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**WE CREATE SOCIO-ECONOMIC  
VALUE FOR THE SOCIETIES IN WHICH  
WE OPERATE BY CREATING JOBS,  
TRAINING WORKERS, BUILDING  
PHYSICAL INFRASTRUCTURE,  
PROCURING RAW MATERIALS,  
TRANSFERRING TECHNOLOGY,  
PAYING TAXES, EXPANDING ACCESS  
TO PRODUCTS AND SERVICES, AND  
CREATING GROWTH OPPORTUNITIES  
FOR OUR CUSTOMERS,  
DISTRIBUTORS, RETAILERS AND  
SUPPLIERS**

”

CCH Integrated Annual Report 2021,  
Our Impact

TAX TRANSPARENCY REPORT



## SCOPE OF TAX TRANSPARENCY REPORT

This document contains Coca-Cola HBC's (CCH or Group) non-financial tax disclosures and provides clarity and transparency to our stakeholders with regard to our approach to tax treatment and payment. Further analysis about CCH's financial tax disclosures can be found in our 2021 Integrated Annual Report<sup>1</sup>.

## WHO WE ARE

CCH is a growth-focused Consumer Packaged Goods (CPG) business and strategic bottling partner of The Coca-Cola Company. Together, we and our customers serve more than 600 million consumers across a broad geographic footprint of 28 countries on 3 continents. Our portfolio is one of the strongest, broadest and most flexible in the beverage industry, offering consumer-leading partner brands in the sparkling, juice, water, sport, energy, plant-based, ready-to-drink tea, coffee, adult sparkling and premium spirits categories.

During 2021, many countries in which the Group operates were impacted by the COVID-19 pandemic, with measures implemented by governments to contain the spread of the virus, including closure of non-essential services, travel bans, quarantines and social distancing, disrupting business activities and resulting in a significant economic slowdown.

Despite the challenging conditions in most of our markets, in August 2021 the Group announced the acquisition of approximately 94.7% of Coca-Cola Bottling Company of Egypt S.A.E. (CCBCE), a leading producer of non-alcoholic ready-to-drink beverages in Egypt. The transaction was completed in January 2022. This is a strategically significant transaction for the Group which is expanding its emerging markets footprint and increasing its exposure to high-growth geographies.

Our commitment to creating value for all our stakeholders by supporting the socio-economic development of the communities in which we operate remains strong. Our contribution is both direct, by creating economic wealth and indirect through our effect in the supply chain and by paying our fair share of taxes. In 2021, CCH entities employed 27,212 full time employees across all our jurisdictions and - along with our trading partners and suppliers - have created €11.5bn in added value via our value chain<sup>2</sup>.

As regards our approach to tax, this is simple: we believe paying taxes is a key pillar in our social commitment to be a value-adding partner for every community in which we operate. **We pay all taxes transparently where they arise. We do not utilize tax havens or offshore frameworks as means to avoid tax.**

<sup>1</sup>2021 Integrated Annual report, <https://www.coca-colahellenic.com/en/investor-relations/results-reports-presentations>

<sup>2</sup> (i) Number of employees per market segment can be found in pg. 79 of 2021 Integrated Annual Report  
(ii) Numbers presented are aggregated based on the local socio-economic studies from Coca-Cola HBC markets published between 2018 and 2021 and represent annual impact. We do not conduct socio-economic studies for all our markets every year; studies are conducted for each market on a rolling basis – see also 2021 Integrated Annual Report, pg.9 & 247

## ABBREVIATIONS

Country-by-Country Reporting
Coca-Cola Hellenic Bottling Company
Chief Financial Officer
Consumer Packaged Goods
Fifth amendment of the Directive on Administrative Cooperation in the field of taxation
Dow Jones Sustainability Index
European Business Tax Forum
European Free Trade Association
European Union
Euro
General Manager
Global Reporting Initiative
Coca-Cola Hellenic Bottling Company
Multinational Enterprise
Non-Governmental Organisation
Organisation for Economic Co-operation and Development
UN Sustainable Development Goals
Standard and Poor's
United Nations
Value-added tax

**CbCR**

**CCH**

**CFO**

**CPG**

**DAC6**

**DJSI**

**EBTF**

**EFTA**

**EU**

**EUR**

**GM**

**GRI**

**Group**

**MNE**  
ORIGINAL TASTE

**NGO**

**OECD**

**SDGs**

**S&P**

**UN**

**VAT**





*Dear Stakeholder,*

*I am pleased to introduce CCH's second tax transparency report. It presents our social commitment to be a value-adding partner for every community and jurisdiction in which we operate. This philosophy is at the core of our growth strategy and our tax payments are a key element in our ability to deliver that commitment.*



## **INTRODUCTION BY CCHBC CHIEF FINANCIAL OFFICER**

When considering tax, CCH places utmost importance in earning community trust. More specifically, we commit to continue paying taxes in the countries where value is created and ensure that we are fully compliant with the spirit as well as the letter of tax laws and regulations across all jurisdictions we operate in. In addition, we commit to being open and transparent with tax authorities about the Group's tax affairs and to disclose relevant information to enable tax authorities to carry out their reviews. We support the communities in the countries where we operate directly, by creating economic wealth, and also indirectly, by paying taxes.

