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The Coca-Cola Co. (KO)

Goldman Sachs Global Consumer ESG Conference

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MANAGEMENT DISCUSSION SECTION

Bonnie Herzog

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Hi, everyone. Welcome to The Coke System Perspective on Advancing ESG Priorities and Addressing Waste through the Circular Economy panel as part of the Golden Sachs Global Consumer ESG Conference today. I'm Bonnie Herzog. I'm the US Beverage and Tobacco analyst and I'm pleased to be joined by several leaders within The Coke System that are focused on ESG and sustainability to address this very important topic.

Now, with me here today are Bea Perez, who is the Global Chief of Communications for Sustainability and Strategic Partnerships at The Coca-Cola Company; Joe Franses, VP of Sustainability at Coca-Cola Europacific Partners; and Michael Dickstein, Group Director of Sustainability and Community Media – or Community at Coca-Cola Hellenic. Now, before we begin I do need to mention this conversation is not intended for the media and is off-the-record.

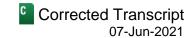
And with that, I'd like to kick things off and ask Bea to please start at the very top and talk about what goes into the formulation of ESG strategy within Coca-Cola. Also I'm kind of curious to hear from you on how you really decide on these goals.

Beatriz R. Perez

Senior Vice President & Global Chief of Communications-Sustainability & Strategic Partnerships, The Coca-Cola Co.

Thank you, Bonnie. Thanks for having me and for having our bottling partners here today because it really – it's a holistic approach. And so we start with enterprise system risk and we look at what is the enterprise risk matrix look like. And then we overlay that with priority issues based off of feedback that we hear from consumers, academia, NGOs, government officials and regulatory aspects. And so we pool all that together and that's where we start to prioritize and look at what's important to our business to focus on. And as we start to set those goals, we have a lot of conversations in advance as a system to make sure that we're very clear in terms of, for example, on water if we set the goal to replenish 100% of the water we use, that also requires us to be more

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efficient in our operations, and then to also all the way through build community programs. So that's an as a system collectively and we drive those goals together by setting those objectives in our own businesses that also add up to the total global system goal of the replenishing the water.

So that's the same as we do in other areas. But just to talk a little bit about the priorities for a moment, if you think about a beverage business, the number one most precious ingredient is water, so water does come first. If you think about a beverage business, you have to deliver it in something so packaging makes sense to be number two. When you then start to overlay those areas, you look at carbon reduction or climate resiliency. That touches all of these areas, and if you look at the entire value chain we want to make sure that we're connecting the work.

So that's just a high-level view of how we start to think about it and bring it to life. But as we set those objectives, we also then make sure that we can measure and track them against the businesses and not just on a 10-year basis for us to meet the ultimate goal but how do we do that on an annual basis to make sure we're making progress.

And then we have audit processes and we also assure the data through E&Y so then when we report it out, we have the confidence that we're reporting out accurately with transparency against those goals. But I think it'd be great to have my modeling partners here share a little bit more as well. I'm sure you have questions for them because it's definitely done as a system collective effort.

QUESTION AND ANSWER SECTION

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

No and I think that's critical. I like the fact that you are all collaborating. And so definitely we want to hear from both Michael and Joe just in terms of how you interact with the company and how do you get involved in this strategic framework and ultimately how you both separately execute on some of these goals and also curious how you might leverage or pool resources within the system to execute on these goals? Michael, maybe we'll start with you?

Michael Dickstein

Group Director-Sustainability & Community, Coca-Cola Hellenic Bottling Company

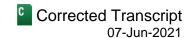
With pleasure. Thank you very, very much, and thanks also for having me back again this year. I already joined the panel actually on Water Stewardship a year ago. Speaking about water and Bea has already alluded to that, there is indeed – there is a high-level of conversions and there is a strong collaboration. Along the emergence of the 2030 water framework, there was a very broad consultation process. And there's also mutually, when we look at our Mission 2025, which is the sustainability strategy for Coca-Cola HBC also that was built in great collaboration with Coca-Cola. It couldn't be any other way actually, because we – all we base our strategy on a strong stakeholder outreach and engagement; whether that's a joint materiality survey that we run in the Central and Eastern European region, up to our annual stakeholder forum that we organize together with The Coca-Cola Company.

