Risk Factors Comparison 2024-02-09 to 2023-02-09 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

The following risks, some of which have occurred and any of which may occur in the future, can have a material adverse effect on our business or financial performance, which in turn can affect the price of our publicly traded securities. These are not the only risks we face. There may be other risks we are not currently aware of or that we currently deem not to be material but that may become material in the future. Business Risks Risks associated with the deadly conflict in Ukraine The deadly conflict in Ukraine ~~has~~ **and related sanctions have** continued to result in worldwide geopolitical and macroeconomic uncertainty ~~and certain of our operations in Ukraine remain suspended~~ . The conflict has resulted and could continue to result in volatile commodity markets, supply chain disruptions, increased risk of cyber incidents or other disruptions to our information systems, reputational risk, heightened risks to employee safety, business disruptions (including labor shortages), significant volatility of the Russian ruble, limitations on access to credit markets and other corporate banking services, including working capital facilities, reduced availability and increased costs for transportation, energy, packaging and raw materials and other input costs, environmental, health and safety risks related to securing and maintaining facilities, additional sanctions, export controls and other legislation or regulations (including restrictions on the transfer of funds to and from Russia). The ongoing conflict could result in the temporary or permanent loss of assets **, including the nationalization** or **expropriation of assets,** result in additional impairment charges **or significantly affect our ability to manage our operations in these markets which could result in the deconsolidation of such businesses** . We cannot predict how and the extent to which the conflict will continue to affect our employees, operations, customers, consumers or business partners or our ability to achieve certain of our sustainability goals. The conflict has adversely affected and could continue to adversely affect demand for our products and our global business. Reduction in future demand for our products would adversely affect our business. Demand for our products depends in part on our ability to innovate and anticipate and effectively respond to shifts in consumer trends and preferences, including the types of products our consumers want and how they browse for, purchase and consume them. Consumer preferences continuously evolve due to a variety of factors, including: changes in consumer demographics, consumption patterns **, diet (whether due to changes in consumer behavior and eating habits, the use of weight- loss drugs or other factors)** and channel preferences (including continued increases in the e- commerce and online- to- offline channels); pricing; product quality; concerns or perceptions regarding packaging and its environmental impact (such as single- use and other plastic packaging); and concerns or perceptions regarding the nutrition profile and health effects of, or location of origin of, ingredients or substances in our products or packaging, including due to the results of third- party studies (whether or not scientifically valid). Concerns with any of the foregoing could lead consumers to reduce or publicly boycott the purchase or consumption of our products. Pandemics, epidemics or other disease outbreaks, such as COVID- 19, **and geopolitical events, wars and other military conflicts** have also impacted and could continue to impact consumer preferences and demand for our products. Consumer preferences are also influenced by perception of our brand image or the brand images of our products, the success of our advertising and marketing campaigns, our ability to engage with our consumers in the manner they prefer, including through the use of digital media or assets, and the perception of our use ~~, the use~~ of social media and our response to political and social issues **, geopolitical events, wars and other military conflicts** or catastrophic events. These and other factors have reduced ~~in the past~~ and could continue to reduce consumers' willingness to purchase certain of our products **, including as a result of public boycotts** . Any inability on our part to anticipate or react to changes in consumer preferences and trends, or make the right strategic investments to do so, including investments in data analytics to understand consumer trends, can lead to reduced demand for our products, lead to inventory write- offs or erode our competitive and financial position, thereby adversely affecting our business. In addition, our business operations, including our supply chain, are subject to disruption by **geopolitical events, wars and other military conflicts,** natural disasters, pandemics, epidemics or other events beyond our control that could negatively impact product availability and decrease demand for our products if our crisis management plans do not effectively mitigate these issues. Damage to our reputation or brand image can adversely affect our business. Maintaining a positive reputation globally is critical to selling our products. Our reputation or brand image has in the past been, and could in the future be, adversely impacted by a variety of factors, including: any failure by us ~~or~~ **,** our business partners **, or other actors in the supply chain** to maintain high ethical, business and environmental, social and governance practices, including with respect to human rights, child labor ~~laws~~ , diversity, equity and inclusion, workplace conditions and employee health and safety; any failure, or perception of a failure, to achieve our environmental, social and governance **goals, or any negative perception toward such** goals, including with respect to the nutrition profile of our products, diversity, equity and inclusion initiatives, packaging, water use and our impact on the environment; any failure to address health or other concerns about our products, products we distribute (including alcoholic beverages), or particular ingredients in our products, including concerns regarding whether certain of our products contribute to obesity **and other health conditions** or an increase in public health costs; our research and development efforts; any product quality or safety issues, including the recall of any of our products; any failure to comply with laws and regulations; consumer perception of our advertising campaigns, sponsorship arrangements, marketing programs, use of social media and our response to political and social issues **, geopolitical events, wars and other military conflicts** or catastrophic events; or any failure to effectively respond to negative or inaccurate comments about us on social media or otherwise regarding any of the foregoing. Damage to our reputation or brand image has in the past and could in the future decrease demand for our products, thereby adversely affecting our business. Product recalls or other issues or concerns with respect to product quality and safety can adversely affect our business. We have **recalled,** and could in the future recall **,** products due to product quality or safety issues, including actual or alleged mislabeling, misbranding, spoilage, undeclared allergens, adulteration or contamination. Joint ventures in which we have an interest have also recalled, and could in the future recall, products for the same or other reasons. Product recalls **, including