Nowadays we see a rapid change in how companies perceive conducting their business. More specifically, the increase of shareholder returns used to be the dominant decision-making factor, whereas the effect of a business on the environment and society was not always considered an equally important factor. Today and even more in the foreseeable future, companies need to balance the interests of their broader stakeholder base. In order to meet the sustainability requirements stakeholders may have, companies may need to prioritize the Environmental, Social and Governance (ESG) aspects of running a business. Various stakeholder groups (e.g., investors, governments, civil society, employees, NGOs and corporate rating agencies) consider tax as an important part of ESG. Having a sustainable approach to tax and being transparent about the company's tax position are considered key for determining whether a company's tax position is in line with ESG standards.

Considering these developments, we recently see a number of voluntary initiatives emerging as the leading forces of change in sustainability reporting. Initially, the focus of tax transparency reporting standards and frameworks was on the financial and extractive sectors.

However, the adoption of wider voluntary sustainability reporting standards such as the Global Reporting Initiative (GRI) is growing across many sectors. In some jurisdictions the legislative and regulatory environment is also changing, meaning governmental initiatives now also requiring more public tax transparency from companies.

In addition, the EU Parliament finally voted on and adopted the amendments in the EU Accounting Directive that will require multinational enterprises headquartered in EU or not, with operations in EU Member States to disclose certain financial and tax related information publicly (Directive on public Country-by-Country reporting which came in force on 21 December 2021).

We in CCH are closely monitoring all relevant developments so as to adhere to the upcoming changes in the tax reporting area. In this respect, we believe that our tax transparency report responds to the increasing demands for a more transparent tax environment from different corners of the economic ecosystem. Nevertheless, we believe there is more we can do to increase our transparency and ensure we always act as responsible taxpayers. For this reason, we work in partnership with our tax advisors, statutory auditors, and tax authorities to ensure that the right amount of taxes is being paid in the right place at the right time and we endorse best practice initiatives that aim to deliver a fairer and more transparent tax environment – this report being a clear example.

The taxes we disclose include corporate income tax calculated on each country's taxable profit, payroll taxes and social security contributions, irrecoverable VAT, environmental taxes, product taxes and other categories of taxes including also taxes realized in specific jurisdictions based on local regulations applying. In 2021 we administered a total of EUR 1.509 billion in taxes across all our jurisdictions. Out of that amount, EUR 684 million reflect taxes borne by CCH operations (see also below '2021 CCH Tax Payments highlights' section).

Despite our continuous effort to enhance and further develop our non-financial tax disclosures, we recognize that there will be areas where our disclosures can be further improved. Therefore, we welcome constructive feedback from our stakeholders and are happy to address any questions that you may have.

Sincerely



**Ben Almanzar**  
Chief Financial Officer

## A. TAX STRATEGY AND GOVERNANCE FRAMEWORK

### (a) Tax Policy and Commitments

Our commitment to be a value-adding partner for every community and jurisdiction in which we operate is at the core of our growth strategy and our tax payments are a key element in our ability to deliver that commitment.

**“ In CCHBC we commit to comply with the spirit as well as the letter of all applicable laws, rules, and regulations in meeting the group’s tax compliance and reporting responsibilities in all jurisdictions where the business operates ”**

CCH’s overall approach to tax is outlined and interpreted in our Tax Policy. The Tax Policy defines our strategic goals and objectives and specifies the governance role played by the CCH Group tax team in their delivery. It also sets out the principles that define how we deliver these goals and objectives and defines tax accountabilities, responsibilities, and delegations of authority.

