



# PRINCIPLES FOR SUSTAINABLE AGRICULTURE (PSA)

Supplier Guide

April 2021



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# Introduction

**The Coca-Cola Company's purpose is to refresh the world and make a difference.**

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**We believe that by creating a more sustainable business and by working together, with our suppliers, we can create shared value and a better, more resilient future for all and our planet.**

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Agricultural ingredients are critical to the taste, quality and safety of all the Company's beverages and products. Having a secure, sustainable supply of agricultural ingredients is imperative to meeting the expectations of our consumers, customers and other stakeholders – and to enabling the continued growth of our Company.

Our dedication to sustainable agriculture is founded on principles that protect the environment and ecosystems, uphold human and workplace rights, ensure animal health and welfare, and help build thriving communities.

Fundamental to our effort is the expectation that all who do business with us around the world must comply with all laws, regulations and other legal requirements, respect all human rights<sup>1</sup>, and act ethically.

Our Sustainable Agriculture program and the new Principles for Sustainable Agriculture (PSA), which replace the previous Sustainable Agriculture Guiding Principles (SAGP), advance and standardize these core values at the farm level, from small-scale farmer cooperatives to large commercial operations.

The quality and integrity of our products depends on continuity of supply and a healthy supply chain with successful and thriving farming communities. Sustainable agriculture offers solutions to interrelated issues such as human rights, ecosystem protection, water security, climate resilience, reducing greenhouse gas (GHG) emissions and women's empowerment. Working with our suppliers, we seek to advance more sustainable on-farm practices, creating systemic change in our agricultural supply chains. We recognize



that sustainable agriculture is not a fixed destination but a journey that is achieved through on-going engagement of our business and supply chains.

The Principles for Sustainable Agriculture (PSA) and the PSA implementation framework replace the SAGP and aim to strengthen our progress on this journey toward sustainable sourcing of agricultural ingredients, taking a longer-term perspective that reflects our expanding portfolio and diverse supply chains.

The PSA reflect the most recent science and external stakeholder perspectives, cover new product categories and simplify language, where possible, including new principles on animal welfare and husbandry.

<sup>1</sup> Human Rights are based on the international human rights principles encompassed in the Universal Declaration of Human Rights, the United Nations' Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations' Global Compact.

# Objectives

The PSA are aimed at primary production – that is, farm-level – and form the basis of our continued engagement with suppliers to achieve productivity, compliance, transparency, resiliency and continuous improvement of their farm base against these principles.

Through the implementation of practices that align with the PSA we can manage supply chain risks, reduce reputational risks and deliver value for all: workers, farmers, suppliers, customers, our brands and our business.

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**Our approach toward continuous improvement is designed to enable our supply chain partners to advance better on-farm management practices efficiently and effectively.**

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The PSA program governance and assurance mechanisms supported by third-party farm verification schemes provide credibility – and offer best practice benchmarks and improvement opportunities for farmers.



## Purpose of This Document

This document serves as a supplier reference guide for implementation of the Principles for Sustainable Agriculture (PSA) and establishes the expectation to source more sustainably and ethically all agricultural ingredients that contribute to The Coca-Cola Company (TCCC) products and plant-based packaging. The document consists of the full list of PSA in the Appendices.

This guide is for all suppliers of agriculture-based ingredients to The Coca-Cola System, including the Company, franchise bottlers, joint ventures, new businesses as well as strategic co-manufacturers.

The objectives of this reference manual are to:

- Provide an overview of the definitions, scope and purpose of the PSA
- Provide guidance for implementation of the PSA in the context of our Sustainable Agriculture program
- Clarify our approach to third-party standards and supplier expectations
- Provide a framework for advancing agriculture sustainability and support on-farm continuous improvement for all agricultural-based products



# Principles for Sustainable Agriculture (PSA)

The PSA define sustainable agriculture for the Coca-Cola system. **The PSA set expectations for suppliers regarding on-farm practices and are the foundation of our work to source our agricultural ingredients ethically and sustainably.**

The 24 principles align with our policies to uphold Human and Workplace Rights, protect the Environment and Ecosystems, assure Animal Health and Welfare, and ensure effective Farm Management Systems. (For the full list of principles, see Appendix A: Principles for Sustainable Agriculture.)