the voluntary recall of certain bars and cereals in our QFNA division (Quaker Recall),** have in the past and could in the future adversely affect our business by resulting in losses due to their cost, the destruction of product inventory **, customer fines and returns** or lost sales due to any unavailability of the product for a period of time. In addition, product quality or safety issues ~~, whether as a result of failure to comply with food safety laws or otherwise,~~ have in the past and could in the future also reduce consumer confidence and demand for our products, cause production and delivery disruptions, **including as a result of temporary or permanent closure of manufacturing plants or facilities,** and result in increased costs (including payment of fines and / or judgments **, cleaning and remediation costs and legal fees, and costs associated with alternative sources of production**) and damage our reputation (or the reputation of joint ventures in which we have an interest), particularly as we or our joint ventures continue to expand into new categories, ~~such as the distribution of alcoholic beverages,~~ all of which can adversely affect our business. **Any perception or allegation (whether or not valid) of** ~~Failure~~ **failure** to maintain adequate oversight over product quality or safety can result in product recalls, litigation, government investigations or inquiries or civil or criminal proceedings, all of which may result in fines, penalties, damages or criminal liability. Our business can also be adversely affected if consumers lose confidence in product quality, safety and integrity generally, even if such loss of confidence is unrelated to products in our portfolio. **In addition, while we currently maintain insurance coverage that, subject to its terms and conditions, is intended to address costs associated with certain aspects of product recalls, this insurance coverage may not, depending on the specific facts and circumstances surrounding an incident, cover all losses or all types of claims that arise from an incident, or the damage to our reputation or brands that may result from an incident.** Any inability to compete effectively can adversely affect our business. Our products compete against products of international beverage and convenient food companies that, like us, operate in multiple geographies, as well as regional, local and private label and economy brand manufacturers and other competitors, including smaller companies developing and selling micro brands directly to consumers through e- commerce platforms or through retailers focused on locally sourced products. In many countries in which our products are sold, including the United States, The Coca- Cola Company is our primary beverage competitor. Our products compete primarily on the basis of brand recognition and loyalty, taste, price, value, quality, product variety, innovation, distribution **, shelf space** , advertising, marketing and promotional activity, packaging, convenience, service and the ability to anticipate and effectively respond to consumer preferences and trends. Our business can be adversely affected if we are unable to effectively promote or develop our existing products or introduce and effectively market new products, if we are unable to effectively adopt new technologies, including artificial intelligence and data analytics to develop new commercial insights and improve operating efficiencies, if we are unable to continuously strengthen and evolve our capabilities in digital marketing, if our competitors spend more aggressively **or effectively** than we do or if we are otherwise unable to effectively respond to supply disruptions, pricing pressure (including as a result of commodity inflation) or otherwise compete effectively, and we may be unable to grow or maintain sales or category share or we may need to increase capital, marketing or other expenditures. Failure to attract, develop and maintain a highly skilled and diverse workforce or effectively manage changes in our workforce can have an adverse effect on our business. Our business requires that we attract, develop and maintain a highly skilled and diverse workforce. Our employees are highly sought after by our competitors and other companies and our continued ability to compete effectively depends on our ability to attract, retain, develop and motivate highly skilled personnel for all areas of our organization. Our ability to do so has been and may continue to be impacted by challenges in the labor market, which has experienced and may continue to experience wage inflation, labor shortages, increased employee turnover, changes in availability of our workforce and ~~a shift toward remote~~ **changing worker expectations regarding flexible** work **models** . Any unplanned turnover, sustained labor shortage or unsuccessful implementation of our succession plans to backfill current leadership positions, including the Chief Executive Officer, or failure to attract, develop and maintain a highly skilled and diverse workforce, including with key capabilities such as e- commerce and digital marketing and data analytic skills, can deplete our institutional knowledge base, erode our competitive advantage or result in increased costs due to increased competition for employees, higher employee turnover or increased employee benefit costs. In addition, failure to attract, retain and develop associates from underrepresented communities can damage our business results and our reputation. Any of the foregoing can adversely affect our business. Water scarcity can adversely affect our business. We and our business partners use water in the manufacturing of our products. Water is also essential to the production of the raw materials needed in our manufacturing process. Lack of available water of acceptable quality, actions by governmental and non- governmental organizations, investors, customers and consumers on water scarcity and increasing pressure to conserve and replenish water in areas of scarcity and stress, including due to the effects of climate change, can lead to: supply chain disruption; adverse effects on our operations or the operations of our business partners; higher compliance costs; increased capital expenditures (including investments in the development of technologies to enhance water efficiency and reduce consumption); higher production costs, including less favorable pricing for water; the interruption or cessation of operations at, or relocation of, our facilities or the facilities of our business partners; failure to achieve our goals relating to water use; perception of our failure to act responsibly with respect to water use or to effectively respond to legal or regulatory requirements concerning water scarcity; or damage to our reputation, any of which can adversely affect our business. Changes in the retail landscape or in sales to any key customer can adversely affect our business. The retail landscape continues to evolve, including continued growth in e- commerce channels and hard discounters. Our business will be adversely affected if we are unable to maintain and develop successful relationships with e- commerce retailers and hard discounters, while also maintaining relationships with our key customers operating in traditional retail channels (many of whom are also focused on increasing their e- commerce sales). Our business can be adversely affected if e- commerce channels and hard discounters take significant additional market share away from traditional retailers or we fail to find ways to create increasingly better digital tools and capabilities