

# Sustainability Report 2019

Coca-Cola Hellenic Bottling  
Company Armenia





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Our Company vision is evolving towards becoming the leading 24/7 beverage partner in business by growing with our customers and ensuring that we have a beverage for every consumer at any moment around the clock. We are operating in a fast-growing industry and, thus, the victory with our existing portfolio and the introduction of new categories, like Premium Spirits, help us capture the incremental opportunities needed for the accelerated growth. We operate in this business by empowering our team; we build trust by operating our business in a responsible and sustainable manner and by contributing to our community's enrichment and environmental protection.

In 2019 we achieved sound market presence of our sparkling beverages portfolio by offering diverse choice of products to our consumers. It was another year of success in the further expansion of our portfolio of 'non-alcohol ready to drink' categories with targeted innovations, such as extraordinary fusions of tea and fruit flavors offered by Fuze Tea brand, new line of juices and new products like Coca-Cola plus Coffee. We have been successful in delighting our consumers with nationwide creative promotions and in entertaining communications during New Year celebrations and summer vacations. Furthermore, the year was marked with the opening of the first in the region interactive platform, Coca-Cola Visitors' Center, which allows brand lovers to see the world through the Coca-Cola prism, learn about our history and have a first-hand observation of the company's innovative technologies.

The sustainability targets and commitments are embedded in our Company's mission and values. While we bring sustainable initiatives and programs into life, as well as we make progress year by year, we recognize the need to report quantifiable metrics and targets related to our social performance and economic impact. Coca-Cola Hellenic Bottling Company has been ranked as Europe's most sustainable beverage company measured by the reputable Dow Jones Sustainability Index and it is the 9th year in a row that we have consistently been among the top three beverage companies globally and in Europe. And we're receiving recognition for our achievements which may also be the measurement of our Sustainability progress. Over the last three years the company generated 29.5 million AMD of gross value contributions, which accounts for 0.21% of the total GVA in Armenia, the taxes paid by our company amounted to 0.5 percent of the total taxes paid to the state budget. As a part of global achievements, Coca-Cola HBC Armenia has also made a notable contribution as a leading business at the country level, such as the creation of employment opportunities, namely each position created by the Company directly generated 6 additional jobs, thus providing 2,471 direct and indirect job opportunities.

With respect to social and environmental responsibility, Coca-Cola HBC Armenia has announced

ambitious targets of continuing to concentrate its efforts on sustainable packaging and recycling, on carbon footprint reduction, as well as to implement a number of initiatives aimed at youth empowerment. In response to the Covid-19 pandemic, the company has established disaster relief programs in Armenia through the Coca-Cola Foundation by adding a substantial value to our community well-being initiatives. Apart from contributing to the country's economy, Coca-Cola HBC Armenia is also known for its extensive corporate social responsibility activities that targeted dozens of initiatives on community development. Indeed, during 2019 and over the six months of 2020, Coca-Cola HBC Armenia invested a total amount of AMD 87,600,609 in social projects. More than half of the investments in 2020 were dedicated to the community support during the pandemic of COVID-19 funded by The Coca-Cola Foundation.

The biggest source of confidence of our Company is the strength, knowledge, passion and drive of our team. We envision honesty and openness to identifying and addressing gaps as the main driving force of our growth and progress. We continue delivering our wide range of high quality and safe beverages to our customers even during this complicated time.

We are confident that collaboration with private sector, governmental and non-governmental organizations will reveal more opportunities for partnerships to build a more sustainable world.

We will continue to work with stakeholders on environmental issues and will seek opportunities to drive positive change. We have been demonstrating exceptional work by delivering our commitments.

We will overcome short and long-term challenges of the post-pandemic world by seizing new digital opportunities to simplify our interaction with customers by stemming and optimizing training experience for our employees.

We look ahead with strong belief that despite the worldwide challenges of pandemic, it is going to be a year of growth for Coca-Cola HBC both globally and in Armenia.

# KEY INDICATORS 2019

## OUR BUSINESS

**7%** revenue growth of Coca-Cola HBC Armenia products sales

**68%** of the total revenue was received from sales of beverages, manufactured in Armenia at Coca-Cola HBC Armenia's factory in Yerevan

**83.2%** of the total number of suppliers were local suppliers

**64%** of Coca-Cola HBC Armenia senior managers were Armenian citizens in 2019

**50%** of Coca-Cola HBC Armenia top managers were women in 2019. Coca-Cola HBC Armenia aims to strengthen gender equality

Coca-Cola HBC Armenia creates **inclusive working environment** in 2019 there were six people with special needs among the company's employees

## OUR CONTRIBUTION TO THE ECONOMY OF ARMENIA

**AMD 16.8 billion** – total contribution of the Coca-Cola HBC Armenia to the **gross domestic product (GDP)** of Armenia in 2019, which accounted for **0.26%** of total GDP of Armenia

**AMD 2.3** of **gross value added** was created in the economy of Armenia **for every AMD 1 of value added** of Coca-Cola HBC Armenia

**2,471 jobs** – total number of jobs maintained in the economy of Armenia in 2019 due to Coca-Cola HBC Armenia's total contribution to employment, which accounted for **0.26%** of total employment in Armenia

**6 jobs** were supported in the economy of Armenia in 2019 **for 1 employee** of Coca-Cola HBC Armenia

**AMD 5.7 billion** – total contribution to **labor income** of population of Armenia, generated by Coca-Cola HBC Armenia in 2019

**AMD 7.8 billion** – total tax contribution, generated by Coca-Cola HBC Armenia in 2019 that accounted for **0.53%** of the total tax revenues of the state budget of Armenia

**AMD 1.3** of tax payments was generated in the economy of Armenia **for every 1 dram of taxes** paid by Coca-Cola HBC Armenia

**AMD 1.3 billion** – Coca-Cola HBC Armenia's capital investments in 2019

**AMD 18.4 billion** – Coca-Cola HBC Armenia's capital investments over the entire period of company's presence in Armenia





## OUR SOCIAL IMPACT

**AMD 25.3 million** – total amount of social investments in 2019

**AMD 62.3 million** – investments in social projects over the 6 months of 2020, more than half of which were devoted to community support during COVID-19 pandemic

**70,560 bottles of water** were donated to healthcare workers by Coca-Cola Hellenic Armenia as of August 2020 to support communities during COVID-19 pandemic

**2,648** young individuals across Armenia were involved in Youth Empowered project. Starting from 2018, the total number of participants reached **4,748** young people



## OUR ENVIRONMENTAL IMPACT

**97.8%** of all generated waste was recycled in 2019

**96%** of glass bottles, sent to marketplace, were returned to be used again in manufacturing

**100 schools and universities** were engaged in the initiative, covering more than 5,000 schoolchildren and 4,000 students

**40 recycling bins** were installed, and **20 tons** of solid waste were collected within education and environment initiative in collaboration with Innovative Solutions for Sustainable Development of Communities

**2.08 liters** of water used to produce 1 liter of beverage – **water use ration** in 2019, which was 1,4% lower compared to 2018

**0.60 MJ** of energy used to produce 1 liter of beverage – **energy intensity ratio** in 2019, which was 3.4% higher than in 2018, but 4.8% lower than in 2017

**56.06 grams** of CO<sub>2</sub>-eq emissions per 1 liter of beverage produced – intensity of greenhouse gas emissions in 2019, which was 5.5% lower compared to 2018







# **COCA-COLA HELLENIC BOTTLING COMPANY ARMENIA**



Coca-Cola Hellenic Bottling Company Armenia operates as part of the business unit Coca-Cola HBC Ukraine, Moldova and Armenia. The company is a bottling partner of The Coca-Cola Company, headquartered in Zug, Switzerland. Coca-Cola Hellenic Armenia is responsible for manufacturing, packaging final branded products by using the concentrates and syrups, as well as by merchandising and distributing them across the market in Armenia.

# Strategy and vision

Over 20 years of presence in the market, Coca-Cola HBC Armenia has developed a strong focus on embedding culture of corporate responsibility and sustainability into all our business processes and decision making. For that reason, environmental and social issues play a significant role in developing ambitious strategies and commitment plans aimed to create a long-term value for our key stakeholders while minimizing negative impact. The company regularly consults with the stakeholders to ensure our strategic activity is ahead of the curve towards global sustainability trends. The overall sustainability approach of Coca-Cola HBC Armenia rests on three strategic pillars, namely (1) promoting economic

growth, (2) minimizing environmental impact by directing the efforts towards World without Waste initiatives, (3) community development.

The company's sustainable development strategy was established in 2010, the main target of which was to minimize carbon footprint in the supply chain and reduce water use in manufacturing by 2020. Coca-Cola HBC Armenia has achieved significant results in addressing goals of the strategy: by 2020 the company reduced its water consumption in manufacturing by 16% and decreased its carbon footprint by 37.5% along the supply chain, from local manufacturers to refrigerators in the marketplace.

With respect to broader concepts of corporate responsibility, Coca-Cola HBC Armenia has developed ambitious long-term goals, including building trust within our communities; offering consumers

the right products for all occasions; delivering the products and services that meet customers' expectations; and strengthening cost efficiency mindset.

## OUR VALUES

When realizing the company's strategy Coca-Cola HBC Armenia is guided by the following corporate values:



These values are not only embodied in the company's policies, but also reflected in all areas of its business operations, manufacturing and supply chain. By doing this Coca-Cola HBC aims to become leading

beverage partner for every customer by ensuring that we have a beverage for every consumer at any moment around the clock.



# Our policies and anti-corruption



Coca-Cola HBC Armenia aims to ensure the highest standard performance with respect for society and the environment. For that reason, all facets of the company's business operations are regulated by policies, which aligned with corporate values in the form of policy. For more information on company policies visit: <https://am.coca-colahellenic.com/en/about-us/policies/>

Policies' provisions are mandatory and they are applied on all employees regardless of their position or work experience. All new employees attend introductory sessions on the company's policies and practices; all employees are obligated to take regular trainings.

In 2019 Coca-Cola HBC Group of Companies renewed its Anti-Bribery Policy. The main goal was to increase its accessibility, making it understandable and user-friendly for every employee. This was accomplished by providing real-life examples of what the course of actions should be when instances of corruption are observed and what are the potential consequences for the individuals involved are.



# ANTI-CORRUPTION

Throughout all activities Coca-Cola HBC Armenia exercises zero tolerance with respect to instances of corruption and other violations of the Anti-Bribery Policy to ensure integrity of its business operations. The company follows globally adopted Coca-Cola HBC integrity principles, such as:

- All employees, managers, Operating Committee members and Directors of Coca-Cola HBC must refrain from engaging in any form of bribery or corruption, irrespective of citizenship, domicile or location.
- Applicable anti-bribery laws also prohibit corrupt payments made by any third parties acting on behalf of the Company, including suppliers, distributors, agents, consultants and contractors. This includes subcontractors or consultants hired by third parties to perform work on behalf of the Company.
- Company's suppliers, distributors, agents, consultants and contractors are also subject to many of the principles of this Policy through Company's Supplier Guiding Principles.

To maximize compliance with the policy provisions all new employees are obliged to pass Anti-Bribery training to ensure their complete understanding of relevant anti-bribery and anti-corruption regulations. The company holds training for new employees in the first two months from the moment of hiring and mandatory refreshment sessions every 3 years. This is realized via on-line and in class trainings and various initiatives (e.g. Ethics and Compliance Week) supporting the strengthening of compliance.

If an employee observes activity which may violate provisions of the Anti-Bribery Policy, or is approached for the purposes of bribery or corruption, they are obligated to report such instances to the Ethics and Compliance officer or use the dedicated "Speak Up!" line, which allows to provide information anonymously. Suspected violations are then reviewed and investigated as appropriate and may lead to disciplinary actions. Failure to report a violation of Anti-Bribery Policy constitutes an independent violation of Anti-Bribery Policy and the Code of Business Conduct.

Furthermore, the company continuously undertakes corruption risk assessments. According to the results of such assessment in 2019 no risk of corruption was identified.

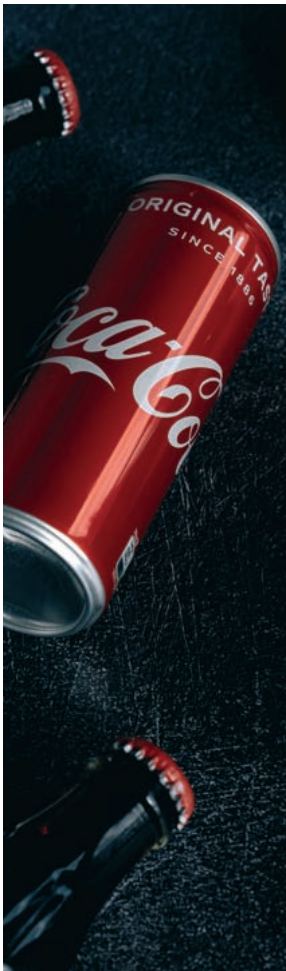
# PREVENTIVE ACTIONS

When developing a new product or additional process, Coca-Cola HBC Armenia applies rigorous Risk Assessment process to all existing lines and facilities. The process is usually initiated 9 months prior to the planned launch date. During the assessment, the multi-functional team follows three main steps: (1) undertakes screening of the product formula against local legal requirements, including food safety and quality, health and safety and environmental protection regulations; (2) brings the formula to life in the form of concentrate production; and (3) delivers it to the plant and files it in the company's facilities.

# CONTRIBUTION TO THE SUSTAINABLE BUSINESS ENVIRONMENT

Continuous improvement and development are core elements of the corporate culture in Coca-Cola HBC Armenia. For that reason, the company participates in various associations through which it makes a significant contribution to, among others, the development of business environment and communities, promotion of sustainability practices and high standards of corporate governance in Armenia.

For more than 10 years Coca-Cola HBC Armenia has been serving as Vice President of American Chamber of the Commerce and Industry in Armenia and a Board member of Orran NGO. In addition, the company is a member of The Union of Manufacturers and Businessman of Armenia, European Business Association and Armenian British Business Chamber where it pays the role of an advocacy builder.





# Our products

Coca-Cola HBC Armenia aims to satisfy the needs of the domestic fast-growing market by producing, importing and delivering products of two categories, namely Sparkling Soft Drinks (SDD) and Non-Carbonated Beverages (NCB).

## THE PORTFOLIO OF MANUFACTURED DRINKS INCLUDES:

### SPARKLING SOFT DRINKS

(PET packaging and Returnable Glass Bottles):

- Coca-Cola
- Fanta
- Sprite





## NON-CARBONATED BEVERAGES

(PET packaging):

- Bonaqua still water
- Bonaqua carbonated water



## IMPORTED DRINKS ARE AS FOLLOWS:

### SPARKLING SOFT DRINKS:

- Coca-Cola cans
- Schweppes



### NON-CARBONATED BEVERAGES:

- Dobry Juices
- Fuze tea
- Burn Energy Drinks
- Powerade



In 2019 the company's product portfolio underwent several changes. Indeed, new products were introduced such as Fuze tea 0.33L cans, Fuze tea Forest Berries flavor, Fanta Grape, Dobry Juice. In addition, packaging of two existing products, namely Fuze tea and Coke Coffee can, were redesigned.

## SUGAR REDUCTION

Coca-Cola HBC Armenia supports conscious nutrition and healthy diet, aiming to expand the portfolio of low-calorie products and reduce sugar usage in beverages. Zero series products have become a first priority in the development of the product portfolio. In 2019 the company was focused on driving "no sugar" consumption by market activations and ATL advertising. Currently this is the Main Business Objective which is implemented via Calories Reduction Program. The program stands for every formula adjustment which allows reducing beverage calories. Thus, the main innovations in this filed made it possible to introduce zero added sugar line to the market in the form of Dobry 100% juices. This strategy is also aimed at expanding sparkling soft drinks portfolio by introducing Coca-Cola flavored drink without sugar in the upcoming periods..





# Product quality and consumer safety

Coca-Cola Hellenic Bottling Company Armenia recognizes that high quality and food safety of all manufactured products are key drivers of success in meeting consumer expectations. Food safety is the responsibility of all employees who have direct contact and influence on ingredients, packaging, manufacturing, storage and transportation of products. The food safety and quality principles and requirements are enshrined in the company's global Quality and Food Safety Policy. Coca-Cola Hellenic Bottling Company Armenia ensures that its quality and food safety management system is compliant with the international standards, namely ISO 9001 and FSSC 22000, in addition to the Coca-Cola system requirements and standards (KORE) in all operations.

Furthermore, the commitment to achieve high product quality is one of the fundamental pillars of Sustainable Development of Coca-Cola HBC Armenia. The company applies highest international standards in manufacturing carbonated soft drinks and still water. This practice also entails routine monitoring of quality parameters

of produced drinks: every 30 minutes products are examined for product carbonation, sugar content, net content, closure application sensory parameters, etc. Monitoring also applies to verification of blowing quality of PET bottles and washing quality of glass bottles, as well as the quality and safety parameters of carbon dioxide, which the company produces in-house. The quality of washed bottles is controlled by the All Surface Empty Bottle Inspector machine, whereas the quality parameters of carbon dioxide are inline monitored by a specifically designed online gas chromatographer.

In addition, the company adjusts its manufacturing processes to the Hazard Analysis and Critical Control Point (HACCP) principles, developed by the Codex Alimentarius of the World Health Organization. These principles allow establishing the systematic preventive approach to food safety aimed to identify potential food safety hazards. Furthermore, HACCP provides key actions, or so-called Critical Control Point, that the company should undertake to eliminate or reduce the risk of the hazards and it ensures that products are safe for consumers.



Coca-Cola HBC Armenia rigorously and regularly monitors the main ingredient of its products, water. To comply with the World Health Organization and national water quality standards, every 4 hours the dedicated quality control department examines treated water for taste, odor and smell; absence of free chlorine, turbidity, alkalinity, iron and sulphate content; potential of hydrogen (pH) and total dissolved salts. Furthermore, in 2019 The Company invested in upgrade of the reverse osmosis system, which increased the efficiency of water filtration used for manufacturing of bottled water.

The company applies international microbiological measurement methods to control safety of produced products. All measuring equipment and machines undergo regular calibration according to national and international standard methods. When manufacturing

soft drinks and still water the company also applies statistical process control methods to prevent any potential quality defects.

By following high standards, Coca-Cola HBC Armenia aims to meet consumer expectations by delivering products of highest possible quality. The company's prerequisite programs forms of such programs as Good Manufacturing Practice, personnel hygiene program, pest control program, microbiological monitoring program are dedicated to preventing occurrences of product quality issues, which allows achieving high performance and positive feedback from consumers. Indeed, no marketplace incompliances with respect to product quality was observed during 2019. The company received only 4 consumer complaints two of which were related to local manufacturing. All of them are connected with personal preferences of consumers.

## RESPONSIBLE MARKETING

Focus on interests of communities where Coca-Cola HBC Armenia operates is the foundation of the company's marketing philosophy and reputation in general. The marketing programs are fully compliant with both global brand guidelines and Armenian national legislation for marketing and labeling issues. These standards apply for all products of Coca-Cola HBC Armenia across all media advertisements. The company follows the marketing requirements particularly rigorously with respect to children. Indeed, under the policy on responsible marketing, the company is committed to respect the role of parents and caregivers by ensuring that marketing communications do not directly target children under 12. Furthermore, Coca-Cola HBC Armenia recognizes the importance of the effective learning environment of schools and, thus, avoids commercial advertisements in primary schools. The company encourages the same level of commitment among partner third-party distributors.

