The “value chain” that unites us

SOCIO-ECONOMIC IMPACT STUDY
OF OUR ACTIVITY IN GREECE

2016
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The bottling of the first Coca-Cola bottle in Greece in 1969 marks the beginning of a productive activity spanning uninterruptedly over five decades. This activity ranges from the procurement of raw materials to the operation of productive units, the collaboration with the market and final points of sale and the marketing and communication services for the products. It generates value for the country as all of these companies in our value chain contribute salaries, taxes and profits and employ thousands of people.

In the context of their research, the authors studied the activity of the entities comprising the Coca-Cola System in Greece, i.e. The Coca-Cola Company in Greece and Coca-Cola Tris Epsilon, as well as the activities of the local subsidiaries of the Coca-Cola HBC AG Group (Coca-Cola HBC) in Greece, namely Coca-Cola HBC Services M.E.P.E and TSAKIRIS.

This value is illustrated in the present socio-economic impact study of our activity in Greece, conducted by the independent strategy consultancy firm Steward Redqueen and based on data for 2014.
4 PRODUCTION PLANTS
3 ADMINISTRATIVE OFFICES
14 SALES OFFICES
1,844 EMPLOYEES
KEY FINDINGS

Every time a consumer selects our products, our value chain supports revenue for the Greek state and income to Greek households and businesses, while supporting thousands of jobs.

**ADDED VALUE**

- **€924 million** is the total added value from our operation, equal to **0.5%** of the GDP.
- Our total direct & indirect tax contribution amounts to **1%** of total Greek tax revenue.
- Salaries, taxes, and profits of our trade partners amount to **€462 million**.
- Every **€1** of our added value contributes **€7** to the Greek economy.

**EMPLOYMENT**

- We employ **1,844** people.
- We support a total of **21,300** direct & indirect jobs (0.6% of total employment in Greece).
- Enhancing the income of **54,000** people.
- We support **12,400** direct trade jobs at our partners in wholesale, retail, and HO.RE.CA.
- Every direct job supports another **11** jobs in the Greek economy.
- We employ almost **1 in 2** employees in the country’s soft drinks sector.
- Enhancing the income of **54,000** people.

We support a total of **21,300** direct & indirect jobs (0.6% of total employment in Greece).
It is the leading Greek company in the production of non-alcoholic beverages and a member of the Coca-Cola HBC Group, one of the largest bottlers and distributors of The Coca-Cola Company products worldwide. The productive and commercial activity of Coca-Cola Trias Epsilon in Greece entails the bottling and distributing of The Coca-Cola Company products (Coca-Cola, Fanta, Sprite, Powerade, Nestea, illy issimo and Schweppes mixers), the products that the company itself has developed (Amita, Frulite and natural mineral water AVRA), as well as the distribution of TSAKIRIS potato snacks and MONSTER energy drinks.

Coca-Cola Trias Epsilon also offers a complete portfolio of alcoholic drinks, including products from The Edrington Group, Isidoros Arvanitis, Brown-Forman and Gruppo Campari – an activity that is not included in this study.

For the manufacturing of its products, Coca-Cola Trias Epsilon collaborates with approximately 4,000 Greek suppliers, for both raw and packaging material, as well as for services or goods procured for its facilities.

It distributes its products to the market via an extensive network comprising more than 130,000 final points of sale, including super-markets, small retail shops, kiosks, hotels, restaurants, bars, etc.
The Coca-Cola Company in Greece is a subsidiary of The Coca-Cola Company, responsible for Greece, Cyprus and Malta. The Company offers consulting services with regard to the development of marketing strategies, promotions, market research, advertising and reputation management of the products of The Coca-Cola Company. The Company also offers valuable know-how and consulting services related to product communications and product quality assurance and monitoring.

The Coca-Cola Company is the world’s largest beverage company and is the No1 provider of sparkling beverages, ready-to-drink coffees, and juices and juice drinks. Through the world’s largest distribution system, consumers in more than 200 countries enjoy the Company’s beverages at a rate of more than 1.9 billion servings a day.

Products of the The Coca-Cola Company available in Greece are Coca-Cola, Coca-Cola Light, Coca-Cola Zero, Coca-Cola Zero Caffeine-Free, Fanta, Powerade, Nestea, Schweppes, and the ready-to-drink coffee illy issimo.