for our retail customers to enable them to grow their businesses. In addition, our business can be adversely affected if we are unable to profitably expand our own direct- to- consumer e- commerce capabilities. The retail industry is also impacted by **the actions and increasing power of retailers, including as a result of** increased consolidation of ownership ~~and purchasing power, particularly in North America, Europe and Latin America,~~ resulting in large retailers or buying groups with increased purchasing power, **particularly in North America, Europe and Latin America. In this changing retail landscape, retailers and buying groups have impacted and may continue to** ~~impacting~~ --- **impact** our ability to compete in these ~~areas~~ **jurisdictions by demanding lower prices or increased promotional programs, removing our products or otherwise reducing shelf space allocated to our products** . **The increasing power of retailers and** ~~Consolidation~~ **consolidation** also adversely impacts our smaller customers' ability to compete effectively, resulting in an inability on their part to pay for our products or reduced or canceled orders of our products. Further, we must maintain mutually beneficial relationships with our key customers, including Walmart, to compete effectively. ~~Any~~ **Our** inability to resolve a significant dispute with any of our key customers, a change in the business condition (financial or otherwise) of any of our key customers, even if unrelated to us, a significant reduction in sales to any key customer, or the loss of any of our key customers **has adversely affected and** can **continue to** adversely affect our business. Disruption of our manufacturing operations or supply chain, including continued increased commodity, packaging, transportation, labor and other input costs, can adversely affect our business. We have experienced and could continue to experience disruption in our manufacturing operations and supply chain. Many of the raw materials and supplies used in the production of our products are sourced from countries experiencing **war and other military conflict, acts of terrorism,** civil unrest, political instability or unfavorable economic conditions **. Natural disasters and extreme weather conditions also pose physical risks to our facilities, which could impair our production capabilities and disrupt our supply chain** . Some raw materials and supplies, including packaging materials, are available only from a limited number of suppliers or from a sole supplier or are in short supply when seasonal demand is at its peak. There can be no assurance that we will be able to maintain favorable arrangements and relationships with suppliers or that our contingency plans will be effective to mitigate disruptions that may arise from shortages or discontinuation of any raw materials and other supplies that we use in the manufacture, production and distribution of our products or from operational or financial instability of our key suppliers. Any sustained or significant disruption in the future to the manufacturing or sourcing of products or materials could increase our costs and interrupt product supply, which can adversely impact our business. The raw materials and other supplies, including agricultural commodities, fuel and packaging materials, such as recycled PET, transportation, labor and other supply chain inputs that we use for the manufacturing, production and distribution of our products are subject to price volatility and fluctuations in availability caused by many factors, including changes in supply and demand, supplier capacity constraints, inflation, weather conditions (including potential effects of climate change), fire, natural disasters, disease or pests (including the impact of greening disease on the citrus industry), agricultural uncertainty, health epidemics or pandemics or other contagious outbreaks (including COVID- 19), labor shortages or changes in availability of our or our business partners' workforce (including the lack of availability of truck drivers ~~or~~ as a result of COVID- 19), strikes or work stoppages (including by railway workers or other third parties involved in the manufacture, production and distribution of our products), governmental incentives and controls (including import / export restrictions, such as new or increased tariffs, sanctions, quotas or trade barriers), port congestions or delays, transport capacity constraints, cybersecurity incidents or other disruptions, loss or impairment of key manufacturing sites, political uncertainties **, geopolitical events, wars and other military conflicts** , acts of terrorism, governmental instability or currency exchange rates. Many of our raw materials and supplies are purchased in the open market and the prices we pay for such items are subject to fluctuation. We **continued to** ~~experienced~~ - **experience increased** ~~higher than anticipated~~ commodity, packaging and transportation costs during ~~2022~~ **2023** , which may continue. When input prices increase unexpectedly or significantly, we may be unwilling or unable to increase our product prices or unable to effectively hedge against price increases to offset these increased costs without suffering reduced volume, revenue, margins and operating results. Political ~~and~~ **,** social **and geopolitical** conditions can adversely affect our business. Political ~~and~~ **,** social **and geopolitical** conditions in the markets in which our products are sold have been and could continue to be difficult to predict, resulting in adverse effects on our business. The results of elections, referendums or other political conditions (including government shutdowns ~~or hostilities between countries~~ **), geopolitical events, wars and other military conflicts (such as the ongoing conflicts in Ukraine and the Middle East**) in these markets have in the past and could continue to impact how existing laws, regulations and government programs or policies are implemented or result in uncertainty as to how such laws, regulations, programs or policies may change, including with respect to tariffs, sanctions, environmental and climate change regulations, taxes, benefit programs, the movement of goods, services and people between countries, relationships between countries, customer or consumer perception of a particular country or its government and other matters, and has resulted in and could continue to result in exchange rate fluctuation, volatility in global stock markets and global economic uncertainty or adversely affect demand for our products, any of which can adversely affect our business. In addition, political and social conditions in certain cities throughout the **United States** ~~U. S.