



THE COCA-COLA
SYSTEM'S
**SOCIO-ECONOMIC
IMPACT
IN ROMANIA**





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THE COCA-COLA SYSTEM'S SOCIO-ECONOMIC IMPACT IN ROMANIA

We produce beverages that go to millions of consumers in Romania and in the region every day. We are the leader of the local beverages market and the biggest exporter in the local industry, but we say it less formally: we love what we do, which makes us set the highest standards. Nonetheless, the products that people appreciate are just the most visible part of our activity. Our local production, distribution and marketing have been contributing to the

national economy for more than 27 years: we generate added value and income for the state budget, and we support an impressive number of jobs; we care about what we leave After Us and we made a name out of that. We are part of Romania's story and part of the community. Together with our partners, our employees and our consumers we write the next pages of this story: with bold plans and taking care of what we leave After Us.



1:18
Each job at **Coca-Cola** supports **18 additional jobs** across the economy.

3

bottling plants

in Timișoara, Ploiești and Poiana Negrii

1,500
employees

30

warehouses,

out of which 6 own warehouses and 24 rented warehouses

15

production lines

Diverse portfolio,

produced locally for the Romanian market and for markets in the region



WHO WE ARE. COCA-COLA IN ROMANIA

More than 27 years ago, when we began our activity in Romania, a bottle of Coca-Cola on Romanians' tables meant the beginning of a long-awaited change. We joined the effort needed for such a change and we chose a business model built in Romania, which would bring Romanians both the products they liked and trust in their own future.

In Romania, the Coca-Cola System consists of Coca-Cola Romania, a subsidiary of The Coca-Cola Company, and Coca-Cola HBC Romania, a subsidiary of Coca-Cola HBC.

Coca-Cola Romania

Coca-Cola Romania is the company responsible for strategic marketing, brand management, packaging strategy, consumer promotion, advertising, public relations and market research.

Coca-Cola HBC Romania

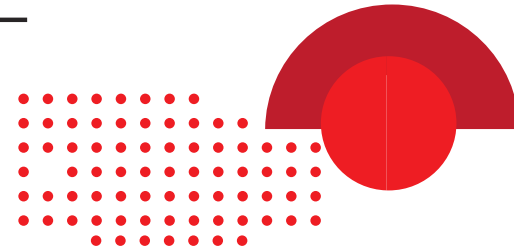
Coca-Cola HBC Romania is the leader of the local beverage industry and the second largest company in the FMCG sector. The company is the biggest exporter in the beverages

industry and the most desired employer in the FMCG industry, as well as the most sustainable company in Romania.

Coca-Cola HBC Romania purchases concentrates, the bases for beverages and syrups for the beverages' production, under the bottling contract concluded with The Coca-Cola Company. Also, it ensures the bottling, distribution, sale and marketing operations for Coca-Cola products.

Present in Romania since 1991, Coca-Cola HBC Romania is part of Coca-Cola HBC, one of the largest bottlers worldwide for Coca-Cola products.

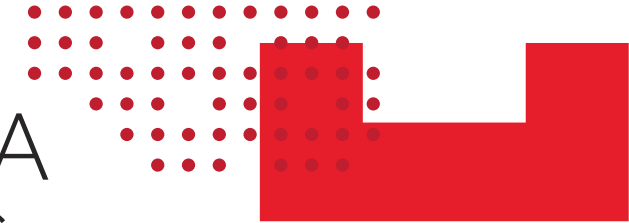
A DIVERSE PORTOFOLIO OF INNOVATIVE BRANDS



We produce and supply in Romania beverages for different tastes and lifestyles as diverse as are Romanians. We want to offer variety and balance through a diverse portfolio, which allows our consumers to enjoy the beverages that match best their preferences and lifestyles, for each moment throughout the day.



COCA-COLA BEVERAGES IN ROMANIA



In 2018, Romanians purchased more than 1 billion liters of soft drinks in Coca-Cola's portfolio and more than 1.4 million kilograms of coffee. A consistent amount of the money spent on these products goes back into the local economy.