THE ACTIVITY OF THE COCA-COLA COMPANY IN GREECE

64 employees

THE COCA-COLA HBC AG OFFICES IN GREECE

Coca-Cola HBC Services M.E.P.E. is a subsidiary of the Coca-Cola HBC Group. Based in Greece, it provides business support activities serving the Group’s global operations in the 28 countries in which it operates.

THE ACTIVITY OF TSAKIRIS

TSAKIRIS is the first Greek company of chips production and the second largest company in potato snacks production in the Greek market. TSAKIRIS has a long history of producing chips in Greece, starting from 1954. In 2004 the company became a subsidiary of Coca-Cola HBC.

105 employees

179 employees

All TSAKIRIS potato products are manufactured in a 25,000 m² modern industrial facility located in Atalanti (Phthiotis).
2. THE METHODOLOGY OF THE STUDY

The present study estimates the value generated by our activity in Greece. It was carried out by Professor Ethan B. Kapstein and his associates from Steward Redqueen, an independent strategy consultancy firm specialized in socio-economic impact studies based on the Nobel prize-winning "input-output" model.

The report presents the direct, indirect, and induced effects of our activities on the Greek economy, in terms of:

- the economic added value, i.e. the sum of incomes received by
  - local households, in the form of wages
  - partnering companies, in the form of profits and savings; and
  - the Greek State, in the form of tax revenues.
- the jobs we support, measured in full-time equivalents (FTE), meaning jobs held by employees working full time.

Our socio-economic impact in the country is the sum of all effects related to our value chain in Greece. In the process of producing, packaging, promoting and delivering our products to consumers, we stimulate economic activity throughout the entire value chain. That means our own operations have a supporting effect on upstream as well as on downstream businesses. The upstream local suppliers and producers are more dependent on our production plants’ demand of raw materials than the wholesalers and retails which distribute our products. Both the supported upstream and downstream activities support income, tax revenues and jobs and in turn stimulate further economic activity in their respective value chains.

The analysis contained herein is based on an “input-output” model, which follows our financials as they flow through the Greek economy, creating ripple effects across other sectors.
The starting point for the analysis is the final consumption of our products that can be traced in monetary terms throughout the economy. When a consumer buys our products in the supermarket, a part of what he spends is revenue for the supermarket, another part goes to the distributor who transported this product from the production plant to the selling point, and a part of it is income from our own activity. All of these parties procure goods and services from suppliers, pay salaries and taxes, invest and make a profit. The model demonstrates how consumer expenses on our products ripple through the economy, supporting incomes for households, state (taxes), businesses (dividends and savings) and employment in various sectors.

**OUR CONTRIBUTION TO THE COUNTRY IS ANALYSED IN TERMS OF:**

**DIRECT IMPACT**
- Of our activity:
  - Local salary and tax payments, as well as direct employment.

**INDIRECT IMPACT**
- Of our direct suppliers and trade partners: employment and incomes generated by suppliers and retailers.
- Of our suppliers’ suppliers: employment and incomes generated by our suppliers’ suppliers.

**INDUCED IMPACT**
- Employment and incomes related to the re-spending of salaries by employees, trade partners and direct and indirect suppliers whose jobs are directly or indirectly supported by us.
3. WHAT OUR PRESENCE MEANS FOR THE GREEK ECONOMY

FOR OUR SECTOR

We are the largest contributor to employment and turnover in the soft drinks sector in Greece.

SOFT DRINKS SECTOR
- 103 businesses
- €874 million in turnover
- 4,200 employees

Our employees in relation to the sector in total: 41.5%
Our turnover in relation to the sector in total: 54.6%

BEVERAGE SECTOR
- 773 businesses
- €1.8 billion in turnover
- 10,600 employees

Our employees in relation to the sector in total: 16.4%
Our turnover in relation to the sector in total: 23.9%

FOR THE NATIONAL ECONOMY

WE CONTRIBUTE €924 MILLION IN TOTAL TO THE NATIONAL ECONOMY, 0.5% OF THE COUNTRY’S GDP.

This amount includes tax revenues, salaries, as well as profits related to our own activities, partners and suppliers across the value chain linked to our activities. Of these:

- €207 million are salaries for households
- €309 million are profits for local companies
- €408 are tax revenue for the State

For every €1 of our value added, another 7 euro are supported in the Greek economy.

