

13-Nov-2020

The Coca-Cola Co. (KO)

Business Update Call

CORPORATE PARTICIPANTS

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

Mark E. Preisinger

Director-Corporate Governance, The Coca-Cola Co.

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

Lori George Billingsley

Global Chief Diversity & Inclusion Officer, The Coca-Cola Co.

MANAGEMENT DISCUSSION SECTION

Operator: At this time, I'd like to welcome everyone to The Coca-Cola Company's Investor ESG Event. Today's call is being recorded. If you have any objections, please disconnect at this time. I would like to remind everyone that the purpose of this conference is to talk with investors, and therefore, questions from the media will not be addressed. Media participants should contact Coca-Cola's Media Relations Department if they have any questions.

I would now like to introduce Mr. Tim Leveridge, Vice President and Investor Relations Officer. Mr. Leveridge, you may begin.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

Good morning and welcome everyone and thanks for joining us today. I'm Tim Leveridge, Head of Investor Relations for The Coca-Cola Company. I work very closely with my colleague, Mark Preisinger, Head of Corporate Governance, who manages engagement between the company and our investors on issues around ESG. And Mark and I are happy to host you today.

You all recognize the growing importance of ESG, especially in light of the challenges we're facing due to the COVID-19 pandemic, and we want to talk to you about those topics that are top of mind for our business and for you.

Now let me turn it over to Mark to say a few words.

Mark E. Preisinger

Director-Corporate Governance, The Coca-Cola Co.

Thanks, Tim, and good morning, everyone. First, you can find additional materials in the Investors section of our company website. And also, the accompanied slides for today's discussion. In addition, as this slide indicates, this conference call may contain forward-looking statements and should be considered in conjunction with cautionary statements contained in the company's most recent periodic SEC report.

Now, moving right into the discussion, this is our team joining us today. First, we'll have Bea Perez, who oversees a broad portfolio including our company sustainability work. She'll take us through the sustainability priorities. It's important to note Bea is also Chair of The Coca-Cola Foundation.

Next, Lori Billingsley, who leads diversity and inclusion for the company globally, will discuss diversity, equity and inclusion. We'll also have a few of our sustainability experts joining us for the discussion today, including Michael Goltzman, Ulrike Sapiro and Ben Jordan. And then following the presentation, we're going to take your questions. Please submit your questions via the Questions window on the webcast.

With that, I'll turn it over to Bea to kick us off.

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

Thank you, Mark, and thank you to Tim as well, and to everyone joining us here today. I'm honored to share these important topics with you and to also have Lori Billingsley co-presenting.

Before I start, I'd be remiss if I didn't touch on the COVID-19 pandemic, the natural disasters, fires, floods, hurricanes and the tragic social justice issues faced this year alone. 2020 has certainly been a historical and quite challenging year for many. Like at many of your companies, the health and safety and needs of our employees remained the company's highest priority and we moved quickly to ensure we were fostering a safe and transparent environment for our people. Additionally, through the knowledge-sharing in the teams and processes, we ensured business continuity. And in our global communities, we were well-positioned to respond quickly with humanitarian aid and partnerships with non-profit partners as well as advocate for diversity, equity, inclusion in our policies.

The Coca-Cola system, including The Coca-Cola Foundation have provided more than \$90 million to support COVID-19 relief efforts in communities around the world. We are fully committed to doing everything we can to support our employees and communities we serve, which is in line with our values.

Speaking of values, we believe sustainability is about creating business value in addition to living our values. Last year, our Chairman and CEO, James Quincey, restated our company purpose, putting sustainability goals at the center and reconfirming our commitment to our long-term goals. Several of you listening in always ask how we determine our top priorities, my apologies to those who have heard this already. To set some context, we connect our decisions into our Enterprise Risk Management, otherwise known as ERM processes to evaluate where risks in these core areas require even more focus. And we study stakeholder data and surveys to understand highest priority expectations for our business. Our stakeholders include, you all listening in, consumers, communities, NGOs, academia, customers, bottling partners, our employees and many more people who touch our business.

Then, we allocate appropriate resources, whether that is people skills and focus or financial in order to drive the difference that is required. While we do have long-term goals, we also go through this process on an annual basis to determine areas that may emerge and places where we should add in just like we did with World Without Waste in 2018. You can find this analysis in our latest Business and Sustainability Report.

Today, in the spirit of time, we will start by discussing water, sugar reduction and packaging and then transition to our other sustainability priorities. I want to make sure Lori has enough time to present and that you all have enough time for questions. As you all know, water is central to our products and supply chain, to people and to the environment. We've been a corporate leader on water across our system for nearly 900 bottling facilities for more than a decade with a focus on water risk management, improving water use efficiency and wastewater treatment as well as returning water to communities and nature through our replenishment programs.

In 2015, we achieved our water replenishment goal of returning 100% of our water used annually five years ahead of schedule. And as of 2019, we returned an equivalent of 160% of water used in our finished products

back to communities and nature. Since 2012, this work has added up to more than 1.5 trillion liters of freshwater and has been returned back to the environment and communities. We also continue to work with our own operations to improve water efficiency and have seen an 18% improvement in water efficiency compared to 2010.

We have more work to do and we continue to drive efficiencies in our own operations. Our water and sanitation and hygiene programs have reached more than 10.6 million people globally. We are also helping communities maintain hygiene during the pandemic, such as Uganda where Coca-Cola Beverages Africa supported the Ministry of Health to distribute 5,000 hand-washing stations as a way of protecting people against the spread of COVID-19.

Looking towards the future, we are building on this work in evolving our strategy. We've developed a post-2020 water stewardship strategy with our bottling partners which is based on an updated risk assessment for all of our bottling facilities and major agriculture commodities using the latest data.

Going forward, we will segment our business by the level of water risk. We will prioritize efforts in the higher-replenish targets and those high-risk regions or where we are sourcing most agricultural commodities. And we will do all of this while maintaining 100% or more global water replenishment rate.

Turning to how we're transforming our portfolio. We've been taking actions to change the recipes of our beverages and reduce added sugar, offer smaller portion sizes, innovate and bring drinks with additional benefits to the market and promote our low- and no-calorie options, all while providing consumers with easy-to-understand nutrition labeling. This work remains a priority and concerns about obesity and health especially amid the COVID-19 pandemic when people want drinks with more benefits and often less sugar.

We're continuing to pursue our beverages for life ambition by looking at our portfolio and calibrating optimal set of brands that will allow us to remain truly consumer-centric, focusing on brands that can be scaled to drive profits for the long-term. It is not about providing less choice but rather about how to drive better investment in those choices [indiscernible] (00:07:59) portfolio especially our low- and no-calorie options expand for the long-term. It is similar to a gardener pruning a garden to bear fruit.

As you can see displayed on the slide, we increased sales globally while reducing added sugar in 2018 and 2019, a 4% reduction in average sugar per 100 milliliters in 2019, adding to the 1.7% reduction in 2018. To reduce added sugar from 2017 to 2019, we reformulated nearly 1,000 of our beverages. In 2019, this resulted in removing approximately 350,000 tons of added sugar from our beverages on an annualized basis.

