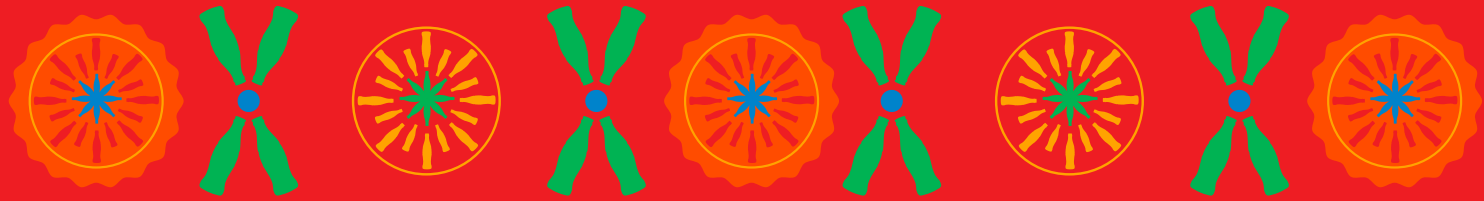
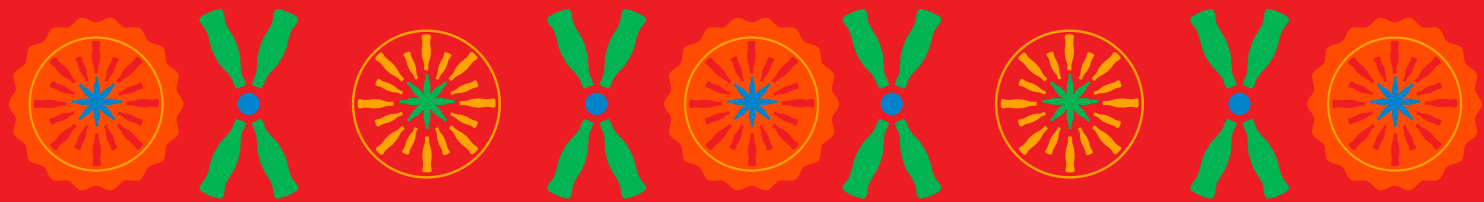




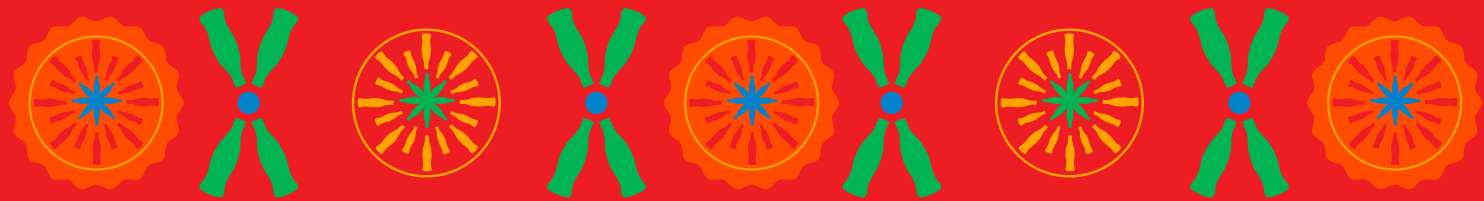
MORE ALBANIAN THAN YOU THINK!

SOCIAL-ECONOMIC IMPACT
OF COCA-COLA IN ALBANIA.

Coca-Cola



Coca-Cola®



Coca-Cola®

SDA Bocconi
SCHOOL OF MANAGEMENT

CLAUDIO DEMATTÉ CORPORATE & FINANCIAL INSTITUTIONS DIVISION

Fabrizio Perretti – Stefano Basaglia
17 September 2020



EVALUATION OF THE IMPACT OF COCA-COLA ON THE ECONOMY AND EMPLOYMENT IN ALBANIA

COCA-COLA IN ALBANIA

SUMMARY

THE RESEARCH

ECONOMIC IMPACT

IMPACT ON EMPLOYMENT

MORE SOCIAL THAN YOU IMAGINE

REGIONAL STUDY

AUTHORS

SUMMARY

During 2019, Coca-Cola in Albania generated **3.267** million Leek, which put otherwise is equal to **0.19%** of the country's Gross Domestic Product (GDP).

In addition, in 2019, the presence of Coca-Cola Bottling Albania ensured a total number of 2,800 direct and indirect employees.

These are some of the impressive data of the research report conducted by the renowned SDA Bocconi School of Management - Italy, regarding the impact of Coca-Cola on the Albanian economy and employment led by professors Fabrizio Perretti and Stefano Basaglia.