~~ as well as globally have resulted in demonstrations and protests, including in connection with political elections ~~and~~ **,** civil rights and liberties **and geopolitical events** . Our operations or the operations of our business partners, including the distribution of our products and the ingredients or other raw materials used in the production of our products, may be disrupted if such events persist for a prolonged period of time, including due to actions taken by governmental authorities in affected cities and regions, which can adversely affect our business. Our business can be adversely affected if we are unable to grow in developing and emerging markets. Our success depends in part on our ability to grow our business in developing and emerging markets, including **Brazil, China,** Mexico, **Russia and** ~~the Middle East, China,~~ South Africa ~~, Brazil and India~~ . There can be no assurance that our products will be accepted or be successful in any particular developing or emerging market, due to competition, price, cultural differences, consumer preferences, **regulation,** method of distribution or otherwise. Our business in these markets has been and could continue in the future to be impacted by economic, political and social conditions; **geopolitical conflicts,** acts of war, terrorist acts, and civil unrest, including demonstrations and protests; competition; tariffs, sanctions or other regulations restricting contact with certain countries in these markets; foreign ownership restrictions; nationalization of our assets or the assets of our business partners; government- mandated closure, or threatened closure, of our operations or the operations of our business partners; restrictions on the import or export of our products or ingredients or substances used in our products; highly inflationary economies; devaluation or fluctuation or demonetization of currency; regulations on the transfer of funds to and from foreign countries, currency controls or other currency exchange restrictions, which result in significant cash balances in foreign countries, from time to time, or can significantly affect our ability to effectively manage our operations in certain of these markets and can result in the deconsolidation of such businesses; the lack of well- established or reliable legal systems; increased costs of doing business due to compliance with complex foreign and U. S. laws and regulations that apply to our international operations, including the Foreign Corrupt Practices Act, the U. K. Bribery Act and the Trade Sanctions Reform and Export Enhancement Act; and adverse consequences, such as the assessment of fines or penalties, for any failure to comply with laws and regulations. Our business can be adversely affected if we are unable to expand our business in developing and emerging markets, effectively operate, or manage the risks associated with operating, in these markets, or achieve the return on capital we expect from our investments in these markets. Changes in economic conditions can adversely impact our business. Many of the jurisdictions in which our products are sold have experienced and could continue to experience uncertain or unfavorable economic conditions, such as high inflation and adverse changes in interest rates, tax laws or tax rates, ~~which~~ **including as a result of geopolitical events. These uncertain or unfavorable economic conditions have resulted in and** could **continue to** result in recessions or economic slowdowns; volatile commodity markets; labor shortages; highly inflationary economies, devaluation, fluctuation or demonetization of currency; contraction in the availability of credit; austerity or stimulus measures; the effects of any default by or deterioration in the creditworthiness of the countries in which our products are sold; or a decrease in the fair value of pension or post- retirement assets that could increase future employee benefit costs and / or funding requirements of our pension or post- retirement plans. In addition, we cannot predict how current or future economic conditions will affect our business partners, including financial institutions with whom we do business, and any negative impact on any of the foregoing may also have an adverse impact on our business. Future cyber incidents and other disruptions to our information systems can adversely affect our business. We depend on information systems and technology, including public websites and cloud- based services, for many activities important to our business, including communications within our company, interfacing with customers and consumers; ordering and managing inventory; managing and operating our facilities; protecting confidential information, including personal data we collect; maintaining accurate financial records and complying with regulatory, financial reporting, legal and tax requirements. Our business has in the past and could in the future be negatively affected by system shutdowns, degraded systems performance, systems disruptions or security incidents. These disruptions or incidents may be caused by cyberattacks and other cyber incidents, network or power outages, software, equipment or telecommunications failures, the unintentional or malicious actions of employees or contractors, natural disasters, fires or other catastrophic events. In addition, the increase in certain of our employees working remotely has resulted in increased demand on our information technology infrastructure, which can be subject to failure, disruption or unavailability, and increased vulnerability to cyberattacks and other cyber incidents. Cyberattacks and other cyber incidents are occurring more frequently, the techniques used to gain access to information technology systems and data, disable or degrade service or sabotage systems are constantly evolving and becoming more sophisticated in nature and are being carried out by groups and individuals with a wide range of expertise and motives. **In addition, the rapid evolution and increased adoption of artificial intelligence technologies may increase our cybersecurity risks, including generative artificial intelligence augmenting threat actors' technological sophistication to enhance existing or create new malware.** Cyberattacks and cyber incidents may be difficult to detect for periods of time and take many forms including cyber extortion, denial of service, social engineering, introduction of viruses or malware (such as ransomware), exploiting vulnerabilities in hardware, software or other infrastructure, hacking, website defacement or theft of passwords and other credentials, unauthorized use of computing resources for digital currency mining and business email compromise. As with other global companies, we are regularly subject to cyberattacks and other cyber incidents, including the types of attacks and incidents described above **. Continued geopolitical instability has heightened the risk of cyberattacks** . If we do not allocate and effectively manage the resources necessary to continue building and maintaining our information technology infrastructure, or if we fail to timely identify or appropriately respond to cyberattacks or other cyber incidents, our business has been and can continue to be adversely affected, which has resulted in and can continue to result in some or all of the following: transaction errors, processing inefficiencies, inability to access our data or systems, lost revenues or other costs resulting from disruptions or shutdowns of offices, plants, warehouses, distribution centers or other facilities, intellectual property or other data loss, litigation, claims, legal or regulatory proceedings, inquiries or investigations, fines or penalties, remediation costs, damage to our reputation or a negative impact on employee morale and the loss of current or potential customers. In addition, these risks also exist in acquired businesses, joint ventures or companies we invest in or partner with that use separate information systems or that have not yet been fully integrated into our information systems. Similar risks exist with respect to our business partners and third- party providers, including suppliers, software and cloud- based service providers, that we rely upon for aspects of ~~our~~ **various business processes and activities, including procurement, supply chain, manufacturing, distribution,** information technology support services and administrative functions ~~,~~ **(** including payroll