



HELL ENERGY

SUSTAINABILITY REPORT - SUMMARY

2020

# PREFACE



We are proud that HELL ENERGY is one of the fastest growing producers of non-alcoholic beverages in the world. In addition to economic growth, we recognize the great importance of human values and thinking about a sustainable future is at the forefront of every aspect of our business.

Our priority is to make our premium products in an energy-efficient way. Continuous renewal and innovation are essential to sustainable operations and providing top quality products to meet the ever-changing consumer needs. A product can only be sustainable if environmental aspects are taken into account during production, therefore we strive to make our products with the lowest possible environmental impact. This way, we want to ensure that our products will be sustainable and marketable in 10, 20 or even 100 years.

Our philosophy is to always put human health and the environment first. Despite our international success, we do not forget our roots. We consider it a priority to support Borsod-Abaúj-Zemplén county and the Szikszó region, with constant investments and by creating new jobs. We are close supporters of many programs and events for the benefit of the people living in the area, and we also strive to train future generations and provide career opportunities for young people.

Our goal is for HELL to become a clear consumer choice and an opportunity and a good example for our stakeholders, as a workplace, as an internationally successful Hungarian family business and as a brand.

**Barnabás Csereklýe**  
Managing director

# OUR 2020 SUSTAINABILITY REPORT

As one of the fastest growing FMCG (Fast-moving consumer goods) brands in the world, in addition to transparent operations and corporate social responsibility, HELL ENERGY is also committed to sustainable operations. Our first publicly available Sustainability Report reflects on the sustainability performance of Quality Pack Zrt. and HELL ENERGY Kft. in 2020, in which we have evaluated our performance in terms of our relationships with our employees, suppliers, business partners and consumers. For us, sustainability does not only mean economic sustainability and the conscious use of available resources, but also consideration of our production plant's internal and external impact on the immediate and wider environment and communities. In addition to the key data on corporate performance, we also consider it important to present topics that are of high public interest.

In our operations, we keep the United Nations Sustainable Development Goals (SDGs) in mind which address universal issues that are important to the well-being of all of us, such as health, responsible consumption or tackling climate change and its effects.

SDGs we consider and support in the course of our activities are shown in the respective chapters of this report.



# OUR WORLD

HELL ENERGY has been committed to sustainability from the beginning. We strive to create innovative products that improve the quality of life of people and communities while keeping the future of our planet in mind. We conduct our business responsibly and in accordance with the principles of ethical operation, in which we know no compromise.



## COMPANY, BRAND & MISSION

Since its establishment, HELL has been a dynamically developing company. It has become the market leader in the FMCG market in Hungary by 2010 and is now also a key player worldwide. We currently sell our products in 40 countries, and we are market leaders in 10 countries.

HELL is currently the third most popular energy drink brand in the world.

The centre of production is our bottling plant in Szikszó, whose 2011 handover was one of the most important milestones in the short but successful story of the then only 5-year-old brand. We are proud to be at the forefront of the Hungarian FMCG manufacturing companies, both in terms of production and brand. Along with the dynamic growth, environmental awareness and shaping attitude have also become our mission, which has an impact on all of our activities and decisions.

Our goal is to become a market-leading brand in all countries where we operate, not only for producing premium quality products but as a brand that is also sustainable and opinion-forming while transparently communicating to its stakeholders.

