

Sustainability, Accountability and Ethics - Example and Questions for Group Work 1

WORK IN CLASS: FINANCIAL AND NON-FINANCIAL ANALYSIS OF A COMPANY

1ST STEP: Choosing a company...

- Pick a company that you really enjoy
- Make sure it is not from the financial industry
- Make sure it discloses a sustainability reporting or an integrated reporting
- Share with us your choice as soon as you make it (please, use the chat)
- Download and save the reports



2ND STEP: Looking at the external environment...

- Search the internet for recent news about your company (pick 2 or 3 news in the media that are recent milestones for your company)
- Search the website of your company and state the vision and mission of your company. If you can find, state also the strategy/strategic goals
- What are the main competitors?

3RD STEP: Looking at the strategy and business model...

- Go back to the report and read the CEO message – what do you get from it?
- Go further on the report and try to answer the following questions:
 - What is the main sector of activity?
 - What are the main products / services?
 - What are the main markets?
 - What is the business model?

4TH STEP: Looking at the financial statements...

- What was the recent evolution in sales, in results and in performance?
- About the financial performance of your company what measures (proxies) are disclosed?
- Compute for ROS, ROA, ROE, Financial leverage and Self-sustainable growth rate

5TH STEP: Looking at the non-financial data...

- What is the framework used? GRI,...
- Are the UN SDGs presented and the opportunities and risks explained?
- Are there any KPIs and targets?
- About stakeholder's engagement: Who are the main stakeholders? Is stakeholder's mapping presented? What are the material topics?

4TH STEP: Looking at the financial statements...

Financial
performance
measures

$$\text{ROS} = \frac{\text{Operating Profit}}{\text{Net Sales}}$$

where:

ROS = Return on sales

Operating Profit is calculated as earnings before interest, or EBIT.



$$\text{Asset Turnover} = \frac{\text{Total Sales}}{\frac{\text{Beginning Assets} + \text{Ending Assets}}{2}}$$

where:

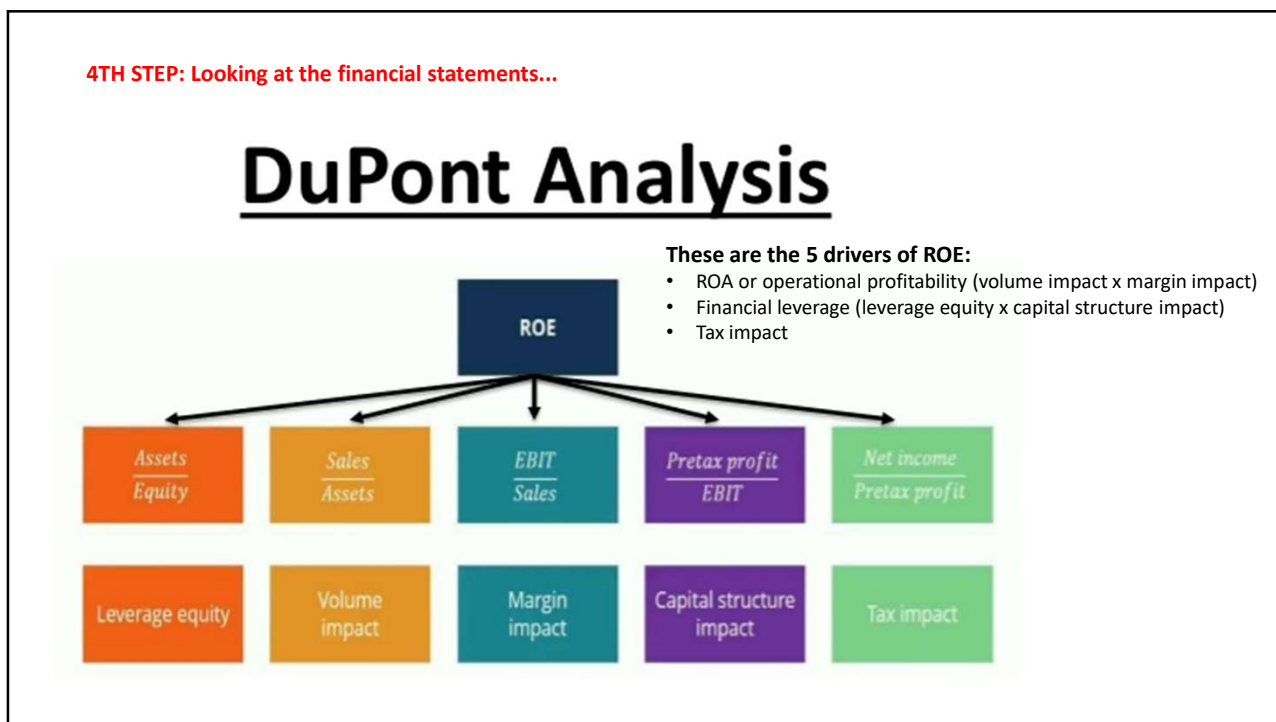
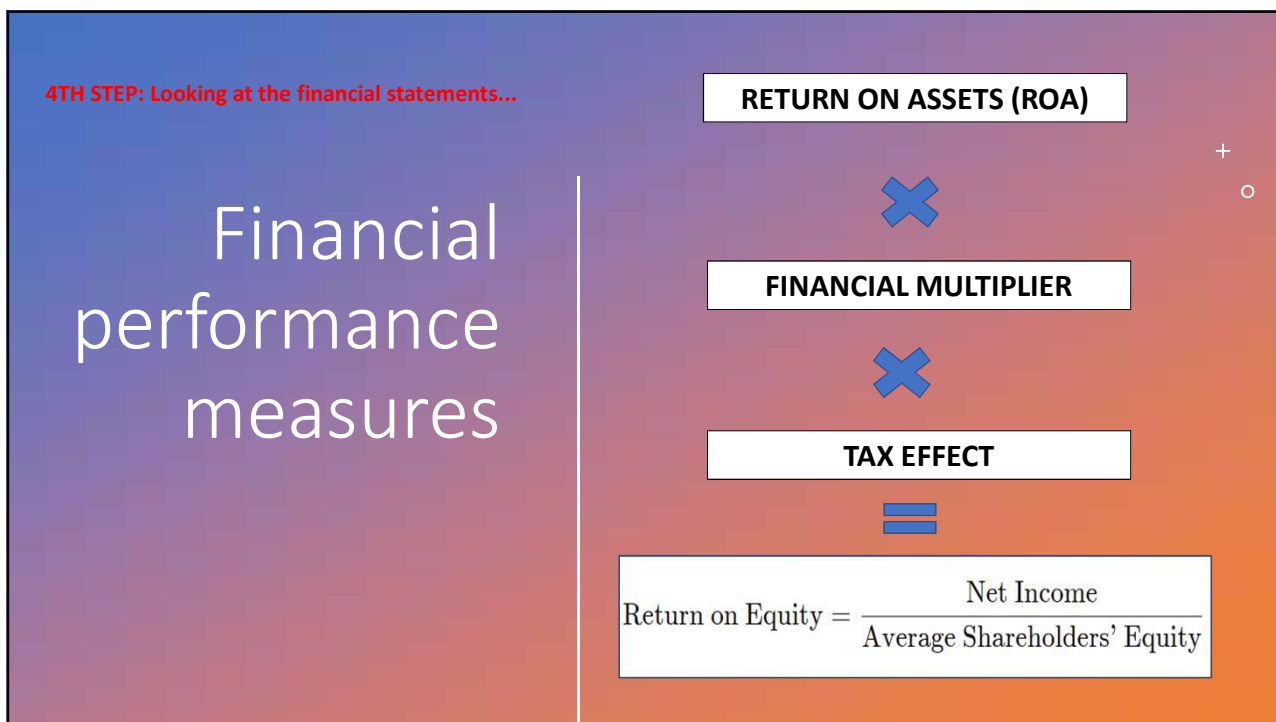
Total Sales = Annual sales total