In addition, responsible marketing policy of Coca-Cola HBC Armenia promotes developing industry codes of practice, such as the commitments of the Union of European Soft Beverages Associations (UNESDA). By reflecting the principles of transparency and business integrity, the company engages external auditor to ensure its full compliance with both mandatory and voluntary obligations.

In November 2019, The Coca-Cola Company initiated a digital campaign on Facebook and Instagram called "Explore Armenia with Bonaqua" in cooperation with local singer and influencer Aram MP3. During the campaign Aram MP3 traveled to 3 local destinations and did a video storytelling to encourage the citizens to stay hydrated with Bonaqua.

## LABELLING

In parallel with the marketing approaches, the pivotal role in establishing responsible business practices is played by labelling. Coca-Cola HBC Armenia envisions appropriate labelling as a key element of the responsible communication about its products, stipulated by the company's Health and Wellness Policy. Indeed, the company seeks to promote clear, user-friendly front-of-pack nutritional labelling to provide consumers with detailed information about calories, sugar, fat, saturated fat and salt content per serving, and a proportion of a healthy diet, as required by local legislation. By following this approach, the company helps consumers make well-informed decisions prior to purchasing any product of Coca-Cola HBC Armenia.



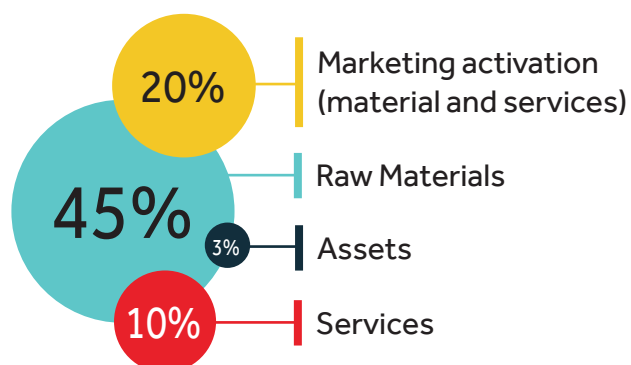


# Our supply chain

The complete supply chain of Coca-Cola HBC Armenia makes its products available and recognized across the country. The function of the supply chain covers business processes such as production and import planning, procurement, manufacturing and engineering, delivering products from plants to consumers, supply chain services and sustainability. The company is committed to ensuring effective and uninterrupted performance of key areas in the supply chain while minimizing negative impact on the environment.

Despite sustainability responsibilities along the value chain, Coca-Cola HBC Armenia seeks to support the development of the country's economy. For that reason, the company promotes collaboration with local suppliers. Indeed, over 2019 the company worked with 347 local suppliers which accounts for 83.1% of the total number of suppliers and 33.5% of the procurement budget in the reporting period.

The main categories of procurement from local suppliers are as follows:



The main categories of procurement from foreign suppliers:

Raw Materials **50%** | **35%** Finished goods

# PROCUREMENT MANAGEMENT

The process of purchasing materials and collaborating with suppliers in general in Coca-Cola HBC Armenia are guided by the provisions of the Procurement policy. The policy defines transparent rules of the end-to-end procurement process and helps identify best suppliers. This essentially allows establishing a mutually beneficial partnership (win-win cooperation) with suppliers by creating joint value. Thus, the main goals of the Coca-Cola HBC Armenia procurement approach are securing demand and supply of raw material; identifying best in class offers and suppliers to cooperate; and ensuring all purchases meet budget and time limitations. The company's Procurement department is responsible for overseeing realizing these goals.

Furthermore, since Coca-Cola HBC Armenia seeks to reduce environmental footprint throughout all purchasing and supply activities, principles of environmental awareness are also reflected in the Procurement department's mandate. Assessment of potential suppliers and procurement offers is based on the 5R criteria: reduce, recycle, reuse, rot, refuse. This approach implies an increasing importance of suppliers' environmental performance as one of the determinants in the decision making on procurement and supply. If the company intends to purchase, for example, transportation services, a supplier is selected based not only on their cost but also environmental classification of vehicles to ensure reduction of CO<sub>2</sub> footprint over the shipping process. Similarly, the company always prioritizes the suppliers who recycle carton and paper over those who do not.

## REQUIREMENTS FOR SUPPLIERS

The fundamental philosophy of high-quality products in Coca-Cola HBC Armenia extends beyond internal processes and applies to the company's suppliers. As part of the global Coca-Cola system, the company employs standards of the Supplier Guiding Principles towards its suppliers of product ingredients and primary packaging material. In compliance with the Principles suppliers align their activities with provisions of the relevant national legislations and provide the company with materials of stable quality. Indeed, Coca-Cola HBC Armenia requires tier 1 suppliers to gain certification to the following standards: ISO 9001 on quality, ISO 14001 on environmental management and OHSAS 18001 on health and safety management.

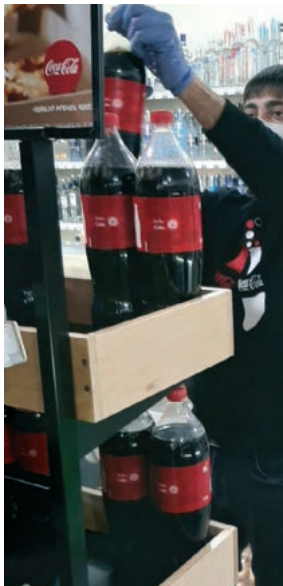
Ingredient and packaging suppliers must also achieve certification to selected Global Food Safety Initiative (GFSI) such as FSSC 22000.

Coca-Cola HBC Armenia ensures the suppliers' compliance with its standards by conducting annual supplier evaluation. The company employs the three-level assessment system: the initial screening against social criteria is conducted through the common platform Exiger; the second level assessment is conducted on an annual basis which engages all internal stakeholders and is aimed at evaluating supplier performance; final assessment involves EcoVadis which evaluates environmental performance.

## PROCUREMENT GOALS FOR 2020

In 2019 Coca-Cola Hellenic Group and its country procurement team in Armenia collaborated with the procurement team of The Coca-Cola Company in conducting several tenders of the international scale, aimed to select best-in-class partners and establish long-term sustainable relationship to address modern world's volatility. By facing challenges of the end-to-end supply chain network, Coca-Cola HBC Armenia strengthens cooperation with its suppliers and build safe infrastructure. The company's current priorities in procurements practices are primarily within agile operations and flexible business processes. As such, the 2020 goals for procurement include:

- Improving Top Line by seizing market opportunities world economy restructuring;
- Increasing Speed to Market through optimization of supply network and enhancement of the "lean procurement" practices;
- Developing people through the enhancement of the procurement teams' talent pool;
- Improving customer service and supplier management by utilizing modern digital platforms and tools.











# CONTRIBUTION TO THE ECONOMIC DEVELOPMENT OF ARMENIA



Coca-Cola HBC Armenia is committed to producing the highest quality products and strives to build strong partnerships with customers that supply its products to the market. The company is developing wide cooperation with local suppliers, thereby supporting related industries. Investments in production and cooperation with local suppliers, distributors, and customers across all sales channels create infusions into the Armenian economy, by making a positive economic contribution that spreads to various sectors of the economy.

## METHODOLOGY OF CONTRIBUTION ASSESSMENT

The study provides an assessment of the total contribution of the Coca-Cola HBC Armenia to the economy of Armenia in 2019 in four areas:

- Contribution to the gross domestic product (GDP);
- Contribution to employment;
- Contribution to the labor income;
- Tax contributions.

The total contribution to each of the four areas includes direct effect of Coca-Cola HBC Armenia activities, as well as indirect and induced types of contributions:

- **Direct contribution** – generated directly by Coca-Cola HBC Armenia: value added produced by the company; number of employees;

payments to employees; the amount of taxes paid to the state.

- **Indirect contribution** – is created by domestic procurement of the Coca-Cola HBC Armenia. The company pays the local suppliers and contractors for the products and services provided, thus supports their ability to generate added value, hire people, pay salaries, and pay taxes to the state budget.
- Coca-Cola HBC Armenia, in addition to suppliers and contractors, also cooperates with distributors and retailers that sell the company's products. Thus, the indirect influence of Coca-Cola HBC Armenia spreads through various sales channels. Indirect contribution is divided into:

- **Indirect contribution of the I circle** – is generated by the procurements of goods and services from local suppliers and contractors.
  - **Indirect contribution of the II circle** – is created through cooperation with distributors and retailers that sell products of the Coca-Cola HBC Armenia.
- **Induced contribution** – arises from the consumption of consumer goods by employees of Coca-Cola HBC Armenia, employees of its suppliers and contractors, distributors and retailers in the domestic market. Consumer spending in the domestic market contributes to income generation in those sectors of the economy which produce consumer goods and provide services to the population.
- Like the indirect contribution, the induced contribution is also divided into:
- **Induced contribution of the I circle** – is created by consumer expenditures of employees at Coca-Cola HBC Armenia and its local suppliers.
  - **Induced contribution of the II circle** – is created by consumer spending of employees at distribution companies and retail outlets that sell products of Coca-Cola HBC Armenia.

The methodology of the assessment of total contribution to the economy was based on the intersectoral balance model (input-output model)<sup>1</sup>.

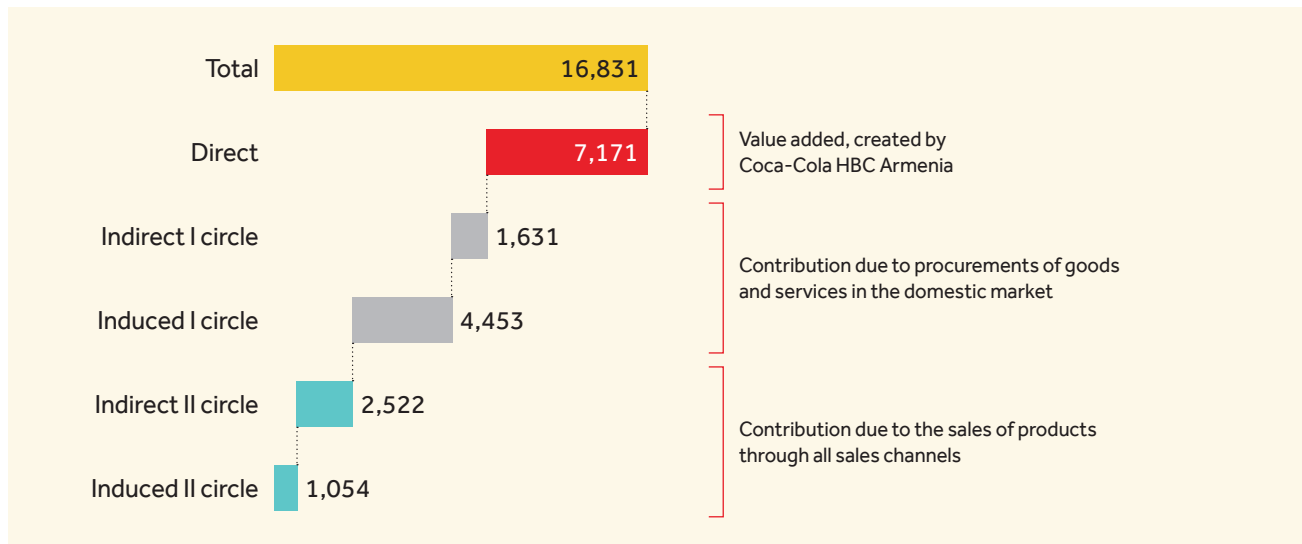
## CONTRIBUTION TO GDP

The value added<sup>2</sup> created by the company (in other words – the contribution to the GDP) reflects how much additional value the company added to its final product through its operation activities before offering it to consumers. Value added is the value of the company's final products reduced by the intermediate costs of purchasing goods and services from suppliers. Therefore, the contribution of the Coca-Cola HBC Armenia to the GDP most accurately reflects its role in Armenia's economy.

The total contribution of Coca-Cola HBC Armenia to the GDP of Armenia in 2019 accounted for AMD 16.8 billion, which was 0.26% of total GDP of Armenia. In 2019 Coca-Cola HBC Armenia created AMD 7.1 billion of direct value added that constituted 43% of its total contribution to GDP. The company more than doubled its direct contribution through procurement from local suppliers and cooperation with distributors and retailers.

In 2019 Coca-Cola HBC Armenia worked with 347 local supplies and spent 33.5% of its procurement budget on them. By purchasing goods and services for its production and administrative needs from local suppliers and contractors, Coca-Cola HBC Armenia supports their ability to generate income, pay salaries to their employees and taxes to the state, and thus create value added. Consequently, Coca-Cola HBC Armenia's local supplies and contractors also procure goods and services on the domestic market for their own needs. All these spillovers constitute Coca-Cola HBC Armenia's indirect contribution to the GDP of I circle, which accounted for AMD 1.6 billion or 10% of total contribution to GDP in 2019.

### ■ Structure of the total contribution to GDP by Coca-Cola HBC Armenia in 2019, AMD million

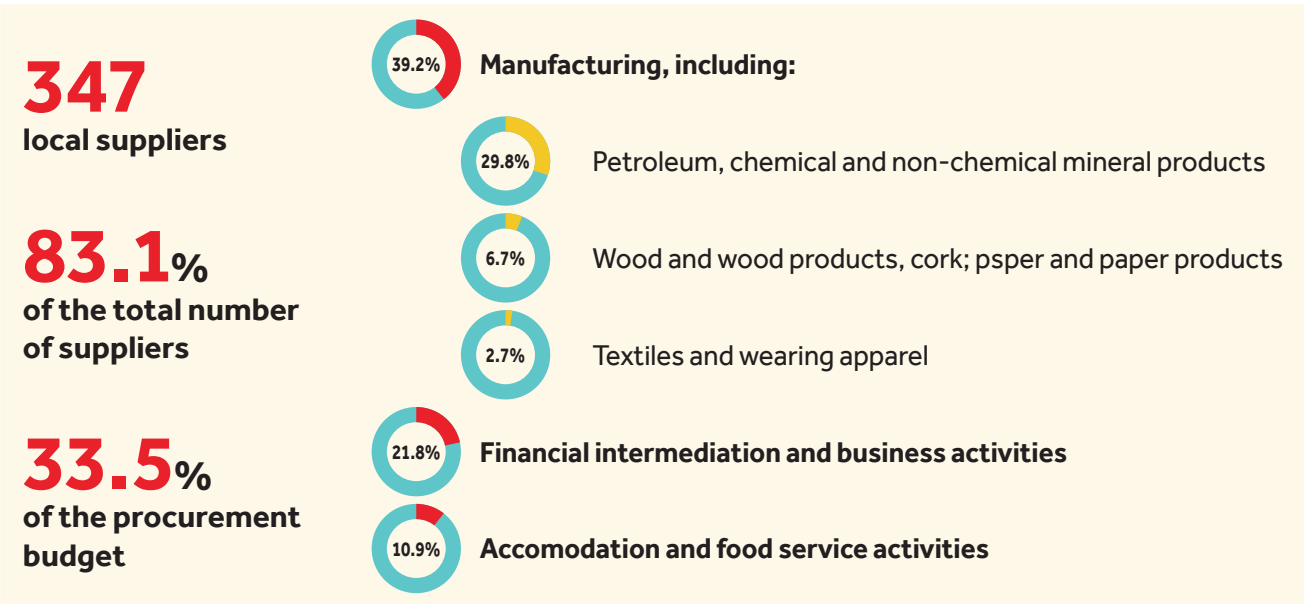


<sup>1</sup> For modelling, input-output tables from Eora database (<https://worldmrio.com/>) were used along with the official statistical information from Statistical Committee of the Republic of Armenia (<https://www.armstat.am/en/>)

<sup>2</sup> Gross values added (GVA), generated by a company, is a measure of its contribution to Gross domestic product (GDP). The relationship between GDP and GVA is as follows:  $GDP = GVA + \text{Taxes on products} - \text{Subsidies on products}$



■ Procurement from local suppliers in 2019, by Top-5 types of economic activities



Coca-Cola HBC Armenia provides its employees with decent remuneration as well as supports the ability of its suppliers to pay their workers by procuring their products and services. The employees of Coca-Cola HBC Armenia and of its suppliers then can spend their incomes on consumer products and services. In consequence, those industries of Armenian economy, which produce such products and services, receive incomes which in turn contribute to the creation of the GDP. In 2019, Coca-Cola HBC Armenia generated AMD 4.5 billion of induced contribution to GDP of I circle that accounted for 26% of total contribution to the GDP.

Another significant share of Coca-Cola HBC Armenia's contribution to GDP results from product sales through all sales channels. By cooperating with distributors and retailers that sell Coca-Cola HBC Armenia's beverages, the

company added AMD 2,5 billion or 15% of the total contribution to GDP in 2019. The consumer spendings on domestically produced goods and services, made by the employees of distributing and retail companies, generated AMD 1.1 billion of induced contribution to GDP of II circle (6% of total contribution to GDP).

Coca-Cola HBC Armenia's total contribution to GDP is more than twice as much as its direct value added. It means that for every 1 dram of company's value added, Coca-Cola HBC Armenia contributed to generating 2.5 drams of gross value added in the whole economy of Armenia.

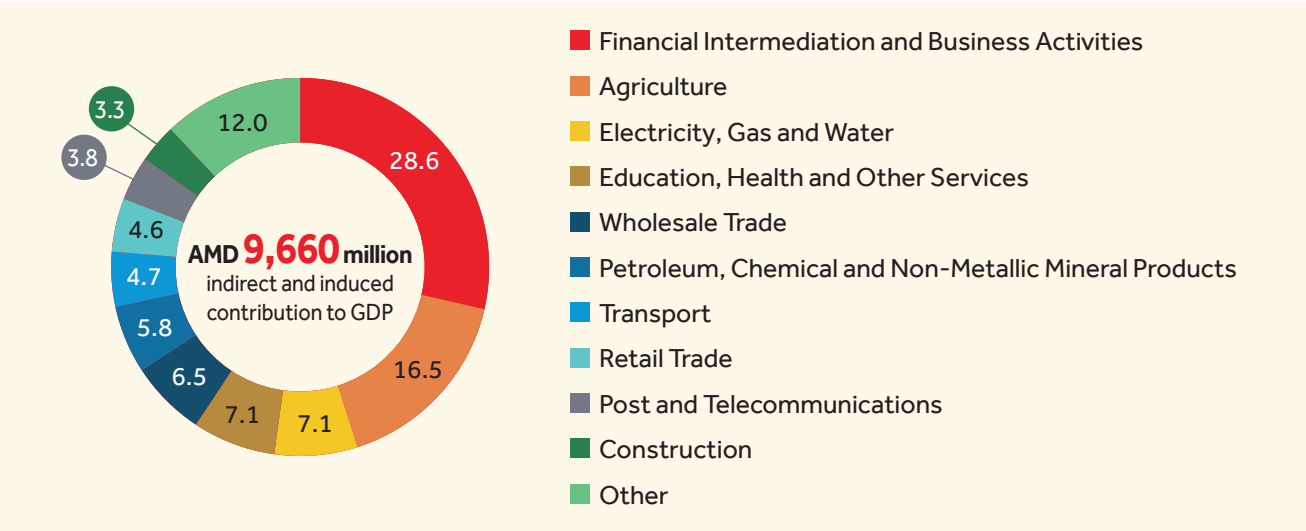
In 2019 Coca-Cola HBC Armenia procured most of goods and services from local suppliers that belonged to manufacturing industries (39.2%), sectors of financial intermediation and business activities (21.8%), and accommodation and food services (10.9%). While the company's sectoral procurement structure depends on its specific needs for beverage production, business administration, marketing, advertising etc., the distribution of indirect and induced contributions to GDP between sectors of the economy depends on the procurement structure of Coca-Cola HBC Armenia's business partners and on the consumer preferences of the population. Coca-Cola HBC Armenia's suppliers, as well as its distributors and retailers, procured goods and services from various sectors of the economy. As a result, Coca-Cola HBC Armenia's indirect and induced contributions to GDP of the I and II circle were distributed among numerous industries of Armenian economy, of which the following industries benefited the most: financial intermediation and business activities (28.6%), agriculture (16.5%), electricity, gas and water (7.1%) and others.