<p><b>Human and Workplace Rights</b></p>	<ol style="list-style-type: none"> <li>1. Freedom of Association and Collective Bargaining</li> <li>2. Prohibit Child Labor, Forced Labor and Abuse of Labor</li> <li>3. Eliminate Discrimination</li> <li>4. Work Hours and Livelihoods</li> <li>5. Health and Safety</li> <li>6. Grievance Procedure and Remedy</li> <li>7. Community and Traditional Rights</li> </ol>
<p><b>Environment and Ecosystems</b></p>	<ol style="list-style-type: none"> <li>8. Water Management</li> <li>9. Energy Management and Greenhouse Gas Reduction</li> <li>10. Climate Change Resilience</li> <li>11. Waste Management</li> <li>12. Conservation of Forests</li> <li>13. Conservation of Natural Habitats, Biodiversity and Ecosystems</li> <li>14. Soil Management</li> <li>15. Agrochemical Management</li> </ol>
<p><b>Animal Health and Welfare</b></p>	<ol style="list-style-type: none"> <li>16. Animal Health and Welfare</li> <li>17. Animal Nutrition and Feed Management</li> <li>18. Manure Management</li> <li>19. Transportation Management</li> </ol>
<p><b>Farm Management Systems</b></p>	<ol style="list-style-type: none"> <li>20. Business Integrity and Economic Sustainability</li> <li>21. Food Safety and Hygiene</li> <li>22. Harvest and Postharvest Handling</li> <li>23. Reproductive Material Identity, Selection and Handling</li> <li>24. Management Systems, Record Keeping and Transparency</li> </ol>

The Principles for Sustainable Agriculture sit alongside and are integrated with two other core policies relevant to the Coca-Cola system ingredient supply chain:

- [Supplier Guiding Principles for Tier 1 suppliers](#)
- [Animal Health and Welfare Guiding Principles for livestock farms](#)

Our priorities for action and progress on sustainable agriculture are informed by and connected to other key sustainability issues of the Coca-Cola system, notably Human and Workplace Rights, Women and Community Empowerment, Water, Climate and World Without Waste.

## Scope

The PSA, as a set of global principles, apply to all agricultural ingredients and plant-based packaging used in Coca-Cola Company products. We will continue to focus on our Priority Ingredients<sup>2</sup> and, going forward, we will begin to phase in internal tracking of other agriculture ingredients to embed sustainable and ethical sourcing into the way we do business.

Our aim is for all agricultural ingredient suppliers to be engaged and working with the farmers in their supply chain, to follow good agricultural practices and to show continuous improvement.

We anticipate that, as our suppliers advance on their sustainability journey, the procured volumes aligned with the PSA and verified to a TCCC approved sustainability standard will continue to increase over time.

## Sustainable Agriculture Goals and Targets

Our goal is to sustainably source 100% of priority ingredients, including natural sweeteners (cane sugar, beet sugar, high-fructose corn syrup, stevia), fruit juices (orange, lemon, apple, grape, mango), coffee, tea, soybeans and timber products (pulp & paper). We will report performance against this in our annual Business and Sustainability Report.

We have made significant progress with our suppliers to assure or certify the farms where our ingredients are grown. We will continue to drive measurable progress on our priority ingredients and advance more sustainable sourcing of all our ingredients.

As we remain on this journey to more sustainably source agriculture-based ingredients, we are expanding our horizon to address all agriculture-based ingredients over time. We will continue to review and assess our agricultural-ingredient supply and the priority ingredients, adding new and emerging ingredients and setting additional goals and targets.



<sup>2</sup> Currently defined as The Coca-Cola Company priority agriculture-based ingredients and bio-based packaging: cane sugar, beet sugar, HFCS, stevia, orange, lemon, apple, grape, mango, coffee, tea, soy, pulp & paper

# Continuous Improvement and Measuring Progress

**TCCC is on a journey to ensure our agricultural ingredients are sourced sustainably.**

We are dedicated to working with our supply chain partners, to advance progress and continuous improvement across a range of farming practices. The PSA set expectations that go beyond industry norms and local regulations and are designed to encourage continuous improvement of farming practices throughout our agricultural supply chain. Our aim is to generate a movement of ongoing improvement for sustainable agriculture in our ingredient supply chain as we seek to maintain a diverse supply base, from smallholder to large commercial farms, supporting livelihoods and helping ensure security of supply.

While credible assurance or certification of farm practices by independent third-party audits remains our 'North Star' for Sustainable Agriculture, we recognize the diversity of our supply chains, farm structure and risk contexts and seek to encourage and recognize improvement in sustainability practices.

We are introducing a new extended framework, the Leader/Mover/Improver Framework, for evaluating compliance and performance of our supply farm base to reflect the continuum of improvement in sustainability practices.

## The Leader/Mover/Improver Framework

The Leader/Mover/Improver framework helps to categorize our ingredient supply into three main sustainability performance categories and help prioritize our actions to the system's most material sustainability risks, including climate change, water resources, ecosystems and biodiversity, human rights, and animal health & welfare, while respecting regional characteristics and national policies and regulations.