Now, maybe just one area and I'm using a model from the – what you always find on the coins from the United States, E pluribus unum. Of course, we are also separate companies and there are some differences. Just to mention one, every year during the Results Day of the Dow Jones Sustainability Index, I used to look at, first of





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all, the ranking for my own business, for Coca-Cola HBC and then immediately also look at where Joe and CCEP is ranked. Bonnie Herzog Analyst, Goldman Sachs & Co. LLC Right, right. Make sense. Joe Franses Vice-President, Sustainability at Coca-Cola Europacific Partners, The Coca-Cola Co. And we're on your tail, Michael. Michael Dickstein Group Director-Sustainability & Community, Coca-Cola Hellenic Bottling Company I know. Bonnie Herzog Analyst, Goldman Sachs & Co. LLC There's some competitive dynamics. Great. Okay, Joe. Joe Franses Vice-President, Sustainability at Coca-Cola Europacific Partners, The Coca-Cola Co.

And then the piece that I would add, first of all, Bonnie, thanks again for having us participate. It's great to join the panel.

The piece that I'd add is that when you think about all of these issues; whether it's greenhouse gas emissions, whether it's packaging or whether it's water, the execution is always, always local. And as bottlers, we are right at the very heart of our local communities. We're depending on our local people. We also have a really good level of understanding about local regulations, stakeholder expectation.

So, Michael's right that we're independently listed businesses. It's right that we define our own approach. We have the right governance in place. But what – I think that my experience having been within the Coke system for about 15, 16 years is that bottlers can also move faster. They can also take the opportunity to lead the Coke system. So, if I think about Coca-Cola Europacific Partners that we put last year in place our net-zero by 2040, full value chain greenhouse gas emission reduction target and ambition in place. It builds on the fact that the predecessor to CCEP is today was one of the first businesses to set a science-based target globally. We did that [ph] pre-Cup 2021 (00:07:13) before Paris.

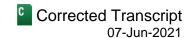
And of course, all of that is driven by the complex regulatory environment that frankly our business faces until recently in Western Europe. Now, of course, we find ourselves in the frontline of the plastic waste issue in Indonesia, but that heightened stakeholder expectation, that complex regulatory environment I think sometimes necessitates bottlers moving faster. But I think that that hopefully really works. Bottlers can move faster, the Coke Company sometimes can provide that framework but then we both work off of each other to deliver and execute to the local level.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC



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No, that's great. It sounds like a great push-pull system and the collaboration is coming through which is critical.

So, I'd like to switch gears and circle back to Bea again and ask you about your recently released 2020 business and ESG report, hoping you could maybe do a walk – maybe around-the-world for us and talk about how the different regions are progressing on some of these ESG priorities? And then I'm curious, is there one goal or initiative that's possibly more challenging than others as you try and implement all of these?

Beatriz R. Perez

Senior Vice President & Global Chief of Communications-Sustainability & Strategic Partnerships, The Coca-Cola Co.

So, I'll focus on talking about packaging for a minute. So, we set a framework back in 2018 called World Without Waste. So designing in better quality materials, designing out waste, making the packaging more sustainable.

Collection is the heart of that goal which is how do you collect 100% of the packages, get every bottle back and do that in partnership. When I walk around the world, what I love to see and I love the competition right here even on this panel, it's because we're able to also share best practices. So when you have leaders who are accelerating the work like both Michael and Joe here and having some friendly competition at the end of the day as a system we all win together when we share what's working and how to improve.

And what's interesting is, is the lightweighting technology – the advanced lightweighting technology, 2018 was when we started to lightweight the 500 ml package in Europe. It reduced down over 40% of the packaging within that area. And what was interesting is, is of course, with friendly competition, we started to see that other regions wanted to know how to do that and how to scale that work because if you think about replacing that material when you go bottle-to-bottle and use the material you collect back, you're going to use less. You're going to save more money. You're also going to be more responsive in terms of how you're designing the package.

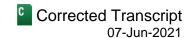
We also found in Latin America for example they launched a universal bottle and so part of that was also connected to the business revenue growth strategy, the management of having affordable packages for the right community and the right outlets. And when they launched that package, it allowed them to have a more efficient recycling system to be able to refill that bottle and they were able to launch it across multiple brands. So, they gave this very affordable package into the Brazilian marketplaces where it started now since traveling and it was able to make the processing of the collection and the recycling much more efficient where they also were able to save some on the expense side as well.

