

## 1. Introduction.

### 1.1. Statement from the most senior decisionmaker of the organization about the relevance of sustainability to the organization and its strategy.



Ladies and Gentlemen, Dear Readers!

Corporate social responsibility is not a fashion or philanthropy, but a significant aspect of the sustainable business strategy determining several decades of our company's operations, both globally and locally. It is a response to current changes and future challenges that we are able to influence today through our business and social activities. Therefore the slogan "**We create the sustainable future today**" is the motto of our CSR report for 2012.

World's 7 billionth baby was born on 31 October 2011 and we are likely to celebrate the birth of the 8 billionth inhabitant of the Earth in 2030. At the same time, 11% of the global population (nearly 800 million people) have no access to drinkable water. The situation will get worse as the demand for food will rise by 70% by 2050 and it is farming and food manufacturing that have the most impact on the volume of water used globally today (farming and food industry - 70%, industry - 20%, households - 10%). As a beverage producer, we spare no effort to minimize our contribution to this trend and this is why we reduced our water consumption from 3.24 liter per liter of product in 2001 to 2.05 liter per liter of product produced in 2012. We achieved this by continuous investments in the modernization of our manufacturing lines and the implementation of innovative solutions, often proposed by our employees. Such an approach brought not only environmental, but also measurable financial benefits.

Water resources in Poland are relatively small and comparable to those of Egypt. As far as the amount of water per inhabitant is concerned, we are in the 22nd position among 27 European states. 1580 m<sup>3</sup> of water is available in our country per inhabitant. It is 3 times less than the European average and 4.5 times less than the global average. In order to support the protection of water resources in Poland we have been co-funding since 2005 the Kropla Beskidu Fund program managed by the Partnership Fund Foundation. The program, aimed at nursery and primary schools, NGOs and local communities, made it possible to complete as many as 83 projects until 2013. The initiatives received a total funding of over 1 million zloty and they involved nearly 250 consultations, workshops and training sessions.

Another change factor of both global and local significance that we take into account in our sustainable global strategy is an increase in the number of overweight and obese people. According to figures from the World Health Organization (WHO) the number of

obese people worldwide has doubled since 1980. According to the OECD report of 2012 (<http://www.oecd.org/>) about 12.5% of adult Poles suffer from obesity, while the average for countries covered by the report is 17.2%. WHO names two key reasons for this growth trend: a rising consumption of high-calorie foods and a substantial fall in physical activity. Both reasons result from changes in people's living standards and lifestyles in the 21st century. As a producer of beverages, including those with a high calorie value, we support actions aimed to change the trend. We do this by adding zero- and low-calorie beverages to our product range, labeling our products properly (GDA), not selling our products at primary schools and not running marketing activities targeted at children aged below 12. At the same time we promote an active lifestyle among our consumers, particularly the youth, and educate them on the subject (for instance, by running 15 editions of the biggest football tournament for junior high school students Coca-Cola Cup with the total number of young participants until now amounting to 600,000). Apart from social benefits we hope that our activities in this respect will also contribute to responsible consumption.

We create the sustainable future together with our employees, consumers and business and social partners. You will find a reflection of this attitude in this report in a number of joint projects and initiatives that I haven't mentioned here. I hope that a few examples mentioned here will encourage you to read on the report and will contribute to a better understanding of our approach to CSR. It is the approach that combines social and environmental benefits with measurable financial and strategic advantages for the company. The approach that is fully supported and implemented in everyday work by myself and all managers and employees of Coca-Cola HBC Poland.

I believe that the youth is a pillar of the sustainable future when a responsible consumption, healthy lifestyle, ecology, education and socially responsible business management determine both private and professional success. I hope that the modern and transparent structure of our CSR report for 2012 will encourage primarily young people to get familiar with its content.

May this report make valuable and interesting reading,  
Vitaliy Novikov  
General Manager

## **1.2. Description of key impacts, risks, and opportunities.**

### **Key risks:**

- 11% of the global population (nearly 800 million people) have no access to drinkable water. The situation will get worse as the demand for food will rise by 70% by 2050 and it is farming and food manufacturing that have the most impact on the volume of water used globally today (farming and food industry - 70%, industry - 20%, households - 10%).
- Water resources in Poland are relatively small and comparable to those of Egypt. As far as the amount of water per inhabitant is concerned, we are in the 22nd position among 27 European states. 1580 m<sup>3</sup> of water is available in our country per inhabitant. It is 3 times less than the European average and 4.5 times less than the global average.

- According to the World Health Organization (WHO) data, the number of obese people worldwide has doubled since 1980. WHO informs there were 500 million obese people in the world in 2008 and 1.4 billion were overweight. The forecasts for 2015 say the number of obese and overweight people will rise to about 700 million and 2.3 billion respectively. According to the OECD report of 2012 ([www.oecd.org](http://www.oecd.org)) about 12.5% of adult Poles suffer from obesity, while the average for countries covered by the report is 17.2%. In the nationwide survey (OLAF) carried out in Poland between 2007 and 2009, covering children and youth aged 6.5 to 18.5 years, it was established that 14.2% boys and 11.8% girls were overweight, while 4.4% of boys and 2.7% of girls were obese (<http://olaf.czd.pl/>). WHO names two key reasons for this growth trend: a rising consumption of high-calorie foods and a substantial fall in physical activity. Both reasons result from changes in people's living standards and lifestyles in the 21st century.
- 220,000 tons of PET are manufactured annually in Poland and about 60,000 tons are recycled.
- The economic growth rate in the full 2012 year was less than a half of the previous year's rate (GDP rose 2% in 2012 compared to 4.3% in 2011, according to GUS - the Central Statistical Office). A further fall of GDP is forecast for 2013.
- A weaker than expected financial result of the company for the year 2012.

### **Key opportunities:**

- A gradual increase in environmental awareness of Poles and their interest in ecology, water saving and recycling in particular.
- A gradual increase in awareness and interest of Poles in active and healthy lifestyles.
- Technological progress regarding environmental issues.
- Innovations in sweetening substances allowing to reduce the calorie content of food products.

## **2. Organization.**

### **2.1. Organization name**

Coca-Cola HBC Polska sp. z o.o.

### **2.2. Core brands and products**

Coca-Cola HBC Poland offers consumers a full range of alcohol-free beverages so that everyone can find a product which suits their taste and lifestyle best. Expanding the product range, while focusing consistently on the alcohol-free beverage market, reflects our **Fit for the Future** strategy.

In 2012 the company's product range consisted of more than a dozen of instantly

recognized and popular brands, offered in over 150 packaging formats. Apart from global brands, we also have entirely local brands (mineral waters).

Customers can find the following categories and brands in our product range:

- sparkling beverages (Coca-Cola, Coca-Cola Zero, Coca-Cola Light, Fanta, Sprite, Kinley, Lift);
- energy drinks (Burn, Monster Energy Drink);
- juices, nectars and fruit drinks (Cappy);
- natural mineral waters (Kropla Beskidu, MultiVita from the Kropla Mineralow source);
- isotonic beverages (Powerade ION4);
- ready-to-drink teas (Nestea).

Coca-Cola HBC Poland's product range is rich and varied. By launching new products we basically address our consumers' needs and changes in their lifestyle. We are also expanding our product range in the low calorie and zero sugar beverage category. We equally care are about flavor benefits and wide product choice to make it possible for the consumer to choose the beverage, which they believe meets best their present needs, be it running in a marathon or just refreshment.

In 2012 we launched in Poland:

- **new Nestea Light**, with energy value reduced to just 5 kcal in 250 ml of the product. We address the new Nestea Light formula to people who watch their figure. We are also convinced that both the "lightness" and flavor of the beverage will put everyone in a good mood inspiring them to take action.
- **Powerade Zero**, the first beverage of the Powerade ION4 product range, which hydrates while containing no sugar or calories.
- Ready-to-drink **Nestea Green Tea** beverage, which contains sugar and a sweetener of natural origin obtained from stevia leaves. The addition of the sweetener made it possible to reduce sugar content in the beverage by 30%. Nestea is available in two flavors: citrus and strawberry and aloe.
- New energy drink **burn Blue** - what makes it unique is the combination of energy drink properties - owing to caffeine and taurine content - and the refreshing taste, which quenches your thirst.
- **Cappy** beverage **with a new flavor**: apple and cherry with chokeberry
- **Fanta** beverage **with a new flavor**: strawberry and kiwi

More detailed information about the company's specific products can be found at:  
<http://www.coca-colahellenic.pl/Productsandbrands/>

### **2.3. The organization's operational structure, highlighting key departments, subsidiaries, affiliated companies and joint-venture partnerships**

The operations of Coca-Cola HBC Poland are also directly connected with the services provided by Coca-Cola Poland Services, a subsidiary of The Coca-Cola Company headquartered in Atlanta.

Our company is responsible for infrastructure, production, distribution and sales of beverages as well as marketing activities at points of sale, customer and consumer service, consumer promotions, corporate PR and cooperation with local communities. We run core operations at our manufacturing plants in Radzymin (Radzymin commune), Staniatki (Niepolomice commune) and Tylicz (Krynica commune). Apart from its three manufacturing plants, Coca-Cola HBC Poland owns and runs 26 distribution centers.

Coca-Cola Poland Services represents the owner of the brands. The company's responsibilities include advertising, media relations, new product launches, marketing and public relations activities (both corporate ad for specific brands). The two companies are close partners. The same cooperation system works and proves successful for Coca-Cola in over 200 countries.

## **2.4. Location of the organization's headquarters**

Coca-Cola HBC Poland's headquarters are located in the Białołęka district of Warsaw. Production is run at three plants:

- in Radzymin (Radzymin commune),
- in Staniatki (Niepolomice commune),
- in Tylicz (Krynica commune).

Apart from them, the company owns 26 distribution centers.