**Leader level** – supply volume verified to TCCC-approved standards, with third-party assurance aligned with PSA

**Mover level** – supply volume sourced from farms using other agricultural farming standard(s), effectively identifying and addressing key sustainability issues and advancing sustainable practices

**Improver level** – supply volume smallholder/small-scale producers participating in a support program and continuously improving practices to address their most material sustainability issues over time

Initially, only the current **global priority ingredients supply** will be mapped against the Leader/Mover/Improver framework and reported externally.

Our expectation is:

- All our global priority ingredients supply will be categorized into one of these three performance categories (zero non-compliance on a mass balance basis)
- Our global priority ingredient suppliers and their farm supply-base work towards achieving Leader level over time

Our long-term destination is that all our agriculture-based supply will become part of the continuous improvement framework and will be captured as Leaders, Movers or Improvers.

## PSA IMPROVEMENT FRAMEWORK (LEADER – MOVER – IMPROVER)

Supply Category	Leader	Mover	Improver	Off-Track
<b>Definition</b>	Verified – Assured Aligned w/PSA	Addressing Risks and Advancing Better Management Practices	Supporting Smallholder Farms <sup>3</sup> /Small-scale Producers	Non-Compliant
<b>Supply Farms</b>	<ul style="list-style-type: none"> <li>Ingredients sourced in compliance with TCCC approved sustainability standards</li> </ul>	<ul style="list-style-type: none"> <li>Supply meets other standards</li> <li>Supply farms have completed material risk assessment and are working to address risks</li> <li>Supply farms advancing better management practices</li> </ul>	<ul style="list-style-type: none"> <li>Supply farms participate in farm support programs<sup>4</sup></li> <li>Supply farms are engaged in 1 or more better practices to protect workers' rights, improve yields, reduce inputs and/or environmental impacts</li> </ul>	No transparency/ traceability to on-farm practices
<b>Scope</b>	Supply <b>certified or verified</b> to industry sustainability standards by independent third-party audits or other qualified verification schemes	Supply from farms with sustainable agriculture initiatives and low residual risk	Supply from smallholder farms in developing and emerging supply chains	Not sustainable and no mechanism for improvement
<b>Goal</b>	100% of global priority ingredients supply mapped to PSA improvement framework (L/M/I)			0% priority ingredients supply outside of L/M/I
<b>Desired Destination</b>	Leader status desired for all TCCC ingredient supply over time	←		All ingredient supply brought into the L/M/I framework or phased out

<sup>3</sup>Definition of smallholder farms in Appendix D

<sup>4</sup>Programs may be offered by intermediary processor/supplier or local agricultural advisors



# TCCC-Approved Sustainability Standards



The use of third-party sustainable agriculture standards and assurance schemes will remain important as a way of identifying and recognizing the Leaders in our supply chain with fully PSA-aligned supply of ingredients or Movers, who are providing reasonable assurance of sustainability practices and material risk management.

For a number of commodities and sourcing regions, external sustainable agriculture standards have been developed with the involvement of external stakeholders. These voluntary standards define a set of practices or criteria for how a crop should be sustainably grown, underpinned by a robust and transparent implementation and assurance system.

The Company has approved a limited set of global third-party standards as aligned with the expectations outlined in the PSA (Appendix B). These standards have been successfully benchmarked with the SAI Farm Sustainability Assessment at Bronze level (or better) or are leading in their commodity sector globally. Ingredient volumes from farms certified or third-party assured to these standards are considered in the supply Leader category.

Standards that do not currently meet the TCCC approved requirements can be accepted for supply volume in the Mover category, if combined with a credible risk assessment and remediation plan.

It is important to note that certifications are not the end of the journey. Certified supply represents leadership in sustainable farm practices, but certifications are not all-encompassing, and weaknesses and gaps may be identified.

We expect our suppliers who have achieved Leader status will continue the journey. This could mean moving from FSA Bronze to Silver to Gold. It could also mean helping to address gaps, weaknesses and other sustainability challenges that impact the community and/or region through initiatives, such as programs that support farmer training and/or collaborations to address landscape or water resources challenges.

# Supplier Engagement, Verification and Assurance

**We seek to embed throughout the Company, an enduring, growth-centered sustainable agriculture strategy.**

Our progress toward sustainable agriculture and ingredient sourcing is dependent on effective supplier engagement, verification and assurance. The PSA are integrated into internal governance routines and procurement processes.

TCCC sustainable sourcing expectations are communicated through corporate policies, procurement contracts, ongoing supplier engagement and technical and quality reviews.

All Tier 1 suppliers of agricultural-based ingredients and packaging will be informed of PSA expectations through sourcing contracts and other supplier communications and are expected to understand the principles and help drive implementation of the PSA throughout their supply base to the farms where our raw materials are grown.

