

20-Apr-2021

# The Coca-Cola Co. (KO)

Annual General Meeting

## CORPORATE PARTICIPANTS

### James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

### Nsé Ufot

*Chief Executive Officer, The New Georgia Project*

### Jennifer Manning

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

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## MANAGEMENT DISCUSSION SECTION

### James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

Hello and welcome. I'm James Quincey, Chairman and CEO of The Coca-Cola Company, and I'm excited to join you today for our 2021 Annual Meeting of Shareholders.

Before we get started, I want to let you know that today's session is being recorded. Last year, this meeting was held virtually for the first time. It was an example of how we all adapted in the face of extraordinary circumstances presented by the COVID-19 pandemic. Today, we again join virtually, and I thank each of you for your investment and interest in our company.

For us, a year of pandemic changed our business and our industry in ways that we'll endure. And as an organization, we embrace the need for change and remain resilient in the face of uncertainty. Our people adapted to new conditions to support our communities and our business. We were constantly guided by the purpose of our company – to refresh the world and make a difference. During 2020, we helped communities. Our system, including The Coca-Cola Foundation, provided more than \$90 million to support COVID-19 relief efforts, benefiting 25 million people in 118 countries.

But the pandemic wasn't the only crisis in 2020. We continue to be reminded that there is no place in our world for racism. Coca-Cola has long strived for greater justice and equity within our company and the communities we serve. This is part of our great history and it's part of our shared future. Our company must play a visible and proactive role in creating change. Our pledge is we will continue to do our part to listen, learn and act.

To that end, we announced our 2030 aspirations to mirror the diversity of the markets we serve and to annually share data on the diversity of our company in our business and environmental, social and governance reports. Our 2020 report will be available on our company website this week.

Just as our purpose guides our actions in challenging times, it is also the foundation for our important work to drive progress against our environmental, social and governance goals, which are embedded in how we operate as a business. They are core to what we do.

Despite the temporary disruptions caused by the pandemic, we made important strides in our World Without Waste efforts. For example, across markets representing 30% of our global volume, we now offer 100% recycled packaging option in at least one brand. We also developed a goal to reduce our use of virgin PET.

Packaging has a close link to climate and carbon and 2020 saw important progress in our climate goals. The company supports our vision to be net zero carbon by 2050. And we have set a 2030 science-based target to reduce our greenhouse gas emissions by 25% compared to a 2015 baseline. Our water priorities also remain foundational to our environmental work and we maintain 100% replenishment rate globally.

Finally, 2020 marked an exciting milestone in our social impact work. We surpassed our goal of enabling the economic empowerment of more than 5 million women through our 5by20 program, creating shared value for these women, their families and their communities.

Our business is focused on driving value for shareholders. We are growing and equipping the organization to win. In 2020, we announced plans to build a new networked organization that combines the power of scale with a deep knowledge required to win in markets locally. This new organizational model will accelerate our transformation as a digitized data-driven enterprise that can execute marketing, commercial, sales and distribution strategies in both the online and physical worlds.

We are also positioning our portfolio for success, identifying the right brands that will drive quality leadership and help us achieve our Beverages for Life vision. We streamlined our portfolio to approximately 200 master brands, allowing us to focus attention and resources on what we do best – brand building and innovation.

To underscore that point, we saw strong performance in key segments of our portfolio amidst the challenges of 2020. Trademark Coca-Cola returned to growth in the back half of the year with Coca-Cola Zero Sugar contributing 4% volume growth. As consumers shifted to drinking more beverages at home, we also saw Simply and fairlife grow double-digits in North America.

Looking ahead, I'm hopeful, as I know many of you are, that the world is beginning to emerge from the pandemic. We see positive signs all around us plus some ongoing challenges. For our business, a good starting point matters. We went into the crisis in 2020 from a position of strength. And we are now equipped to emerge even stronger. I'm confident our best days remain ahead. As we close April and approach May 8, we celebrate 135th birthday of Coca-Cola. I'd like to thank you, our shareholders, for your investment and continued confidence in our great company. Here's to the next 135 years, cheers.

