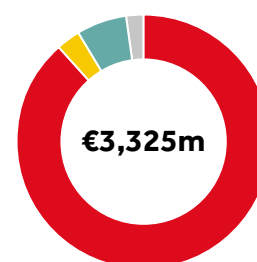
- Corporate income tax: **47.9%**
- Withholding tax: **2.4%**
- Payroll taxes: **40.4%**
- VAT (cost): **3.6%**
- Environmental taxes: **0.1%**
- Other taxes: **5.6%**

Taxes we contribute to our communities

When considering tax, Coca-Cola HBC ensures that due consideration is given to the Group's corporate and social responsibilities, and the value it places on earning community trust. More specifically, Coca-Cola HBC commits to continue paying taxes in the countries where value is created and ensures that it is fully compliant with tax laws across all relevant jurisdictions. In addition, Coca-Cola HBC commits to being open and transparent with tax authorities about the Group's tax affairs and to disclose relevant information to enable tax authorities to carry out their reviews.

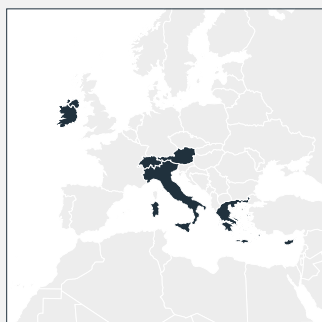
We support the communities in the countries where we operate directly, by creating wealth, and also indirectly, by paying taxes. These taxes include corporate income tax calculated on each country's taxable profit, employer taxes and social security contributions, net VAT cost and other taxes that are reflected as operating expenses. Excise taxes and taxes borne by employees are not included.

2019 Borrowing structure (€m)



- Bonds issued: **2,944m**
- Commercial paper: **100m**
- Leases: **211m**
- Other: **70m**

Segment highlights



Established markets

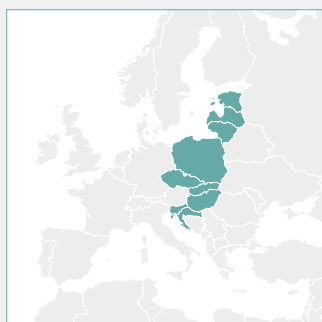
2019 was the third consecutive year of growth in both volumes and currency-neutral revenue per case in our Established markets. Sparkling volume grew by 1.0%, fuelled by Trademark Coke and we are pleased to have made significant progress in areas of strategic focus like adult sparkling and low- and no-sugar variants which offer strong growth opportunities while also helping to drive price and mix.

VOLUME VS. 2018

+0.8%

CURRENCY-NEUTRAL NET
SALES REVENUE PER CASE
VS. 2018

+0.4%



Developing markets

Developing markets saw another year of good currency-neutral revenue growth development, driven by price/mix, where our successful revenue growth management initiatives are driving continued strong progress. Volume growth was impacted by the unusually poor weather we experienced in several of the segment's markets during the summer months. As weather normalised, we were encouraged to see a strong improvement to volumes in the segment during the fourth quarter.

VOLUME VS. 2018

+0.5%

CURRENCY-NEUTRAL NET
SALES REVENUE PER CASE
VS. 2018

+3.7%



Emerging markets

We benefited from another year of good volume growth in the Emerging markets, particularly driven by Nigerian volume growth. Our investments into pricing in Nigeria are generating a strong response from our consumers and customers. The medium-sized markets in the segment continue to see strong growth, while Russia's volumes were stable, impacted by unusually poor weather during the summer months. We continue to see good price/mix development in the segment, albeit impacted in 2019 by the targeted investment into pricing in Nigeria.