<table>
<thead>
<tr>
<th>Added value related to our activity in Greece (in million €)</th>
<th>Households Income</th>
<th>Profits &amp; Saving</th>
<th>Tax Income</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers’ suppliers</td>
<td>207</td>
<td>64</td>
<td>96</td>
<td>307</td>
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<tr>
<td>Direct suppliers and trade</td>
<td>106</td>
<td>47</td>
<td>41</td>
<td>154</td>
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<td>Our activity</td>
<td>295</td>
<td>106</td>
<td>91</td>
<td>492</td>
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<td></td>
<td>545</td>
<td>309</td>
<td>261</td>
<td>1116</td>
</tr>
</tbody>
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Our direct and indirect contribution is broken down as follows:
- We contribute €118 million of direct added value to the national economy, €96 million in salaries (including social security contributions, but not income tax) and €22 million in tax payments.
- €545 million pertain to direct partners and suppliers, and include: €42 million in salaries, €203 million in profits and €295 million in taxes.
- €261 million pertain to indirect suppliers (our suppliers’ suppliers): €64 million in salaries, €106 million in profits and €91 million in taxes.
WE SUPPORT 1% OF TOTAL TAX REVENUES OF THE GREEK STATE, WHICH REPRESENTS 44% OF OUR TOTAL CONTRIBUTION TO THE GREEK ECONOMY.

This percentage pertains to our direct and indirect contribution to tax revenues across the value chain. Total tax receipts in Greece in 2014 (excluding social contributions) are €42 billion (Eurostat, 2014).

* Direct taxes paid by us in Greece consist of payroll tax, environmental tax and other taxes such as municipality tax.
** Greece has a VAT rate of 23% for soft drinks and 13% for water. The respective rate for snacks was 13% until 2014, and was increased to 23% in 2015.

The numbers in all tables have been rounded.

FOR THE GREEK BUSINESSES THAT PARTNER WITH US

Through our activity we support significant added value to the domestic manufacturing industry, the services sector, as well as final points of sale, namely the businesses selling our products.
**FOR OUR GREEK PRODUCERS AND SUPPLIERS**

50% of the added value we support is for those partners offering our products to consumers (in wholesale, retail & HO.RE.CA. sectors).

We support a total of €462 million in salaries, tax revenues and profits (0.26% of GDP), of which €241 million pertain to our direct trade partners (0.13% of GDP).

**BY WORKING WITH LOCAL SUPPLIERS, WE SUPPORT €140 MILLION IN SALARIES, TAX REVENUES AND PROFITS.**

of which €99 million pertain to our direct suppliers (0.06% of GDP).
4. HOW WE SUPPORT LOCAL EMPLOYMENT

Through our activity in Greece, we support direct & indirect jobs across the Greek economy.

Each direct job supports another 11 jobs across the Greek economy.

IN OUR SECTOR

We are the largest employer.

We employ 1,844 people in sales, production and administrative positions.

We employ almost 1 in 2 employees in the soft drinks sector.

IN OUR COUNTRY

Our contribution to employment exceeds by far the number of our employees.

We support a total of 21,300 jobs (0.6% of total Greek employment). Income from these jobs supports 54,000 people.

Sectoral breakdown of jobs related to our activity in Greece (in '000 FTE).
### FOR OUR CUSTOMERS AND PARTNERS

17,200 people are directly and indirectly employed by our trade partners in wholesale, retail and HO.RE.CA. businesses.

- **0.5%** of total Greek employment
- **80%** of total employment supported by our operations.

### FOR OUR LOCAL PRODUCERS AND SUPPLIERS

We support **2,300** jobs provided by our local suppliers.
WE SUPPORT GREEK FARMERS AND JOBS IN THE AGRICULTURAL SECTOR.

We produce annually a total of 50,000 tonnes of fruit and 14,400 tonnes potatoes for our products.

We indirectly support 1,000 farmers, related to the procurement of fruit (apricots, oranges and peaches) for our juices, and directly support 150 producers across the country who supply us with potatoes for our TSAKIRIS snacks.

€3.1 million in direct added value to the agricultural sector.
5. VALUE CREATED BECAUSE WE PRODUCE OUR PRODUCTS IN GREECE

€79 million is generated (0.04% of the country’s GDP).

FOR THE NATIONAL ECONOMY

1,528 direct and indirect jobs are fully attributed to our operation (0.04% of employment in Greece).

BY PRODUCING LOCALLY:
• we support €32 million in income for Greek households
• we contribute €26 million in tax revenue paid to the Greek State
• we support €20 million in profits for Greek businesses.