Now, I'd like to open the business meeting. Today, we will address the four business items detailed in your proxy statement. Following that, I will conduct a question-and-answer session, in which we will address questions about any of the items in the proxy statement or other business issues you wish to raise. It is our intention to finish the meeting by 9:30 this morning.

Let me point out now that you do not have to wait to submit a question for the Q&A. For our shareowners logged into the live webcast today, please submit questions by clicking on the message icon at the top of your screen, type in your question, then click the arrow icon on the right to submit it.

Let me first welcome the members of the management joining us this morning for the meeting: John Murphy, Executive Vice President and Chief Financial Officer; and Jennifer Manning, Associate General Counsel and Corporate Secretary. And I extend a special welcome to our board of directors who have joined us this morning. Bios for all our director nominees are included in your proxy statement beginning on page 18. We are fortunate to have a very capable group of directors. They provide leadership for our company and to me with thoughtful guidance always with the highest integrity. Today, we are also joined by representatives from our independent auditing firm, Ernst & Young LLP. And finally, many of our longtime shareowners, as well as employees and alumni join the meeting today, I extend a very warm welcome to all of you.

Now, on to today's voting matters. The agenda for the meeting and our proxy statement are available on the virtual meeting platform. These will serve as your roadmap to the business items we will be discussing today and I encourage you to follow along. There, you will also find our rules of procedure. Ensuring this meeting is productive is our top priority. So I ask you please to follow these rules. They are available by clicking on the link on the virtual meeting platform.

Here's how the meeting will flow. Our Corporate Secretary, Jennifer Manning, will present each of the three management proposals. There is one shareowner proposal, which will be presented by the proponent's representative. The presentation of the shareowner proposal will be limited to 3 minutes. Right after each proposal is presented, I will present our board's point of view and voting recommendation.

Just like in our past meetings, after all four business items have been presented, I will conduct a question-and-answer session where I'll take questions on the four business items we are voting on today or on any other appropriate business topics you would like to raise.

Jennifer, would you please bring us the secretary's report?

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### Jennifer Manning

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

Notice for this annual meeting was furnished to shareowners on March 4, 2021. The proxy statement for this meeting was mailed beginning March 4, 2021 to all shareowners of record as of February 19, 2021. Our inspectors of election from Computershare Trust Company, N.A. advised that we have a quorum represented by 83% of the total shares eligible to vote. The polls are now open.

There are four matters to be voted on. Page 11 of the proxy statement lists the voting matters. If you sent in your proxy or have already voted by telephone or Internet, you do not need to take any further action unless you wish to change your vote. Any shareowners who have not yet voted or who wish to change their votes may do so by clicking on the voting button on the web portal and following the instructions. At the end of the Q&A session, the ballots will be tabulated by our inspectors of election.

That concludes the secretary's report, Mr. Chairman.

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### James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

Thank you, Jennifer. Now, would you please present the first matter to be voted on?

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### Jennifer Manning

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

The first matter is the election of directors. The company's bylaws require that every director stand for election each year. Therefore, all of the director nominees listed in your proxy statement are nominated for election for a one-year term expiring in 2022.

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### James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

Thank you, Jennifer. We have a very knowledgeable and engaged board. Our director nominees are highly qualified to represent the interest of our shareowners. Beginning on page 15 of your proxy statement are details about our directors, including each director nominee's qualifications. There is a recommendation to vote for each nominee. And as I explained, I will take questions on this and other matters during the Q&A.

Jennifer, let's go to the second item.

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## Jennifer Manning

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

On page 45 of your proxy statement is the advisory vote to approve executive compensation. As required, the company seeks a nonbinding advisory vote from shareowners to approve the compensation of the company's named executive officers as described in the compensation discussion and analysis and compensation tables of the proxy statement.

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## James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

The compensation discussion and analysis in your proxy statement explains how the Talent and Compensation Committee views company performance and how executive pay is tied to performance. We take this say-on-pay matter very seriously and we'll continue to consider the outcome of the advisory vote when making compensation decisions. The board of directors recommends a vote for the advisory vote on executive compensation.