And I could go through several different examples. But what – another one I'd say, sticking into collection is in Mexico, PetStar was one of the first recycling facilities that started. It was started by a collection of our Coca-Cola bottlers in partnership with the local governments and the local community to formalize the informal collection business. And what's happened is, is that model has been used across other regions. There's a model that's very similar that follows the same framework called PETCO in Africa that is now also scaling there as well to help us to get every bottle back and keep it in a productive and efficient system.

I also know that CCEP was very, very involved early on too in the creation of Infineo which I had the pleasure of visiting the Infineo system back in France a couple of years ago before all these lockdowns. And it's probably one of the most efficient systems that exists out in that marketplace in terms of how do you actually build – put the infrastructure behind the collection to drive and accelerate the work.

So, what I have found is that when you bring our bottling system together, they can – the system will learn from the leaders like Hellenic and CCEP. And at the same time, they can share best practices in other places like potentially the universal bottle with other markets with the lightweighting technology.

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Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

That's so critical given how large your system is that you can all leverage each other. So, that's really helpful. Let's turn over to Joe and Michael and just hear from both of you from the bottler perspective in terms of how you're implementing some of these ESG initiatives at your individual companies. And then maybe if there's one or two goals that you might like to call out and possibly anything that you have found that has been more

Joe Franses

Vice-President, Sustainability at Coca-Cola Europacific Partners, The Coca-Cola Co.

challenging. Joe, why don't we start with you?

Sure. I mean, I'm pleased in some ways that we talked through some of the packaging highlights because — maybe I'll start on climate. I think that if we think about the way we're approaching ESG generally and absolutely starting from a risk perspective, one of the key pillars is kind of how we respond to the climate crisis. And then within that, the packaging piece, the packaging pillar for us forms part of the climate pillar. So, how we decarbonize our business, how we decarbonize our packaging, I think, we think is probably the biggest challenge we're going to face over the next decade.

We're really clear that we've got to move quickly. We've got to move in line with the Paris Climate Agreement. And that, I think, from a Western European perspective, certainly reflects that high level of both consumer stakeholder regulatory attention that we're getting. The climate strategy that as a business we launched December last year, it includes the net zero ambition that I referenced. It also includes putting a greenhouse gas emission reduction target into our long-term management incentive plan. So, it now sits alongside EPS and ROIC with a 15% weighting, and that's been absolutely critical at driving direction.

We then put in place supplier-specific targets around climate, which are around – asking our 100 most which are around asking our 100 most strategic critical suppliers to follow our lead in things like setting science-based targets, transitioning to renewable electricity. And so, when it comes to packaging, exactly the same as Bea said, it's a discussion around two key drivers of how you can then reduce the carbon footprint of the pack. And that comes back down to how you collect 100% packaging a bottle or can for every one we sell, how do we get it back? And then critically, how do we use that material? How do we use that material, put it back into our parks? And that's why we're then driving up and investing significantly in recycled PET.

One of the things that we did when we launched the climate strategy is that we also talked about supporting that strategy with a three-year €250 million investment and that helps us with the incremental cost of things like purchasing our PET, but also includes the cost of energy and water efficiency, includes the cost of removing hard to recycle shrink from things like multipack cans. But for us, the packaging piece is very much part of the overall response to the climate crisis, bringing down our greenhouse gas emissions. The short answer is we have to decarbonize, we have to be more secular, neither of them are optional and we've got to do it quickly.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

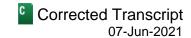
Definitely makes sense. Thanks for that, Joe. And Michael, how about from your perspective in your company in terms of these initiatives?

Michael Dickstein

Group Director-Sustainability & Community, Coca-Cola Hellenic Bottling Company

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Thank you. Applying a holistic approach, Mission 2025 actually comprises of six buckets. And there are some areas where we've made tremendous progress. You can all look it up in our integrated annual report which is on the website. The highlights that I would like to pick out there is certainly also the progress that we've made on reducing our emissions, not only in operations but we were actually able to place already 500,000 energy-efficient refrigerators on the show floor with our customers, which I believe is a great achievement.

We've also made very good progress on the water agenda, as well as on sustainable sourcing. And I'd also like to particularly highlight the S of ESG, our social agenda. We are very well underway with our gender targets to have 50% female and male managers from mid-level upwards. And we're now at 38% already. And we are now already at 350,000 participants of our Youth Empowered program that focuses particularly on young people in the [ph] meet (16:37) group. The one area where we clearly saw an impact from COVID last year was related to World Without Waste and the collection agenda where for various different reasons that for a large part relate to COVID, we made progress but we can certainly make more progress moving forward.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

No, that makes sense. But overall, it sounds like collectively, you've made a lot of progress already on some of these goals that you set out. So, that's encouraging. Now I'd like to ask all of you about, as you think about this and on a broader level, can we think about this as a circular economy and can it be created for plastic packaging? And then, Bea, maybe you could start with this. How do you prioritize where your company invests in terms of your budget and when this problem is really so hyper localized in terms of differences in recycling, infrastructure on whether it's a national or even if I'm thinking about globally city by city level?

