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The Coca-Cola Co. (KO)

Business Update Call - ESG

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MANAGEMENT DISCUSSION SECTION

Timothy K. Leveridge

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

Good morning and thanks for joining us today. I'm Tim Leveridge, Vice President of Investor Relations, Financial Planning and Analysis for The Coca-Cola Company. Along with Mark Preisinger, our Director of Corporate Governance, we're happy to host you today. Our Environmental, Social and Governance, ESG, goals are not only embedded in our operations, but they are key driver of future growth.

We're joined today by Bea Perez, Chief of Communications, Sustainability & Strategic Partnerships and Henrique Braun, President of our Latin American Operating Unit. Bea will spend a few minutes on our key ESG priorities and our progress against those priorities. Henrique will then speak to how those priorities are being actioned in a key market, Latin America. Then, we'll take your questions.

Along with Bea and Henrique, Michael Goltzman, Vice President of Global Public Policy & Sustainability; and Zoltan Syposs, our Chief Quality, Safety & Environment Officer, will join the Q&A to provide more detail as needed.

Before we begin, you can find additional materials about our ESG progress in the Investors section of our company website, along with the accompanying slides for today's discussion. In addition, as this slide indicates, today's presentation may contain forward-looking statements and should be considered in conjunction with cautionary statements contained in the company's periodic reports filed with the SEC. As a reminder, please submit your questions via the question 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, Sustainability & Strategic Partnerships Officer, The Coca-Cola Co.

Thank you, Tim, and hello, everyone. It's great to be here with you today. We're looking forward to this discussion. Let me start by talking about our journey to integrate ESG into our business. We start with strategy. We look at enterprise risks, areas that are core to our business, stakeholder expectations, and where to focus to drive growth. These are all factors in deciding which goals are relevant for our system, water, packaging, climate, diversity, equity and inclusion, and human rights. I won't go through all of these today in detail.

Today, we will focus on climate and how our goals are interconnected, and Henrique will demonstrate the goals in action and how we partner with our network, including the bottlers.

Governance and tying ESG to compensation, as many of you would expect, is critical to ensure we are making progress. ESG is a priority for our board. In terms of compensation, non-financial goals are already considered by the board as part of the annual incentive program for key executive leaders, and our other business leaders have performance goals around climate, packaging and water, for example, customized on a market by market basis and reflective in their specific business objectives.

In addition, plans are now being developed by the board's talent and compensation committee to enhance our plan, connecting sustainability metrics to long-term executive compensation. We expect to share those enhancements soon. We have internal networked processes that support reporting and third party assurance. We have robust ESG reporting experience that spans many years and governance around how data is collected, assured and reported.

For example, we are one of the first major companies to obtain assurance over select sustainability metrics, having E&Y review these metrics annually, a process which we continue today. We provided our first CDP submission in 2005 and continue to disclose CDP on climate, water and now forests. We continue to improve our scores, moving up from a B to an A minus last year in climate and continue to achieve an A minus on water. We recently published our third combined business in ESG report.

We believe that an integrated approach to reporting is a strong demonstration of how sustainability is linked to our business and demonstrates transparency. We also provide an index of our key public disclosures against the TCFD recommendations and SASB indicators for our industry in addition to the GRI and the UN Global Compact. Finally, this year, we also published three years of US EEO-1 diversity data. All of these disclosures are available on our website, and we encourage you to review them for more information. And we welcome your continued input to improve our disclosures.

Today, we're taking a deeper look at climate and how our holistic ESG strategy supports our climate ambition. The Coca-Cola Company's presence in the world and our mission and values have always been tied to creating more sustainable communities. As our company grows, communities prosper, and our actions reduce our carbon footprint. By interconnecting our goals such as water, agriculture, and packaging, we're reducing carbon emissions across the system and building resilience in our value chain and local communities.

For example, we know climate change strains our water resources. Our climate goals recognize that we must reduce our carbon output and build resilience in the communities in which we operate. That's why our 2030 Water Security Strategy seeks to build greater resilience in the watersheds where scarcity impacts our business, supply chain, and communities.

Second, when it comes to agriculture, our ability to encourage suppliers' investment and resilience [ph] doubles this (00:05:09) carbon reduction. The agricultural ingredients we use to produce our beverages use significant water resources and produce greenhouse gases. By working with our suppliers to reduce water use and implement farm practices that protect land and watersheds, we're enabling the natural ecosystem to sequester carbon while building resilience to temperature changes.

Third, let's talk about our packaging, which accounts for up to 30% of our overall carbon footprint. Our World Without Waste strategy is essential to meeting our science-based carbon reduction target. Because of the size of

our global system, our innovations are, by default, impactful at scale. And we're taking intentional steps forward, working with suppliers on recycled content, improving collection systems, and creating new partnerships that eliminate wastes while lowering our carbon footprint one package at a time.

And fourth, our cold drink equipment makes up the largest share of our carbon emissions. Greenhouse gases such as the HFCs found in refrigeration equipment impact the climate. As a result, we're increasing efficiency and replacing coolers. Last year, more than 80% of all new coolers placed were HFC-free. More efficiency means less carbon and lower energy bills, creating savings up and down the value chain.

Lastly, let's talk about how we're setting our goals and our historic engagement on reducing our value chain's carbon emissions. In 2020, we were proud to achieve our drink in your hand goal. Against a 2010 baseline, we reduced our relative carbon emissions by 25%. Taking it to the next level, we've set a science-based target to reduce absolute Scope 1, 2, and 3 greenhouse gas emissions by 25% by 2030, compared to a 2015 baseline. The goal is aligned with the Paris Agreement. That means no matter how much we grow between now and then, we plan to emit 25% less carbon in 2030 than we did in 2015.

I also want to make it clear that we're in full support of a vision to be net zero carbon. Today, we're building thoughtful alignment with our bottling system and suppliers to create a clear roadmap on exactly how we will achieve our net zero ambition. This is critical as approximately 85% of our system's emissions are in Scope 3. That's beyond our immediate control. Once the roadmap is clear, we will be ready to make more formal commitments through the science-based initiative to net zero. In the meantime, we view our 2030 science based target as a critical step because we acknowledge that reductions must happen in this decade if the planet is to meet the 2050 goal.