Our tax policy is based around a series of core commitments to:

- observe all applicable laws, rules and regulations in meeting our tax compliance and reporting responsibilities and comply with the spirit as well as the letter of all applicable laws, rules, and regulations everywhere we operate,
- comply with the OECD transfer pricing guidelines and ensure that the arm’s length principle is always observed in transactions between Group companies,
- ensure that tax strategy is aligned with business and commercial strategy and tax planning opportunities are evaluated within clear risk parameters,
- pay taxes on our activities in the country where the value is created,
- avoid any tax structure or tax planning initiative that would potentially exploit gaps in the architecture of the international tax system to artificially shift profits to places where there is low or no taxation and are so-called tax havens,
- work positively, pro-actively and transparently with tax authorities,
- apply diligent professional care and judgement to ensure all decisions are well-considered and documented,
- ensure that due consideration is given to the Group’s corporate and social responsibilities and the value it places on earning community trust.



## Tax Governance principles

Our Tax Policy is underpinned by our Tax Governance principles. Tax governance principles define how tax accountabilities, responsibilities and delegations of authority are allocated within the Group:

- The tax organizational model for CCH is global. This ensures that tax activities and behaviors are globally consistent and standardized wherever possible.
- Accountability for all taxes lies with Group Tax, unless accountability is clearly devolved and accepted elsewhere.
- All tax reporting lines for members of the CCH Tax Team are reflected in the Group Tax structure.

The Group Tax Director is responsible for the implementation of the Tax Policy, which is relevant to all entities and employees within CCH.

“ **Tax Policy is subject to approval by CCH Audit Committee, Group Chief Financial Officer (CFO), and the Group Tax Director. Upon approval, the Tax Policy document is then distributed to the Operating Committee, the country General Managers (GMs) and Country CFOs.**

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All delegations and segregation of authorities set out in Tax Policy, align with the CCH Chart of Authority. As regards specifically accountabilities and responsibilities for tax activities, these are allocated to all stakeholders (Group Tax, Local tax, Group Finance, Country CFO, Business units, external stakeholders) following the Group and Country Chart of Authority as applying from time to time.

### (b) Tax risk management

The CCH Tax Team supports the business in creating, building and protecting shareholder value within the tax risk parameters set out and accepted by the Group. In this respect, our Tax strategy is aligned with business and commercial strategy and tax decisions are evaluated within clear risk parameters.

CCH Tax Team is accountable for all tax risks and has developed a risk management process to ensure that tax risk is identified, assessed and controlled on a global basis. Responsibility for the management of tax risk lies as closely as possible to the sources of risk. Country finance teams and country tax leads are responsible for identifying, assessing and communicating tax risks to CCH Group Tax Team. Clear guidelines regarding the identification, assessment and controlling of tax risks as well as the tax risk evaluation criteria over tax planning are provided by CCH's Group Tax Policy. Specifically on the latter, CCH Group Tax Team has developed a Tax Risk Evaluation Criteria ('TREC') methodology to evaluate tax risks whenever risk judgements are made in relation to planning opportunities and commercial transactions.





We avoid any tax structure or tax planning initiative that would potentially exploit gaps in the architecture of the international tax system to artificially shift profits to places where there is low or no taxation and are so called tax heavens. Therefore, our commitment to pay taxes in the countries where the value is created is combined with a strong commitment not to proceed with any transactions or enter into arrangements where the primary purpose appears in our view to be the avoidance of tax or tax disclosure requirements, especially involving 'tax haven'<sup>3</sup> jurisdictions.

**“ CCHBC Group strong commitment is not to proceed with any transactions or enter into arrangements where the primary purpose appears in our view to be the avoidance of tax or tax disclosure requirements, especially involving 'tax haven' jurisdictions as these are defined by the respective EU directives ”**

We recognize that the volume and complexity of transactions, coupled with recent developments in the external environment, have resulted in an increased level of scrutiny from tax authorities and other stakeholders. Group Tax has developed a standardized risk management process to ensure that tax risk is identified, assessed and controlled on a global basis. To achieve that, Group Tax continuously evaluates tax capabilities at a country level and ensures that all personnel with tax responsibilities, or whose business activities may have a tax impact, have a consistent understanding of how tax risk is identified, assessed, reported, and managed.

### **(c) Relationship with tax authorities**

We consider tax authorities as one of our main stakeholders. Our approach towards tax authorities is shaped by the following principles:

- Ensure compliance with all relevant legal disclosure requirements.
- Full transparency in all dealings with tax authorities in relation to the Group's tax affairs and disclosure of all relevant information to enable tax authorities to carry out their review.
- Work pro-actively with tax authorities to minimize the extent of disputes, to achieve early agreement on disputed issues when they arise and achieve certainty, wherever possible.

**“ Compliance, transparency and proactiveness are in the core of our approach towards tax authorities ”**

Group Tax is ultimately accountable for how relationships with tax authorities are managed. Local Finance teams and country tax leads adhere to the principles outlined above.