Beatriz R. Perez

Senior Vice President & Global Chief of Communications-Sustainability & Strategic Partnerships, The Coca-Cola Co.

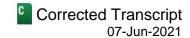
Yeah. So, that's where the framework really matters in terms of designing in better sustainable materials and designing out waste. So, if I just start with the design component, then I'll move to collection. If you think about design, what we've done there is invested in things like the advanced lightweighting technology. What that allows us to do is to produce a lighter bottle, lighter package. At the same time, the technology that we have has given it a five-time shelf life. So, it's able to be in the marketplace longer but it's allowed us to take out a ton of waste out of the material. So, if you at that, that's going to be a really important part of sort of step one, let's get the lightest packaging out there and the most sustainable packaging.

Also, in terms of using more rPET, so recycled PET, that's what allows the circular economy. It's getting those bottles back. So, after you go through the collection process and you bring it back in, we want to make sure we have the highest quality material. But one of the areas there that the company role has to play is around public policy. So, several years ago, there were still countries, and there are a couple left today, that would not allow you to take that same bottle and turn it into a bottle say six weeks later because it didn't allow food-grade PET to be used that way. And so, we've had to work very closely with those different governments in terms of making sure that we can prove the material is safe and able to be used again in that type of way and to invest in technologies where, for example, before there used to only be in mechanical recycling.

Now there's enhanced recycling. It allows you to bring it back to the cleanest form of the PET. And when you put that through the scientific method, it's able to be used for food-grade quality bottles. And so, having that conversation and education with governments talking about regulation and policy so we can start to sharing those goals in terms of being able to use rPET, that's what helps to create the circular economy.



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And so, if I shift over into the collection, it's important for us to get the material back. So we don't want it to end up in the wrong places to begin with, which is why it's important for us to have the infrastructure work with the local governments to make sure that we're clear on what the issues are, if there's lack of infrastructure or is it a situation where there's infrastructure but there's not education. So what problem are we trying to solve and how can we work locally to do that? And that's the key role that our bottling system plays with the local governments and with the local partnerships, or including all the way to investing in some of the recycling centers themselves because they know that that's the way to bring the material back in and have a highest quality material to create that circular economy.

So we know that it can be done. Today, roughly, the system has globally collected over 60% of the material. We are making progress on moving to rPET. There's over 30 markets today that have 100% rPET bottles. The United States, for example, just launched their 100% rPET bottle with a 13.2 ounce. And what they were able to do there, and it's still new. It's only about 25% of convenience retail. They also were able to charge a premium on that because as we know there is a cost today in the short term and it ranges from 10% to 40% premium in terms of rPET. So how do we think about the pricing as well. And so the 13.2 ounces priced about \$0.02 more per ounce versus like you would find on a 20-ounce bottle.

So that's an area that we're focused very closely on how do we make sure that we're designing in the materials so then when we collect it back, it could be used again and again. And there are places where we know that we're able to use that material sometimes 10 to 14 times over which really starts to leverage that circular economy. But the partnership matter, partnerships here within our system, partnerships with others, to make sure that we're all working together to drive the scale and to bring down the cost as well.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Okay. Again, very helpful and I'd love to also hear from the bottler perspective how you both are trying to drive this circular economy and what you're implementing and then what do you find are some of the key challenges. Michael, why don't we start with you first from the Hellenic point of view?

Michael Dickstein

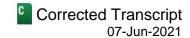
Group Director-Sustainability & Community, Coca-Cola Hellenic Bottling Company

I believe that there are two fascinating buzzwords currently out there in the whole ESG and the one is certainly circular economy which is a concept that you can apply certainly to packaging, but it goes way beyond packaging. You could also look at the renewable strategies and the whole climate action or also how you implement water stewardship programs and that relates to the second buzzwords which is actually the nexus thinking. How do you identify and detect the interdependencies and how all of a sudden you could for example set up a water stewardship agenda that helps you also offset some of the emissions that you're producing.

