

The Coca-Cola Company: Tax Policy

This policy has been published in compliance with the duty imposed under paragraph 16(2) of Schedule 19 to the Finance Act 2016.

1. Introduction

The Coca-Cola Company, together with its subsidiaries and affiliates (collectively “the Company”), comprises the world’s largest beverage company owning or licensing and marketing more than 500 non-alcoholic beverage brands. The Company makes its branded beverage products available to consumers throughout the world through independent bottlers, distributors, wholesalers and retailers, as well as through Company-owned or controlled bottling and distribution operations. Finished beverage products bearing the Company’s trademarks are sold in more than 200 countries. Our general operating model has been in place since the early 20th century and has been operating in the same manner since that time.

At The Coca-Cola Company, our approach to taxes is central to assuring global tax compliance with all applicable laws and in fulfilling the Company’s fiduciary responsibilities to our shareholders. In addition, our approach to taxes is important to the Company’s goal of achieving sustainable development for the long term as a business, as a sector and as a global corporate citizen.

2. Tax in our Annual Report (Form 10-K)

The Coca-Cola Company consolidated financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (US GAAP). As a publicly traded company, our financial statements are audited by a “Big 4” accounting firm and filed publicly in the United States.

The Company’s business activities around the world incur a substantial amount and variety of business taxes. We pay corporate taxes, customs duties, excise taxes, stamp duties, employment and many other business taxes. In addition, we collect and pay employee taxes and indirect taxes such as excise duties and Value Added

Tax. The taxes we pay and collect represent a significant part of our economic contribution to the countries in which we operate.

There are a number of reasons why the corporate tax cash payments in a particular year will be different from the corporate tax expense in the financial statements, including timing differences and deferred taxes.

We provide extensive information on taxes in our annual report, Form 10-K. The tax disclosures in our Form 10-K (see pages 41-42 and Note 14 on pages 119-123 of The Coca-Cola Company [Form 2016 10-K](#)) summarize in aggregate the significant components of corporate income tax expense for the periods presented.

3. Tax Function Responsibilities and Organization

The Coca-Cola Company's Tax team is part of our Finance Function, which reports to the Chief Financial Officer. The Chief Financial Officer has responsibility for ensuring compliance with the Company's tax policy. Day-to-day responsibility for ensuring compliance is delegated to the Vice President (VP) of Tax.

The VP of Tax is responsible for managing the Company's Tax function globally and leads a senior team with specific geographic and technical responsibilities. The Coca-Cola Company provides training and supports all members of the tax team to ensure the team has the skills, knowledge and technical expertise to ensure compliance with the Company's tax objectives. These tax team members include qualified tax professionals who are members (and in some cases executive members) of independent professional institutes, each personally subject to rigorous ethical and technical standards. The Coca-Cola Company relies on in-house resources, and seeks advice from external advisors on material transactions and whenever the necessary expertise is not available in-house.

4. Tax Governance and Risk Management

The Coca-Cola Company owns many global brands, but the broader system, encompassing local bottlers, is also proud of our local roots and strong legacy of giving back and supporting local community initiatives around the world that are aligned with the Company's core priorities and values. The Coca-Cola Company is committed to giving back 1 percent of its prior year's operating income annually to

philanthropic causes. This commitment is made through The Coca-Cola Foundation as well as company donations. In 2015, The Coca-Cola Company and The Coca-Cola Foundation gave back more than \$117 million to directly benefit nearly 300 organizations across more than 70 countries and territories.¹

We are committed to being an ethical and responsible business, and good corporate citizen, and have been recognized externally for this by a number of independent third parties, including FTSE4Good, UN Global Compact and 100 Best Corporate Citizens.

The Company's [Code of Business Conduct](#)² addresses our responsibilities to the Company and its investors, customers, suppliers, consumers, and governments and defines how employees should conduct themselves as representatives and ambassadors of the Company. All employees of the Company are expected to understand the Code of Business Conduct and are expected to comply with the Code in addition to all applicable government laws, rules and regulations. The Company's approach to taxation is grounded in these values, the principles of which are reflected in our Code of Business Conduct.