Supplier information verification may be conducted during routine Supplier Quality and/or SGP audits. A PSA verification seeks to capture supplier action against the minimum expectations, including establishing sustainable supply chain plans, supply base transparency, effective risk assessment and action plans for measurable progress.

The Coca-Cola Company encourages suppliers to establish goals and milestones for progress. Supplier-led initiatives may include, but are not limited to, mapping supply chain, on-farm demonstration and research projects, farmer training and capacity building programs, risk assessments and implementation of risk mitigation strategies, cooperative initiatives to address community, landscape or regional sustainability challenges, labor and workplace rights, and other farm management support programs.

All Tier 1 suppliers of global priority ingredients are expected to make measurable progress in meeting the PSA and report at least annually to TCCC on their supply volume aligned to the PSA and continuous improvement programs (Leader/Mover/Improver framework) for internal and external reporting.

Suppliers are responsible for ensuring that all information provided to the Company is accurate and complete. Supporting evidence, including third-party independent assessments and certifications, and other documentation that reasonably supports the responses and claims, must be made available on request.

The Coca-Cola Company may specifically seek engagement with suppliers, NGOs, academia, researchers, community leaders and others to accelerate actions in supply chains that are critical to the Company's core sustainability strategies and to address global business risks, such as human rights, animal welfare, water security, greenhouse gas (GHG) emissions, deforestation and livelihoods.

The Company and its bottling partners, in partnership with suppliers and farm communities, where relevant, may support and contribute to initiatives that create shared value and advance more sustainable on-farm production practices.

In addition to driving compliance and effective risk management, we are supportive of initiatives that help advance good practices and will recognize continuous improvement in the Mover and Improver categories. We will acknowledge and reward Leader supply by striving to procure increasing volume sourced from farms that are third-party independently verified to The Coca-Cola Company approved Standards (Appendix B) and are advancing more sustainable on-farm practices.

Suppliers wishing further information or engagement with The Coca-Cola Company on this document or sustainable agriculture and supply chain management should reach out to their primary commercial or procurement contact.

# Collaboration and Collective Action

The Principles for Sustainable Agriculture are founded on the tenets to protect the environment, uphold workplace rights, ensure animal health and welfare, and help build thriving communities. We understand that improving the practices on the farm is one part of the whole farming system, and we aim to create shared value throughout the system. We believe that by implementing practices aligned with the PSA expectations, we can expect improved farm incomes (higher yields, reduced costs, better management and accounting), better product quality and a more stable, long-term supply.

TCCC, working with our supply partners, may support sustainable agriculture initiatives such as:

- Training and extension services to farmers to implement more sustainable practices to enhance quality, productivity and farmer incomes
- Tools for self-assessment to track progress and continuous improvement of best practices
- Supporting external, third parties, such as standard/certification organizations (e.g., Rainforest Alliance), NGOs and consultants (e.g., WWF, The Nature Conservancy, TechnoServe, Conservation International)
- Engaging in pre-competitive collaborative initiatives to address broad-scale systemic changes (e.g., water quality impacts, worker safety)
- Contributing to shared learning platforms through participation in seminars and webinars (e.g., SAI Platform)

In advancing our sustainable agriculture program, the Company recognizes the need and value of industry collaboration, including with other buyers and supply chain partners through recognized industry collaboration platforms. We seek to partner with others to help address and drive systemic change at scale in a transparent and precompetitive manner. By working with other companies through organizations such as SAI Platform or Bonsucro, we seek to align expectations, combine resources and bring greater efficiency to the interventions.



# Appendix A: Principles for Sustainable Agriculture (PSA)

## The Coca-Cola Company Principles for Sustainable Agriculture (PSA)

FINAL - APRIL 2021

The Coca-Cola Company is dedicated to working toward more ethical and sustainable sourcing of its agricultural ingredients. The Principles for Sustainable Agriculture (PSA) are the next iteration from the Sustainable Agriculture Guiding Principles (SAGP) and describe the Company's first principles for sustainable agriculture based on environmental, social and economic criteria. The PSA reflect the most recent science and external stakeholder perspectives, includes animal welfare and husbandry to reflect new product categories, and simplify language where possible.

The PSA are aimed at primary production level (i.e., farm), are inclusive of small-scale farmer cooperatives, medium and large commercial operations, and form the basis for our continued engagement with suppliers to achieve compliance, transparency and continuous improvement of their farm base according to these principles. They will also guide our continued collaboration with industry platforms and standard bodies to drive the adoption of sustainable agriculture practices in the production stage of our supply chain. Agricultural suppliers at the processing level are expected to adhere to and demonstrate compliance to The Coca-Cola Company Supplier Guiding Principles.