The economic impact assessment was performed by distinguishing the three main actors into which each economic system is traditionally divided: Households-Enterprises – Government, while assessing the impact on employment, distinguishing between direct subordinates, and subordinates and employees of the supply chain in which CCBS operates. For purposes of external data comparison, INSTAT surveys were used, with reference to 2019. For further details on the research model, methodology and source, kindly check the "Research" session.



COCA-COLA, MORE ALBANIAN THAN YOU THINK

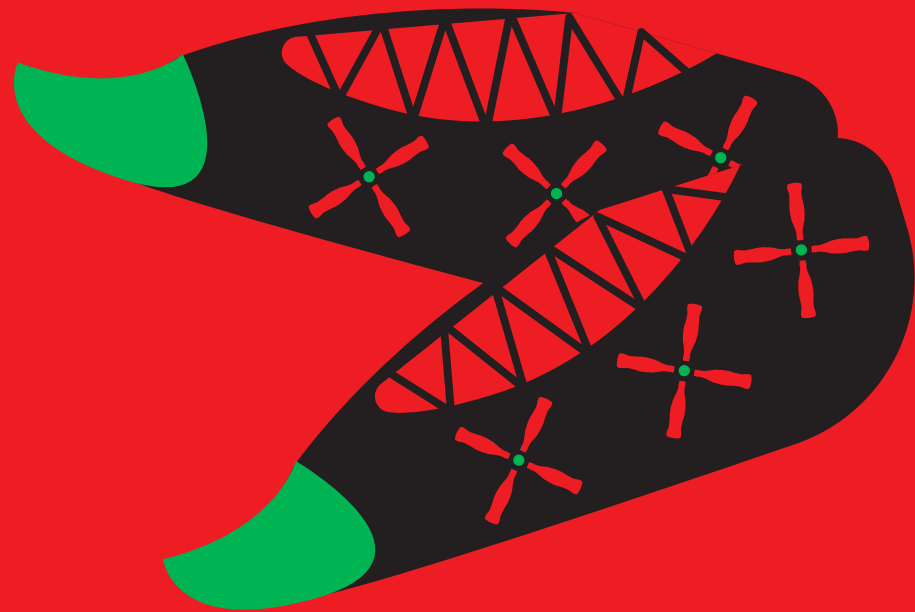
It is not every day that people create a product that becomes so famous that it turns into a worldwide icon, such that it creates a company with a worldwide reach, but while embracing the authentic spirit of each country.

We started it in an American drugstore in 1886, when chemist John Stith Pemberton created a medicinal drink with a "particular" taste, as its first tasters would describe it. Among these individuals was the then politician Asa Griggs Candler, who impressed by the taste decided to buy Pemberton's original recipe and founded the Coca-Cola Company in 1892.

At the helm of the successful venture, Candler built the Candler Building in Atlanta — the tallest building in Georgia's capital at the time; a building in Kansas City, which became known as the Western Auto Building; Candler Building in New York City as well as one in what is now known as the Baltimore Inner Harbor Area, Maryland.

In 1919, the TCCC signed an agreement to open the first Coca-Cola bottling plant in Europe, launching it in France, to be followed by factories in Belgium and Italy. Not only for the iconic taste of the drink, but also for tangible impact on the economy of the countries where it operates, Coca-Cola created an entrepreneurial model with a very local spirit.

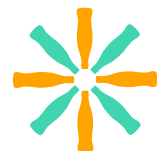
In 1994, Coca-Cola Bottling Albania was built. For many Albanians, Coca-Cola had been a symbol of the "outside world" during the communist era, and the arrival of Coca-Cola Bottling was the manifesto of the new life that awaited them. 27 years have since passed. This research on the impact on the economy and employment is an excellent opportunity to celebrate our history in Albania. It is also an occasion to thank all those who have contributed to turning Coca-Cola into a brand with a local spirit.



1

COCA-COLA IN ALBANIA





The establishment of the Coca-Cola facility in Albania in 1994 was one of the company's first large-scale investments and, at the same time, an important manifestation of the open economic system in Albania after the 1990s. \$ 12 million were invested to build the factory and first bottling equipment. The works took 83 days, and the company started its activity with 20 employees.

We make our beverage products available to customers across the country through our network of independent beverage partners, bottlers, distributors, wholesalers and retailers, as well as our consolidated bottling and distribution operations.

We believe that our success depends on our ability to connect with customers by offering them a wide variety of beverage options to meet their desires, needs and lifestyle. Our success further depends on the ability of our people to execute effectively, every day.

1994

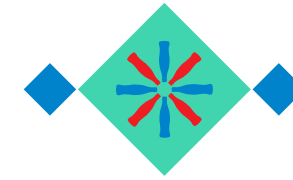
The year when Coca-Cola opened its facility in Albania.