## GLOBAL CHALLENGES, LOCAL SOLUTIONS

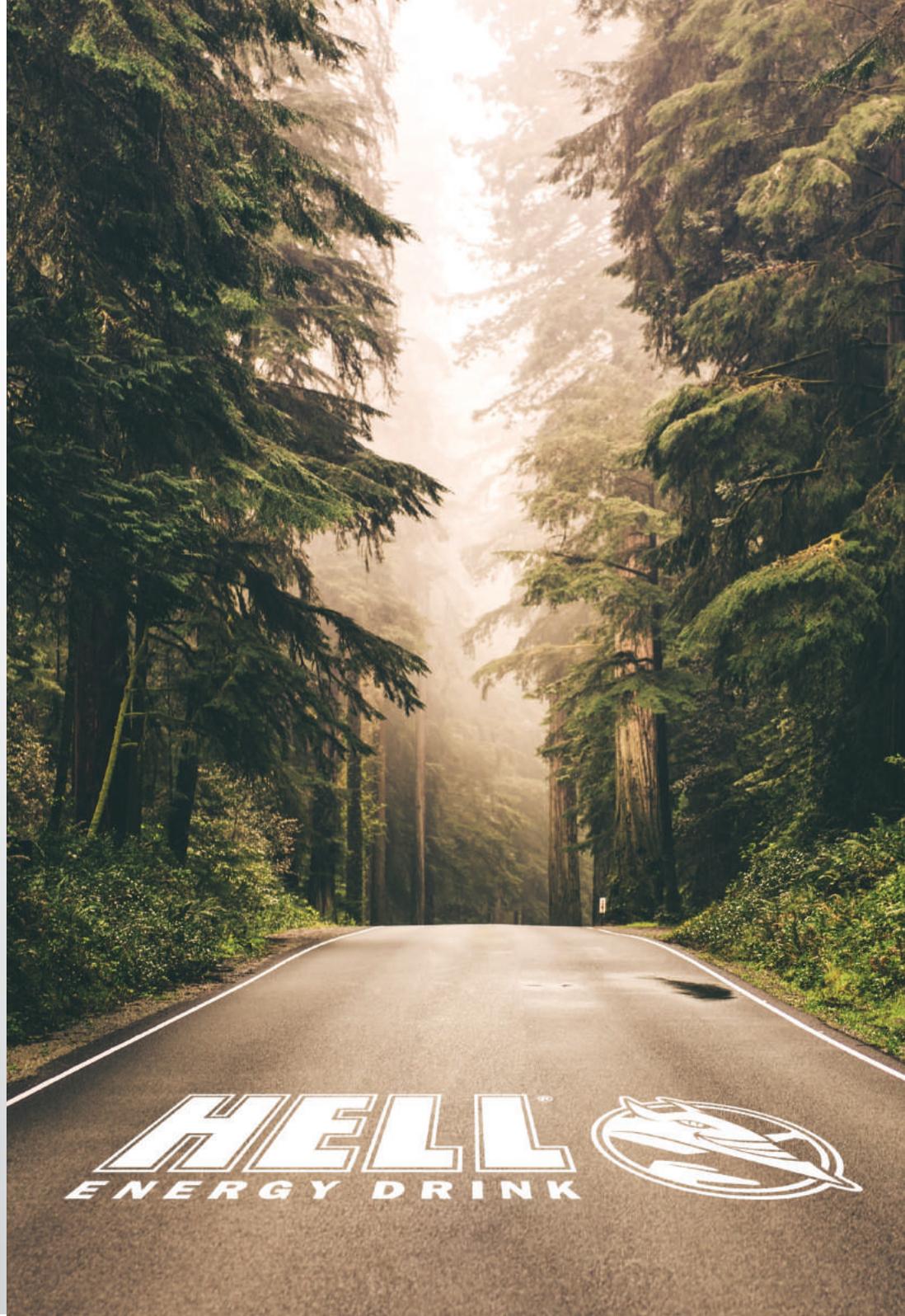
Leading the way in sustainability requires the integration of corporate sustainability goals into long-term business strategy. Business leaders need to look at all areas of operation where materials are being used and to think about how to reduce, transform, or recycle materials.

It is extremely important for us that the packaging of our products is sustainable. We strive to develop products based on renewable and recyclable raw materials, thus promoting responsible raw material management and the conservation of natural resources.

## RESPONSIBLE MARKETING AND COMMUNICATION

The HELL brand is characterized by 360-degree communication. We deliver our main messages about the brand more widely to our consumers by integrating different media channels. In addition to promoting our products, we also prioritize consumer information, concerning product ingredients, packaging, and corporate sustainability.

Awareness-raising content is regularly featured not only on traditional communication channels and our website, but also on our social media as well as on TV campaigns. We launch educational, green campaigns to target our different consumer groups as we consider proper and accurate consumer information to be of paramount importance.



# RESPONSIBLE MANAGEMENT, ETHICAL OPERATION & COMPLIANCE



## SOCIAL RESPONSIBILITY

We are responsible for the next generation, therefore social initiatives and health preservation programs are of paramount importance to us. As a responsible member of society, we support cultural, social activities, sporting events, and health care.



## ENVIRONMENTAL PROTECTION

We are committed to environmental protection, both in our operations and in the products we offer. We are constantly developing our processes and products to achieve better environmental efficiency while setting an example for other large companies.



## RAISING AWARENESS, CONSUMER EDUCATION

It extremely important to us to provide proper and accurate consumer information and to comply with applicable legislation, therefore we provide accurate labeling for our products.