The PSA apply to all our agricultural product and packaging materials of agricultural origin. The "PSA Governance Framework and Implementation Guide" further describes the processes and criteria by which The Coca-Cola Company and system operationalize these principles to advance compliance with its vision on sustainable agriculture.

### HUMAN AND WORKPLACE RIGHTS

The Human and Workplace Rights principles apply to all workers on the farm, industrial processes associated or transport services. All direct suppliers, intermediary processors, producing farms and labor agencies are expected to respect human rights and the below principles in line with international Human Rights principles and The Coca-Cola Company Supplier Guiding Principles.

#### **1. Freedom of Association and Collective Bargaining:**

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

#### **2. Prohibit Child Labor, Forced Labor and Abuse of Labor:**

Adhere to minimum age provisions for all permanent, temporary or seasonal workers in accordance with all applicable laws and regulations. Minimum age for hazardous work is 18. 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. Retention of personal identity documents, recruitment fees or excessive loan terms are prohibited. All children under 15 living on farms have access to schooling.

**3. Eliminate Discrimination:** Maintain workplaces that are free from any discrimination (examples include: gender, race, religion, culture, health status) or physical, sexual or verbal harassment. Women, minorities, migrant workers, indigenous and tribal populations, and other vulnerable groups are treated fairly and equally. The basis for recruitment, placement, training, compensation and advancement should be qualifications, performance, skills and experience.

**4. Work Hours and Livelihoods:** Operate in full compliance with all applicable wage, work hours, overtime and benefits laws and regulations. Compensate workers relative to the industry and local labor market. Farmer income and worker wages should meet at least basic income needs and, where available, be benchmarked against living wage estimates. Workers are offered opportunities to develop their skills and capabilities and provided advancement opportunities where possible.

**5. Health and Safety:** Ensure productive workplace by minimizing the risk of accidents, injury and exposure to health risks. Occupational, health and safety risks are managed through Health & Safety management plans. Provide and require the use of Personal Protective Equipment (PPE). Provide trainings on health and safety, including the use of PPE. All workers have access to drinking water, toilets and hygiene facilities and are made aware of medical care facilities. All worker accommodations provided by employer are safe, sanitary and in

line with applicable standards outlined in ILO Recommendation 115 (Workers Housing).

**6. Grievance Procedure and Remedy:** Provide workers and communities with a mechanism to express grievances anonymously without fear of reprisal, and ensure concerns are appropriately addressed in a timely manner. Ensure remediation and grievance procedure are aligned to UN Guiding Principles on Business and Human Rights.

**7. Community and Traditional Rights:** Recognize and safeguard the rights of indigenous peoples and local communities to land and natural resources, with particular attention to marginalized groups, such as women and ethnic minorities. Where applicable, uphold principle of Free, Prior and Informed Consent (FPIC). Maintain positive community relations and contribute to local economic development.

## ENVIRONMENT AND ECOSYSTEMS

Agriculture and livestock production should be resilient, environmentally sustainable, cause minimal damage, and, where possible, be restorative to the surrounding environment in all areas and activities on the farm.

**8. Water Management:** Ensure long-term sustainability of water resources in balance with community and ecosystem needs by measuring their water use and quality where crops are irrigated, maximizing water use efficiency and minimizing water quality impacts from wastewater discharges, erosion and nutrient/agrochemical runoff. Farms located in water-stressed areas actively manage their source water to highest standards (e.g. using Alliance for Water Stewardship) and build resilience to climate change by managing for uncertainty, extremes and gradual change. Farms avoid converting important water-related areas (e.g. wetlands).

**9. Energy Management and Greenhouse Gas Reduction:** Avoid contributing to climate change by measuring energy use and greenhouse gas emissions (including emissions from deforestation and other land use change), setting GHG reduction targets, maximizing energy efficiency and the use of renewable energy, reducing emissions from agricultural practices and livestock farms, and avoiding air pollution.

**10. Climate Change Resilience:** Farms have assessed climate-related risks and have climate adaptation and resilience plans in place to appropriately address current and anticipated impacts of climate change while avoiding additional harm to nature or people.

**11. Waste Management:** Separate, classify, safely store, transport and dispose of all waste. Reduce, reuse and recycle waste, where possible, and no waste is incinerated on farm or disposed via freshwater ecosystems (rivers, lakes, etc.). Leakage of plastics, liquid waste or manure from farms into soil or watercourses are prevented. Containers for hazardous materials are disposed of appropriately. There are measures to properly manage organic waste with the goal of enhancing soil health, including through composting. All waste is managed separately according to its classification and disposed of in an authorized place or through waste disposal authorized service providers.

