



## Sustainable Ingredients Sourcing at The Coca-Cola Company

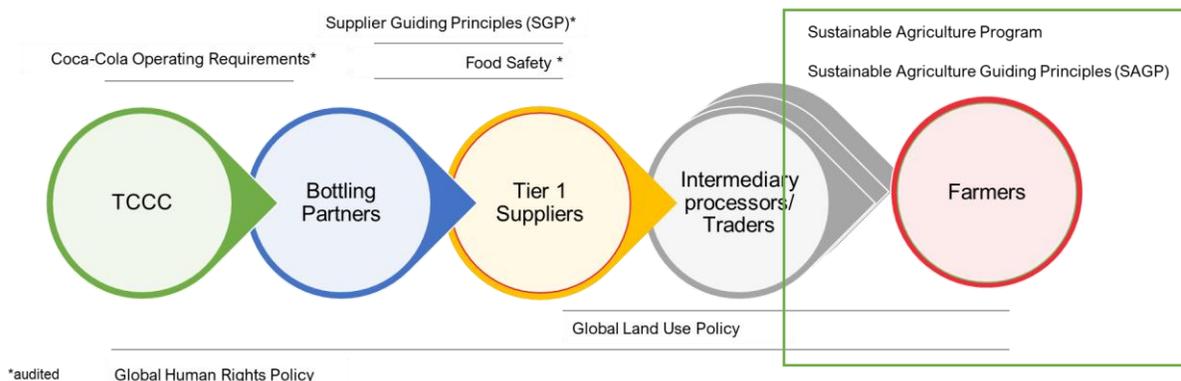
The Coca-Cola Company has the ambition to source its key agricultural ingredients sustainably, with a specific goal to drive sustainability in agriculture for the following global priority commodities:

- natural sweeteners (cane sugar, beet sugar, high-fructose corn syrup, stevia);
- fruit juices (orange, apple, lemon, grape, mango);
- coffee, tea, soybeans and wood-based fiber packaging.

As we grow our business through innovation acquisitions, offering a wider range of products to meet different lifestyle and dietary needs, we are expanding the use of smaller, locally managed, ingredients volumes such as dairy products, herbs and specialty fruits. We aim to apply the same sustainable sourcing principles to locally managed ingredients as for the global key ingredients.

### Standards and Guidelines

The Company’s Sustainable Agriculture Guiding Principles (SAGP)<sup>1</sup> define TCCC’s requirements on sustainable agricultural practices, including economic, social and environmental criteria. The SAGP are uniquely targeted at farm level. They sit alongside and complement other key company policies, such as the [Supplier Guiding Principles](#), our [Human Rights Policy](#), [Land Use Rights Policy](#) and Operating Requirements for our bottling system and direct suppliers (KORE).



The Coca-Cola Company’s Sustainable Agriculture Guiding Principles (SAGP) are a comprehensive set of social, economic and environmental criteria for sustainable farm management. The principles are underpinned by a set of more detailed criteria spelling out specific best practices against each of the key principles.

### Implementation and Assurance

As the SAGP are aligned with leading global third-party sustainable farming standards and assurance schemes such as the Farm Sustainability Assessment of the Sustainable Agriculture Initiative Platform (SAI-FSA), Bonsucro Rainforest Alliance, we apply the SAGP with our suppliers through preferred external 3<sup>rd</sup> party standards or verifications encourage our suppliers to use one of our preferred 3<sup>rd</sup> party sustainable farming standards to maximise value and reduce cost for suppliers and farmers.

<sup>1</sup> The Sustainable Agriculture Guiding Principles (SAGP) are applicable to farm systems for crop production (rotational crops, row crops, fruit and nuts groves). A Dairy and Farm Animal Health and Welfare principles are under development as part of SAGP.

# Sustainable Agricultural Ingredients – The Coca-Cola Company

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Global 3<sup>rd</sup> party sustainability standards endorsed by The Coca-Cola Company that are equivalent to the SAGP requirements, per key commodity<sup>2</sup>.

	Cane sugar	Beet sugar HFS (Corn) Stevia	Juices (Orange, Apple, Lemon, Grape, Mango)	Coffee Tea	Soybean	Pulp & Paper	Dairy <sup>3</sup>
LEADERS	<a href="#">Bonsucro</a> <a href="#">Vive Claim</a> <a href="#">SAI-FSA<sup>4</sup></a>	<a href="#">SAI-FSA<sup>1</sup></a> <a href="#">Rainforest Alliance</a>	<a href="#">SAI-FSA<sup>1</sup></a> <a href="#">GlobalGAP+GRASP</a> <a href="#">Rainforest Alliance</a>	<a href="#">Rainforest Alliance</a> <a href="#">Fairtrade International</a> <a href="#">Ethical Tea Partnership</a>	<a href="#">Roundtable Sustainable Soy</a> <a href="#">SAI-FSA<sup>1</sup></a> <a href="#">Rainforest Alliance</a>	<a href="#">PEFC</a> <a href="#">FSC</a>	<a href="#">SAI – SDF (Sustainable Dairy Partnership)</a>

Suppliers who want to show SAGP compliance to TCCC or our bottlers based on other standards, e.g. regionally or national, are required to show equivalence with one of the above globally preferred standards or the SAGP through a valid benchmark<sup>5</sup>. A list of national or regional standards currently accepted by TCCC are in the Annex.