<sup>3</sup>"Tax heavens" jurisdictions are defined following reference to international standards (e.g. EU list of non-cooperative jurisdictions for tax purposes - Consilium (europa.eu))



## B.SUSTAINABILITY POLICY

We are committed to creating value for all our stakeholders by supporting the socio-economic development of the communities in which we operate. Our contribution is both direct, by creating economic wealth and indirect through our effect in the supply chain and by paying our fair share of taxes. It is our belief that this approach is fundamental to our future growth.

We support hundreds of thousands of jobs in our markets via direct and indirect employment. We have a wide ecosystem of suppliers and our demand helps to sustain their businesses whilst in parallel, we work with them to improve the sustainability of their supply chains. We invest in the markets in which we operate, and we work with our customers to create shared value.



Source of image:  
<https://www.coca-colahellenic.com/en/a-more-sustainable-future/performance/socio-economic-impact-study>

The ongoing COVID-19 pandemic continued to create many issues for the Group and in particular for its people and its customers. Since the start of the COVID-19 pandemic the Group's top priority has been the safety and wellbeing of its people, customers, partners and communities. The Group has remained focused on keeping its colleagues safe and healthy, ensuring that processes and procedures are adapted as appropriate and that the right equipment is in place. This was, and remains, key to Group's ability to continue to serve its customers and to operate the business for all of the Group's stakeholders<sup>4</sup>.



**In Greece we also supported the vaccination efforts of the health system and donated 301 refrigerators for vaccine storage. We also provided disaster relief support in Greece, Russia, Croatia and North Macedonia**



During the first half of 2021 and the disrupting lockdowns across our territories, we continued providing support for those fighting COVID-19 on the front lines in all our markets by making product, in-kind and in-cash contributions to hospitals, shelters and NGOs, including the Red Cross and food banks.

<sup>4</sup> CCHBC, 2021 Integrated Annual Report, p. 100



Furthermore, maintaining our reputation and the trust of our stakeholders is essential to the growth and successful operation of our business. We integrate sustainability into every aspect of our strategy and operations in order to deliver our commitments and to make a more positive environmental impact.

Our main sustainability commitments ("Mission 2025")<sup>5</sup> directly support the UN Sustainable Development Goals (SDGs) and are outlined in a dedicated section in the Group's Integrated Annual Report along with details on the implementation process and performance status<sup>1</sup>. In addition, the Integrated Annual Report contains clear references to our key achievements as well as priorities for our way ahead including the summary of the Board of Directors actions and priorities and the report of the Social Responsibility Committee.

In recognition of our sustainability leadership, in 2022 we achieved once again the status of Europe's most sustainable beverage company in the 2021 Dow Jones Sustainability Index, received the top "AAA" rating from the MSCI ESG for the seventh year in a row. We have been consistently awarded an A-rating leadership score by CDP Climate Disclosure. We have received seven "A" ratings for our Climate Disclosure in the last eight years, and five "A" ratings for our Water Disclosure in the last six years. We also proudly remain a leader in supply chain engagement, most recently recognized in February 2022<sup>6</sup>. It is further acknowledgement of the dedication of all our teams and reflects our core belief that creating mutual value is fundamental to our future growth.

As a reflection of our commitment to financial transparency, we are signatories to the (as yet voluntary) UK based Task Force on Climate-related Financial Disclosures (TCFD) and report our response in our Annual Report. In 2021 we participated for the second time to the Total Tax Contribution survey developed by European Business Tax Forum (EBTF). EBTF is a not-for-profit initiative of some of the largest European based MNEs and was formed in 2017 in response to the public debate around taxes paid by large companies. Member companies are based in the European Union (EU) and the European Free Trade Association (EFTA) and share a common belief in responsible tax practices and tax transparency. The aim of this survey is to foster the public tax debate around how and how much companies contribute to the societies in which they operate through taxes.

More information regarding our overall sustainability policy can be found into our 2021 UN Global Compact Communication on Progress report and our 2021 GRI Content Index (<https://www.coca-colahellenic.com/en/investor-relations/results-reports-presentations>).

<sup>5</sup> <https://www.coca-colahellenic.com/en/a-more-sustainable-future/mission-2025>

<sup>6</sup> <https://www.coca-colahellenic.com/en/a-more-sustainable-future/esg-ranking>

## C. 2021 CCH TAX PAYMENTS HIGHLIGHTS

In the countries where we operate, CCH is both a taxpayer and a tax collector. In 2021, we administered taxes of EUR 1.509 billion. This number includes all payments to governments that CCH has borne itself and are reflected as operating expenses or income tax expenses as well as all payments that CCH collected from its providers, customers or other third parties and remitted to governments.