processing, health and benefit plan administration and certain finance and accounting functions ~~,~~ **)** and the systems managed, hosted, provided and / or used by such third parties and their vendors. For example, malicious actors have employed and could continue to employ the information technology supply chain to introduce malware through software updates or compromised supplier accounts or hardware **and exploit known or unknown hardware or software vulnerabilities in our systems or the systems of our vendors and third- party service providers** . The need to coordinate with various third- party service providers, including with respect to timely notification and access to personnel and information concerning an incident, may complicate our efforts to address issues that arise. As a result, we are subject to the risk that the activities associated with our third- party service providers can adversely affect our business even if the attack or breach does not directly impact our systems or information. Although the cyber incidents and other systems disruptions that we have experienced to date have not had a material effect on our business, such incidents or disruptions could have a material adverse effect on us in the future. While **we believe** we devote significant resources to network security, disaster recovery, employee training and other measures to secure our information technology systems and prevent unauthorized access to or loss of data, there are no guarantees that they will be adequate to safeguard against all cyber incidents, systems disruptions, system compromises or misuses of data. In addition, while we currently maintain insurance coverage that, subject to its terms and conditions, is intended to address costs associated with certain aspects of cyber incidents and information systems failures, this insurance coverage may not, depending on the specific facts and circumstances surrounding an incident, cover all losses or all types of claims that arise from an incident, or the damage to our reputation or brands that may result from an incident. Failure to successfully complete or manage strategic transactions can adversely affect our business. We regularly review our portfolio of businesses and evaluate potential acquisitions, joint ventures, distribution agreements, divestitures, refranchisings and other strategic transactions. The success of these transactions is dependent upon, among other things, our ability to realize the full extent of the expected returns, benefits, cost savings or synergies as a result of a transaction, within the anticipated time frame, or at all; and receipt of necessary consents, clearances and approvals. Risks associated with strategic transactions include integrating manufacturing, distribution, sales, accounting, financial reporting and administrative support activities and information technology systems with our company or difficulties separating such personnel, activities and systems in connection with divestitures; operating through new business models or in new categories or territories; motivating, recruiting and retaining executives and key employees; conforming controls (including internal control over financial reporting, disclosure controls and procedures and data protection and cybersecurity) and policies (including with respect to environmental compliance, health and safety compliance and compliance with anti- bribery laws); retaining existing customers and consumers and attracting new customers and consumers; managing tax costs or inefficiencies; maintaining good relations with divested or refranchised businesses in our supply or sales chain; inability to offset loss of revenue associated with divested brands or businesses; **recognition of impairment charges in connection with potential divestitures;** managing the impact of business decisions or other actions or omissions of our joint venture partners that may have different interests than we do; and other unanticipated problems or liabilities, such as contingent liabilities and litigation. Strategic transactions that are not successfully completed or managed effectively, or our failure to effectively manage the risks associated with such transactions, have in the past and could continue to result in adverse effects on our business. Our reliance on third- party service providers and enterprise- wide systems can have an adverse effect on our business. We rely on third- party service providers, including **software and** cloud data service providers, for certain areas of our business, including **procurement, supply chain, manufacturing, distribution, information technology support services and administrative functions (such as** payroll processing, health and benefit plan administration and certain finance and accounting functions **)** . Failure by these third parties to meet their contractual, regulatory and other obligations to us, or our failure to adequately monitor their performance, has in the past and could continue to result in our inability to achieve the expected cost savings or efficiencies and result in additional costs to correct errors made by such service providers. Depending on the function involved, such errors can also lead to business disruption, systems performance degradation, processing inefficiencies or other systems disruptions, the loss of or damage to intellectual property or sensitive data through security breaches or otherwise, incorrect or adverse effects on financial reporting, litigation, claims, legal or regulatory proceedings, inquiries or investigations, fines or penalties, remediation costs, damage to our reputation or have a negative impact on employee morale, all of which can adversely affect our business. In addition, we continue on our multi- year phased business transformation initiative to migrate certain of our systems, including our financial processing systems, to enterprise- wide systems solutions and have **deployed** ~~begun to roll out~~ these systems in certain countries and divisions. We have experienced and could continue to experience systems outages and operating inefficiencies following these planned implementations. In addition, if we do not allocate and effectively manage the resources necessary to build and sustain the proper information technology infrastructure, or if we fail to achieve the expected benefits from this initiative, our business could be adversely affected. Climate change or measures to address climate change **and other sustainability matters** can negatively affect our business or damage our reputation. Climate change may increase the frequency or severity of natural disasters and other extreme weather conditions ~~(~~ **,** including rising temperatures and drought ~~), which~~ **. Natural disasters and extreme weather conditions** could pose physical risks to our facilities, impair our production capabilities, disrupt our supply chain or impact demand for our products. **In addition,** ~~Climate~~ **climate** change **or other weather- related disruptions to our supply chain** may also have a negative effect on agricultural production resulting in decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as potatoes, sugar cane, corn, wheat, rice, oats, oranges and other commodities. Also, there is an increased focus in many jurisdictions in which our products are made, manufactured, distributed or sold regarding environmental policies relating to climate change, **biodiversity loss, deforestation,** regulating greenhouse gas emissions, energy policies and sustainability, including single- use plastics. This increased focus may result in new or increased