THE SOCIO-ECONOMIC IMPACT OF THE COCA-COLA SYSTEM IN SERBIA IN 2013
224 MILLION EUR* IS THE TOTAL SUM OF OUR COMPANY’S CONTRIBUTION TO THE GDP OF SERBIA

95 MILLION EUR HAS BEEN INVESTED IN PROCUREMENT OF LOCAL GOODS AND SERVICES

10 EVERY DIRECT JOB AT THE COCA-COLA SYSTEM SUPPORTS 10 ADDITIONAL JOBS IN THE SERBIAN ECONOMY

* direct and indirect contribution
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This report is one in a series prepared for member-companies of the Coca-Cola System in Europe. Its purpose is to demonstrate, using an economic model, the extent of Coca-Cola's impact in the countries in which it operates, where impact is defined in terms of value added and employment generation. Although Coca-Cola beverages are often seen by their consumers as being the product of a single multinational company based in Atlanta, Georgia, they are, in fact, generally produced in most countries by a local bottler (e.g. Coca-Cola Hellenic, CCH), which buys syrup concentrates from The Coca-Cola Company (TCCC). The bottler generates local employment and incomes directly in its plants, but it also supports employment, incomes, and tax revenues throughout the economy by purchasing goods and services from a variety of suppliers and selling through a widespread distribution network (including hotels, restaurants, and retailers), which depends on the consumption of Coca-Cola products for an important share of its revenues. In reality, then, Coca-Cola is a largely domestic enterprise in the countries where it does business.

This raises the question, what if Coca-Cola products were imported rather than produced locally? That scenario is taken up at the end of this report. As will be seen, the impact on jobs, incomes, and tax revenues would be significant. Coca-Cola provides more than refreshment to the countries where it operates: it also provides a source of economic growth and vitality.

In order to analyse the impact of the Coca-Cola System, an economic model has been developed. The model essentially makes use of input-output analysis that describes the linkages between the different sectors in the economy. Section 1 provides an overview of the Coca-Cola System in Serbia and briefly describes the Serbian economic context, while Section 2 describes the model used. Section 3 contains an overview of Coca-Cola System’s economic impact, while the results of a scenario analysis are presented in Section 4. Section 5 deals with Coca-Cola Serbia and its community efforts. The final section presents the conclusions and recommendations for Coca-Cola.
ABOUT THE AUTHORS - STEWARD REDQUEEN AND ETHAN B. KAPSTEIN

Company profile
Steward Redqueen is a strategy consultancy firm that aims to make business work for society. It is represented in Amsterdam, Barcelona and Princeton and executes projects around the world. As specialists since 2000, Steward Redqueen focuses on integrating sustainability, quantifying impact and facilitating change. Clients appreciate our rigorous analysis, our ability to solve complex problems, and being ahead of the curve. We work for (multinational) corporations, (development) financials and public sector organizations.

Socio-economic impact assessments (SEIA)
The costs and benefits of foreign direct investment has been a source of controversy for many decades. Supporters point to the benefits of adding foreign capital to domestic savings and to the employment, technology transfer, and (in many cases) exports that are generated. Detractors assert that foreign companies crowd out domestic firms and suppliers, while contributing little to government tax revenues. Our Socio-Economic Impact Assessments go beyond assertions in an effort to quantify the direct and indirect impacts of firms in the countries in which they are active.

The Authors
Professor Ethan B. Kapstein is currently a Visiting Fellow at the Center for Global Development in Washington, DC and an Associate Partner of Steward Redqueen. Previously he held the Chair in Political Economy at INSEAD. He has also served in various positions at Harvard University, Wharton Business School, the University of Minnesota, and the Organization for Economic Cooperation and Development. A former international banker and naval officer, Prof. Kapstein provides economic and strategy advice to government agencies and many of the world’s leading multinational corporations. His latest books are Economic Justice in an Unfair World; The Fate of Young Democracies; and AIDS Drugs for All.
René Kim is founder and partner of Steward Redqueen. He has worked with many multinational companies and private equity funds in both developed and emerging markets. Previously, he worked for the Boston Consulting Group in Amsterdam and as an academic at the Massachusetts Institute of Technology. He has a Ph.D. cum laude in Hydrology and Meteorology and is the author of many academic articles. Willem Ruster MSc is senior consultant at Steward Redqueen and has worked for 15 multinational companies and organizations for more than 30 individual projects. Teodora Nenova MSc and Sabine Dankbaar MA are consultants at Steward Redqueen and worked on SEIA projects for several (multinational) companies.