Jennifer, would you please present the third item?

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## Jennifer Manning

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

Our Audit Committee has appointed the firm of Ernst & Young LLP to serve as the company's independent auditors for the 2021 fiscal year and this item seeks ratification of this appointment. The audit matter section of our proxy statement, which includes this proposal, begins on page 81.

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## James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

The Audit Committee and the board believe that our auditors, Ernst & Young, serve the company and shareowner as well and therefore recommend a vote for the ratification of their appointment.

Jennifer, would you please present the fourth item?

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## Jennifer Manning

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

Our fourth and final business item is a shareowner proposal requesting a report on sugar and public health. This proposal, and the board's response, begin on page 87 of your proxy statement. Ms. Nsé Ufot will present the proposal on behalf of the proponent. The presentation of the proposal is limited to three minutes, the same time limit we have used during past meetings. The phone line for the presentation will be open only for these three minutes. For the convenience of the presenter, I will signal when she has 20 seconds remaining.

I now ask the operator to open the line.

**Operator:** Your line is open.

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## Nsé Ufot

*Chief Executive Officer, The New Georgia Project*

Thank you. Thank you for the opportunity to represent Harrington Investments and introduce the shareholder proposal on sugar and public health. My name is Nsé Ufot and I'm the CEO of The New Georgia Project, an organization dedicated to increasing civic participation in historically marginalized communities, specifically the black, brown and young voters.

I'm increasingly concerned about Coca-Cola's negative impacts on populations of color. Our communities are aware of your reach. We feel your presence in the marketing of liquid sugar products targeted at black and brown citizens who disproportionately suffer from diabetes, obesity and other diseases linked to sugar consumption. We also feel your presence when it comes to Coca-Cola's vast political influence and deliberate undermining of our freedom to vote, the cornerstone of our American democracy.

In your proxy, you argue that reports by the Access to Nutrition Foundation make this resolution unnecessary. However, I beg to differ.

First, the global and US indexes previously cited make it clear that Coca-Cola gets a failing grade. The report clearly states Coca-Cola's commitments to reduce sugar in a number of products are short-term and lack relevant details. Second, the corporation has a history of funding misleading science to hide the truth about its contributions to obesity and racial disparities. And third, we cannot look past the COVID-19 pandemic. Latino, Indigenous and Black Americans, all targets of Coca-Cola's racially targeted marketing practices are twice as likely to die from COVID-19 than white Americans due to the disproportionate obesity rates in black and brown communities.

From health and wellbeing to voting rights and racial justice, Coca-Cola must stop saying one thing and doing another. Consumers and investors are paying attention. I understand and applaud the value of a thriving business and strong profit. However, this should not come on the backs of the very communities and issues you claim to support. There is a clear business risk and fundamentally you are on the wrong side of history. Coca-Cola is now claiming it supports voting rights, but it funds the U.S. Chamber of Commerce, lobbyists and legislators that are trying to make it harder for people, especially from black and brown communities to vote. Simply put, it's time for Coke to walk its talk.

The good news is that Coca-Cola has an opportunity to make good on its professed commitment to racial justice today. Adopt this resolution, cease political activity that stifles health equity, and condemn suppressive, anti-democratic voting laws with a public commitment to stop contributions to policymakers seeking Jim Crow 2.0. Your global brand, established right here in our hometown, can be synonymous with a better world.

Thank you for your time and attention.

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## Jennifer Manning

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

I now ask the operator to close the line.

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## James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

Thank you, Ms. Nsé Ufot. Let me explain the board's position on this shareowner proposal. This proposal requests that the board issue a report on sugar and public health with the support from a group of independent and nationally recognized scientists and scholars. Simply put, the report being requested already exists. The Access to Nutrition Foundation, a respected, independent non-profit organization based in the Netherlands, already produces reports covering our company that encompasses sugar and public health and which address the essential objectives sought by this proposal.

This work, just like the proposal requests, is independently funded by groups like The Bill & Melinda Gates Foundation, the Dutch Ministry of Foreign Affairs, and The Robert Wood Johnson Foundation. The Access to Nutrition reports provide analysis on efforts by leading food and beverage companies to improve access to nutritious foods and beverages. These reports are used by different stakeholders, including academia and civil society organizations.