We do want to recognize that some of our larger bottling partners are already driving toward net zero targets. For example, Coca-Cola Europacific Partners and Coca-Cola Hellenic have announced their own net zero goals. And Coca-Cola Swire and Coca-Cola FEMSA have 1.5-degree and 2-degree aligned science-based targets respectively.

To go deeper on how our ESG integrated strategies are delivering results for our business, supporting our growth ambitions and making progress toward our goals, I will turn over to Henrique. He will discuss Latin America's ESG progress and show how initiatives like refillables are put into practice. During last year's discussion, some of our investors were interested in hearing more about this area.

With that in mind, Henrique graciously accepted our invitation to join this call. Over to you, Henrique.

Henrique Braun

President-Latin America, The Coca-Cola Co.

Thank you, Bea, and hello to everyone. My name is Henrique Braun, I serve as President of the Latin America Operating Unit. I'm very pleased to join you today to share how the Coca-Cola Company's ESG strategy comes to life in the regions. In our Latin America operating unit. We approach everything by beginning with an analysis of the local landscape and a clear understanding of the company's global ESG agenda.

As Bea mentioned, our ESG strategy has interconnected goals around climate, water, agriculture and a world without waste, aiming to reduce our carbon emissions and increase the resilience of our operations and the communities we serve. Our collection rate across Latin America is currently around 59%, which we are working to increase to help reach the global goals.

Today, I want to share some tangible examples of how ESG is integrated into our strategy and it's helping to propel our business forward on the ground, in our markets. So, for the next few minutes, I will share some regional highlights of the progress that I'm really proud of, some learnings and, of course, the many opportunities that are still existing to help us move further along in this space.

So let's start with the world without waste. A lot of the work to achieve our global world without waste goals is within our control such as packaging innovations in our design pillar, which I'll talk about in a minute, or in areas where we collaborate with governments, industry, customers and many partners such as our collect pillar.

In Latin America, we have a unique opportunity to more directly engage and empower consumers to help create a world without waste and this is through refillable packaging. Refillable packages have been a longstanding element of our business in Latin America and they are important for the business because they allow consumers to enjoy our brands at affordable price.

So, in the first place, this supports our growth ambitions by ensuring that our brands are accessible to consumers at various ends of the socioeconomic scale and there is also an environmental benefit as it contributes to packaging circular economy, reducing our carbon footprint. So we are focusing on promoting and marketing the refillables habit as a more sustainable consumer behavior, empowering consumers to select these packages which they can return to be used again and again, approximately 25 times on average.

As of 2020, refillable bottles represent 27% of our sales in Coca-Cola Latin America and were the fastest growing packaging format in 2018 and 2019. And so far this year, we are gaining 2 percentage points versus 2019.

Refillable single-serve packages are also growing at 5.7% year-to-date versus 2020, as immediate consumption channels recovered traction. The impacts of COVID-19 accelerated the growth of refillables, as consumers in Latin America enjoyed at-home multi-serve products with family. So, it also helps in times of economic uncertainty.

To accelerate our growth in refillables, we are [ph] pulling (00:12:30) our marketing muscle behind the sustainability messaging for consumers as we know that consumers increasingly are concerned about the environment. I would like to share with you a very short version of a commercial for a large refillables campaign just launched in our markets a few months ago.

[Video Presentation] (00:12:55-00:13:40)

We know that consumers are continuing to prioritize sustainability, and we always use our human [ph] insights (00:13:46) data to back up our plans. Just as references, according to a Kantar study published in September, two in three shoppers said that they would switch from their regular brand to sustainable packaging. And according to a 2020 Bain Company (sic) [Bain & Company] (00:14:05) study in Brazil, 58% of consumers mentioned the offer of refillable packages as the main reason for seeing Coca-Cola as a company committed to environmental preservation, and 49% of consumers claimed to prioritize packages that are better for the environment, being the most relevant attribute to choose a packaging type.

Digital innovation can also play a crucial role in both evolving the way consumers interact with refillables and removing consumers' barriers to adoption. Last year, we developed and tested in Brazil a solution that digitizes the returnable bottle exchange process through a virtual coupons on the site. This way, if a consumer forgets to physically take the bottle to a location, they can virtually retrieve it by using an app that shows the refillable bottle

credit in a digital wallet at the participating customer, allowing the consumer to only pay for the liquid, so they can return the empty bottle later to be refilled.

Now, we're expanding this pilot to Chile where, on September 30, we started this transformational project in alliance with one of our main commercial partners. This innovation has been of great interest both for our customers and our consumers, and we are very encouraged by early results as we continue to learn and expand to more stores and territories.

Having a global vision and ambitious targets in place is an effective way to encourage also operators to seek innovative solutions that enable business growth, while contributing to our ESG goals. So, at the end of 2018, the universal bottle was born. It's one single bottle design that can be used by different brands across our sparkling and stills portfolios, including water brands in some markets. The universal bottle concept was a result from an intense collaboration process that blended ideas and experiences from different markets in the region, such as the Chilean refillable bottles and Brazilian paper-based labeling technology.

Our bottling partners were brought in early to understand their specific needs and invest in the infrastructure changes required to accommodate the new universal bottle. The innovation is now available in eight countries in Latin America, naming Brazil, Mexico, Argentina and Chile amongst those countries. And our bottling partners keep investing in its expansion in different parts of Latin America. For instance, in the south zone countries, many universal bottle production lines are running as we speak. In our central zone, we are planning to double production. And in Mexico, seven of our bottlers have universal bottle capability already in place.

So, the implementation of the universal bottle across our regions brings multiple benefits. It's good for the planet because it reduces the amount of plastic bottles, and decreasing material use and waste means less greenhouse gas emissions and less water used associated with the packaging production process. It's also good for consumers who can have more flexibility to enjoy their beverage of choice for an affordable price, generally about 20% discount.