**12. Conservation of Forests:** Promote sustainable forest management and help protect woodlands from deforestation and illegal harvesting. New production areas are not established in natural habitats/ ecosystems including forests or high-value conservation areas and do not cut through wildlife corridors or routes used for migration. Forests are not cut or burned for conversion to new production. There is no deliberate use of fire for land clearance.

**13. Conservation of Natural Habitats, Biodiversity and Ecosystems:** Identify and help protect natural habitats from conversion. Natural ecosystems are not altered or burned for conversion to new production. Promote and protect natural habitats, protected areas and biodiversity, including natural pollinators, through the protection, and where possible, restoration of ecosystem services through approaches that build resilience to shocks and longer-term climate stressors. Farms take special measures to protect threatened or endangered species.

**14. Soil Management:** Maintain and improve soils and prevent degradation, minimize greenhouse gas emissions, protect soil biodiversity and enhance soil structure. Implement a Nutrient Management Plan based on an integrated Nutrient Management approach and incorporate the 'Four Rs of nutrient stewardship' to maintain and enhance soil quality and minimize impacts on air, water and biodiversity.

**15. Agrochemical Management:** Follow national and/ or local regulations and label requirements for safe and proper use of all agrochemicals, in accordance with label directions, to ensure proper protection of farm personnel and the environment. Do not use or store agrochemicals that are banned in the country of operation or are prohibited under international treaty. All agrochemicals are managed in a manner that respects Maximum Residue Limits (MRLs) of the countries where agricultural materials are grown and - when possible - of the countries where they are

being used as ingredients to help prevent negative impacts on human health. All products used to protect crops from pest pressures, including, but not limited to, insects, weeds and diseases, are clearly documented and are part of an Integrated Pest Management System. All use of plant protection products is clearly justified.

## ANIMAL HEALTH AND WELFARE

Animal health and welfare principles apply to all animals on a farm, including animals used for harvest or transport work, or as livestock to produce agricultural ingredients or products for the Coca-Cola Company.

**16. Animal Health and Welfare:** Animals are treated with care, understanding and respect by qualified personnel. Ensure animals are healthy and there is an effective health care program in place. Animal Welfare practices on the farm follow the OIE Terrestrial Animal Health Code including the ‘five freedoms’: freedom from hunger and thirst; freedom from discomfort; freedom from pain, injury or disease; freedom to express normal behavior; freedom from fear and distress. Workers receive regular training on animal health and welfare expectations.

**17. Animal Nutrition and Feed Management:** Animals are provided with the feed and water of suitable quantity and quality. Feed suppliers can track ingredients to the sourcing farm or region. The nutrient provision, sustainability and safety of feed is ensured by ensuring farms producing ingredients for animal feed meet the PSA. Feed is stored in conditions to ensure quality and avoid contamination.

**18. Manure Management:** Manage manure to avoid contaminations to product or environment and to avoid discomfort to animals. Incorporate manure-management best practices to minimize environmental impacts and limit nutrient losses in collection, storage, treatment, transfer and utilization.

**19. Transportation Management:** Organize transportation of animals to minimize animal discomfort, to avoid creation of injury and distress and to ensure no disease transmission.

## FARM MANAGEMENT SYSTEMS

Management systems are in place and records maintained to help ensure: the health, safety and integrity of all products and ingredients, and the business integrity and economic sustainability of the farm system.

### **20. Business Integrity and Economic Sustainability:**

Conduct business with integrity, respecting relevant laws and prohibiting bribes and fraudulent practices. Know the cost of production, and manage farms to increase productivity and profitability, helping ensure long-term viability and improve resilience to climate, market and other changes. Work collaboratively with others to address shared challenges and broaden their sustainability practices.

**21. Food Safety and Hygiene:** Food safety and hygiene processes are in place in accordance and compliance with all applicable laws and regulations and to ensure safety and quality of food in the supply chain. Appropriate processes and risk assessments are in place to avoid and minimize the bio-chemical and physical risks through production and handling.

**22. Harvest and Postharvest Handling:** Manage harvest and postharvest packing, storage and transportation processes effectively to minimize losses and waste along the value chain.

**23. Reproductive Material Identity, Selection and Handling:** Ensure crop and livestock selection is suited to local conditions (climate, water availability, pest pressure, etc.) to help ensure sustainable harvests and productivity over time. Know the animal and crop species and varieties, if applicable. Farms maintain records and are able to evidence their GMO/GMO-free status. Where GMOs are used, this is in line with regulations. Natural genetic diversity is conserved.

### **24. Management Systems, Record Keeping and Transparency:**

Develop a system to manage objectives, procedures and practices and to track sustainability practice improvement over time. 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. Support traceability from farm to bottler.