The additional reporting, as requested in the proposal, would provide no useful information not already covered in the Access to Nutrition reports. All of this is fully detailed in your proxy statement beginning on page 88.

Let me also say that this proposal might lead you to believe that our company is not a responsible player in this area. This is simply not the case. We absolutely recognize the role our company must play in addressing health challenges. We fully understand that people should not consume too much sugar. So, we're taking specific, meaningful actions to help consumers more easily control their consumption of added sugar. Everything we are doing in this regard is disclosed on our website, and I encourage you to take a look.

Thank you. And that concludes the voting matters.

Since all voting matters have been presented, that concludes the business portion of our meeting. The polls will close at the end of the Q&A session. Any shareholder who has not yet voted or wishes to change their vote may do so by clicking the cast your vote link on the virtual meeting page. Shareowners who have already submitted a proxy or have voted by telephone or Internet and do not wish to change their votes do not need to vote again.

Before we begin our Q&A session, I will ask Jennifer for the preliminary voting report. Jennifer?

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## Jennifer Manning

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

Thank you. The following vote is preliminary. If you voted today, your vote will be tallied after the meeting and included in our final vote. And as James said, the polls will close after the Q&A. The inspectors of election report that each nominee for election as director has received at least a majority of the votes cast in favor of their election. Therefore, all of the director candidates have been elected to serve as a director until 2022. The advisory vote to approve executive compensation has been approved with an affirmative vote of 94%. The management proposal on the ratification of Ernst & Young as auditors has been approved with an affirmative vote of 96%. The shareowner proposal regarding a study on sugar and public health did not pass and had an affirmative vote of 9.4%. That concludes the preliminary vote report.

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## James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*



Thank you, Jennifer. We will now turn to the question-and-answer session.

Our questions can come from shareowners attending virtually today, and we also have a number of questions to address that was submitted in advance. For our shareowners logged in to the live virtual webcast today, please submit questions by clicking on the messages icon at the top of the screen, type in your question, then click the arrow icon to the right to submit it. So, now, that's how you ask a question.

We would like to answer as many questions as we can during the meeting. The best way you can help us do that is to keep your questions succinct and to the point. And because we have limited time to address questions, we will follow up on any questions that we're not able to cover today.

We welcome questions or comments on any of the voting items we just covered or the general business affairs of the company. Questions regarding personal matters, employment matters, product issues, suggestions for product innovations and importantly questions that personally disparage someone will not be presented.

Jennifer, could you please present the first question?

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## QUESTION AND ANSWER SECTION

### Jennifer Manning

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

Mr. Chairman, we've received several questions on the following topic. This question from Karen Danielson is representative of the ones we've received. Companies like Coke have become involved in the controversial legislation dealing with voting rights in Georgia. It looks like no matter what position you take, you risk angering or alienating some part of the population, including shareowners. Should Coca-Cola even be involved in a discussion on voting rights? And I think it begs the question as to whether it's worth the risk today for the company to be involved at all in politics or contributing money to politicians.

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### James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

A

Thank you for the question. Clearly, this is on the mind of a lot of shareholders. And on the voting rights issue, clearly, some people would have preferred, I'd say less; some people would preferred, I'd say more; some would have preferred, I'd nothing at all. And while I certainly don't see it as my role to weigh in on every issue, when it comes to Georgia and Atlanta and a certain set of issues, the company does have a point of view. We drive our business from Georgia and many of our employees in Georgia, and we need Atlanta and Georgia to be a great place to do business and a great place to be an employee and to live. And this strategy of pursuing the best possible location from which to drive our business goes many decades back into the company's history. And one of the things we pay attention to is the Voting Rights Act because we see voting as a foundational right and its access should be broad-based and inclusive.

So, from here, we will continue to engage with legislators of all sides, advocacy groups, business leaders and others on these issues. We will do this because it's the right thing to do, and we are interested in creating a better shared future for everyone, particularly in our home state of Georgia.