1,086 million liters of soft drinks in Coca-Cola portfolio sold

1.4 million kilograms of coffee sold



€903 million spent by Romanians

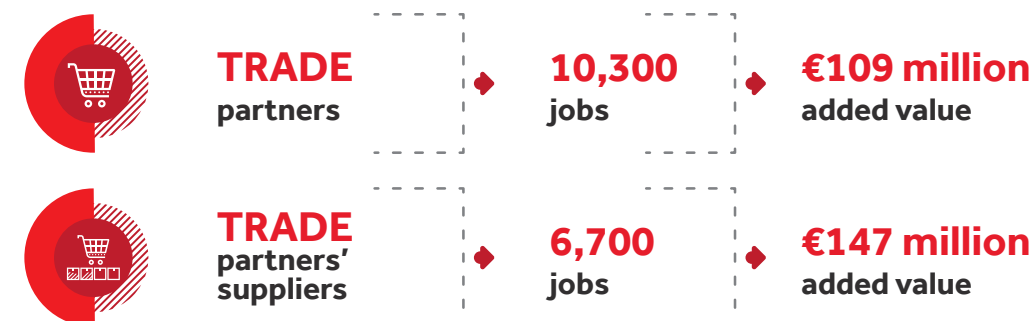
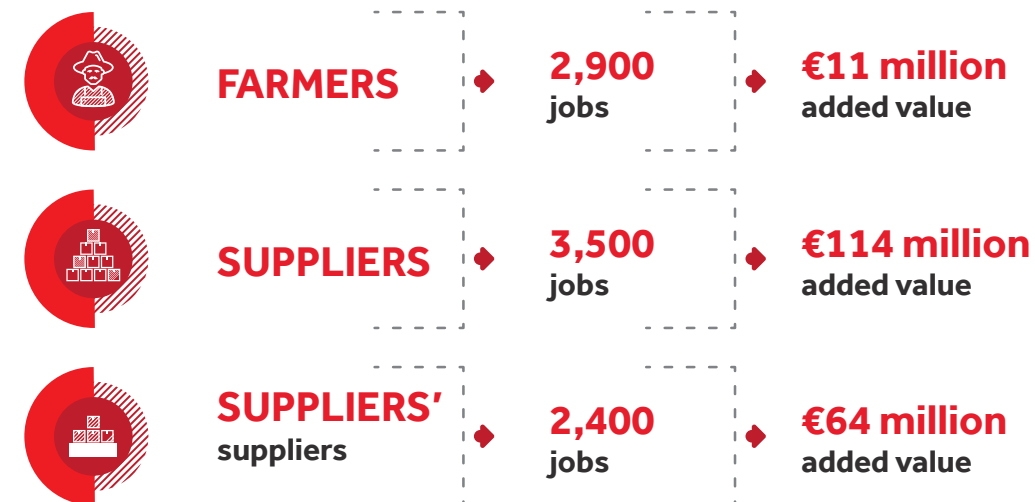
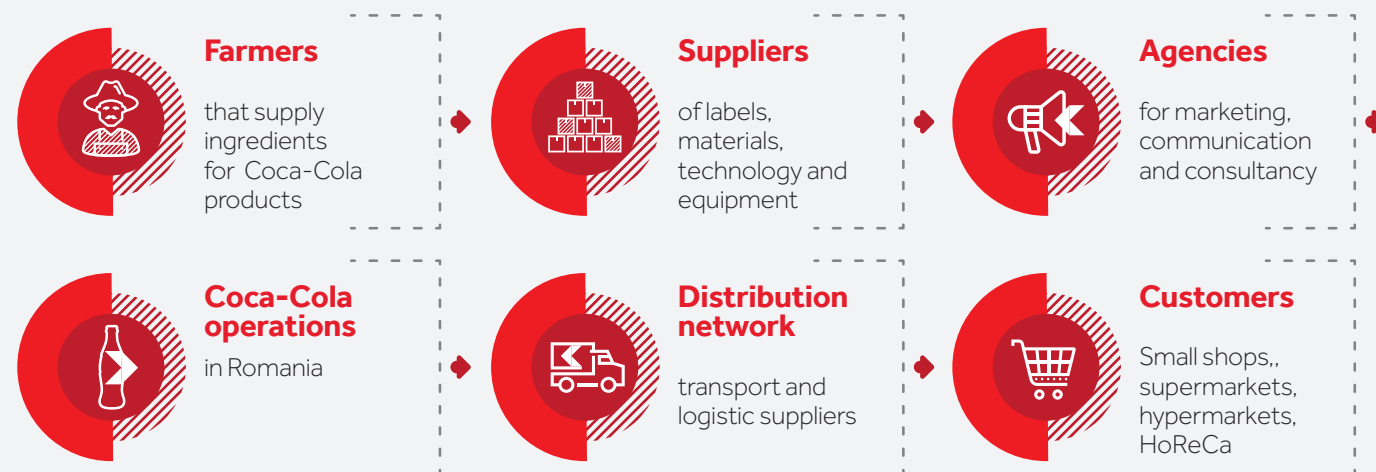
66 cents out of every euro spent by Romanians on Coca-Cola beverages stay in the local economy