And finally, it's good for the business, driving efficiency in logistics, capital investments and storage, while also creating consumer loyalty, resulting in 15% higher likelihood of repurchase. This package solution has also been recognized by the Ellen MacArthur Foundation as one of the best packaging practices around the world.

Beyond refillables, there are many other examples of how we are bringing the ESG strategy to life in Latin America, all of which we do jointly with our bottling partners, including our World Without Waste design efforts. We are now offering bottles made of 100% recycled PET excluding caps and labels. In six markets in Latin America, we already see these technology, including water brands, as an example. And to name a few, Ciel, Crystal, Brisa and San Luis are already using these technology.

As you know, one of our packaging goals is to use at least 50% recycled material in our packaging by 2030. And I'm proud to share that our Coca-Cola Honduras and El Salvador operations have already achieved these in the market nine years ahead of the goal. We continue to leverage others across the Latin America region in efforts in line with our partner pillar and framework with a value chain approach.

As an example, [ph] Resequent Solar (00:19:47) and SustentaPET, our large-scale post-consumer PET collection and recycling initiatives promoted by Coca-Cola Latin America in alliance and co-investment with our bottling partners, Solar, Coca-Cola, and Coca-Cola FEMSA Brazil. Created in September 2019, SustentaPET has already collected 31,000 tons and more than 1 billion post-consumer PET bottles in these two years of operation, including more than 19,000 tons just in 2021 so far.

Earlier this year, Coca-Cola Mexico and its bottling partners announced an investment equivalent to \$500 million in infrastructure development and employment creation, focusing on waste collection and recycling. The amount invested will step up PET recycling and collection infrastructure, including a plant expansion of PetStar, the world's largest food-grade PET recycling plant in Mexico. It's expected to generate more than 2,900 direct and 35,000 indirect jobs and will increase the current recycled PET capabilities in the country up to 51%.

Our customers have also played a crucial role to promote sustainability amongst consumers. For example, we are partnering with our small clients from traditional trade to create [indiscernible] (00:21:28) *dieta sin residuos*, My Store Without Waste, a program that transform these stores into PET collection centers in Mexico, encouraging consumers to return to the outlet with their empty bottles. We set collection goals at each store and current results show that the purchase intent for our products in the activated stores increases from 51% to 60%, while creating environmental awareness for their communities.

In closing, with nearly 40 countries and territories in our operating unit, there are indeed numerous challenges we face to meeting our goals. However, working with our employees, our system and a multitude of partners, both in countries and regionally, we are very encouraged by our progress. I have shared some specific examples around World Without Waste today.

However, our entire ESG strategy is integrated and connected from World Without Waste to water, to climate, to sustainable agriculture, to human rights and beyond. And I hope you can see how this is driving our business forward with our priority around refillables growth and expansion and efforts to collect recyclable packaging and turn those bottles into new ones, while creating value for many people in our communities and value chain. This is what we're doing in Latin America.

However, as you likely know, we are laser focused on these in all our markets around the world. For these, I'm very proud to be part of this network organization, and we're truly waking up every day with a passion to drive growth, while we refresh the world and make a difference.

Beatriz R. Perez

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

Thank you, Henrique. Our Latin American team has integrated sustainability into the business an impactful way, and we appreciate your leadership. As we have discussed today, ESG is a core part of our business approach and growth strategy. I believe we have made great progress and will continue to drive value for the company in the future.

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

Timothy K. Leveridge

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

Thank you, Bea and Henrique, for the great overview of our priorities, goals and progress along with how we are taking a consumer-first approach to integrate ESG into our business strategy. So, it's time for the Q&A portion of today's event. For this portion, we'll also have our panelists, Michael, Zoltan and Mark, as I mentioned at the beginning, who are here today to join us for the conversation.

QUESTION AND ANSWER SECTION

Timothy K. Leveridge

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

A

As a reminder, I would highly encourage you to submit your questions via the question window on the webcast. We want to be able to get to as many as we can. With that, I'll start with our very first question. It goes to Bea, and it's on the subject of climate. Many companies in your sector have set net zero commitments across their full supply chains. Why have you not made that commitment as of now?

Beatriz R. Perez

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

A

Thank you, Tim. Well, as discussed earlier, we do fully support a vision to get to net zero by 2050, and that's why we started with our goal to reduce the carbon of the drink in your hand by 2020. As you might recall, we delivered on that goal as reported in our annual reporting. We then increased our reduction in emissions to set a science-based target by 2030 to reduce the absolute emissions by 25% by 2030.

And as we started to look at the plan, we are working now since – and you heard earlier, about 85% of our carbon sits in Scope 3, so that's outside of our immediate control. That requires intensive planning with our supplier partners, our bottling partners, and in partnership with people like Henrique through our operations in order to make sure that we're touching all of Scope 3 and we have a plan to deliver to get to net zero. And so, we want to make a meaningful difference in this decade, which is why we have the current science-based target. At the same time, we want to have the confidence in the plans to deliver our net zero by 2050.

So, some of you might know that just last week on October 28, the Science Based initiative Target (sic) [Science Based Targets initiative] (00:25:44) group set some new guidelines. When we're ready to disclose our plans, we'll certainly deliver those within those new guidelines and we'll be working towards establishing that net zero vision and a plan by 2050. But more to come. We're not ready to disclose that yet. We have a lot more work to do. I know that some people have taken a different path. Some other companies have announced a goal and then they've built a plan. We prefer to build the plan and then announce the goal. So, thank you, Tim.

Timothy K. Leveridge

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

A

Thanks, Bea. Very clear. So, the next question is – we'll start with Bea and then maybe go over to Henrique after that. Can you share some examples of how you think ESG has a competitive advantage to our company and can it drive growth or is it just a cost of doing business?

Beatriz R. Perez

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

A

Thank you, Tim. And definitely I'll just give some high-level points and I'll turn it to Henrique as well, so thank you. So, we do believe it's a competitive advantage and we see it because it drives innovations in our products as well as in our packaging, and I know that we've mentioned some of those earlier in the presentation.

