

# TAX TRANSPARENCY REPORT

*"Supporting the socio-economic development of the communities in which we operate is both part of our core philosophy and fundamental to our future Growth".*

---

Anastassis G. David,  
Chairman of the Board

## **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 2020 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.

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. In 2020, CCH entities employed approximately 28 thousand full time employees across all our jurisdictions and - along with our trading partners and suppliers - have created €11.8bn in added value via our value chain<sup>2</sup>.

In short, our approach to tax is simple: we believe paying taxes is a key pillar in our 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> 2020 Integrated Annual report, <https://www.coca-colahellenic.com/en/investor-relations/results-reports-presentations>

<sup>2</sup> Numbers presented are aggregated based on the local socio-economic studies from Coca-Cola HBC markets published between 2017 and 2020 and represent annual impact. We do not conduct socio-economic studies for all of our markets every year; studies are conducted for each market on a rolling basis

**ABBREVIATIONS**

<b>CbCR</b>	Country-by-Country Reporting
<b>CCH</b>	Coca-Cola Hellenic Bottling Company
<b>CFO</b>	Chief Financial Officer
<b>CPG</b>	Consumer Packaged Goods
<b>DAC6</b>	Fifth amendment of the Directive on Administrative Cooperation in the field of taxation
<b>DJSI</b>	Dow Jones Sustainability Index
<b>EBTF</b>	European Business Tax Forum
<b>EFTA</b>	European Free Trade Association
<b>EU</b>	European Union
<b>EUR</b>	Euro
<b>GM</b>	General Manager
<b>GRI</b>	Global Reporting Initiative
<b>Group</b>	Coca-Cola Hellenic Bottling Company
<b>MNE</b>	Multinational Enterprise
<b>NGO</b>	Non-Governmental Organisation
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>SDGs</b>	UN Sustainable Development Goals
<b>S&amp;P</b>	Standard and Poor's
<b>UN</b>	United Nations
<b>VAT</b>	Value-added tax

**INTRODUCTION BY  
CCH CHIEF FINANCIAL OFFICER**



Dear Stakeholder,

I am pleased to introduce CCH's first tax transparency report. It is an important milestone in our 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.

Our aim in publishing this report is to present our overall approach to tax governance and our tax policy, provide information on our tax related sustainability footprint, and share data regarding total taxes paid globally by CCH operations. It is also clearly designed to show that our relationships with governments are conducted on an open and constructive basis.

The report also responds to the increasing demands for a more transparent tax environment from different corners of the economic ecosystem following recent financial crises and the Covid 19 pandemic which has created an economic crisis of unforeseen proportions. Corporations in particular have rightly been confronted with close media and political scrutiny over their tax practices and despite the additional reporting requirements that have been established over the last decade, 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 2020 we paid a total of **EUR 1.48 billion** in taxes across all our jurisdictions. Out of that amount, **EUR 604** million reflect taxes borne by CCH operations (*see also below '2020 CCH Tax Payments highlights' section*).

We recognize of course that there will be areas where we can improve our disclosures or make things more easily understood. We welcome feedback and constructive challenge from our stakeholders and are happy to address all 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.

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 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**
- 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.

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.

**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.**

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.

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.

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 havens" jurisdictions are defined following reference to international standards (e.g., EU list of non-cooperative jurisdictions)



## 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>

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") 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 2021 we were named the most sustainable beverage company in the World and Europe by the Dow Jones Sustainability Indices (DJSI). This is the 5th time in the last 7 years that we have been ranked as the global beverage industry leader and the 10th year in a row that we have been rated as one of the top three companies. 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 2020 we participated for the first 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 **2020 UN Global Compact Communication on Progress report** and our **2020 GRI Content Index** (<https://www.coca-colahellenic.com/en/investor-relations/results-reports-presentations>)

---

<sup>1</sup> 2020 Integrated Annual report, <https://www.coca-colahellenic.com/en/investor-relations/results-reports-presentations>

## C. 2020 CCH TAX PAYMENTS HIGHLIGHTS

In the countries where we operate, CCH is both a taxpayer and a tax collector. In 2020, we administered taxes of EUR 1.48 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 604 million of taxes. In addition, CCH entities **collected** an amount of EUR 876 million in taxes that were then remitted to local governments. An analysis of these payments is provided below:

(amounts in EUR million)

Taxes borne	603.9
Taxes collected	876.1
<b>Total</b>	<b>1,480.0</b>

Analysis of each category of taxes	Total	Taxes borne	Taxes collected
Profit	15%	31%	3%
Property	1%	2%	0%
People	24%	26%	23%
Product	57%	35%	72%
Planet	4%	6%	3%
Other	0%	1%	0%
<b>Total taxes</b> (% are rounded)	<b>100%</b>	<b>100%</b>	<b>100%</b>

Below we provide an analysis of the tax administered in 2020 by segment<sup>4</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, Bulgaria, Moldova, Nigeria, Romania, Russia, Serbia and Montenegro, Ukraine

<b>Analysis by market segment</b> (taxes borne)	<b>Total</b>	<b>Profit<sup>(c)</sup></b>	<b>Property</b>	<b>People</b>	<b>Product</b>	<b>Planet</b>	<b>Other</b>
Established	<b>214</b>	52	2	84	72	3	1
Developing	<b>116</b>	42	2	24	24	24	1
Emerging	<b>271</b>	94	6	47	111	7	5
Corporate <sup>(a)</sup>	<b>2</b>	0	0	1	2	0	0
<b>Total taxes<sup>(b)</sup></b>	<b>604</b>	<b>188</b>	<b>10</b>	<b>155</b>	<b>209</b>	<b>34</b>	<b>7</b>

<b>Analysis by market segment</b> (taxes collected)	<b>Total</b>	<b>Profit<sup>(c)</sup></b>	<b>Property</b>	<b>People</b>	<b>Product</b>	<b>Planet</b>	<b>Other<sup>(d)</sup></b>
Established	<b>329</b>	0	0	113	206	12	-3
Developing	<b>200</b>	0	0	28	162	10	-1
Emerging	<b>333</b>	18	0	61	254	0	0
Corporate <sup>(a)</sup>	<b>14</b>	8	0	2	5	0	0
<b>Total taxes<sup>(b)</sup></b>	<b>876</b>	<b>26</b>	<b>0</b>	<b>204</b>	<b>628</b>	<b>22</b>	<b>-4</b>

Notes to the tables:

<sup>(a)</sup> Corporate refers to holding, finance and other non-operating subsidiaries of the Group

<sup>(b)</sup> Numbers might not add up due to rounding

<sup>(c)</sup> Profit taxes include taxes borne/ collected by Joint Ventures (JVs)

<sup>(d)</sup> 'Other' reflects Grants, subsidies, rebates and other contributions received from the respective Governments and that is why is presented as deduction form the taxes collected

<sup>4</sup> Market segments are defined as per CCH Annual report (<https://www.coca-colahellenic.com/content/dam/cch/us/documents/oar2020/2020-Integrated-Annual-Report-18Mar2021.pdf.downloadasset.pdf>)



Coca-Cola  
HBC