83 days

Time for the construction of the Coca-Cola Bottling Facility.

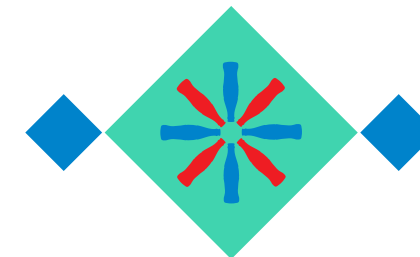


Today, with 342 CCBS staff alone and a portfolio of iconic brands: Coca-Cola, Fanta, Sprite and Schweppes, Coca-Cola in Albania represents a real economic power, generating 5,436 jobs in the Albanian economy through its supply chain. Since the filling of the first Coca-Cola bottle in Albania, the company has developed a lot, expanding not only the brands and production, but also broadening its influence in the country's economy. To find out more about Coca-Cola's presence in Albania, this research by SDA Bocconi Schools of Management - Italy, calculates the company's impact on the country's economy based on official company data on staff and financial resources, and official data of INSTAT and other economic institutions for external figures needed for comparison.



2

SUMMARY





Study synthesis

The Coca-Cola system in Albania creates employment and opportunities for local communities and produces resources which are distributed among the three main pillars of the Albanian economy:



3,267
MILLION LEK

resources generated and distributed,
equal to 0.19% of GDP



342

direct employees of CCBS



21%

of the entire workforce in the
beverage sector in Albania



5,436
jobs

generated by the production,
distribution and sales chain



0.5%

of total employees



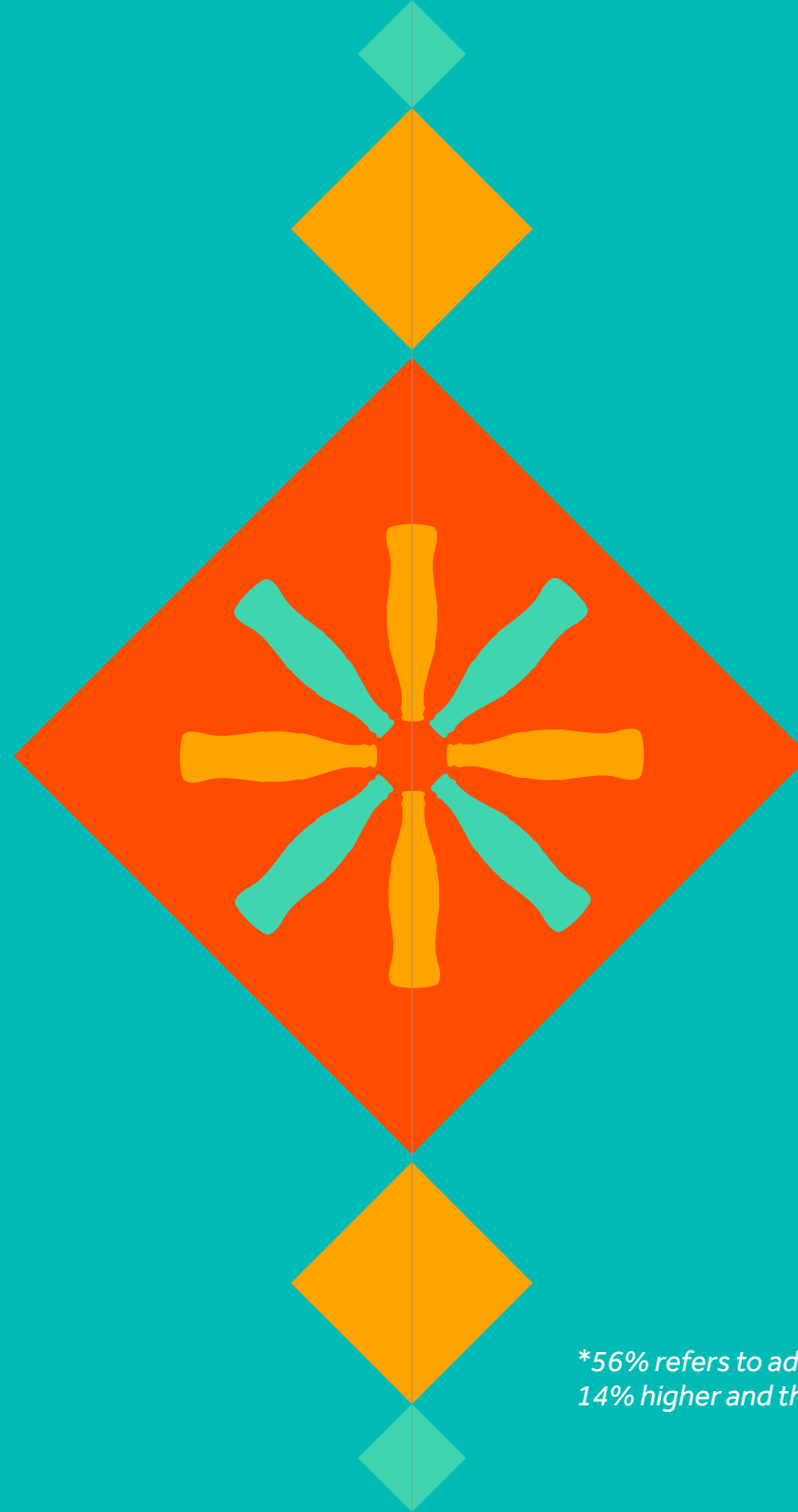
410

Local suppliers



21,313

People who depend directly and indirectly on the jobs created by the COCA-COLA chain



16

jobs in supply chain

For each CCBS staff member



Salaries up to

56%

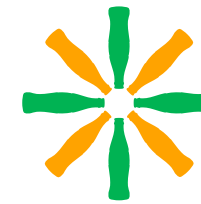
higher than average*