Track record SEIA
Since 2006 Steward Redqueen has completed more than 100 socio-economic impact studies and evaluations for multinational mining companies, development finance institutions, multinational food & beverage firms, banks and recreational organisations, in Asia, Africa, Latin America and Europe.

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EXECUTIVE SUMMARY

Between April 2014 and August 2014 a study of the impact of the Coca-Cola System on the Serbian economy was carried out by Prof. Ethan B. Kapstein in collaboration with Mr Willem Ruster MSc, Ms Teodora Nenova and M. Sabine Dankbaar MA of Steward Redqueen in Haarlem (The Netherlands). The analysis contained herein is based on an “input-output” model which consists of “driving” the financials of the Coca-Cola System through the input-output tables of the Serbian economy.

THE RESULTS PRESENTED IN THIS REPORT DISTINGUISH BETWEEN

the direct (related to Coca-Cola itself),
indirect (related to trade partners and suppliers),
and induced impacts (related to household spending).

THE MAIN RESULTS ARE PRESENTED IN TERMS OF:

• Value added (defined as household income, tax revenues, and company profits and savings);
• Employment generation attributable to the Coca-Cola System.
THE MAJOR CONCLUSIONS, BASED ON FISCAL YEAR 2013 DATA, ARE AS FOLLOWS:

The direct value added of the Coca-Cola System is €28 million (3,198 million RSD, 0.1% of GDP), and it supports €224 million of value added to the Serbian economy (25,709 million RSD or 0.7% of GDP). Therefore, every €1 of value added at Coca-Cola relates to €7 value added in the Serbian economy.

The tax payments of the Coca-Cola System are €7 million (804 million RSD), and it supports €95 million tax flows to the government (10,870 million RSD or 1.4% of total Serbian tax income).

The Coca-Cola System employs almost 1,100, and relates to 11,600 jobs throughout the Serbian economy (or 0.4% of total Serbian labour force). Every job at Coca-Cola relates to 10 jobs in the broader economy.

THE SCENARIO ANALYSIS SUGGEST THE FOLLOWING CONCLUSIONS:

When substituting imports for Coca-Cola’s local operations, the Serbian economy would suffer a loss of €59 million in value added (6,707 million RSD or 0.2% of GDP) and more than 4,200 jobs (or 0.1% of total labour force).
THE COCA-COLA IN THE SERBIAN ECONOMY
SYSTEM
Like any business, the Coca-Cola system depends upon the economic environment in which it operates. This section shows the relationship between the firm and the local economy.

### 1.1 The Coca-Cola System in Serbia

The Coca-Cola Company has been present in Serbia since 1967, when a license was granted to a local company to produce and sell Coca-Cola products in the country. The following year a new bottling factory producing Coca-Cola started its operations in Zemun, Batajniki Drum Street, at the very same location where it is still produced today. At present, the Coca-Cola System in Serbia comprises a bottler, Coca-Cola Hellenic Serbia (CCH Serbia) and Coca-Cola Barlan S&M, a subsidiary of The Coca-Cola Company. Their roles are as follows:

- Coca-Cola Barlan S&M is responsible for the strategic marketing, brand management, packaging strategy, consumer promotion, advertising, public relations and market research of Coca-Cola products;

- Coca-Cola Hellenic Serbia purchases the concentrates, beverage bases and syrups for producing drinks from The Coca-Cola Company according to the terms of its franchise agreement. In addition, it is responsible for the merchandising of products, key account management, implementation of promotions and product distribution. It also maintains an active program in the area of Corporate Social Responsibility (CSR).