We're also growing our low- or no-sugar options. As of our latest reporting, about 29% of our global volume is in low- or no-sugar beverages, and about 45% of our beverage portfolio is low or no sugar. And we're making smaller packages. About 42% of our sparkling soft drink brands come in packages of 250 milliliters or less. In many markets, we have joined industry initiatives focused on reducing added sugar.

In Europe, the sector was the first and only two respond and commit to the EU call to action to reduce added sugars by 10% by 2020. A recent audit by independent researchers, GlobalData, confirms the industry has met and surpassed this target ahead of time by reducing average added sugars in soft drinks by 14.6% between 2015 and 2019. And in North America, our work with the industry's Balance Calorie Initiative (sic) [Balance Calories Initiative] (00:09:33) also demonstrates that our strategy in reducing sugar consumed from our beverages is working. In 2019, Coca-Cola Zero Sugar grew volume double digits for the third consecutive year.

Mini-cans continued to grow volume double digits annually and strong growth in premium water offerings led by smartwater and Topo Chico all point to how the company is helping consumers to reduce their intake of added sugar. Looking towards the future, we will continue these efforts to reduce added sugar by changing recipes, offering smaller portion sizes and continue to transform our portfolio as a total beverage company.

Let's move to packaging and our World Without Waste strategy. There is a lot going on in this area. I can only highlight a few examples during our time together today. As we have shared before, our work sits in three pillars on this initiative: Design, collect and partner. Through these, we are striving to make packaging part of the circular economy. Our goal is to create closed loop system, extracting the maximum value from materials and products while in use and then recovering and recycling them.

For design, currently, 88% of our packaging is recyclable and we use 20% recycled material in our packaging overall with 10% recycled material in our plastic packaging. Today, we have beverage packages in a 100% recycled PET in 18 markets and growing. In fact in September, both Coca-Cola Netherlands and Coca-Cola Norway announced their transition to 100% rPET for their entire Dutch and Norwegian produced portfolios beginning in October 2020 and early 2021, respectively. These are the second and third markets in Western Europe after Sweden to make the move to 100% rPET. These actions will contribute to removing over 4,000 tons of new virgin oil-based plastic a year as we transition to models that use old bottles to create new ones.

We're also committed to refillable options. Globally, over 20% of our portfolio is already in refillable or fountain packaging today. We've developed a touchless option for our Freestyle machine in the US, allowing consumers to select their beverages and pour them via smartphone, all without touching the machine screen. This will be available on all machines in the US by the end of this year.

Our second pillar is collect. In 2019, 60% of our bottles and cans were refilled, recycled or collected. This is up 4% since 2018. In Kenya, recycling of PET bottles has jumped from 5% in 2018 to 35% in 2019, through joint industry efforts to support the PETCO recycling model. In addition, we have launched similar programs in Ethiopia and Tanzania, building on the successful model first developed in South Africa. In late August, the company joined peers in launching Indonesia's first packaging recovery organization with support from the Indonesian government to improve packaging collection in one of our priority markets.

Our third pillar, partner, we have many examples of partnerships that we've established all over the world. In 2019, the company joined initiatives in the US and India, bringing together industry and other stakeholders to make a step change in collection and recycling. In the US and in collaboration with the industry partners, we created \$100 million fund with The Recycling Partnership, Closed Loop Partners and World Wildlife Fund to help reclaim more plastic bottles so they could be made into new bottles.

In 2020, we built on this by joining the US Plastics Pact to galvanize action beyond the beverage industry, to ensure that all plastic packaging gets collected. In India, under the PET Packaging Manufacturers of (sic) [Association for] (00:13:16) Clean Environment, otherwise known as PACE, the PACE banner, the industry launched \$140 million initiative to create Asia's largest packaging waste management venture, so that by 2025 no recyclable packaging material ends up in landfills.

In the wake of the pandemic, there have been some challenges. For example, some US state deposit system suspended redemption centers in the wake of local outbreaks. And in some countries, waste pickers have been stopped temporarily by lockdowns. We believe that these are temporary obstacles.

Earlier this summer, the Mexican government authorized the PetStar plant in Umán in Yucatan state to resume activity. And many fiber-producing plants which use empty PET bottles as inputs are functioning again in Asia. This year has also reinforced our World Without Waste effort. With the economic challenges being faced around the world, affordability for consumers continues to be a focus for us. Refillable packaging can be more affordable for consumers in markets that already have the infrastructure, while also reducing the number of packages that need to be collected. Looking ahead, we are committed to a world without waste and continue to make progress in order to meet our 2025 and 2030 goals.

Before I transition to Lori to cover diversity, equity, and inclusion, I wanted to highlight climate, agriculture, and women's economic empowerment. Then, after Lori presents, I will briefly highlight disclosure.

On climate in 2019, we reported a 24% reduction of the carbon footprint of the Drink In Your Hand compared to a 2010 baseline. We also set a new science-based target to reduce our absolute carbon emissions by 25% by 2030 against the 2015 baseline, in line with the Paris Agreement goals. We've noticed some challenges that arose this year due to the pandemic.

Our 2020 Drink In Your Hand target is an intensity goal, which means that we are focused on the amount of energy per beverage across the value chain. Given the pandemic volume impact, the ratio of energy use could increase this year. However, there continues to be emerging opportunities in climate with governments looking to incentivize green investment. One thing to highlight here is that our sustainability goals are often interlinked, and we think holistically about how we can achieve them. For example, since packaging is almost one-third of our overall carbon footprint, our World Without Waste strategy is essential to meet our science-based climate target. By developing advanced plant-based packaging that requires less oil and by investing in local recycling programs that allow us to make new bottles out of old bottles, we are lowering our carbon footprint one package at a time.

Beyond packaging, climate change is already increasing water scarcity and quality issues. So, our current work on returning water to nature and communities including projects which help recharge aquifers or rebuild wetlands help contribute to community resilience in the wake of extreme weather events such as droughts or flooding.

Now, let's move on to agriculture. As of 2019, 54% of our priority ingredients were sustainably sourced with some commodities such as coffee, tea, and soybeans close to or at 100%. We are continuing to strengthen risk assessments and streamline supplier engagement processes. We've also revisited our sustainable agriculture guiding principles to include dairy supply chains and other ingredients. This year, the company developed supply chain management principles to support suppliers through the COVID-19 disruption and to uphold food quality, social, and environmental standards.

And women's economic empowerment. Through 2019, we have empowered over 4.6 million women through our 5by20 program, including more than 1.3 million alone in 2019. We are on track to achieve our 5by20 goal.

Given the scale of unemployment and the challenges to our key customers in away-from-home channels, we see an opportunity to expand our economic empowerment strategy in the post-2020 period, engaging in broader industry platforms that collaboratively transform the livelihoods of women, youth, and additional vulnerable populations by promoting, retraining, upskilling, and entrepreneurship.

Now, let me turn it over to Lori who will cover diversity, equity, and inclusion.

Lori George Billingsley

Global Chief Diversity & Inclusion Officer, The Coca-Cola Co.