TOGETHER WITH OUR PARTNERS, OUR EMPLOYEES AND OUR CONSUMERS

Ever since our entry on the Romanian market, we have been building a business model supported by our cooperation with local suppliers. The value chain we created over the past 27 years includes raw materials producers, production units, distributors that transport our beverages and the final points of sale.

Beyond what is visible on stores' shelves, there is an impressive mechanism that involves many local actors, each of them having an essential role. Through our activity, we put in motion a value chain that stimulates the national economy and supports communities across Romania.

THE VALUE CHAIN OF THE COCA-COLA SYSTEM



Data regarding suppliers and partners are reported based on the proportion of their activities generated by their cooperation with The Coca-Cola System.



MORE THAN BEVERAGES. OUR IMPACT IN ROMANIA



Our beverages are enjoyed by millions of Romanians every day, but our consumers are not the only beneficiaries of the products in the Coca-Cola portfolio. Every beverage sold adds value to the national economy, through income distribution to stores that sell Coca-Cola products, the distributors that transport our beverages from the plants to retail points and The Coca-Cola System.

Coca-Cola's value chain pays taxes in Romania, creates employment and pays salaries, invests in communities and generates added value in the local economy. Coca-Cola's impact in Romania means incomes for households, for the companies we work with and or the state, through the paid taxes. More than that, The Coca-Cola System creates jobs and generates tens of thousands of other jobs throughout all the organizations it works with.

WE SUPPORT THE ROMANIAN ECONOMY

We are a global business, but our local operations have a positive impact here, in Romania. Our activity, as well as The Coca-Cola System's entire value chain's activity have generated an added value (direct and indirect) for the Romanian economy of €594 million in 2018, which represents 0.29% of Romania's Gross Domestic Product.

€ 594 mil.

total added value across the entire value chain

0.29%

of Romania's GDP

66%

of the generated added value stays in Romania



The Coca-Cola System in Romania works with more than 1,200 suppliers, out of which 86% of them are local suppliers. Our operations contribute to the strengthening of the national economy, by supporting the local industry, the services sector or the retail network.

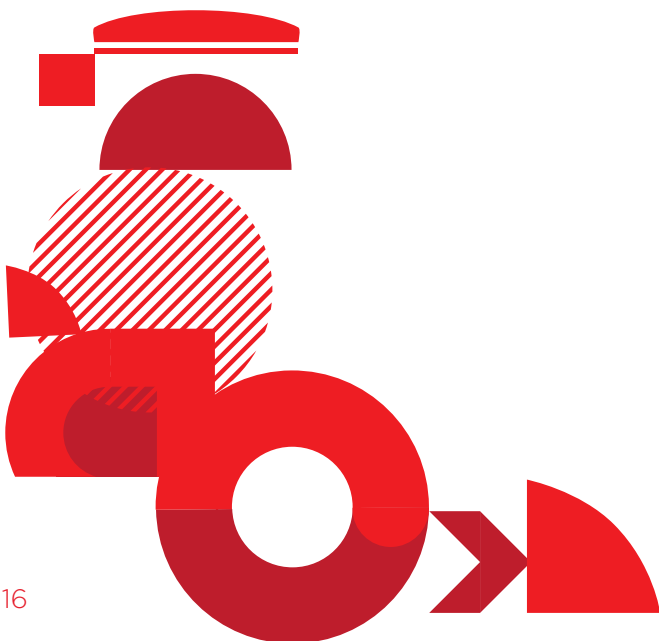
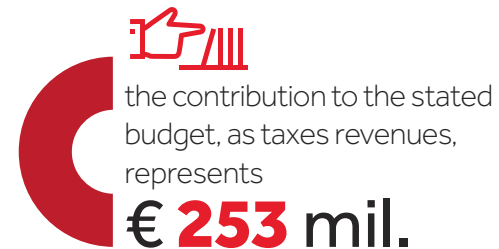
WE GROW TOGETHER WITH OUR PARTNERS