Back to packaging, I can fully echo what Bea said before. Certainly, when we look at the experience from last year and I mentioned it a bit before, collection is key and we see that we are making progress in some of our markets. But in other markets you still need to create the proper mindset from a consumer perspective and I think there is one of the core areas and opportunities for us.

And the other one is the availability of feedstock of material that we can use then for our PET. In our region, the price premium is ranging between 11% and 35%. What is making things really difficult is the volatility. You see sometimes that due to the shortage in certain periods, the price premium is significantly going up. We expect moving forward a certain flattening out of that volatility in order to better plan for the pricing.

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Eventually, I think there are three, maybe even four I's that will help us to accelerate the whole sustainable packaging agenda which is innovation, investments, inclusiveness and, Bea referred already to working together with the suppliers, customers, as well as incentives. And I believe the consumer focus is really key and will help us to accelerate.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Okay. Definitely makes sense. And Joe, how about from CCP's perspective?

Joe Franses

Vice-President, Sustainability at Coca-Cola Europacific Partners, The Coca-Cola Co.

I mean, I think pretty much all of what's been referenced, I guess the two [indiscernible] (24:42) obviously, certainly, if I think about our territories from a Western European perspective, let's not forget that we've got some pretty strong regulation in our space. So, if you think about the EU single-use plastic directive, you've got a directive that mandates 90% separate collection for beverage packaging, for plastic beverage packaging by 2029 with an interim target of 77% by 2025.

Now, when you look around our markets and just even if you think about Western Europe, we've got some markets with well-designed deposit return schemes in place that are achieving those levels. But then, you've got other markets that are simply not achieving those levels. You've got markets like Great Britain and France where we're probably getting about 60%, 61%, 59% in Great Britain of our plastic packaging back.

Now, frankly that's not good enough. We need to do more. We need to transition those markets to a place where preferably they move into deposit return scheme markets where we can get that material back. So, we've been very vocal in Europe about supporting well-designed deposit return schemes. And what we're really clear on is when we look at Germany, we look at Norway, we look at Sweden, we now look at the container deposit schemes that we have in Australia under the new API post-Amatil acquisition. We're learning all the time from what works well. And so what we're seeing is that that well-designed deposit return schemes are pretty much the only route in those developed markets to get us to that really high levels of packaging collection.

The two sides – the rPET piece and the collection piece, frankly, they're two sides of the same coin because you're not going to get high levels of rPET without the high levels of collection. Completely concur, rPET, yes, it has an on cost but it's the right thing to do because it decarbonizes and brings more circularity to our business.

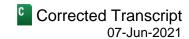
I guess the only other piece that I would add is that is that innovation is key, no question, but continuing to really think about how we do more. And, Bea, it's great you came to Infineo in France, joint venture with Plastipak, really getting those kind of things scaled up to drive both mechanical and enhanced recycling will really make a difference. So, the two sides of that coin really drive circularity. And that's, that is the key in terms of plastic packaging. It can be done but it will require a lot of, a lot of thought. It will require policy interventions. It will require investment but it's the right thing to do from a long-term circularity and emissions reduction perspective.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Just thank you for that, Joe. I just had an investor question come in and I wanted to ask all of you. As you're discussing all of this, there's a lot of talk about certainly PET but the question is what about polypropylene recycling? Just curious, from this investor's perspective, are you guys seeing progress there? Is that something that you'll prioritize further down the road? I don't know if any of one of you would like to address.

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Beatriz R. Perez

Senior Vice President & Global Chief of Communications-Sustainability & Strategic Partnerships, The Coca-Cola Co.

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I see Joe nodding his head. Joe, do you want to take that?

Joe Franses

Vice-President, Sustainability at Coca-Cola Europacific Partners, The Coca-Cola Co.

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What we're certainly seeing is, so first of all, I think that recyclability is absolutely key. So, we can't be in a position whereby we're putting anything onto the marketplace that's not recyclable. I think here's the key, recyclability is not just about technical recyclability. That has to be the streams, the actual collection and then reprocessing streams for that material to be collected and then reprocessed and turned into something else. With PP, look, we are beginning to remove shrink, for example, in markets where there is no route for that material to be collected. So we're beginning to remove shrink on our multipack cans for example. We're replacing that with sustainable, fully recyclable board. We think that's the right thing to do.