# Appendix B: TCCC-Approved Sustainable Agriculture Standards

## Leader

'Leader Standards' are successfully benchmarked with the SAI Farm Sustainability Assessment at Bronze level (or better) or are leading in their commodity sector globally.

	Standard Name	Relevant Key Commodities	Geographical Scope
LEADERS	SAI Farm Sustainability Assessment (FSA) minimum Bronze	Universal Crops (cane sugar, beet sugar, fruit, soy)	Global
	Bonsucro Standard	Cane Sugar	Global
	Fairtrade International	Coffee, Tea, Fruit	Global
	Field to Market	HFCS (Corn)	USA/Canada
	Forest Stewardship Council (FSC)	Pulp & Paper	Global
	GlobalGAP + FSA (preferred)	Fruits, Vegetables	Global
	GlobalGAP + GRASP	Fruit, Vegetables	Selective
	International Sustainability & Carbon Certification (ISCC+)	Cane Sugar, HFCS (Corn)	Global
	Program for Forest Certification (PEFC)	Pulp & Paper	Global
	Proterra Standard	Universal Crops (Cane Sugar, Soy)	Global
	Rainforest Alliance (Farm Assurance Standard)	Coffee, Tea, Fruit	Global
	Roundtable on Responsible Soy (RTRS)	Soybean	Global
	VIVE Claim	Cane & Beet Sugar	Global

Note: Additional Leader Standards can be approved by TCCC if a successful benchmark with SAI-FSA (Bronze or better) has been completed and published on the SAI-Platform Website.

# Appendix C: Sustainable Agriculture Definitions

**Assurance mechanisms:** Suppliers of agricultural-based ingredients or materials have the obligation to report annually on their supply volume alignment to the PSA and continuous improvement programs. Suppliers are responsible for ensuring that all information provided to the Company is accurate and complete. Supporting evidence, including third-party independent assessments and certifications and other documentation that reasonably supports the responses and claims must be made available on request.

**Compliance:** Adhering to the requirements of certifications and standards necessitates implementation of the respective standards principles and criteria. Compliance with these standards is assessed through an assurance system of independent **verification or certification** organizations.

- Verification is a review process to substantiate compliance with the respective standard requirements. Relative to on-farm agricultural practices, a company may review the farm supply-base to verify that practices aligned to the respective standard are implemented.
- Certification is a written documentation attesting to the compliance to the respective standard by an independent, accredited assessor. Compliance and certification to the standard is reviewed routinely in accordance with the standard certification requirements. Relative to on-farm agricultural practices, a farm may provide a certification (e.g. Bonsucro, Rainforest Alliance, etc.) attesting to the farm performance meeting the standard requirement. The Company has approved sustainability standards and certifications (see Appendix B).

**Continuous improvement:** The PSA go beyond industry norms and local regulations and are designed to encourage and advance better on-farm practices that reduce impact on environment and protect human rights. We expect our supply partners to commit to unceasing progress toward meeting these principles.

**Key Performance Indicators (KPI):** Quantifiable measures that are used to define and monitor progress over time to achieve a goal

**Material supply chain risks:** Risks to the business that are significant enough to threaten the success of the business in a material way. Understanding

various sustainability related risks to the supply chain requires a comprehensive approach to quantitatively evaluating economic, social and environmental impacts to the business.

**Principles for Sustainable Agriculture (PSA):** Describe TCCC's first principles of sustainable agriculture based on environmental, social and economic criteria. They are an evolution of the Sustainable Agriculture Guiding Principles (SAGP), reflecting the most recent science and external stakeholder perspectives, including animal welfare and husbandry as well as new product categories. The PSA are aimed at primary production, i.e., at the farm level, and are inclusive of small-scale farmer cooperatives as well as medium and large commercial operations. The PSA form the basis for our continued engagement with suppliers to help ensure a sustainable long-term supply, reduce environmental impact and advance continuous improvement towards more sustainable practices.

**Smallholder Farmers:** The definition of smallholder farmer varies across countries and regions and depends on a variety of factors including living standards, land ownership, production scale, access to assets and resources and share of family labor. The UN Food and Agriculture Organization (FAO) categorizes farms under two hectares as small. For PSA guidance, small-scale farms typically comprise farms under two hectares, but the PSA definition also considers a farmer's access to financing, agricultural supplies and food production technology, as well as an ability to participate in sustainable agricultural supply chains and economic viability.

**Supplier Guiding Principles (SGP):** Communicate our values and expectations of compliance with all applicable laws and emphasize the importance of responsible workplace policies and practices that respect human rights to Tier 1 suppliers. Suppliers are regularly audited for SGP compliance.