80%

Women in leadership positions at CCBS

**56% refers to administration employees, specialists/ sales representatives are up to 14% higher and those of managers / executives up to 40% higher*



3

THE RESEARCH





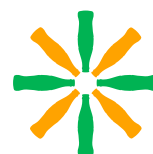
Research Model and Methodology

Model for economic impact study

The economic impact of Coca-Cola in Albania is calculated in terms of resources distributed among the following factors of the system:



The significance of the Coca-Cola's impact on employment was assessed by distinguishing: direct impact, i.e. referring to the number of subordinates and employees in the offices of CCBS; indirect impact, referring to the number of subordinates and employees in the supply chain.



Direct impact

Subordinates and employees within the company



First level indirect impact

Suppliers with whom Coca-Cola has a direct trade exchange



Second level indirect impact

Suppliers with whom Coca-Cola has no direct exchange

Referring to the indirect impact, Coca-Cola is considered to be a focal company, located at the end point of a supply chain consisting of suppliers and "suppliers of suppliers".



METHODOLOGY

Data sources

Data for calculating the impact on the economy:

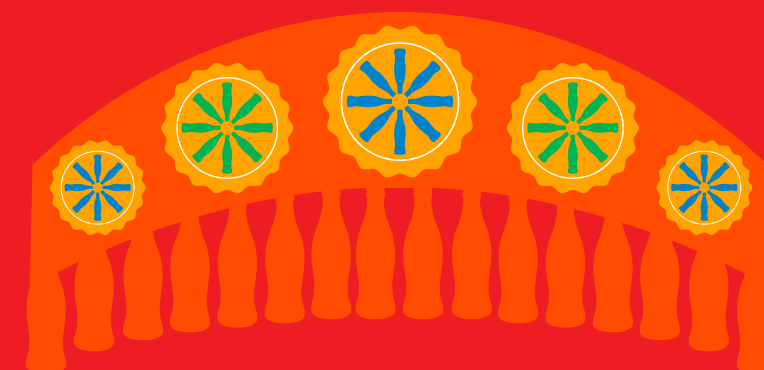
CCBS and INSTAT database (referring to 2019 or earlier) on national business structure statistics.

Data for the calculation of the impact on employment:

CCBS Employment Impact Detection was conducted on data provided by CCBS in relation to direct and first-level indirect impact. Data from INSTAT are used for the analysis of the indirect impact.

Evaluation parameters used to calculate the indirect impact of employment:

