



THE COCA-COLA COMPANY

Human Rights in The Coca-Cola Company
Sugar Supply Chain:
Lessons and Opportunities



As part of a commitment to respect human rights across our value chain, The Coca-Cola Company initiated third-party studies to evaluate key human rights risks in top sugar sourcing countries. Since beginning the effort in 2013, the company has published 20 studies. These studies have helped us better understand risks, issues and overall systemic challenges and opportunities. Through this update, our goal is to share learnings and best practices and highlight a strategic framework for future action.

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Respect for human rights is foundational to our business and embedded into our policies—
from our Human Rights Policy and Supplier Guiding Principles (SGP) to our Sustainable Agriculture Guiding Principles (SAGP).

These policies help ensure that, as a system, we create a positive impact in the communities where we operate, mitigate social and environmental risks and remediate issues when they arise.



Our Human Rights Policy articulates our commitment to respect human rights in our operations. Our Supplier Guiding Principles outline expectations for our system and supplier partners. The SGP is part of all contractual agreements between our company and our direct and authorized suppliers. Each year we facilitate approximately 2,500 third-party audits at company and supplier sites to evaluate compliance with these expectations.

Through our due diligence efforts, we have identified risks in our agricultural supply chain. **The Sustainable Agriculture Guiding Principles (SAGP)** set expectations of our agricultural ingredient suppliers to address sustainability challenges specific to agriculture. The SAGP expand on the SGP and provide targeted guidance encompassing environmental and social principles.

Collaboration across the company, system and suppliers is key to creating an opportunity for mills and farms to improve their human rights practices. As we work together, we are focused on monitoring, capacity building (e.g. training managers of mill-owned and operated farms and independent farms) and best practice sharing.

FOCUS AREAS

The third-party studies focus on three key human rights risk areas: child labor, forced labor and land rights. The below provides more information on each and you can learn more about our efforts in our [Human Rights Report](#).

1 Child Labor

Child labor is a severe human rights violation. Our Human Rights Policy and Supplier Guiding Principles clearly prohibit the use of child labor. While we can ensure child labor doesn't exist in our company-owned operations, we are aware there are risks of child labor deep within our supply chains, such as at the farm level. Our company does not typically purchase ingredients, such as sugar, directly from farms, nor are we owners of sugar farms or plantations. However, as a major user of sugar and other agricultural ingredients, we are taking action and using our influence to help end child labor in sugarcane fields and along our supply chain.

2 Forced Labor

Modern slavery and forced labor fundamentally violate individual freedom and dignity. The Coca-Cola Company prohibits the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor and human trafficking.

The company also expressly prohibits any form of human trafficking within our system or by any company that directly supplies or provides services to our business.

As an active member of The Consumer Goods Forum (CGF), we support and implement the CGF's [resolution](#) on the eradication of forced labor, which is based on the following principles: Every worker should have freedom of movement, no worker should pay for a job, and no worker should be indebted or coerced to work. The Coca-Cola Company co-chairs the workstream focused on implementing the resolution among members. As part of the implementation, we actively engage with suppliers and peers to promote awareness of these principles.

3 Land Rights

Human rights and land rights are closely connected. When land is taken away or rights are not respected, people can lose their source of food and livelihoods, their homes and links to their traditional ways of life.

In 2013, our company committed to a policy of [responsible land acquisition](#) and worked with Landesa to develop a module to be included in all audits and a guidance document for suppliers. Landesa has also been a key partner throughout these studies by providing training to internal staff and research partners.

COUNTRY STUDIES

Through the studies, The Coca-Cola Company has been working to determine the risks and any specific issues related to child labor, forced labor, and land rights issues in Coca-Cola's sugar supply chain. The study methodology is based on research, stakeholder interviews, and on-site visits to mills and farms.

The studies have included the following countries:

Latin America

Belize
Bolivia
Brazil
Colombia
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Paraguay

Africa

Cameroon
Republic of the Congo
Côte d'Ivoire
Gabon
Malawi
Mauritius
South Africa
Swaziland

South / East Asia

India
Thailand

OVERALL STUDY FINDINGS

To date, the company has published 20 third-party sugar studies on child labor, forced labor and land rights in countries from which we source sugar. We have followed up on findings of the studies through direct remediation, supplier engagement and broader initiatives including bringing brands together to provide better access to clean water and sanitation and sponsoring multi-stakeholder convenings. Overall, the issues identified through the studies were largely at the farm level.

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13 of the 20 countries found risks related to child labor, forced labor and land rights. The nature and extent of the risks varied in terms of severity. The risk of child labor appears highest in small, independent farms. Third-party labor contractors were less likely to have proper policies and protections in place to prevent forced labor. Of the studies, India and Mexico reflect the most complicated landscape for child and forced labor that require a multi-stakeholder approach.



RISK FACTORS CONTRIBUTING TO STUDY FINDINGS

The issues identified in the study are complex. The chart below outlines system versus operational risk factors.