At the same time, when we tell the brand's story around sustainability, we do see a lift in the business and in our reputation. So, to just give an example, in our Never Settle campaign, we saw in the Netherlands, for example –

sorry, Help Me Recycle campaign in the Netherlands, we saw a 10-point lift in reputation scores when the consumer saw that campaign and they connected with the work that the brand was delivering on.

We also have campaigns across Germany and Vietnam. But another one I'd like to mention is the label-less campaign. We started with Seagram's in Korea and that moved now over to Coca-Cola. We saw a lift in terms of reputation there as well as a business when we started to tell the brand's story.

And so, I think it's better to hear from Henrique on this one. But we do have several proof points. But, Henrique, I think you can describe it better using your Latin America examples.

Henrique Braun

President-Latin America, The Coca-Cola Co.

A

Thank you, Bea. I would like actually to go deeper into packaging innovation scenario. When we look at the way we design our packages and we look at the entire lifecycle of the package, how they are used by our consumers, how they come back or have a proper destination at the end of the life, we are incorporating our innovative and creative minds from day one.

A good example of that is what I was mentioning before about the refillable and returnable bottles, where we hit all cylinders in terms of being good for the planet, right, reducing the waste and being circular business model itself. Then, it's good for the consumers because the consumers can actually enjoy our products, the brands they love in an unique way at an affordable price.

And it's very good for the business because it drives efficiencies on the operational side. But also and more importantly, it connects to the consumer and to the customers in a very unique way, driving loyalty. And what we have seen lately with the trends in research is that it has been improving repeatability and repurchasing intent as well. So, it's a win-win in every sense we look at. Thank you. Back to you, Tim.

Timothy K. Leveridge

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

A

Thanks, Bea and Henrique. Great examples of how we're leveraging this and to competitive advantages for the company, for sure. So, the next question is on plastics, and we'll start with Michael and maybe also bring Henrique back in and think about it from an operational standpoint. So, the question is, why do you think that a circular economy is the solution to the waste problem? And what are the biggest challenges in creating a circular economy across all our markets?

Michael Goltzman

Vice President-Global Public Policy & Sustainability, The Coca-Cola Co.

A

Thanks, Tim. When you really create a truly circular economy, you're actually designing out waste because you're recycling, reusing and repurposing the materials. And by doing this, we're delivering both on our waste reduction and carbon emissions reduction goals. And we're doing that. That's exactly what we're doing with our World Without Waste strategy, focused on design, collect and partner, right? We're starting with our goal to make 100% of our packaging recyclable by 2025 and we're already at 90% today and using our procurement muscle to include 50% recycled content in our packages by 2030.

Today, we're using 11.5%, but we have a goal to get to 50% by 2030. And in approximately 30 markets that account for about 30% of our total sales, they offer at least one brand using 100% recycled content packaging across those portfolios. And in four markets, we're using 100% recycled content across the whole locally

produced portfolio. Obviously, collection is a key part of that. The collected empty bottles form the feedstock for that recycled content and our latest figures are that 60% collection rate for all of our packaging that we put in the market is either collected for refill or for recycling around the world.

And third is really around partner, and that's really about scaling up solutions of collective action to create healthy and debris-free environments. And really there the example I would focus on is us being one of the inaugural investors in Circulate Capital, a fund that really raised over \$100 million in funding to actually invest in circular solutions in South and Southeast Asia. And now I'll turn it over to Henrique.

Henrique Braun

President-Latin America, The Coca-Cola Co.

A

Thank you, Michael. I would look at that on how we could do these faster and more scalable, and there are two key points that we need to address when you look at this overall equation. Number one is how to get the bottles back, right? So, collection is very important and we need to scale collection in every single market. A good example of that is what we have done in El Salvador and Honduras.

When we had The Coca-Cola Company, the bottling partners, recycling partner, then the government and NGOs all looking at how to improve the collection programs and accelerate the circular economy in a very positive way. What happened, we had enough feedstock to actually now have 50% of recycled PET, food-grade recycled PET into our entire portfolio. And that's the place that we have reached our goals nine years ahead of plan.

The second challenge is especially on increasing the food-grade recycled PET. There isn't enough food-grade recycled PET in the world. And Latin America isn't different. So, what we're doing is partnering with organizations, industry in leading where we can also the advocacy of legislation that's going to accelerate the use of food-grade recycled PET in a positive way.

A good example of that is what we have done in Mexico where with our alignment with our bottlers, we have invested also to accelerate significantly the use of recycled material. And now we're going to be able to produce 50,000 tons of recycled material in Mexico and reuse in our packages moving forward. More to come. A lot of work with partners and governments, but we are on the right direction here. Thank you. And back to Tim, I believe, now.

Timothy K. Leveridge

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

A

Yeah. Thanks, Henrique and Michael, both. So, Michael, staying in the world of a World Without Waste, we'll come back to you. So, the question, can you tell us about your partnership with The Ocean Cleanup and the plan to install river interceptors to help clean up the most polluted rivers?

Michael Goltzman

Vice President-Global Public Policy & Sustainability, The Coca-Cola Co.

A

Thanks, Tim. As I've mentioned earlier, our World Without Waste strategy has three pillars around design, collect, and partner. The new partnership with The Ocean Cleanup fits squarely in that third pillar, and it's really based on the research that The Ocean Cleanup has done to show that a large majority of the waste that ends up in the ocean comes from rivers. And so, what we're doing is working with their technology, the Interceptor, and placing that in 15 rivers and then creating the ecosystems around that to pull the plastic out of the rivers and put that back into the circular economy.

Timothy K. Leveridge

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

A

Great. Thanks, Michael. Very helpful. So, the next question, we'll stay again in World Without Waste, we'll maybe start with Bea and then turn it back to Michael. Can you share more on your perspective on the deposit return system and what criteria do you evaluate when implementing it in a geography? What makes the DRS or deposit return system scheme successful in a location?