Thank you, Bea. Hello, everyone. It's great to be here with you today. As Bea mentioned, I'll cover racial equity, including our social justice framework, as well as our company initiative in diversity and inclusion. As all of you are well aware, both COVID-19 and the racial equity movement have created a particular emphasis on talent, as well as diversity and inclusion in 2020. These topics are not new for the Coca-Cola Company as both our global and local business, diversity and inclusion are at the heart of our purpose to refresh the world and make a difference.

For us, creating a diverse and inclusive workplace is not only the right thing to do, it's a strategic business priority that fosters greater creativity, innovation, and connection to the communities we serve.

So, let's start with the work in social justice. There's no place in our world for racism. We believe we have a duty to strive for greater justice and equity within our own company as well as throughout society. As a company that believes diversity and inclusion are among our greatest strengths, we are focusing our efforts in four main areas: Listening, leading, investing and advocating. These four pillars make up our global social justice framework.

Our first pillar is listening. We are listening so that we can be part of the solution. We don't have all the answers, but as a business we are educating ourselves and acting on the feedback we receive. Our second pillar is leading. To address inequities, we are working on our policies and the communications for our business. We'll be transparent about this work as it progresses. Our third pillar is investing. We will invest our resources to affect change. And our last pillar is advocating. We'll use our convening power to strengthen and aggregate the advocacy for public policies that make a difference.

For example, we're committed to spending at least \$0.5 billion with black-owned businesses in the US over the next five years. This is more than 2.5 times our current spend with black businesses. We also recently joined other business leaders to publicly support legislation to advance the Hate Crime Bill in our home state of Georgia, which was signed into law.

And lastly, our outreach efforts. As just one example, we awarded \$1 million to the Equal Justice Initiative, to support communities marginalized by poverty and discouraged by unequal treatment.

Our pledge as a company is that we will do our part to listen, learn and act with measurable and sustainable actions.

Now, I'll touch on some specific company actions we're taking in diversity, equity and inclusion. Our enduring commitment to diversity and inclusion comes to life in everything we do. We proudly investment in programs and partnerships to recruit and develop diverse talent, we foster an inclusive culture in our workplace, and we work to advance diversity and inclusion in the communities we serve.

Regarding our work in social justice, our CEO, James Quincey, has made it very clear what our commitment is as a company. James was instrumental in the creation of our recent social justice framework's four pillars that I just discussed on the previous slide. Our board's talent and compensation committee also oversees the company's policies and strategies relating to human capital management, including talent, leadership and culture, and diversity and inclusion. Having this unwavering commitment and alignment from the very top of our company drives a top-down effect of ensuring the senior leaders of the company are invested and building accountability and leading by example.

Our aspiration is to mirror the diversity of the communities where we operate and for the company to be 50% led by women globally. We are advancing black representation in leadership roles, we'll invest more in robust results driven plans for black leader training and internal pipeline development.

We're also committed to disclosing our progress. We share a diversity and inclusion metrics with senior leaders on a quarterly basis, highlighting progress and driving accountability. Beginning in 2021, we'll publicly share data about our company's diversity and our business and sustainability report. The report will include data on representation by race and gender for both our general population and leadership, information submitted to the U.S. Equal Employment Opportunity Commission, our EEO-1 survey results, pay fairness data and other information.

We focused efforts on updating our recruiting and hiring strategies as well. This includes deploying neutral language tools that assess job postings for biased language or words to help remove bias from processes. We're updating our interview guides to have more inclusive messaging and ensure all of our interview panels and slates are diverse.

The diversity and inclusion needs around the world are different in every market. They can range from racial, gender, LGBTQ, ability or socioeconomic issues. And we recognize that there is no way to create a diversity and inclusion plan that will work for all. So, we work with each operating unit leads to develop a plan that addresses its unique needs.

One example is our Global Women's Leadership Council. This council was launched in 2008 to support women in global leadership positions and grow our pipeline of female talent. The council has a sponsorship program to increase the pace of women's exposure and access to opportunities to move the leadership landscape towards 50/50 diversity. Currently, there are 30 high potential female talent from around the world that are part of the sponsorship program.

And finally, we believe that strong equal employment opportunity programs make us a better company and contribute to our success. This includes paying all employees fairly and equitably for the work they do. We've been conducting pay equity analysis with regard to gender and race and ethnicity in the US for many years.

In 2019, we extended the pay equity analysis for gender globally across all business units of the company. We do this to ensure that our employees an equal or similarly situated jobs are paid fairly for the work they do without regard to their gender globally or race and ethnicity in the US.

Now, I'll turn it back over to Bea to close, then to Tim to get our Q&A session going.

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

Thank you, Lori. Your leadership in our company is unparalleled. Before we turn it to Tim for Q&A, I want to close on disclosure. It is very important for us to provide stakeholders with complete, transparent and candid information.

Earlier this year, we published our second integrated business and sustainability report, which combines metrics on both our business performance and sustainability initiatives. In our 2019 business and sustainability report, we reported using both the GRI and the TCFD frameworks. In particular, we added more specific climate disclosures about infrastructure-related losses from extreme weather events.

Starting in 2021, we will begin reporting against the SASB framework as well. We do not intend to move away from GRI, but rather we will map the three frameworks, so that our investors and stakeholders can choose the frameworks they prefer to use.

One other item to mention and that is relevant for everyone on the call today, with the many different rating firms in existence, I know it is often a challenge to obtain the data you are looking for because of the discrepancies between the firms and the methodologies. This is also a challenge for companies like us. Our strategy is to use the frameworks listed here along with our continued disclosure in our business and sustainability report and data appendix to provide you with the information you need, and we also welcome your input in order to help us improve our disclosure.

Now, I will turn it over to Tim for the Q&A.

QUESTION AND ANSWER SECTION

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Thank you, Bea. Now, we'll start with the Q&A portion of today's event. I definitely want to encourage you to submit questions you have via the question window on the webcast. Hopefully, that's clear.

With that, we'll start off with the first question and it comes in the area of cost and return on investment of ESG. For the ESG initiatives, Bea, how do you think about the costs and the return on those strategies? How do you measure it? How does this work on a cost-sharing basis with your bottlers as well, knowing that they're an important part of the process?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thank you, Tim, and thank you to who asked that question. As we work as a company, these are system-wide and enterprise-wide goals that we set in partnership with the bottling partners around the world. And as we discussed earlier on, we do look at our priority matrix in terms of the goals, in terms of risk mitigation, all the way to how do they drive growth. And as you think about initiatives like light-weighting our packaging, not only does that allow us to use less raw materials and reduce our energy consumption, it also enables us to drive cost savings at the same time.

As you flip the equation to driving growth, we also know that consumers today are telling us that they want products and services and initiatives that are aligned with their values. And in terms of sustainability, we look at that data as closely when we're taking a look at where do we need to prioritize and focus. And we know that consumers expect this from brands, so that gives us the opportunity to when we tell the story like we have across different markets like Argentina, Australia, Bolivia, Chile, and the list goes on. When we tell the story in terms of what we are doing to the consumer, they do have positive reactions in terms of supporting the brand.