**AMD 16.8 BILLION –**  
**total contribution**  
of the Coca-Cola HBC Armenia to **GDP** in 2019

**AMD 2.3** of gross value added  
is created in the economy of Armenia  
**for every AMD 1 of value added**  
of Coca-Cola HBC Armenia



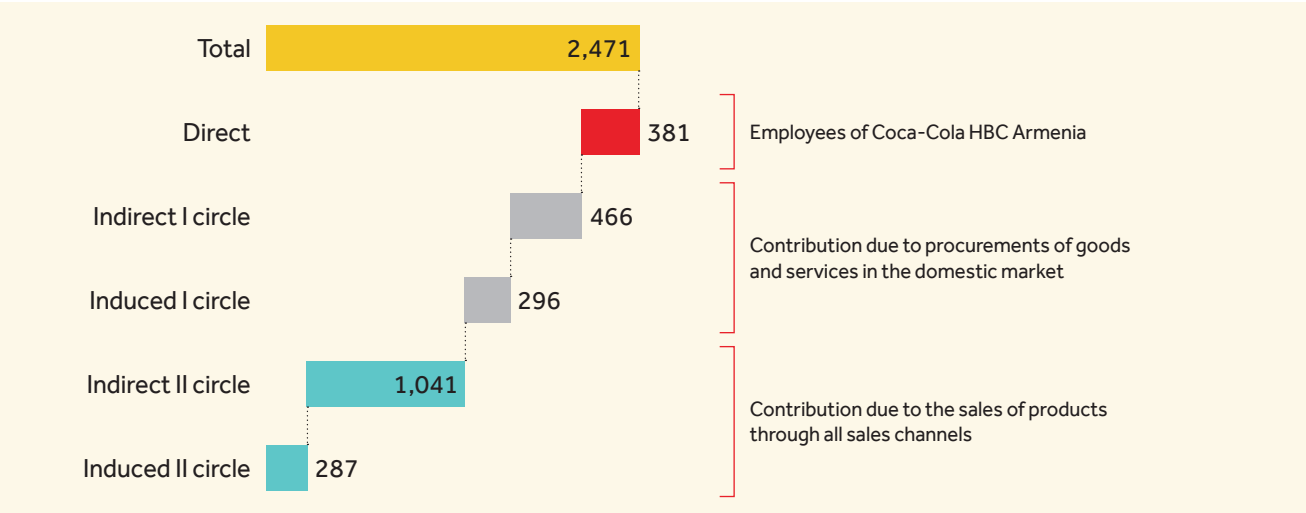
■ Sectoral structure of indirect and induced contributions to GDP in 2019, AMD million



CONTRIBUTION TO EMPLOYMENT

As of the end of 2019 Coca-Cola HBC Armenia employed 381 people. Due to its indirect and induced contributions to employment the company supported the maintenance of additional 2,090 jobs in the economy of Armenia. Therefore, Coca-Cola HBC Armenia's total contribution to employment was represented by 2,471 jobs, which is 0.26% of total employment in Armenia in 2019.

■ Structure of the total contribution to employment by Coca-Cola HBC Armenia in 2019, the number of jobs



The number of Coca-Cola HBC Armenia's employees (direct contribution) accounted for 381 persons or 15% of the company's total contribution to employment. The indirect effects of circle I and circle II together generated additional 1,507 jobs or 61% of the total contribution to employment. Coca-Cola HBC Armenia's induced contributions of circle I and circle II accounted for another 583 jobs, supported in the economy, or 24% of the total contribution to employment.

Coca-Cola HBC Armenia has a significant impact on employment in other sectors of the economy as its total contribution to employment in 2019

exceeded the direct one by six times. This is partly due to the fact that the suppliers and trading partners, with whom the company cooperates, belong to the labor-intensive industries.

The number of jobs maintained through the procurement chain of Coca-Cola HBC Armenia amounted to 466 jobs (indirect contribution of I circle). Consumer expenditures of the company's employees, as well as of its suppliers' employees, maintained another 295 jobs in those sectors of the economy that produce consumer goods and services (induced contribution of I circle).

# 2,471 JOBS –

**total number of jobs** Coca-Cola HBC Armenia helped maintain in the economy of Armenia in 2019 through direct, indirect and induced contributions to employment

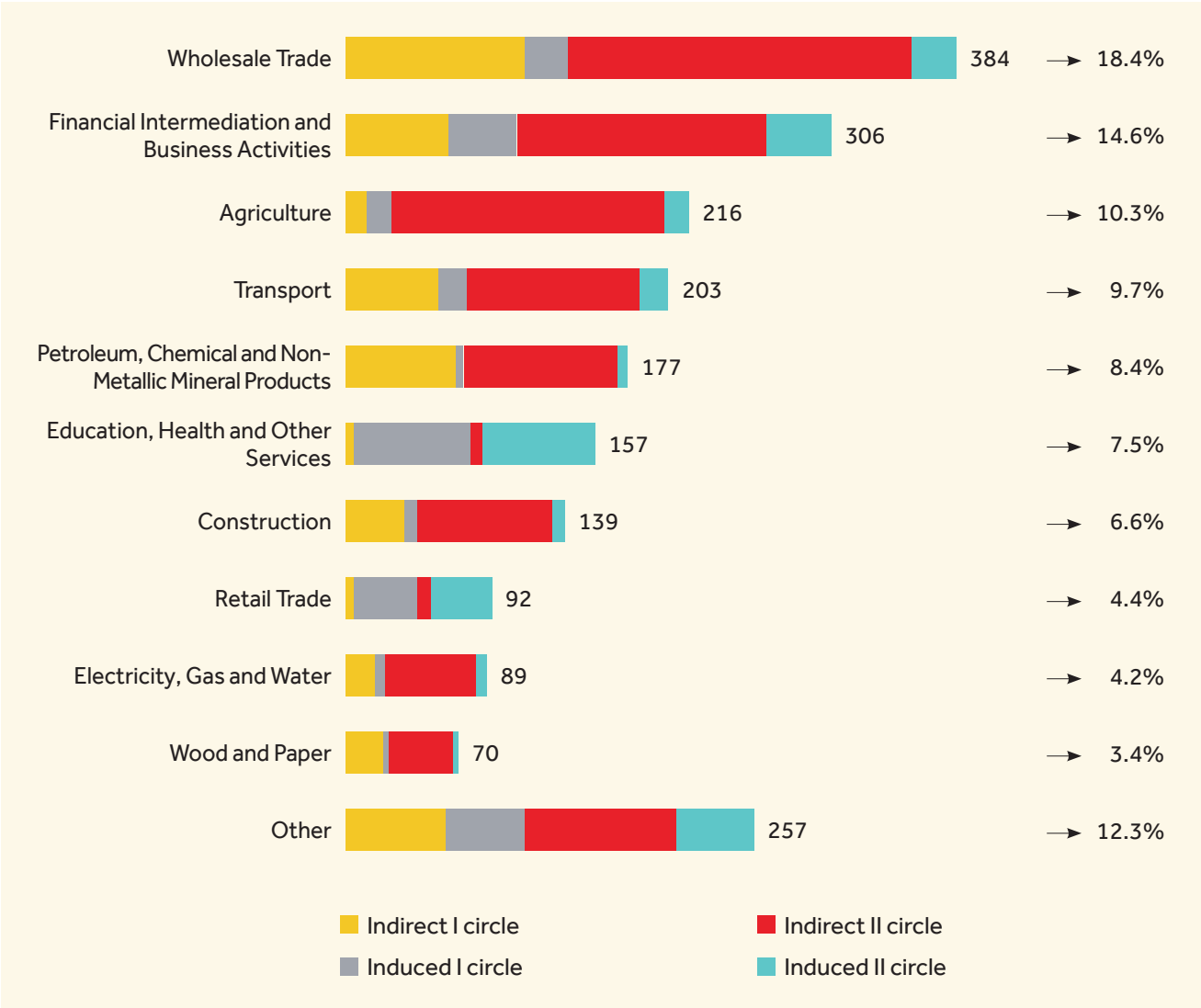
# 6 JOBS

were supported in the economy of Armenia in 2019 **for 1 employee** of Coca-Cola HBC Armenia

The number of jobs supported due to the cooperation with distributors and retailers (indirect contribution of II circle) accounted for the largest share in the total contribution to employment – 42% or 1,041 jobs. Consumer spending of employees, who work in the companies that help to distribute and sell Coca-Cola HBC Armenia' beverages through all sales channels, resulted in additional 287 jobs maintained in the economy of Armenia.

Wholesale trade sector of the economy benefited the most and received 18.4% of Coca-Cola HBC Armenia's indirect and induced contributions to employment – mainly due to cooperation of the Coca-Cola HBC Armenia with customers through various sales channels (indirect contribution of II circle). Coca-Cola HBC Armenia's contribution to employment also distributed among other sectors such as financial intermediation and business activities (14.6%), agriculture (10.3%), transport (9.7%) and others.

## Sectoral structure of indirect and induced contributions to employment in 2019, number of jobs



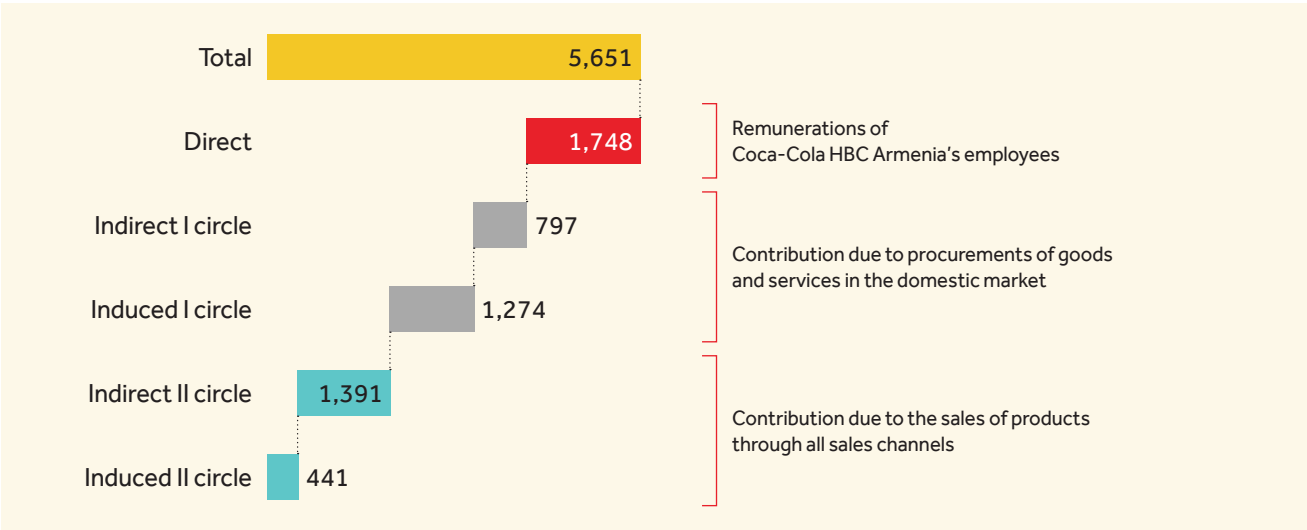


## CONTRIBUTION TO LABOR INCOME

Coca-Cola HBC Armenia paid AMD 1.7 billion of remuneration to its employees in 2019. The company also cooperated with local suppliers, distributors and retailers, thus supporting their ability to

pay salaries to their own workers. Coca-Cola HBC Armenia's total contribution to labor income of the population of Armenia amounted to AMD 5.7 billion in 2019.

■ **Structure of the total contribution to labor income of Coca-Cola HBC Armenia in 2019, AMD million**

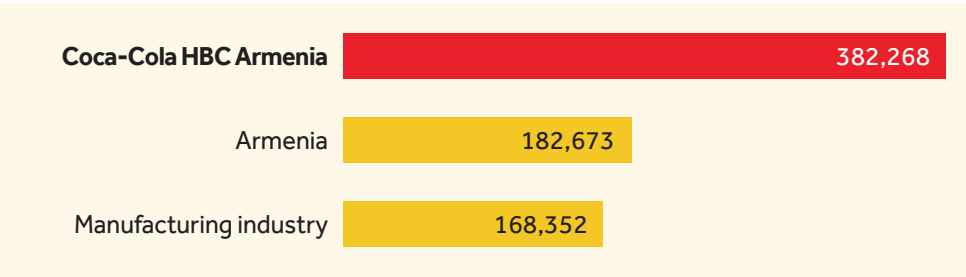






Coca-Cola HBC Armenia's direct contribution to labor income prevailed in the structure of the total contribution (31%) in 2019. In contrast, the share of its direct contribution to employment in the structure of the total contribution to employment was twice smaller. It can be explained by the fact that Coca-Cola HBC Armenia offers decent salaries to its employees, which are approximately two times higher than the average monthly salary in Armenia. The other significant shares of total contribution to labor income were formed by the indirect contribution of II circle – 25% to the total contribution or AMD 1,4 billion, and induced contribution of I circle – 23% of the total contribution or AMD 1,3 billion.

■ **Average monthly salary in the Coca-Cola HBC Armenia; in Armenia generally; and manufacturing industry in 2019<sup>3</sup>, AMD**

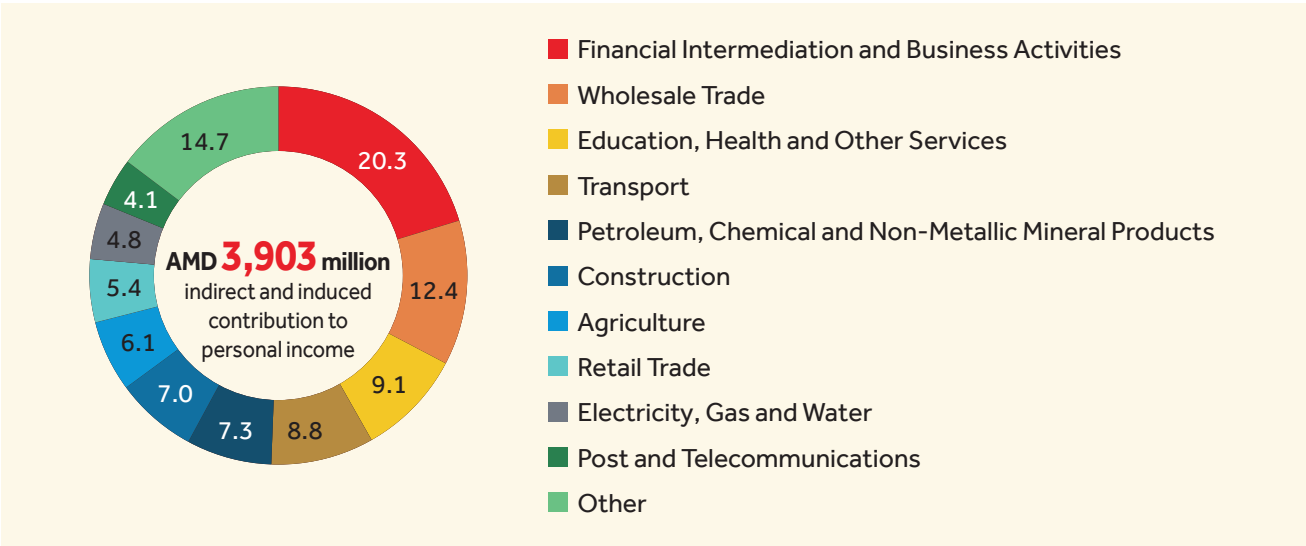


**AMD 5.7 BILLION –**  
**total contribution to labor income**  
of the population of Armenia, generated by  
Coca-Cola Hellenic Armenia in 2019

**AMD 3.2** of labor income  
was supported in the whole economy of  
Armenia **for every 1 dram of employees’**  
**remuneration** at Coca-Cola HBC Armenia

The sectoral structure of indirect and induced contributions to labor income depends on the level of remuneration in different sectors of economy. Coca-Cola HBC Armenia's indirect and induced contributions were mainly distributed among sectors such as financial intermediation and business activities (20.3%), wholesale trade (12.4%), education, health and other services (9.1%) and others.

■ **Sectoral structure of indirect and induced contributions to labor income in 2019, AMD million**



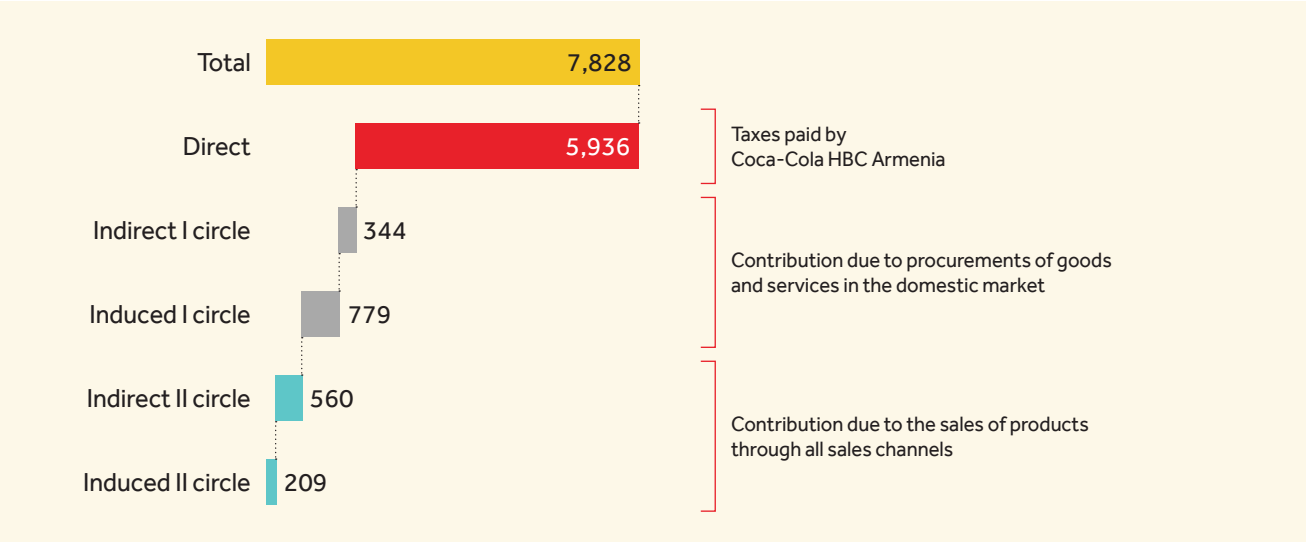
<sup>3</sup> The source of data on average monthly nominal salaries in Armenia and manufacturing industry is Statistical Committee of the Republic of Armenia

# TAX CONTRIBUTION

Coca-Cola HBC Armenia's total tax contribution, generated in the economy of Armenia, amounted to AMD 7.8 billion in 2019. It accounted for 0.53% of

the total income of taxes paid to the State Budget of Armenia in 2019.