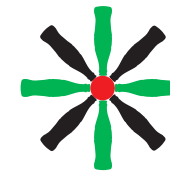
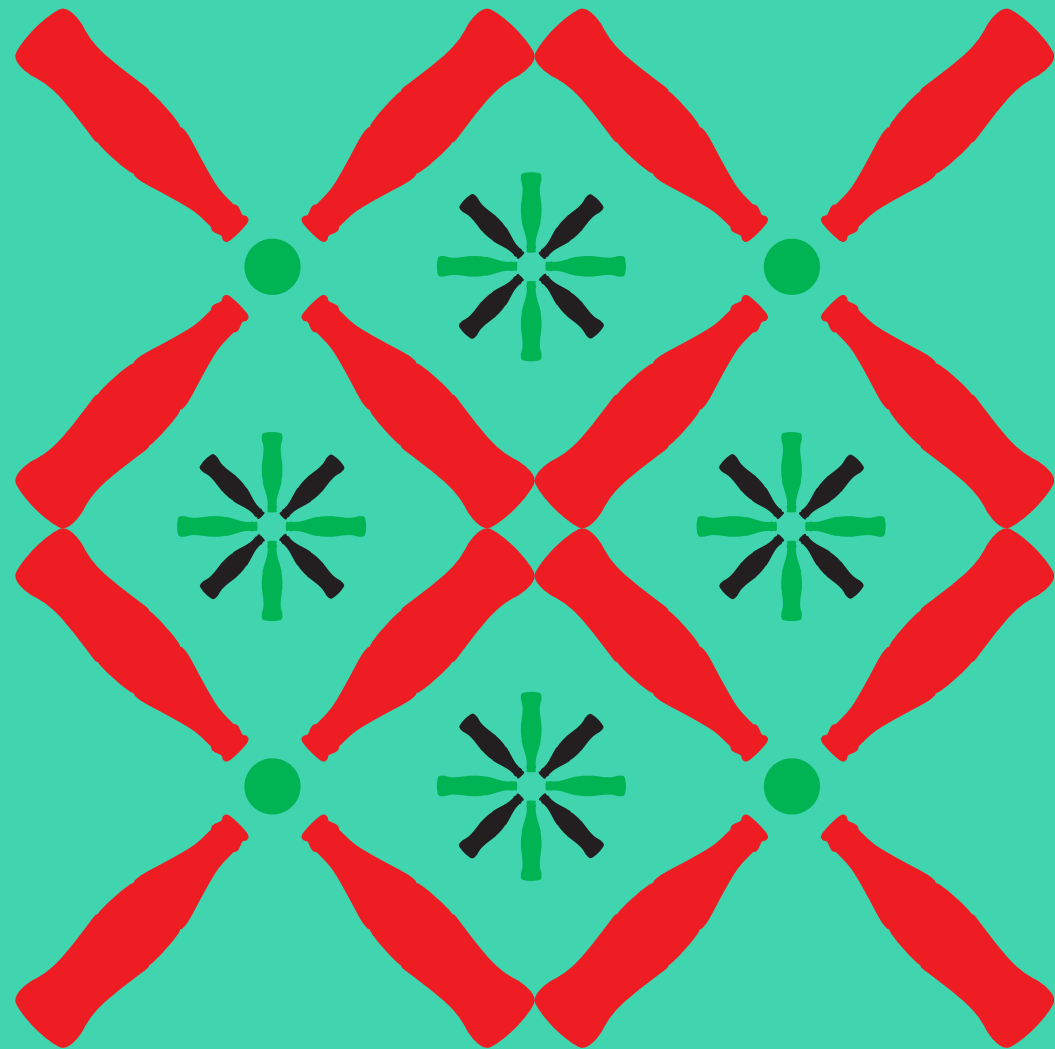
- Calculation of the value of CCBS purchases by suppliers in 2019;
- Disclosure, through a questionnaire administered by Coca-Cola in Albania for each supplier regarding: the influence that Coca-Cola in Albania has on the total revenue of the supplier, the total number of employees, as well as the sensitivity of employee growth based on Coca-Cola's requirements.
- Input-output model of sectoral interdependencies based on INSTAT resource and use tables (2015-2017).¹



With reference to the impact on employment, a distinction was made between employment understood as the number of staff and employment understood as the number of total employees (which includes employees, independent, external and temporary workers). Estimates of total employment - direct and indirect - are based on INSTAT employment-related resources.

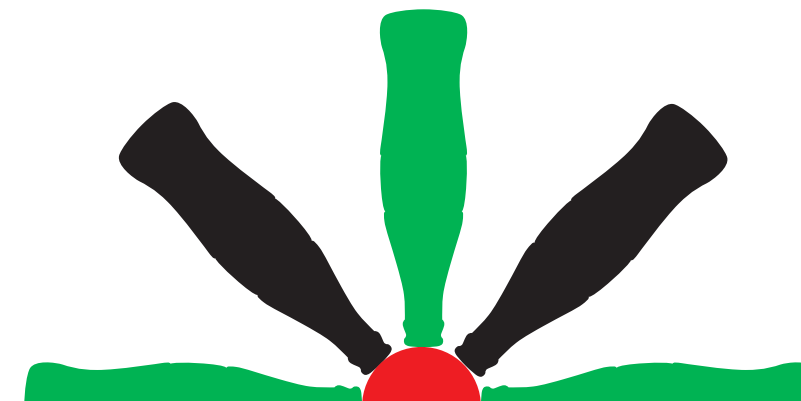
The analysis refers to 2019.