You've also asked about political contributions. First, we've always taken a bipartisan approach to political contributions, and our political-giving criteria is fully disclosed on our website as are our actual political



contributions. Last year, we updated our political-giving policy to ensure that we are evaluating a broader range of criteria. That said, we are actually in the moment we've suspended our political-giving. We did that, like many other companies in 2021. And we are using this pause in political-giving to determine how we will effectively engage on public policy going forward and the role that political-giving will play in that public policy strategy. We are being thoughtful about this review because we need to get it right and it will remain very important that we continue to effectively advocate in the public policy arena for the things we believe in and that are right for our business, our employees and our shareowners. Thank you.

Next question, Jennifer?

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**Jennifer Manning**

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

The next question is from [ph] Ryan Hepburn (24:06). Can you talk a little bit more about the company's on-premise exposure? We've seen countries at different stages of recovery and maybe even consumer trends about eating out changing somewhat. Won't this have some impact on how Coke could get back to growth?

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**James Quincey**

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

A

Thank you for the question. Yeah. Absolutely, this is going to make a difference, and it's an important factor. Our Coca-Cola business around the world is approximately half bought for consumption at home and half historically has been bought for consumption away from home. So, clearly, the degree of lockdowns due to the pandemic weighs heavily on our away-from-home business. And particularly when all the lockdowns were clustered together in the second quarter of 2020 beginning in April, it had a significant impact in our away-from-home business.

Now as we look into the future, whilst we have regained in March our levels of 2019 volume, we continue to be subject to new lockdowns and expanded lockdowns around the world. And whilst, in North America, the vaccines are leading to a reopening and similarly in the UK and China, there are parts of Europe for example or even India, which are going into deeper lockdowns on the degree of growth in cases.

Having said that, we do see the world will eventually find a path back to reopening and that will allow us to reenergize our business in the on-premise. And we see that reenergized business coming through in a way in three phases, and we can see that starting to happen – happening in China, in Australia and even in the US where we see that what happens initially with the reopening in the first phase, you still have a heavy preponderance of work-from-home and low office occupancies. And so, what happens is the evening on-premise opens up, bars and restaurants and cafés. And so that bit of the business reactivates strongly firstly and we could see that in the US in March.

Then there's a second phase, as confidence grows and returns, then there's a return to the kind of the during the day ecosystem, whether that's going to the office for work, going to educational facilities, commuting. And once people get moving around then those on-premise channels that cater to people on the move commuting or lunchtimes, they start to reactivate.

And then there'll be a third phase, which is relatively low at the moment around the world, which is the big gatherings [indiscernible] (27:04) on-premises, whether that be movies, concerts, sporting events, amusement channel, these I think or international travel, I think these will be the last of our on-premise channels that will come back.

But however this plays out, however long it takes to get through those three phases around the world, we will continue to adapt our business to drive and look for growth opportunities within the context that we have to operate in and work on those things that we can control. And so, around the world, whether it's in Latin America with the small businesses helping them thrive or in Europe supporting particularly the fragmented trade, which had come under a lot of economic pressure, with business accelerator programs to help them reopen. Either way, we will be supporting retailers around the world help make the most of the reopening. And so, I think we're going to see a vibrant business bouncing back [indiscernible] (28:04) at some phased level.

Jennifer, the next question?

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**Jennifer Manning**

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

The next question is from [ph] Perry Blat (28:11). How can the board's goal of having the company's workforce mirror US census data be achieved while hiring the best candidate for vital positions regardless of race, color or other census-related factors?

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**James Quincey**

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

A

Yeah. Thanks for the question. Diversity, equity and inclusion have been at the heart of our values and our growth strategy and play an important role in the company's success. And creating not just a diverse, but an inclusive workplace is a strategic business priority because it fosters greater creativity, innovation and connection to the communities we serve. And we aspire to sell our products to everyone in the world. And so, we want our workforce to mirror that marketplace we serve, which is why we've set out some aspirational objectives for 2030 that we'd be 50% led by women globally and that we reflect the census data here in the US.