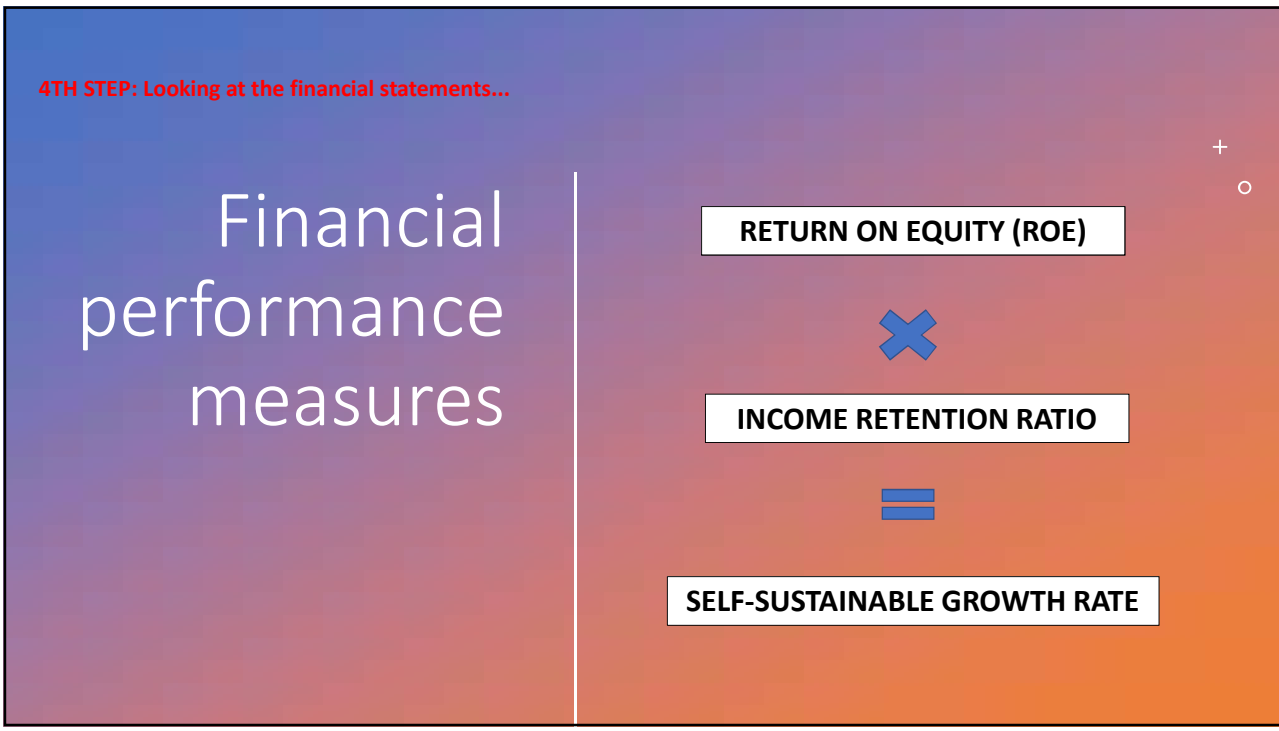
Beginning Assets = Assets at start of year

Ending Assets = Assets at end of year




RETURN ON ASSETS (ROA)





3RD STEP: Looking at the strategy and business model...


As a total beverage company, we have been creating shared opportunity through growth since 1886.