## FAIRNESS AND ANTI-DISCRIMINATION

Throughout our operation, we act in accordance with the highest standards of personal and professional integrity, and we also require this from our partners. We are committed to anti-discrimination, fairness and respect on both a personal and professional level and will do our utmost to avoid the occurrence of cases of discrimination.

We have developed a separate internal system and guidelines for reporting any concern around these values.



## RESPECT FOR HUMAN RIGHTS

Respect for human rights is key for us. We condemn child labor and distance ourselves from suppliers and partners where there is a possibility of such occurrence. In the case of our investments, from planning to implementation, we continuously monitor the fulfillment of human rights, regulations and best practices. We have laid down the importance of the issue of human rights in our Code of Ethics and we expect all our employees to be aware of it and apply it.



## COMMUNITY OF SHARED VALUES

We consider the corporate culture that HELL represents to be our most important value. In 2020, the unprecedented and challenging situation created by the pandemic showed how much employees can truly count on each other. HELL is a real community that holds together in extraordinary and difficult situations.

# OUR ENVIRONMENT

The topic of environmental awareness is important and inexhaustible. HELL plans its every step for a sustainable future. We want to set a good example for international companies and make it clear to our consumers that we are committed to the environment.

## SUSTAINABLE DEVELOPMENT AND GREEN INNOVATION

Innovation allows us to achieve the growth of the company in a responsible and sustainable way, reducing the amounts of resources used for our products.

Continuous expansion of our filling and packaging capacities results in increasing impacts, which we aim to balance with energy efficiency measures and the use of the best available techniques.

Key environmental impacts of HELL's operation are results of our operation, the filling, packaging, and storage of our increasing production volumes. We are monitoring our environmental impact and strive to reduce it through responsible material selection and efficiency measures.

Over 95% of our premium quality beverages are already sold in 100% recyclable aluminium cans. By 2025, we aim to increase the share of aluminium cans in our portfolio to 99%. Unlike plastic bottles, which are hardly ever reused as beverage packaging, aluminium cans can be continuously recycled while retaining their original function and quality. This year, we signed a contract for the procurement of aluminium with a high recycled content. HELL's strategy is based on responsible sourcing of aluminium with a low carbon footprint will contribute to reducing global emissions and create products for a low carbon future.



In the summer of 2020, we partnered with Hydro CIRCAL for the use of their beverage recycled aluminium can body sheet, with a certified content of minimum 75% recycled post-consumer scrap and started the preparation for the transition to using this material for the packaging of our canned products. By using this packaging, HELL is aiming to achieve a 60% reduction in its greenhouse gas emission compared to its aluminium can packaging related emission in the past. HELL is the first beverage manufacturer to introduce one of the greenest aluminium beverage cans with the highest recycled content in the world.

By 2020, we have achieved a high degree of vertical integration to reduce our environmental impact and operate in a sustainable way. Not only the filling, but also the beverage can production itself is now carried out within the group, eliminating our exposure to beverage can suppliers and reducing our GHG footprint at the same time by saving the transportation related emissions between can manufacturing and filling plant.

As our next sustainability milestone, we are committed to cover 100% of our energy needs of our entire operation from renewable energy sources by 2021.

In general, we annually calculate and report the amount of carbon dioxide and equivalent greenhouse gas we are responsible for during our production. We have been tracking our corporate carbon footprint on an annual basis since the opening of our new can production factory unit in 2017.

**2020 Scope 1 emission (tCO<sub>2</sub>e)**

18 538



**2020 Scope 2 emission (tCO<sub>2</sub>e)**

10 164



**COMPLIANCE WITH ENVIRONMENTAL REGULATIONS**

HELL has all necessary environmental permits and processes in place, so that our expert staff can perform their tasks with due diligence to ensure compliance with environmental regulations. We prepare monthly statements of inspections carried out in our plants, containing the number of non-conformities identified and the extent of the resulting sanctions. There were no significant events in 2020 involving fines or non-monetary sanctions for non-compliance with environmental laws and / or regulations.

By improving energy efficiency, moving towards a less polluting production processes and by applying the Best Available Techniques (BAT), we strive not only to comply with environmental regulations, but also to continuously reduce our environmental impact.

**EDUCATIONAL GREEN COMMUNICATION**

Our goal is to steer our consumers in the direction of ecological thinking and want to lead by example by regularly providing information on our green innovations and product or technology improvements. We emphasize the importance of sustainability in many different media channels. One of the active ways to do this with the highest impact, is the promotion of aluminium can recycling, which we also encourage our consumers to do through our media campaigns.