And at the same time, we do look at how do we evaluate the sustainability goals on an annual basis. We also audit them and we use accounting firms to assure the data at the same time to be able to report out. And we share in these initiatives and these discussions with our bottling partners on a very regular basis. As you can see, through a lot of the examples I gave earlier, it's the bottling partners in those local communities that are helping us to deliver and execute upon these initiatives.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Great. Thanks, Bea. And the next question kind of drills in on the circular economy. And the question is how can Coca-Cola ensure that your packaging becomes part of the circular economy? And how do you prioritize where you invest your budget when this problem is very local in its approach in terms of the differences in recycling infrastructure on national or frankly even a city-by-city level?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thank you, Tim. And also, this is an interesting one in line with the previous question that came as well. So, we also review. We look at all of our goals annually. And when we set our World Without Waste strategy in 2018, we set it not because we hadn't had packaging goals. We had for several years. But we knew we needed to do more. And we set the World Without Waste strategy to really enable us to drive a circular economy and we set it with that in mind. And so, the three pillars within World Without Waste are design, collect and partner. We have to design and to create the circular economy better materials, more innovate materials, materials that allow us to collect them back and reuse them, and reuse them in terms of meeting the goals that we set to have higher rPET usage within our packaging recycled PET. So, today, we have 100% rPET in over 18 markets and growing in different markets like Australia, Switzerland, Philippines, Peru, South Africa, I mentioned some earlier.

Also during this time period, during the pandemic, we haven't stopped pushing this agenda and really designing in better materials. In September, Coca-Cola Netherlands and Coca-Cola Norway announced their transition to 100% rPET for their whole locally owned portfolios. So, if you think about that, that's contributing to moving over 4,000 tons of new virgin plastic annually. So, the work continues.

We also have the programs that we continue to launch in terms of collection in the second pillar. So, just this year alone in August, we joined the US Plastics Pact and that is primarily government – we know the governments in the US have the municipal authorities that want a lot of the collection types of program since it was important to have a partnership there with the US Plastics Pact which was in addition to the American Beverage Association autumn 2019 announcement, Every Bottle Back which some of you might have read out previously. So, this is a continuation in the journey by joining the US Plastics Pact.

We also have different programs that I spoke about earlier in terms of the PETCO or the PetStar models where those are collection facilities enabled to get that material back into the circular economy. And the partnership is the most critical when you think of the US Plastic Pact. That goes beyond the beverage industry beyond Coca-Cola. And it's how do we make sure that all plastic, all high-value materials are being collected back for the circular economy. And then how do we invest in those together as industry which benefits everyone including society. And so, just a couple of years ago, we invested as one of inaugural investor partners in Circulate Capital, which is also a way to finance a lot of these entrepreneurship ideas and infrastructure, as well as the innovations that need to continue to come. The fund has raised over \$100 million and they closed our two first investments. One of them was an Indian company that turns flexible plastics into high-quality recycled plastic granules. Another is a female-led Indonesian company that specializes in recycling PET bottles into rPET flakes which can be used to manufacture other packaging in textiles.

So just to close this one out, circular economy is something we're committed to working in. It is how we think about the strategic pillars design and recyclable more sustainable materials, collect them, get them back into the circular economy and do this in partnership with others so we can truly drive scale and make a greater impact.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Thanks, Bea. Next question is over to Lori on gender and racial equality. And what are the mechanisms for creating gender and racial equality and the meaningful work inside the walls of Coca-Cola? How are you doing on pay parity if you achieve that and your willingness to disclose your EEO-1 report as we move forward?

Lori George Billingsley*Global Chief Diversity & Inclusion Officer, The Coca-Cola Co.*

A

Thanks for the question, Tim. It's a good one. Our aspiration is to mirror the diversity of the communities where we operate and for the companies to be 50% led by women globally. So, in terms of gender, we recognize that we have more work to do in the mid and senior level leadership roles, but we have made some good progress. Today, women hold 49% of the mid-level leadership roles at the company and 33% of the senior level roles. So we found that we need to invest more in specific development programs for women to retain and advance them to roles of increasing responsibility and that we also need to make changes to allow for flexibility in work schedule and opportunities to enable women to stay engaged in the workforce as other life demands take place. We've also found that flexibility in classing tailored opportunities to be a great retention for men as well, especially in the millennial employee population.

In terms of racial equity, we believe that we have a duty to strive for greater justice and equity within our own company first, as well as throughout society. So we're advancing black representation in leadership roles. I mentioned that in my presentation. We'll also invest in more robust results-driven plans for black leader training and internal pipeline development.

As I also mentioned during my presentation, we've been conducting pay equity analysis regarding gender and race and ethnicity in the US for several years. Last year, we extended the pay equity analysis for gender globally across all operating units of the company, and we really do this to ensure that our employees in equal or similarly situated jobs are paid fairly for the work they do without regard to their gender again globally, or race and ethnicity in the US, and the latest review didn't identify any statistically significant pay differences. So, we'll continue to conduct that analysis year-over-year.

And then lastly with disclosure, beginning 2021, so next year, we'll start publicly sharing data and information about our company's business about diversity and inclusion and our business and sustainability report. The report will include data on representation by race and gender for both our general population as well as our leadership level. Information submitted to the U.S. Equal Employment Opportunity Commission, so our EEO-1 survey results, pay fairness data and other information that will really provide a more holistic picture of our diversity and inclusion efforts.

Timothy K. Leveridge*Vice President & Investor Relations Officer, The Coca-Cola Co.*

A

Great. Thank you so much, Lori. Next question is in the area of disclosure. And, Bea, this one's for you. With the greater push for disclosure data and metrics from every angle, and it's coming in fast and furiously these days, how do you prioritize what to disclose? And how can Coke specifically lead the effort to standardize some of these key metrics especially for our industry?

Beatriz R. Perez*Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.*

A

Thank you, Tim. And disclosure is definitely one of my favorite topics like I'm sure everyone's on this call. And so, like I said earlier in the presentation, we're going to continue to do the disclosures we've done in terms of GRI, the

PDP, the TCFD, we'll be adding in SASB going into 2021. At the same time, you just heard Lori talk about some of the new data that will be incorporated into our sustainability report going into 2021.

As we know, there's always opportunity to improve, a lot of the ways that we get some of the information that we know you would like to see is by listening and having the dialogue with you all on the call, to ensure that we're giving you the data that you need in order to make the decisions about our business and about our company's initiatives. So, for that, we're always listening and learning and adding in wherever we can when we understand there's an additional need.

At the same time, standardization is key. We know that to drive meaningful impact around the world that having industry standards and definitions, and having audits and assurances against the data makes it more meaningful and credible and it helps us to drive a greater impact. So, we continue to look at new opportunities with the industry to standardize. For example, I'm sure everyone is reading and seeing what the World Economic Forum is doing in terms of trying to get the CEO community to align on an ESG framework. We, of course, are involved as a strategic partner with WEF in those discussions and James Quincy himself is on the council for the International Business Council. So we know that that work continues and we will continue to prioritize standardization as well as making sure that audits and assurance of the data continue to happen. And where we're missing data, we certainly would love to hear from you all on the call. Please let us know as you can see we're still continuing to add in data when you all are requesting it. Thank you.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Thanks, Bea, and I definitely want to highlight the point of letting us know as you go through this. We'd be happy to and certainly welcome your feedback as we have these conversations, whether it's myself or Mark or with Bea directly. It's a great way for us to know what's going on and what's top of your mind.

