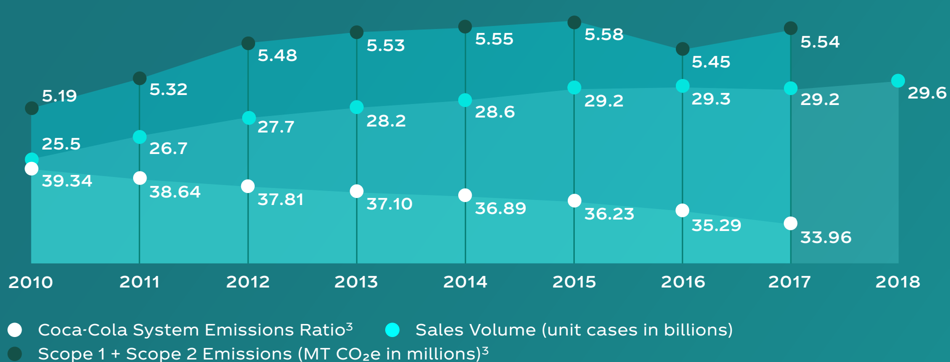
A Global Perspective on Climate Change

Climate change is already having an impact on our business at multiple points in our value chain, from our ingredient supply to product distribution, as well as creating water stress in some regions. The most recent Intergovernmental Panel on Climate Change report emphasizes the scale and urgency of this challenge,[1] and the recommendations provide specific guidance for businesses to assess the risks and opportunities of climate change.

With this perspective in mind, we are reviewing our relevant goals and impacts across our operations and our wider value chain. We will continue to evaluate and make changes in our operations and throughout the Coca-Cola system to reduce our carbon footprint, and work with partners and suppliers to help slow the warming trend and to increase our resilience as a business.

YEAR-OVER-YEAR GREENHOUSE GAS EMISSIONS VS. VOLUME GROWTH

As our product sales volume has gone up, our Scope 1 and 2 GHG emissions have gone down. We track our emissions per liter of product sold at a system level, expressed as a ratio (grams of CO_2 in relation to liters of product produced). This is an important performance metric as we continue to address our climate impacts.



See additional performance indicators in the Data Appendix.

1 IPCC Special Report October 2015. https://www.ipcc.ch/sr15/.
2 The calculation of progress toward our "drink in your hand" goal has been internally vetted using accepted and relevant scientific and technical methodologies, which are aligned with GHG Protocol scopes 1, 2 and 3. Due to the nature of our franchise bottling system, our manufacturing emissions are normally split between Scopes 1 and 2 for company-owned facilities and Scope 3 for bottling partner facilities. However, in our "drink in your hand" calculations, we consider the full Coca-Cola system (including franchise bottling partners) in the calculation of our manufacturing, distribution and refrigeration emissions.
3 2018 data not available as of April 24, 2019

GOAL

Reduce the carbon footprint of the "drink in your hand" by 25% by 2020 against a 2010 baseline.

PROGRESS

In 2018, it is estimated we reduced the CO_2 embedded in the Coca-Cola "drink in your hand" by 21% below 2010 levels.[2]

Our Climate Goal: Reducing Our Impact

We set a goal in 2013 to reduce the carbon footprint of the "drink in your hand" by 25% by 2020, when we brought several climate-related initiatives together to manage and improve our impacts.*

Estimated Share of Carbon Across Our Value Chain

INGREDIENTS
20–25%

PACKAGING
25–30%

MANUFACTURING
10–15%

DISTRIBUTION
5–10%

REFRIGERATION
30–35%

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Progress toward reducing the greenhouse gas emissions across our manufacturing processes, packaging formats, delivery fleet, refrigeration equipment and ingredient sourcing is measured toward our "drink in your hand" goal.

Our climate goal is an example of how the Coca-Cola system can work together for a greater impact. Our business units and bottling partners around the world have set reduction targets through 2020, and have been given the flexibility to look across our value chain to implement locally relevant programs designed to help meet their goals. To empower global managers to reach this goal, we have developed a Carbon Scenario Planner to assist in standardizing a forecast methodology for carbon in the system supply chain and to support regional target setting.

We have been working toward implementing a number of recommendations that emerged from the Carbon Scenario Planner, including reducing the GHG emissions of our distribution trucking fleet by introducing a mix of alternative fuels, including electricity, natural gas, diesel electric and biodiesel. Sustainable packaging and recycling—key drivers of our World Without Waste initiative (p. 21), along with sustainable sourcing (p. 30), are also important contributors to our "drink in your hand" progress during 2018.

Designing for Recycling, Solving for Climate

One of the ways we can reduce our carbon footprint is through the design of our packaging. For example, by switching to recycled materials in our PET packaging production we can reduce the carbon footprint of the production process by up to 60%. The design pillar of our World Without Waste initiative is an important part of our climate strategy, and we are making significant progress. And the percentage of recycled material in our packaging is growing. For example, for certain countries in Latin America, the percentages are now as follows:

- **42%** in Colombia
- **25%** in Costa Rica, Ecuador, El Salvador, Honduras, Nicaragua and Panama
- **11%** in Guatemala

This approach to designing recycled materials into our packaging, while building on the strong collection and conversion infrastructure that our system has financed over the past decade, will be critical to delivering on our climate goals and supporting a global shift to more climate-friendly practices.