VOLUME VS. 2018

+5.7%

+4.4% EXCLUDING BAMBI

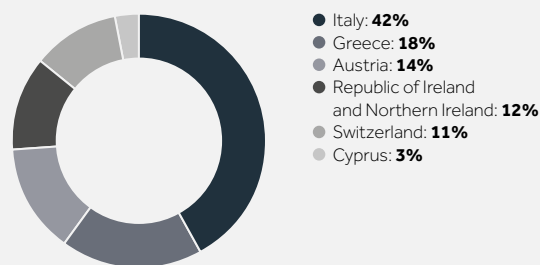
CURRENCY-NEUTRAL NET
SALES REVENUE PER CASE
VS. 2018

+1.3%

+1.2% EXCLUDING BAMBI

	2019	2018	% change
Volume (million unit cases)	624	619	0.8%
Net sales revenue (€ million)	2,518	2,470	1.9%
Operating profit (EBIT) (€ million)	236	232	1.7%
Comparable EBIT (€ million)	256	241	6.4%
Total taxes¹ (€ million)	135	123	9.8%
Population² (million)	91	91	0.1%
GDP per capita (US\$)	40,117	41,053	-2.3%
Bottling plants (number)	15	13	15.4%
Employees (number)	6,624	6,642	-0.3%
Water footprint (billion litres)	4.2	4.3	-2.3%
Carbon emissions (tonnes)	80,919	86,468	-6.4%
Safety rate (lost time accidents >1 day per 100 employees)	0.18	0.86	-79.1%

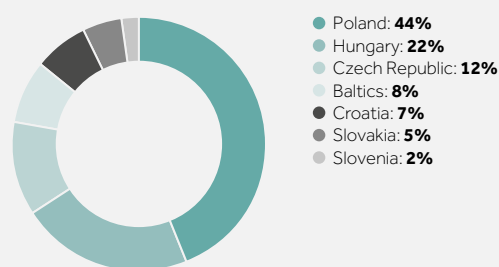
Volume breakdown by country (%)



1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Population source: International Monetary Fund, World Economic Outlook Database, October 2019. Northern Ireland: NISRA (Northern Ireland Statistics and Research Agency). Office for National Statistics, UK, Northern Ireland Economic Outlook, 2019. Italian data: Sicilian population excluded based on data from ISTAT (Italian National Institute of Statistics).

	2019	2018	% change
Volume (million unit cases)	431	429	0.5%
Net sales revenue (€ million)	1,352	1,307	3.5%
Operating profit (EBIT) (€ million)	139	131	6.4%
Comparable EBIT (€ million)	146	137	6.9%
Total taxes¹ (€ million)	65	65	—
Population² (million)	76	76	—
GDP per capita (US\$)	17,430	17,529	-0.6%
Bottling plants (number)	9	8	12.5%
Employees (number)	4,738	4,721	0.4%
Water footprint (billion litres)	3.5	3.1	12.9%
Carbon emissions (tonnes)	70,453	82,470	-14.6%
Safety rate (lost time accidents >1 day per 100 employees)	0.30	0.38	-21.1%

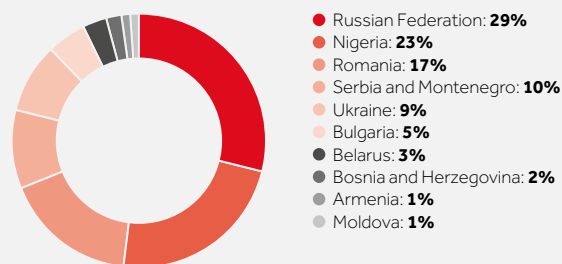
Volume breakdown by country (%)



1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Population source: International Monetary Fund, World Economic Outlook Database, October 2019.