Today, Coca-Cola Hellenic Serbia is one of the biggest companies in the non-alcoholic beverage industry in the country. It employs 1,100 people, and its operations are made up of three distinct entities: Coca-Cola Hellenic Serbia (soft drinks), Vlasinka (natural mineral waters), which was acquired in 2005, and Fresh & Co (juice and juice drinks), which was acquired in 2006. As noted, it is located in Zemun on a site comprising about 65,000 m², where six production lines, a warehouse and offices are located. It has four distribution centers over the country which supports approximately 37,000 distributors and retailers of Coca-Cola Hellenic Serbia’s products; these outlets, in turn, serve approximately 7,200,000 Serbian consumers.

Coca-Cola Hellenic Serbia’s product portfolio consists of:
- International brands including Coca-Cola, Coca-Cola Zero, Fanta, Sprite, Schweppes and Burn;
- Local brands such as Rosa, Next, Su-voće, Joy and Ultra Energy;
- Brands licensed by other companies, such as Nestea.
1.2 Coca-Cola in the Serbian Economy: An Overview

At the outset of the new millennium, Serbia entered a period of high economic growth driven by structural reforms including trade liberalization, enterprise restructuring and privatization. This economic progress was derailed by the financial crisis that began in 2008, which hit the country particularly hard. The economy bounced back in 2010-2011 but the forecasted strong growth of 2012 did not materialize due to a new wave of debt crisis among some members of the European Union.

In 2013, however, growth resumed with an estimated 2.5% increase in GDP over the previous year. This was mainly driven by the growth of exports and agricultural production. This contributed to a small reduction in unemployment. Although the unemployment rate remained high at 22%, it moved downward from its peak of 25.5% in 2012. Youth unemployment remained a worrisome 49%, resulting in many young people leaving the country in search for job opportunities elsewhere.¹

Moreover, progress was made on the political level as greater fiscal responsibly and critical issues such as state owned enterprise reform, financial sector reform and public sector efficiency were back on the agenda.

Despite reforms, the business environment in Serbia still needs further improvements. Most jobs are found outside the formal private sector and with private sector contribution to GDP of 60%, Serbia lies well below its peers.² On the Ease of Doing Business Index Serbia ranks 93 out of 189 economies. The country scores especially low on the indicators “paying taxes” and “dealing with construction permits”.³ Another remaining challenge is improving the low living standards, as poverty seems to have increased since the financial crisis in 2009.⁴

Exhibit 2 and Table 1 provide some data on the Serbian economy. Table 1 also illustrates how Coca-Cola Serbia relates to the total Serbian economy.

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² ibid
http://www.doingbusiness.org/data/exploreeconomies/serbia
⁴ ibid
<table>
<thead>
<tr>
<th>Serbian economy</th>
<th>Share Coca-Cola system</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Official population estimate</strong></td>
<td>7.2 million</td>
</tr>
<tr>
<td><strong>Size of workforce</strong></td>
<td>3.0 million</td>
</tr>
<tr>
<td><strong>Official unemployment rate</strong></td>
<td>22.0%</td>
</tr>
<tr>
<td><strong>Gross Domestic Product at Current Prices</strong></td>
<td>€31.9 billion</td>
</tr>
<tr>
<td><strong>GDP growth</strong></td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>GDP per capita</strong></td>
<td>€4.100</td>
</tr>
<tr>
<td><strong>Sector breakdown GDP</strong></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>11%</td>
</tr>
<tr>
<td>Industry</td>
<td>29%</td>
</tr>
<tr>
<td>Services</td>
<td>60%</td>
</tr>
<tr>
<td><strong>Annual Inflation</strong></td>
<td>7.7%</td>
</tr>
<tr>
<td><strong>Government revenues as % of GDP</strong></td>
<td>37%</td>
</tr>
<tr>
<td><strong>Tax receipts as % of GDP</strong></td>
<td>21%</td>
</tr>
<tr>
<td><strong>Government expenditure as % of GDP</strong></td>
<td>44%</td>
</tr>
<tr>
<td><strong>Household Consumption as % of GDP</strong></td>
<td>73%</td>
</tr>
<tr>
<td><strong>Exports as % of GDP</strong></td>
<td>45%</td>
</tr>
<tr>
<td><strong>Imports as % of GDP</strong></td>
<td>56%</td>
</tr>
</tbody>
</table>