DUE TO OUR LOCAL PRODUCTION:
• 753 jobs are sustained in the domestic manufacturing industry, related to the procurement of sugar, aluminium cans, glass bottles, etc.
• 352 jobs are sustained in our production plants
• 264 direct jobs are sustained in the agricultural sector, such as potato farms, as well as indirect jobs provided by sugar and fruit farmers.

Total employment in 2014 was 3,697,000 in full-time equivalents (Eurostat, 2014).
We recognize that our business can only be as strong, sustainable and healthy as the communities in which we operate. We support local communities in a meaningful way and for the long-term, contributing to community well-being and local development.

Between 2010 and 2014, we invested €13 million for public benefit purposes.*

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6. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

FOR YOUTH

- **€4.7 million** for programmes improving the school environment, supporting entrepreneurship and offering opportunities for professional development.
- **€2.8 million** for improving the quality of life for over 49,000 people living in 29 Greek water-scarce islands.
- **€2.6 million** for raising awareness on the importance of balanced nutrition and active healthy lifestyles.
- **€3 million** for emergency and disaster relief efforts and charitable activities.

THE SCHOOL YOU WANT

We believe and invest in the new generation, as youth constitute the future of our country. Acknowledging the need to improve school infrastructure, we developed in 2012 the programme "The School you Want", the only corporate programme in Greece that fully covers the repair and renovation costs for school buildings, thus responding to students’ actual needs, as well as improving both their learning environment and everyday school life. The programme is implemented in close collaboration with municipal authorities and local communities belonging to the Thessaloniki Prefectural Unit and the Athens Municipality.

- Investment exceeds €1 million
- 12 renovated schools
- 4,200 students in Thessaloniki and Athens have benefited from the programme

GRADUATE TRAINEE PROGRAMME

For the past 25 years we have been building the future via our “Graduate Trainee Programme” offering talented youth the opportunity to jump-start their professional life. More than 150 young graduates have built their careers and have even undertaken high-ranking positions in Coca-Cola TriA Epsilon, as well as other country-members of the Coca-Cola HBC Group.

REGENERATION TRAINEE PROGRAMME

We support the innovative “ReGeneration” Trainee Programme led by the Global Shapers Athens hub that offers young talented graduates holistic skills for a wide range of specializations aiming to create a new generation of leaders. ReGeneration trainees receive up to 80 hours of training and development and offer 25 hours of volunteer services to various NGOs. Coca-Cola, in partnership with the NGO The Hellenic Initiative support the programme as co-founders, offering know-how, networking opportunities and financial support up to €500,000. To date:

- 160 young graduates completed the programme at 49 companies spanning across 15 different sectors
- More than 130 stakeholders (companies and individuals) have generously offered €1 million-worth of services for the implementation of the initiative
- 13,000 hours in training have been offered to the young graduates participating in the programme (80 hours per participant)
- 6,500 hours of volunteer work have been offered to NGOs by programme participants.

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*Includes corporate social investments from The Coca-Cola Company in Greece, Coca-Cola TriA Epsilon and The Coca-Cola Foundation.
FOR THE ENVIRONMENT

MISSION WATER PROGRAMME

Acknowledging the irreplaceable value of water we have committed that by 2020 we will safely return to communities and nature an amount of water equal to what we use in our finished beverages and their production. In this context, we have developed in Greece the “Mission Water” programme since 2006, aiming to:

1. MITIGATE WATER SHORTAGES VIA RAINWATER HARVESTING,
   in collaboration with the international organization Global Water Partnership-Mediterranean, municipalities and other local authorities, as well as the Mediterranean Office for Environment, Culture and Sustainable Development (MIO-ECSDE). Our activities include:
   • the installation of 56 rainwater harvesting systems on 29 Greek islands of the Cyclades and the Dodecanese
   • harvesting and re-using annually 204,605,000 lt of water (equal to 0.02% of Greek household public water supply)
   • improving the quality of life for more than 49,000 islanders.

2. PROTECT AND RECOVER THE COUNTRY’S WETLANDS AND COASTAL ECOSYSTEMS.
   • In collaboration with WWF Hellas, a volunteer network was created for the protection of 120 Greek wetlands in the islands of Crete, Paros and Lesvos.
   • More than 30,000 local residents have been informed about the importance of these ecosystems.