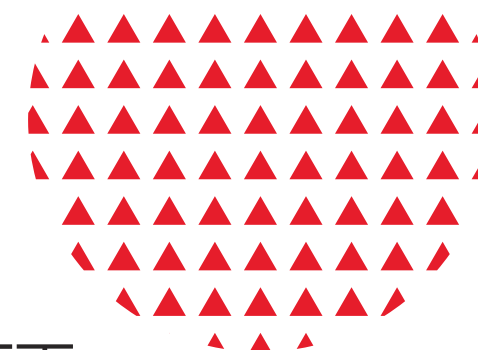
TOTAL ADDED VALUE BY THE ENTIRE VALUE CHAIN OF THE COCA-COLA SYSTEM IN ROMANIA:

€ 594 mil.

The added value generated by the Coca-Cola System and its value chain in Romania includes salaries, our partners' profits and the contribution to the state budget, as tax revenues:



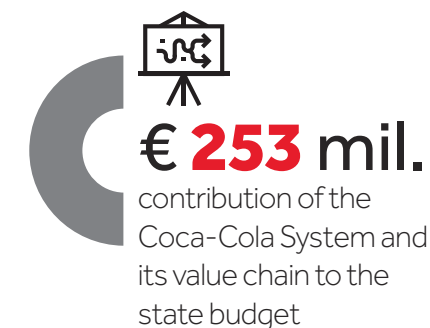
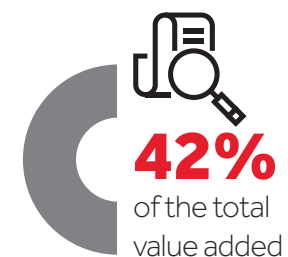
REVENUES FOR THE STATE BUDGET



Through our activity, we contribute with consistent amounts to the state budget, both directly and indirectly, **through our entire value chain.**

The Coca-Cola System and its value chain paid taxes of €253 million in 2018, which represents **0.82% of total tax receipts in Romania.**

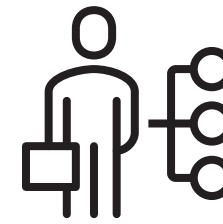
Taxes paid by The Coca-Cola System's entire value chain in Romania are **the largest single component of the total value added in 2018.**