## ■ Structure of the total tax contribution of Coca-Cola HBC Armenia in 2019, AMD million



Direct tax payments of Coca-Cola HBC Armenia to the state accounted for AMD 5.9 billion, which was 0.41% of total tax and duties and revenues of the State Budget of Armenia in 2019. Due to domestic

procurement and cooperation with distributors and retailers, the company supported the generation of additional AMD 1.9 billion in other industries of the economy.

**AMD 7.8 BILLION –**  
total tax contribution, generated  
by Coca-Cola HBC Armenia in 2019

**AMD 1.3** of tax payments were  
created in the economy of Armenia **for every 1**  
**dram of taxes** paid by Coca-Cola HBC Armenia



# CAPITAL INVESTMENTS

Coca-Cola HBC Armenia is constantly investing in production capacities and equipment. In 2019, the capital investments of the company amounted to.

**AMD 1.3 BILLION**

During the entire period of the company's operation in Armenia, the total amount of capital investments of Coca-Cola HBC Armenia reached

**AMD 18.4 BILLION**







**OUR PEOPLE**



Ensuring decent working conditions and compliance with human rights principle are one of the main obligations of the Coca-Cola HBC Armenia. The company highly values its employees and provides them with diverse training and development opportunities to improve their skills. Coca-Cola HBC Armenia is committed to the cultivation of inclusive working culture with equal opportunities to all employees and candidates.

## APPROACH TO EMPLOYEE MANAGEMENT

The company's approach to employee management meets all valid legal requirements, as well as relevant corporate standards. The main goals of Coca-Cola HBC Armenia in this area are to provide equal opportunities to all employees and candidates, to ensure diversity principles, and healthy and safe workplace environment. The company establishes transparent and open processes of communication in order to increase the level of employees' involvement.

All the employee management of Coca-Cola HBC Armenia activities are based on corporate policies, adapted from the leading Coca-Cola HBC standards in accordance with the national legislation. A significant part of these policies was updated in 2019. The principles and requirements related to recruitment and selection process for all types of positions in Coca-Cola HBC

Armenia are set out in *Employee contract management and recruitment policy*. *Employee personal record management policy* defines the company's responsibilities for managing employees' personal information, it establishes the process of collecting, processing, creating, maintaining and managing personal data. *Policy on change on employment* sets procedures for changing employment terms, including preparation of all relevant notices and orders. *Policy on employment termination* defines rights and responsibilities related to cases of employment termination at Coca-Cola HBC Armenia. Rights and obligations of Coca-Cola HBC Armenia and its employees regarding absences from work, annual and targeted leaves are set out in *Policy on Leaves of absence*. *Policy relocation* defines the procedure of external relocations to all employees including the process of getting a work permit. Coca-Cola

HBC Armenia provides access to the policies listed above to all employees. The quality of employee management system is assessed by an internal control system managed on a group level.

The company's *Grievance policy* is aimed at supporting employees in raising formal and informal grievances. The opinion of employees is important for Coca-Cola HBC Armenia. Everyone is free to express their concerns to their managers and

HR department team. Employees can also submit their suggestion and complaints in Ethics Point, "Speak up". The HR Team maintains open dialogue regarding all employment matters, conducts meetings and talks with managers, including awareness sessions on a regular basis. In 2019 awareness sessions were held on Talent Acquisition processes and ethics issues on this matter, as well as on performance management processes.

## GENERAL INFORMATION ABOUT OUR EMPLOYEES

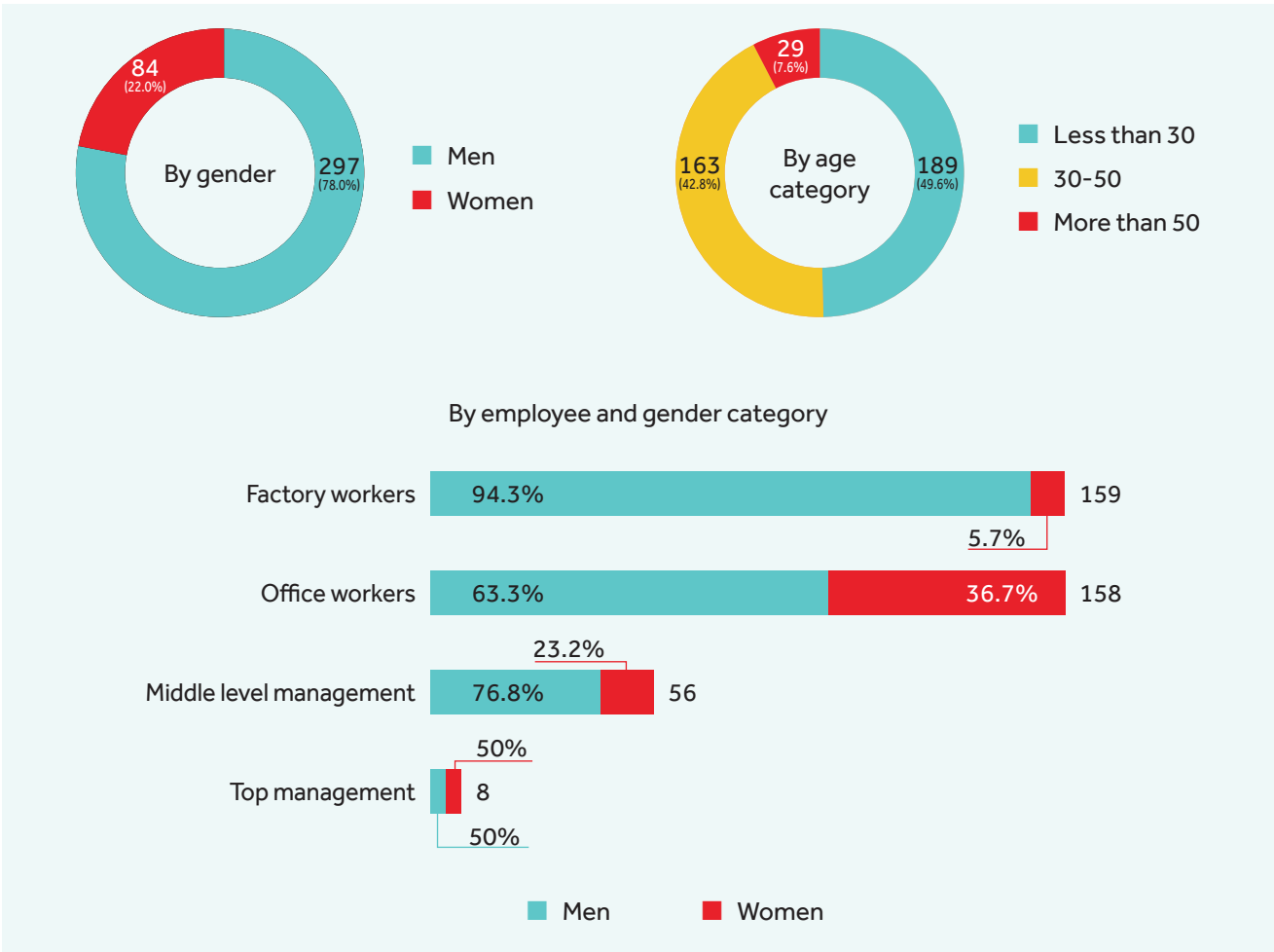
The number of Coca-Cola HBC Armenia employees as of the end of 2019 was 381 people: 353 of them are employed in Yerevan-based factory and the office, other 28 – in regions, employed with the Sales Department. Factory employees accounts for 41.7% of the total number of workers, office workers – 41.5%, others are middle level management representatives – 14.7%, and top management – 2.1%. The majority of employees are under the age of 30 (49.6%).

Men represent 78.0% of all employees due to a significant number of male applicants in sales, factory

and some other positions. Among factory workers, the share of male professionals is the highest (94.3%), which is explained by the specifics of works and activities carried out at factory. Half of the company's top management in 2019 was represented by women. Coca-Cola HBC Armenia aims to achieve greater diversity among its employees and pursues the common Coca-Cola HBC goal to ensure that 50% of manager positions are held by women by 2025.

Armenian citizens accounted for 64% of senior managers in 2019.

■ The number of employees by gender, age and employee categories in 2019 (as of 31.12.2019)







The majority of Coca-Cola HBC Armenia employees (99.5%) are full-time employees. Most employees work under permanent employment contract (87.1%). Temporary employment contracts are provided mostly to seasonal workers engaged in distribution, manufacturing and warehouse activities.

Number of employees by employment contract	Yerevan		Region	
	Men	Women	Men	Women
Total number of employees by permanent employment contract	235	69	28	0
Total number of employees by temporary employment contract	34	15	0	0

Number of employees by employment type	Yerevan		Region	
	Men	Women	Men	Women
Total number of full-time employees	269	82	28	0
Total number of part-time employees	0	2	0	0

Coca-Cola HBC Armenia uses contractors' services only for product self-delivery, namely transportation services to deliver finished goods to 3 regional distributors: Gyumri, Vanadzor, Stepanakert. Such practice helps manage logistic activities properly, especially in high season.

In 2019 Coca-Cola HBC Armenia hired 112 new employees, whereas 76 employees were fired. The main reasons of employees quitting during the year included changes in career preferences, work or study-related emigration, and low performance of employees.

The general employee turnover rate<sup>4</sup> in 2019 was **22.34%**. The turnover rate for male employees was slightly higher (**23.35%**) than the one for female employees (**18.14%**).

■ Changes in the number of employees in 2019

		Employees hired	Employees fired
By gender	Men	85	64
	Women	27	12
By age	less than 30	92	52
	30-50	18	22
	more than 50	2	2
By category	Top management	1	0
	Middle level management	7	11
	Office workers	55	38
	Factory workers	49	27
By place of employment	Factory (Yerevan)	19	12
	Office (Yerevan)	83	54
	Other departments (geographic regions)	10	10

<sup>4</sup> Year to date turnover rate is being calculated as follows: (Number of Permanent leavers in the total reporting period / Average Actual number of Permanent Employees over the total reporting period) x 100

# HUMAN RIGHTS, DIVERSITY AND EQUAL OPPORTUNITIES

Coca-Cola HBC Armenia is committed to ensure that all employees are treated with dignity and respect. The company guarantees human right protection and equal opportunity to all employees by following the global Coca-Cola HBC Inclusion and Diversity Policy. Policy compliance is monitored by an internal control system.

Coca-Cola HBC Armenia is dedicated to maintaining the workplace that is free of any discrimination based on age, gender, marital or civil partnership status, family status including pregnancy, maternity, paternity or other, aid worker status, race, ethnic origin and nationality; religious, political or other beliefs, and any other characteristic in respect of which legal protection is afforded by local law. The company bears responsibility to provide equal opportunities, safe, healthy and secure workplace to all employees. Coca-Cola HBC Armenia identifies and prevents any adverse human rights impacts in relation to business activities through human rights due diligence and preventive compliance processes.

In 2019 the company continued to create more inclusive and respectful working environment and to pursue gender equality goals:

- During 2019 the company regularly communicated essential information on diversity and inclusion issues to all employees;
- Detailed analysis was carried out and Women Empowerment Action plan for 2020-2021 was developed;
- In 2019 Executive Management Team consisted of equal number of women and men;
- In the reporting period there were no discrimination incidents in the company.

Coca-Cola HBC Armenia regularly conducts Diversity and Inclusion awareness sessions. All new employees of Coca-Cola HBC Armenia are introduced to the company’s human rights policy. Thus, all 112 new employees hired in 2019 (29.3% of all employees) passed obligatory introduction training of 2 hours on the aspects of human rights.

Coca-Cola HBC Armenia recruits, trains, promotes, and compensates its employees based solely on their qualification, performance, skills and experience.

## ■ The ratio of basic salary and remuneration of women to men by employee category in 2019

Employee category	The ration of basic salary and remuneration of women to men
Total	66.5%
Top management	62.6%
Middle level management	84.5%
Office workers (including Sales department)	54.3%
Factory workers	83.4%



# LEARNING AND DEVELOPMENT

## TRAINING PROGRAMS

Coca-Cola HBC Armenia is determined to ensure continued professional growth of its employees and to facilitate their successful career development. The company’s training and education programs aim to provide employees with the required level of capabilities and leadership, to equip them with essential knowledge and skills and prepare future leaders. All matters regarding training and education are managed according to the global practices of Coca-Cola HBC, as well as Business Unit approach and guidelines in this area.

All learning and development activities are based on Individual development plans of employees and the type of educational program depends on employee category. Trainings and learning programs, available to employees of Coca-Cola HBC Armenia, can be implemented locally by the company, they can be organized and implemented by the Business Unit or can be organized by the Group (Coca-Cola HBC).

Trainings and programs related to health and safety issues as well as standards of behavior are set in the Code of Business Conduct are mandatory to all employees.

Two main types of learning and development activities are being implemented in Coca-Cola HBC Armenia:

- **Trainings and programs aimed at functional capability development.** These types of trainings and learning programs are managed by each function internally based on their need to equip employees with certain knowledge and skills.
- **Trainings and programs aimed at leadership capability development.** The goal of these programs is to prepare employees for their new roles at higher leadership levels.

The company provides the following core programs for leaders that help employees develop both leadership skills and specific technical skills: Passion to lead; Situational Leadership; Coaching Leadership Style for Front line leaders; Leadership Excellence and Accelerating Performance (LEAP) for Change Leaders; Excel for Function Heads.

Coca-Cola HBC Armenia also organizes Management Trainee program for applicants, who are recruited

specifically to take up leadership roles in the future. The program lasts from 1 to 2 years and participants are anticipated to take management roles upon completion. In 2019, the total of 43% of all trainees were employed with the company.

The company also designed Fast Forward program for current and future leaders including three levels of training: FF1 – for professionals, preparing to take a front-line leader role; FF2 – for front line leaders, preparing to take a change leader role; FF3 – for change leaders, preparing to take a function head role.

Coca-Cola HBC Armenia expands online learning and tries to switch to online trainings, though in 2019 most of trainings in are held in classroom.

### In 2019 the following development and training programs were conducted:

Acceleration Centers and Core Programs for Leaders, organized and implemented by Business Unit, covering the total number of **130** participants in 2019, which included the following:

- Fast Forward Program for leaders or future leaders, including Project Management Training, 4 Essential Roles of Leadership, Business simulation;
- CORE (mandatory) programs for new Managers: Passion to lead, Situational Leadership, Coaching Leadership Style, LEAP, Excel;
- Boosters programs to improve employee performance: Team Effectiveness Workshop for Change Leaders, eBoosters for everyone, Performance for Growth, Feedback Workshops.

Local programs, covering the total number of 381 participants in 2019, included the following:

- **9** Commercial programs for sales employees;
- **3** Legal programs;
- more than **3** Sustainability programs;
- **4** Integrated Supply Chain Services (ISCS) programs.



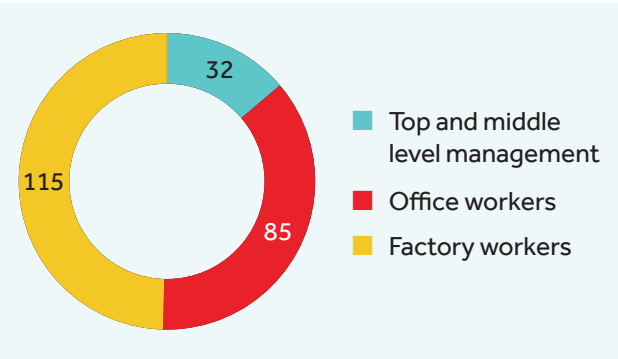


All newly appointed managers were fully covered by the Core Leadership programs in 2019.

In 2019 the average number of training hours per employee in Coca-Cola HBC Armenia was **9.01**: for male employees – 10.13, for female employees – 5.04.

In addition, 232 employees were obligated to pass trainings on anti-bribery during the reporting period. According to the results, Coca-Cola HBC Armenia achieved the target of 100% employees completing the training session in 2019.

■ **The structure of employees, who was targeted to pass anti-bribery trainings in 2019 of the total number of employees**

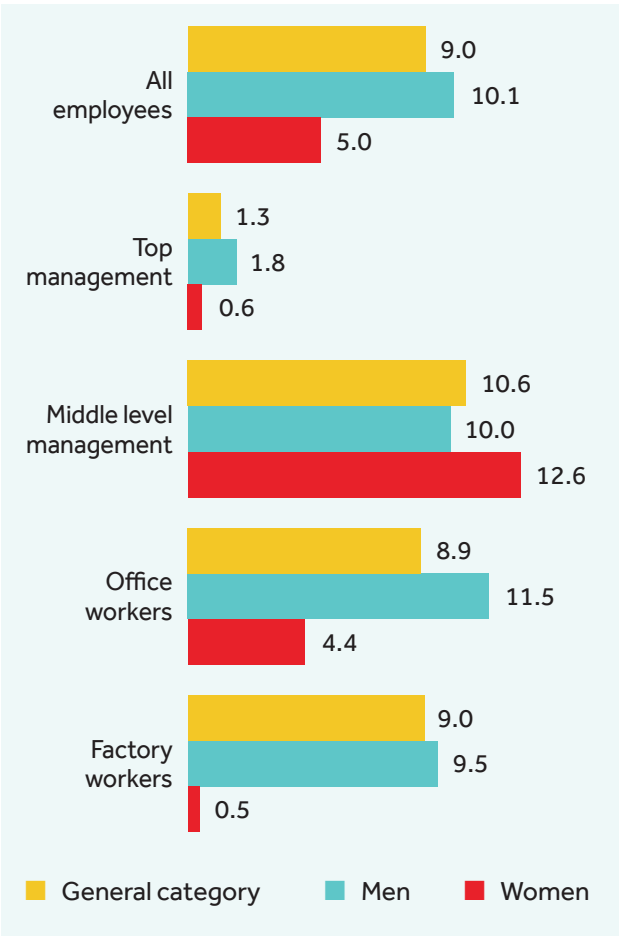


**EVALUATING EMPLOYEES' PERFORMANCE**

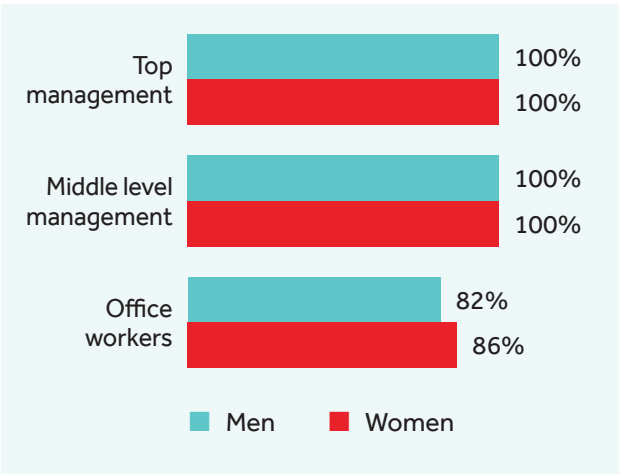
Coca-Cola HBC Armenia in 2019 successfully implemented the performance management system called **Performance for Growth**. The system allows every employee to receive performance review and feedback on a quarterly basis as well as annual review and evaluation on performance and competencies. The process is documented on the online platform and includes self and managerial review and one-to-one meetings. Following the annual performance review Talent Reviews take place, during which employees' future career plans are discussed. After the Talent Review discussions, individual development plans or performance improvement plans are finalized.

All top and middle level management employees are eligible to receive regular performance review within the Performance for Growth system. Factory workers and some of the office employees do not participate in performance reviews. Overall, in 2019, the total participation rate in this performance management system accounted for 95% of eligible employees.