Table 1: A snapshot of the Serbian economy in 2013

Sources: Statistical Office of Serbia, Eurostat, World Bank Development Indicators

5 Data for government revenues and taxes is from 2012 (2013 not available at the time of writing)
02 METHODOLOGY
In the process of producing, packaging, promoting and delivering Coca-Cola’s products to the final customer, the Coca-Cola system stimulates economic activity throughout the entire value chain. That means its own operations have a supporting effect on upstream as well as on downstream businesses. The upstream local suppliers and producers are more dependent on the production plants’ demand of raw materials than the distributors and retailers which distribute the company’s products. Both the supported upstream and downstream activities create income and tax revenue and in turn stimulate economic activity in their respective value chains.

Exhibit 3: Several rounds of impact make up the total effect of Coca-Cola system in Serbia on the Serbian economy (arrows are representing expenditures in money terms)
Exhibit 3 depicts the approach taken to quantify the economic activities linked to the Coca-Cola system. On the left hand side, the starting point for the analysis is the final Coca-Cola consumption that can be traced in money terms throughout the economy. When a consumer buys a bottle of Coke in the supermarket a part of what he spends is revenue for this supermarket, another part goes to the distributor that transported this Coke from the production plant to the selling point and part of it goes to the Coca-Cola bottler. All of these parties procure goods and services from suppliers, pay salaries and taxes, invest and make a profit. To capture the impact, the total consumption figure of Coca-Cola products serves as initial injection into a so-called Social Accounting Matrix which represents all sector interlinkages in a local economy. In doing so, the total economic impact related to the presence of the Coca-Cola system can be traced and are divided into several effects:

- Direct (0th Round) impact: effects directly related to expenditures of the local Coca-Cola bottler and the local TCCC entities. That includes salary and (income) tax payments as well as profits generated that remain in the local economy and direct employment at the company;
- Indirect (1st Round) impact – Direct suppliers and Trade: effects arising at upstream-suppliers and downstream-retailers in the value chain of Coca-Cola products (e.g. jobs and salaries provided by suppliers and retailers);
- Indirect (2nd Round) impact – (suppliers’) suppliers: effects that come about as suppliers and retailers inside the original value chain of Coca-Cola products procure goods and services from suppliers outside the original value chain of Coca-Cola products which pay salaries and taxes as well (e.g. employment and salaries generated by suppliers’ suppliers);
- Induced (3rd Round) impact – re-spending of salaries: effects caused by the re-spending of salaries by employees of Coca-Cola, its trade partners and (suppliers’) suppliers whose jobs are directly or indirectly supported by Coca-Cola;

\[
\text{Direct (0th Round) impact (Coca-Cola)} \quad + \\
\text{Indirect (1st Round) impact (Direct suppliers and Trade)} \quad + \\
\text{Indirect (2nd Round) impact (Suppliers’ suppliers)} \quad + \\
\text{Induced (3rd Round) impact (Employees’ consumption decisions)} = \text{Coca-Cola’s total Economic impact}
\]

Exhibit 4: The direct impact of Coca-Cola is only the tip of the iceberg
OMIC IMPACT
In this report an input-output model, as described in a previous section, has been applied to determine the economic impact of the Coca-Cola system in Serbia in 2013.

### 3.1 Direct value added of “going-concern” operations

A company’s value-added is defined as its revenues minus the cost of all goods and services. In other words, it is equal to a company’s salary, tax payments and profits. To arrive at the direct value-added for the Serbian economy, one has to subtract the salary, tax payments and profits that accrue to foreign shareholders.

In 2013 consumers in Serbia spent a total of €291 million on Coca-Cola beverages. €49 million of this amount was VAT (included in consumer prices). As depicted in Exhibit 5, €90 million were the margins that the on-trade and off-trade outlets received from the sale of Coca-Cola’s products. The rest, €153 million, is the net revenues of CCH Serbia from sales made locally in the country.