4

ECONOMIC IMPACT



To better assess the impact of Coca-Cola in Albanian economy, we can focus on the weight that CCBS occupies in 2 groups of similar enterprises in terms of areas of activity:



Category "Beverages"

79

Total number of enterprises belonging to the category "beverages" in Albania

11

Billion Lek

Value of resources distributed by beverage companies

Coca-Cola in Albania

1st
place

35 % of the turnover of this group



Category "Beverages"

1,830

Number of persons employed in this category of enterprises



Coca-Cola in Albania

21%

of employees of this group work for CCBS



Category "Beverages"

8

Billion Lek

Resources distributed by enterprises of the category "Beverages" for businesses

1

Billion Lek

Resources distributed by enterprises of the category "Beverages" for families



Coca-Cola in Albania

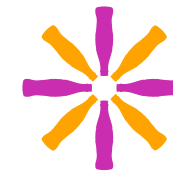
19%

Resources of this category allocated to businesses distributed by CCBS

25%

Resources of this category allocated to households distributed by CCBS





5

IMPACT ON EMPLOYMENT



2,800 are the total number of direct and indirect employees of Coca-Cola in Albania. But, it is not just a matter of numbers. Working conditions and the role of Coca-Cola in the Albanian society are quite significant indicators, as shown below.

The salaries of CCBS employees are higher than the national average salary: up to 56% higher for the administration employees, 14% higher for specialists and sales representatives and for managers and executives up to 40% higher. In addition, CCBS achieved an important level of women empowerment and leadership: 80% of employees in management positions at Coca-Cola Bottling Albania are in fact women.



COMPLEX IMPACT ON EMPLOYMENT



In terms of employment, i.e. salaried employees, self-employed individuals, and external and temporary/seasonal workers, in 2019 Coca-Cola Bottling Albania had a total labor impact of 5,436 workers, which corresponds to 0.4% of the total workforce in Albania. In terms of employees, CCBS has had a total impact of 2,800 employees, of which 342 are direct and 2,458 indirect.

The study shows that each direct employee job corresponds to about 16 jobs within the Albanian economy. Furthermore, if we consider the structure of Albanian households, the number of people who depend partially or totally on employment income generated (directly and indirectly) by Coca-Cola in Albania is 21,313.



16

For each CCBS staff member

21,313

People who depend directly and indirectly on jobs created by the Coca-Cola in Albania chain





6

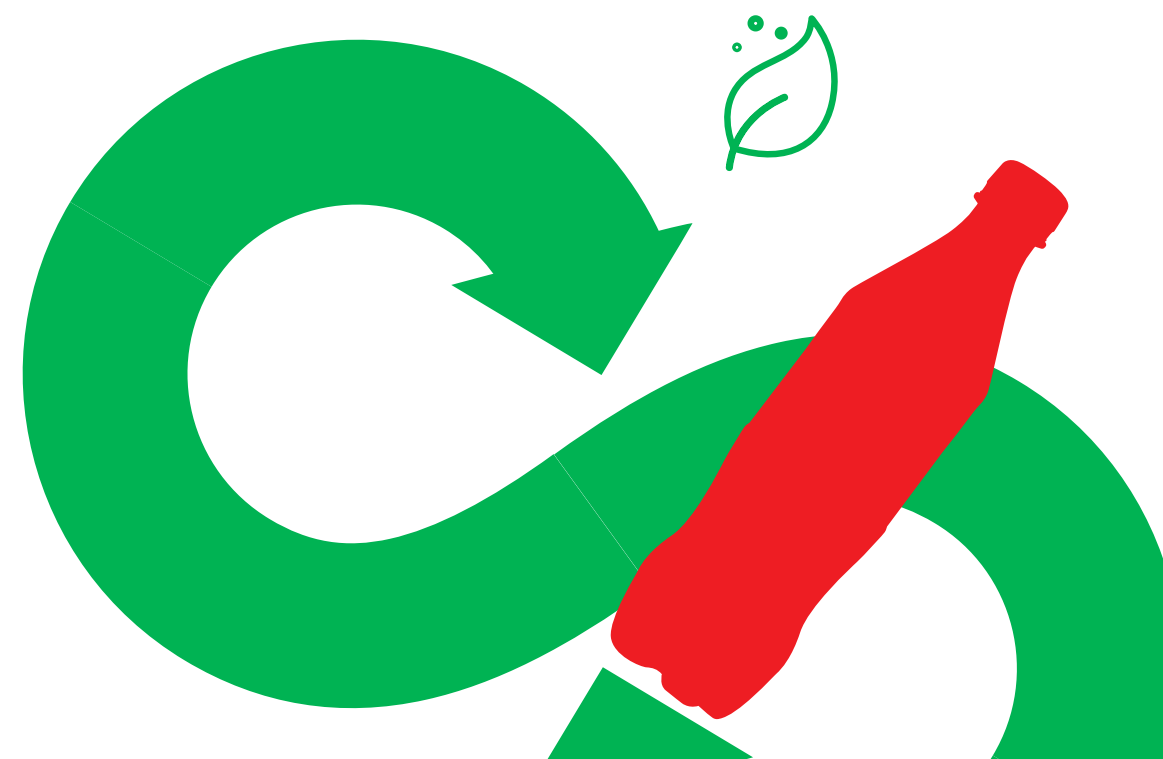
MORE SOCIAL
THAN YOU
IMAGINE!