134 years
of Refreshing Consumers




Atlanta, GA
Global Headquarters




200+ countries and territories
where our products are sold




THE COCA-COLA SYSTEM




~225
Bottling Partners Worldwide



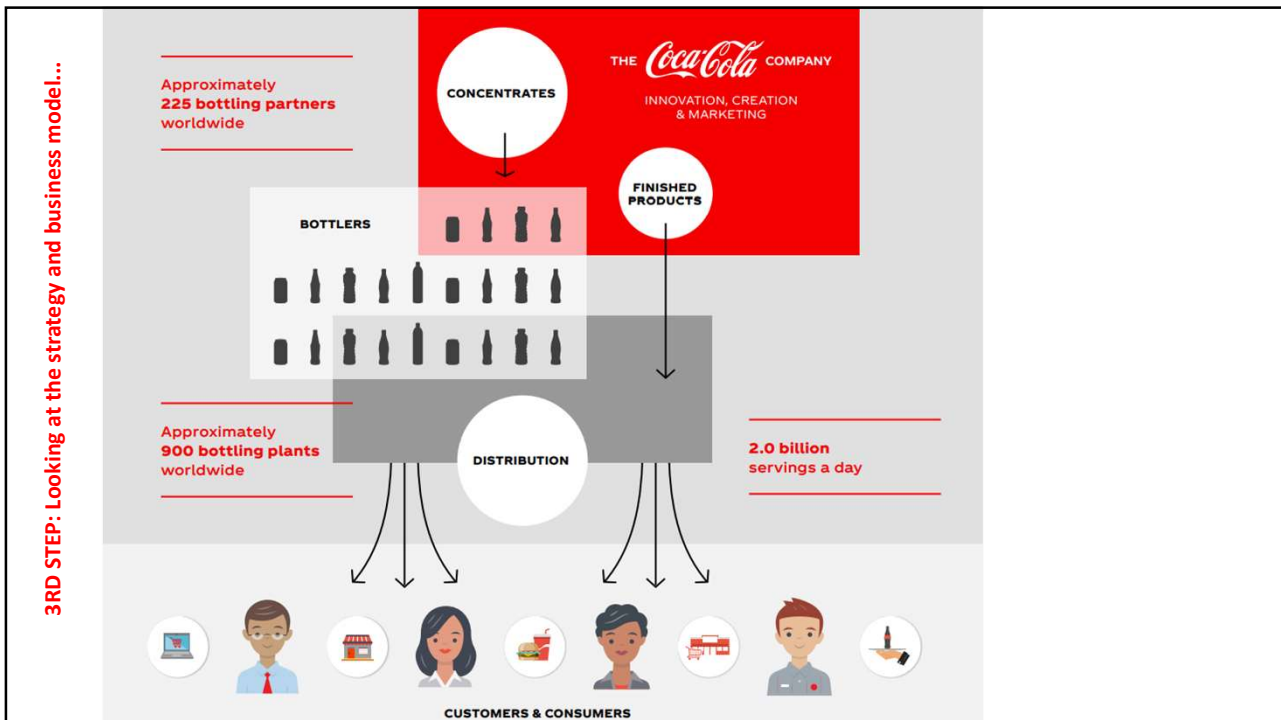
~900
Bottling Plants



700K+
Employed by the Company and Bottling Partners



~30M
Retail Customer Outlets



3RD STEP: Looking at the strategy and business model...

The CEO message

DONE SUSTAINABLY ✓

We know it's our responsibility to use our global scale for good.

- In 2019, we provided consumers more beverage choices with less sugar (reduce package sizes and provide clear nutrition information). We removed approximately 350,000 tons of added sugar on an annualized basis through approximately 275 product reformulations.
- We are making significant progress in our World Without Waste initiative. We now have 16 markets offering beverages packaged in 100% recycled PET bottles
- We made key investments, we teamed with industry partners and major competitors to launch the "Every Bottle Back" program. This includes a new \$100 million industry fund to help increase the amount of recycled plastic available to be remade into new beverage bottles.
- Aligned with the goals of the Paris Agreement... By 2030, we aim to reduce total GHG emissions across our full value chain by 25% below 2015 levels.



3RD STEP: Looking at the strategy and business model...

The CEO message

DONE SUSTAINABLY ✓

In 2019, we contributed nearly \$125 million to directly benefit 294 organizations across 129 countries and territories.

- We have empowered more than 4.6 million women and our 5by20 initiative is on track to reach its target of transforming the lives of 5 million women by the end of 2020.
- Diversity and inclusion are at the heart of our values. To emphasize our commitment to gender diversity, Coca-Cola joined Catalyst CEO Champions for Change, Leading Executives Advancing Diversity (LEAD) Network, United Nations Women and the CEO Action for Diversity and Inclusion.



4TH STEP: Looking at the financial statements...

PERFORMANCE/PORTFOLIO

Net Operating Revenues
(2019, as Reported)

\$37.3B

Market Capitalization
(As of 12/31/2019)

\$236.9B

500+
Brands

4,700+
Products



VOLUME GROWTH

Total Company Unit Cases
(in Billions)



2019 GLOBAL UNIT CASE VOLUME BY REGION

2%

Global Ventures

18%

North America

27%

Latin America

29%

Europe, Middle East & Africa

24%

Asia Pacific



DIVERSIFYING REVENUE



4TH STEP: Looking at the financial statements...