Next question is for Bea as well. In the world of recycling, what were the transferable lessons learned from South Africa regarding your recycling efforts there and what are the biggest challenges that you see that you're facing in terms of meeting the collecting and recycling targets that you've set for yourself?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thank you, Tim. Well, PETCO is one of my favorite examples, because I've had a chance to go out there several times in the last 10 years, and I have seen that model transform and continue to grow. And some of the meaningful lessons were that if we could provide a place for the informal collection systems to come to be able to deliver the materials and start to help formalize some of those systems and put standards in place, that actually helps to drive greater collection. At the same time, we want to make sure that there is a facility that we're able to secure the materials from to drive that circular economy as well as whatever materials we can't use if they're going into the right places.

And so, for us, that is part of our World Without Waste strategy. This was [indiscernible] (00:39:20) in I'd say the circular economy in the collection space. This does help us to get the materials back to the circular economy to be able to drive higher collection. And you saw the number I gave earlier was, in 2018 in Kenya, it was 5%. It's over 35% as of 2019 and growing. And so, we realized that this system and having the infrastructure in place did make a difference in that community. And so, we saw some of the same opportunity or PETCO saw the same opportunities in those other countries. And so, we were thrilled to be able to work with them and have our bottling system connected and to be able to drive a circular economy in partnership with the initiatives that we've seen in South Africa.

We also know that during the pandemic, with the lockdowns that were initiated around the world, that we were not immune to some of those challenges in collection. And so, we also started to look at different infrastructure and how could we continue to scale these programs and ready to go once we are out of the lockdowns. And our foundation, on the foundation side as I think Mark also mentioned, I chair the foundation, it grants into some of the recycling communities to make sure that the informal collectors would have funds to be able to continue these programs even during some of the difficult challenges.

And so, we were excited that the foundation was also able to contribute to the community, which we believe helps position this community and the recyclers ready to go when they're able to go back out and safely collect. Thank you, Tim.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Thanks. Thanks, Bea. Next topic is in the world of sugar. Coca-Cola's move to report sugar reduction as a percentage of case volume growth is welcome. And then, the question specifically is what forward-looking goal do you intend to set for this metric?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thank you. Well, this is the part where we would love to continue to listen to what you all on the phone would like to see. So we have continued our plan against sugar reduction, as well as not just looking at sugar reduction and reformulation of our brands. So I earlier mentioned we reformulated over a thousand different recipes in our business already. But also in the small can pack sizes as well as different messaging around sugar reduction and committing to the World Health Organization guidelines of reducing added sugars. So, we have taken those stance. We will continue to do that work going forward post 2020. At the same time as you can see, we don't have a specific target yet set beyond 2020, but that is something that the teams have been discussing and working on. So, we look forward to continue to engage in this space, and we will continue to do the work that we've been doing to reduce the sugar in our portfolio.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Great. Thanks, Bea. Next in the world – on health and wellness, could you discuss some of the sustainability initiatives Coca-Cola is taking related to health and wellness? Is Coca-Cola actively exploring health-focused product options?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thank you, Tim. As part of our strategy to become a total beverage business, you're seeing that we continue to focus on ensuring that we have products available for all different aspects of consumer needs and consumer daily option. Part of health and wellness is what we just assess in terms of sugar reduction. So, reducing added sugars in our recipes and ensuring there are small can pack sizes available.

At the same time, we continue to expand our low and no-calorie options. And so, you've probably seen that that's been something that continues to grow across the world. We continue to explore different products within the portfolio as we move towards the total beverage strategy. I think on that one, if we're going to continue the work we've already started, I'm not sure there's anything much more that I can add.

But I don't know, Tim, if you wanted to add in terms of some of the other areas we've mentioned. But I think that one was kind of covered also on the previous question.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Yeah. The one thing I would add, and this is part of the broader commentary about Beverages for Life, and that is being consumer-centric in everything we do. And that's been kind of at the heart of as we move forward both from a product – I think many of you on the call know that we're very focused on, kind of, optimizing our portfolio. And a core component of that is making sure that we have a set of brands that's going to be needed to achieve that consumer-centric approach.

And so, many of the brands that we have and part of the goal of a lot of the optimization has really been able to allow us to invest, even more so in the products that we see playing an important role for us going forward, and certainly health and wellness products will be a core component of that.

So, it will still be there. Consumers are absolutely clear that health and wellness is something that is part of their lives, and something that they want more choice in and more options in. And we are very focused on making sure that we achieve that.

Okay. Next question is on diversity. And I'm going to just read the question as it says. And I don't know because I haven't – I'm not sure if I agree with it or not because I haven't read it. So, I'm just going to read it and we'll go from there. I'm sure you'll agree that the value of a diverse workforce is the sharing of ideas. Well, I think we can agree on that. Can you share with us some of the ideas that your diverse workforce have brought to management as regards to sustainability?

Lori George Billingsley

Global Chief Diversity & Inclusion Officer, The Coca-Cola Co.

A

Sure. I can take that if you're directing it to me, Tim. I can start and Bea can add in. How about that?

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Yeah, yeah, Lori, why don't you jump in and we'll turn it over to Bea if any additional thoughts?

Lori George Billingsley

Global Chief Diversity & Inclusion Officer, The Coca-Cola Co.

A

Okay, great. So, I would say from the work that we've been doing most recently in the social justice front, we've received a host of ideas. Over 500 from employees regarding actions that we could take in the space. Some clearly around sustainability, which Bea can add in on that.

So, we also have listened to stakeholders. We have a robust stakeholder outreach plan, because again, as part of our four pillars for our social justice framework of listening, leading, investing and advocating, one of the first things that we have been doing is listening. And we've listened to our stakeholders through a number of different meetings with community leaders, government, social justice, NGOs and others to hear their expertise. And that's really helped to inform our action plans for impacting positive social change.

We also have our three diversity councils and our business resources groups. We have eight of them. They've been input and helping to generate fresh ideas. And from that we've taken a number of steps in our supply diversity space, as well as advocating with some of our bottlers for some of the issues around social justice to advance progress and fairness and equality at the community level. And Bea, I'll let you jump in and add anything else.

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Yeah. And so, Lori and I work hand in hand. And what I would say is that these go together if you think about advocacy for policies and ensuring that policies that are established are fair. And I think Lori earlier in her presentation even talked about how working with our diverse set of employees, they were the ones who raised their voices in terms of putting in place the Hate Crime Bill that the one for example, that now exists in Georgia. And so while that was employee-led and employee-driven, Lori certainly helped to provide opportunities where the company could support those employees to drive the change.

And in terms we feel that those policies, by being enacted into law, help the company become a better company, strengthen the reputation of the company as well, because it starts to help to create a more fair and equitable society, and I think Lori is certainly the expert here. I don't want to take away anything from what she's already been doing and saying so she's the expert. I'm just adding in.