In all the jurisdictions where CCH is active in, our Group entities paid a total of EUR 684 million of taxes borne. In addition, CCH entities collected an amount of EUR 825 million in taxes that were then remitted to local governments. An analysis of these payments is provided below:

(amounts in EUR million)

<b>Taxes borne</b>	<b>684</b>
<b>Taxes collected</b>	<b>825</b>
<b>Total</b>	<b>1,509</b>

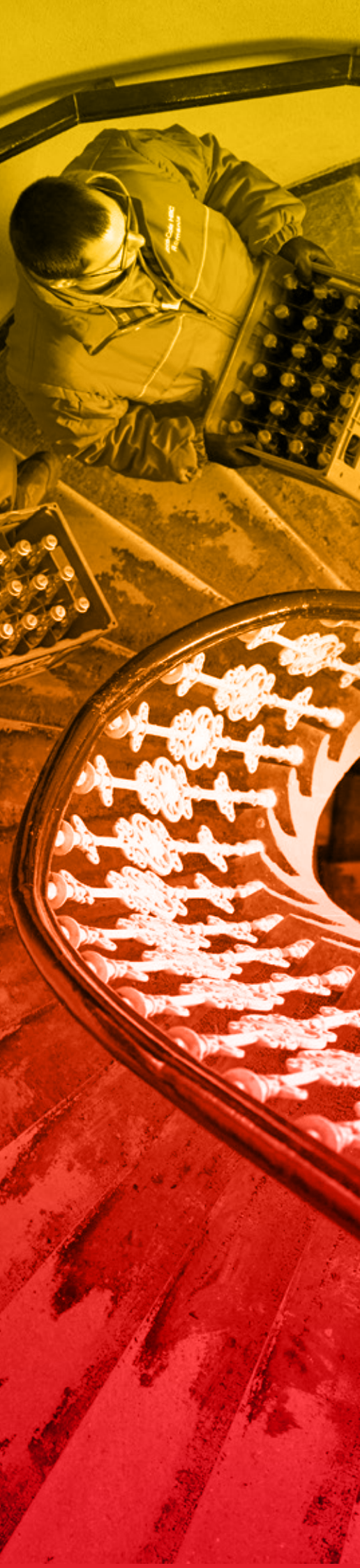
Analysis of Total taxes (as % of Total)	Total	Taxes borne	Taxes collected
Profit	12%	23%	3%
Property	1%	2%	0%
People	23%	23%	23%
Product	60%	45%	73%
Planet	4%	5%	3%
Other	0%	1%	-1%
<b>Total taxes</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Below we provide an analysis of the tax administered in 2021 by segment<sup>7</sup>. More specifically, CCH is divided into three segments, as follows:

<b>Established</b>	Austria, Cyprus, Greece, Italy, Northern Ireland, Republic of Ireland, Switzerland
<b>Developing</b>	Croatia, Czech, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia
<b>Emerging</b>	Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Moldova, Montenegro, Nigeria, North Macedonia, Romania, Russia, Serbia (including the Republic of Kosovo) and Ukraine



<sup>7</sup> Market segments are defined as per CCH Annual report  
(<https://www.coca-colahellenic.com/en/investor-relations/2021-integrated-annual-report>)



Analysis by market segment (taxes borne)	Total	Profit	Property	People	Product	Planet	Other
Established	219	59	8	83	65	4	1
Developing	217	25	2	29	134	27	0
Emerging	238	73	4	44	106	6	5
Corporate <sup>(1)</sup>	9	0	0	3	7	0	0
<b>Total taxes borne<sup>(2)</sup></b>	<b>684</b>	<b>157</b>	<b>14</b>	<b>158</b>	<b>311</b>	<b>38</b>	<b>6</b>

Analysis by market segment (taxes collected)	Total	Profit	Property	People	Product	Planet	Other
Established	356	0	0	101	241	15	-1
Developing	228	0	0	34	191	11	-7
Emerging	241	20	0	54	168	0	-1
Corporate <sup>(3)</sup>	0	0	0	0	0	0	0
<b>Total taxes collected<sup>(2)</sup></b>	<b>825</b>	<b>21</b>	<b>0</b>	<b>189</b>	<b>599</b>	<b>25</b>	<b>-9</b>

Notes to the Tables:

(1) Corporate refers to holding, finance and other non-operating subsidiaries of the Group

(2) Numbers might not add up due to rounding

(3) 'Other' reflects Grants, subsidies, rebates and other contributions received from the respective Governments and that is why is presented as deduction from the taxes collected