FOR HEALTH AND WELL-BEING

We believe that active healthy lifestyles lead to happy lives. That is why we have committed to provide information about the benefits of being active as well as to offer a wide range of product choices, in order to help our consumers make choices suitable for themselves and their families. Within the context of our global commitments:
• We offer low- or no-calorie beverages in every market as well as a variety of different package sizes, such as the 150 ml mini-can.
• We provide transparent nutrition information, featuring calories on the front of all of our packages.
• We help get people moving by supporting physical activity programs in every country where we do business. In Greece, since 2010, we have reached out to more than 200,000 people through our active lifestyle programs.
• For more than 50 years we have been adhering to strict responsible marketing policies, which include no advertising directly to children under 12 anywhere in the world. When it comes to choosing what products children consume, we believe that parents and caregivers should be the decision makers.

EDUCATIONAL PROGRAMME “MODERATION, VARIETY | MOVEMENT, WELL-BEING”

The following programme is only one example of multiple initiatives we implement to promote the importance of balanced nutrition and active healthy lifestyles.
Under the auspices of the Ministry of Health and with the approval of the Ministry of Education, the school programme MODERATION, VARIETY | MOVEMENT, WELL-BEING has been implemented for the past 7 years by The Coca-Cola Company in Greece and The Coca-Cola Foundation, promoting, through scientifically documented materials, the importance of balanced nutrition and physical activity. More than 100,000 students ages 5-12 have participated in the program, which now offers an online platform for teachers, parents and students aiming to increase access to the programme by more people.

The educational materials for the students do not include any logos of the Company, in adherence to official school regulations in Greece but also, within the context of the Company’s self-regulation for responsible marketing to children under the age of 12, respectful of the right of parents and caregivers to choose the products consumed by their children.

FOR LOCAL NEEDS

We support the work of Non-Governmental Organisations, we aid local charitable activities and initiatives, we donate our products to social-welfare grocery shops and food banks, while also offering emergency relief to areas plagued by natural disasters.
7. OUR VALUE CHAIN AT A GLANCE

Every time a consumer selects our products, our value chain supports revenue for the Greek state and income to Greek households and businesses, while supporting thousands of jobs.

The value generated for the country is co-created by all collaborating businesses along this chain.

1. Greek farmers providing their products
   - 150 jobs
   - €3.1 million added value

2. Greek manufacturers supplying packaging materials
   - 700 jobs
   - €48.3 million added value

3. Greek businesses providing their services
   - 250 jobs
   - €28.4 million added value

4. Our operation
   - 1,844 direct jobs
   - €118 million direct added value

5. Transport & Logistics suppliers
   - 500 jobs
   - €13.7 million added value

6. Trade partners in the market
   - 12,400 jobs
   - €241 million added value

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FOR THE SOFT DRINKS SECTOR

Our contribution to the employment and turnover in the soft drink sector in Greece:
- 41.5% of employment.
- 54.6% of turnover.

**FOR EMPLOYMENT**

- Every job supports another 11 jobs across the Greek economy.

**FOR THE NATIONAL ECONOMY**

- Total value added: €924 million, equal to 0.5% of the country’s GDP.
- €207 million in household income.
- €309 million in profits for businesses.
- €408 in tax revenue for the State.

For every €1 of our value added, another €7 are generated in the Greek economy.
8. APPENDIX

ABOUT THE AUTHORS OF THE STUDY

Steward Redqueen is a strategy consultancy firm with offices in Amsterdam, Barcelona and New York. Since 2006 it has completed more than 100 studies of socio-economic footprint for multinational mining companies, development finance institutions, food & beverage firms, banks and recreational organisations, as well as the public sector in Asia, Africa, South America and Europe.

Ethan B. Kapstein is a Visiting Professor at the Woodrow Wilson School, Princeton University and Senior Advisor for Economics at the U.S. Institute of Peace, while also serving as Senior Director for Research at the McCain Institute for International Leadership. He is an Associate Partner with Steward Redqueen where he specializes in economic impact studies for a range of public and private sector clients. He is the author or editor of ten books and scores of academic and policy articles, and his most recent book, “AIDS Drugs for All: Social Movements and Market Transformations” won a 2014 “best book” award from the American Political Science Association. Ethan Kapstein is a former banker and retired naval officer and is a member of the Council on Foreign Relations.

Teodora Nenova, MSc and Sabine Dankbaar, MA are consultants at Steward Redqueen and worked on socio-economic impact studies for several multinational companies and organizations.

For more information, please visit the webpage: www.stewardredqueen.com

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FOR MORE INFORMATION

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