Beatriz R. Perez

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

A

Thank you, Tim. So, I'll start and then I'll turn it over to Michael. So, many individuals may not know that Coca-Cola supported well-designed deposit schemes for many years, almost over 40 years. And so, what we look for is, are they managed by the industry, by the retailers, are they broad based, do they include national scale.

And so, I'll let Michael go through some of the details. But even just recently, we try to work as well in coalition, so the US Plastics Pact and the organizations in the United States that supported the extended producer responsibility. Those are areas that we look for to ensure that it's broad based and it's fair and equitable across all different types of packages and across the different industries.

And so, Michael, I'll let you go ahead and go deep because I know you've been intimately involved in this in the last several years.

Michael Goltzman

Vice President-Global Public Policy & Sustainability, The Coca-Cola Co.

A

Thanks, Bea. I think just to build on that, right, that we're part of The Consumer Goods Forum. We're one of more than 20 global brands and retailers who have endorsed The Consumer Goods Forum's design principles around extended producer responsibility. And as Bea mentioned, we've been part of many deposit return schemes for quite a long time.

As we look at new schemes coming on board, there are some key principles that we believe need to be incorporated for them to work most efficiently. And first, as Bea mentioned, is for them to be managed by the industry and retailers, to be broad based across all types of beverage packaging, not focused on one material, to have a large scale, and to be run by the industry based on efficiency, right? So, that the scheme is run to manage costs and to deliver efficient collection of materials, it's not run to actually generate revenue for some other reason.

And that, finally, the actual entity actually owns the collected material and then that allows the industry to actually put that collected material back in our own packaging, again, that's part of our World Without Waste strategy. And then, obviously, we seek to make sure that the campaigns and how those schemes are run are consumer focused and have good governance. Thank you.

Timothy K. Leveridge

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

A

Thanks, Michael. Well, you are the man of the hour because the next one is going to come back to you as well. And it's on the topic of agriculture. We take note of Coca-Cola's update for Principles for Sustainable Agriculture. Will Coca-Cola commit to setting a living wage throughout its supply chain? What are the challenges that we see or the company sees in this process?

Michael Goltzman

Vice President-Global Public Policy & Sustainability, The Coca-Cola Co.

A

Thanks, Tim. Appreciate that and I'm glad to see that people have seen the update of the Principles of Sustainable Agriculture (sic) [Principles for Sustainable Agriculture] (00:38:20). The company and our bottling partners pay already leading wages for our sector, and we have policies and procedures in place to ensure that our suppliers adhere to our human rights standards and local wage requirements.

In fact, every year, we perform more than 2,000 third-party supplier guiding principle audits across our value chain to confirm and evaluate supplier compliance with all of these standards. As we think about the living wage specifically, we realize that the company operates across a huge number of markets, and one of the primary challenges in this area is lack of global data on living wage [ph] benchmarks (00:39:05).

So, we are evaluating new methodologies and research to determine how we can really best support and advance the topic of living wage throughout our system. But as we do that, we're also looking at incorporating a greater focus on livelihoods in the commodity studies that we've been doing.

And so, we've already done 21 studies looking at our sugar sourcing in regions, and going forward we're going to include more research to better understand the challenges around calculating living wage incomes in conjunction with those studies. And, of course, we're a part of broader stakeholder and peer industry collaborations, particularly through AIM-PROGRESS and other groups that are working towards an industry standard on how to engage here. Thank you.

Timothy K. Leveridge

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

A

Great. Thank you, Michael. So, we're going to move back to our World Without Waste. So, this is for Bea and Henrique. Given the positive growth rate of refillable packaging, is Coca-Cola setting targets to expand refillables in current markets and introduce to new markets? Along the same lines, what are the challenges of rolling that out or rolling out refillable solutions more widely in developed markets?

Beatriz R. Perez

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

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Thank you, Tim. I'll start and then I'll ask Henrique to really click down through the challenges as he's been through it. So, over 20% of our global portfolio is already in refillable packages or fountain packages as well. In 40-plus markets today, it makes up 25% of our business. And so, if you look at this area, it's really important. So, think of it's not just in Latin America; Latin America may have been sort of the leader in this space, but Kenya, Pakistan, Philippines, Germany, and so you'll see this package all around the world.

And what it does is it helps us – if you think of the revenue growth management strategy that we have in our business, it allows for a more affordable package for the consumer; at the same time, a more responsible package in terms of sustainability. You heard earlier that it can bring down cost. It helps in terms of the amount of turns we can use in the bottles, it reduces the emissions.

So, with that, let me talk – let me just turn it over to Henrique, so he can talk through some of the challenges. It is a great package and one that we love to have as part of our key to our strategies across this market. And, of course, we will continue to expand where it makes sense. But Henrique can talk a little bit more about what it really takes to get that done.

Henrique Braun

President-Latin America, The Coca-Cola Co.

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Yeah. Thank you, Bea. Look, at the end of the day, it's a consumer-centric approach, right? We have been, over the years, always providing to our consumers, to all the customers the product, the packaging that they want in the format that's more convenient to the drinking occasions that these consumers, shoppers, and customers interact.

When you look at the refillables potential and momentum that we have right now, it's clear that continues to be a great source of growth for us, not only on affordability. We're starting to see as well a trend on away-from-home, single-serve returnable bottles. The final mix, how much it's going to be in terms of the overall future state, the consumer centricity will define that. What we will continue to do is whatever package format we're going to drive our products and our brands into it, they are going to be sustainable and will be part of our circular economy. So, more to come. We're very happy with the momentum that we have so far. Thank you.

Timothy K. Leveridge

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

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Great. Thanks, Bea and Henrique. Bea, back to you. Can you talk about the areas or issues where you're making the most progress globally and those where it's harder to move towards your goals or where you feel like you may be even falling behind in terms of what you had set out?

Beatriz R. Perez

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

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Thanks, Tim. Well, let me start by saying that I'm really proud of what the system has done in achieving the 2020 goals. If you look to what took place, with the pandemic coming over the last two years, we had a 2020 deliverable. And even in the areas in terms of our water replenish target, we met that and delivered it. We actually exceeded that target. We're at 170% in terms of water replenish.

