

The Coca-Cola Company (KO:US) – Climate Transition Analysis

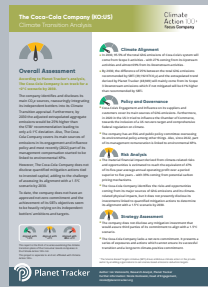
Questions for investors and lenders to ask management of companies concerning their 2030 scenario

Recommended Questions	
Q.1	<p>Will the company disclose the link between potential emissions reductions and required invested capital?</p> <p>Background: Without a direct link between investment required and mitigation initiatives, investors cannot determine if the company is on the right path to align with a 1.5°C scenario by 2030 (p.17 of Planet Tracker's report).</p>
Q.2	<p>Why is the company's latest approved SBTs (in 2019) aligned with a 2°C scenario instead of a 1.5°C scenario, lagging behind its competitors and its bottling partners?</p> <p>Background: This implies low ambition when it comes to climate transition. Since it does not have a Net Zero commitment, nor a roadmap, nor investment disclosures that support its ambitions, the company risks exposure in the next five years to potential Carbon Pricing Mechanisms which will represent 35% of the company's average annual Operating Profit 2017–2021 (pp.17-18).</p>
Q.3	<p>Is the company planning on releasing a Net Zero roadmap with updated SBTs?</p> <p>Background: Without knowing how the company achieved the current reduction in emissions, nor the investment allocated to control those emissions, Planet Tracker was unable to confirm the company's alignment with 1.5°C. The Coca-Cola Company is relying on its independent bottling partners to achieve Paris Aligned Climate Transition which raises questions about the reliability of such a strategy (p.19).</p>

Report's Key Takeaways

- The Coca-Cola Company includes its independent bottlers in its climate transition ambitions and disclosures, under 'The Coca-Cola System' denomination.
- The company's adjusted extrapolated aggregate emissions are projected to be 25% higher than the Science Based Targets initiative level recommendation by 2030.
- The company does not disclose quantified mitigation actions tied to invested capital or have an approved Net Zero commitment.
- The achievement of its SBTs objectives appears to rely heavily on its independent bottlers' ambitions and targets.

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