**Sustainable Agriculture Guiding Principles (SAGP):** Established in 2013, the Sustainable Agriculture Guiding Principles expand the Supplier Guiding Principles (SGP) and created the framework and targeted guidance for our goal to work toward sustainable sourcing of agricultural-based ingredients at farm level.

**Tier 1 Suppliers:** Direct supplier of agriculture-based ingredients or packaging materials into the Coca-Cola system



# Appendix D: Frequently Asked Questions

## **1. How do the Principles for Sustainable Agriculture (PSA) relate to the Sustainable Agriculture Guiding Principles (SAGP)?**

The SAGP were established in 2013 to describe the Company's sustainable agriculture requirements based on environmental, social and economic criteria and provided a framework for sustainable sourcing of agricultural-based ingredients. The PSA replace the SAGP. The PSA reflect the most recent science and external stakeholder perspectives and have been expanded to cover new product categories (e.g., dairy) and, where possible, simplify language.

## **2. If my agriculture ingredient supply met the SAGP requirements, will it still meet the PSA expectations?**

Yes, if your product supply was verified/certified to one of the TCCC-approved sustainability standards (Appendix B), it will meet the PSA Leader supply category.

## **3. How has The Coca-Cola Company policy on sustainable agriculture changed?**

The Company's policy has expanded to cover all agriculture-based ingredients, including global priorities, emerging priorities and all other agricultural ingredients. There has been further recognition that sustainable agriculture is not a fixed destination but a journey that is achieved through on-going engagement of our business and supply chains. An implementation framework (Leader-Mover-Improver) has been developed to enable categorization, recognize leadership and support on-farm continuous improvement of all agricultural products.

## **4. How do the Supplier Guiding Principles (SGP) relate to the PSA? If I have an SGP audit, do I need a PSA certification/verification?**

The SGP are part of all contractual agreements between The Coca-Cola Company and focus on our direct and authorized suppliers (Tier 1 suppliers). The SGP align with and are supported by the PSA framework and implementation guidelines. SGP audit requirements are unrelated to the PSA certification/verification expectations for the Leader category.

**5. Do the PSA address animal-based products (e.g., dairy)?** Yes, the PSA incorporates Animal Health and Welfare Principles, aligned with the Company's Animal Health and Welfare Guiding Principles.

## **6. How will you track continuous improvement?**

Recognizing the diversity of supply chains, farm structures and risk contexts, we introduced a new, extended framework, for evaluating compliance and performance to reflect the continuum of improvement in sustainability practices: the Leader-Mover-Improver (LMI) framework. Based on supplier provided information annually, the Company will classify our agriculture-based ingredient supply into the appropriate category. Initially, we will focus on the global priorities. Over time we would expect a greater share of these ingredients being sourced from the Leader category. We want to generate a movement of continuous improvement and maintain a diverse supply based, from smallholder to large commercial farms.

## **7. What is the Leader-Mover-Improver (LMI) framework?**

The LMI framework helps us categorize our ingredient supply into three main sustainability performance categories and help prioritize our actions to the system's most material sustainability risks.

Following are the 3 categories:

- Leader level – supply volume verified to a TCCC-approved standard (Appendix B), third-party assurance aligned with the PSA
- Mover level – supply volume sourced from farms using other agricultural farming standard(s), effectively identifying and addressing key sustainability issues and advancing sustainability practices
- Improver level – supply volume from smallholder/small-scale producers participating in a support program and continuously improving practices to address their most material sustainability issues over time.

## **8. Will the Company report publicly on the status and progress of the agricultural ingredient supply base in meeting the PSA expectations?**

Yes, annually we will externally report on the global priority agricultural ingredients assured (Leader) supply in percentage of total.

**9. How do other TCCC sustainability strategies relate to sustainable agriculture and the PSA?**

Sustainable agriculture offers solutions to interrelated issues such as human rights, ecosystem protection, water security, climate resilience, greenhouse gas (GHG) emissions reduction and women's empowerment. Sustainable agriculture interacts and supports other key sustainability strategies of the Coca-Cola system: Human Rights Framework, Women & Community Empowerment, World Without Waste, Science-based Climate Target and 2030 Water Security Strategy.

**10. What is bio-based packaging?** Plant-based packaging and bottling materials such as pulp and paper (global priority) and plant-bottle plastic derived from sugar cane.

**11. Does the Company have specific sustainable agriculture goals and targets?** Yes. In 2013, The Coca-Cola Company set a goal to sustainably source 100% of all global priority ingredients. The Company remains committed to this.

**12. What are the global priority ingredients?**

Sweeteners (cane sugar, beet sugar, high-fructose corn syrup, stevia), fruit (orange, lemon, apple, grape, mango), coffee, tea, soybean, and pulp and paper.