legal and regulatory requirements, such as potential carbon pricing programs or revised product labeling requirements or other regulatory measures, which could, along with initiatives to meet our sustainability goals, continue to result in significant increased costs and require additional investments in facilities and equipment. As a result, the effects of climate change can negatively affect our business and operations. In addition, ~~any~~ **working toward achieving our sustainability goals will require significant effort and resources from us and other stakeholders, such as our suppliers and other third parties, governmental entities, and the development of technology that may not currently exist or exist at scale. Lack of progress or** failure to ~~achieve or~~ properly report on our goals with respect to reducing our impact on the environment or perception of a failure to act responsibly with respect to the environment or to effectively respond to regulatory requirements concerning climate change **and other sustainability matters, including the use of single- use plastics,** can lead to adverse publicity, which could result in reduced demand for our products, damage to our reputation or increase the risk of litigation **, regulatory proceedings, inquiries or investigations** . Any of the foregoing can adversely affect our business. Strikes or work stoppages can cause our business to suffer. Many of our employees and employees of third parties that are involved in the manufacturing, production or distribution of our products are covered by collective bargaining agreements, and other employees may seek to be covered by collective bargaining agreements. Strikes or work stoppages or other business interruptions have occurred and may occur in the future if we or the third parties that are involved in the manufacturing, production and distribution of our products are unable to renew, or enter into new, collective bargaining agreements on satisfactory terms and can impair manufacturing and distribution of our products, interrupt product supply, lead to a loss of sales, increase our costs or otherwise affect our ability to fully implement future operational changes to enhance our efficiency or to adapt to changing business needs or strategy, all of which can adversely affect our business. Financial Risks Failure to realize benefits from our productivity initiatives can adversely affect our financial performance. Our future growth depends, in part, on our ability to continue to reduce costs and improve efficiencies, including our multi- year phased implementation of shared business service organizational models. We continue to identify and implement productivity initiatives that we believe will position our business for long- term sustainable growth by allowing us to achieve a lower cost structure, improve decision- making and operate more efficiently. Some of these measures result in unintended consequences, such as business disruptions, distraction of management and employees, reduced morale and productivity, unexpected employee attrition, an inability to attract or retain key personnel and negative publicity. If we are unable to successfully implement our productivity initiatives as planned or do not achieve expected savings as a result of these initiatives, we may not realize all or any of the anticipated benefits, resulting in adverse effects on our financial performance. A deterioration in our estimates and underlying assumptions regarding the future performance of our business **or investments** can result in ~~an~~ impairment ~~charge~~ **charges** that ~~can~~ adversely affect our results of operations. We conduct impairment tests on our goodwill and other indefinite- lived intangible assets annually or more frequently if circumstances indicate that impairment may have occurred. In addition, amortizable intangible assets **, equity method investments, equity investments without readily determinable fair values, investments in available- for- sale debt securities** , property, plant and equipment and other long- lived assets are evaluated for impairment upon a significant change in the operating or macroeconomic environment. **Our equity method investees also perform similar impairment tests and we record our proportionate share of impairment charges recorded by them, adjusted for the impact of items such as basis differences and deferred taxes, as appropriate.** A deterioration in our underlying assumptions **, or those of our equity method investees,** regarding the impact of competitive operating conditions **, geopolitical conditions (including the ongoing conflicts in Ukraine and the Middle East)** , macroeconomic conditions, including the interest rate environment, or other factors used to estimate the future performance of any of our reporting units or assets, including any deterioration in the weighted- average cost of capital based on market data available at the time, **as well as our ability to hold the investment until recovery of fair value to amortized cost for available- for- sale debt securities,** have resulted and could in the future result in an impairment charge, thereby adversely affecting our results of operations. Fluctuations in exchange rates impact our financial performance. Because our consolidated financial statements are presented in U. S. dollars, the financial statements of our subsidiaries outside the United States, where the functional currency is other than the U. S. dollar, are translated into U. S. dollars. Given our global operations, we also pay for the ingredients, raw materials and commodities used in our business in numerous currencies. Fluctuations in exchange rates, including as a result of inflation, central bank monetary policies, currency controls or other currency exchange restrictions **or geopolitical instability** have had, and could continue to have, an adverse impact on our financial performance. Our borrowing costs and access to capital and credit markets can be adversely affected by a downgrade or potential downgrade of our credit ratings. Rating agencies routinely evaluate us and their ratings are based on a number of factors, including our cash generating capability, levels of indebtedness, policies with respect to shareholder distributions and our financial strength generally, as well as factors beyond our control, such as the state of the economy and our industry. We expect to maintain Tier 1 commercial paper access, which we believe will facilitate appropriate financial flexibility and ready access to global credit markets at favorable interest rates. Any downgrade or announcement that we are under review for a potential downgrade of our credit ratings, especially any downgrade to below investment grade, can increase our future borrowing costs, impair our ability to access capital and credit markets on terms commercially acceptable to us or at all, result in a reduction in our liquidity, or impair our ability to access the commercial paper market with the same flexibility that we have experienced historically (and therefore require us to rely more heavily on more expensive types of debt financing), all of which can adversely affect our financial performance. Legal, Tax and Regulatory Risks Taxes aimed at our products can adversely affect our business or financial performance. Certain jurisdictions in which our products are sold have either imposed, or are considering imposing, new or increased taxes on the manufacture, distribution or sale of certain of our products, particularly our beverages, as a result of ingredients contained in our products. These taxes vary in scope and form: some apply to all beverages, including non- caloric beverages, while others apply only to beverages with a caloric sweetener (e. g., sugar). Similarly, some measures apply a single tax rate per ounce / liter on beverages containing over a certain amount of added sugar (or other sweetener), some apply a graduated tax rate depending upon the amount of added sugar (or other sweetener) in the beverage and others apply a flat tax rate on beverages containing any amount of added sugar (or other sweetener). For example, ~~Italy~~ **Romania** enacted a ~~flat~~ **graduated** tax on all **non- alcoholic** ~~beverages, including zero calorie~~ beverages, effective January 1, ~~2023~~ **2024** , at a rate of ~~EUR 10 cent~~ **0. 