But the other piece here too around some of these conversations that Lori had driven is establishing a five-year commitment to spend \$500 million with black-owned businesses and vendors. And so we know that that will continue to strengthen our vendor, our supplier base, in terms of how we operate across all aspects of our business including our key initiatives around sustainability. And so I'm thrilled to be able to partner with Lori on these key initiatives. I do believe the strength in the business and continues to – there's lots of data out there that shows that when companies have diverse employees, diverse boards of directors, diversity within their programs, diversity in their spend that they end up driving strong results. And so I'm excited to be a partner with Lori on these key initiatives.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Thanks, Bea. And, Lori and Bea both, maybe as a quick follow-up to that that came in, in terms of – I know you touched on supplier diversity. But as you think about diversity inclusion even outside of the walls of Coca-Cola, how do you think about it through the rest of your value chain of, as I mentioned, supplier diversity you touched on? But maybe as it relates to consumer-facing content, your marketing communications, have you thought about how to incorporate that into what you're doing given obviously the extent of our marketing capabilities?

Lori George Billingsley

Global Chief Diversity & Inclusion Officer, The Coca-Cola Co.

A

Sure. Thanks for that additional add, Tim. So one other thing that we have been doing because we do have the power of our brands to be able to raise awareness and advocate on specific issues, we know for example that it's important to communities for example Piper Sandler data in the fall of 2020 show that top of mind social and political issues for US teams were racial equality, Black Lives Matter, followed by environment and the 2020 election.

So we have been leveraging the power of our brands. For example, Sprite contributed \$0.50 million to partner with the Black Lives Matter Global Network on voting, education and empowering the next generation of black

youth and created marketing to promote racial equality. Also, our Coke brand, we turned over our signage early on to talk about Together We Must. And it was sort of a list of things that we must do together as a community and it ended with together we must end racism.

And so those are a couple of examples that we've done with our brands. But as Bea said, we've also been advocating when it comes to public policies that help advance social justice, so the Georgia Hate Crime Bill and supporting that getting passed. We also, in addition, to the work that we've been doing with supplier diversity with \$0.50 billion commitment is also been giving over \$5 million from the company as well as our foundation for social justice and racial equality organizations that are advancing this work. So those are a couple of examples of things that we're doing in this space.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Great. Thank you so much, Lori. Next question or topic is for Bea in the world of recycled PET and plastics. Can you please outline your expectations for recycled PET content for the next three to five years? 10% now is only slightly up on the previous number. Do you think the progress to 25% will be a hockey stick shape?

And I'm going to add in this other one because I think they're related. Would you consider moving your mix more towards aluminum away from PET given 75% of it is already recycled? And would generally lower pricing can prevent you from doing this?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thanks, Sam. So, earlier, when we talked about World Without Waste, it was important – and that I'll get to the rPET-specific in a second – to make sure we're designing in higher value materials, collecting them back, and partnering with others to drive the scale. For us, we know that there's been a real impact during the lockdown with the pandemic in terms of slowing down some of the collection, which has slowed down some of the results to get the material back in order to put it back into the bottles.

So that's why you probably see some of the lower levels in this year in terms of the collection rates. At the same time, we do know that we have to accelerate this work and we have to continue pushing and moving ahead. You saw that it is possible to move the numbers. When you look at the collection rates in Kenya, going from 5% to 35% in a year, so we believe that it could look like a hockey stick. At the same time, we want to make sure that we continue to have steady growth around the world.

I'd say that if you look at the other possibility of Norway and Netherlands moving to 100% rPET for their entire portfolio in the next several months and you saw how 18 other markets have already put beverage packages into 100% rPET, we know it's possible. So, we have to continue to work harder, make sure we're collecting the materials, working in industry and partnership with others and designing in more sustainable packaging materials.

At the same time, it's important for us to move or to continue to have a broad portfolio of materials that are available. As Tim mentioned earlier, it starts with the consumer, as well as affordability is really important. We know that offering different package sizes, different packages in terms of materials that consumer want will be important. We do have aluminum as much as we have the touchless systems, where you can bring your own container or use refillables in terms of what I mentioned earlier in Freestyle with the United States.

So, we have to do more work. That's the answer to this question. We do want to continue to accelerate. We do have the goal of 50% by 2030, but as you can see, some of our markets will already surpass that and due in large

part to the work that our bottling system is doing to accelerate and drive and really overachieve on some of those goals. Tim, do you want to add anything?

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

No. I think you touched on it in terms of where we're headed. And obviously, as you mentioned in terms of the recycled PET the reality is, is that there is a lot of work being done. And as that comes online, there's going to be a natural kind of step change in some of the supply. So, there will certainly be a ramp up. Hopefully, it doesn't all get achieved in the last year of our goal. I don't think that's the intention, but a lot of incremental capacity coming on. So, it'll – we'll move towards that as quickly as we can,

The next area is on water replenishment and the question specifically is how does water replenishment work? If you can truly replenish water used in the manufacturing process, why did local communities take issue with water usage in these facilities? Do you anticipate any future regulation on your water use?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thanks, Tim. So, as many of you know, that water is probably where we've done the most amount of work for many years in the business. And I credit my predecessors for all of the great work that they did to allow us to continue to go further. So, water replenish, if you think about – water replenish has a couple different aspects. You reduce the amount of water you use in our system. So, we talked earlier about water efficiency. So, we're 18% more water efficient in our business versus the baseline of 2010.

In addition to that, how do you reuse that water? How do you make sure that you're recycling that water and getting it back? So, reduce, reuse, replenish and recycle. And so taking water that's been used in the factories and then being able to – or in the manufacturing to be able to reuse that is really important. At the same time, the initiatives in the communities protect the aquifers and to make sure that the water infrastructure is in place for communities. Because we have to make sure that the water infrastructure is there for communities before we use it in our business.

And so we view this as a shared responsibility in terms of how do we make sure that while we use water in our business, we also protect water for people and water in the community. And we have many years of work that we've done with WWF as well as the Nature Conservancy and other partners around the world who have helped us to create these programs to protect water in the local communities. So, we know that water continues to be a high risk around the world. It has been for many years and continues to be. We've seen the stress on water especially with some of the recent issues that you've seen in terms of impact to disasters, floods, hurricanes. We know that that [indiscernible] (00:57:07) it essentially creates an impact on water as well. And we have to be mindful of that, which is why we also partner with our Coca-Cola Foundation that I also chair in terms of disaster relief to ensure that when those infrastructures are impacted that we support it as well.

So, anticipating future regulation on water use, we're not against regulation. I know some people might think we're against regulation, we're not. We're against – we're only against discriminatory regulation. But we're for regulation that creates standards, common definitions, fairness across the systems and infrastructure and first and foremost, protect water use for people and communities and societies who need. It's their lifeblood as much as it's the lifeblood of our business, it's the lifeblood of community first and we respect that.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Great. Thanks so much, Bea. And moving back to Lori for race and gender reporting, how do you deal with measuring and reporting race and gender statistics in regions of the world where collecting this data is prohibited, example – as an example in France?