But in the kind of long term, the focus has got to be on making sure that everything, both primary and secondary, that we're putting onto the market is really easily recyclable. If it's recyclable, it will be collected. If collected, it comes back, it can be circular. And that's going to help drive both circular economy, but also this piece around greenhouse gas emissions because let's not forget the two are really, really interconnected. Ellen MacArthur Foundation were very strong partners of ours. They've done some brilliant work, really focusing on how a circular economy can drive emissions reduction. And although they weren't talking specifically about PP, it's the same across all materials. And so the two – again, another coin, two sides but it's the same topic.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Okay. That's helpful. And before we move on, I know you both touched on this but I wanted to stick with pricing. You both talked about the ability to sort of pass through some of these higher costs to the consumer. But I'd like to hear a little bit more about this opportunity, whether or not you think the increased awareness of this, this issue is there in the minds of the consumer and their willingness to pay a little bit more to purchase some of these products that you're implementing into the market.

Beatriz R. Perez

Senior Vice President & Global Chief of Communications-Sustainability & Strategic Partnerships, The Coca-Cola Co.

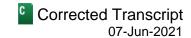
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So I guess maybe I can start with some of the awareness. And so we do know that consumers are very interested in this area know that consumers are very interested in this area and they care. And we see it when we tell the story. So, if I think of the equation of going beyond just mitigating risk and driving efficiency but through growth, through telling the story and connecting with the consumer values, we saw for example, there is a campaign called Never Settle that ran in Greece and Poland. When it ran and we told a story around the circular economy, we saw advocacy for our brands. We saw more awareness in the campaign, purchase intent increased.

Same thing in terms of World Without Waste campaign that ran in Australia, it was the highest ranking campaign in a five-year period with significant increases in advocacy for our brands. So, we know that when we tell the story especially in terms of circular economy and World Without Waste, it's resonating and consumers do want to know what the company is doing.

So now, you have different levels of expertise, right? And so, our campaigns tend to sort of cover the masses. They don't have to go online and look at our reports and other details online to go deeper. But what we have found is that in the short term right now, we're testing and trying with a 13.2 ounce at a higher premium price. So,

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we will see. We do have data that says consumers are willing to pay more for sustainability and for responsible materials. Now, I don't know. It's directional. I'd say we don't really know until they're in the marketplace making that purchase decision, right? So, time will tell. But maybe, Michael and Joe, if you have the experiences in the local market, if you want to share anything, feel free. But I just want to give sort of the broad base over.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

That's helpful.

Michael Dickstein
Group Director-Sustainability & Community, Coca-Cola Hellenic Bottling Company

I find it interesting only today. I saw a study from McKinsey that was also confirming that consumers at least tell that they are willing to pay more for sustainability. I mean, we've all been for quite a while in the sustainability arena. If you think back 5 to 10 years, then I would still say that such initiatives were really more the hygiene factor than something that stood out. But what we also see is that the percentage of consumers that is where and that is sensitive to sustainable products is definitely increasing and the models would be opportunities.

What we did in the last couple of years is we focus specifically on local mineral water brands. The product domain I'm joining here is the main brand from mineral water in Austria. And what we did actually, we replaced the name – the brand name and we put there in German from bottle to bottle just in order to make sure that we engage with the consumer and that we are telling them our story.

Lastly, and I think that's very important from my perspective and from the stakeholders that I'm engaging with on a daily basis, the focus on consumers is very important but equally important is also that we keep our mind broad and that we are not forgetting other parts of and other groups of stakeholders. At the end of the day, what we want to do is we want to satisfy stakeholder expectations, we want to retain a seat at the table of decision makers and, not to forget, we also want to reach out to prospective employees. Therefore, activities like these ones are very beneficial.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Okay. That's helpful. And now I wanted to circle back to really water. You touched on this earlier in our conversation and really the Coca-Cola Company has a long history of leadership on water stewardship. So, I know there's certainly a lot of water challenges and they're continuing to increase. So, you recently announced a new strategy. So, could you talk us through really what you are seeing or what you expect to see in the next decade of action and really how investment in water drives your goals?

Beatriz R. Perez

Senior Vice President & Global Chief of Communications-Sustainability & Strategic Partnerships, The Coca-Cola Co.

Yeah. So, I'll start with where the history has been in the company. So, we had, as you know, water goals previously set. And what was important is it brought together reducing the amount of water we use, so reducing down and making us more efficient. We're 19% more efficient in the last 10 years than we were previously.

In addition to that, deploying wastewater treatment, it's equally important when we return water to nature, making sure that it's not disruptive to nature. And then making sure we're protecting aquifer and watersheds and looking at rainwater collection systems or even simply planting trees because that also helps to stabilize the water collection processes in certain regions.