## **2.5. Number of countries in which the organization operates and specifying the names of countries in which the organization's core operations are located or those particularly relevant to the content of the report**

Coca-Cola HBC Poland is focused on supplying beverages to the Polish market. The company is part of the Coca-Cola Hellenic group. From Coca-Cola Hellenic's point of view, Coca-Cola HBC Poland belongs, along with Lithuania, Latvia, Estonia, the Czech Republic, Slovakia, Slovenia, Croatia and Hungary, to the group of plants supplying beverages to the markets of Central and East European countries. Poland definitely counts as the largest market in this group, with more than 40% sales volume generated by all of the abovementioned countries.

## **2.6. The organization's ownership form and legal structure**

Our company is part of the Coca-Cola Hellenic group, one of the world's largest bottlers of The Coca-Cola Company's beverages and the biggest in Europe. Coca-Cola Hellenic operates in 28 countries and serves over 579 million consumers. The company is listed on stock exchanges in London and additionally in Athens and New York.

## **2.7. Markets served, highlighting geographical coverage, sectors served and profiles of customer/consumer beneficiaries**

Coca-Cola HBC Poland is focused on supplying beverages to the Polish market. However,

the company is a Polish subsidiary of the Greek company Coca-Cola Hellenic Bottling Company S. A. headquartered in Athens, commonly known as Coca-Cola Hellenic. From Coca-Cola Hellenic's point of view, Coca-Cola HBC Poland belongs, along with Lithuania, Latvia, Estonia, the Czech Republic, Slovakia, Slovenia, Croatia and Hungary, to the group of plants supplying beverages to the markets of Central and East European countries. Poland definitely counts as the largest market in this group, with more than 40% sales volume generated by all of the abovementioned countries.

## 2.8. Scope of operations

Coca-Cola HBC Poland produced a total of 959 million liters of beverages in 2012 and sold 985 million liters, with the difference covered by imports totaling 24 million liters. The beverages were almost entirely consumed in Poland, with exports accounting for just 37 million liters. According to estimates, we reached a 22.4 % share in the alcohol-free beverage market sales value (source: ACNielsen).

The company

- employs nearly 2,600 people;
- has relationships with over 5,000 suppliers, including active cooperation with 2,200 of them;

supplies its products to over 120,000 points of sale.

## 2.9. Significant changes in reporting period with regard to size, structure or ownership type, including

No significant changes.

## 2.10. Awards received in reporting period

Coca-Cola HBC Poland received the following awards in 2012:

- EURO-PARTNER for Coca-Cola HBC Poland
- Responsible Business Leader 2012
- Eko-Bizon (for innovativeness and environmental sensibility)

Furthermore, Powerade ION4 was honored in the Sales Leader - energy and isotonic beverages, while Kropla Beskidu received an honor in the Sales Leader waters category. The products were also honored in their respective isotonic beverages and bottled waters categories in the sixth edition of the FMCG Market Pearls contest 2012 run by the trade monthly Wiadomości Handlowe. More at [www.coca-colahellenic.pl](http://www.coca-colahellenic.pl).

## 3. About report.

### 3.1. Reporting period

1 January 2012 - 31 December 2012

### **3.2. Date of last report's publication**

The report for 2012 is Coca-Cola HBC Poland's sixth social responsibility report. The last one was published in 2012 and covered the year 2011.

### **3.3. Reporting cycle (annual, biannual etc.)**

Annual

### **3.4. Contact person**

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### **3.5. Report content defining process**

The substantive content of the report was defined by a team of Coca-Cola HBC Poland managers whose work was coordinated by the Sustainable Development Manager. Direct contact with people responsible for specific areas of the business made it possible to reflect in the report the most present expectations of the Polish market as those managers are in close daily touch with it. On the other hand, the entire report is in line with social responsibility values fundamental for the Coca-Cola system, which are of cross-regional nature and relate to global trends. The Sustainable Development Manager based in Poland and the Coca-Cola Hellenic Group Social Responsibility Committee on the other hand make sure that the report content addresses both local markets' expectations and global challenges

### **3.6. Report scope & boundary**

We describe operations of Coca-Cola HBC Poland and - in substantially justified cases - those of the parent company, the Coca-Cola Hellenic Group, if the Group operated in Poland or directly affected operations of the Polish subsidiary.

### **3.7. Statement on any restrictions regarding report scope and boundary**

Due to commercial confidentiality considerations we do not disclose all business data on the country level.

### **3.8. Information on joint venture enterprises, subsidiary entities, leased facilities, outsourced operations and other units that may have significant impact on comparability of the company's operations in specific periods and/or in relation to other organizations**

The outsourcing of some logistics services and relocation of manufacturing from the Łódź plant to other plants may have some impact on comparability of selected indices.

### **3.9. Techniques and presumptions as to estimates and calculations of indices and other information contained in the report**

Commonly used calculation methods have been applied in the report. In the case of some indices rates per product unit are given and absolute values are not presented. On the one hand, it facilitates making comparisons with other periods and beverage manufacturers and therefore has significant impact on the report's readability. On the other hand, it aims at protecting sensitive information due to commercial confidentiality considerations.

### **3.10. Explanations regarding effects of any corrections of information contained in previous reports, including reasons for making the corrections and their impact**

No such corrections were made.

### **3.11. Substantial changes compared to the previous report regarding scope and boundary or measurement methods applied in the report**

No substantial changes compared to the previous report.

### **3.12. Table showing location of Standard Information in the report**

All required by GRI standard information are on [www.raportcsr-cchellenic.pl](http://www.raportcsr-cchellenic.pl) in GRI Report section.

### **3.13. Policy and current practice regarding external verification of the report**

The report has not been subject to independent verification by an auditor authorized to examine financial reports (chartered auditor). However, an external expert Jacek Dymowski Ph.D. has been charged with supervision over the reliability of the report development process.

The data presented in the report is part of Coca-Cola's regional and global system for reporting social and environmental performance with its reliability subject to control. Moreover, a substantial part of the results presented in the report referring to Coca-Cola HBC Poland's operations is subject to the recurrent external audits (ISO 9001, ISO 14001, OHSAS 18001, HACCP, ISO22000, PAS 220). Core areas of operations are also subject to regular external audits.

## **4. Structure of the organization.**

### **4.1. The organization's supervisory structure, including committees**



## **reporting to the supreme supervisory body responsible for specific tasks such as strategy development or supervision over the organization**

Charting a strategy and supervision over the company's operations and performance, including the implementation of fundamental sustainable development principles, takes place at the Coca-Cola Hellenic Group level. Daily management of social responsibility issues is a responsibility of the Sustainable Development Manager, who cooperates directly with his counterparts in other countries and managers in Poland who are in charge of specific areas of the business.

This management and supervisory system is in line with the "think globally, act locally" philosophy. The guidelines referring to trends of global nature (such as climate change, shrinking water resources, bad eating habits and obesity, etc.) are defined at the cross-national level. They allow the Coca-Cola system to maintain the same highest standards, irrespective of the country and manufacturing plant. It also makes it possible to identify the best solutions and practices and transfer them from one country to another. The monitoring of corresponding indices enables the emergence of leaders who become a model for others. Index values (environmental, for instance) achieved by leaders are often the basis for setting target values for other plants. The Polish plants can boast making it to the "best in class" group on several occasions and thus becoming a model for others to copy.

The Sustainable Development Manager is responsible for direct management with respect to very broadly defined priority areas of Coca-Cola's social responsibility. The priority areas create a broad framework, but actions are run at a country level. Only a local approach can ensure that actions are effective and specific problems addressed. These are often very local problems that can only be noticed at a local level.

However, with the owners' global supervision over key areas, including the regular monitoring of social and environmental performance, such aspects are given a very high priority. The high position of CSR in the supervision structure is the best evidence of how seriously the exclusive owner of Coca-Cola HBC Poland treats its social responsibility. The Social Responsibility Committee operates - along the Audit Committee, the Human Resources Committee and the Public Information Committee - within the supervisory board of the parent company, Coca-Cola Hellenic.

### **4.2. Indicating if the chairman of the supreme supervisory body is also a chief executive officer (and if so, what are their functions within the management board including a justification of this structure).**

Coca-Cola HBC is a limited liability company and as such it does not have a supervisory body in the form of a supervisory board, so the management board takes full responsibility for managing the company.

### **4.3. Number of members of the supreme supervisory body with the highlighting of independent and/or non-executive members (applies**

## **to organizations with the monistic structure of the supervisory board / supervisory body)**

Coca-Cola HBC is a limited liability company and as such it does not have a supervisory body in the form of a supervisory board.

### **4.4. Mechanisms enabling shareholders and employees to submit recommendations and and hints for the company management**

Coca-Cola HBC Poland has a single shareholder. The process of supervising and monitoring performance, also in social and environment areas, is systematic and formalized. The selected data is regularly submitted to the owner and following the evaluation serves as a basis for setting new targets.

As far as the employees are concerned, communication mechanisms are defined in the Business Ethics Code (formerly Business Conduct Code), which describes behavior standards. The same document grants each employee the right to contact directly key persons at Coca-Cola HBC Poland and Coca-Cola Hellenic. The document lists direct phone numbers to the Finance Director, Legal Counsel, Internal Audit Director, Human Resources Director and the chairman of the Internal Audit Committee at Coca-Cola Hellenic as well as their counterparts in Poland. [The Business Ethics Code](#) itself is public and available in the Polish version.

Employee opinions are regularly monitored in Employee Engagement Surveys.

### **4.5. Relation between remuneration level of the supreme supervisory body, senior managers and management board (including severance pay system) and the organization's performance (including social and environmental performance).**

The sustainable development strategy is present in all business goals of Coca-Cola HBC Poland and its partner company Coca-Cola Poland Services. Every year Coca-Cola HBC Poland sets measurable targets based on CSR strategy priorities on each of management levels. The guidelines of the parent company Coca-Cola Hellenic apply at the highest level and the lower level we follow the Polish subsidiary's internal strategy and values. Detailed goals are formulated at the department level. The evaluation of managers' performance and consequently their remuneration depend on meeting those goals, treated just as other business goals. It should be noted that since goals are cascaded down to the department level the mechanism applies not only to top level managers, but also people at managerial positions of various levels.