■ **Average training hours per employee by category in 2019**



■ **The share of all employees that received regular performance and career development reviews in 2019**



In 2019 the company launched an **“Upward feedback process”** that allows employees to provide feedback to their managers on a quarterly basis by completing special questionnaire on the online platform. All feedbacks are anonymous. In 2019 the “Upward feedback” participation rate was 87%.



IN 2019, THE MANAGEMENT TRAINEE PROGRAM OF COCA-COLA HBC ARMENIA WAS NOMINATED BY THE BUSINESS AWARD "WOW HR" IN THE CATEGORY 'LEVEL UP'. THIS CATEGORY RECOGNIZES BEST PROJECTS ON EMPLOYEE TRAINING AND MOTIVATION. BY RESULTS OF THE COMPETITION, COCA-COLA HELLENIC ARMENIA RECEIVED THE

**2<sup>ND</sup> PLACE**

## ATTRACTING AND RETAINING EMPLOYEES

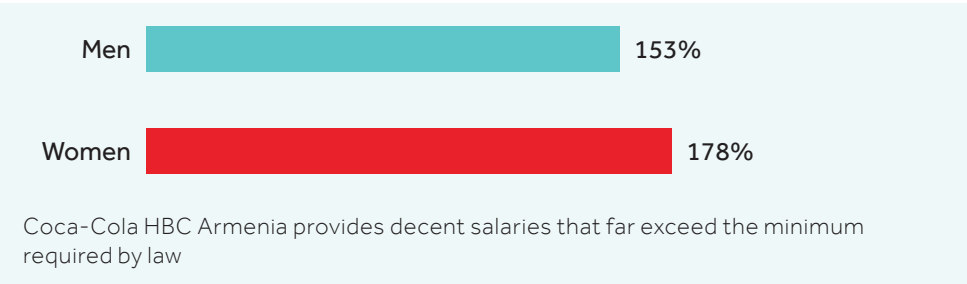
Coca-Cola HBC Armenia engages employees in the company's life, build open communication with them and offers various career development options. The company provides employees with not only a decent financial reward and compensations, but also opportunities for training, professional development and gaining a valuable experience in an international company.

Coca-Cola HBC Armenia uses a well-structured recruitment process that aims at attracting and retaining talents. The company offers paid and non-paid internship programs and has special Management Trainee program for attracting and developing young talents for future leadership roles.

## REMUNERATION

The company compensates employees competitively in relation to the industry and local labor market, and it operates in full compliance with applicable salary, work hours, overtime and benefits laws. The compensation of all employees includes monthly base salary and bonuses. Bonuses paid to employees depend on their performance results and targets achievements. Salaries are usually revised on an annual basis to ensure proper financial motivation and career achievement rewards.

■ **The ratio of the standard entry level salary to the minimum salary established by law in 2019**



## NON-FINANCIAL MOTIVATION

The company offers to its employees a wide range of non-financial benefits to ensure favourable working environment and their well-being outside of the working place. Non-financial incentives are provided to all employees regardless of employment contract type and include:

- **Health insurance.** All employees are entitled to health insurance coverage. The health insurance package is upgraded every year and except usual medical services includes other type of services (awareness sessions on health issues, online consultations, etc.).
- **Sports activities.** The company organises different sport activities for employees regularly, such as football and volleyball cups;
- **One-off payments** are provided to employees to support them on personal and family-related occasions.
- **Holidays and events.** Various events are held during the year, for example Family day with the participation of employees' families. The company organizes official holiday celebrations with gifts to employees and their families.
- **Benefits for children of employees.** The company provides School Day vouchers and gifts

for employees' children before the beginning of the school year. On June 1-st, Children's day celebration, children receives gifts and participate in kid clubs, organized by the company.

- **Achievement celebration** to recognize teams' accomplishments.
- **Free products.** Provision of free drinks to employees at the office and on different occasions.
- **Meal allowance.** Employees are provided with food coupons to use in the office canteen.

Coca-Cola HBC Armenia engages all its employees in finding the best solutions to improve working environment. To achieve this, the company undertakes an all-employee engagement survey and discussions across different department. As the result of such activities, the best ideas and suggestions on better working conditions are implemented. For example, in 2019 the company equipped the office with a resting zone for its employees. In addition, every year the company nominates the Engagement Ambassador, whose role is to collect feedback and suggestions regarding workplace development from their colleagues.

The rights of employees for paid parental leave is regulated according to the Law of the Republic of Armenia.

## EMPLOYEE ENGAGEMENT SURVEY

Coca-Cola HBC Armenia regularly sends pulse surveys to employees to measure their satisfaction and engagement level. The survey approach and questionnaires are designed on the Coca-Cola HBC group level.

Coca-Cola HBC Armenia conducted two surveys regarding employee engagement in 2019. According to their results, in 2019, the **Sustainable Engagement Index** increased to **93** which is 7 points higher than in 2018.

## PLANS FOR THE NEXT YEAR

- Incorporating online learning culture in the company, transferring core leadership and development programs to online learning.
- Implementing a special online learning program for English language improvement (eBoosters program).
- Implementing diversity and inclusion activities in Talent Acquisition processes, focusing on gender diversity and diversity by age, experience, etc.
- Carrying out internal communication awareness campaigns regarding diversity and equal opportunity issues, implementing inclusive leadership development programs and engagement action plans and reporting.
- Increasing gender equality and ensuring achievement of Coca-Cola HBC goals for growing the personage of women across all categories of employees and reaching 50% of women managers by 2025.
- Implementing Women Empowerment Action plan.









# **OCCUPATIONAL HEALTH AND SAFETY**



Protecting and taking care of employees is at heart of Coca-Cola HBC Armenia's corporate culture. It is critically important for the company to eliminate hazards and minimize occupational health and safety (OH&S) risks by taking effective preventive and protective measures to ensure the health and safety of every employee. The company puts its highest efforts to the creation of safe conditions and environment for all employees to make sure that the greatest value, i.e. the health of employees, is not jeopardized.

## POLICIES AND GOALS IN THE AREA OF OCCUPATIONAL HEALTH AND SAFETY

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THE EMPLOYEES OF COCA-COLA HBC ARMENIA ARE THE COMPANY'S HIGHEST VALUE. PREVENTING WORK-RELATED INJURY AND HEALTH THREATS AND PROVIDING A SAFE AND HEALTHY WORKING ENVIRONMENT ARE ITS

**PRIMARY RESPONSIBILITIES**

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Coca-Cola HBC Armenia operates in accordance with national legislation, international standards and internal corporate norms in the field of occupational health and safety. These norms are focused on minimizing risks of harmful operational impact on employees, contractors, visitors and others who may be affected by the activities of the company, while fulfilling consumers' expectations with high quality and safe products.

Coca-Cola HBC Armenia's current policy on occupational health and safety establishes the company's responsibility to conform to relevant international standards by implementing continuous improvement programs. The company organizes its operation activities in a manner that allows it to have full control over work-related health and safety risks, in order to prevent injuries and health deteriorating. The company's ongoing business activities cannot be carried out without the implementation of an effective occupational health and safety management.



## OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Coca-Cola HBC Armenia employs an effective occupational health and safety management system, developed in line with relevant international standards and best practices. The company provides safe working environment which results from the structured implementation of the Standard ISO 45001 that replaced the OHSAS 18001 standard. Within the Hellenic Group, Coca-Cola HBC Armenia was the first company to implement the more advanced health and safety certification system.

The aim and intended outcomes of Coca-Cola HBC Armenia occupational health and safety management system lie in preventing work-related injury and instances of workers' health deteriorating as well as providing them with safe and healthy workplace. Confidence in safety of the company's employees is indeed the determinant of successful performance and expected results. For that reason, OH&S management system is implemented across all departments of the company, including contractors.

Coca-Cola HBC Armenia undergoes regular external and internal assessments and audits to confirm compliance with applicable local legislation, international standards and corporate requirements related to occupational health and safety risks. Additionally, in-house electricians and employees, who work with dangerous objects, are subjects to yearly qualification training and confirmation, provided from external qualified companies. These actions are aimed to increase the awareness of the company's workers on:

- their contribution to the effectiveness of the OH&S management system, including the benefits of improved OH&S performance;
- implications and potential consequences of not conforming to the OH&S management system requirements;
- incidents and the outcomes of investigations that are relevant to them;
- their ability to remove themselves from work situations which they consider imminent and dangerous to their life.

Within the framework of the occupational health and safety management system, Coca-Cola HBC Armenia also seeks to collaborate with internal and external stakeholders through regular communication and by sharing best practices, it seeks to hone the company's ability to prevent and reduce workplace risks. Coca-Cola HBC Armenia seeks to be ahead of the curve, through the demonstration of its leadership in the area of OH&S management

performance by integrating relevant practices in the company's business plans and undertaking occupational health and safety communication activities, such as annual updates of the OH&S performance goals and objectives.

The occupational health and safety management system of Coca Cola Hellenic Armenia has passed an external audit and has received confirmation of compliance with the ISO 45001 standard. The company's occupational health and safety management system covered 100% of employees and 100% of contractors in 2019.

## INVOLVEMENT OF CONTRACTORS

Prior to initiating new or non-routine contractor work, Coca-Cola HBC Armenia conducts a mandatory pre-contract risk assessment. All contractors are required to comply with Coca-Cola HBC Armenia rules and standards. The company has a Contractor Management procedure, the purpose of which is to ensure that the contractor bidding process includes environmental, occupational safety and health requirements. The procedure is also carried out to ensure that contractors and subcontractors have the qualifications and capabilities to perform the expected work and meet the company internal and national regulatory requirements.

## FEEDBACK FROM EMPLOYEES

Coca-Cola HBC Armenia's business operations are built on the culture of professional strong relationships which are the result of effective communication. For that reason, receiving internal feedback is highly important for the company's long-term growth and success.

Coca-Cola HBC Armenia has established the communication system for engaging employees of all levels and functions in the process of development and implementation of ideas regarding safe and healthy working conditions. At the same time the company provides necessary training, resources and participation opportunities for employees to promote effective discussions. The results of such practices include clearly defined roles and responsibilities as well as active employee participation in consultations.

If employee finds themselves in a situation that may cause injury or illness, they have an opportunity to use the company's unified approach: STOP – THINK – ACT, the purpose of which is to stop any reported operational processes if employees in worksite are unsafe. The reported incidents are followed by worksite checks and further elimination of sources of possible negative impacts.

## TRAINING OF EMPLOYEES ON OCCUPATIONAL HEALTH AND SAFETY

According to Coca-Cola HBC Armenia occupational health and safety policy, the Company provides regular training and information awareness sessions for employees in the field of occupational health and safety. It is beneficial to both the company and its employees, as employees become more productive when they fully understand the nature and potential risks of the processes. H&S training is also compulsory for some categories of employees or some categories of work. The company takes all the necessary measures for proper and safe operations thereby reducing the risk of unforeseen costs or reduced productivity in the future.

The company conducts trainings to familiarize new employees with the workplace safety. Acceptance to the workplace is determined by an employee's confidence in understanding the production process and their ability to identify occupational hazards. General health and safety training, covering basic topics related to the safety of operation processes, are organized regularly. Their aim is to ensure the employees' awareness and compliance with national law requirements on health and safety and corporate standards of Coca-Cola HBC Armenia in this field. The total number of employees who had passed the trainings in 2019 was 370 individuals. Additionally, the company

organizes awareness trainings on major non-work-related health risks, by covering topics such as stress and ergonomics for employees of all departments.

Coca-Cola HBC Armenia exercises Behavior Based Safety program, Walk the Talk program and Toolbox talk. **Behavior Based Safety** program was developed in 2019 with the focus on employee's engagement in OH&S observations. Such observers pass special occupational health and safety trainings on field awareness and rules. In 2019 there were 252 such observations conducted by employees.

**Walk the Talk program** was developed to stimulate the "manager-employee" dialogue during which they become more engaged with the occupational health and safety agenda and relevant topics. A total number of 29 such dialogues were conducted in 2019. Similarly, the **Toolbox Talk program** seeks to establish dialogues between the supervisor and employee by covering specific occupational health and safety topics. Every month the company selects one or two themes for the dialogue, which supervisors discuss with the employees. In 2019, Coca-Cola HBC Armenia organized 240 dialogues under the umbrella of the Toolbox Talks program.

## REDUCING THE LEVEL OF INJURIES

Occupational health and safety practices of Coca-Cola HBC Armenia hold a particular focus on dangerous operational units and operations such as CO<sub>2</sub> production, High & Low compressor stations, fuel stations and fire brigade management. The state of safety during potentially dangerous works, such as work with machines and mechanisms, work at height and work with chemicals, is controlled by daily inspections.

To resolve the detected deviations or threats of negative impact, Coca-Cola HBC Armenia has established the process for elimination of hazards and reduction of occupational health and safety risks by using the following action plan:

- eliminate the hazard;
- substitute with less hazardous processes, operations, materials or equipment;
- use engineering controls and reorganization of work;
- use administrative controls, including trainings;
- use appropriate personal protective equipment.

As a result of implementing high occupational health and safety standards, Coca-Cola HBC Armenia achieved 920 days without Lost time Accident in 2019. The

indicator of Lost Time Accident Rate (LTA)<sup>5</sup> in 2019 was 0.26. The only work-related injury<sup>6</sup> during the reporting period was due to negligence of the employee at the distribution department. Coca-Cola HBC Armenia aims to achieve zero Lost Time Accident rate in 2020.

Coca-Cola HBC Armenia also monitors safety level and accidents rate related to transportation, based on the indicator of accident per million kilometers (APMK)<sup>7</sup>. The company has made a significant progress in reducing the level of APMK over the last 3 years: the indicator decreased from 5.50 in 2017 to 3.50 in the reporting period.

### ACCIDENT INVESTIGATION

The mechanism of investigation of accidents at the workplace of Coca-Cola HBC Armenia, including the identification of hazards and risk assessment, is carried out in

<sup>5</sup> Lost time accident rate (LTA) = Number of accidents resulting in 1 day or more away from work for 12-month period \* 100 / Average number of FTE

<sup>6</sup> The rate of recordable work-related injury, which is calculated according to GRI Standards, accounted for 0.25 in 2019 (calculated based on 200,000 hours worked). This work-related injury in 2019 was not classified as high consequence.

<sup>7</sup> Accident per million kilometers (APMK) = number of road accidents in the reporting period \* 1,000,000 / overall number of kilometers driven.

accordance with the applicable national law. When an incident or a case of nonconformity occurs, the company invests significant resources in minimizing negative impacts. Each incident, its risk assessment and implementation of corrective and preventive actions are followed up with the engagement of top management.

Such instances are always followed by conducting repeated trainings and preventive actions, namely: review of existing risk assessment methodologies, additional sessions of Toolbox Talks, communication and distribution of updated documented information to all employees and contractors.

## RISK ASSESSMENT IN OCCUPATIONAL HEALTH AND SAFETY

When formulating business plans and targets Coca-Cola HBC Armenia follows the risks and opportunity assessment process, relevant to an intended outcome. All risk assessment procedures are regulated by the provisions of the ISO 31000 standard, which covers the following stages: risk identification, risk analysis, risk evaluation, monitoring and reviewing, recording the risk management process.

When a risk factor is identified, the company analyses whether the risk treatment should be applied to meet the acceptable criteria. All work processes conducted by the company (for example production, high and

low compressors, fuel station etc.), are evaluated with respect to the nature of potential hazard: mechanical, electrical, chemical or caused by pressure. The company further identifies all sources of potential risks and assigns a score to them based on their likelihood (1-very unlikely, 2- unlikely, 3-possible, 4-likely) and potential severity (1-minor, 2-serious, 3-major, 4-fatal). Based on such a detailed risk assessment approach, Coca-Cola HBC Armenia establishes control and preventive measures aiming to reduce or fully eliminate health and safety risks. Any identified unsafe behavior or actions are registered, reported and investigated by the management of the company.

## PROMOTING A HEALTHY LIFESTYLE

Coca-Cola HBC Armenia provides health insurance to all employees: in addition to the standard set of medical services, health insurance programs also cover special treatment options as per prescription, such as massages. Furthermore, the company supports people in living healthy and active lifestyles outside their working hours, helping them to maintain balance between work and self-development. The company promotes well-being programs which provide employees with gym memberships and medical check-ups. The company involves its employees not only in events

organized by Coca-Cola HBC but also in sport and healthy living programs across the country.

All employees at Coca-Cola HBC Armenia are provided with opportunities to join sport clubs or gyms by the HR department. Under certain conditions, such service is also provided to family members. For those employees, who want to take a short break from work there is a resting zone inside the company's facilities, which is also equipped for some physical activity (e.g. table tennis).

## RESPONSE TO THE COVID-19 PANDEMIC

In response to the declaration of the COVID-19 pandemic by the World Health Organization in January 2020, Coca-Cola HBC Armenia established and implemented a COVID-19 Management process based on Local regulation & Coca-Cola Operating Requirements. The COVID-19 Management program includes risk management and assessment. All employees were provided with information and training materials, and premises of the company were marked with visual posters and markings with useful information on personal hygiene and social distancing.

Coca-Cola HBC Armenia allows and encourages its employees to work from home, for the purposes of self-isolation. When employees need to visit clients or work at the office, the company provides them with transportation services. In addition, with the aim to minimize social contact between employees Coca-Cola HBC Armenia undertook remodeling of its territory to ensure social distancing of minimum 2 meters between visitors. The company also established new administrative rules such as control of shift changes and rules of canteen visitation. At the same time the company disinfects commonly touched equipment every 2 hours.

## PLANS FOR 2020

- Achieve zero Lost Time Accident rate and keep this level in next years.
- Implement Behavior Based Safety program in Sales department.
- Continue promoting the culture of safety and undertaking awareness initiatives across all departments, including Sales department.









# ENVIRONMENTAL PROTECTION



Commitment to protect our Nature is incorporated not only in the overall business strategy and policies of the Coca-Cola HBC Armenia but is reflected in the company's daily operations. Coca-Cola HBC Armenia seeks to reduce environmental footprint, by introducing energy efficiency technologies, reducing manufacturing and marketplace waste, and investing in external initiatives on environmental protection and public awareness. Coca-Cola HBC Armenia has three priority areas, by driving its efforts in the field of environmental protection, namely: reduction of carbon emission, reduction of water use, and establishment of the marketplace waste recycling processes.

The sustainable development strategy of Coca-Cola HBC Armenia has accomplished considerable results in the area of environmental protection, since its establishment in 2010: the company reduced its carbon footprint throughout the supply chain by 37.5%, targeting every component from local manufacturing to refrigerators in the marketplace, and achieved a 16% of reduction in water consumption for manufacturing.