4 Romanian Leu** (0. ~~11~~ **09** U. S. dollars) per liter **for drinks with a sugar content between 5- 8g per 100ml and 0. 6 Romanian Leu (0. 13 U. S. dollars) per liter for drinks with a sugar content between above 8g per 100ml** . These tax measures, whatever their scope or form, have in the past and could continue to increase the cost of certain of our products, reduce overall consumption of our products or lead to negative publicity, resulting in an adverse effect on our business and financial performance. Limitations on the marketing or sale of our products can adversely affect our business and financial performance. Certain jurisdictions in which our products are sold have either imposed, or are considering imposing, limitations on the marketing or sale of our products as a result of ingredients or substances in our products **or product packaging** . These limitations require that we highlight perceived concerns about a product **or product packaging** , warn consumers to avoid consumption of certain ingredients or substances present in our products, restrict the age of consumers to whom products are marketed or sold ~~or~~ **,** limit the location in which our products may be available **or discontinue the use of certain ingredients or packaging** . For example, **Colombia** ~~Brazil and Canada~~ enacted warning labeling requirements **effective** in ~~2022~~ **2023** to indicate whether a particular pre- packaged food ~~or beverage~~ product **contains any amount of sweeteners or** is considered to be high in **added** sugar, sodium ~~or~~ **,** saturated **fat or trans-** fat. Certain jurisdictions have imposed or are considering imposing color- coded labeling requirements where colors such as red, yellow and green are used to indicate various levels of a particular ingredient, such as sugar, sodium or saturated fat, in products. The imposition or proposed imposition of additional limitations on the marketing or sale of our products has in the past **reduced** and could continue to reduce overall consumption of our products, lead to negative publicity or leave consumers with the perception that our products do not meet their health and wellness needs, resulting in an adverse effect on our business and financial performance. Laws and regulations related to the use or disposal of plastics or other packaging materials can adversely affect our business and financial performance. We rely on diverse packaging solutions to safely deliver products to our customers and consumers. Certain of our products are sold in packaging designed to be recyclable, commercially compostable, biodegradable or reusable. However, not all packaging is recovered, whether due to lack of infrastructure **, improper disposal** or otherwise, and certain of our packaging is not currently recyclable, commercially compostable, biodegradable or reusable. Packaging waste not properly disposed of that displays one or more of our brands has in the past resulted in and could continue to result in negative publicity, litigation, government **investigations or other** action or reduced consumer demand for our products, adversely affecting our financial performance. Many jurisdictions in which our products are sold have imposed or are considering imposing laws, regulations or policies intended to encourage the use of sustainable packaging, waste reduction ~~or~~ **,** increased recycling rates **or decreased use of single- use plastics** or to restrict the sale of products utilizing certain packaging. These laws, regulations and policies vary in form and scope and include extended producer responsibility policies, plastic or packaging taxes, **minimum recycled content requirements,** restrictions on certain products and materials, requirements for bottle caps to be tethered to bottles, restrictions or bans on the use of certain types of packaging, including single- use plastics and packaging containing PFAS, restrictions on labeling related to recyclability ~~and~~ **,** requirements to charge deposit fees **and requirements to scale reusable or refillable packaging** . For example, the European Union, Peru **, South Africa** and certain states in the United States, among other jurisdictions, have imposed a minimum recycled content requirement for beverage bottle packaging and similar legislation is under consideration in other jurisdictions. These laws and regulations have in the past **increased** and could continue to increase the cost of our products, impact demand for our products, result in negative publicity and require us and our business partners, including our independent bottlers, to increase capital expenditures to invest in reducing the amount of virgin plastic or other materials used in our packaging, to develop alternative packaging or to revise product labeling, all of which can adversely affect our business and financial performance. Failure to comply with personal data protection and privacy laws can adversely affect our business. We are subject to a variety of continuously evolving and developing laws and regulations in numerous jurisdictions regarding personal data protection and privacy laws. These laws and regulations may be interpreted and applied differently from country to country or, within the United States, from state to state, and can create inconsistent or conflicting requirements. Our efforts to comply with these laws and regulations, including the California Consumer Privacy Act, which was significantly modified by the California Privacy Rights Act, as well as ~~new~~ comprehensive privacy legislation ~~passed~~ in Virginia, Colorado, Utah and Connecticut **that became effective in 2023** , as well as the European Union ~~'~~**'** s General Data Protection Regulation **(GDPR), the U. K. General Data Protection Regulation (which implements the GDPR into U. K. law)** and China ~~'~~**'** s Personal Information Protection Act, impose significant costs and challenges that are likely to continue to increase over time, particularly as additional jurisdictions continue to adopt similar regulations. Failure to comply with these laws and regulations or to otherwise protect personal data from unauthorized access, use or other processing, have in the past and could in the future result in litigation, claims, legal or regulatory proceedings, inquiries or investigations, damage to our reputation, fines or penalties, all of which can adversely affect our business. Increases in income tax rates, changes in income tax laws or disagreements with tax authorities can adversely affect our financial performance. Increases in income tax rates or other changes in tax laws, including changes in how existing tax laws are interpreted or enforced, can adversely affect our financial performance. For example, economic and political conditions in countries where we are subject to taxes, including the United States, have in the past and could continue