### **4.6. Processes enabling members of the supreme supervisory body to avoid conflicts of interest**

Issues related to avoiding conflict of interest are discussed in the Business Ethics Code (formerly Business Conduct Code). It describes situations where such a conflict may arise, as well as ways of dealing with the situation and persons that should be notified or approvals that should be obtained. The rules regulate a way of conduct for all employees of the company.

[The Business Ethics Code](#) is available in the Polish version.

#### **4.7. Verification process of the supreme supervisory body members' qualifications and experience as regards charting a strategy covering economic, environmental and social issues**

At the cross-national level the Social Responsibility Operating Committee and the Social Responsibility Committee are the supreme supervisory bodies. The Social Responsibility Operating Committee is appointed by the Social Responsibility Committee functioning as part of the parent company's supervisory board. The Social Responsibility Committee members have the experience and qualifications necessary to perform their duties as well as to select the most appropriate members of the Operating Committee.

Objectivism of the Social Responsibility Committee's decisions is further confirmed by the fact that its meetings are most often attended by both Coca-Cola Hellenic's managing director and external relations and communication director.

At the country level the Sustainable Development Manager has direct supervision over social and environmental issues. The creation of a dedicated position instead of combining CSR supervision functions with other functions makes it possible to hire a person whose qualifications and experience ensure that the highest standards are maintained.

#### **4.8. Internally formulated mission or organization's values, code of conduct, rules relating to economic, social and environmental aspects of the organization's functioning and their implementation level**

Coca-Cola HBC Poland's mission is to:

- Refresh consumers of our products
- Partner with our customers
- Generate profit for our shareholders

...and take active part in the lives of local communities.

Our values are directly linked to this Mission:

- Authenticity: we act with integrity, and do what is right, not just easy
- Excellence: we strive to amaze, with passion and speed
- Learning: we listen and have a natural curiosity to learn
- Caring for our people: we believe in our people, invest in them, and we empower them
- Performing as one: we believe in the power of working together, contributing in every occasion
- Winning with our customers: our customers are at the heart of everything we do.

The mission and the values we share are reflected in specific policies. The most important of them is the [Business Ethics Code](#) (formerly Code of Business Conduct), which defines

standards that our employees need to respect. Other codes and sets of rules applied at Coca-Cola HBC Poland are:

- Food Quality and Safety Policy
- Genetically Modified Organisms Position Statement
- Human Rights Policy
- HIV/AIDS Policy
- Equal Opportunities Policy
- OHS Policy
- Packaging Management and Recycling Policy
- Climate Change Policy
- Environmental Policy
- Union of European Beverages Associations (UNESDA) commitments
- Supplier Guiding Principles
- Health & Wellness Policy
- Fleet Safety Policy
- Water Stewardship Policy

#### **4.9. Supreme supervisory body procedures regarding supervision over identification and management of economic, environmental and social issues, including relevant risks and opportunities and conforming or compliance with recognized international standards, codes of conduct and rules.**

The Social Responsibility Committee functioning as part of Coca-Cola Hellenic's supervisory board, is the supreme supervisory body regarding economic, social and environmental issues. [The statute defining the committee's scope of operations and responsibility](#) is public and available.

#### **4.10. Evaluation process of the supreme supervisory body's performance regarding economic, environmental and social issues**

Economic, environmental and social performance is evaluated quarterly at the top level. Region directors, including the General Manager of Coca-Cola HBC Poland, are responsible for implementing the CSR strategy in their areas. The Sustainable Development Manager is responsible for direct management of Coca-Cola's social responsibility. Each production plant also has the support of environment, occupational health & safety coordinator. Meanwhile, the Internal Audit Department regularly defines the risk of improper behavior and shows areas of neglect.

Economic, environmental and social performance, including key targets in this area, are regularly monitored by the owner, Coca-Cola Hellenic. The Social Responsibility Committee plays a special role here.

#### **4.11. Explanation whether the organization applies caution rule and, if so, how**

Coca-Cola HBC Poland applies the rule of special caution with regard to technologies and

raw materials whose impact on consumer health or the natural environment has not been fully researched.

The [Genetically Modified Organisms Position Statement](#) updated in March 2012 is a specific example of the application of this rule. Coca-Cola Hellenic does not use – in any of its 28 countries of operations (including Poland, where Coca-Cola HBC Poland is responsible for respecting the rule) – genetically modified foods or those derived from genetically modified organisms (GMO). The company holds the position that reasonable use of the latest biotechnology achievements should be supported provided that comprehensive information on the subject is available and effective control by supervisory bodies has been implemented. The mankind can benefit substantially from the use of such technologies to improve crops and specific GMO applications should be evaluated for their benefits.

#### **4.12. External economic, social and environmental declarations, principles and other initiatives adopted or supported by the organization**

We strive to run our operations in an ethical, responsible and sustainable way. We have implemented the leading management systems and standards, which help us achieve projected targets and improve our performance. We have implemented the following internationally recognized quality, environment, health and safety and food safety management systems:

- Quality management (ISO 9001)
- Environmental management (ISO 14001)
- Occupational health and safety management (OHSAS 18001)
- Food safety management (FSSC 22000)
- All our plants have also been certified with ISO 22000 certificates assuring food safety.

In our operations we are also guided by the following sustainable development principles and guidelines:

- UN Global Compact (UNGC) rules
- Greenhouse Gas Protocol
- LBG model
- GRI guidelines
- UNESDA commitments.

#### **4.13. Membership in associations**

Coca-Cola HBC Poland is also a member of trade organizations and associations operating in the area of environment protection and sustainable development, such as:

- Polish Food Producers Federation
- Polish Industry Coalition for Eco-friendly Packaging Eko-Pak
- Rekopol Recovery Organization
- Polish Chamber of Bottling Industry

- Responsible Business Forum
- Employers of the Republic of Poland

Together with Coca-Cola Poland Services we have been the signatories of the UN Global Compact initiative, proclaimed by the UN Secretary General, since 2009.

As an illustration of a great role played by Coca-Cola HBC Poland among businesses grouped around Coca-Cola Hellenic, it should be mentioned that Coca-Cola is listed in the most important sustainable development indices on the New York and London stock exchanges:

- Dow Jones Sustainability World Index
- Dow Jones STOXX Sustainability Index
- FTSE4Good index in London (since 2002).

#### **4.14. List of stakeholder groups engaged by the organization**

The basic division of stakeholders into groups is as follows:

- suppliers (about 2,200 active)
- customers (>120,000)
- consumers (> 30 million)
- employees (about 2,500)
- social organizations
- shareholders
- regulators and authorities of various levels
- local communities / society
- media

#### **4.15. Grounds for identification and selection of engaged stakeholder groups**

The activities are carried out by Coca-Cola Hellenic at a regional level.

The division of stakeholders into key categories is too general to become useful in daily management. The relations with particular stakeholder groups are assigned to specific organization units and business functions. The units both identify individual entities and establish regular cooperation with them. Cooperation with specific categories of interest groups is strictly dependent on the specific nature of a given group. Coca-Cola HBC's proactive role is crucial here. Not only do we initiate surveys and monitoring, which make it possible to assess the recipients' satisfaction with their cooperation with us, but we also address their expectations. We encourage customers to participate in training programs, which will let them become more professional sellers. The knowledge they gain will help sell all products, not only ours. We also try to initiate a dialog with trade unions. Together with our suppliers we work out solutions that will let them supply goods meeting our quality requirements, while also reducing their environmental footprint.

As we carry out social and environmental programs we actively cooperate with NGOs, local communities and local administration. We are particularly closely involved in joint

activities with the following:

- Partnership for Environment Foundation
- Polish Food Producers Federation
- Social Responsibility Foundation
- Our Earth Foundation
- Municipal offices, sewage and sanitation boards
- Polish Red Cross
- WWF

It should be mentioned here that cooperation is based on partnership principles. Those are often joint projects, where responsibility is shared by both sides. The Kropla Beskidu Fund is the best example of such shared, long-term activities.