## MANAGEMENT APPROACH

Coca-Cola HBC Armenia's approach to business operations from the perspective of environmental protection is based on the international ISO 14001 standard on Environmental Management. The company's initiatives to minimize the environmental impact on community and nature are led by the Environmental Programs coordinator, while all employees share the

responsibility of compliance with the established corporate environmental principles. Indeed, the company encourages its personnel to report any loss and unnecessary use of energy or water through the Near Loss program, by increasing the management's awareness of inefficiencies in the use of resources which need to be addressed. In 2019, a total number of 269 instances of near losses were reported. This culture of employees' personal responsibility is effectively integrated into the broader planning mechanisms employed by



Coca Cola Hellenic Armenia: the company establishes annual and monthly targets for water and energy use and monitors its progress towards achieving these goals on a monthly basis. These targets are particularly

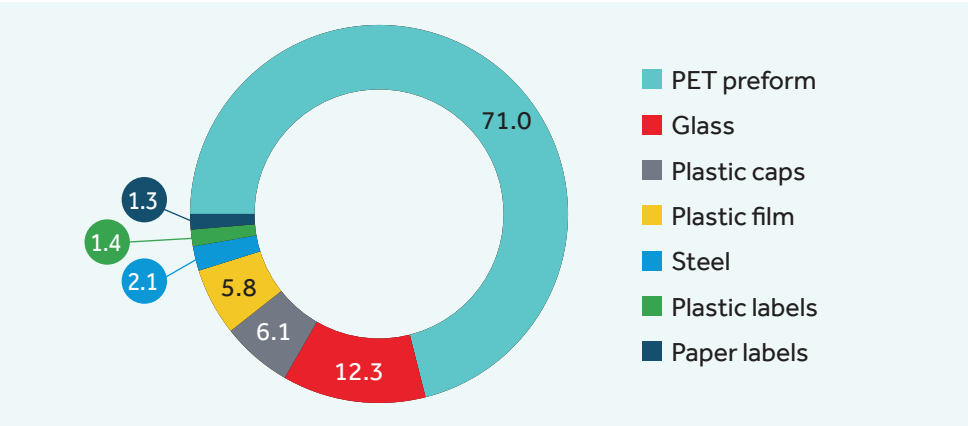
achieved through the implementation of water and energy saving initiatives, such as measures taken to optimize pressure in the washer of glass bottles leading to reduced use of water.

## USE OF PACKAGING MATERIALS

In 2019, Coca-Cola HBC Armenia used 2,220 tons of packaging materials, of which 1,577 tons were PET preforms (71%). The second most commonly used material is glass, 12.3% or 273 tons out of total volume of materials. In the reporting period, 1.3% of materials (paper labels) used by the company for packaging purposes were renewable<sup>8</sup>.

Following its commitment of responsible production, in 2019 Coca Cola Hellenic Armenia returned 96% of glass bottles from a marketplace on a monthly basis to be used again in manufacturing.

The use of packaging materials in 2019, %



## WASTE MANAGEMENT AND RECYCLING

According to the Environmental Management Policy, Coca-Cola HBC Armenia shapes its waste management approach in a manner that seeks to increase in the recycling rate of types of waste, generated by the company's operation and ensure that all hazardous waste is utilized in accordance with legal and corporate requirements. The company has introduced a waste separation system that provides for a separate compartment for PET, paper and general waste. The collected waste is then sent to relevant recycling companies. The company monitors how waste is collected and whether the separation system is employed appropriately by conducting monthly audits. As a result of this thorough and well-planned management approach, 97.8% of the total generated waste was recycled and Coca-Cola HBC Armenia aims to continue recycling at such high rate in the future.

Volume of waste generated in 2019, tons

Waste type	2019
Non-hazardous (recyclable)	521.3
Non-hazardous (landfilled)	11.5
Hazardous (non-recyclable)	1.7
Total	534.5

<sup>8</sup> According to GRI Standards, renewable material is a material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes.

AS A RESULT  
OF RECYCLING  
ACTIVITIES, IN 2019

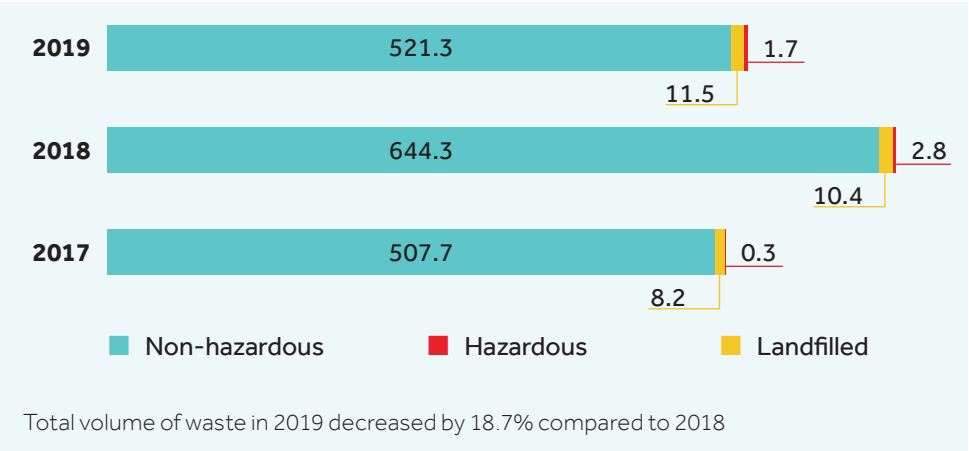
97.8%  
OF ALL GENERATED  
WASTE WAS RECYCLED



With respect to the utilization methods, the company sells its non-hazardous recyclable waste to relevant organizations with special facilities to recycle waste, or to individuals who can reuse it. Hazardous waste, such as plastic bags and marketing materials, oils and tires that cannot be recycled, as well as luminescent

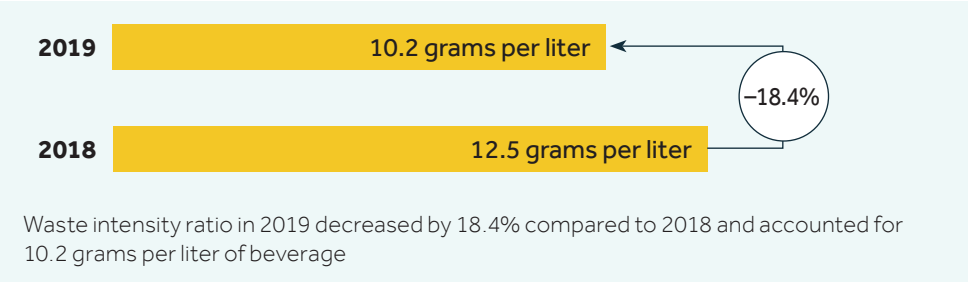
lamps are sent to specially designated entities with the license, which are approved by Coca-Cola HBC Armenia, where waste is utilized in environmentally safe manner. In total, the volume of waste the company generated in 2019 decreased by 18.7% compared to 2018 and amounted to 534.5 tons.

■ Volume of waste generated in 2017-2019, tons



The volume of waste generated to produce one liter of beverage, or waste intensity ratio, decreased in 2019 and accounted for 10.2 grams per liter, compared to 12.5 grams per liter in 2018.

■ Waste ratio (grams of waste generated to produce 1 liter of beverage)



WASTE MANAGEMENT

In addition to implementing holistic and meticulous waste management approach internally, Coca-Cola HBC Armenia strives to lead by example and contribute to the societal awareness of waste issues and recycling practices. In doing so, the company organizes and supports social initiatives and projects on a regular basis within the framework of its globally established program called “World without Waste”. The main targets of the “World without Waste” strategy are built on three core pillars:

- 1. Design:** aiming to integrate innovative approaches into packaging design to achieve 100% recyclable primary packaging by 2025 and use at least 50% recycled materials in packaging by 2030 as a part of global initiative; For Armenia the compliance target by 2025 is 73 %;
- 2. Collect:** planning to collect and recycle the equivalent amount of produced primary packaging – a bottle or can for each the company sells – by 2030;
- 3. Partner:** undertaking initiatives aimed to raise awareness and promote environmentally friendly consumer behavior by collaborating with various organizations.



**In 2019 these initiatives included:**

● **WORLD CLEAN-UP DAY**

Following its ambitious goals under “World without Waste” vision, Coca-Cola HBC Armenia is actively participating in World Cleanup Day. In 2019 company’s employees joined this eco-initiative to clean streets and local environment:

- more than **60** employees of Coca-Cola HBC Armenia participated in the event;
- **60** sacks of waste were collected.

● **ZERO WASTE COMMUNITY PROGRAM:**

Under the memorandum of understanding between Coca-Cola HBC Armenia and the Ministry of Nature Protection of Armenia, the company launched the “Zero Waste Community” program, which aims to promote the culture of responsible waste treatment in the society. As a result of program implementation in 2019:

- **5** recycling bins were installed in Yerevan;
- **25** recycling bins to be installed in the city of Talin as of August, 2020 (pilot project).

● Coca-Cola HBC Armenia actively collaborates with the non-governmental organization **“INNOVATIVE SOLUTIONS FOR SUSTAINABLE DEVELOPMENT OF COMMUNITIES”** in Armenia.

The main purpose of this partnership envisions:

- promotion of environmental education and new business opportunities in the waste management industry;

- strengthening public awareness on the importance of waste reuse and recycling, particularly among schoolchildren and students;
- promotion of waste sorting and recycling lifestyle in Armenia;

As such, in 2019 Coca-Cola HBC Armenia installed

- **100** schools and universities which were engaged in the initiative, covering more than 5,000 schoolchildren and 4,000 students;
- **40** waste sorting bins which were installed in different companies, schools and universities;
- **20** tons of solid waste was collected.

● **“SUSTAINABLE WASTE MANAGEMENT INTERNATIONAL CASE STUDIES SHARING” WORKSHOP**

Coca-Cola HBC Armenia contributed to the workshop, organized by the Fast-Moving Consumer Goods (FMCG) Committee Waste Management working group of the American Chamber of Commerce in Armenia, by sharing its insights on the successful waste management model and implementation approaches from both practical and institutional perspectives. During the discussion attendees were able to learn about the international best practices from top notch experts invited by The Coca-Cola Company to select the best Sustainable Waste Management model to be applied in Armenia. The objective of the workshop was to engage industry representatives to unite their efforts towards setting up Extended Producers’ Responsibility (EPR) practices, then going forward to set-up a win-win dialogue with government authorities on efficient waste management implementation in Armenia.



# WATER

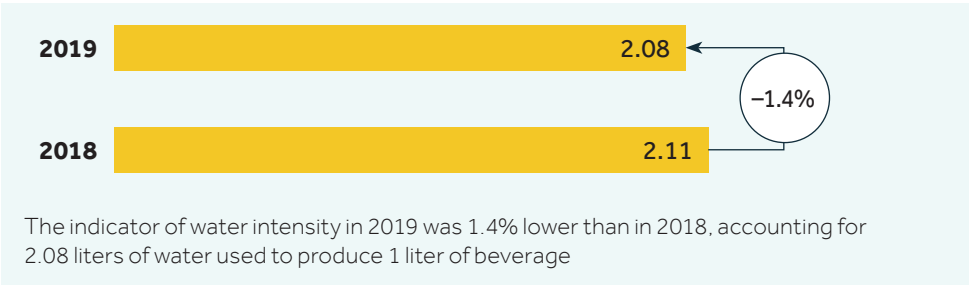
## WATER WITHDRAWAL AND CONSUMPTION



As the main ingredient of Coca-Cola HBC Armenia's products, water consumption is the subject to strict regulations and management approach. The company seeks to achieve a 30% reduction in the water use ratio by 2020 compared to 2010. The total volume of water the company withdrew in 2019 was 109,003 thousand cubic meters. All water is withdrawn from the municipal source of underground water, which is located 15 km away from the company's plant near Akunk village. The average rate of water mineralization in 2019 was expressed as the total hardness indicator and it accounts for 50 mg per liter, which meets the national requirements of the Drinking Water Specifications (Ministry of Health Order №876 from 25 December 2002). The company employs the Source Water Assessment program. This program is designed by The Coca-Cola Company to evaluate potential risks related to water quality, and to ensure that source exploitation by the company will not lead to water scarcity or other negative impacts on the environment.

Overall, in 2019 Coca-Cola HBC Armenia consumed 109,003 thousand cubic meters of water. In 2019, the indicator of water use ratio, or volume of fresh water used to produce 1 liter of beverage, was 1,4% lower than the one in 2018, accounting for 2.08 liters and 2.11 liters respectively. This dynamic is explained by the water saving measures the company implemented in the reporting period among which there was a pressure optimization in the wash machines used to rinse refillable glass bottles.

### Water use ratio (liters of water to produce 1 liter of beverage)



## EFFLUENT WATER

Practices of wastewater treatment employed by Coca-Cola HBC Armenia adhere to the global standards on effluent water discharge and wastewater standards adopted by The Coca-Cola Company. With respect to compliance with national regulations on the quality of effluent water, the company operates under the Permission №23 granted by the Ministry of Nature Protection (it is valid until 10.03.2022). The Quality Control and Maintenance department personnel ensure compliance with all requirements and they monitor that the performance of wastewater treatment plant is consistent with provisions of the relevant standards on a daily and weekly basis.

In 2019, total volume of effluent waters decreased by 4.1% compared to 2018 and amounted to 60,052.2 thousand cubic meters, all of which was treated at the on-site wastewater treatment plant. When going through the wastewater treatment plant effluent water is processed by using neutralization methodologies and aerobic treatment. After treatment, all effluents were discharged into municipal sewage systems.

IN 2019, THE TOTAL VOLUME OF GENERATED EFFLUENT WATER DECREASED BY

4.1%



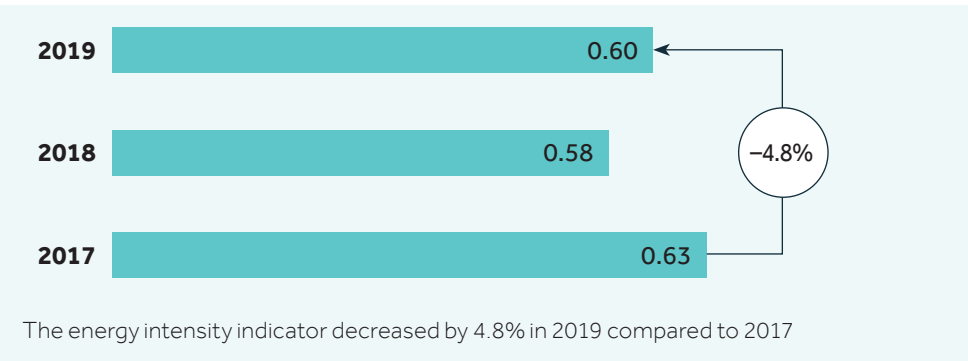
## ENERGY EFFICIENCY AND CLIMATE CHANGE

Energy use reduction and, subsequently, decrease in carbon dioxide emissions, are strategic priorities of Coca-Cola HBC Armenia. The company has reduction action plans, the plant manager and the maintenance manager are primary responsible for its implementation. The company monitors the progress in this area on a monthly basis. If monthly targets are not reached, a root cause analysis and correction actions are implemented.

In 2019, the company used only purchased electricity for the manufacturing purposes, the total volume of which accounted for 4,518,434 thousand kW\*h. Among fuels, Coca-Cola HBC Armenia consumed 402.82 thousand cubic meters of natural gas. In total, in 2019 Coca-Cola HBC Armenia's energy consumption was 31,133,865 MJ, of which electricity accounted to 16,266,365 MJ and natural gas – 14,867,500 MJ. The main reason behind a slight increase in energy consumption over the 2017-2019 timeframe is the installation of new heating, ventilation and air conditioning (HVAC) systems at the company's facilities.

The indicator of energy intensity ratio in 2019 was 0.60 MJ of energy used to produce one liter of beverage, which is 4.8% lower than in 2017. The company seeks to reduce the energy intensity of its products by 7% in 2020 compared to 2019.

### ■ Energy intensity ratio (MJ of energy per liter of beverage)



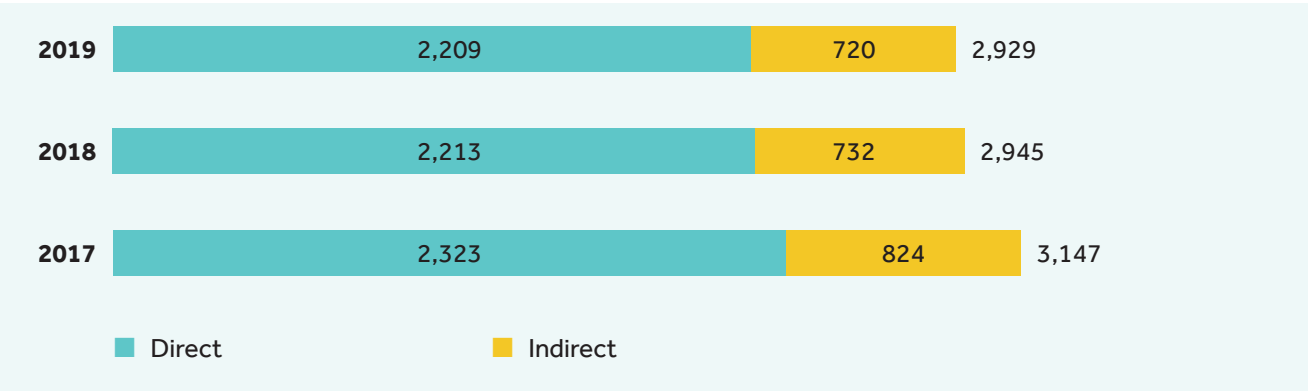
Among energy reduction measures the company implemented the following: heat insulation of cooling system pipelines, heat protection covers of glass bottle washer, heat recovery during syrup cooling, replacement of old energy inefficient fluorescent lamps to LED lamps. As a result of the LED lighting project, the company saved 13,400 Kw or 600,000 AMD of monetary savings in 2019. The volume of electricity savings in 2020 is anticipated to reach 26,894 Kw or 1,210,230 AMD worth of cut costs.

Coca-Cola HBC Armenia is successfully moving towards its goal to achieve 50% reduction in the emission intensity ratio (Scope 1 and 2) by 2020 in comparison to the 2010 level. In 2019, the total volume of direct greenhouse gas emissions (Scope 1) accounted for 2,209 tons of CO<sub>2</sub>-eq. The company achieved the reduction of direct CO<sub>2</sub> emissions from products by 21% (from 291 tons in 2018 to 229 tons in 2019) as a result of optimization of product filing process. The volume of the indirect greenhouse gas emissions (Scope 2) was 720 tons of CO<sub>2</sub>-eq, which is 1.6% lower than in 2018.

■ Direct and indirect greenhouse gas emissions in 2019

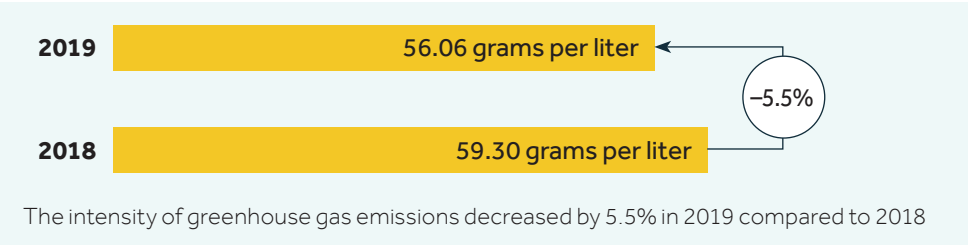
Type of emissions		Emissions, tons of CO <sub>2</sub> -eq
Scope 1 (direct emissions)	Emissions from burning fossil fuels	757
	Emissions from the company's own transport	1,140
	Emissions from refrigerants of refrigeration equipment	83
	Direct emissions from products (CO <sub>2</sub> in beverages)	229
	<b>Total direct emissions</b>	<b>2,209</b>
Scope 2 (indirect emissions)	Emissions from purchased electricity	720
	<b>Total indirect emissions</b>	<b>720</b>
<b>Total emissions</b>		<b>2,929</b>

■ The dynamic of greenhouse gas emissions in 2017-2019, tons of CO<sub>2</sub>-eq



In 2019, the intensity of greenhouse gas emissions<sup>9</sup> decreased by 5.5% accounting for 56.36 grams of CO<sub>2</sub> emission per 1 liter of beverage produced, in comparison to 59.30 grams per liter of beverage in 2018.

