

## **SUSTAINABLE AGRICULTURAL GUIDING PRINCIPLES AND CRITERIA**

### **THE COCA-COLA COMPANY**

Agriculture is at the heart of the sustainability challenge. Population growth and increasing standards of living create additional demand for food and agricultural products. In an era marked by scarcer resources, greater demand, and price volatility, water, food and energy demands increasingly intersect with businesses, communities and farmers.

A healthy agricultural supply chain is essential to the well-being of the communities in which we operate, and is critical to the success of our business. Our approach to sustainable agriculture is founded on principles to protect the environment, uphold human and workplace rights and help build more sustainable communities. We seek to mitigate business risk by addressing challenges to the availability, quality and safety of agricultural ingredients; to meet consumer demand for products that align with a healthy and sustainable lifestyle; and to balance the costs of sustainability by leveraging relationships and initiating new opportunities as they make sense. Central to this approach is The Coca-Cola Company's overall sustainability aspiration to grow our business by making a positive difference in the communities we serve.

To meet the expectations of our consumers, customers, other stakeholders and enable the continued growth of the Company, it is imperative we maintain a secure, sustainable supply of the agricultural ingredients that are essential to our brands. To this end, The Coca-Cola Company has developed a set of Sustainable Agriculture Guiding Principles (SAGP), which set expectations of our agricultural ingredient suppliers, to address sustainability challenges specific to agriculture. We believe the SAGP provide a mutually beneficial foundation for the Company and its partners in the agricultural supply chain.

Currently, suppliers to The Coca-Cola Company and those authorized by The Coca-Cola Company are required to meet our Supplier Guiding Principles (SGP), which communicate our values and expectations of compliance with all applicable laws, regulations and other legal requirements, and emphasize the importance of responsible workplace practices that respect human rights. The Sustainable Agriculture Guiding Principles expand on the SGP and provide guidance to our suppliers of agricultural ingredients. These Principles establish the framework for defining our commitment to sustainable sourcing and are being integrated into internal governance routines and procurement processes.

The Coca-Cola Company recognizes that sustainable sourcing poses new challenges and we intend to work collaboratively with our suppliers on the journey ahead to ensure that all agricultural ingredients are sourced sustainably. We encourage all our suppliers to work continuously towards more sustainable practices and to uphold the following Sustainable Agriculture Guiding Principles and associated criteria.

## **HUMAN AND WORKPLACE RIGHTS**

*Human and Workplace Rights apply to all employees involved in the production of agricultural ingredients supplied to The Coca-Cola Company and/or the Coca-Cola system. These Rights are to be respected by all direct suppliers, intermediary processors, producing farms and the employer of workers at the farm, even if the employer is not the farm.*

1. Freedom of Association and Collective Bargaining: Respect employees' right to form, join, or not to join a labor union without fear of reprisal, intimidation, or harassment. Where employees are represented by a legally recognized union, establish a constructive dialogue with their freely chosen representatives and bargain in good faith with such representatives.

1.1 Comply with all applicable laws and regulations on employee rights regarding freedom of association and collective bargaining.

1.2 Employees are allowed to engage in Union activities, without restriction, free from reprisal, intimidation, or harassment.

1.3 Management engages, in good faith, with employee/ Union representatives in collective bargaining discussions and complies with collective bargaining agreements.

2. Prohibit Child Labor, Forced Labor and Abuse of Labor: Adhere to minimum age provisions of all applicable laws and regulations. Prohibit the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor or any form of human trafficking.

2.1 No child labor is used, as defined by ILO convention or local law if more stringent, and the hiring of youth workers is in compliance with all applicable laws and regulations.

2.2 All forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor or any form of human trafficking are prohibited.

2.3 Comply with all applicable laws and regulations on abuse of employees and do not physically abuse employees.

2.4 Employees have the right and ability to terminate their employment.

2.5 Employees retain their personal documentation or consent to employer temporary retention of documentation, which are released to the worker on request.

3. Eliminate Discrimination: Maintain workplaces that are free from discrimination or physical or verbal harassment. The basis for recruitment, placement, training, compensation, and advancement should be qualifications, performance, skills and experience.

3.1 Comply with all applicable laws and regulations on equality in employment and do not discriminate.

3.2 Employment decisions and advancement opportunities by management are based solely on someone's ability to do the job, without regard for other personal characteristics. Equal wages are paid for equal work without discrimination or preferential treatment on the basis of gender, religion, etc.