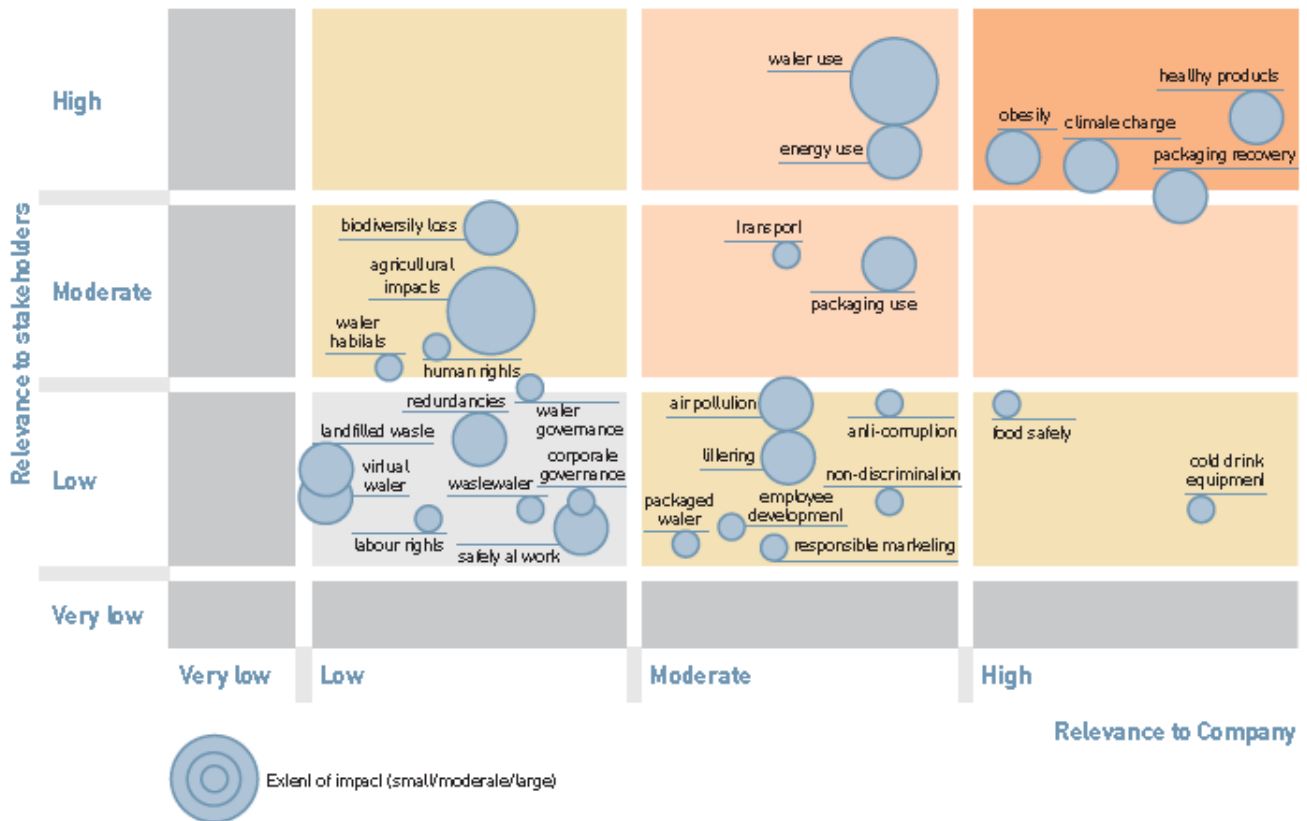
#### **4.16. Approach to stakeholders' engagement, including engagement frequency according to type and group of stakeholders**

The dialog with stakeholders in Poland, its form, degree of formality and frequency, depend on the specific nature of a given group of stakeholders: from direct and very frequent meetings and conversations (employees, local communities, NGOs, suppliers, shareholders) to highly formalized and complex analyses of expectations and sentiments (customers, consumers). Our knowledge is additionally supplemented with information on global expectations from the company, which is analyzed at the cross-national level.

#### **4.17. Key issues and problems raised by stakeholders and the organization's response, also through reporting them**

The relevance of specific issues raised by stakeholders was evaluated at a regional level and later also locally. Consequently, the issues materiality matrix shown below was developed:

Issues materiality matrix



Based on the matrix, the seven priority areas of Coca-Cola HBC Poland's CSR activities were defined, unchanged for the last few years:

1. Consumer health
2. Water stewardship
3. Energy and climate protection
4. Waste and recycling
5. Employee development
6. Cooperation with partners
7. Relations with local communities

## EC. Economic issues - management aspects.

### EC DMA. Economic issues - management aspects

The Coca-Cola system companies, including Coca-Cola Hellenic, put high emphasis on analyzing its impact on local economies and communities where they operate and locate their production plants. Life quality and needs of consumers of beverages supplied by the company is another aspect taken into consideration. We strive to make the impact as big as possible, attempting to source a high proportion of raw materials locally, creating local jobs and tax income for our country of operation. Consequently, through multiplier effects known in economy, we contribute to creating the country's GDP and the prosperity of its inhabitants. We support our business partners indirectly, for instance offering them valuable training programs. We also try to minimize our negative impact on the natural environment, while also supporting ecology and environmental education of the society.



Coca-Cola is one of the very few companies, which can not only define its impact on the economy, but also measure it precisely in financial terms. The impact on the Polish economy has been assessed in the report "Contribution of the Coca-Cola system to social and economic life in Poland" developed under the direction of Professor Ethan B. Kapstein from INSEAD.

At the operational level, proper business relations that should guide all our employees are described in the fundamental, from the company's point of view, [Business Ethics Code \(formerly Business Conduct Code\)](#). [Climate Change Policy](#) also matters as economic performance in environmental context is concerned. The documents are public and available on the [company website](#).

## **EC2. Financial implications and other risks and opportunities for the organization's operations resulting from climate change**

Preventing undesired climate change is one of the Coca-Cola Hellenic Group's key priorities. For years we have been managing production and distribution processes so that our growth does not result in higher energy consumption. The group is a signatory of Global Compact Caring for Climate, the worldwide initiative to reduce the impact of business operations on climate change.

The Group's commitments are also Coca-Cola HBC Poland's commitments.

In March 2012 the Chief Executive Officer of Coca-Cola Hellenic, the parent company of Coca-Cola HBC Poland, announced the updated Climate Change Policy.

## **EC4. Significant financial support received from the state**

0 zł (in 2012 the company did not receive support from the state)

## **EC5. The ratio of lowest-level employee pay at key locations of the organization to minimum pay on a given market**

	2010	2011	2012
Lowest-level employee pay to minimum pay ratio	1,7	2	1,96

The country minimum pay rate was entered in the ratio calculation. Pay differences between voivodships were not taken into account.

## **EC6. Policy, practices and share of expenses on local suppliers' services at key locations of the organization**

The majority of raw materials purchased by Coca-Cola HBC Poland comes from businesses operating in Poland. One could just mention sugar plants we cooperate with on a daily basis and which source raw materials from local growers. Similarly, the packaging for our

beverages is also manufactured in Poland. In line with the Coca-Cola Hellenic Group's principles, we order goods and services close to the place where they are used, thus contributing to the protection of the environment and supporting the country where our plants are located. Consequently, 90% of our suppliers are locally based.

Cooperation with local suppliers instead of importing ready-to-use products is what characterizes the Coca-Cola system's activities since early 1970s when production was launched in Poland (in 1972, over 40 years ago, beverage production was launched under a franchise agreement at Warsaw Brewing Plant and at the same time the first distinctive glass bottles were made at the glasshouse in Wołomin. The production of plastic boxes was also launched then at the plastic manufacturing plant based in Bieluń).

### **EC7. Procedures regarding hiring employees locally and the percentage of senior management hired locally at key locations of the organization**

	2010	2011	2012
Percentage of senior management hired locally at key locations of the organization	99,9%	99,9%	98%

The employment policy we pursue favors hiring people who live near Coca-Cola HBC Poland plants. At the same time the Coca-Cola system offers employees from a given country the opportunity to be hired temporarily by a subsidiary in another country. It is an extraordinary opportunity for each employee to find out about working in the international environment, gain unique experience and knowledge. Employees from Poland are eager to seize the opportunity. Every year Coca Cola HBC Poland invites a few employees from abroad, which is reflected in the percentage rate above.

### **EC8. Contribution to infrastructure development and providing services to the society through commercial activities, donating goods and pro-bono activities. The impact of such activities on the society**

For many years Coca-Cola HBC Poland has been involved in the regional development of the areas where our plants are located, cooperating with local authorities and NGOs, initiating changes related to the natural environment protection and water stewardship, implementing development projects in business, trade and infrastructure, supporting educational programs and promoting sports and physical activity, particularly among the youth. We offered help during natural disasters and we will continue to do so. Our readiness to help is also guaranteed in an agreement between Coca-Cola HBC Poland and the Polish Red Cross signed in 2012, in which our company commits to supply drinking water for free during natural disasters. Every year we have a growing number of Coca-Cola HBC Poland employees engaged in voluntary activities targeting communities and local organizations suggested by employees.

In 2012 the value of social activities, calculated in line with the London Benchmarking Group (LBG) methodology, amounted to 212,000 euro and covered nearly 1 million of Poles! Apart from financial assistance, we supported NGOs with a donation of nearly 70,000 liters of our beverages. A lot of projects were carried out with active involvement of our volunteers. 30,000 trees were planted as a result of Coca-Cola HBC Poland's support.

We also support the growth of Polish business through actions targeted at our business partners. We build long-term relationships based on corporate responsibility rules and the win-win approach. We want each of our 120,000 customers to regard us as the most desired business partner. Therefore we care for all distribution channels of our products. We offer partnership to all, we help everyone succeed. Our help is based on dedicated training program Skills Academy.

## **EC9. Identification and description of significant indirect economic impact, highlighting the scale and extent of impact**

According to the report "Contribution of the Coca-Cola system to social and economic life in Poland" developed under the direction of Professor Ethan B. Kapstein from INSEAD, the activities of both Coca-Cola system companies in Poland have significant impact on the Polish economy.

The analysis carried out based on the 2010 data shows that direct added value contributed to the Polish market system amounts to 80 million euro (0.02% of GDP). In a broader perspective, taking into account products and services supplied by the company's business partners, the figure rises to 639 million euro (0.19% of GDP). Taxes paid by the Coca-Cola system companies in Poland totaled 14 million euro, or 0.54% of the country's tax revenues and in a broader perspective the figure amounted to 291 million euro. 20,000 new jobs (0.11% of the country's total jobs) were created in the market environment as a result of cooperation with us. Recapitulating, possible imports of products manufactured by the Coca-Cola system companies in Poland would result in a loss of 88 million euro in value added to the Polish economy (0.03% of GDP) and of more than 5,000 jobs (0.03% of the country's total jobs).

## **EN. Environmental issues - management aspects.**

### **EN DMA. Environmental issues - management aspects**

As far as environmental aspects are concerned, the following management policies related to the Environmental Policy document and the ISO 14001 system play the key role alongside them:

- [Waste management and recycling policy](#)
- [Climate change policy](#)
- [Water policy](#)

All of them are public and available on the company website. The information regarding the approach to managing specific environmental impact categories is presented while discussing environmental indices.