■ Greenhouse gas emissions intensity ratio (grams CO<sub>2</sub>-eq per liter of beverage)



<sup>9</sup> The intensity of greenhouse gas emissions accounts CO<sub>2</sub> and HFCs emissions





Coca-Cola HBC Armenia drives carbon emission reduction not only in its own manufacturing process but throughout the supply chain by implementing effective measures in four main areas:

- minimization of energy use in manufacturing through energy use reduction programs;
- purchasing new vehicles with higher fuel efficiency and lower carbon emission;
- replacement of marketplace refrigerators with more environmentally friendly models;
- optimization of distribution routes.

In 2019 the company purchased new Cold Drink Equipment and delivery trucks that are more environmentally friendly in exploitation. In addition, Coca-Cola HBC Armenia implements measures aimed to reduce ozone depletion substances generated by its equipment by using ozone friendly refrigerants, namely R134 and R290, in its cooling equipment.

PLANS FOR THE NEXT YEAR

- To achieve a water usage level below **1.99 liter** water per liter of beverage;
- To achieve **7%** energy use reduction in 2020 compared to 2019 and reach **0.56 MJ** energy intensity **per liter** of beverage;
- To achieve **3%** reduction of carbon emission in 2020 as compared to 2019;
- To keep high recycling rates achieved during 2019 – **98.6%** of recycled waste.









# **SUPPORTING LOCAL COMMUNITIES**





Giving back to communities is one of the four strategic objectives and in the core of Coca-Cola HBC Armenia's sustainability approach. The company realizes that the business depends on the communities where it operates, and it can only be as successful and sustainable as they are. Coca-Cola HBC Armenia follows the Corporate Social Responsibility Policy which applies to all 28 country operations of the Group.

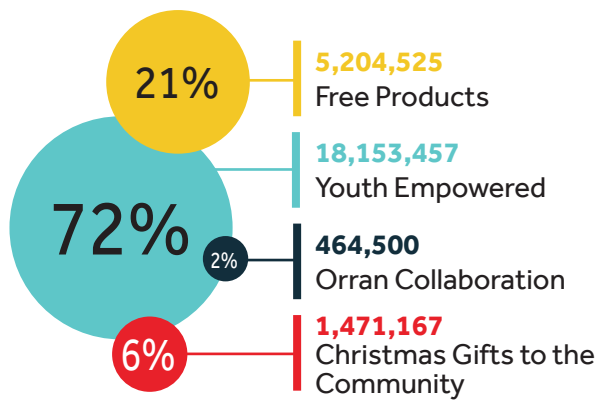
## MANAGEMENT APPROACH

With the aim of engaging with stakeholders and communities for the purpose of sustainable development, the company collaborates with the Government of Armenia and non-for-profit organizations, and continuously invests in various projects. Community support projects are directed at the following three strategic areas and emergency relief:

- Youth Empowerment
- World Without Waste
- Community Well-being

Investments in the communities are made in the form of cash contributions, in-kind donations, employee volunteering and/or campaigns implemented by employees. Overall, in 2019 Coca-Cola HBC Armenia invested AMD 25,293,649 in projects of local community development with 72% of the total amount dedicated to the program called "Youth Empowered". In comparison, over six months of 2020, the company invested a total number of AMD 62,306,960 in social projects: more than half of this amount (36,375,000) was spent on community support in responding to the

■ Social investments in 2019



**25,293,649 AMD**

COVID-19 pandemic. In total, Coca-Cola HBC Armenia has invested AMD 87,600,609 in social projects and initiatives during 2019 and beginning of 2020.

Projects are thoroughly reported and evaluated during different stages of implementation. The company conducts Environmental Impact Assessment on an annual basis. The company further circulates results of the social and environmental impact assessment among its stakeholders and representatives of local communities. In addition, the company conducted a reputational survey

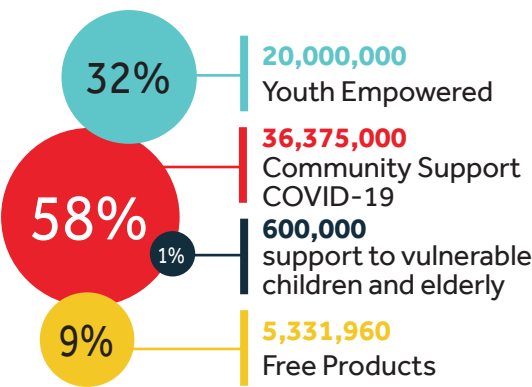
**YOUTH EMPOWERMENT**

Youth unemployment is a significant challenge in many markets. For that reason, Coca-Cola HBC Armenia contributes significant resources in supporting young people by conducting enterprise educational programmes, offering internships, as well as empowering underprivileged young people through providing skills trainings and access to professional networks.

Coca-Cola Hellenic launched "Youth Empowered" project in 28 countries including the Republic of Armenia. The project has a target to empower half a million young people by 2020 globally. The 3-year initiative was launched in Armenia in 2018 with a commitment to empower and support youth to explore and find meaningful and appropriate job opportunities.

The program trainers motivate participants to pursue career in their region and help them get connected with the employers. Within the scope of this project, in 2019 the company involved a total number of 2,648 young individuals across Armenia, including Artsakh. .

■ Social investments in 2020



**62,306,960 AMD**

and research in 2020. The purpose of the research was to obtain a feedback from key stakeholders and local communities regarding Coca-Cola HBC Armenia's sustainability and CSR initiatives. It also helps to better understand people's expectations from the company, by fostering more effective communication and work with the local communities. Results of the survey revealed that, initiatives related to advocating healthy lifestyle, sponsorship of education and youth development are the social programs of the highest importance to the Armenian society.







Starting from 2020, the Project has expanded to an online format through cooperation with “Dasaran.am”. Dasaran is a Software-as-a-Service organization based in Armenia that builds technology designed to help foster educational and technological development and improve student performance, teacher capacity and educational decision-making. This cooperation framework enabled Coca-Cola HBC Armenia to increase the magnitude of the programme by contributing to career development of young participants starting from schools.

The programme goals for 2020 include:

- Reach **8,000** participants in the offline professional development programme
- Involve **10,000** young people to participate in the Life and Business Skills online trainings and leadership talks
- Organize **10** leadership talks within the framework of “Youth Empowered” program

## WATER STEWARDSHIP AND ENVIRONMENTAL PROTECTION

Water sustainability is an essential component of Coca-Cola HBC Armenia’s business operations as well as natural world, its people and wildlife. To ensure that a meaningful contribution is made to that goal, the Coca-Cola Company conceived a water stewardship strategy. In order to improve environmental performance, and to minimize the impact on the local and global environment, a continuous improvement is driven across all directions.

In 2018, a Memorandum of understanding was signed between USAID and Coca-Cola HBC Armenia to advance their efforts jointly with the Armenian people in protecting water resources. The new collaborative project has surged public awareness on the importance of water conservation, efficient water use, and sustainable water management in the Ararat Valley.

Coca-Cola HBC Armenia’s experience in communications and public outreach helped supporting the activities of USAID’s Participatory Utilization and Resource Efficiency of Water (PURE Water) project, implemented by the Urban Foundation for Sustainable Development. Due to ineffective management, Ararat valley communities have limited access to drinking and irrigation water. While the climate change increased the demand in irrigation water, the issuance of water user permits led to sharp depletion of groundwater resources.





As a result of the collaboration various public awareness events and campaigns were launched in 2018 and 2019 to educate young Armenians and residents of the Ararat Valley on the crucial water-related challenges, as well as on the importance of relevant and efficient management of water resources.

The goal of PURE Water project was to increase water productivity, efficiency and quality mainly through citizen participation, as well as foster behavioral change to reduce the rate of groundwater extraction in the Ararat Valley. These goals were achieved through implementing the following components:

- Contribute to water conservation and replenishment;
- Raise awareness on critical local water issues through public education and community projects;
- Implement tailored stakeholder behavior change interventions on youth and local government;
- Create positive behavior change around water conservation.

Within the framework of PURE Water project, the Company has implemented a new campaign, "Water is special: every drop is precious" to support behavior change in how communities and industries use and manage water resources. The main message of this campaign was shared with-in local communities through other events and activities supported by the company, including

Water Festivity "Vardavar", World Water Monitoring Day and World Water Clean-up Day. During these events Coca-Cola HBC Armenia provided in-kind contribution of water to the community members and organized a presentation about the company's sustainable and responsible business practices.

Other campaigns organized within the framework of PURE Water project, included:

- **Earth Day** – campaign planning and preparation
- **World Climate Day** – study tour of a wetland
- **World Environment Day** – one event in Vedi community
- **World Water Monitoring Day** – competition, videos on water and the environment developed by the youth and other community members
- **International Water Day**





In 2019, Coca-Cola HBC Armenia opened to public the doors of the new visitors' center. The center is an educational platform and a window to the world through the Coca-Cola lances. First in the region, the center is equipped with innovative technologies, engaging platforms, that gives the visitors opportunity to discover interesting details from the Coca-Cola brand history, learn about Company's activities – innovative technologies, ongoing projects, corporate strategy, to see in real how the favorite beverage is being produced, and, of course, refresh themselves with their favorite drink. Moreover, the visitors have the opportunity to find out about other beverages the Company offers through its 24/7 portfolio.

The center hosts large groups of school kids older than 12 years old, as well as students. At the same time, it is open for those, who are interested in the Company's history, its responsible business activities, strategy and production processes, full of innovative technologies.

The doors of Coca-Cola Visitor Center are open from Monday to Thursday, from 10:00–15:00. People can secure their tours in advance through <http://happyvisit.am/> webpage. The tours are free of charge and are organized both in Armenian and in English.

## WORLD WITHOUT WASTE

The "World Without Waste" (WWW) strategy is another crucial part of the Coca-Cola Company culture, particularly in the area of sustainable waste management. The aim of this concept is to fundamentally change the way the company designs its packaging, collects waste and partners with stakeholders and other companies to improve sustainable packaging. The core philosophy behind the "World Without Waste" is the belief that every packaging has its value and life cycle beyond the initial use. For that reason, product packages should be collected and recycled to produce new packages or used for other purposes.

In 2019, Coca-Cola HBC Armenia implemented several projects and initiatives within the scope of the "World Without Waste" strategy, namely: **World Clean-up day** and **Zero Waste Community** program. The company also participated in the **Sustainable Waste Management International Case Studies Sharing**, organized by the AmCham Armenia association; as well as it closely collaborated with the non-governmental organization called "Innovative Solutions for Sustainable Development of Communities" in implementing educative initiatives on sustainable waste management. The detailed description of these projects and their results can be found in the section called "Environmental protection", on page 50.

## COMMUNITY WELL-BEING

Coca-Cola HBC Armenia supports initiatives that encourage people to be more active and have stepped up our efforts to achieve the global objectives of the Coca-Cola System.

The company's projects seek to promote an active lifestyle and unite people around sport initiatives; such sponsorships include Yerevan Marathon in collaboration with Yerevan Municipality, Yerevan Street Workout.

In 2019 Coca-Cola HBC Armenia continued the tradition of supporting Yerevan Marathon, by acting as the official drinking water provider for participants: the company distributed a total number of 4,200 bottles of 0.5L Bonaqua water and 3,000 bottles of 1L Bonaqua for 1,800 participants of the Marathon.

## EMERGENCY RELIEF

In a scenario where the company's communities are affected by unexpected events or disasters of any kind, Coca-Cola HBC Armenia envisions it as a duty to provide support and engage in emergency relief efforts led by the relevant organizations. To this end, the company continues to strengthen its collaboration with the Government of Armenia, local and international organizations in order to respond to disasters rapidly by delivering safe drinking water and other supplies through our logistics and delivery systems.



The Company also supports vulnerable groups of the young and the elderly. For almost two decades Coca-Cola HBC Armenia has been acting as an active partner of “Orran” NGO, the purpose of which is to support the creation of happy and sustainable living for vulnerable children and elderly people, including contribution to education, food and celebration of different kinds of holidays.

### RESPONSE TO COVID-19 PANDEMIC

The Coca-Cola Foundation, which is the Company’s primary international philanthropic institution, has donated 120 million dollars to mitigate the severity of the pandemic globally, a part of which was allocated to Armenia. Coca-Cola HBC Armenia, in collaboration with the United Nations Development Programme (UNDP), through Coca-Cola Foundation fund purchased emergency medical equipment for hospitals in Armenia based on the list provided by the Government of the Republic of Armenia. To that extend, the Company’s contribution amounted to USD 75,000.

Since the coronavirus outbreak began, Coca-Cola HBC Armenia has ensured a safe delivery of products to the stores and communities that need them, while taking every possible precaution to protect consumers’ and employees’ well-being.

During this difficult time, Coca-Cola HBC Armenia has taken the following steps to protect its employees, customers and communities:

- Protecting employee health and well-being by strictly adhering to guidance from health authorities to protect the health and safety of employees, production, distribution and retail facilities;
- Prioritizing safety in production and distribution facilities through implementing additional cleaning and sanitization routines among other things;
- Encouraging remote working;
- Restricting travel;
- Ensuring product safety and availability through ensuring that products are handled hygienically at every step, from manufacturing facilities to customer outlets.

In addition, in collaboration with the Ministry of Health of Armenia, the company has been committed to donate “Bonaqua” bottled water to healthcare workers and infected people of “Nork” infectious clinical hospital until the end of the pandemic. As of August 2020, the water donation in total makes 70,560 bottles, amounting to 8,284,500 AMD w/o VAT.









# ABOUT THIS REPORT





This report seeks to provide a detailed outline of the corporate responsibility strategy employed by Coca-Cola HBC Armenia and convey the company's achievements in both sustainability and business operations in 2019.

This report is the first report of Coca-Cola HBC Armenia, prepared in accordance with the requirements of the Global Reporting Initiative (GRI) Standards. This is an important step towards strengthening transparency and quality of the company's information disclosures, by demonstrating leadership of Coca-Cola HBC Armenia in the promotion of the world's best reporting practices in Armenia.

When preparing the content of this report the company identified and analyzed key economic, social and environmental aspects of its business performance and presented the results of this analysis in the report. We understand that transparent Sustainability Report is the determining factor for effective communication with our stakeholders, without which successful business is impossible. For that reason, Coca-Cola HBC Armenia is constantly working to improve its reporting practices, by devoting significant attention not only to internal performance but also external impact. Thorough communication with stakeholders gives a fresh perspective, which allows identifying the pressing issues and gaining new ideas about how to improve the company's operation outcomes.

The report illustrates how Coca-Cola HBC Armenia contributes to the implementation of the UN Sustainable Development Goals. The company is particularly dedicated to the activities that contribute most to the achievement of sustainable development goals and seeks to integrate sustainability into all aspects of its business activity on a daily basis. In the light of the COVID-19 pandemic we believe that integrating sustainability principles into business strategies should become the main priority for all, and Coca-Cola HBC Armenia strives to be ahead of the curve and lead by example as a responsible producer.



# PRINCIPLES FOR DETERMINING THE REPORT CONTENT AND QUALITY

The approach of identifying topics to be disclosed in the report was based on the GRI Standards principles for defining report content:

○ **STAKEHOLDER INCLUSIVENESS**

The report discloses topics that address stakeholders' interests and expectations. Coca-Cola HBC Armenia communicates with stakeholders regularly to determine their most important priorities and it considered the results of such engagements while preparing this report;

○ **SUSTAINABILITY CONTEXT**

The report contains an analysis of economic, social and environmental aspects of the company's sustainable development that can feed into key business processes. The company realizes that the long-term strategic planning underpins the nature of sustainability development and, thus, the report devotes significant attention to the broader consequences of its decision by assessing both direct and indirect impact on socio-economic development of Armenia;

○ **MATERIALITY**

To hold Coca-Cola HBC Armenia accountable, this report focuses on material topics with significant economic, social or environmental impacts. Key management approaches, results, goals, opportunities and future challenges in the field of sustainable development give stakeholders the necessary information for decision making;

○ **COMPLETENESS**

An auditable trail of evidence supporting the analysis provides entire information for stakeholders to understand Coca-Cola HBC Armenia's significant impacts on sustainable development.

The report is prepared in a manner that gives all stakeholders of Coca-Cola HBC Armenia full, accurate and clear information that they can use to trace Coca-Cola HBC Armenia's results and achievements year by year. The approach of preparing the report was built on the GRI Standard principles for defining report quality: **accuracy, balance, clarity, comparability, reliability, timeliness.**

## STAKEHOLDER'S SURVEY

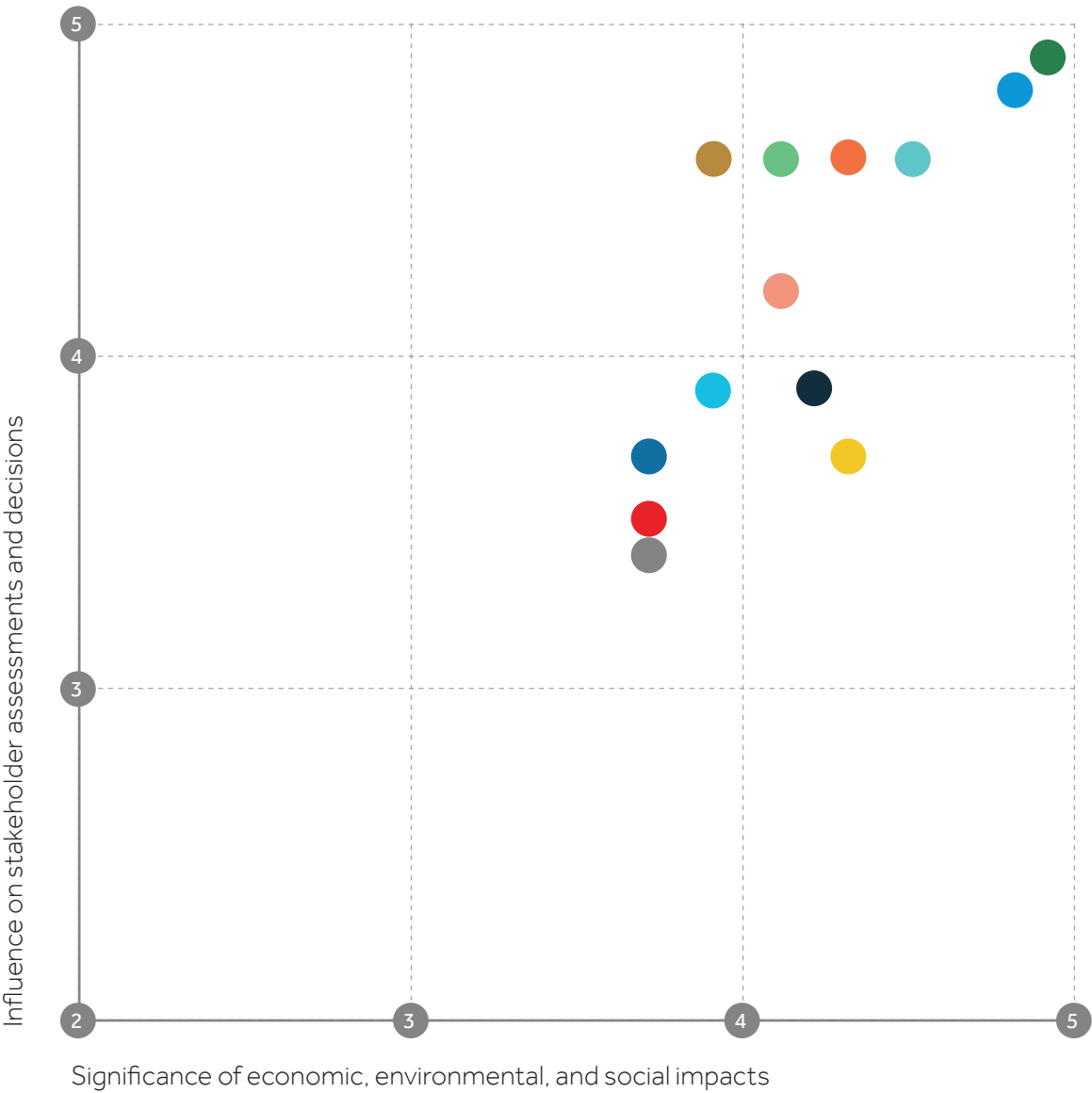
Throughout continuous communication with stakeholders Coca-Cola HBC Armenia identified key stakeholders whose interests were the highest priority. The interests of stakeholders were taken into account when determining material topics for the purpose of this report.