And I understand the question it would seem to be competing objectives to say I wanted to reach a certain degree of diversity and yet I still want to have the best person for each job. And the reality is they do compete somewhat and the business is used to having to deliver on somewhat competing objectives. When we look at the broad scorecard of all the things that we need to achieve in the business, one can fall into the question of saying, well, this one competes with that one, investing for revenue competes with the need for profit or investing to drive and maximize profits in the short term would stop us investing in important sustainability initiatives like reducing packaging waste.

The reality is we management our task. We must see the objectives that sustain the businesses and drive the business into growth in the future as a set of objectives that we must achieve and we will find the ways to do that so that we will be able to deliver on these parallel objectives. And so, we have a recruiting process that goes to more locations. We're trying to make sure we have a diverse applicant pool from which to source people, diverse panels in the recruiting process and make sure we have equity across our decisions.

And while we do have a focused aspiration, of course, we're not going to exclude candidates who are not from underrepresented groups. Our aspiration is to have the highest quality workforce and we believe that we can achieve this.

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**Jennifer Manning**

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

The next question is from [ph] Brian Morrison (31:07). Acknowledging that plastic pollution is a significant concern for a majority of US consumers and that plastic recycling is an ineffective solution, understanding that glass

bottles are iconic to our brand and aluminum is perfectly acceptable secondary packaging material, can you please speak to how we can eliminate our use of all single-use plastics regardless of material sourced within the decade of the 2020?

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**James Quincey**

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

A

Thank you for the question. Let me start by saying we recognize and share the growing global concern about plastic pollution, and we absolutely see our responsibility in help solving it, which was ultimately the driving force in establishing our World Without Waste goals in 2018 and our framework to accelerate progress.

And we built this strategy on three fundamental goals, which address your question head on, because this is about making sure there is no single-use packaging. But that does not mean moving away from any one type of packaging. It means making sure that it's part of a circular economy. And so, our goals are to make sure 100% of our primary packaging is recyclable by 2025 and we're almost there, that we use at least 50% recycled material in our packaging by 2030, and then we make sure we collect and recycle a bottle or a can for every one we sell by 2030, and that we partner regarding recycling rates, because this is the key. Almost all our packaging is recyclable. The technology to reuse recycled plastic, glass or aluminum absolutely exists today. The fundamental gap is in collecting the bottles. And so, we absolutely need to see this driven up.

Today, about 60% of our packages are collected or refilled. So, there's another 40% to go. And it is absolutely true that just as we can collect aluminum and glass, we can collect PET because all three of those materials have economic value and therefore they can be part of a circular economy. So, we've joined a number of alliances like the Plastics Pact network of local and regional initiatives. We bring together key stakeholders. Part of that is the US Plastics Pact to collaborate with municipal authorities to expand collection and recycling efforts.

On the other side of the equation, we've also committed to using less virgin plastic because as we capture more and recycle it, we can use less virgin plastic. And in 2025, we project that we're likely to use approximately 20% less virgin plastic than we do today.

Let me share some examples of how we look to do this. In Brazil, all our 2-liter bottles across the Trademark Coca-Cola, Fanta and [ph] Sprite (34:03) brands are sold in refillable universal bottles that are the same shape, size, and color, which increases collection efficiency, cleaning and filling. These reusable bottles are replacing 200 million regular bottles each year. In over 20 markets around the world, refillables make up more than half our sales today. And in 40 markets, refillables currently represent 25% or more.

In the US, we announced a series of 100% recycled PET innovations spanning our portfolio, including multiple brands and package sizes. Combined, these innovations will result in a 20% reduction in the use of new virgin plastic across our North American portfolio compared to 2018 and collectively reduce an estimated 10,000 metric tons of greenhouse gas [indiscernible] (34:53).

To that end, we hope and we know that you all want us to grow our business in the right way. And we absolutely believe that these packaging materials can all be part of a circular economy. And so, none of them will ultimately be single-use because they will all be collected and recycled.

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**Jennifer Manning**

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

The next question is from [ph] Tina Thomas (35:16). As I look at the company's board, some of the directors have been serving for a long time. What may be better to recruit some new directors who might offer a fresher perspective?