The global strategy **"World Without Waste"**, introduced by The Coca-Cola Company in 2018, aims to make our packaging more sustainable. As part of this strategy, we aim to collect and recycle a bottle or can for every each one sold, thus anticipating the reduction of the impact on the environment, from the production to the post-consumption processes.

This means using recyclable packaging, as much recycled materials as possible, as well as encouraging the consumer to dispose of the packaging in the right place after consuming the product.





Promoting a business model committed to improving social and environmental issues is what it takes to turn a venture into a shared value. For this, Coca-Cola in Albania has gone beyond the boundaries of a manufacturing enterprise, being included by leading the commitment to the common good at the national level.

In 2010, Coca-Cola introduced the first and largest wastewater treatment system, and its outdoor use for tree irrigation, an investment of € 1 million. It has contributed to the planting of over 1,000 trees in the premises of CCBS and others in the Artificial Lake Park of Tirana. Last year, Coca-Cola in Albania led the green mobility initiative, by changing its commercial fleet vehicles with 100% electric vehicles. Following the expansion of this project, during 2021 in Durrës and Kavaja, this initiative resulted in 242 tons less CO₂ emitted, equivalent to the air purification made by over 18,000 trees each year.

Coca-Cola has organized shoreline cleanups in Albania, removing 21 tons of waste within a year, through initiatives such as "Save The Coast", as well as important greenery areas such as Tirana Lake Park, where CCBS has contributed by planting 60 trees.

This year, Coca-Cola in Albania made another giant environment-friendly investment, by successfully realizing the investment in the photovoltaic plant with an area of 10,680 m² installed on the roof of the plant, an investment in the amount of 1,260,000 Euro.



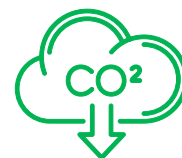
100% Electric

CCBS car fleet in Tirana, Durrës and Kavaja



9 Power recharge stations

as support for the necessary infrastructure for recharging electric vehicles, as CCBS investment.



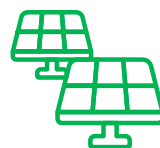
242 tons of CO₂

Reduced annually by CCBS electric car fleet



+1000 Trees

planted at the CCBS premises and at Lake Tirana



10,680 m² Photovoltaic panels

for the production of approximately 62% of the energy required by CCBS and reduction of 1,230 tons CO₂ emitted every year.

ETHICAL APPROACH TO MARKETING

When it comes to our products, Coca-Cola is committed to responsible marketing in terms of who it speaks to, and how. The consumer is at the center of everything for us and, to meet their demands, we have decided to focus on a clear, essential strategy: we have reduced sugars and beverage formats, reconsidering many recipes to widen the range of products to widen the taste of every consumer.

For the benefit of the consumer, the product labels of Coca-Cola Bottling Albania contain clear and transparent information. We do not undertake any communication or marketing initiatives for children under 18 years of age.

- ✿ We do not address any communication to children under 18 years old
- ✿ Gradually reduce the sugar in CCBS drinks
- ✿ We focus on smaller formats
- ✿ Improve recipes using sugar alternatives
- ✿ Expand the product portfolio to meet customer tastes
- ✿ Provide clear and accessible information on transparent labels



IMPACT ON THE CIRCULAR ECONOMY

In July this year, Coca-Cola in Albania introduced bottles with 100% recycled plastic (rPET), for all brands in the company's portfolio in 0.45L & 0.9L formats, investing in a total of 4,740,000 packages, during 2021 only. This initiative enables circulation from bottle to a new bottle.

The packaging of the products in transparent PET, offers easier recycling enabling waste reduction. Coca-Cola Bottling Albania thus leads with a model of a company responsible for its impact on the environment, and proactive in its commitment to improving the environment.

Coca-Cola in Albania also introduced the new dynamic bottle of the Sprite product, a departure from its historic green packaging, for a transparent PET easily recyclable.

These innovations in the production of rPET bottles are part of the long-term sustainability strategy of The Coca-Cola Company, "World Without Waste"



100% recycled

Packaging for 0.45 L and 0.9 L formats for all brands in the CCBS portfolio

4,740,000 packages

Recycled and recyclable CCBS products only during 2021

For the 1st time

Sprite gives up iconic green color for an easily recyclable clear bottle



Save The Coast Initiative

The Coca-Cola Foundation, in cooperation with Eco Mendje, and with the support of the Ministry of Tourism and Environment came up in April 2019 with an initiative for the cleaning of Cape Rodon.