Year Ended December 31,	2017	2018	2019
<small>(In millions except per share data)</small>			
Summary of Operations¹			
Net operating revenues	\$ 36,212	\$ 34,300	\$ 37,266
Consolidated net income	1,283	6,476	8,985
Net income attributable to shareowners of The Coca-Cola Company	1,248	6,434	8,920
Per Share Data			
Basic net income	\$ 0.29	\$ 1.51	\$ 2.09
Diluted net income	0.29	1.50	2.07
Cash dividends	1.48	1.56	1.60
Balance Sheet Data			
Total assets	\$ 87,896	\$ 83,216	\$ 86,381
Long-term debt	31,202	25,376	27,516

5TH STEP: Looking at the non-financial data...

OUR SUSTAINABLE BUSINESS PRIORITIES



REDUCING ADDED SUGAR

We're growing our business while reducing added sugar and providing consumers with more choices.



WORLD WITHOUT WASTE

We believe a World Without Waste is possible by recycling our packages and packaging material, as well as delivering our beverages through new, virtually package-less solutions.



WATER LEADERSHIP

We strive to replenish water back to nature and communities, improve efficiency and treat wastewater to high standards.



PEOPLE & COMMUNITIES

We aim to improve people's lives and create a better shared future for our communities and planet.



CLIMATE

We look for ways to reduce our carbon footprint across the Coca-Cola value chain while helping our business and the communities we serve adapt to the realities of climate change.



See also: [Coca-Cola's Sustainability History | The Coca-Cola Company \(coca-colacompany.com\)](https://www.coca-colacompany.com/sustainability)

5TH STEP: Looking at the non-financial data...



Frameworks

[2019 Reporting Framework Indexes \(coca-colacompany.com\)](https://www.coca-colacompany.com)

We index the contents of The Coca-Cola Company’s 2019 Business & Sustainability Report to several important reporting frameworks and standards: the **Global Reporting Initiative (GRI)** Sustainability Reporting Standards, the **Task Force on Climate-related Financial Disclosures (TCFD)**, the **United Nations Global Compact (UNGC)** and the **United Nations Guiding Principles Reporting Framework (UNGPRF)**.

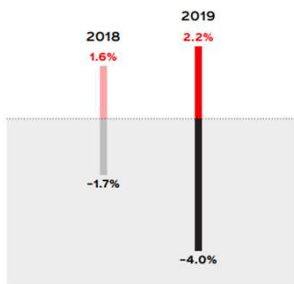
- CDP water response [2020-cdp-water-response.pdf \(coca-colacompany.com\)](https://www.coca-colacompany.com)
- CDP climate response [2019-cdp-climate-change-response.pdf \(coca-colacompany.com\)](https://www.coca-colacompany.com)
- World without waste report
- Sustainable ingredients policy
- Water Replenishment projects
- Carbon Accounting Manual
- Animal Health and Welfare Guiding Principles
- Commitment to the UN Global Compact

Source: [Company Policies, Practices & Reports | The Coca-Cola Company \(coca-colacompany.com\)](https://www.coca-colacompany.com)

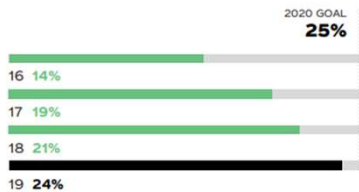
5TH STEP: Looking at the non-financial data...



■ UNIT CASE VOLUME GROWTH
■ AVERAGE SUGAR PER 100 ML



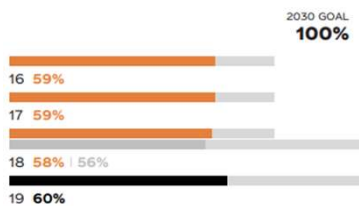
Estimated percentage reduction of the carbon footprint of the “drink in your hand” since 2010²



COLLECT

Collect and recycle a bottle or can for each one we sell by 2030.

Percentage of bottles and cans we refilled or helped recover equivalent to what we introduced into the marketplace¹



DESIGN

Make 100% of our packaging recyclable globally by 2025—and use at least 50% recycled material in our packaging by 2030.