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**James Quincey**

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

A

Thanks for this question. I know a lot of investors are focused on board compensation and for good reason. We know that new perspectives and new ideas are critical to a forward-looking and strategic board. However, we think equally important is our ability to benefit from the valuable experience and familiarity that long-serving directors bring. So, we seek to maintain a balance of tenure, turnover, new perspectives and diversity. We want to ensure that the board is composed of directors who bring diverse points of view and perspectives plus a variety of relevant skills and backgrounds.

As I said earlier during our director elections, we have a great board. The members are knowledgeable. They are all highly capable and they represent our shareholders very well. We will continue to refresh our – evolve our board over time, and we know this has to be an ongoing process if we want to maintain a well-functioning board.

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**Jennifer Manning**

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

The next question is from [ph] Kevin Chua (36:33). Good morning. My name is [ph] Kevin Chua (36:36). I am a shareholder in Coca-Cola and I'm participating in this meeting on behalf of ShareAction, a responsible investment charity, and Bite Back 2030, a youth-led organization in the UK. The COVID-19 pandemic has emphasized the need to tackle obesity, which has emerged as a key risk factor in hospitalization and death. Regulators are now fast-tracking measures to reduce obesity, and demand for healthier products is increasing.

To remain competitive and reduce financial risks associated with further regulation, companies must shift their portfolio towards healthier products. It's encouraging that 45% of Coca-Cola's beverage portfolio and 29% of volume is low or no sugar. However, more effort is needed to increase sales of your healthier products. Coca-Cola spends around \$4 billion on advertising each year. Will you commit to dedicating next year's ad spend exclusively to healthier products? We welcome a meeting to discuss this further.

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**James Quincey**

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

A

Thanks for your question. Let me say, firstly, we'd be happy to engage with your organization. We certainly agree that too much sugar isn't good for anyone. And that's why we've been taking steps throughout the world to help people reduce the amount of sugar they consume per product. We've also found the role of our beverages and the intake of added sugar is very different by market and there is no one-size-fits-all strategy. Instead, there are a myriad of actions including strong local engagement addressing these challenges.

As an example of these efforts across the globe, we have 40 pledges that we've signed around the world on calorie reduction. To that end, we are also one of the few companies to publicly support the recommendation of leading health authorities that people should limit their intake of added sugar to no more than 10% of their total calorie consumption.

Through innovation, including recipe and packet size changes, we've removed 425,000 tons of sugar from our company's products on an annualized basis between 2017, 2018 and 2019. We removed 350,000 tons of sugar on an annualized basis. The European soft drink industry, UNESDA, announced in 2020 that the industry

collectively reduced added sugars in drinks across Europe by an average of 14.6% between 2015 and 2019, exceeding the 10% reduction commitment. In the UK, Public Health England's October 2020 report found that Coca-Cola Great Britain achieved a 24% reduction for our sparkling beverages as well as reductions in the juice and milk-based categories; and milk-based categories, where more than 50% of our portfolio meets the government guidelines.

Moreover, to keep pace with the evolving needs and taste of our consumers, we're staying focused on four key actions at the heart of our beverage strategy: reducing added sugar; providing more small package choices; offering a portfolio of drinks with nutrition and hydration benefits; and giving people the information they need to make informed decisions.

Along with the progress on sugar reduction, we are also looking at ways to make beverages that consumers want [indiscernible] (39:50) vitamins and essential micronutrients to make them more nutritious. A few examples, smartwater+ is a new line of premium wellness waters with unique ingredients and flavor extracts such as ginseng and green tea, dandelion and lemon and ashwagandha, an ancient herb, and tangerine. Another good example I'll share is Minute Maid Nutriforce in India, which is a ready-to-drink juice drink containing delicious blends of homegrown fruits from India with the added benefits of micronutrients. They also contain a blend of seven micronutrients like iron, zinc, vitamin B2, B12, folic acid, vitamin A and vitamin C, which are all essential nutrients for the healthy development of children.