to result in significant changes in tax legislation or regulation. For example, numerous countries have agreed to a statement in support of the Organization for Economic Co- operation and Development model **(OECD)** rules that propose a partial global profit reallocation and a global minimum tax rate of 15 % ~~and~~ **. Certain countries, including** European Union member states **,** have ~~recently agreed~~ **enacted or are expected** to ~~implement~~ **enact legislation incorporating** the global minimum tax **with effect as early as 2024 and widespread implementation of a global minimum tax is expected by 2025** . **As** ~~There can be no assurance that other~~ -- **the** ~~individual~~ **legislation becomes effective in** countries ~~will adopt these changes~~ **in which we do business** , ~~or~~ **our taxes could increase and negatively impact** ~~that once adopted by any country, that these changes will not have adverse effects on~~ our ~~financial performance~~ **provision for income taxes** . This increasingly complex global tax environment has in the past and could continue to increase tax uncertainty, resulting in higher compliance costs and adverse effects on our financial performance. We are also subject to regular reviews, examinations and audits by numerous taxing authorities with respect to income and non- income based taxes. Economic and political pressures to increase tax revenues in jurisdictions in which we operate, or the adoption of new or reformed tax legislation or regulation, has made and could continue to make resolving tax disputes more difficult and the final resolution of tax audits and any related litigation can differ from our historical provisions and accruals, resulting in an adverse effect on our financial performance. If we are unable to adequately protect our intellectual property rights, or if we are found to infringe on the intellectual property rights of others, our business can be adversely affected. We possess intellectual property rights that are important to our business, including ingredient formulas, trademarks, copyrights, patents, business processes and other trade secrets. The laws of various jurisdictions in which we operate have differing levels of protection of intellectual property. Our competitive position and the value of our products and brands can be reduced and our business adversely affected if we fail to obtain or adequately protect our intellectual property, including our ingredient formulas, or if there is a change in law that limits or removes the current legal protections afforded our intellectual property. Also, in the course of developing new products or improving the quality of existing products, we have in the past been alleged to have infringed, and could in the future infringe or be alleged to infringe, on the intellectual property rights of others. Such infringement or allegations of infringement could result in expensive litigation and damages, damage to our reputation, disruption to our operations, injunctions against development, manufacturing, use and / or sale of certain products, inventory write- offs or other limitations on our ability to introduce new products or improve the quality of existing products, resulting in an adverse effect on our business. Failure to comply with laws and regulations applicable to our business can adversely affect our business. The conduct of our business is subject to numerous laws and regulations relating to the production, storage, distribution, sale, display, advertising, marketing, labeling, content (including whether a product contains genetically engineered ingredients), quality, safety, transportation, **supply chain,** traceability, sourcing (including pesticide use), packaging, disposal, recycling and use of our products or raw materials, employment and occupational health and safety, environmental, social and governance matters and reporting (including climate change) **, machine learning and artificial intelligence** and data privacy and protection. In addition, in many jurisdictions, compliance with competition and antitrust laws is of special importance to us due to our competitive position, as is compliance with anti- corruption laws. The imposition of new laws, changes in laws or regulatory requirements or changing interpretations thereof, changes in the enforcement priorities of regulators, and differing or competing regulations and standards across the markets where our products or raw materials are made, manufactured, distributed or sold, have in the past and could continue to result in higher compliance costs, capital expenditures and higher production costs, or make it necessary for us to reformulate certain of our products, resulting in adverse effects on our business. For example, increasing governmental and societal attention to environmental, social and governance matters has resulted and could continue to result in new laws or regulatory requirements, including expanded disclosure requirements that are expected to continue to expand the nature, scope and complexity of matters on which we are required to report. In addition, the entry into new markets or categories ~~, including our recent entry into the alcoholic beverage industry as a distributor,~~ has resulted in and could continue to result in our business being subject to additional regulations resulting in higher compliance costs. If one jurisdiction imposes or proposes to impose new laws or regulations that impact the manufacture, distribution or sale of our products, other jurisdictions may follow. Failure to comply with such laws or regulations (or allegations thereof) can subject us to criminal or civil investigations or enforcement actions, including voluntary and involuntary document requests, fines, injunctions, product recalls, penalties, disgorgement of profits or activity restrictions, all of which can adversely affect our business. In addition, the results of third- party studies (whether or not scientifically valid) purporting to assess the health implications of consumption of certain ingredients or substances present in certain of our products or packaging materials have resulted in and could continue to result in our being subject to new taxes and regulations or lawsuits that can adversely affect our business. Potential liabilities and costs from litigation, claims, legal or regulatory proceedings, inquiries or investigations can have an adverse impact on our business. We and our subsidiaries are party to a variety of litigation, claims, legal or regulatory proceedings, inquiries and investigations, including but not limited to matters related to our advertising, marketing or commercial practices, product labels, claims and ingredients, personal injury and property damage, intellectual property rights, privacy, employment, tax and insurance matters, environmental, social and governance matters **, including concerns or perceptions regarding our packaging and its environmental impact,** and matters relating to our compliance with applicable laws and regulations. These matters are inherently uncertain and there is no guarantee that we will be successful in defending ourselves or that our assessment of the materiality of these matters and the likely outcome or potential losses and established reserves will be consistent with the ultimate outcome of such matters. Responding to these matters, even those that are ultimately non- meritorious, requires us to incur significant expense and devote significant resources, and may generate adverse publicity that damages our reputation or brand image. Any of the foregoing can adversely affect our business.