88%

of our packaging recyclable globally²

10%

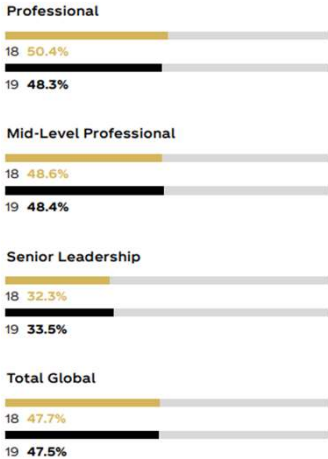
recycled material in PET plastic packaging globally

5TH STEP: Looking at the non-financial data...

Gender balance and giving back to community



GLOBAL FEMALE EMPLOYEES BY LEVEL AT THE COCA-COLA COMPANY

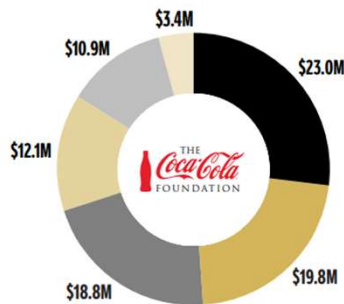


2019 Foundation Contributions by Community Priority

- WATER AND ENVIRONMENT 27%
- EDUCATION AND YOUTH DEVELOPMENT 22%
- RECYCLING 21%
- COMMUNITY WELL-BEING 14%
- WOMEN'S EMPOWERMENT 12%
- DISASTER RELIEF AND HUMANITARIAN AID 4%

\$88M

1.3%
of operating income invested back into local communities from The Coca-Cola Company and The Coca-Cola Foundation



5TH STEP: Looking at the non-financial data...

MANAGING WATER IN OUR OPERATIONS AND SUPPLY CHAIN
Mitigation Strategy



WATER LEADERSHIP

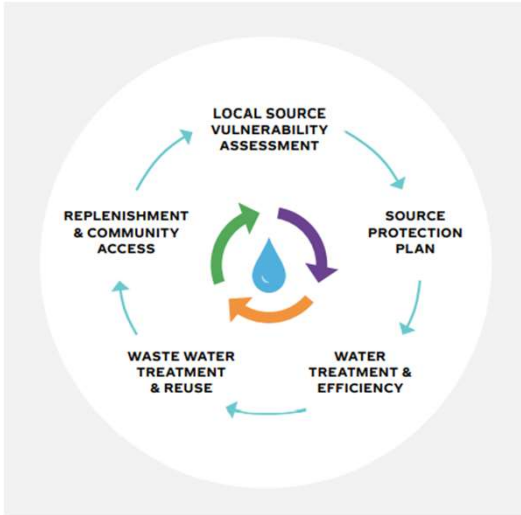
Water used, sales volume growth, water use ratio and water replenished over time



5TH STEP: Looking at the non-financial data...



MANAGING WATER IN OUR OPERATIONS AND SUPPLY CHAIN
Mitigation Strategy



AGRICULTURE & INGREDIENTS	PACKAGING	MANUFACTURING	DISTRIBUTION	COLD DRINK EQUIPMENT	CUSTOMERS & COMMUNITIES
ESTIMATED SHARE OF CARBON EMISSIONS					
20%-25%	25%-30%	10%-15%	5%-10%	30%-35%	
BUSINESS IMPACTS PHYSICAL RISKS OF CLIMATE CHANGE					
CHANGES TO WEATHER AND PRECIPITATION PATTERNS LIMITS AVAILABILITY OF INGREDIENTS AND RAW MATERIALS		EXTREME WEATHER EVENTS DISRUPTS PRODUCTION / DISRUPTS/LIMITS PRODUCTION			
		WATER SCARCITY DISRUPTS/LIMITS PRODUCTION			
BUSINESS IMPACTS RISKS OF TRANSITION TO LOW CARBON ECONOMY					
GHG REGULATIONS INCREASES COST OF PACKAGING MATERIALS / INCREASES COST OF MANUFACTURING, DISTRIBUTION AND COLD DRINK EQUIPMENT					CHANGES TO CONSUMER PERCEPTIONS REPUTATIONAL RISK
		WATER REGULATION DISRUPTS/LIMITS PRODUCTION			

Risks and Impacts Aligned with Recommendations of the Taskforce on Climate-related Financial Disclosures
@ climate resilience strategy