## EN1. Used raw materials / other materials according to weight and volume

Raw materials / other materials	2010 g/litr produktu	2011 g/litr produktu	2012 g/litr produktu
Sugar and other sweetening agents	75,5	80,8	84,7
Concentrate	5,2	4,8	5,4
PET bottles	30,1	16,7	20,6
Plastic (caps)	2,8	2,4	2,4
Steel	2,5	0,3	0,5
Polyethylene (labels and foil)	2,9	3,6	2,2
Glass	6,1	6,8	6,9
Aluminum	1,1	2,5	2,2
Paper (labels)	0,05	0,09	0,1
Carton	2,5	2,4	2,0
Wood (palettes)	3,5	1,4	2,5

The growth of the of factor showing sugar consumption per one liter of the product is the effect of taking over the part of the production of drinks with large content designed, which is targeted on foreign markets, through Polish factories (Radzymin). It result in their higher share in the structure of the production, and in the growth of the average sugar consumption per one liter of the product. At the same time the growth of sale of product with low content of the sugar is noted in Poland.

Changes in demand on packaging materials result from the changing structure of sales (types of packaging and their size).

## EN2. Percentage of recycled materials used in manufacturing process

Coca-Cola HBC Poland significantly reduces the impact of production on the environment through:

- reduction of the number and weight of packages (lower demand for materials),
- common use of recycled materials,
- promotion of various forms of recovering materials for further recycling.

We strive to ensure that our packaging is fully recycled during the production cycle. We supplement the process with waste segregation. Apart from statutory regulated activities related to packaging management, Coca-Cola HBC Poland is eager to support campaigns promoting recycling both internally and among customers and consumers, particularly the youth.

In 2012 we recycled 97.8% of waste generated by the company. It is our ambition to reach the rate of 99%.

### EN3. Direct energy consumption according to primary energy sources

	2010 MJ/liter of product	2011 MJ/liter of product	2012 MJ/liter of product
Direct energy consumption (manufacturing plants and fleet)	<b>0,90</b>	<b>0,91</b>	<b>0,84</b>
Electric energy	0,24	0,27	0,26
Light fuel oil	0,00	0,00	0,00
Heavy fuel oil	0,00	0,00	0,00
Natural gas	0,12	0,12	0,13
LPG	0,02	0,02	0,02
Other (steam, local heat, own power supply)	0,05	0,04	0,00
Diesel fuel	0,05	0,05	0,05
Gasoline	0,09	0,08	0,07
Estimated consumption of diesel fuel by external suppliers	-	-	0,32

### EN4. Indirect energy consumption according to primary energy sources

	2010 MJ/liter of product	2011 MJ/liter of product	2012 MJ/liter of product
Electric energy	0,69	0,77	0,75
Fossil fuels	0,07	0,07	0,06

### EN5. Amount of energy saved through maintenance / infrastructure renovation works and improved energy efficiency of solutions in use

	2010	2011	2012
Energy saved at manufacturing plants	36,0%	41,8%	48,1%

compared to 2004			
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## **EN6. Initiatives taken to supply products and services that are energy-efficient or based on renewable energy and reductions in energy consumption resulting from those solutions**

The specific nature of our products, the alcohol-free beverages, means that it cannot be energy-efficient as such. But actions related to the manufacturing process, described in section EN7, have significant impact on the beverages' environment footprint.

## **EN7. Initiatives taken to reduce indirect energy consumption, considering the achieved reduction rate**

The Coca-Cola Hellenic group is a signatory of Global Compact Caring for Climate, the worldwide initiative to reduce the impact of business operations on climate change. The group's commitments are also Coca-Cola HBC Poland's commitments. Our company gets engaged in programs and campaigns that aim to reduce carbon dioxide emissions, ban gases depleting the ozone layer, reduce the transport system's fuel consumption and car exhaust emissions by. We have reduced gradually the energy consumption per one liter of product for years. We cut it down by approximately 8% last year. Each action matters: from large investment projects, such as launching a modern combined heat and power plant to various smaller energy-saving initiatives at production plants to replacement of vehicles and cooling equipment, employee education and even tree planting.

In 2012:

1. A heating system was launched for SBO machines, used to blow PET bottle preforms at Radzymin plant
2. An energy-efficient lighting system was installed at Radzymin plant and consequently the energy demand was cut by 15%
3. Changes were introduced to the nodule system in blowing machine heaters at Tylicz plant. According to initial estimates, the energy demand was cut by about 35%.
4. The reduction of bottle blowing pressure at Tylicz plant let cut down energy used in the process by about 30%.
5. The compressor outlet was also modernized at Tylicz plant so that the air blown out of the low-pressure compressor could be used to heat the technical building

We monitor and constantly reduce the impact of cooling equipment on the natural environment. Last year we completed replacing the equipment with the one using hydrocarbon gases - with no impact on the ozone layer and reduced impact on the greenhouse effect - as the cooling agent. New machines were purchased to supplement several thousands of already operating coolers fitted with the Energy Management System (EMS), increasing cooling effectiveness while reducing energy consumption by 35 percent. In 2012 we purchased 824 coolers with the energy-saving EMS. We also installed 256 modules (so-called Eco-Boxes) in other types of coolers.

As far as our own means of transport are concerned, the new eco-friendly rules of using company cars, also meant to improve drivers' safety, were introduced in 2011. The rules

(being part of the company Car Fleet Use Policy) essentially aimed to reduce the speed of delivery vans used by sales representatives to 90 km per hour from the previous 130 km per hour. Respecting the requirement is monitored by the GPS system, which also allows to precisely monitor distances travelled, the average use of gasoline as well as the instances of exceeding speed and engine rev limits. The introduction of the measure resulted in a significant fall in the number of serious road accidents. The related absentee rate decreased by 70 percent and fuel consumption also fell by a few percent. The actions were continued in 2012. Several dozen people were trained on the subject of Eco/Safety Driving. More restrictive refueling rules were introduced in 2012 (for instance a ban for managers to refuel at weekends). Consequently, a fall in distances travelled was reported. At the same time newly purchased cars have lower-capacity and more fuel-efficient engines, which creates an opportunity to substantially reduce fuel demand. Sometimes apparently simple solutions, such as the optimization of forklift runs to reduce empty runs, resulted in noticeable fuel (LPG) savings.

The Green IT initiative, implemented in 2010 and continued since then, aims to reduce energy use at Coca-Cola HBC Poland's locations and in particular to reduce the impact of company computers on the natural environment and improve the environmental awareness of the employees. The use of the videoconference system in Warsaw, Wrocław, Gdynia, Radzymin, Katowice and Niepolomice was the most practical and effective solution in this area in 2012. The system, replacing both face-to-face meetings and teleconferences, significantly improved the effectiveness and speed of communication, reduced business trips as well as the duration of talks and costs to organize them. 7 videoconference systems purchased in 2011 were supplemented with 5 more in 2012. The replacement of CRT monitors with much more energy-efficient LCD versions was also completed in 2012; the total of about 1,200 monitors were replaced.

Apart from business activities, we got involved as usual in the Sustainable Energy Week and participated as the company in the Hour for Earth event organized by WWF, while also encouraging our employees to take part in it.

## EN8. Total water intake according to source

	2010 liter/liter of product	2011 liter/liter of product	2012 liter/liter of product
Total water use	2,00	2,04	2,05
Including % of municipal water	4,0%	4,0%	4,7%

We focus our water-related activities on the following three areas:

- water use reduction
- treatment of water used in the manufacturing process
- caring for sources and resources

In 2012 we successfully implemented new technological solutions that allowed us to measurably reduce our water demand and keep the factor of water consumption per one liter of product stable even if we rise water-demanding aseptic production and increased the volume of sale in glass bottles. Following the modernization of the Water Treatment

Station in Swiatniki we managed to extend the time between the carbon filter backwashing processes. The station has six filters and the backwashing process means the extra use of about 30 m<sup>3</sup> of water. Consequently, the modernization allows to save about 10,000 of water a year and also a certain amount of electric energy as the sewage treatment plant is used less. The launch of a new sparkling beverage (PET) line at Radzymin resulted in water savings of 7 m<sup>3</sup> per hour. Furthermore, the elimination of the process of priming the mixer - filler system for longer downtime periods at Tylicz plant brought savings of 150 m<sup>3</sup> of water in December 2012 alone.

The observed growth of percentage of municipal use should be seen as positive aspect. It means saving more valuable water sources, which are used directly to production of drinks. It should mention that municipal water is not used directly in drinks production, but it is used only in technical and sanitary aims.

### EN9. Water sources significantly depleted through excessive water intake

	2010	2011	2012
Water sources significantly depleted through excessive water intake	lack (0)	lack (0)	lack (0)

Coca-Cola HBC does not contribute to depleting sources of water through its irrational, excessive intake. At the same time the company supports actions aimed to protect and revitalize those sources, including the restitution of species that once lived in Polish water reservoirs and were later killed off. The two key long-term projects in this area are:

- The Kropla Beskidu Fund was initiated in 2005 by the Coca-Cola system companies in Poland: Coca-Cola Poland Services and Coca-Cola HBC Poland and the foundations Partnership for the Environment Fund and the Partnership Fund. Financial resources earmarked for the Fund's operations from 2005 to 2012 exceeded 1,100,000 zloty. The Kropla Beskidu Fund provides financial and know-how support for eco-friendly initiatives, but also promotes the ideas of cooperation between local communities, authorities, NGOs and businesses. Those - apparently small - local initiatives translate into significant effects for protection of the natural environment in the fund's region of operations and growing involvement of the local community in the protection of water resources. With the support of the Kropla Beskidu Fund from 2005 to 2012: 430 meters of river and creek bed banks were reinforced and 150 km cleaned, 5 green school classrooms and 13 educational footpaths with the total length of about 10 kilometers were created, about 2,000 of trees and bushes were planted and about 2,300 people were trained.