Coca-Cola HBC Armenia aligned its materiality methodology with the provisions of the GRI Standards. This included interviewing or sending questionnaires to both internal and external stakeholders. The material topics are consistently analyzed in the relevant chapters of this report, through a qualitative description of the management approach and specific performance indicators.

For the purpose of preparing Coca-Cola HBC Armenia Sustainability report 2019 an online stakeholders survey was conducted. It contained questions concerning the importance of each sustainability aspect and the influence of Coca-Cola HBC Armenia on these topics. The results of the survey were used to build a materiality matrix.

Stakeholder group		Involved organizations	Engagement methods
	<b>SUPPLIER PARTNER</b>	<ul style="list-style-type: none"> <li>• IMR – International Marketing Research</li> <li>• Hytex Plastic LLC</li> <li>• AMPG Group LTD</li> <li>• Alex Holding LLC</li> <li>• Apaven Co. LTD</li> </ul>	One-to-one meetings, invitation to key events and achievements celebration (on a weekly basis)
	<b>INDUSTRY ASSOCIATION, CHAMBER OF COMMERCE</b>	<ul style="list-style-type: none"> <li>• AmCham</li> <li>• European Business Association</li> <li>• Union of Manufacturers and Businessmen of Armenia</li> </ul>	Board meetings, network and lobby through events (on a weekly basis)
	<b>CUSTOMER/ TRADE PARTNER</b>	<ul style="list-style-type: none"> <li>• Apaven</li> <li>• McCann Yerevan</li> </ul>	Daily interaction, engagement in the company's projects, invitation to key initiatives (on a daily basis)
	<b>MEDIA</b>	<ul style="list-style-type: none"> <li>• Pan Media LLC</li> </ul>	SMM engagement, online media and TV channels engagement (for each initiative)
	<b>NGO AND IGO</b>	<ul style="list-style-type: none"> <li>• Orran Benevolent non-governmental organization</li> <li>• USAID</li> </ul>	Daily work, engagement in company's projects (on a daily basis)
	<b>LOCAL PARTNERS</b>	<ul style="list-style-type: none"> <li>• UNDP in Armenia</li> <li>• URBAN Foundation</li> </ul>	Engagement in relevant project activities
	<b>GOVERNMENTAL INSTITUTIONS</b>	<ul style="list-style-type: none"> <li>• RA Government</li> <li>• Ministry of Education and Science</li> <li>• Ministry of Nature Protection</li> <li>• Ministry of Health</li> <li>• Yerevan Municipality</li> </ul>	Official letters, meetings, invitation to relevant workshops and events (on a monthly basis)
	<b>EMBASSY</b>	<ul style="list-style-type: none"> <li>• Embassy of Greece</li> <li>• Embassy of USA</li> </ul>	Official letters, meetings, invitation to relevant workshops and events (on a monthly basis)
	<b>ACADEMIC INSTITUTION</b>	<ul style="list-style-type: none"> <li>• American University in Armenia</li> </ul>	Organization of factory tours for students (on a monthly basis)

MATERIALITY MATRIX



- Climate change, emissions, energy use and efficiency
- Packaging, recycling and waste management
- Water stewardship
- Sustainable sourcing and supply chain management
- Corporate governance, business ethics & anti-corruption
- Responsible marketing
- Community investment and engagement
- Human rights, diversity and equal opportunity
- Well-being, development and engagement of employees
- Product quality
- Health and safety of products
- Direct and indirect economic impacts
- Women's economic empowerment
- Occupational health and safety



# GRI STANDARDS CONTENT INDEX

Material topic	Disclosure number	Disclosure name	Page in the report	Link to report section and comments
General Disclosures				
GRI 102: General Disclosures 2016. Organizational profile	102-1	Name of the organization	10, 78	Coca-Cola Hellenic Bottling Company Armenia, Contact information
	102-2	Activities, brands, products, and services	10, 14-15	Coca-Cola Hellenic Bottling Company Armenia; Our products
	102-3	Location of headquarters	10, 78	Coca-Cola Hellenic Bottling Company Armenia; Contact information
	102-4	Location of operations	10, 78	Coca-Cola Hellenic Bottling Company Armenia; Contact information
	102-5	Ownership and legal form	10	Coca-Cola Hellenic Bottling Company Armenia Coca-Cola Hellenic Bottling Company Armenia CJSC is a subsidiary of one of the world's largest producers of soft drinks, Coca-Cola Hellenic Bottling Company. Coca-Cola Hellenic Bottling Company Armenia operates as part of the business unit Coca-Cola HBC Ukraine, Moldova and Armenia.
	102-6	Markets served	14	Our products
	102-7	Scale of the organization	10, 33-34	Coca-Cola Hellenic Bottling Company Armenia; Our people Information, the disclosure of which can cause significant commercial risks, is not disclosed
	102-8	Information on employees and other workers	32-33	Our people
	102-9	Supply chain	18-19	Our supply chain
	102-10	Significant changes to the organization and its supply chain	–	In 2019, Coca-Cola Hellenic Bottling Company Armenia joined the business unit Coca-Cola HBC Ukraine, Moldova and Armenia
	102-11	Precautionary Principle or approach	13	Our policies and anti-corruption
	102-12	External initiatives	13	Our policies and anti-corruption
	102-13	Membership of associations	13	Our policies and anti-corruption
GRI 102: General Disclosures 2016. Strategy	102-14	Statement from senior decision-maker	4-5	Message from the General Manager
GRI 102: General Disclosures 2016. Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	10-11	Strategy and vision
GRI 102: General Disclosures 2016. Management	102-18	Management structure	–	The Management structure includes: – general (country) manager – senior management team consisting of 8 members that lead relevant functions: HR, Finance, PA&C, Legal & Assets protection, Supply Chain, Commercial Excellence, Marketing, Sales
GRI 102: General Disclosures 2016. Stakeholder engagement	102-40	List of stakeholder groups	68	About this Report
	102-41	Collective bargaining agreements	–	The company doesn't have collective agreement
	102-42	Identifying and selecting stakeholders	67-68	About this Report
	102-43	Approach to stakeholder engagement	67-68	About this Report
	102-44	Key topics and concerns raised	69	About this Report

Material topic	Disclosure number	Disclosure name	Page in the report	Link to report section and comments
GRI 102: General Disclosures 2016. Reporting practice	102-45	Entities included in the consolidated financial statements	–	Coca-Cola Hellenic Bottling Company Armenia submits a separate financial statement in accordance with the Armenian law
	102-46	Defining report content and topic Boundaries	66-69	About this Report
	102-47	List of material topics	69	About this Report
	102-48	Restatements of information	–	There were no restatements of information. The Sustainability Report of Coca-Cola Hellenic Bottling Company Armenia 2019 is the first report, prepared according to the GRI Standards
	102-49	Changes in reporting	–	The Sustainability Report of Coca-Cola Hellenic Bottling Company Armenia 2019 is the first report, prepared according to GRI Standards
	102-50	Reporting period	–	From January 1, 2019 to December 31, 2019
	102-51	Date of most recent report	–	Coca-Cola Hellenic Bottling Company Armenia Socio-Economic Impact Study that covered the years from 2015 to 2017 was published in February, 2019
	102-52	Reporting cycle	–	Annual
	102-53	Contact point for questions regarding the report	78	Contact information
	102-54	Claims of reporting in accordance with the GRI Standards	–	This report has been prepared in accordance with the GRI Standards: Core option
	102-55	GRI content index	70-75	GRI Standards Content Index
	102-56	External assurance	–	The report is not subject to confirmation by external independent parties
Economic Disclosures				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	22-29; 18-19;	Our contribution to the economic development of Armenia; Our supply chain; Our policies and anti-corruption
	103-2	The management approach and its components	12-13	
	103-3	Evaluation of the management approach		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	22-29	Our contribution to the economic development of Armenia
	201-4	Financial assistance received from government	–	Coca-Cola Hellenic Bottling Company Armenia did not receive financial assistance from the government in the reporting period
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level salary by gender compared to local minimum salary	38	Our people The indicator is partially disclosed
	202-2	Proportion of senior management hired from the local community	33	Our people
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	51; 58-63	Environmental Protection; Supporting local communities
	203-2	Significant indirect economic impacts	22-29	Our contribution to the economic development of Armenia
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	18	Our supply chain

Material topic	Disclosure number	Disclosure name	Page in the report	Link to report section and comments
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	12-13	Our policies and anti-corruption
	205-2	Communication and training about anti-corruption policies and procedures	12-13	Our policies and anti-corruption
	205-3	Confirmed incidents of corruption and actions taken	12-13	Our policies and anti-corruption
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	–	<p>During 2019 four cases were ongoing:</p> <ul style="list-style-type: none"> <li>– the case initiated by PCI against Coca-Cola HBC Armenia in 2015-2016 (the case is currently at the stage of court proceedings);</li> <li>– the case initiated by Coca-Cola HBC Armenia against PCI in 2015-2016 (the case is currently at the stage of court proceedings);</li> <li>– the case initiated by a former partner based on a claim to SCPEC (the case was closed due to lack of grounds to investigate);</li> <li>– the case initiated by CCHBCA against SCPEC notice (the case has been dropped in 2020 based on the motion from SCPEC that such notice is not an administrative act and does not create additional obligations for CCHBCA)</li> </ul>
<b>Environmental Disclosures</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	48-55	Environmental Protection
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 301: Materials 2016	301-1	Materials used by weight or volume	49	Environmental Protection
	301-3	Reclaimed products and their packaging materials	49	Environmental Protection
GRI 302: Energy 2016	302-1	Energy consumption within the organization	53	Environmental Protection
	302-3	Energy intensity	53	Environmental Protection
	302-4	Reduction of energy consumption	53	Environmental Protection
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	52	Environmental Protection
	303-2	Management of water discharge-related impacts	52	Environmental Protection
	303-3	Water withdrawal	52	Environmental Protection
	303-4	Water discharge	52	Environmental Protection
	303-5	Water consumption	52	Environmental Protection
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	54	Environmental Protection
	305-2	Energy indirect (Scope 2) GHG emissions	54	Environmental Protection
	305-4	GHG emissions intensity	54	Environmental Protection
	305-5	Reduction of GHG emissions	54-55	Environmental Protection



Material topic	Disclosure number	Disclosure name	Page in the report	Link to report section and comments
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	52	Environmental Protection
	306-2	Waste by type and disposal method	49-50	Environmental Protection
	306-3	Significant spills	–	No spills of hazardous substances were recorded in the reporting period
	306-4	Transport of hazardous waste	–	The company does not transport hazardous waste
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	–	There were no cases of non-compliance with the environmental laws and regulations in the reporting period
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened by using environmental criteria	19	Our supply chain
	308-2	Negative environmental impacts in the supply chain and actions taken	19	Our supply chain
Social Disclosures				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	32-39; 42-45;	Our people; Occupational Health and Safety; Supporting local communities; Product quality and consumer safety; Our supply chain
	103-2	The management approach and its components	58-63; 16-19	
	103-3	Evaluation of the management approach		
GRI 401: Employment 2016	401-1	New employee recruitment and employee turnover	34	Our people
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39	Our people
	401-3	Parental leave	39	Our people
				Among the employees of Coca-Cola HBC Armenia one female was anticipated to take parental leave in 2019, and she exercised this right. One female employee returned to work after her parental leave ended and was still employed in the reporting period, 12 months after her return to work; and one employee left the company in the reporting period after returning from her parental leave
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	–	In compliance with the Labor Code of the Republic of Armenia, Coca-Cola HBC Armenia gives its employees and their representatives a notice 4-8 weeks before the implementation of significant operational changes that could substantially affect them.
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	42-43	Occupational Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	44-45	Occupational Health and Safety
	403-3	Occupational health services	44-45	Occupational Health and Safety

Material topic	Disclosure number	Disclosure name	Page in the report	Link to report section and comments
	403-4	Worker participation, consultation, and communication on occupational health and safety	43-45	Occupational Health and Safety
	403-5	Worker training on occupational health and safety	44	Occupational Health and Safety
	403-6	Promotion of employee health	45	Occupational Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	44-45	Occupational Health and Safety
	403-8	Employees covered by an occupational health and safety management system	43	Occupational Health and Safety
	403-9	Work-related injuries	44-45	Occupational Health and Safety
	403-10	Work-related ill health	–	No cases of work-related ill health were recorded in the reporting period
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	37	Our people
	404-2	Programs for upgrading employee skills and transition assistance programs	35-37	Our people
	404-3	Percentage of employees receiving regular performance and career development reviews	37	Our people
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of management bodies and employees	33	Our people
	405-2	Ratio of basic salary and remuneration of women to men	33	Our people
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	35	Our people
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	11	Strategy and vision Child labor and any forms of forced labor are prohibited under the Armenian laws and the policies of Coca-Cola Hellenic Bottling Company Armenia
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	11	Strategy and vision Child labor and any forms of forced labor are prohibited under the Armenian laws and the policies of Coca-Cola Hellenic Bottling Company Armenia
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	35	Our people
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–	Supplier Guiding Principles, which is the obligatory appendix to all procurement contracts, contains additional obligation for suppliers to comply with human rights, occupational safety, child and forced labor, environmental impact, bribery, information security requirements, etc.








Material topic	Disclosure number	Disclosure name	Page in the report	Link to report section and comments
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	58-63	Supporting local communities
	413-2	Operations with significant actual and potential negative impacts on local communities	–	No operations with significant actual and potential negative impacts on local communities were identified
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened by using social criteria	18-19	Our supply chain  100% of suppliers signed Supplier Guiding Principles in the reporting period. Supplier Guiding Principles, which is the obligatory appendix to all procurement contracts, contains additional obligation for suppliers to comply with human rights, occupational safety, child and forced labor, environmental impact, bribery, information security requirements, etc.
	414-2	Negative social impacts in the supply chain and actions taken	–	No negative social impacts in the supply chain were identified in the reporting period
GRI 415: Public Policy 2016	415-1	Political contributions	–	Coca-Cola Hellenic Bottling Company Armenia does not make political contributions to political parties and/or individual politicians
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	16-17	Product quality and consumer safety
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	17	Product quality and consumer safety
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	17	Product quality and consumer safety
	417-2	Incidents of non-compliance concerning product and service information and labeling	17	Product quality and consumer safety
	417-3	Incidents of non-compliance concerning marketing communications	17	Product quality and consumer safety No cases of non-compliance concerning marketing communications were identified in the reporting period
GRI G4: Sector Disclosures	G4 FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	18-19	Our supply chain  100% of suppliers signed Supplier Guiding Principles in the reporting period
	G4 FP3	Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, etc.	–	There were no industrial disputes, strikes and/or lock-outs in the reporting year
	G4 FP3	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	–	Manufacturing and warehouse facilities of Coca-Cola Hellenic Bottling Company Armenia, where locally manufactured products are produced and stored, are maintained in compliance with internationally recognized management system standards ISO 9000, FCCS 22000, ISO 14001 and ISO 45001.













# CONTRIBUTION TO THE ACHIEVEMENT OF THE UN'S SUSTAINABLE DEVELOPMENT GOALS



The implementation of Sustainable Development Goals 2015-2030, set by the United Nations General Assembly, plays a critical role in establishing strategic business objectives and operational principles of Coca-Cola HBC Armenia. The company's activities in the field of sustainable development are oriented on priority targets, identified globally by Coca-Cola Hellenic Bottling Company. To achieve targets of the Sustainable Development Goals, Coca-Cola HBC Armenia implements projects, establishes partnerships and works more closely with local communities. The company constantly monitors its impact on the environment, by seizing opportunities to improve its contribution to the sustainable development in Armenia and in the world in general.

 Priority Target	Link to section/subsection of the report	Pages in the report
 3.4 By 2030, reduce premature mortality from non-communicable diseases by one third through prevention and treatment and promote mental health and well-being	Our products/Sugar reduction	15
	Product quality and consumer safety	16-17
	Occupational Health and Safety/ Reducing the level of injuries	44-45
 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	Our people/Learning and development	35-37
	Supporting local communities/Youth Empowerment	59-60
 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Our people/General information about our employees	33-34
	Our people/Human rights, diversity and equal opportunities	35
 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all	Supporting local communities/ Water stewardship and environmental protection	60-61
	Environmental Protection/Water withdrawal and consumption	52
	Environmental Protection/Effluent water	52
 7.2 By 2030, substantially increase the share of renewable energy in the global energy mix	Environmental Protection/Energy efficiency and climate change	53-55
 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	Our supply chain	18-19
	Our supply chain/Procurement management	19
	Our people/Human rights, diversity and equal opportunities	35
	Supporting local communities/Youth Empowerment	59-60
	Occupational Health and Safety	42-45

 Priority Target	Link to section/subsection of the report	Pages in the report	
 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	Environmental Protection/Use of packaging materials	49	
	Environmental Protection/Waste management and recycling	49-51	
	Environmental Protection/Water	52	
	Environmental Protection/Energy efficiency and climate change	53-55	
 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Our people/Human rights, diversity and equal opportunities	35	
	10.4 Adopt policies, especially fiscal, salary and social protection policies, and progressively achieve greater equality		
 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including the way of paying special attention to air quality and municipal and other waste management	Environmental Protection/Waste management and recycling	49-51	
	Environmental Protection/Water	52	
	Environmental Protection/Energy efficiency and climate change	53-55	
	Supporting local communities/Water stewardship and environmental protection	60-61	
	Supporting local communities/World Without Waste	62	
 12.1 Implement the 10-year framework of programs on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries	Environmental Protection/Waste management and recycling	49-51	
	Environmental Protection/Water	52	
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	Environmental Protection/Energy efficiency and climate change	53-55
	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	Supporting local communities/Water stewardship and environmental protection	60-61
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Supporting local communities/World Without Waste	62
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Product quality and consumer safety	16-17
	12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities	Our supply chain/Requirements for suppliers	19
	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature		
 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Environmental Protection/Energy efficiency and climate change	53-55	
 14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	Environmental Protection/Waste management and recycling	49-51	
	Supporting local communities/World Without Waste	62	
 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	Environmental Protection/Water	52	
	Supporting local communities/Water stewardship and environmental protection	60-61	
 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	Strategy and vision	10-11	
	Our policies and anticorruption	12-13	
	Our people/Human rights, diversity and equal opportunities	35	
 17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries	Supporting local communities	58-63	
	Our policies and anticorruption/Contribution to the sustainable business environment	13	
	17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	Environmental Protection/Waste management	50-51

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