Although it is one of the most beautiful beaches on our coast, Cape Rodon had turned into a big rubbish pit, and there was a risk of it becoming a problematic garbage 'hotspot' due to its challenging infrastructure. With this initiative, hundreds of young volunteers collected 1500 bags of garbage and left the beach much cleaner than how they found it.

As a result of this initiative 1500 bags of garbage were collected, by hundreds of young volunteers, leaving the coast much cleaner than they found it.



1500

Garbage bags removed from Cape Rodon



21 tons

of waste collected within a year thanks to CCBS initiatives



7

REGIONAL FOCUS: TIRANA





From north to south, our beautiful Albania is a cradle of diverse, authentic and unique culture and traditions. The place where all these intertwine in the most spontaneous way is Tirana. Our capital is a living manifestation of the impact that CCBS has had on the entire Albanian society, economy and culture.

In Tirana, resources are distributed among the three main factors of the system: 246 million Lek for households; 1,111 million Lek for enterprises; For a combined total of 1,357 million Lek, equal to 0.22% of Tirana's GDP



246
million Lek

For Tirana
households



+ 1,111
million Lek

For Tirana
enterprises

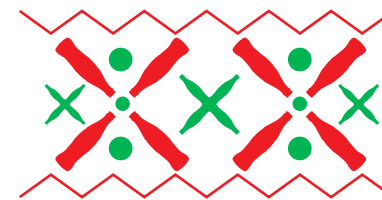


= 1,357
million Lek

Equal to 0.22%
of Tirana Gross
Domestic Product



Coca-Cola



8

CONCLUSION AND AUTHORS



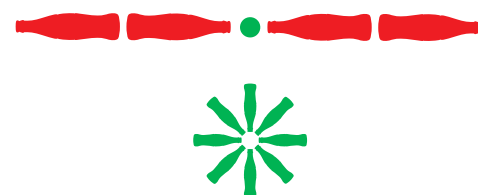


3 decades ago, Coca-Cola was for Albanians the symbol of a distant, seductive, but forbidden world.

Therefore, the opening of Coca-Cola Bottling Albania in 1994 marked, as no other investment, the beginning of a new era for the country, where the economy was open and where Coca-Cola, the most iconic drink in the world, as in the whole world would be easily accessible to any Albanian.

Thanks to CCBS, Coca-Cola started to be manufactured in our country, becoming a relevant contributor to the growth of the country, while becoming every day, "more Albanian than what you think."

But CCBS is not the only company that brought Coca-Cola to Albania. It is the company that brought, along with the Coca-Cola drink, a model of entrepreneurship that is very aware of the impact it has on the country where it operates: a much more Albanian enterprise than you can imagine.



During 2019 alone, Coca-Cola in Albania generated resources of ALL 3,267 million, as much as 0.19% of Albania's Gross Domestic Product, operating with 410 local suppliers. CCBS distributes 20% of the resources generated by the beverage sector.

Coca-Cola Bottling Albania directly employs 342 subordinates (as much as 21% of employees in the beverage sector). In terms of employment, i.e. salaried employees, self-employed individuals, and external and temporary/seasonal workers, in 2019 Coca-Cola Bottling Albania had a total labor impact of 5,436 workers. The number of Albanians who depend on CCBS resources - in whole or in part - equals to 21,313.

In terms of working conditions, CCBS offers higher-than-average pay- up to 56% higher. In addition, CCBS has very good indicators in terms of gender inclusion, as 80% of employees in management positions are women.



Fabrizio Perretti

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Stefano Basaglia

Winner of the Merit Scholarship for Leadership, Organization and Human Resources at the SDA Bocconi School of Management and is an Associate Professor in the Department of Enterprise Science, Economics and Quantitative Methods at the University of Bergamo, where he teaches Enterprise Organization. He is the author of numerous publications related to the organization and management of diversity.



Coca-Cola®



On limitations of input-output models and calculation methodologies read: Grady P. and R. Andrew Muller. 1988. "On the use and misuse of input-output based impact analysis in evaluation," The Canadian Journal of Program Evaluation 2.3:49-61; Miller, R. E. and P. D. Blair. 2009. Input-Output Analysis: Foundations and Extensions. 2nd ed. New York: Cambridge University Press; Richardson H. W. 1985. "Input-output and economic base multipliers: Looking backward and forward," Journal of Regional Science, Vol. 25, No. 4, pp. 607-662; Ten Raai T.. 2005. The economics of input-output analysis. New York: Cambridge University Press.

2020 REPORT