The Coca-Cola Company Joins Climate Resilience Platform

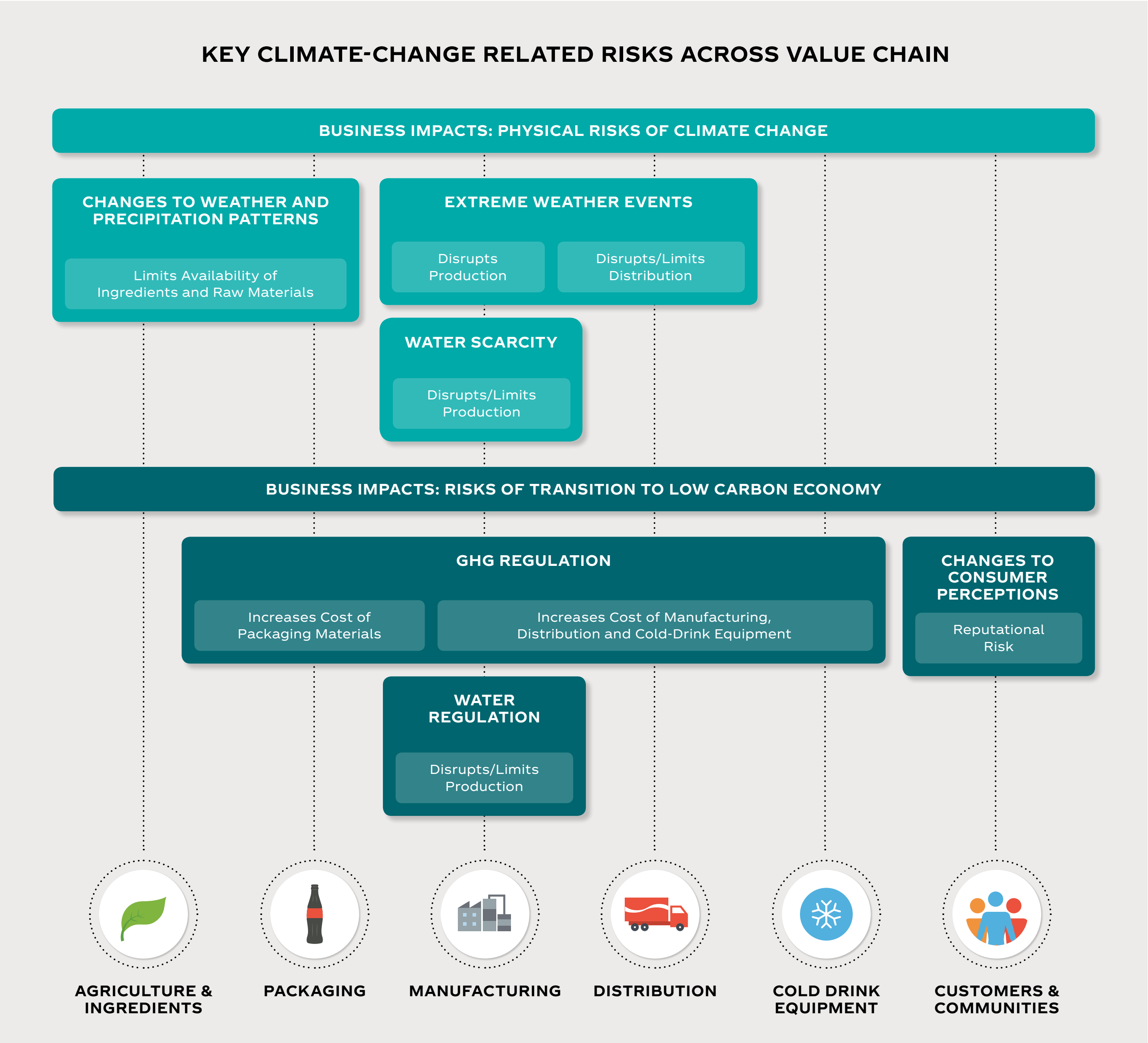
In September 2018, The Coca-Cola Company was pleased to announce our participation in the Climate-Resilient Value Chains Leaders Platform. This platform, led by Business for Social Responsibility (BSR), will enable company value chains and communities to thrive in the face of climate change and allow companies to learn from peers addressing climate risks. Data from CDP notes that 76% of suppliers reported climate risk as having the power to significantly alter their business, underscoring the importance of this collaborative resilience effort.

Through this initiative, we commit to the development of shared methodologies and approaches to embed climate resilience throughout our value chains, to assess physical climate risk and to build resilience for communities, farmers and workers.

Climate Resilience: Preparing Our Business

Thinking about things from a value chain standpoint is important in mitigating our own emissions. However, along with our efforts to reduce the impacts our business has in relation to climate change, we must also prepare to be resilient as operating conditions evolve. We think of resilience in two ways: (1) our capacity to recover from natural disasters such as hurricanes, droughts or floods, and (2) our ability to respond to the impacts of policy and market shifts brought about in response to climate change.

We are developing a strategy that will enable us to understand our risks and to seize opportunities to take action. To guide this process, we have mapped the potential risks across our entire value chain and on three dimensions: the effects of extreme weather events; the longer-term impacts of a changing climate; and potential changes to markets in which we operate. An overview of this assessment can be found **here**. This approach aligns with the recommendations put forward by the Taskforce on Climate-related Financial Disclosures (TCFD).*



* https://www.fsb-tcfd.org/about/#.