Ultimately, we are reshaping our business and taking actions to change the recipes of our beverages to reduce added sugar, promote low and no calorie options, innovate and bring new drinks to the market, offer smaller portion sizes while marketing our beverages responsibly and providing consumers with easy to understand nutrition labeling.

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**Jennifer Manning**

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

The next question is from [ph] Robert Bellinger (41:03). Does the board have any comment on the videos of workers being asked to be less white? I find this type of trading offensive and racist by targeting a racial group and assuming stereotypes of race. Does the board plan to have a call to action to stop this type of training? Thank you.

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**James Quincey**

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

A

First, to be clear, this specific video you mentioned was not part of our training curriculum. But to your question, the content you referenced was accessible through a series of external links on our company training platform and did not align with our approach. I want to reiterate that the goal of our diverse training is to help build a better workplace, one that is respectful for all our associates. We certainly apologize to anyone who was offended by this content. We would simply never encourage anyone to be less of themselves. As we continue to evolve our training, we know we won't always get everything right. We've learned from the experience. I hope that answers your question.

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**Jennifer Manning**

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

The next question is from [ph] Rene Kelly (42:05). Our company has used the sponsorship of big sporting events like FIFA World Cup to promote sales and grow the business. But more and more, it seems like these kinds of events are connected to allegations about serious social concerns such as human trafficking and labor issues. Is

the right thing to do to continue sponsoring these big sporting events when they risk associating the company with these kinds of allegations?

**James Quincey**

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

A

First, we want to acknowledge that the world of sports has unique potential to unite and be a force for good. And we believe that through our partnerships and continued involvement with mega sporting events like FIFA, we can help foster optimism and unity while making a positive difference in the communities we serve.

We've also seen that progress can be achieved with commitments and collaboration across private and public sectors. FIFA is a testament to this as they've taken several positive steps to address past controversies. One such example involves Qatar's Supreme Committee for Delivery & Legacy, which is the organizing committee for the 2022 FIFA World Cup. They continue to work with the International Labor Organization to address many of the issues related to its workers. Qataris have also implemented a number of reforms to address many of the past allegations, including establishing non-discriminatory minimum wages for workers, allowing them to change or leave their jobs without employer consent. In addition, the Supreme Committee also signed a landmark MOU with a global trade union for construction workers, allowing them to conduct joint labor and accommodation inspections on World Cup stadiums.

While we're encouraged by these developments, we know we must continue to engage and find more ways to impact communities positively through our sponsorship and partnership with the FIFA World Cup. To achieve this, we will work with many individuals, organizations, sports groups, government officials and others to develop solutions and foster greater respect and unity. To that end, we believe the FIFA World Cup is a platform with a path to unite people all over the world, inspiring and celebrating the world's most popular sport, while creating memorable experiences for athletes and fans.

**Jennifer Manning**

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

The next question is from [ph] Ned Montag (44:25). The pandemic has caused some companies to adjust or even eliminate their dividends. Are you able to comment on what the company will be doing going forward?

**James Quincey**

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

A

Thank you. Firstly, let me say, we have a disciplined and consistent strategy to the way we use cash. We prioritize available cash in the following way: firstly, reinvesting in the business for sustainable growth; second, growing the dividend; third, consumer-centric M&A; and lastly, share repurchases. For us, starting point with all of this is having a clear picture of what the North Star is. That is emerging stronger and growing. Meaning, more share, more consumers and good system economics. Decisions around the right level investment as well as dividend coverage will be viewed through the context of this North Star. So, in this context, we will continue to prioritize investing in the business to drive long-term growth as well as supporting dividend growth for our shareholders.

You're ready for the next question, Jennifer?

**Jennifer Manning**

*Associate General Counsel & Corporate Secretary, The Coca-Cola Co.*

A

There do not appear to be any more questions.



## James Quincey

*Chairman & Chief Executive Officer, The Coca-Cola Co.*

Okay. Then that concludes our question-and-answer session. The polls are now closed. And I'd like to thank everyone who took time to participate virtually today. That concludes our shareholder meeting for this year. Thank you very much. Stay safe and have a great rest of your day.

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**Operator:** This concludes the meeting. You may now disconnect.

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