In addition to reporting directly to the Chief Financial Officer of the Company, tax regularly presents to the Finance Committee of the Board of Directors on the Company's tax status providing annual updates on significant tax matters including the Company's effective tax rate. In addition, tax periodically presents to the Audit Committee of the Board of Directors as well. These presentations include discussions of factors that impact our effective tax rate including the world-wide economy, tax reform, fluctuations in currency, and the tax impact on amounts to be repatriated to the U.S.

The Coca-Cola Company maintains robust internal policies, procedures, training and compliance to support its tax control framework and manage risk. Our governance structure in place ensures that tax decisions are taken at the appropriate level and ensures that there is alignment across our business. The Company's Delegation of Authority (DOA) specifies the Board of Directors and management approval requirements and approval process for both material, and non-material, commitments made on behalf of the Company. Tax has its own section of the DOA and is also an approver for many other sections to ensure that Tax and business strategies are aligned and properly recorded. This includes the tax department being

involved in changes in corporate structure, all business acquisitions and divestitures and business transactions.

The Company has robust internal control procedures and processes in place, including quarterly formal certification procedures. These procedures help identify, evaluate, monitor and report tax issues and risks. These internal control procedures and processes are subject to regular reviews, internal audits and self-assessments programs. In addition to the control procedures mentioned above, The Coca-Cola Company follows Sarbanes-Oxley 404 (SOX) requirements with our major income tax and indirect tax processes.

5. Tax Planning and Level of Risk

The Company complies with all tax rules and regulations, including the OECD's transfer pricing guidelines on a worldwide basis. The Tax department advises the business on the tax consequences of transactions so that the business may structure its affairs in the manner that supports the business' commercial and economic activity. The Company does not engage in artificial tax arrangements. The Company seeks to minimize the risk of uncertainty or disputes. If a significant transaction occurs that may give rise to different interpretations, the Company generally tends to proactively seek advice from expert advisors in order to determine the best interpretation. In addition, the Company often chooses to disclose such a transaction to the relevant tax authorities in the form of an official request for interpretation or a disclosure in our annual tax return.

The Coca-Cola Company supports the OECD initiative tax reform work on Base Erosion and Profit Shifting (BEPS) and we look forward to the reports from the first year of compliance. The Company understands the need for more transparency by both taxpayers and tax administrators, and the need to mitigate the risk of multiple taxation and non-taxation of the same income, and supports the implementation of international tax reform in a coherent and coordinated way so that there is a level playing field. The Company applies the arm's length standard to ensure the parties to intercompany transactions are appropriately remunerated similar to the situation as if they were unrelated parties, and adheres to the arm's-length standard.

As a result of employment actions and capital investments made by the Company, certain tax jurisdictions provide income tax incentive grants. The Company is

committed to apply these grants in the manner intended as set out in the local country's laws.

Relationship with Taxing Authorities

We seek to develop open and mutually respectful relationships with governments and fiscal authorities based on transparency and trust. We work collaboratively wherever, and whenever, possible with fiscal authorities to resolve disputes and to achieve early agreement and certainty. We engage with governments on the development of tax laws either directly or through trade associations and other similar bodies as appropriate.

In the U.K., the Company adopts an open, professional and transparent relationship at all times with Her Majesty's Revenue and Customs (HMRC). The Company engages in full, open and early dialogue with HMRC in relation to tax planning, compliance, strategy, risks and significant transactions. The Company is committed to making full and accurate disclosures in tax returns and in correspondence with HMRC. The Company seeks to co-operate with HMRC at all times and to deal with issues in a timely and collaborative manner. Should genuine differences of opinion occur on the application of tax law, the Company will always seek to resolve such an issue with HMRC through open dialogue and with reference to the relevant legislation and tax law.

¹ <http://www.coca-colacompany.com/our-company/the-coca-cola-foundation>

² <http://www.coca-colacompany.com/investors/code-of-business-conduct>