### EN10. Percentage and total volume of water subject to recycling and reuse

	2010 liter/liter of product	2011 liter/liter of product	2012 liter/liter of product



Estimated quantity of water saved due to water saving & recycling projects in the reported year	0,02	0,02	0,01
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**EN11. Location and area of owned, leased or managed land located in protected areas or areas of high biodiversity value outside protected areas or adjacent to such areas**

	2010 ha	2011 ha	2012 ha
Total area of owned land	42	42	42
Land located in protected areas or adjacent to such areas	4,3	4,3	4,3

Coca-Cola HBC gets engaged in actions aimed to protect areas of natural value, particularly near manufacturing plants and with special focus on water habitats (Kropla Beskidu Fund, Rivers for Life program).

**EN12. Description of significant impact of operations, products and services on biodiversity of protected areas and areas of high biodiversity value outside protected areas**

	2010	2011	2012
Significant impact of operations on biodiversity of protected areas and areas of high biodiversity value outside protected areas	N/A	N/A	N/A

Coca-Cola HBC gets engaged in actions aimed to protect areas of natural value, particularly near manufacturing plants and with special focus on water habitats (Kropla Beskidu Fund, Rivers for Life program).

**EN13. Protected or revitalized habitats**

Coca-Cola HBC gets engaged in actions aimed to protect areas of natural value, particularly near manufacturing plants and with special focus on water habitats (Kropla Beskidu Fund, Rivers for Life program).

**EN14. Strategies, present actions and plans regarding biodiversity**

## management

Coca-Cola HBC gets engaged in actions aimed to protect areas of natural value, particularly near manufacturing plants and with special focus on water habitats (Kropla Beskidu Fund, Rivers for Life program).

### **EN15. Number of species entered into The International Union for Conservation of Nature's (IUCN) Red List or national endangered species lists, identified in the organization's area of operations according to degree of extinction danger**

	2010	2011	2012
List of endangered species identified in the organization's area of impact	0	0	0

### **EN16. Total direct and indirect greenhouse gas emissions according to weight**

	2010 g/liter of product	2011 g/liter of product	2012 g/liter of product
Direct CO <sub>2</sub> emissions resulting from the use of fuels at manufacturing plants	10,04	9,79	7,7
CO <sub>2</sub> for beverage carbonation	7,43	2,88	3,9

### **EN17. Other significant indirect greenhouse gas emissions according to weight**

	2010 g/liter of product	2011 g/liter of product	2012 g/liter of product
Direct CO <sub>2</sub> emissions resulting from electric power use	43,44	40,31	31,4
CO <sub>2</sub> emissions by cooling equipment	1,14	0,90	1,2

### **EN18. Initiatives taken to reduce greenhouse gas emissions and achieved results**

The initiatives are practically identical with those aimed to reduce direct and indirect energy consumption described in section EN7.

### **EN19. Emissions of substances depleting ozone layer according to**

## weight

	2010	2011	2012
CFC and HCFC	0,000	0,000	0,000

## EN20. Emissions of NO<sub>x</sub>, SO<sub>x</sub> compounds and other relevant compounds emitted to the air according to compound type and weight

	2010 g/liter of product	2011 g/liter of product	2012 g/liter of product
NO <sub>x</sub>	0,48	0,48	0,46
SO <sub>2</sub>	0,27	0,29	0,28
Dust	0,05	0,05	0,05

## EN21. Total volume of sewage according to quality of final destination

	2010 g/liter of product	2011 g/liter of product	2012 g/liter of product
Volume of sewage carried out	1,0 l/lp	1,0 l/lp	1,0 l/lp
COD of sewage carried out to the environment	8 mg O <sub>2</sub> /lp	33 mg O <sub>2</sub> /lp	13 mg O <sub>2</sub> /lp

## EN22. Total weight of waste according to waste type and method of dealing with waste

	2010 g/liter of product	2011 g/liter of product	2012 g/liter of product
Total weight of waste	13,1	6,88	7,1
Waste recycling and recovery	97%	96%	98%

## EN23. Total number and volume of significant spills

	2010 g/liter of product	2011 g/liter of product	2012 g/liter of product
Spills of chemical substances, oils and fuels	lack (0)	lack (0)	lack (0)

## EN24. Weight of transported, imported, exported or processed waste considered to be hazardous (as understood in the Annex I, II, III and VIII to the Basel Convention) and percentage of waste

## transported across borders

	2010 g/liter of product	2011 g/liter of product	2012 g/liter of product
Waste considered to be hazardous	0,02	0,14	0,02

## EN25. Type, size, protection status and biodiversity importance of water reservoirs and related habitats that are significantly impacted by the reporting organization's wastewater disposal and spills

	2010 g/liter of product	2011 g/liter of product	2012 g/liter of product
Aquatic habitats impacted by wastewater disposal	lack (0)	lack (0)	lack (0)

## EN26. Initiatives aimed to reduce the environmental impact of products and services and scope of reduced impact

Information on the subject can be found in sections EN1, EN2, EN7 and EN8.

## EN27. Percentage of recovered materials from sold products and their packaging according to material category

	2010	2011	2012
Production of beverages in replacement packaging	3,27%	3,0%	2,1%

## EN28. Financial value of fines and total number of non-financial sanctions for failing to respect environmental laws and regulations

No sanctions for failing to respect environmental laws and regulations were recorded in 2012.

## EN29. Significant environmental impact resulting from the transport of products and other goods and materials used by the organization in its operations and the transport of employees

	2010	2011	2012
Number of vehicles	1742	1603	1367
Fuel consumption (ml/liter of product))	4,0	3,4	3,1

## EN30. Total environment protection expenses and investment according to type

The expenditure figures are treated as confidential due to the protection of the company's commercial interests.

## LA. People management policies.

### LA DMA. People management policies

Several policies are in force in the areas related to people management. These aspects are regulated by such documents as:

- [Business Ethics Code \(formerly Business Conduct Code\)](#)
- [HIV/AIDS Policy](#)
- [Equal Opportunities Policy](#)
- [OHS Policy](#)
- [Fleet Safety Policy](#)

One should also consider here the Human Rights Protection Policy, which has been discussed in more detail in the chapter devoted to human rights. All of the documents are public and available on the company website.

### LA1. Total number of employees according to gender and type of labor contract

2,576 people were employed at Coca-Cola HBC Poland by the end of 2012: 525 women (20%) and 2,051 men (80%). Additionally 113 people (4%; 38 women and 75 men) were on commission contracts valid on the last day of the year.

### LA2. Total number of job departures and employee rotation rate according to age groups, gender and region

	2010	2011	2012
Rotation rate	12,3%	8%	9,2%

The reported employee rotation rate is stable over time. It does not constitute a threat to the company, allows us to keep the most valuable employees and on the other hand it is a natural consequence of market processes, especially considering that Coca-Cola employees have a good renown in the marketplace. Working in a sales department is for many people a start of their professional career. We realize that they treat the experience gained at our company as an invaluable passport to work at other companies, particularly in the FMCG sector.

### LA4. Percentage of employees covered by collective contracts

	2010	2011	2012
Percentage of employees covered by collective contracts	0%	0%	0%

(no collective contracts)

#### **LA5. Minimum advance period to notify about significant operational changes including information whether those periods are specified in collective contracts**

In line with labor law requirements.

#### **LA7. Rate of injuries, occupational illnesses, lost days and absentees and number of fatal accidents related to work by regions**

In 2012 the accident rate amounted to 1.01 (in contrast to the definition adopted in Polish statistics, it is calculated at Coca-Cola system companies as a quotient of the number of accidents divided by 100 - and not 1,000 - jobs; hence, according to the definition most commonly used in Poland the figure would be 10.1).

It should be emphasized that the number of accidents at the workplace has been falling steadily and noticeably since 2004. The accident rate has fallen by nearly 60% over that time. Road accidents were those occurring most commonly employees of the sales and logistics departments were most often affected. Nevertheless, the situation is still far from satisfactory. A number of preventive actions is therefore taken and campaigns are run to make people aware of dangers. The Black Point boards indicating places where accidents took place at the plant speak to the imagination of our employees.

They are the exact copies of signs used on Polish roads. At the entrance to each plant there is a board showing the current number of days since the last accident and also the best result so far. The employees themselves are encouraged to report potentially hazardous incidents that can be eliminated through corrective actions. 1,800 were reported in 2012 alone and in over 1,500 cases corrective actions were taken. Managers at various levels performed over 1,000 inspections of work stations in 2012 and had more than 1,600 conversations with employees on OHS issues. The employees who have not received a "yellow card" (a warning for breaching OHS rules) have an opportunity to take part in the drawing of valuable prizes.

The integrated management system has been running at all the three manufacturing plants since 2007 and the Occupational Health & Safety Management System compliant with OHSAS 18001 is a very important part of it.

## **LA8. Education, training, counseling, prevention and risk control programs, which provide assistance to employees, their families or local community members in cases of grave health issues**

A number of actions were taken in 2012 to increase OHS awareness and preventive solutions were introduced to reduce the number of accidents in the workplace. For instance, the safety awareness program Walk The Talk was developed, six videos on work accidents were made, articles on OHS were published in the company newsletter. The internal "Slips, Trips and Falls" campaign and the anti-tobacco campaign were also carried out. Apart from standard OHS training programs, good practices from other countries were communicated and extra training materials provided. Additional training programs on safe driving and ergonomics were offered as well. Furthermore, instances of work safety hazards recorded by the close circuit TV system were analyzed. Occupational health and safety issues were included for the first time in 2012 in the Employee Engagement Survey.