Next to the local revenues of CCH Serbia, there are also revenues generated from sales to other regions and expenses related to Coca-Cola Barlan S&M. When we add those up, we come to the total expenses of the Coca-Cola System in Serbia of €202 million. Of this, €7 million are tax payments to the Serbian government, and €21 million is net household income paid directly to Coca-Cola employees. These taxes and household incomes represent direct value added of €28, or 0.1% of the GDP.
The money that Coca-Cola spends on local procurement of goods and services (€95 million), together with the off- and on-trade margins (total €90 million), are the drivers for the broader economic effects supported by the System in the country. These are described in detail in Section 3.2 (value added) and 3.3 (employment).

6 Excludes consumption of spirits distributed by Coca-Cola in Serbia
7 On-trade is focused on immediate (or cold) consumption of beverages, while off trade relates to future consumption.

8 Some numbers do not add up due to rounding; GDP of Serbia in 2013 is €31.9 billion; Eurostat, 2013
9 TCCC refers to the Coca-Cola Company subsidiary Coca-Cola Barlan S&M

3.2 Total value added of “going-concern” operations

Business activity contributes to the national economy in part through its generation of incomes, profits, and taxes, or what is called “value added.” As can be seen in Exhibit 6, the Coca-Cola System contributed over €224 million of value added to the Serbian economy in 2013. Serbian households received €81 million in incomes, while profits and savings for business and other organizations made up €48 million. The single greatest economic beneficiary of the Coca-Cola System’s activities (including production and consumption of beverages) was the Serbian government, which enjoyed tax revenues of €95 million. The breakdown of these tax revenues in Coca-Cola’s value chain is shown in Exhibit 7. VAT on Coke products is the largest single tax item. The taxes paid directly by Coca-Cola include corporation income tax, payroll tax, and other taxes such as water usage tax and ecology tax.
Exhibit 7: Breakdown of taxes in Coca-Cola’s value chain in Serbia (in EUR million)\textsuperscript{11}

<table>
<thead>
<tr>
<th>Water Usage tax</th>
<th>Income tax</th>
<th>Payroll tax</th>
<th>Other taxes</th>
<th>Total taxes paid by the Coca-Cola System</th>
<th>Taxes paid by suppliers</th>
<th>Taxes paid by trade</th>
<th>VAT on Coca-Cola products</th>
<th>Taxes paid by suppliers’ suppliers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>2</td>
<td>2</td>
<td>0.3</td>
<td>7</td>
<td>16</td>
<td>10</td>
<td>13.1</td>
<td>13.1</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Exhibit 6: Value added supported by the Coca-Cola System in Serbia (in EUR million)\textsuperscript{10}

<table>
<thead>
<tr>
<th>Income for householders (salaries)</th>
<th>Income for companies (profits)</th>
<th>Income for government (taxes)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>150</td>
<td>46</td>
<td>28</td>
<td>224</td>
</tr>
</tbody>
</table>

1 EUR at Coca-Cola supports 7 EUR in the broader economy

0.7% of GDP

Exhibit 7: Breakdown of taxes in Coca-Cola’s value chain in Serbia (in EUR million)\textsuperscript{11}

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Exhibit 8 examines the value added per sector. As can be seen, the biggest beneficiary in terms of value added supported is the trade sector (€64 million), owing to the sale of Coca-Cola products.

Exhibit 8: Value added per sector supported by the Coca-Cola System in Serbia (in EUR million)

- 2nd round: Suppliers’ suppliers
- 1st round: Direct suppliers and trade
- 0th round: Coca-Cola system

Exhibit 8: Value added per sector supported by the Coca-Cola System in Serbia (in EUR million)

10 Some numbers may not sum up due to rounding
11 The net VAT payment related to Coca-Cola payments is €13 million, assuming that 100% is paid by all parties involved.
Total tax revenues Serbia 2013: €6.8 billion; source: World Bank 2012 (2013 figure not available)
12 Some numbers may not sum up due to rounding
3.3 Employment related to “going-concern” operations

In addition to the ‘financial’ results in terms of value added, this section captures the effects on employment in fulltime equivalents (FTE). Again, these effects are mainly driven by local procurement and extra income for the Serbian trade sector. Based on Serbian statistics about the labour force per sector, we are able to determine the number of jobs that are supported by Coca-Cola’s operations throughout the Serbian economy.