# OUR SOCIETY

HELL ENERGY is not just a company, but also a community of shared values. As a responsible company, it is our duty to support communities in our wider environment.

## BUILDING A LOCAL COMMUNITY

### Providing new jobs

We are proud to be able to bring technological development, constantly expanding investments and new jobs to the part of the Northern Hungary region where unemployment is relatively high. Not only do we sell a high-quality product, but we have also created a stable, constantly evolving company that has created more than 1,000 jobs so far and a safe work environment that provides great career opportunities for its employees.

To continue along this path, we made the decision to transfer the production of Hell Energy Coffee from Germany to Hungary. In September 2020, a new factory unit started its operation in Szikszó, creating another 50 new jobs in Borsod-Abaúj-Zemplén county. All of our ice coffee products, delivered to any part of the World contain 100% Hungarian milk, thus spreading the country's good reputation globally and creating prestige for domestic producers.

### Training programs and career opportunities

We maintain a good relationship with the University of Miskolc. We have been accepting university students for a long time as part of our dual training programme and have provided professional internship opportunities for graduating students. In 2020, we signed a tripartite agreement with the city of Szikszó and the University

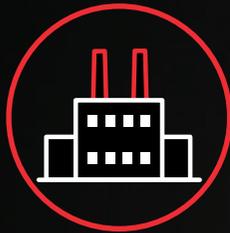
of Miskolc, which aims to retain young people in Szikszó in the region by providing training programs and career opportunities for them.

We intended to achieve this by raising the level of education, therefore, from next year on, we plan to receive dual students not only from the university, but also from the secondary schools of Miskolc. Within the framework of the agreement, HELL would also participate in the development programme of Szikszó, such as building new residential homes, schools, and kindergartens. This is closely linked to providing a career path to the local people, as Szikszó and its surroundings could become more attractive to the workforce.

### Donations

As a well-known company for our local patriotism, we are constant supporters of local communities and organizations. In the extraordinary situation caused by the coronavirus in 2020, all help was needed. We believed we should support those working in the forefront of curbing the virus. In 2020, in response to the epidemiological situation, we donated HUF 20 million to the Borsod-Abaúj-Zemplén County Central Hospital and the University Teaching Hospital. The hospital used the donation to purchase equipment needed to operate the intensive care unit, and to buy new equipment – such as intensive bedside monitors, blood gas analysers, mobile X-rays, ultrasound devices - that are essential for the operation of the unit.

# OUR ACHIEVEMENTS



**OPENING OUR NEW COFFEE PRODUCTION PLANT IN SZIKSZÓ**



**CONSTRUCTION OF 7 SUGAR SILOS TO REPLACE BIG BAG PACKAGING TO REDUCE WASTE AND TRAFFIC EMISSIONS**



**PROCUREMENT OF RECYCLED ALUMINIUM WITH A MINIMUM 75% RECYCLED CONTENT**



**REDUCTION OF THE SHARE OF PLASTIC BOTTLES BELOW 5% IN OUR PORTFOLIO**



**STARTING TO IMPLEMENT ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM**



**REINFORCED OUR STRATEGIC PARTNERSHIP WITH THE UNIVERSITY OF MISKOLC**

# OUR FUTURE GOALS



## FURTHER REDUCTION OF THE SHARE OF PLASTIC BOTTLES

Instead of plastic bottles, HELL has put its vote to aluminium cans as they are the only beverage packaging that can be recycled endlessly while retaining both quality and value. In 2021, we commit to phase out plastic bottles for our carbonated soft drinks, which is by far one of the most popular beverage categories. Our goal is to further reduce the share of plastic bottles below 1% in our portfolio by 2025, by increasing the share of aluminium packaging to 99%.



## ENERGY EFFICIENCY AND RENEWABLE ENERGY USE

We strive to increase energy efficiency and reduce carbon dioxide emissions. For this purpose, our goal is to install a sub-metering system in our plants. From 2021, we commit to cover our energy needs at the company level from 100% renewable sources.



## FUTURE INVESTMENTS

HELL is planning a nearly 80 billion investment program in 2021, during which it will implement capacity expansions in Szikszó. Our plans include, among others, the expansion of our can production and filling capacity. As part of the investment, we plan to create a 78,000-square-meter new building complex with new aluminium can production and filling lines, as well as to increase our storage capacity by building additional storage units. After the planned expansion, the new facility will be able to produce almost 3 billion pieces of aluminium cans each year at Szikszó, following its planned commissioning in 2023.