If you all recall, I know it seems long ago, we set a goal to empower 5 million women by 2020. We over-delivered that to 6.1 million women. And these indicators are assured through E&Y and through our partnership with an independent accounting firm. And so, when you look at some of these targets and goals, what I'm proud to say is that we set these targets, we built the plans and the system delivered those.

When we started to move to 2030 and look beyond, of course, it's very difficult in a time where you have lots of unknowns and uncertainty in terms of what's happening around the world with continuous – you've heard some of our other executives talk about the asynchronous word, we're still living in an asynchronous time period. So, if I think of our packaging and our desire to design in better material, design out waste, I think we're doing pretty good there with increasing the rPET use.

But the challenge is, is that rPET right now is a constrained resource and collection is constrained, because you still have lockdowns in certain areas where we are not able to get the collection rates we'd like to get, while things are still in a lockdown mode. We want people to be safe and we don't want to put the pressure there in an undue way, but we also want to make sure that we're starting to get innovative and creative on how do we drive that collection to get the material back in to create that circular economy that you heard Michael and Henrique talk about earlier in some of their answers.

So, what I'd say is that we're not falling behind yet, but I like to see more progress in terms of collection and more rPET usage across the system. Yes, but I'm proud of where we are in light of the certain – the constraints we

have. And then I'd say the bigger challenges will be in terms of really getting to the plans around the Scope 3 emissions for the climate targets. That's a huge undertaking. We are looking at supplier partners, independent bottlers who have their businesses to run across multiple geographies. And so, that requires a lot of dedicated time, and I'd like to bring Zoltan into the conversation as well.

Zoltan's really built a thoughtful plan with our bottlers. And you heard earlier, Michael and I were talking a little bit about a large chunk of the climate sits within the HFC-free or the cooling equipment refrigeration. If I could just ask Zoltan to talk a little bit about how he's managing the plan with the bottler, and then he can toss it back to me and then I'll close out this answer. But I think it's worth hearing from Zoltan how he's working through the plan to address the Scope 3 carbon emissions. So, Zoltan?

Zoltan Syposs

Chief Quality, Safety and Environment Officer, The Coca-Cola Co.

Thank you very much, Bea. And building on this challenge, I would like to add that across the entire Coke system, we are continuously exploring and implementing sustainable refrigeration equipment solutions. This consists of basically two operational sustainability key pillars. One is that we are making progress and we're working very, very thoroughly with the bottling partners to close the gaps on and have in the markets HFC-free coolers in our retailers, customers, outlets everywhere where we operate. And this is a very well-structured plan and we are making very, very good progress.

Now, where this HFC-free cooler challenge in terms of manufacturing or accessibility to a certain extent is a limitation, we are working with key partners in research and development to make this accessibility and unitedly to explore the new technologies and ultimately to have HFC-free technology across all our markets everywhere where we reach. Thank you, Bea.

Beatriz R. Perez

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

Thank you, Zoltan. So, what I really want to leave this group with is, is that the Scope 3 plan is not an easy plan to build. It takes the network effect to really come to life, it takes everyone from our technical division, our operators, the bottlers, the supplier partners and everyone within the value chain to work together. And so, we want to be thoughtful in this space. But I'm what really proud of is the fact that over 80% of the coolers we placed last year alone were already HFC-free and meeting the requirements.

But I also would like to say that that is a very heavy lift, it's a hard task to do, I want to thank all of the bottling partners who took that on with us and I know there's a lot more work to be done. So, just a few highlights on – I'm proud of the progress, still more work to be done, we're now onto the 2030 targets and building out the 2050 net zero plan.

Timothy K. Leveridge

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

Thanks, Bea. Really appreciate, very comprehensive and a lot of work done and a lot of work to be done, for sure. So, the next the next topic is on ROI and we'll start with Bea on this one. So, how much does the company estimate that it is investing annually behind initiatives, specifically aimed at driving progress towards its ESG targets? And then how does the company assess and measure the return on those investments?

Beatriz R. Perez

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

Thank you, Tim. This is another one that whoever has the secret sauce to figure out ROI will probably be writing a book soon and making millions or billions, right? This is not an easy answer either. So, this is an area where sustainability is core to our business strategy and as part of our capital allocation plan. And so, we look at what's the appropriate investment against the initiatives that we're driving, just as we would in anything else in our business.

There are some places that are a little bit harder to measure than others, but we do look at significant cost reduction, use less water, you can assume that we're saving money, use less energy, saving money. When we start to get into the growth equation, it's having to put more information around data collection to ensure we're getting the right data back and we can extrapolate that the growth came specifically from that initiative. There's a lot more work to be done in that space. But, right now, we look at reputation increase, and we try to put some assumptions in the plan.

We also have this – we talked earlier about revenue and growth management. If you look at some of the areas where we know this is working, if you think about the 13.2 ounce rPET, 100% rPET bottle we launched in the United States last year, we can drive a premium price for that. That's \$0.02 more than what we can get from the other PET. At the same time, we balance that strategy with the refillable strategies having affordable pack.

So, it's how does this work together within the revenue growth management strategy and the overall business that we look at in terms of just trying to look at one key fact. It's how does it all work together and how do we balance the portfolio and how do we drive what the consumers want while we, in some places, drive premium pricing and, in other places, push the more affordable packages to give the consumers what they need at the right package, right price, or right product, right time.

So, with that, maybe I can go ahead and ask Henrique to weigh in and give a little bit more in terms of what he's also seeing. Or, Tim, actually, I don't know if you want to add in yourself since you work on capital allocation yourself as well.

Timothy K. Leveridge

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

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Yeah. Bea, maybe I'll jump in for just a second. I mean, it was a fantastic context. And the return calculations, it's not easy, as Bea mentioned, because quite oftentimes, it's balancing how you're driving growth, how you're managing your risk profile. And then, certainly, there's a lot of it that ultimately has to do with productivity. And so, we're sharpening and getting better at driving that.