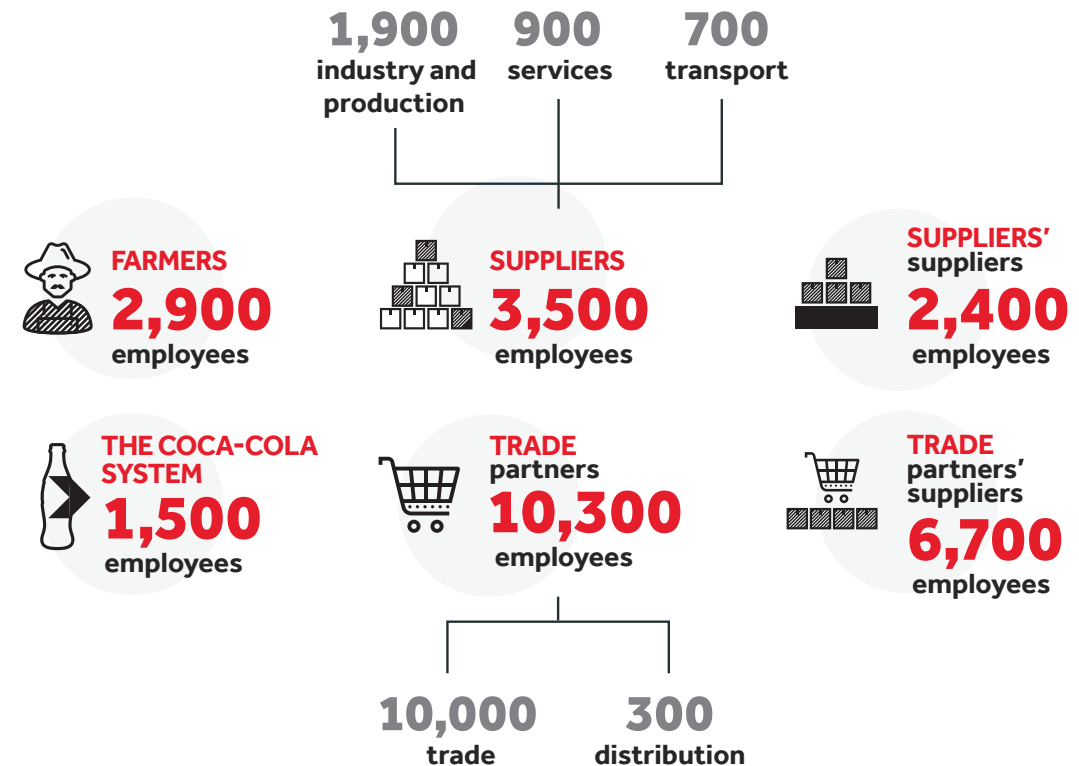
EMPLOYMENT FOR ROMANIANS

Our activity in Romania means stability and trust in the future for thousands of Romanians, who either work directly in the Coca-Cola System or indirectly, for our partners.

The Coca-Cola System employs directly around 1,500 persons, while its entire value chain employs 25,800 persons. Overall, The Coca-Cola System employs directly and indirectly 27,300 persons, representing 0.32% of total employment in Romania.



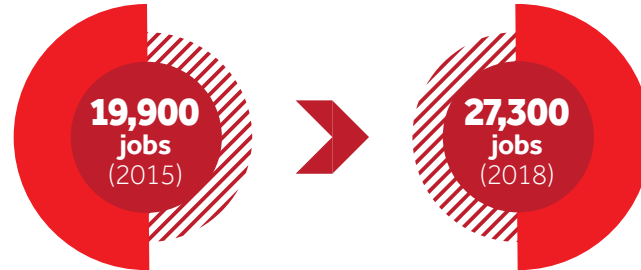
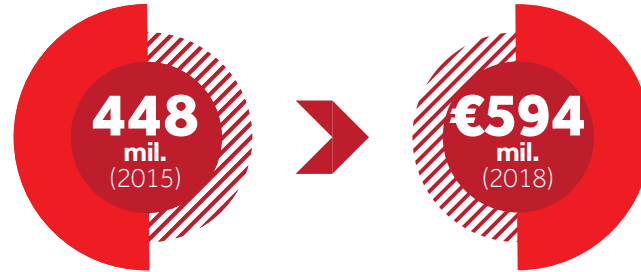
Every job in The Coca-Cola System supports 18 other jobs in Romania.



GROWING TOGETHER SINCE 1991

For us, being part of the community means sharing its values, its aspirations and building alongside the people in the community itself. Year after year, we have been strengthening our presence in Romania and our commitment for the community, continuing to invest and expanding the portfolio provided to Romanians.

In 2018, we managed to increase by a third the added value to the local economy and by more than a third the impact we have on employment in Romania, compared to 2015. Furthermore, we have strengthened our local presence by investments in our plants, and we increased our local production by 24%.





WE GROW SUSTAINABLY, TAKING CARE OF WHAT WE LEAVE AFTER US

We take pride in the performance we have, but we think about the future and about what we leave for generations that come After Us. We place consumers at the core of our activities, and we innovate constantly to respond to their more and more diverse and constantly-changing needs.

In Romania, The Coca-Cola System is a leader in sustainability, being acknowledged as such by specialists. Since 2016, Coca-Cola HBC Romania has been named the most sustainable company in Romania, according to Romania CSR Index, being reconfirmed in 2017, 2018 and 2019.

A TOTAL BEVERAGE COMPANY

WE ALWAYS GUIDE OURSELVES ACCORDING TO OUR CONSUMERS' NEEDS.

With every brand we launch, we offer variety, innovation and balance for consumption options, in order for them to enjoy their favorite beverages every moment of the day, according to their preferences and their lifestyles.



MORE OPTIONS FOR OUR CONSUMERS

In 2018, we strengthened this commitment by launching new beverages and product categories.

Brands launched in 2018:



By innovating our beverages and our product categories and by rethinking our existing products' recipes, we have honored our commitment to offer consumers products adjusted to all lifestyles.

In 2018, **we reduced by 4.4% the average caloric content** for our beverages, relative to our entire products portfolio.

