



ARCACONTINENTAL



# AC Responsible Supply Strategy

# Supply Chain Sustainability

Phase 2

## Quality

The supplier must provide its product or service meeting the highest quality standards, including all applicable certifications

## Competitiveness

The suppliers' economic offer must be competitive in the market and the negotiation should seek to favor development on both sides

## Supply

The supplier must submit the volume of products or agreed service deliverables, on schedule and in compliance

Open, fair and transparent bidding

Environmental footprint minimization and creation of shared value

Phase 1

## Principles, codes and guides

- Supplier Guiding Principles
- Code of Ethics and Conduct
- Sustainable Agriculture Guiding Principles

## Compliance management

- Suppliers' certifications
- Deviation complaints through our transparency mailbox
- Investigation Committee

## Local supply and supplier development

- Preference for local suppliers
- Supplier and entrepreneur training programs

Risk assessment and organizational reputation

# Supplier incorporation process

To ensure that our supply chain has, at least, the same level of professionalism, values, respect for Human Rights, integrity and respect for the environment as Arca Continental, every individual or organization that wish to establish a commercial relationship with us must undergo an incorporation process. According to the criticality level of the supplier, which is identified during the process, the steps taken might grow in number. The compliance of each of this steps is required in order to proceed to the next step.

The steps of this process are:

- 1) **Due diligence process.** The supplier must have all of its documents, permits and regulations required by the operation's regional authority in order. The supplier must demonstrate it funds are not from an illegal source. It should not have been subject of relevant suits or sanctions by the authority nor any other company from the Coca-Cola System.
- 2) **Criticality definition.** Direct or indirect suppliers, according to their nature or location, may or may not be classified as critical. The criteria to identify a supplier as such is detailed in the following sections.
- 3) **Recognition or certification of our principles and codes.** According to the criticality level of the supplier, it will be required for it to read, sign in acceptance and implementation and, in the case of critical suppliers, be audited by an independent third party in compliance of Coca-Cola's Supplier Guiding Principles, the Code of Ethics and Conduct of Arca Continental and, if applicable, the Sustainable Agriculture Guiding Principles. The explanation referring to the responsibility level acquired by the type of supplier regarding these codes and principles is detailed in the "Supplier type – responsibility matrix".
- 4) **Bidding.** Once the supplier has fulfilled the first three steps in this process, it may enter the bidding process, where it may finally prove the economic competitiveness of its products or services.
  - Besides the economic proposal, purchasing decision-making factors are evaluated during the bidding process. These may include favoring local suppliers as well as the supplier's performance in social and environmental topics during the certification process.

# Supplier Guiding Principles

The Supplier Guiding Principles (SGP) are a vital pillar of The Coca-Cola Company's human rights and workplace accountability programs. These programs are driven by the belief that good corporate citizenship is essential to our long-term business success and must be reflected in our relationships and actions in our workplaces and the workplaces of those who are authorized to directly supply our business. The principles outlined below reflect the values we uphold in our own policies, and we expect our direct suppliers to follow the spirit and intent of these guiding principles to ensure respect for all human rights.

- **Freedom of association and collective bargaining**
- **Prohibit child labor**
- **Prohibit forced labor and abuse of labor**
- **Eliminate discrimination**
- **Work hours and wages**
- **Provide a safe and healthy workplace**
- **Protect the environment**
- **Compliance with applicable laws and regulations**



# Critical supplier definition

The criteria to identify either a direct or indirect supplier as critical is as follows:

- **Ingredients.** Every supplier whose product is part of a formula or who directly supplies and ingredient of our products is considered as critical.
- **Product contact.** The suppliers of each and every one of the materials that come in direct contact with our food and beverages products are considered critical.
- **Activities and geographies identified as vulnerable regarding Human Rights.** The suppliers located in or working at regions recognized as vulnerable to violations against Human Rights by authorities or organizations such as the International Labor Organization, are considered critical.
- **Exposition or complaint.** Every supplier that has been exposed in the media or by authorities regarding a risk of corruption or that a complaint has been issued in our Transparency Mailbox against it, will be considered critical as long as the corresponding investigation is ongoing.

# Supplier type – responsibility matrix

	All suppliers	Agricultural suppliers	Direct and indirect critical suppliers
Coca-Cola Supplier Guiding Principles	Written recognition and commitment of adhesion		Evaluation and certification by an independent third party
Arca Continental Code of Ethics and Conduct	Written recognition and commitment of adhesion		Additional anti-corruption controls
Coca-Cola Sustainable Agriculture Guiding Principles		Evaluation and certification by an independent third party	