So, when we look at a holistic strategy, what we learned is that water is – we can set this global goal and we bring all the metrics together. But what we realized is that we needed to also focus on high water stress areas. So, 46% of our global business today comes from high water stress regions. We need to make sure we're understanding what are those local specific issues. Is it a drought? Is it a water quality issue? How do we make sure that we're bringing access to safe, clean water for people and communities and for our business and how do we make sure we're starting that from the first time we even walk in? Because to be welcomed in these communities as you know, we have to be a part of the community and add value. So, back to the stakeholder comment that Michael referenced earlier, all stakeholders matter.

And so for us it's really important to specifically tie that also into ingredients and agriculture, back to what Joe was saying which is these are not mutually exclusive. 70% of our water use comes from agriculture ingredients. And so we wanted to make sure as we went to the next level of our water strategy that we focused on high water stress but also in terms of the ingredients supply where we knew we could partner with suppliers to make a difference in terms of discussing what are the best technologies to deploy, how do we make sure that we're sharing best practices and holding them accountable through the supplier guiding principles into their contracts.

So, that's the next evolution which is how do we continue to make sure that we're returning the same amount of water that we use or more but it's through bringing together, back to the circular economy conversation, it's by bringing together the reduction, the reuse, and replenish all into one core metric in those high-risk areas.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Okay. And then as I think about water in Europe, I guess I don't generally think about Europe as a water stress geography. But maybe from the bottlers' perspective, you could share with us some of your thoughts on this topic? Joe, maybe we could start with you.

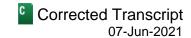
Joe Franses

Vice-President, Sustainability at Coca-Cola Europacific Partners, The Coca-Cola Co.

Yeah. So, it's a great observation because when you think initially about Europe, you don't think about water stress. So, we have utilized all of the global water stress mapping tools and we're big fans Bea of the 2030 water strategy, because water is a local issue. And so it's absolutely key to understand that local water scarcity, local water stress and critically to focus on the watersheds, because frankly none of our manufacturing sites exist without a healthy, well-functioning, long-term sustainable watershed.

So, when we did the water stress mapping and I'm just going to focus on Western Europe at this stage where we have 46 factories, 23 of them are in areas of water stress, not necessarily water scarcity in the same way as you have water scarcity in sub-Saharan Africa. But certainly water stress if we think about the Flanders region of Belgium, we think about the north of France, we think about the southeast of England, we think about southern areas of Spain, many areas and many of our factories are located in areas of water stress and we're now really hyper-focusing on what can we do as a bottler, links now Bea to the new strategy on how can we contribute specifically to the long-term health of those watersheds. No, it's not a new topic. We've had source water vulnerability assessments in place for many years. We built source water protection funds. We've made significant investments in things like water efficiency, water replenish programs. But I guess now we have to begin to pivot, just a little, to pivot to think about how we utilize all those tools to really focus on the long-term future of those watersheds.

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Now, don't forget it's the same watersheds that are seeing greater water stress exacerbated by climate change. So we're starting to see in a very, very local level, site directors they will – actually we experienced drought for the first time, maybe even just for a short period of time two to three weeks in areas that maybe five years ago we wouldn't necessarily have thought that we would have experienced those kind of conditions.

And of course when you start to see those conditions, Northern France in our Dunkirk facility for example – a really good example, you start to see engagement from local policymakers are starting to say, well, hold on a second you're using all this water, what are you doing for the local watershed?

So that conversation I think becomes really, really hypercritical. It's a hyper-local discussion. It really is right down to the – it's about the local river. It's about where you're extracting water from and so how you are then replenishing, how you're using your wastewater for regenerative purposes, all that becomes absolutely critical. So for me, water sits alongside climate and packaging. They are all linked together but it's going to be a really critical issue for us going forward. And that's even before we begin to look at our API business unit. We got a lot of learning to do there. We may find very similar water stress issues not in those territories. But it's interesting because we didn't expect that find them in Europe when we started this work maybe 5, 6, 10 years ago.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Yeah. Okay. And then Michael thinking about your company, you operate in a lot of developing and emerging markets. So, from your perspective, how are you kind of implementing some of these water initiatives?