Lori George Billingsley

Global Chief Diversity & Inclusion Officer, The Coca-Cola Co.

A

Great question, Tim. And it's actually an area that we are going to be looking very closely at next year. So, currently we have a self-ID reporting here in the US. And we have a very good robust plan around that. We're actually going to be launching a global self-ID campaign next year to be able to capture the data that's allowable to be captured in the different countries around the world. And so we're working very closely with one of our global partners in developing that campaign to determine what kind of data we can get, what's allowable and then that will help us to create a baseline moving forward on how we'll capture that data and how we'll report it. Thanks for the question.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Yeah. Lori, and actually as a quick follow-up to that, with metrics and disclosure changing, how do we form a baseline for year-to-year comparisons?

Lori George Billingsley

Global Chief Diversity & Inclusion Officer, The Coca-Cola Co.

A

Yeah. So if it's in regards to the self-ID that we were just talking about in terms of representation data, we basically are establishing a baseline with the information that we have right now. So, in the US, we have the data for race and ethnicity and for other underserved populations and protected classes under the EEOC data. And then globally, right now, we have the information around gender. And so that's the baseline that we're established with right now. We're going to start building on that. Again, as I said, as we roll out this global self-ID campaign next year to really understand what metrics we will measure, what will be our baseline so that we can do a year-over-year comparison.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Great. Thank you, Lori. Moving to refillables for Bea. Your LatAm bottlers have a very robust returnables platform, how is the organization thinking about this as a way to address sustainable packaging goals? Do water use and carbon footprint concerns offset the packaging benefits of better recycled or lower plastic use?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

I think our Latin American bottlers have done a phenomenal job in terms of returnables and refillables and some of you might be aware they even innovated in terms of creating a universal bottle where the bottle is available for different brands across the portfolio. So they're one of our leading bottlers in partnership with our packaging initiatives around World Without Waste. And so for us, it is important to look at refillables. I believe earlier I talked about 20% of our portfolio is already in refillable or fountain-type packaging, and we want to continue to look at those numbers and how they grow. At the same time, you bring up a very good point in terms of water use and carbon concerns. In terms of carbon, when we looked at setting science-based targets, we looked at Scope 1,

Scope 2, Scope 3 and about one-third or anywhere between 25% to 30% of our carbon comes from our packaging. So, we do know that when we make a difference in our World Without Waste goals and packaging, we also are able to reduce the carbon in aggregate as we move towards the science-based targets.

And so for us, it is really important to look at how all of these connect. At the same time, the question raised is the water use. We have to be mindful of water use because as some of you know in some places you do need water to clean the bottles before you refill. However, there's many new technologies at the same time that have been innovated in terms of how do you actually clean those bottles and bring them back to make sure that they follow all the health and safety guidelines that we all follow.

And so we do look at our strategies and our goals in an interconnected way. We know that they do touch each other and that we want to make sure that there are not unintended consequences to doing well in one area that could have a disadvantage to another. So, how do we make them work together? It's like a Rubik's Cube. For any of you who played Rubik's Cube when you were younger, you have to make sure that the puzzle comes together and sometimes it might take you a little longer to get there, but you have to keep working at it. And the more you work at it it's possible you can solve it.

And so how do we keep working at this, how do we take the lessons learned from – from what our Latin bottlers have done in terms of refillables and scale that. At the same time, how do we make sure that we're mindful of the other key areas of focus for us across sustainability and work that puzzle until we can solve it. Thanks, Tim.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Great. Thanks, Bea. So moving to climate and staying with you, Bea, what is your approach to climate and signing on to a science-based target and have you committed to net-zero emissions by 2050?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thank you, Tim. So some of you who've followed our sustainability work for years probably know that we've had a climate target in place for many years. It was more of an intensity goal. So it was reduce the carbon of your Drink In Your Hand by 25% by 2020. So we're up against the goal this year. At the same time in this past year, we determined that we needed to set a science-based target to reduce the carbon in aggregate, and so that's a little bit of what I've been talking about. So we are going to reduce the carbon by 25% across – and we've looked at the Scope 1, 2 and 3. So, all are included.

And that's important for us to start there. That's by 2030. And so we are on the road to get to 2050. But we chose intentionally today to start with 2030, break it down in terms of stages and steps to be very disciplined. We're still learning a lot and so this is a place where we want to be mindful that we have more work to do across Scope 1, 2 and 3 to make sure that the work is connected and that we're looking at it in a very disciplined way and that we make meaningful progress to get to 2030 which enables us to drive towards getting to net-zero emissions by 2050. But we've not set that goal yet. We certainly have been looking at it, talking about it, determining how do we continue to step into a goal at that level. But we also believe that reducing the carbon by 25% by 2030 is aggressive, and we intend to deliver on that goal and we want to make sure that we have all the pieces in place. Thanks, Tim.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Excellent. Thanks, Bea. So moving to 100% rPET countries that we referenced. If we see that Sweden, Norway, Netherlands have moved to 100% rPET, where the rest of the world is around 10%, it looks like rather than leading on this, you're simply reacting in geographies where necessary to do so where consumers care the most, can you persuade us otherwise?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thank you for that question. So, I don't know if I can persuade you otherwise. I think you'll have to look at the actions we're driving around the world and then determine what you think is legitimate and credible. We're working very hard in terms of increasing rPET around the world. We know that we have to continue to get the materials back into the system to create the circular economy to increase that rPET number within our packaging.

We have lot of discussions internally all the way from global bottling discussions with all of our bottling partners around the world, who are committed to moving in this direction and investing in the infrastructure and their systems to do so, as well as these are discussions that we also have with our board of directors. We have a Public Policy and Sustainability Committee where we meet with them once a quarter, but also annually with the full board to take a full review. And World Without Waste and specifically infrastructure, collection, driving increased usage of rPET is very much at the top of the agenda.

So, while we haven't made as much progress as I know some would like to see in certain countries, we're very proud of the 100% we've been able to get to in over 18 other countries. So, I just recently talked about how Netherlands and Denmark just added on to that. But there were other countries, there's 18 countries already today, who have already done that. We would like to see the entire world move that direction. So, our commitment to everyone listening on this one is to keep pushing very hard to drive that agenda to meet those goals, and hopefully the actions over time and the results will speak for themselves.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Great. Thanks, Bea. Moving to deposit schemes. How much capital is Coca-Cola prepared to put to work regarding deposit schemes, especially where governments aren't prepared to put in the work? And how much responsibility would be – will be the bottlers' versus Coke company?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

All right. So I'll start here. But Tim you might have to help me, because I'll admit I'm not a capital expert. But what I would tell you is that we build these goals in partnership with our bottling business. And some people may not be aware that we have supported deposit schemes for over – in some places, for over 40 years of experience in different areas. I think there's local deposit schemes in over 37 markets today. We believe that well-designed deposit schemes that are fair, efficient, industry-led are well-done systems that we can fully support. And we also know that it does require the local infrastructure and the partnership with the governments in many places.

