

## The Coca-Cola Company Commitment Land Rights and Sugar

The Coca-Cola Company believes that land grabbing is unacceptable. Our Company does not typically purchase ingredients directly from farms, nor are we owners of sugar farms or plantations, but as a major buyer of sugar, we acknowledge our responsibility to take action and to use our influence to help protect the land rights of local communities.

The Coca-Cola Company commits to the following plan of action to prevent and address land grabs and other land controversies in our supply chain.

**Oxfam Ask - Know and show:** *Uncover and disclose risks and impacts to communities related to land issues in the supply chain. Disclose source of sugar cane, soy and palm oil and the names of suppliers*

- **The Coca-Cola Company will conduct third-party social, environmental and human rights assessments** beginning in **Brazil, Colombia, Guatemala, India, Philippines, Thailand and South Africa**. These areas represent critical sourcing regions for the Coca-Cola system – and are among the top 16 countries where the system sources cane sugar. Additionally, six of these countries have been identified with human rights violations as cited in the U.S. Department of Labor’s List of Goods Produced with Child Labor or Forced Labor, which is part of the Trafficking Victims Protection Reauthorization Act (TVPRA)<sup>1</sup>.

In each of the seven countries risks exist for land tenure violations according to the six governance indicators provided by the World Bank<sup>2</sup>. The following countries are listed by the Land Matrix as areas of documented land acquisitions relating to sugarcane: Brazil, Colombia, Philippines.

The assessments will specifically include impacts related to land and land conflicts, and will be conducted with the participation of affected communities.

- We will take a phased approach to the assessments over the next three years, allowing us to learn from the process and adapt our methodology as needed throughout the seven countries. Timing of each assessment will also depend on the sugarcane harvest to ensure valid field research. Assessments will begin in 2013 with Colombia and Guatemala. When the assessments are completed, **we will convene a facilitated stakeholder dialogue**, following which the convening output will be made public via the Company’s Journey website. We will make public the initial assessments by December 2014. An assessment for Brazil will be undertaken in late 2014, and we expect the Brazil assessment to be completed by the end of 2015 given no complications which delay completion. In 2015 and 2016, assessments will be conducted in India and Mexico. We expect to complete assessments for our top 16 cane sugar sourcing countries by 2020.

<sup>1</sup> <http://www.dol.gov/ilab/programs/ocft/2012TVPRA.pdf>

<sup>2</sup> <http://info.worldbank.org/governance/wgi/index.aspx#home>

- **We are immediately disclosing the top three countries** where cane sugar is sourced with the names of the **top three global direct cane sugar suppliers, i.e.**
  - Top three sourcing countries: Brazil, Mexico, India
  - Top three suppliers (based on spend):
    - COPERSUCAR – Brazil based
    - Mitr Phol – Thailand based
    - Dangote – Nigeria based
  
- **The Coca-Cola Company will disclose within three years** all sourcing countries for cane sugar and publish the names of all of our direct cane sugar suppliers.
  
- We are immediately disclosing that soy and palm oil combined represent less than 1 percent of the Company's overall agriculture ingredient spend. The Coca-Cola Company purchases of palm oil and soy are extremely small and less than 0.01 percent (less than 1/100<sup>th</sup> of 1 percent) respectively of the global palm oil and soy markets based on volume.

<p><b>Oxfam Ask – Commit:</b> <i>Zero tolerance for land grabbing</i></p>
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- **The Coca-Cola Company commits to zero tolerance for land grabbing, to be implemented through the following steps:**
  
- **The Coca-Cola Company will adhere to the principle of Free, Prior and Informed Consent** across our operations (including bottling partners) and will require our suppliers to adhere to this principle.
  
- We will incorporate the following language in our Sustainable Agriculture Guiding Principles (SAGP):
  - 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 communities and traditional peoples.** Maintain positive community relations and contribute to local economic development.
  
- We will also add criteria to the Sustainable Agriculture Guiding Principles, which will align with our Supplier Code requirement (the Supplier Guiding Principles - SGP) which applies to bottling partners regarding Free, Prior, and Informed Consent (FPIC).
  
- In Q1 2014, we will incorporate and publish FPIC guidance into our Supplier Guiding Principles under the section regarding Laws and Regulations as well as in the Sustainable Agriculture Guiding Principles, establishing auditable criteria for FPIC to be implemented as new supplier audits are conducted.

- Our implementation of FPIC will be consistent with IFC's Performance Standards, in particular Performance Standards Five and Seven<sup>3</sup> and will apply to all communities (not only indigenous communities). It will include requirements of 1) contract transparency and disclosure to communities of concessions/agreements and other relevant information; and 2) resolution of disputes involving land use or ownership rights via company grievance mechanisms or third party ombudsman or other processes.
- The relevant Supplier Guiding Principles and criteria will be implemented through an internal Company plan that could include any of the following: training, audits, communications to all suppliers and contract requirements. If a supplier fails to uphold any aspect of the SGP requirements, The Coca-Cola Company will work with the supplier on corrective action. If such action is not taken, the supplier relationship will be terminated.
- **The Coca-Cola Company will join Roundtable on Sustainable Palm Oil (RSPO).** The Company is committed to sector-specific sustainable production standards for sugar and all palm oil is already RSPO certified.
- **We commit to 100% sustainable sourcing (Bonsucro certified or equivalent) of cane sugar by 2020.**
- **We commit to encourage the development of an industry-wide commitment** within the next three years on sustainable sugarcane through relevant platforms, such as the Consumer Goods Forum, SAI Platform, etc.

**Oxfam Ask – Advocate:** *Call on governments and traders to tackle land grabbing and support the agenda for responsible agricultural investments, and call on other companies (food and beverage, traders, retail, etc) to adhere to industry initiatives which drive better respect for land rights.*

- **The Coca-Cola Company will leverage the Company's existing engagement** in cross sector platforms and UN bodies to support responsible land rights practices, including the UN Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGTs). We will publicly advocate that food and beverage companies, traders, especially of soy, sugar, and palm oil, as well as sourcing country governments to endorse and implement the VGGTs and commit to respecting land rights.
- **We will increase Company participation** through the UNGC and other UN bodies, including the UN Committee on World Food Security regarding Responsible Agricultural Investment and Land.

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[http://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/IFC\\_Performance\\_Standards.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES)

- **We will engage with our suppliers:** The Coca-Cola system will engage with Tate and Lyle, Trapiche and Bunge regarding the two case studies cited in Oxfam International's report and review the suppliers' overall policies regarding land rights within their supply chain. We will take action and use our influence on the final outcome of these disputes.
- **Agree to advocate** for responsible land sourcing practices in dialogue with cane sugar traders.