BEVERAGES WITH LOW OR NO CALORIES



34% OF OUR ENTIRE VOLUMES

90% OF THE ADVERTISING FOR COCA-COLA



INCLUDES COCA-COLA ZERO SUGAR

42% OF THE MARKETING BUDGET



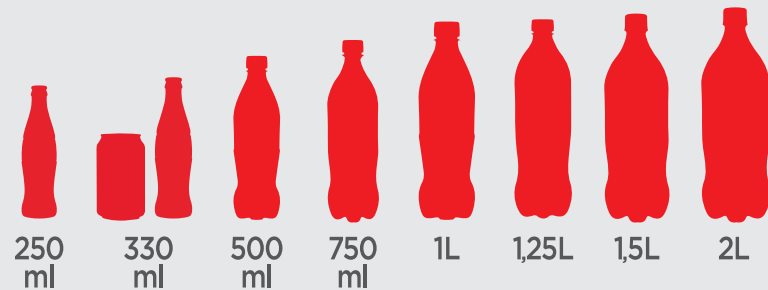
SPENT ON SUPPORTING COCA-COLA ZERO SUGAR, SPRITE, FUZETEA, ADEZ, DORNA AND POIANA NEGRI

80% OF COCA-COLA SAMPLING ACTIVITIES



HELD USING COCA-COLA ZERO SUGAR

A DIVERSE RANGE OF PACKAGING



SUSTAINABILITY, PART OF OUR DNA

We want to have a positive impact on all those involved in our activities and on the entire community we are part of.

Out of the more than 1,200 suppliers we work with, 86% of them are local suppliers. We spend more than 82% of our annual budget with local suppliers.

TRANSPARENT COMMUNICATION of all information regarding **INGREDIENTS AND CALORIC INTAKE**

COLOR CODED LABELLING

250 ml	
Uč. energija	450 kJ / 105 kcal
Grasimi	0 g
Ac. grasi / saturati	0 g
Zaharuriti	27 g
Sare	0 g
100 ml: 180 kJ / 42 kcal	



250 ml	
Uč. energija	2,3 kJ / 1 kcal
Grasimi	0 g
Ac. grasi / saturati	0 g
Zaharuriti	0 g
Sare	0,05 g
100 ml: 0,9 kJ / 0,2 kcal	

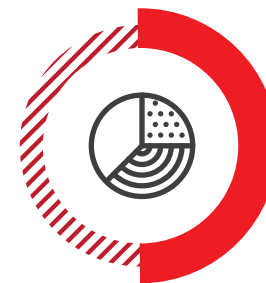


NO ADVERTISING TO CHILDREN AGED 12 OR LESS

1,284 SUPPLIERS



86% LOCAL SUPPLIERS



82% OF ANNUAL BUDGET DIRECTED TO LOCAL SUPPLIERS

We take care of the environment and we make efforts to use natural resources as efficiently and responsibly as possible. We reduce constantly the impact of our operations on the environment, through investments in our production and distribution processes.



WATER

1.60 vs **1.655**
(2018) vs (2017)
liters per liter of
produced beverage

-3.3% less water used per liter of
produced beverage
+13.85% increase of the reused
and recycled water volume



ENERGY

-4.8% reduction of the energy intensity per liter of
produced beverage

93.5% proportion of green energy used by The Coca-Cola
System



CO₂ EMISSIONS

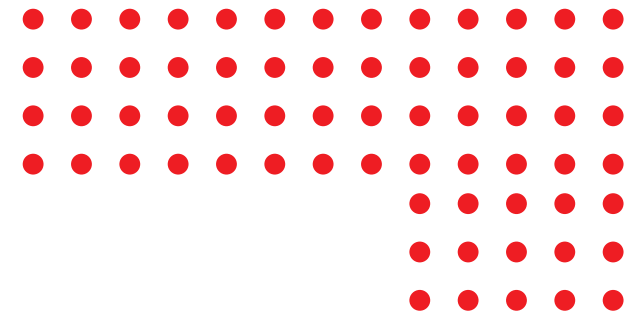
-16.55% reduction of greenhouse
emissions per liter of produced beverage

PACKAGING WASTE COLLECTION



Packaging is part of consumers' everyday lives. However, we need collective efforts to reduce packaging waste levels. We have joined these efforts, and The Coca-Cola Company's global strategy, *"World Without Waste"*, aims to support the collection and recycling of the equivalent of 100% of the packaging we place on the market by 2030.

Our commitment to reduce our impact on the environment and our policies based on the 3Rs are also reflected on our efforts to recover and reuse the waste generated in our plants. Thus, we recycled more than 94% of the waste in our plants in 2018.