SYSTEMIC RISK FACTORS

The operating environment is often characterized by systemic risk factors such as:

- Poverty
- Poor access to quality education or childcare
- Cultural beliefs
- Migration
- Legacy land issues
- Sugar industry dynamics
- Inadequate regulation and/or enforcement

OPERATIONAL RISK FACTORS

Mills lack mechanisms to prevent, monitor, and address CL, FL, and land rights issues in an environment of systemic risk, including:

- Policies on these issues, especially ones that apply to independent farms
- Means of operationalizing policies, e.g.:
 - Communications, training, contract provisions (prevention)
 - Worker voice, audits (monitoring)
 - Grievance mechanism (addressing)

IDENTIFYING SOLUTIONS

The Coca-Cola Company uses a variety of approaches to address child labor, forced labor and land rights in our sugar supply chain. These include both a global and country specific approach for mills, mill-owned and operated farms and independent farms. All sugar mill suppliers are expected to uphold our Sustainable Agriculture Guiding Principles and demonstrate compliance through Bonsucro certification

or SGP audits. Mills are expected to ensure responsible workplace practices in any sugarcane plantations they own or operate. When buying sugarcane harvested from nearby farms, mills need to communicate these expectations and work with the industry on implementation. We are using the below framework to guide our remediation and ongoing due diligence efforts:

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	Mills	Mill-owned / operated farms	Independent farms
Policies	SGP audits	Sustainable Agriculture Guiding Principles	
	Written guidance		
Approaches	Training (e.g. AIM-Progress)	Extended SGP audits	
	Industry engagement and support for multi-stakeholder initiatives		
	Certification (Bonsucro or equivalent)		
			Smallholder productivity & sustainability programs

PROJECTS & INITIATIVES: COUNTRY-SPECIFIC EXAMPLES

Descriptions below provide a more in-depth view of three specific country studies—**Malawi, India and Mexico**—and relevant findings and remediation recommendations for human rights issues.

Land Rights Dialogues (Malawi)



Malawi is a densely populated country with chronic food insecurity, land degradation and widespread poverty. Land distribution and allocation is erratic. The country's agricultural sector is made up of small farms as well as a small number of large commercial farms that grow crops for export.

In 2018, The Coca-Cola Company supported the work of the Interlaken Group, host of a convening for awareness-raising and relationship-building on land issues in Malawi. To date, progress has been promising - with the goal to establish a permanent and neutral platform for dialogue and to catalyze land rights projects (e.g. Landesa-llovo partnership). Future goals include engaging government to implement new laws regarding community land rights and foreign land investment. While we will continue to support the effort, the platform is locally driven to ensure continued engagement over time.

Meetha Sona Unnati (India)



The Coca-Cola Company, DCM Shriram, International Finance Corporation and Solidaridad have partnered to introduce the “Meetha Sona Unnati” project. The project serves as a capacity-building platform for smallholder farmers and is focused on sustainable sugarcane development.

Sustainable agriculture is one of the focus areas of this project. Coca-Cola is committed to working responsibly with farmers in developing and implementing crop-specific programs, improving yields and protecting natural resources. Meetha Sona Unnati invests in training and capacity building for farmers, especially women farmers, to strengthen the extension services and mill management systems to more quickly adopt sustainable production standards. Key project highlights include: intercropping, soil management, water efficiency techniques like trash mulching and furrow irrigation and mechanization. In addition to improving efficiency and profitability, the project aims to gradually reduce child labor. To accomplish this, more work is needed to provide alternatives for children on the farms (e.g. quality schooling, child care, etc.).

Market dynamics in the Indian sugarcane industry means many mills lack the resources to invest in vast smallholder bases. Indian regulations limit farm size (only 2 hectares each) and mills can source from tens of thousands of farms.

Panamericana Mexico



In Mexico, we are working through Panamericana Mexico to create capacity building for mills and mill-owned farms. The initiative will reach smallholders through producers associations.

This initiative started with a gap assessment against our Sustainable Agriculture Guiding Principles at 17 Mexican mills and mill-owned farms. Going forward, the aim is to develop and implement workplans to address these gaps. Additionally we are working with peer companies, under the umbrella of AIM-PROGRESS, to drive improvement at the industry level and in collaboration with the Mexican government.

In addition to the three initiatives explained above, the mills and farms in the company's supply chain have adopted a range of promising practices. Multiple countries have adopted specific country practices in response to country studies. Some of those measures include:



Bolivia: New commitments to local Triple Sello certification, including team to support growers, and towards achieving Bonsucro



Belize: Community-based child labor monitoring through Fairtrade producer associations

(Cont.)



Côte d'Ivoire: Training and auditing of third-party labor contractors



Malawi: Hired senior specialist and initiated the partnership with Landesa



Mauritius: Development of model labor contract



South Africa: New procedures for handling ID documents and issue of personal protective equipment



Republic of the Congo: Bi-annual meetings with Chiefs of Land to agree community employment and services (e.g. water)



Guatemala: Land expansion impact assessments



Mauritius: Land rights grievance mechanism managed by the company's land surveyor (not independent)



Nicaragua: Contracts require mill's suppliers to comply with legal standards on child labor and forced labor; breach may trigger temporary or permanent suspension



Brazil: Some mills have Responsible Sourcing programs of their own, involving supplier Code of Conduct training, annual dialogues, site inspections. One mill commission annual audit at all sugarcane suppliers and provides a BRL 1 per ton premium to those scoring above 85%

LOOKING FORWARD

In addition to the specific remediation efforts, The Coca-Cola Company will apply three specific actions to all sugar supplying countries to advance respect for human rights at the farm level.

1

Engage mills to ensure that mill-owned and operated farms are as clean and free of issues as the mills themselves.

2

Identify and test ways of bringing large, independent farms along, in collaboration with the mills they sell to.

3

Expand the evidence on “what works” to improve human rights conditions on smallholder farms.

We are evaluating a range of tactics related to these important themes, including piloting how and when to extend existing auditing to the farm level and developing tailored best practice guidance documents.

As we advance with the remaining studies, we recognize that there is no single solution. We will continue to work across multiple stakeholders to support meaningful and sustainable progress in the sugar industry.



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