And so, for us, we look at models that have the following criteria managed and led by industry, retailers, broad-based including types – most types of beverage packaging. National scale is preferred as well as looking at the cost and the scheme. How is it empowered to manage the setup and the operating cost of it? Who is the – where is the ownership of the collected material and unclaimed deposits going, so manage that portion. And how is the consumer involved in that as well and does that work for the consumer?

So, for us, we're constantly working with our businesses around the world. As you know, it's not a one-size-fits-all. They're very different depending on what country you're in. And we've seen many of our bottlers step up to support these programs and invested in them. At the same time, I think they're – they have to be taken case by case and we have to look at it in terms of what is the local deposit scheme, how is it established based on the criteria and how can we work together to solve these issues to deliver on the World Without Waste goal.

So I don't know, Tim, if you wanted to add in since I'm not a capital expert, but maybe you have some ideas.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Yeah. No. I think you touched on a lot of the things that we would say in this area. I mean, at the end of the day, this is something that's got to be broad-based not just from a – it's not even honestly about cost. It's obviously just about the effectiveness. And one company while we're large and important in the industry, I think it definitely has to be led by a coalition not just from industry, but from government, from communities, etcetera.

So as we move through this, just like we've done in many areas, we have certainly invested where we've needed to and don't have a concern doing that as long as we know that it's ultimately going to drive – it's going to support the setup of what we're trying to achieve. Certainly, we don't want to invest and then it not work which is the whole point of it being a joint effort in all of this process. So, more as we come. I mean, I think one of the areas that I think it's important to reflect on, and this is kind of broadly about capital allocations and actually the next question is on that space.

So, I'm going to go ahead and ask it, because I think they're somewhat related into the conversation and it's glad to hear Coca-Cola's commitments to sustainability. I'm wondering if your prioritization of sustainability is reflected in your capital allocation priorities. Example, how do you prioritize investment into recycling packaging innovation compared to capital allocation needed for growth?

And in this space, I don't think that those are mutually exclusive – I don't think the right way to think about this is in, okay, we're going to have an ESG investment and then we're going to have a business – we're going to have a growth investment, because what's clear, and we've touched on, is consumers are telling us that ESG is an important part of how they make decisions in terms of the brands and products that they want to consume. And so, as we think about driving the business forward is investing in both is how we're going to grow. We have to invest and support a move to recycled and plastic because not only, one, is it the right thing to do, but, number two, it's obviously a consumer – it's going to be a positive from a consumer standpoint. So as we think about our capital allocation priorities, that goes into how we're thinking about it. We're not kind of separating these out and thinking about them differently.

Now, in all of our capital allocation priorities, and this is important to consider, is given that quite often in these is it is the system conversation, certainly we're having very good conversations with our bottlers about how do we approach this, how do we address this moving forward. So in each of these topics, we're pushing that forward. And I think water gives us a model to think about in terms of how we look at some of the things that are in front of us. Because if we go back several years ago and we put the stake in the ground about getting the water replenishment and getting to 100%, there were some significant investments that had to take place as a system to achieve that. And through the work that we've done through the bottlers increasing their efficiency in water, that has helped support those investments through the – obviously the process of continuing to drive cost efficiencies going forward, we've actually been able to take that investment within from a system standpoint and still achieve against our goals from a return on our side, a return on the bottler side. So, I think as we move forward, that's going to continue to be very much in the process of how we think about this.

And without question, it's going to be things that we're going to have to be very thoughtful about, we're going to have to innovate around, we're going to have to be creative on. But we feel very comfortable that within the amount of capital and allocation that's going to be required that these are the things that we can certainly manage within our expectations. Bea, I don't know if there's anything else you would like to add?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Yeah. No – I mean the only thing I like to say to people is we spent a lot of time looking at what's the cost of not investing and what's the missed opportunity. And so we know that consumers expect brands and businesses to operate in these ways. At the same time, we talked a little bit earlier about efficiencies. When we use less material in our packaging, less water, we save money, and we can reinvest that money to drive growth in terms of making a more sustainable business for the long-term, which frankly is what consumers expect from us. And so, it's a short way of saying that it's pay now or pay later, I'd rather actually drive the growth of the business in a sustainable way for the long-term and I believe that's what's expected of us.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Great. Thanks, Bea. Okay. So, I'll just do a quick time check. We're about 15 minutes over and we've gotten lots of questions, and we appreciate everyone's interest. Recognizing where we are, we'll do one more question and then, of course, those that have sent through, we will make sure to follow back up, that we get to all of them. But this last question is, how do we navigate consumers that may be well-intentioned but misinformed and the impact ESG may have on demand?

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Thanks, Tim. So I'm not sure I 100% get the question, but let me try to answer it. [indiscernible] (01:15:20)

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

A

Yeah. I think – sorry, Bea. I think this is meaning that a lot of consumers get misinformation whether it's around sweeteners or packaging or who's – like who's actually – what the impact of that is, because obviously the Internet has not always been the most accurate in terms of reporting information. So I think that's the basis of the question.

Beatriz R. Perez

Senior Vice President & Chief Communications, Public Affairs, Sustainability & Marketing Assets Officer, The Coca-Cola Co.

A

Sure. Thanks, Tim. So it's up to us as a company, our brands to clearly communicate what we're doing. I think for many years, we spent a lot of time talking to certain audiences through our sustainability reporting, through different channel discussions we would have in these environments. At the same time, the expectations are higher from all different stakeholders including the consumer.

And it's important for us to tell the story. Couple years ago we started to tell more, what I would say, consumer language-driven stories in terms of [audio gap] (01:16:20) the person who is doing the water work in the different rivers to actually have them tell the story. We ran it as a commercial and we also put the content online and they were able to take us through from their perspective the problem they were trying to solve were aligned with the strategic goal. What – who else were they partnering with in terms of the local community, the governments, the

not-for-profit and how they were driving the results and goals but also what were some of the challenges that they face. As we started to learn how to tell the story in a more consumer-driven way, with that in mind, we also built out within our website our sustainability area to make sure that we were putting the information on there and the fact that if someone had a question, they could go there and answer it as well as now, you can post your questions on our website and we come back and answer those.

So, I think everyone is on a journey in that space in terms of how do we continue to make sure that our strategies are clearly designed where the consumers can understand what we're trying to focus on, what problems are we trying to solve, what opportunities exist, what is the work that we're doing and what are the facts from the data. At the same time, I know a lot of our partners we work with are working very hard to make sure that they're also getting the information out there. So, I think this is an area of opportunity for all of us to work on together, and I know that industry associations, other brands and Coca-Cola has been working on this as well.

Timothy K. Leveridge

Vice President & Investor Relations Officer, The Coca-Cola Co.

Sorry. Missed the mute button there. So, thanks to everyone for joining today. That takes us to our last question. We look forward to continuing these topics. I know this is an area that, as we all appreciate, is very important for us. I know for you. And we look forward to continuing the conversation and the journey forward. So, thank you again and please feel free to reach out with any follow-up questions. Have a great day.

Operator: Ladies and gentlemen, this concludes today's webcast. Thank you for participating. You may now disconnect.

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