Michael Dickstein

Group Director-Sustainability & Community, Coca-Cola Hellenic Bottling Company

I can only resonate what Bea and Joe said before; water is very relevant for our bottling plants in Greece. It's very relevant in Bulgaria or in Italy, but it is of course specifically relevant for our operations in Nigeria and we've got nine bottling plants in Nigeria. Therefore, I'm particularly proud of some of the activities that we are doing there. When you think of the project in Chalawa which is in the north of the country where we are providing clean water access for 1 million people that live in the vicinity of the plant.

Now, the one great thing about the 2030 water framework is that now we've got context-based targets. And at CCH, we have already completely done the screening and we know now where we've got our leadership locations and where we've got our plants that [ph] I'm water (00:41:26) priority areas according to the 2030 definition.

Maybe the one opportunity that I see, we are partnering a lot. We are currently talking to WWF about an extension of the very, very successful living venue partnership. The next stage in partnerships is what I would call value-adding partnerships also in terms of financial contributions. I know that there are international organizations that provide loans, that provide grant money and I think that is an area that we should look at specifically moving forward in order to also collaborate with them.

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Okay. Thank you for that. And we just have a few minutes left you guys. I feel like we could go on and on. I guess maybe to wrap things up in the thinking about the fact that we actually have the entire or a lot of The Coca-Cola system on this panel today and I think about The Coca-Cola's Company, their vision for a total beverage company, Bea maybe you could touch on how you are thinking about that as it relates to ESG and some of the

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topics we're discussing today. And really just in terms of how you're implementing this in responsible sales and the marketing guidelines. And ultimately accountability I think is critical, so if you could touch on that?

Beatriz R. Perez

Senior Vice President & Global Chief of Communications-Sustainability & Strategic Partnerships, The Coca-Cola Co.

of beverages that the consumers were telling us they wanted.

Yes. Accountability for sure, which is why we try to be transparent and report out all the metrics we set. But also you heard it hinted earlier, we also, the company, have embedded in compensation and annual incentive and that's going to be really important for us. A lot of the journey to become a total beverage business started when we were looking at how some of the consumer trends were shifting and some of the original goals that we set and aspirations in place were to reduce the amount of sugar in our portfolio and to start to provide a broader portfolio

And so we're proud to say that some of those actions we've taken where we have reduced, significant amounts of sugar in our portfolio. We've signed on to the World Health Organization 10% added sugar guidelines, so consumers shouldn't have more than 10% added sugars in their diets. We also then shifted into providing small-can sizes, so the mini-cans, mini-packs as well as a zero product every time we launch sort of a new full calorie product, and sometimes in some markets only offering the zero product if that's what the consumer wants.

We also have expanded the portfolio in terms of some of the other beverages. I think you probably and I have one here because I alternate between my Coke and my AHA – so, yeah. So I have both. I have my 100% [indiscernible] (00:44:09) here for my lunch and I have this for my...

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Analyst, Goldman Sachs & Co. LLC

That's perfect.

Beatriz R. Perez

Senior Vice President & Global Chief of Communications-Sustainability & Strategic Partnerships, The Coca-Cola Co.

...for my breaks. But what's interesting is really that's pretty much how consumers consume, right?

Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Yeah.

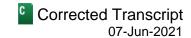
Beatriz R. Perez

Senior Vice President & Global Chief of Communications-Sustainability & Strategic Partnerships, The Coca-Cola Co.

So they want their beverage for their particular occasion and how can we make sure we're offering that. We also have very strong guidelines in not marketing to kids. So, we have a marketing responsibility policy that's set globally. We also partner with our local bottling organizations to make sure that it's across the entire communication corridors and partnership.

But just to give you some high-level but I think that for us it's been invaluable to have this work already as part of the ESG journey for us because it starts with what's inside of the beverage, what's inside of that package, and that's water and that's ingredients and people care what they're consuming because it's going into their body. And so if we can offer a well-rounded portfolio with a nutritious portfolio, I think that that's going to be something that will help protect us into the future as well.

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Bonnie Herzog

Analyst, Goldman Sachs & Co. LLC

Okay. Well, thank you and thank you all today. This was wonderful. We covered a lot of ground and I think it's been great just to kind of hear what – there's such a complex issue but as a very large organization how you're all integrated and leveraging each other and really learning and sharing best practices. So I think that gave us another or a better insight into how you're implementing these ESG initiatives across the entire organization. So, thank you, Bea, Michael and Joe for your time today. It was a pleasure.

And this does conclude our ESG Global Consumer Conference today. So, thank you everyone for joining. We appreciate it. Take care. Bye.

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