3.3 Non-job-related medical testing as a condition of employment (except lawful drug test) is prohibited.

4. Work Hours and Wages: Compensate employees relative to the industry and local labor market. Operate in full compliance with all applicable wage, work hours, overtime and benefits laws and regulations and offer employees opportunities to develop their skills and capabilities, and provide advancement opportunities where possible.

4.1 Comply with all applicable laws and regulations on wages and benefits, including, but not limited to legal minimum wages and mandated benefits, work hours and overtime.

4.2 Employees are paid for regular and overtime work in a timely manner and in accordance with employment contracts.

4.3 Employees are not charged illegal or excessive deductions or fees, including fees for personal protective equipment, deposits for accommodations, tools, etc.

4.4 Work hours are in accordance with all applicable laws and regulations.

4.5 Employees are provided at least one day off per week.

4.6 Policies and procedures are in place to ensure permanent workers are hired in lieu of long-term contract labor.

5. Provide a Safe and Healthy Workplace: Provide a secure, safe and healthy workplace. Maintain a productive workplace by minimizing the risk of accidents, injury and exposure to health risks.

5.1 Comply with all applicable occupational health and safety laws and regulations.

5.2 Employees have access to potable water and sanitary facilities (toilets, showers).

5.3 Workplace health & safety training is provided in accordance with legal requirements for the operation of equipment, handling of hazardous materials, etc.

5.4 Where housing or dormitories for employees are provided, the facilities are maintained and provide safe living conditions.

6. Community and Traditional Rights: Recognize and safeguard the rights of communities and traditional peoples to maintain access to land and natural resources. Require respect for and prohibit the violation of the land rights of individuals and communities. Maintain positive community relations and contribute to local economic development.

6.1 The rights of communities and traditional peoples to access land and natural resources are recognized and safeguarded.

6.2 Ensure all land acquisitions are made respecting the rights of individuals and communities impacted.

6.3 Positive relations are maintained with the community.

6.4 Support local economic development.

## ENVIRONMENT

7. Water Management: Ensure long-term sustainability of water resources in balance with community and ecosystem needs by maximizing water use efficiency and minimizing water quality impacts from wastewater discharges and erosion and nutrient/agrochemical runoff.

7.1 Comply with applicable laws and regulations governing environmental protection generally and water specifically.

7.2 Where water use is permitted per applicable laws and regulations, the annual volume of water withdrawn is recorded, and withdrawal volumes do not exceed an authorized or permitted limit (e.g., no violation of water withdrawal or use permit, license or concession).

7.3 Sources of water (surface and groundwater) utilized are inventoried.

7.4 Overall demands on local water source(s) are understood. If the water source is considered by authorities or others to be under stress, a dialogue is initiated with other stakeholders to develop a solution.

7.5 Total water usage is reduced by implementing water saving practices, including water reuse and recycling, where possible.

7.6 Where irrigation is used, the most efficient system as is technically available and financially affordable is implemented.

7.7 Appropriate management and treatment systems for all wastewater discharges exist and are maintained, to ensure that they do not contribute to degradation of receiving waterbodies.

7.8 Land management practices are implemented to minimize impacts of diffuse pollution (e.g., runoff) on surface and groundwater bodies.

7.9 Irrigation water quality is monitored and managed to minimize negative impacts on crops and surrounding ecosystems.

8. Energy Management and Climate Protection: Maximize energy use efficiency, seek to maximize the use of renewable energy as available and cost effective, and reduce greenhouse gas emissions from agricultural practices.

8.1 The primary uses of energy and associated sources are identified, quantified and documented. Measures are taken to maximize energy efficiency.

8.2 Primary sources of greenhouse gas emissions are identified, and activities to reduce greenhouse gas emissions and/or increase carbon sequestration are implemented and tracked.

8.3 The use of renewable energy as a percent of total energy use is maximized as available and cost effective.

9. Conservation of Natural Habitats and Ecosystems: Promote and protect natural habitats and biodiversity through the conservation of natural flora and fauna and the maintenance of important ecosystem services such as natural pest and disease controls, pollination, and freshwater flows. Promote sustainable forest management and help protect woodlands from deforestation and illegal harvesting.

9.1 Before land is converted for new production or infrastructure, legal permits are obtained where required and an environmental risk and impact assessment is performed.

9.2 Natural habitats have been identified, assessed to determine the existing condition, and documented. These areas are protected and managed to avoid negative impacts and maintain a high conservation value.

9.3 Degraded ecosystems, both aquatic and terrestrial, are restored.

9.4 Ecosystems that provide habitat for resident or migratory wildlife are protected and restored, if needed. Special measures are taken to protect threatened and endangered species, including hunting and collection bans.