Statistically speaking, a great number of work accidents are road accidents. Therefore analyses were conducted last year of both drivers' behavior based on GPS monitoring data (speed) and reports coming from other road users concerning a dangerous, aggressive driving style. In 2011 Coca-Cola HBC Poland introduced a system for warning drivers of dangers ahead. The Mobileye device installed in vehicles points the driver's attention to an obstacle approaching too fast, controls the distance between vehicles in motion or drifting out of the lane and can also recognize cyclists on the road and pedestrians on a zebra crossing. Moreover, the system keeps a record of the driver's mistakes. The device was installed in 50 vehicles in the first year and in another 50 in 2012. The solution will be introduced to over 750 new vehicles in 2013.

## **LA9. Occupational health and safety issues considered in formal agreements made with trade unions**

The new Work Regulations were adopted in 2012, including occupational health and safety issues such as OHS training or periodic health evaluations. The content of the Regulations was agreed with all the trade unions.

## **LA10. . Average annual number of training hours per employee according to employment structure**

	2010	2011	2012
Average annual number of training hours per employee	35	33	29

Even though nominally the number of training hours per employee decreased over the last three years, it does not mean the effectiveness of training fell as well. On the contrary, it seems to improve. For example, there are fewer language programs as new employees hired by the company have no language barriers. They are replaced by specialized training courses. Rising effectiveness is made possible by a better knowledge of actual training needs of people working at specific positions and the creation of customized development programs, which are improved every year. The most important of them should be

mentioned:

- Coaching Leadership Style
- Leadership Pipeline
- Leadership Excellence (LE)
- Manager's Guide
- Employee Development Forum
- Talent Development Programs Go Up 1 and Go Up 2.

As far as modifications are concerned, two Go Up! programs instead of just one were introduced in 2012: one for people at specialist positions, aspiring to line manager positions and the other for people who have already become line managers, but are to be promoted to higher positions. Also in 2012 the new Coke Winner program for sales managers was developed to be launched as soon as 2013.

### **LA12. Percentage of employees subject to regular performance appraisals and career development reviews**

	2010	2011	2012
Percentage of employees subject to regular performance appraisals and career development reviews	100%	100%	100%

All employees are subject to annual appraisals, supplemented with a semi-annual review. In the case of employees who manage other people, appraisals are made not only by their superiors, but also by subordinates. It is therefore a 360-degree feedback appraisal.

The appraisals are not focused exclusively on achieving so-called hard results, but also consider soft work aspects related to values embraced by the company and referring directly to 7 Effectiveness Standards.

### **LA13. Composition of supervisory bodies and employee structure divided into categories by gender, age, belonging to minority groups and other diversity indicators**

Formally, Coca-Cola HBC Poland's management board has two members: the general manager and the finance director, but in practice decisions are taken by a group of 8 people, with directors of the company's key areas of operations joining the decision-making (management) team. Six members of the group are aged 30 to 50 and the other two are aged over 50. There are two women in this group.

The age structure of employees is as follows:

Age	Senior level managers	Other managers	Non-managerial positions			Total
			marketing and sales	production, warehouses	other (finance,	



				, transport and distribution	HR, IT, adm inistration)	
below 30	0%	8%	39%	29%	20%	31%
30 - 50	86%	85%	60%	59%	73%	63%
over 50	14%	7%	1%	12%	7%	6%
Total	100%	100%	100%	100%	100%	100%

And this what Coca-Cola HBC Poland's employee structure according to gender looks like:

Age	Senior level managers	Other managers	Non-managerial positions			Total
			marketing and sales	production, warehouses , transport and distribution	other (finance, HR, IT, adm inistration)	
Men	72%	77%	82%	89%	20%	80%
Women	28%	23%	18%	11%	80%	20%
Total	100%	100%	100%	100%	100%	100%

## HR. Human rights - management aspects.

### HR DMA. Human rights - management aspects

Human rights issues are regulated in the company by the dedicated „[Human Rights Protection Policy](#)”, which was last revised in April 2010.

### HR1. Percentage and total number of relevant investment agreements containing clauses on human rights or those subject to control in this respect

All new suppliers, including those who would potentially carry out significant investments for Coca-Cola HBC Poland in a given period, have to accept a set of Guiding Principles.

### HR2. Percentage of significant suppliers and subcontractors subject to verification with regard to respecting human rights and actions taken in this respect

We expect our direct suppliers not only to respect the provisions of Polish law, but also to understand our expectations and to share values similar to ours as their business guidelines. The Supplier Guiding Principles program obliges suppliers:

- to ensure that employees have a work environment that is free from any forms of discrimination and the only performance criteria are those substantially related to the duties they perform,

- to ensure safe and healthy work conditions,
- not to use child labor or any forms of compulsory labor,
- to offer fair pay and development opportunities,
- to respect the right to join trade unions,
- to run their business in an eco-friendly way.

They also commit to present documents confirming the respecting of those requirements if asked to do so by our company representatives. Coca-Cola HBC Poland also reserves the right to conduct an audit at any of the plants where production for our company takes place and to terminate the contract with a supplier that does not respect the Guiding Principles.

Our strategic suppliers winning a certificate confirming they are the authorized suppliers of The Coca-Cola Company, are subject to particularly strict verification. The verification is performed by means of a regular audit whose primary aim is to check whether the company's operations are compliant with requirements of The Coca-Cola Company Management System. Suppliers of the key raw materials, such as sugar, carbon dioxide, nitrogen and materials to produce packaging, as well as the manufacturers of cooling equipment are the first to go through the process. Formal agreements with suppliers are successively supplemented with a written commitment to respect the Supplier Guiding Principles. As of the end of 2012 they were accepted by 25% of the key suppliers registered by the Purchasing Department, accounting for 80% of total transactions with suppliers.

### **HR3. Total number of hours of training on policies and procedures regulating the issues of respecting human rights within the scope of business operations and percentage of employees trained**

The aspects related to avoiding bribery and corruption are part of the Business Ethics Code. A training program on behavior in relations with the business environment, based on the Business Ethics Code, is part of mandatory training and as such has to be completed by all Coca-Cola HBC Poland employees (100%). Nevertheless, being aware of the importance of anti-corruption actions and following the example of Coca-Cola Hellenic, in 2012 Coca-Cola HBC Poland started to work on a new version of the Business Ethics Code and additionally a separate Anti-Corruption Policy. 100% managers successfully completed in 2012 the new, modified version of the Business Ethics Code training based on an e-learning course. New training courses for employees at other levels were scheduled for 2013. Also in 2013 all employees will be additionally trained on Anti-Corruption Policy, even though they completed the training with the earlier version of the Business Ethics Code.

### **HR4. Total number of discrimination cases and actions taken in this respect**

No such incidents were reported (0).

Ensuring that employees have a work environment free of any forms of discrimination is not only a Coca-Cola HBC Poland's goal, but also a requirement for suppliers who sign a written commitment to respect it or risk the termination of their contract.

## **HR5. Actions identified as posing a potential threat to the right of assembly and the right to collective bargaining and initiatives supporting these rights**

No threats to the right to collective bargaining and the employees' right of assembly were reported.

Ensuring that employees have the right of assembly and the right to collective bargaining is not only a Coca-Cola HBC Poland's goal, but also a requirement for suppliers who sign a written commitment to respect it or risk the termination of their contract.

## **HR6. Actions identified as posing a substantial risk of using child labor and measures taken to eliminate such cases**

No children are employed at Coca-Cola HBC Poland plants. Such practices would be in material breach of the rules adopted by the company. The risk of such an incident occurring is negligible.

The elimination of illegal child labor is not only a Coca-Cola HBC Poland's goal, but also a requirement for suppliers who sign a written commitment to respect it or risk the termination of their contract.

## **HR7. Actions identified as posing a substantial risk of forced or compulsory labor being used and measures taken to eliminate such cases**

Neither forced or compulsory labor is used at Coca-Cola HBC Poland plants. Such practices would be in material breach of the rules adopted by the company. The risk of such an incident occurring is negligible.

The elimination of illegal forced and compulsory labor is not only a Coca-Cola HBC Poland's goal, but also a requirement for suppliers who sign a written commitment to respect it or risk the termination of their contract.

## **HR8. Percentage of personnel responsible for ensuring security, trained on the organization's policies and procedures concerning various aspects of human rights connected to business operations**

100%

All security staff, employed by an external company, complete an obligatory training course on respecting the rights and dignity of third parties. The issue is regulated by a special instruction - an appendix to an agreement with a security company; it is a Coca-Cola HBC Poland's requirement.

## **HR9. Total number of infringements of indigenous people's rights and actions taken**

No such incidents were reported at Coca-Cola HBC Poland or at the company's direct

suppliers.

## **SO. Social issues - management aspects.**

### **SO DMA. Social issues - management aspects**

The area of relations with the business environment is extremely wide. The vital and most visible element of these relations is our social engagement, that is actions for local communities and the society in which we operate. It is highly consistent with our business operations and complements them in an invaluable way. We engage in actions:

- promoting physical activity and sports,
- aimed to protect water resources.

However, there is much more to our relations with the society and local communities than just social engagement. The provisions of the [Business Ethics Code \(formerly Business Conduct Code\)](#) involving all employees of the company play a vital role in shaping these relations, based on integrity, reliability and transparency. They regulate key issues concerning fair market play, anti-corruption and anti-bribery measures, relations with the authorities and data protection.

### **SO1. Character, scale and effectiveness of programs and practices regarding assessment and management of the impact of the organization's operations on the local community, including the impact of market entry, running and closing operations**

Our social engagement is an inseparable part of our business philosophy. Helping people keep control over the amount of calories they consume is just one side of the energy equation. In order to maintain a weight that is beneficial to health one needs to burn calories they take in by engaging in a physical activity. Therefore, we offer choice and help shape consumption patterns on the one hand. On the other hand we cooperate with state government agencies, sports and nutrition experts and other organizations to run long-term programs promoting sports and physical activity, such as Keep Fit, Juliada - the Youth Sports Festival or The Coca-Cola Cup and running events.