PARTNER FOR COMMUNITIES

We are part of the local community and we believe it has an amazing potential, that we want to support. Every day, we invest in projects that contribute to the development of communities. Every year, we invest more than €1 million in projects that contribute to communities' development.

WE INVEST IN COMMUNITY FOR:

-  **1** The protection of natural water resources, environment protection and packaging waste management
-  **2** Support for youngsters and women through development programs
-  **3** Communities' development and well-being

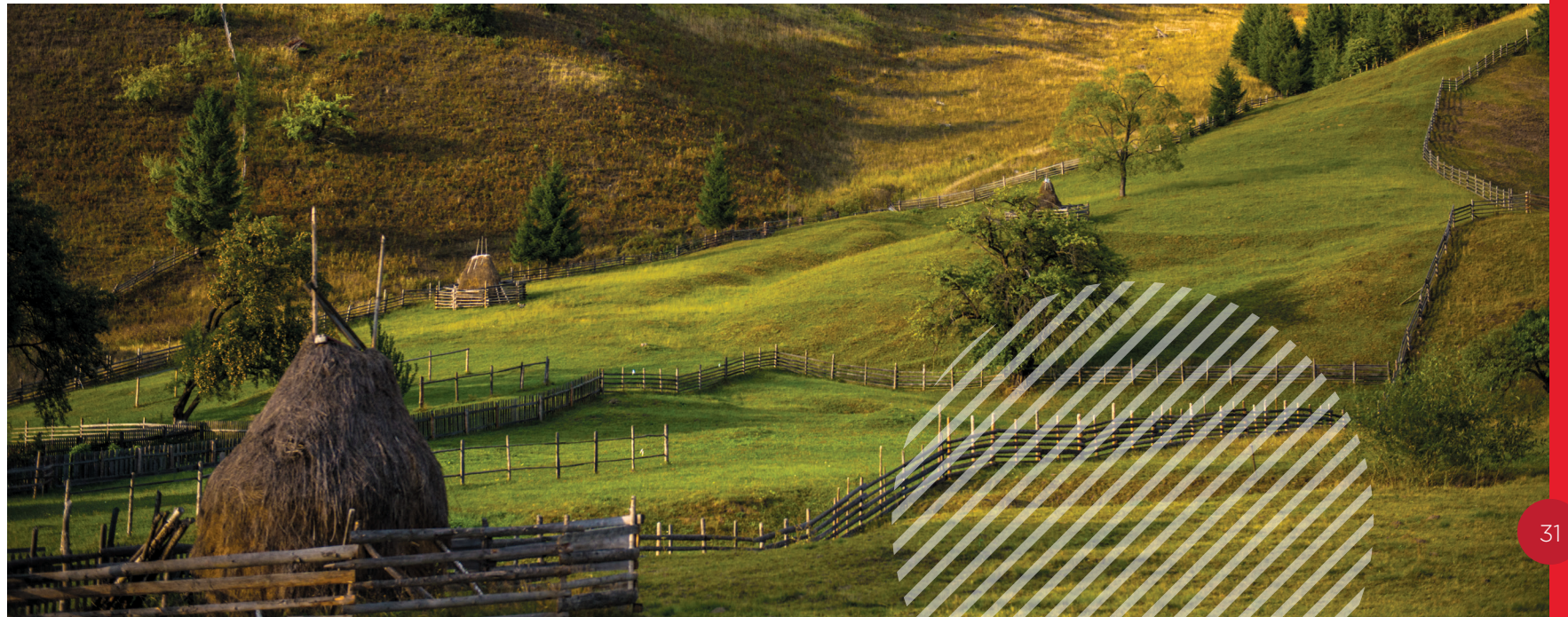


After Us } It's on us
Us .RO } to collect

An initiative  | 

After Us is The Coca-Cola System's sustainability platform in Romania and it gathers Coca-Cola HBC Romania and Coca-Cola Romania's initiatives. *After Us* reflects the two companies' commitment to leave behind a better world for future generations, taking care of the environment, using resources responsibly and supporting local communities where we are present.

In 2018, we launched the educational program "*After Us, It's on Us to Collect*", as part of the *After Us* platform, through which we encourage separate waste collection. In the first year, "*After Us, It's on Us to Collect*" reached more than 615,000 Romanians, mostly youngsters, through its presence at music festivals, corporate and cultural events.