Ultimately, it comes down to if we stay consumer-centric in what we're trying to accomplish, what we found over time in all of our investments, even if there are some upfront investments required associated with it, that ultimately, we get the right returns on those. And that's what we're focused on, is staying consumer-centric and there are some great facts shared earlier in the presentation about consumers are telling us how important this is to them. And when it's important to them, we found that we can create value because we can meet that demand and we can drive that consumer and supply that consumer demand. So, that's really what's the focus.

What we then ultimately see is that the returns follow. The other thing I would add in and maybe Henrique can talk about this is, obviously, this is a system context, right? Because many of these investments require our bottlers and oftentimes even partners and suppliers to do it. So, we're having to take a holistic view and when we think about returns is work with our bottling partners, first and foremost, to drive that. Just like we do with anything, anytime we make investments, we always start with the system context. And so, that's been critically important for our success. It's going to be critically important for us going forward. The great thing is, is the bottlers are all in on

this. And our customers are in on it as well. And so, when the ecosystems move in the right direction, we're confident that we can drive the right returns.

Henrique, I don't know if there's anything else you want to add, but I'll turn it over to you.

Henrique Braun

President-Latin America, The Coca-Cola Co.

Just to corroborate what you're saying, Tim, the bottlers are very excited about the journey. They have inspired us in many ways and we, together, are fully embracing ESG as part of our business and growth strategy moving forward. The investments that we have in our own refillables, on coolers, with the right technology, to be sustainable in the future, the recycled PET food grade investments, collections, and so on, a lot of that, it's fully embedded not only in the short term, but in the long-term investments that we have aligned with our bottlers. So, the return on investment clearly will come with the growth and it's fully embedded in our plans.

Timothy K. Leveridge

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

Great. Thank you very much. So, kind of staying somewhat on this topic in the context of consumers, Bea and Henrique. So, ESG and consumers, what have some of your most successful initiatives or what are some of your most successful initiatives in creating behavioral change among customers/consumers to reuse and recycle? What have some of those been?

Beatriz R. Perez

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

Thanks, Tim. So, I'll start with just a few key facts, and just to say this first. Actually, it's up to us to change ourselves first. And so, we can't expect to drive consumer change without us changing how we manage our business and to become a more sustainable business. So, we take that accountability very seriously. And we know that consumers want to see companies doing the right things. Over 71% of online searches in the last five years, and that's over 54 countries have actually been about sustainable products. We also know that 57% of global consumers across – a dataset of 36,000 people in 26 markets have said that they're looking to pay more for brands that are sustainable or better for the environment.

Now, I still – and I've said this in a previous – past, I'm not sure consumers will really pay as much as they say they will pay. But the fact that that number continues to increase year-over-year tells me that there's a huge appetite by the consumers to have brands deliver on what they expect and to be aligned with their values. And so, we know that.

And so, where we have found some great success is when we work across local governments, across industry, and build the infrastructure around when we work across local governments, across industry and build the infrastructure around programs to recycle and to collect the materials and create the circular economy, and then message it through the brands, we do see significant uplift in terms of reputation for our business but also in collection.

And so, for us, it's really important to make sure that before we start to market the ideas with the brands, that we have the infrastructure in place. And I think Henrique had some great examples that he talked about earlier in the presentation, where they're working with the local bottling partners as well as the local infrastructure to ensure that the collection is happening.

And you might have seen in certain canned packages, the recycle me messages or recycle over here, those tend to work when they're very clear and deliberate, but when the infrastructure is there. So, the consumer knows where to take it. So, Henrique, maybe you can give a little bit of a click down? I know you did a little bit of it earlier in the opening, but I think it's worth repeating some of that again.

Henrique Braun

President-Latin America, The Coca-Cola Co.

Sure, Bea. And I would add with an angle of breaking the barriers to have more of these returnable bottles into their lives or recycled PET as well as part of the overall experience. It's about listening to the consumers and customers, the centrality is very important. And then use our innovative and creative mindset in the company to overcome those barriers.

A good example of that, it's what we did with the reversal bottle. It was totally consumer and customer-centric, right? Consumers wanted to have more flexibility in terms of bringing back the bottle and getting back home with a different product inside. That was actually the idea that we took as an insight listening to the consumers and coming up with a solution for them.

The digitization of that process as well, it's another indication that we are listening to the consumers and to the customers to make it easier for the package, the products and the brands that they love be part of their drinking moments and their journey during the day.

So, we're going to continue in that path testing different things but definitely it's something that's moving in the right direction here, not only in LATAM but across the globe. Back to you, Tim.

Timothy K. Leveridge

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

Thanks, Henrique. Next question, for Michael around bioplastics. What's the company's latest approach towards bioplastics and does that differ across markets?

Michael Goltzman

Vice President-Global Public Policy & Sustainability, The Coca-Cola Co.

Thanks, Tim. I'll start and then maybe throw it over to Zoltan as well. I think where I would first start here is earlier this year, the company announced a new virgin plastic reduction goal to reduce by 3 million metric tons the plastic we use from non-renewable sources by the end of 2025. And so, that means that we'll use 20% less virgin plastic from fossil fuel based sources by that time.

When we think about bioplastics, they fit in this area, right? Bioplastics are a lower carbon footprint type of PET packaging. And so, they help us drive both again our virgin plastic reduction goals, but also then our carbon emissions goals. And we recently announced some really key innovations in this area, moving from our historic usage of bio-based plastic that we've called plant bottle in many of our brands to a new commercial scale for 100% bio-based plastic. And I'll flip it to Zoltan to talk a little more about that.

Zoltan Syposs

Chief Quality, Safety and Environment Officer, The Coca-Cola Co.

Thank you, Michael. As Michael and my dear colleagues referred to, this is a very exciting area for the entire industry. And Coca-Cola Company is taking a leading edge in research and development. Moving from a 30% renewable, resource-based bioplastic to 100% is a great achievement. And working with the key research and

development partners, we are very proud to scale this technology. We see that, obviously, mechanical recycling will be the core of world without waste. But enhanced recycling and bioplastics applications will have a huge complementary role to resolve the plastic problem, and we are very confident that we are going to be able to scale this at the industrial level. Thank you.