	2019	2018	% change
Volume (million unit cases)	1,209	1,144	5.7%
Net sales revenue (€ million)	3,156	2,880	9.6%
Operating profit (EBIT) (€ million)	340	277	23.0%
Comparable EBIT (€ million)	356	303	17.5%
Total taxes¹ (€ million)	149	141	5.7%
Population² (million)	447	442	1.1%
GDP per capita (US\$)	6,108	6,040	1.1%
Bottling plants (number)	32	31	3.2%
Employees (number)	17,027	17,521	-2.8%
Water footprint (billion litres)	9.1	9.3	-2.2%
Carbon emissions (tonnes)	330,118	369,267	-10.6%
Safety rate (lost time accidents >1 day per 100 employees)	0.86	0.24	>100%

Volume breakdown by country (%)



1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Population source: International Monetary Fund, World Economic Outlook Database, October 2019.

Figures are rounded. Percentage changes are calculated on precise numbers.

Non-financial reporting directive

Delivering 24/7 takes an integrated approach

Our purpose

Serving as our north star to guide everything we do.

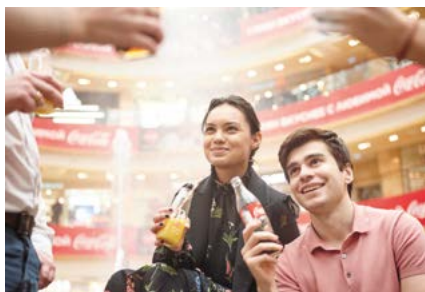
Policies and values

Underpinning our business and setting the direction for how we achieve our goals.

Effective oversight

Our Board and senior management ensure we stay on course to achieve our vision.

Our purpose page 12



We are devoted to growing every customer and delighting every consumer 24/7 by nurturing passionate & empowered teams of people while enriching our communities & caring for the environment.

Values page 39

- Winning with customers
- Nurturing our people
- Excellence
- Integrity
- Learning
- Performing as one

Policies (see our website)

Environmental matters

- Environmental policy
- Climate Change policy
- Packaging Waste & Recycling policy
- Sustainable Agricultural Guiding Principles
- Water Stewardship policy

Employees

- Code of Business Conduct
- Inclusion & Diversity policy
- Occupational Health & Safety policy
- Quality & Food Safety Policy

Human Rights

- Human Rights policy
- Supplier Guiding Principles
- Slavery & Human Trafficking statement

Social matters

- Health & Wellness policy
- HIV/AIDS policy
- Code of Business Conduct
- Supplier Guiding Principles
- GMO position statement
- Community Contributions policy
- Premium spirits Responsible Marketing policy
- Public policy engagement
- Quality & Food Safety policy

Anti-bribery & Corruption

- Code of Business Conduct
- Anti-bribery policy & compliance handbook
- Supplier Guiding Principles
- Community contributions policy

Principal risk

- Risk policy

Senior leadership pages 14, 22



How our Board considers stakeholders in decision-making pages 90-91

Social Responsibility Committee page 106



STAKEHOLDER ENGAGEMENT

Board engagement with key stakeholders

This spread constitutes our non-financial information statement. The below provides page references mapping out how our report complies with relevant regulation on non-financial information.

Positive influence

Being conscious of stakeholders, risks, market changes and material issues, while responding through our business model in a positive way.

Executing our vision

To fulfil our Growth Story 2025 we must consider all stakeholders at every step of our journey.

Defining our success

Operating in a sustainable way to ensure our remuneration and sustainability commitments are interlinked.

Business model pages 16-17



Stakeholder engagement page 19



Understanding our stakeholders

Market review pages 20-21

- Regulatory environment
- Sustainability

Principal risks page 56



Material issues page 55

GRI Content Index

<https://coca-colahellenic.com/Campaigns/AnnualReport2019/assets/pdf/Coca-Cola-HBC-2019-GRI-Content-Index.pdf>

Strategic pillars page 25



Remuneration report page 108



Dow Jones Sustainability Indexes

Maintaining our leadership of the beverage industry in the DJSI index is part of the CEO's individual performance metrics.

See page 122

CEO pay ratio

See page 125

2025 Sustainability Commitments page 48

- Emissions reduction
- Water reduction and stewardship
- World Without Waste
- Ingredient sourcing
- Nutrition
- Our people and communities