OUR SECRET INGREDIENT: PEOPLE

The Coca-Cola System in Romania grows due to our people. Coca-Cola's employees enjoy a friendly, inclusive, diverse and balanced work environment, with respect for human rights and personal and professional development opportunities.

Our employees' performance is reflected in our companies' success, which is why we make sure that they have access to training and development programs, based on the requirements to complete individual tasks, but also on personal needs.

Our culture supports the development of local leaders, who have grown constantly within the organization and who have become important members of our team, taking further Coca-Cola's values and culture.



MOST DESIRED EMPLOYER

IN FMCG (2016, 2017, 2018, 2019) |
COCA-COLA HBC ROMANIA

50% SHARE OF WOMEN

IN SENIOR MANAGEMENT ACROSS THE
COCA-COLA SYSTEM

48 TRAINING HOURS

PER EMPLOYEE – 66% MORE
THAN IN 2017 |
COCA-COLA HBC ROMANIA

We invest in future generations, being convinced that the added value we generate in Romania needs to be completed by young people skilled for the future's challenges.



6,350 YOUNG PEOPLE
INVOLVED IN PERSONAL
AND PROFESSIONAL
DEVELOPMENT PROGRAMS



2,631 youngsters in the
YOUth Empowered program



1,602 youngsters in the
Future Makers



EDUCATIONAL PROJECTS FOR YOUNG PEOPLE

The YOUth Empowered program, launched by the Coca-Cola HBC Group, aims to offer young peoples in the NEETs category (not employed, in education or training) access to resources for personal and professional development, through live training sessions and through the e-learning platform, DigiHub. In 2018, the program reach more than 2,600 youngsters in Romania.



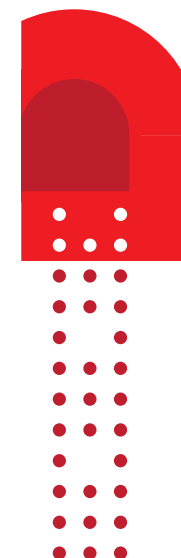
PROGRAMS FOR YOUNG ENTREPRENEURS

In 2018, the Future Makers program, financed by The Coca-Cola Foundation, involved more than 1,600 Romanian youngsters in entrepreneurship workshops, and 128 teams consisting of young people submitted their ideas for the competition. Out of them, 50 teams – chosen by a jury – entered the incubation stage, where, for 3 months, received support to transform their ideas into business plans. 7 teams entered the final phase of the competition and got awarded.



CARE FOR NEWBORNS

Since 2013, Dorna and Save the Children Romania support the fight of premature newborns. In 2013-2018, Dorna donated €700,000 to Save the Children Romania in order to equip more than 60 maternities with medical equipment necessary for premature newborns' care.



ABOUT THE SUSTAINABILITY REPORT

The first integrated sustainability report of The Coca-Cola System in Romania was developed according to the Global Reporting Initiative Standards (GRI), the Core conformity option. The report also follows the requirements set out by Directive 95/2014, transposed in national legislation through OMFP 1938/2016 and OMFP 3456/2018.

Part of Romania's future presents the activity carried out by Coca-Cola HBC Romania and Coca-Cola Romania in 2018 (01.01.2018-31.08.2018), following the non-financial indicators that are specific to our activity.

The 2018 Sustainability Report is based on the results of the materiality process carried out by Coca-Cola HBC Romania between 2017-2018. Furthermore, in order to establish the report's content and structure, we took into consideration relevant topics for Coca-Cola HBC and The Coca-Cola Company groups.

The report is structured on five chapters and it includes information on our employees and suppliers, local communities, projects that we implement together with our partners within the communities and the measures we enforce in order to protect the environment. Moreover, the report describes the strategy, the policies and the procedures that we have in order to manage our economic, social and environmental impact. The information presented in the report are applicable to Coca-Cola HBC Romania and Coca-Cola Romania, while also presenting global results and commitments made by Coca-Cola HBC and The Coca-Cola Company, for a better understanding of the overall context.

The report's preparation was carried out with the support and scientific guidance from The CSR Agency.



ABOUT THE SOCIO-ECONOMIC IMPACT 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 organizations, 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.

The underlying analysis presented here is based on an "input-output" methodology which was developed by the Nobel Prize winning economist Wassily Leontief and is commonly used by economists worldwide for this type of analysis.



 **Coca-Cola HBC**
Romania



Coca-Cola Romania