Timothy K. Leveridge

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

Great. Thanks, Michael and Zoltan. So, next question is for Mark in the space of compensation. Can you talk about how you're going about embedding ESG and executive compensation? And when/if do you think it'll be formalized? You're on mute, Mark.

Mark E. Preisinger

Director-Corporate Governance, The Coca-Cola Co.

Sorry about that. Bea hit on this in her opening remarks, but it's an important question because we're hearing more and more from investors about this. And I guess the first thing I'd point out is that the board, of course, the board is the group that sets compensation policy, believes – they believe that this is important. To tie the achievement of these goals back into compensation, no different if you look at it from their perspective than any other important performance metric. And so, that's where I'd start.

The key point, really, in terms of it being formalized, if we're already doing some things in this space, and I'll tell you about two of them and then I'll give you a little peek as to what the board's planning to do going forward, so the first thing I'd point out going forward. So, the first thing I'd point out is that, for some time, it's been the board's practice to consider the non-financial goals broadly, but including sustainability in what we call the individual performance factor in annual compensation. And so, we handle some of this through annual compensation and that's for the corporate executive team.

However, moving out more broadly, the board also has, let's say, prioritized as a critical responsibility for our operating unit leaders such as Henrique, who's on the call today. And in the annual business plans for all of the operating leaders, their performance objective is related to sustainability that they're responsible for executing. And so, those are the two things today that we're doing. So, we have formalized this in a way, but going forward, what the board's planning to do recognizing is, I think we all do that, sustainability goals are a little longer term in nature, they're finalizing plans right now to incorporate sustainability into our long term incentive plan.

And so, I suspect that probably soon we'll be able to talk to investors about what specifically are in those plans. And I think that answers the question.

Timothy K. Leveridge

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

Great. Thanks, Mark. Absolutely. So, we recognize it's a little bit after 12:00. We're going to have a couple more questions in the queue that we'll touch on before we wrap up. So, the next one is for Michael in the area of water. Can you break down your 2030 water security strategy for us operationally? Are there localized context-based targets with this rather than a global target?

Michael Goltzman

Vice President-Global Public Policy & Sustainability, The Coca-Cola Co.

Thanks, Tim. Yes. Look, our 2030 water security strategy recognizes the urgency of our share of water risks and the interconnectedness across many of our other goals such as climate, nature, economic prosperity, community

empowerment. And in short, yes, our 2030 goals really are focused on doing more where it matters most. And do – looking at that across, sort of, three areas, one reducing shared water challenges through regenerative use and specifically focusing on water stress locations. Two, around community water access and resilience, with a focus on women and girls. And three, around improving watersheds, where we operate and source agricultural ingredients.

So, I think the whole point of this is going beyond building on our long history of engagement in water stewardship and increasing access to water, as well as managing water well within our own operations. And so, we're actually segmenting all of our operations and facilities globally, based on significant data analysis at an enterprise-wide level, at a basin level and at a facility level to really segment those in the places where we're going to invest most in our own efficiency and increasing the access. And then working with our suppliers to actually push them and encourage them to use water more efficiently and to employ farming techniques that allow the soil to and the ecosystem itself to help sequester carbon and be more efficient in absorbing water. Thank you.

Timothy K. Leveridge

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

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Great. Thanks, Michael. And we'll make – this is the final question for today. Bea, over to you. As leaders of the company, how do you make sure that you don't go too far with your focus on ESG and risk of becoming a distraction to our business leaders the results of the overall company?

Beatriz R. Perez

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

A

Thank you, Tim. So, I'll just say number one, is not a distraction. It's core to our business and it's embedded in our business strategies. Earlier, we talked about capital allocation strategy, revenue growth management. I'll just say, and I've said this in previous conversations, it helps us do everything from mitigate enterprise risk all the way to drive growth for the business. Some of you might have heard James Quincey use the example of British Leyland, an auto manufacturer, and he's the Brit, I'm not.

So, he gave the example where quality was off to the side with the British auto manufacturers. And when it was off to the side they saw themselves essentially get out of business when the Japanese manufacturers came in and made quality as a core to business strategy. What I like to say is turn it back to our own brands, the brands that we own. So if I look at Honest Tea, Honest grew over 13% in the last several years and it's core to their DNA. Sustainability is actually how they built their brands, how they make their brands, distribute their brands, in a sense the same thing.

And as we see some of the examples and Henrique brought to life for us here today in terms of refillable and some of the initiatives that he has across Latin America, it's certainly our proof points that it not only increases reputation, but it drives growth. I just look at their success they've had in the last several years and especially during this very difficult time over the last two, I'd say that it's working in terms of driving business strategies.

So, with that, I'd say it's certainly not a distraction but we have to be mindful that we treat it as a business. We have to set the targets. We have to manage them. We have to invest appropriately. And that means that we have to be looking at that return on investment as best as we can knowing that it's not perfect at this day and age. And at the same time, we have to be able to adjust and pivot when it makes sense. And we have to share the data that we're looking at and make sure we're delivering on the promises we've made to society as well as to our business. And we have to ensure that we're doing all of the right things in terms of the governance and the strategies. And that means being fully transparent where we're making progress and transparent where we're not, and where we can do better or where we need to adapt and change.

So, with that, Tim, I'd say that as long as we're being mindful of enterprise risks to growth and being fully transparent and reporting out and measuring and tracking as we would anything else in our business, I think that's going to be critical to ensuring that this is the strategy and that we're treating it as the business, not something that's off to the side.

Timothy K. Leveridge

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

Thanks, Bea. That's great. So, that wraps up our last question for today. We hope the session has underscored that our sustainability is very important for us as we look forward to continuing the conversation and the journey forward. So, thank you again and please feel free to reach out to myself, the rest of the team out with you if you have follow up questions. As always, thank you for your interest in the company, your investment in us and joining us today. Thank you so much.

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