Last year was special due to the European football championship UEFA EURO 2012 TM taking place in Poland. During the European football championship UEFA EURO 2012 TM Coca-Cola accompanied football fans and fired up positive football emotions. The Fan Zones were the focus of action. During just the first 10 days over 3.7 million football fans supported their teams in the zones in Poland and Ukraine. The Fans Energy Fund and the Leader Animator program it co-funded played a special role.

The effectiveness of social actions is measured based on LBG methodology. Their value amounted last year to 212,000 EUR and nearly 1 million people were their beneficiaries.

### **SO2. Percentage and total number of business units subject to analysis concerning corruption-related risks**

100% (permanent monitoring of the entire organization)

### **S03. Percentage of employees trained on the subject of the organization's anti-corruption policies and procedures**

100%

### **S04. Actions taken in response to corruption cases**

No incidents were reported in 2012 that might suggest corruption risks. Consequently, no remedial actions were taken.

### **S05. Policy regarding participation in public life and lobbying**

Coca-Cola HBC Poland runs its operations in a transparent way. No professional lobbyist operating in the Polish parliament in 2012 represented our company or acted for its direct benefit (<http://www.sejm.gov.pl/Sejm7.nsf/page/lobbing>).

Coca-Cola HBC Poland plays an active role in shaping social and economic life in Poland through its active membership in such organizations as:

- Responsible Business Forum
- Employers of the Republic of Poland
- Polish Federation of Food Industry Union of Employers
- Polish Industry Coalition for Environment-Friendly Packaging Eko-Pak
- Recovery Organization Rekopol

The organizations are often a party to and a participant of the dialog between the business community and the administration at various levels. They ensure effective and transparent participation of businesses in the creation of legal, organizational and economic conditions for the growth of the economy, including the food sector. They represent producers and importers of packaged goods with regard to those businesses' responsibility for recovery and recycling of the packaging for products they introduce to the market or initiate and promote actions for sustainable development.

### **S06. Total financial and in-kind value of donations to political parties, politicians and institutions of similar character by countries**

0 zloty (no political activity was supported)

### **S07. Total number of legal steps taken against the organization regarding infringements of free competition rules or monopolistic practices and their results**

0 (No such legal proceedings were reported)

## **SO8. Financial value of fines and total number of non-financial sanctions for breaches of law and regulations**

0 zloty (No fines were imposed)

## **PR. Product issues - management aspects.**

### **PR DMA. Product issues - management aspects**

Today, consumers are increasingly concerned about a healthy lifestyle and well-being. Lifestyle changes and the obesity problem cause people to expect a wider range of low-calorie products, as well as extra health and well-being benefits. Consumers also expect more detailed information about the ingredients and nutritional value of foods and beverages they consume. Furthermore, parents and teachers want to have control over diets and lifestyle of children under their care. We address those expectations in a number of different ways:

- We ensure a wider choice of beverages: we offer more low-calorie beverages and those with health benefits.
- Nutritional information: we provide more information about the ingredients and nutritional value of our beverages.
- Responsible sales and marketing: we listen to the voices of parents and guardians to make sure we offer beverages to young people in a responsible way. We voluntarily agreed to introduce some internal restrictions on sales promotion especially to ensure that essential decisions regarding purchases are made by children's parents and guardians, people who have a direct influence on shaping young people's eating habits.
- Active lifestyle: we promote physical activity as a response to obesity and overweight

Apart from guidelines resulting from the management systems, implemented and confirmed by audits (including those carried out by independent bodies), a few policies play a crucial role:

- [Food quality and safety policy](#)
- [Union of European Soft Drinks Associations \(UNESDA\) commitments](#)
- [Supplier guiding principles](#)
- [Health and well-being policy](#)

All of them are public and available on the company website.

## **PR1. Life cycle stages of a product at which the impact of products and services on health and safety is assessed to improve performance and percentage of key categories of products and services subject to such procedures**

Well-tested international management systems that have direct impact on our products' health safety are applied at all Coca-Cola HBC Poland manufacturing plants. Their daily use guarantees that the product delivered to store shelves is always the same product,

with identical taste benefits and quality characteristics. The systems are:

- ISO 9001:2008
- FSSC 22000:2010
- ISO 14001:2004
- OHSAS 18001:2007

We have strict quality control procedures at each stage of the manufacturing process. Our plants can source raw materials and ingredients only from approved suppliers. Both the ingredients and the ready-to-use products are tested in quality control laboratories at our plants. We also run random tests of products that are already sold and can withdraw beverages from store shelves if they do not meet our tough quality norms – even if their consumption is perfectly safe.

Caring about quality and safety goes far beyond the gates of our production plants and starts at the stage where raw materials and their suppliers are selected or even at the research and product development stage, including planning our product portfolio. We offer products, in which new, low-calorie substances are used. One can buy products sweetened with substances other than traditional sugar, including fully natural stevia. Coca-Cola strives to reduce the content of or entirely eliminate artificial colors, flavors and preservatives from its products. Guided by the principle of caution, we do not use genetically modified organisms (GMO) or any ingredients derived from animals modified with genetic engineering.

The long-term Fit for the Future program has been incorporated into the company strategy. It is based on four priorities defined as the pillars of our activity in the area of consumer health care. The pillars are:

1. Extending product choice – to address consumers' needs we are introducing more low-calorie beverages with reduced sugar content.
2. Reliable information about nutritional values of our products – we present it in an understandable and transparent way so that consumers they can easily shape and balance their diets.
3. Responsible marketing and sales – we volunteered to impose internal limitations on our sales promotion activities so that parents and guardians, who directly influence the shaping of young people's consumption habits, could make key shopping decisions.
4. Promoting an active and healthy lifestyle – we encourage people to take up sports, develop and run fitness promotion programs for children and youth, educate the public on healthy diet principles.

Our business strategy, with consumer health at its heart, goes beyond operational business activities and determines our social engagement programs. They are focused on promoting an active, healthy lifestyle and consumers' well-being.

## **PR2. Total number of breaches of regulations and voluntary codes regarding the impact of products and services on health and safety at each life cycle stage of a product, including type of results**

A good measure that can be adopted to objectively assess the above mentioned cases of our products being in breach of compliance is the number of justified complaints from consumers per million of bottles of Coca-Cola HBC Poland's beverages. It should be noted that we managed to cut the number by half after 2010 and, most importantly, the lower level was also kept in 2012.

	2010	2011	2012
Number of justified complaints from consumers per million of bottles of beverages	0,14	0,07	0,08

### **PR3. Type of information about products and services required by procedures and percentage of key products and services subject to such information requirements**

A consistent labeling system has been in force at Coca-Cola HBC Poland since 2007, which exceeds legal requirements for food and beverage producers. The essence of the system is that labels are placed both on the front and the back of the packaging.

Information on the product's calorie value and the share of a standard serving in a recommended daily amount for an adult person, commonly known as GDA (Guidelines Daily Amount), is placed on the front. A set of data commonly known as "the Big Five" is presented on the back: calorie content, sugar, fats, saturated fats and sodium. "The Big Eight" is used in the case of Powerade ION4 isotonic beverages and Burn energy drink: the five items mentioned above are supplemented with data on the content of carbohydrates, protein and fiber. GDA labeling does not apply to our waters, where it would not make any sense.

Typically, we provide information on the amount of specific nutrients in a single serving of the beverage, most commonly 250 ml (a glass filled to the brim). If the packaging size is 330 ml or 200 ml it is considered to be a single serving and values given on labels refer to the entire packaging.

We also use clear graphic distinction to make it easy for the consumer to distinguish fruit drinks from juices.

### **PR4. Total number of breaches of regulations and voluntary codes regarding labeling and information about products and services by consequences**

We put high emphasis on providing consumers with reliable information about our products.

	2010	2011	2012
Number of official letters from external institutions that	4	4	2



question our labeling		
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In the case of both reservations about product labeling reported in 2012 the appropriate modifications were introduced that made it possible to eliminate the questioned elements.

### **PR5. Practices related to ensuring customer satisfaction, including results of customer satisfaction surveys**

	2010	2011	2012
Overall satisfaction index - head offices			
Coca-Cola HBC Poland	96	79	80
Other players	74	51	37
Overall satisfaction index - points of sale			
Coca-Cola HBC Polska	55	65	63
Other players	54	60	58

Starting with the report for 2012 we decided to modify the way in which the satisfaction monitoring results are presented. It involves a number of very detailed questions concerning several dimensions of relations between Coca-Cola HBC Poland and its customers (points of sale). The presented values are a resultant of positive ("good") and very positive ("excellent") notes for a number of indicators. Both points of sale themselves and head offices of the retail chains we cooperate with participate in the survey. The results of comprehensive surveys are aggregated to form overall indices presented in the table above.

As the interpretation of those values would be difficult without a reference to other values, we presented, for the sake of comparison, corresponding results for the entire broadly understood sector (including not just alcohol-free beverages but also the beverage industry, due to several business model similarities). Only such a comparison makes it possible to figure out how emphasis with Coca-Cola HBC Poland places on relations with customers. This aspect sets us apart and therefore constitutes our competitive advantage.

### **PR6. Programs related to respecting laws, standards and voluntary codes regulating marketing communication issues, including advertising, promotion and sponsorship**

Six years ago we signed the [EU Pledge document](#), which obliges biggest food and beverage producers to eliminate advertising targeted at children.

Three years ago we agreed voluntarily to respect the rules of the [Ethical Code for Food Advertising Targeted at Children](#) developed by the Polish Federation of Food Industry Union of Employers.

We also comply with the requirements imposed by the [Union of European Soft Drinks Associations UNESDA](#) and communicate them to the distributors of our products.

### **PR7. Total number of breaches of regulations and voluntary codes**

## **regulating marketing communication issues, including advertising, promotion and sponsorship by type of consequences**

No such cases were reported at Coca-Cola HBC Poland in 2012 or earlier years.

	2010	2011	2012
Number of breaches	0	0	0