As shown in Exhibit 9, about 11,600 jobs, or 0.4% of the Serbian labour force, rely on the Coca-Cola System for employment. Given that Coca-Cola employs about 1,100 workers in Serbia, each worker employed directly by the Coca-Cola System supports another 10 workers throughout the Serbian economy.

Each worker employed directly by the Coca-Cola System supports another 10 workers throughout the Serbian economy.

The jobs supported upstream (i.e. at direct and indirect suppliers of Coca-Cola) represent about 43% of the total employment, while downstream jobs (i.e. jobs supported by transportation and sale of Coca-Cola beverages) are about 48% of the total. Typically, upstream jobs at direct suppliers (some 2,600 jobs in manufacturing and services) are more dependent on Coca-Cola’s presence than jobs supported during the trade of Coca-Cola’s products.

Exhibit 9: Upstream and downstream employment supported by the Coca-Cola System in Serbia (’000)
Exhibit 10 gives more insights in the job effects per economic sector. Industries that are closely related to CCH are sugar manufacturing, transport and trade. The Coca-Cola Hellenic expense of sugar relates to jobs at the sugar manufacturing level, and indirectly to jobs at the farmer level. The trading parties, involved in selling the Coca-Cola products to the consumer, are associated with 4,600 jobs (first round trade impact).

Besides the jobs supported across Coca-Cola’s supply chain, there is an extra job effect – the so-called “induced effect.” It is triggered by the re-spending of the salaries supported by the System. The impact of these private consumption decisions amounts to 5,600 additional jobs supported.

Exhibit 11 shows the value added per job that Coca-Cola supports. As can be seen, in most cases the value added per job is above the Serbian average. Coke supports high value added jobs in a wide range of sectors. Some of the highest value added jobs are found at the Coca-Cola System itself and in the services and utilities sectors.

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Exhibit 10: Sectoral breakdown of jobs supported by the Coca-Cola System in Serbia (in ’000)

Exhibit 11: Value added per job versus the number supported by the Coca-Cola System in Serbia (value added in €, jobs in real FTE)

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13 Total labour force Serbia 2013: 3 million; source: RZS 2013
04
SCENARIO
ANALYSES
One of the objectives of economic impact analysis is to enable management to analyse the broader socio-economic impacts of its decisions on the basis of scenario planning. These scenarios give useful insights into ‘what if’ situations. Typically, these scenarios look at the effect of future policy changes of the company and government, or changes in the economic climate. In this report, one hypothetical scenario analyses what would have happened if Coca-Cola decided to import rather than to locally produce in Serbia in 2013.

### 4.1 The additionality of local production

Like every business, Coca-Cola bottlers are subject to external economic pressures which determine whether or not to remain in business. Imagine a situation where:

- Local CCH Serbia production is replaced by importation of all final Coca-Cola products;
- CCH Serbia becomes a trade company of imported Coca-Cola products, while TCCC Serbia remains the marketer of the Coca-Cola products in Serbia.

![image of a euro symbol and a number 59 with million EUR]

- **59** million EUR

![image of a person with employment fall and a percentage]

- Employment fall 0.1%

![image of a briefcase with loss of more than a number]

- Loss of more than **4,200** jobs
As can be seen in Exhibit 12 and Exhibit 13, these changes would have a profound effect on the Serbian economy. The value added generated by the Coca-Cola System would tumble by about €59 million (or 0.2% of GDP). This means lower household incomes, company profits, and tax revenues. Employment would fall by 0.1% of the labour force, with the loss of more than 4,200 jobs. These numbers indicate the fillip that Coca-Cola provides to Serbian stakeholders up and down the value chain, including government and households. The induced effects leads to an extra job decrease of 2,200.
COCA-COLA
AND THE COMMUNITY
We see our system as an integral part of the community in which we operate. We invest in its development, and together with our partners from the public, civil and private sectors, we implement projects that create and motivate positive changes in society. Our socially responsible corporate behavior is based on several pillars, focusing certain areas: the promotion of an active lifestyle, investing in the development of youth, environment protection and providing emergency relief. These platforms are integrated into all business processes of the Coca-Cola system in Serbia.