In exceptional cases, where suppliers and farmers prefer to provide assurance against the SAGP directly, e.g. where one of the preferred external standards is not available or applicable, we expect these audits to be conducted by a competent and independent certification body and following the SAGP user guide.

## Prioritisation of Action

Following an in-depth evaluation of its journey on sustainable agricultural ingredient sourcing, The Coca-Cola Company will pivot from a time-bound commitment focused on certification towards a more long-term, embedded and growth-centered sustainable ingredients strategy (Sustainable Agriculture 2.0) by using a new Leaders-Improvers-Movers framework.

As in the past, we continue to focus on assuring our ingredients supply against SAGP-equivalent 3<sup>rd</sup> party standards to demonstrate to consumers, investors, stakeholders and our business, that our ingredients are sourced sustainably. Furthermore, we will continue to seek progress by continually increasing the volume of supply that is SAGP compliant, defining them as ‘SAGP Leaders’.

In addition, recognizing the huge variety of sourcing regions and farm structures, we plan to be more targeted in addressing our key supply chain risks (labour, animal welfare, water, deforestation) to address key risks and prioritize improving the highest risks areas first. To recognise farmers that continuously improve their practices, we will introduce the ‘SAGP Improvers’ category, i.e. suppliers that can ensure reliable and provable absence of these key risks through adequate practices.

<sup>2</sup> A list of currently accepted national or regional standards can be found in the Annex

<sup>3</sup> Dairy is an emerging ingredient and we are working with other manufacturers on a global approach to sustainability in dairy farming systems

<sup>4</sup> Minimum Bronze level

<sup>5</sup> SAI Platform, for example, has conducted a range of standard benchmarks and jurisdictional reviews. <http://www.fsatool.com/>

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And finally, we will reflect the complexity of our smallholder farm base by tracking the ingredients' volumes we buy from 'SAGP Movers', i.e. farmers who might still be a long way away from certification but are enrolled in technical assistance, farm support or community programs, which aim to create relevant local impact and systematically help assess and improve practices to make these farms economically viable and more sustainable.

Coca-Cola Sustainable Ingredients Program 2.0		
Global Goal: Our agricultural ingredients come from farms that are managed sustainably		
LEADERS	IMPROVERS	MOVERS
Ingredients sourced according to our list of preferred SAGP-equivalent sustainable farming standards	Ingredients sourced from regions and suppliers that effectively address sustainability risks and adhere to advanced local standards and best management practices	Ingredients sourced from smallholder farmers that participate in technical assistance and extension programs to address key risks and aim for continuous improvement

The next milestone against this ambition is to ensure all our ingredients supply volume is captured in this new framework, either as Leaders, Improvers or Movers to ensure that our systems ingredients use helps to get the farmers, who ultimately supply to us, on the journey of improved and sustainable farming practices.

### Engagement

The Coca-Cola Company is committed to advancing industry alignment and collective action. We leverage the power of our global system by engaging our Business Units, Bottling Partners and Joint Ventures. We also support leading sustainable agriculture platforms such as Sustainable Agriculture Initiative Platform (SAI – Platform), Bonsucro – the sustainable sugarcane initiative, and Field To Market US. We support and engage, together with other companies, civil society and third-party experts the advancement of farming communities towards better practices, knowledge sharing and technical development.

### Reporting

We report progress against our Sustainable Agriculture Ingredients Policy on a regular basis, for example through our annual Business & Sustainability Report and we work to further increase supply chain transparency and disclosure.

November 2019



**Annex**

**Other, for example national or regional, sustainable agriculture standards, which are accepted by The Coca-Cola System following additional benchmarking against the ‘Leaders’ Standards**

In addition to the global 3<sup>rd</sup> party standards shown in the table on page 2, we will accept certain national or regional sustainable agriculture standards or assurance schemes, if they can demonstrate that they are aligned with our Sustainable Agriculture Guiding Principles and help to advance more sustainable farming of our ingredients.

Typically, this can be done by the standard conducting an independent benchmark against one of the globally accepted ‘Leader’ standards<sup>6</sup>. The following is an – continuously evolving list of sustainable agriculture standards that are accepted by The Coca-Cola system.

Standard/Assurance Scheme	Commodity	Region
<a href="#">Field To Market (audited)</a>	HFS (Corn)	USA/Canada
<a href="#">ISCC</a>	Beet Sugar, HFS (Corn)	Europe
<a href="#">RedCert</a>	Beet Sugar, HFS (Corn)	Europe
<a href="#">Smartcane BMP</a>	Cane Sugar	Australia
<a href="#">Validus Animal Care</a>	Dairy	USA/Canada

*This list is constantly evolving.*

<sup>6</sup> For example, SAI Platform is conducting independent benchmarks of agriculture standards against the SAI-FSA, one of TCCC’s ‘Leader Standards’.