9.5 New production areas are not established in natural habitats including forests, and do not cut through wildlife corridors or routes used for migration. Forests are not cut or burned for conversion to new production.

9.6 Responsible forest management practices are employed that protect biodiversity, wildlife habitat, water quality and other characteristics of a healthy sustainable forest.

9.7 The presence or potential risk of introduction and establishment of invasive species is assessed and mitigated.

10. Soil Management: Maintain or improve soils by preventing degradation, reducing runoff, minimizing related greenhouse gas emissions and protecting soil biodiversity.

10.1 Practices are employed to test, conserve and improve soil structure, quality, fertility and ecology to maintain soil productivity, sustain long-term crop growth requirements, and reduce erosion.

10.2 Preventive measures are implemented to ensure that soils are protected from contamination.

10.3 Soils are managed to reduce greenhouse gas emissions.

11. Crop Protection: Follow national and/or local regulations and label requirements for safe and proper use of all agrochemicals. Use Integrated Pest Management techniques to protect crops from pests, weeds, and disease whenever possible.

11.1 The producing farm does not use or store agrochemicals that are banned in the country of operation or in the country where the product(s) will be used or sold, or by international agreement.

11.2 Agrochemicals are managed (handled, transported, stored, applied, and disposed) in accordance with all applicable laws and regulations and label requirements and in a manner that prevents negative impacts on human health and the environment. Records of agrochemical purchase, application and disposal are maintained.

11.3 Trained personnel handle agrochemicals according to documented procedures using personal protective equipment and maintained and calibrated equipment that protect workers and the environment.

11.4 Waste materials related to agrochemical use are minimized and disposed of in a manner that avoids impacts to human health and the environment. Empty chemical containers are disposed of properly to prevent further use.

11.5 The producing farm protects crops against pests, diseases and weeds with as little reliance on agrochemicals as possible, and strives to use Integrated Pest Management techniques where they are technically feasible.

## **MANAGEMENT SYSTEMS**

12. Harvest and Postharvest Handling: Manage harvest and postharvest processes effectively to minimize losses. Ensure the quality and safety of agricultural products by following Good Agricultural Practices<sup>1</sup>.

12.1 Hygiene and food safety processes are in place in accordance and compliance with all applicable laws and regulations to prevent produce contamination during harvest and post-harvest.

12.2 Crops are harvested at the correct stage of maturity to maximize yields.

12.3 Crops are harvested using correct harvesting techniques to reduce physical damage and loss.

12.4 Transport time between product harvest and receipt at the processing center is minimized to reduce losses.

12.5 Non-hazardous waste material produced on the farm and in processing is reduced, reused and recycled as much as possible. Incineration or burning of wastes is strongly discouraged.

12.6 Ensure the quality and safety of agricultural products by following Good Agricultural Practices.<sup>2</sup>

13. Reproductive Material Identity, Selection and Handling: Ensure crop selection is suited to local growing conditions (climate, water availability, pest pressure, etc.) to help ensure sustainable harvests over time. Know the crop species under cultivation and variety, if applicable.

13.1 The producing farm selects crop species and varieties (if applicable) that are suitable for local climate, topography, soil, water availability, and pest pressure conditions.

13.2 The producing farm documents the crop species and variety (if applicable).

13.3 The direct supplier establishes a management system to facilitate tracking of ingredients to the sourcing farm or region (when crop is bundled from multiple locations for processing).

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<sup>1,2</sup> FAO Good Agricultural Practices: <http://www.fao.org/prods/gap>

14. Management Systems, Record Keeping and Transparency: Develop a system to manage objectives, procedures, and practices. Maintain records of practices and procedures, as well as proof of compliance with all applicable laws and regulations. Increase transparency throughout the supply chain and work collaboratively to adopt and broaden sustainable practices. Set targets for improvement, provide support to deliver, and track performance over time.

14.1 Records of practices and procedures and compliance with applicable laws and regulations are maintained.

14.2 Management systems that include objectives, procedures and farm-level practices are maintained.

14.3 Records of practices and procedures and legal compliance are well-organized, and non-confidential information is readily available to interested parties throughout the supply chain.

14.4 Collaborate with other entities in the supply chain to adopt and broaden sustainable practices.

14.5 Targets are set to improve management and performance, support is provided to deliver, improvement measures are implemented, and performance is tracked over time.

15. Business Integrity: Conduct business with integrity, respecting relevant laws and prohibiting bribes and fraudulent practices.

15.1 Comply with all applicable laws, rules, regulations and requirements related to business integrity.

15.2 No bribes or other types of facilitation payments are ever paid or offered.

15.3 Records of practices and procedures and legal compliance are never falsified.