Generally speaking, our leading idea is that a business system is as sustainable as the community, in which it operates. We are very proud of the numerous projects that have led to positive changes in different areas of society, and we stand behind the fact that, in addition to investing in our business, we should also invest in improving the lives of citizens.

Our system promotes sport and recreation through a single platform, the Coca-Cola Movement for Happiness, which strives to motivate and inspire as many people as possible to be physically active and engage in sport and thanks to the diverse activities that we conduct or support, such as Coca-Cola Cup, What’s your sport? and the Belgrade Coca-Cola Bicycle Race, just in 2013 we succeeded to motivate over 20,000 people to be active.

In 2013 we were commemorating four and a half decades of operations in Serbia and therefore we have symbolically installed 45 gyms nationwide, in order to provide citizens the opportunity to incorporate physical activity into their daily habits. Our aim is that by 2020, we will engage 170,000 people in sport activities, as part of the Coca-Cola Movement for Happiness.
NASTAVIMO DA POMAŽEMO POPLAVLJENIMA

Coca-Cola i ti!
Investing in Youth Development

Bearing in mind that investing in young people is the most important investment of any country, we make long-term investments in their professional development through numerous programs dedicated to the youth: Coke Summership, Coca-Cola Talents and Graduate Trainee Program, in collaboration with faculties and student organizations. In that way, we provide opportunities for a professional experience and mentoring of seasoned multinational staff, thus enriching participants’ experience and competencies and increasing their employability.

Environmental Protection

We strive to reduce the environmental footprint of our business, to ensure the sustainability of communities we operate in. By 2020 we aim to reach water neutrality of our business, by continually reducing the quantity of water used in our bottling plants, returning to nature clean water from our waste water treatment facilities and working to give back to nature water we use for the production of our products by replenishment of wetlands. We collaborate with State institutions, non-government organizations and expert partners like WWF on these endeavors.

One of the programs that we are most proud of is the "Green Danube Partnership", existing in Serbia and the nine other countries that belong to the Danube basin. Every year we organize the major campaign Danube Day, raising awareness about the importance of this river and its preservation.

Emergency Relief

Through strategic cooperation with the Red Cross of Serbia, our system provides emergency relief across the country and donates products, engaging employees and funds in different ways. On the occasion of the floods that struck the region in May 2014, the Coca-Cola System in Serbia donated 500,000 EUR, while the Coca-Cola Foundation gave 500,000 USD in order to assist the vulnerable populations and rehabilitate the flooded areas. In cooperation with the Red Cross and the Office for Reconstruction and Assistance to the Flooded Areas, financial funds have been destined to the reconstruction of gyms in the schools affected by floods, as well as to the reconstruction of the Sport and Cultural Center of Obrenovac and the reinforcement of the embankment.
CONCLUSIONS
The following conclusions can be drawn from the analyses reported on here:

1. **Coca-Cola is a significant contributor to the Serbian economy:**
   
a. **€28 million** direct value added equivalent to 0.1% of GDP;
   b. **€224 million** economy-wide value added equivalent to 0.7% of GDP;
   c. Every €1 of value added at Coca-Cola supports €7 of value added in the broader economy.

2. **Coca-Cola contributes substantially to the tax income of Serbia:**
   
a. **€7 million** Coca-Cola tax payments are 0.1% of total tax income;
   b. **€95 million** economy-wide tax income equivalent to 1.4% of total tax income;

3. **Coca-Cola provides high-quality employment and supports a substantial number of jobs in the wider economy:**
   
a. High quality workforce of **almost 1,100** with a value added per job of **€26,200**, which is more than 2 times the GDP per Serbian worker;
   b. **Total employment of almost 11,600** in the economy supported by the Coca-Cola System in Serbia is **0.4% of the labour force**.
   c. Every job at Coca-Cola supports **10 indirect jobs** in the broader economy.

4. **The scenario analysis leads to the following conclusions:**
   
a. When substituting Coca-Cola’s local operations by imports the Serbian economy would suffer **a loss of €59 million** (0.2% of GDP) in value added and more than **4,200 jobs** (or 0.1% of the labour force);
WE MAKE
A BETTER WORLD TOGETHER