

SUSTAINABLE AGRICULTURE



Sustainable Agriculture

Agriculture is at the heart of the sustainability challenge. Population growth and increasing standards of living create additional demand for food and agricultural products. In an era marked by scarcer resources, greater demand, and price volatility, water, food and energy demands increasingly intersect with businesses, communities and farmers.

A healthy agricultural supply chain is essential to the well-being of the communities in which we operate and is critical to the success of our business. Our approach to sustainable agriculture is founded on principles to protect the environment, uphold workplace rights and help build more sustainable communities.

We seek to mitigate business risk by addressing challenges to the availability, quality and safety of agricultural ingredients; to meet consumer demand for products that align with a healthy and sustainable lifestyle; and to balance the costs of sustainability by leveraging relationships and initiating new opportunities as they make sense. A central element of this approach is The Coca-Cola Company sustainability aspiration to grow our business by making a positive difference for the communities we serve.

To meet the expectations of our consumers, customers and other stakeholders and enable the continued growth of the Company, it is imperative that we maintain a safe and sustainable supply of the agricultural ingredients. With this purpose in mind, we aligned our operations with the Sustainable Agriculture Guiding Principles (SAGP) developed by The Coca-Cola Company, which set out expectations for our agricultural ingredient suppliers to address sustainability agricultural challenges. We believe that SAGPs provide a mutually beneficial foundation for the company and its agricultural supply chain.

The following sections describe in detail our principles, commitments, actions and progress towards a circular economy.

Sustainable Agricultural Guiding Principles

Currently, suppliers of The Coca-Cola System and suppliers authorized by The Coca-Cola Company are required to meet our Supplier Guiding Principles (SGP), which communicate our values and expectations of compliance with all applicable laws and emphasize the importance of responsible workplace practices that respect human rights. The Sustainable Agriculture Guiding Principles expands on the SGP and provides targeted guidance to our suppliers of agricultural ingredients. These Principles will establish the framework for defining our commitment to sustainable sourcing and will be integrated into internal governance routines and procurement processes.

We recognize that sustainable sourcing poses new challenges and we intend to work collaboratively with our suppliers on the journey ahead to ensure that all agricultural ingredients are sourced sustainably. We encourage all our suppliers to work continuously towards more sustainable practices and to uphold the following Sustainable Agriculture Guiding Principles:

Human and Workplace Rights

- 1. Freedom of Association and Collective Bargaining: Respect** employees' right to join, form or not to join a labor union without fear of reprisal, intimidation, or harassment. Where employees 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 of applicable laws and regulations. Prohibit the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor or slave labor.
- 3. Eliminate Discrimination:** Maintain workplaces that are free from discrimination or physical or verbal harassment. The basis for recruitment, placement, training, compensation, and advancement should be qualifications, performance, skills and experience.
- 4. Work Hours and Wages:** Compensate employees relative to the industry and local labor market. Operate in full compliance with applicable wage, work hours, overtime and benefits laws and offer employees opportunities to develop their skills and capabilities, and provide advancement opportunities where possible.
- 5. Provide a Safe and Healthy Workplace:** Provide a secure, safe and healthy workplace. Maintain a productive workplace by minimizing the risk of accidents, injury and exposure to health risks.
- 6. Community and Traditional Rights:** Recognize and safeguard the rights of communities and traditional peoples to maintain access to land and natural resources. Maintain positive community relations and contribute to local economic development.

Environment

- 7. Water Management:** Ensure long-term sustainability of water resources in balance with community and ecosystem needs by maximizing water use efficiency and minimizing water quality impacts from wastewater discharges and erosion and nutrient/agrochemical runoff.
- 8. Energy Management and Climate Protection:** Maximize energy use efficiency, seek to maximize the use of renewable energy as available and cost effective, and reduce greenhouse gas emissions from agricultural practices.
- 9. Conservation of Natural Habitats and Ecosystems:** Promote and protect natural habitats and biodiversity through the conservation of natural flora and fauna and the maintenance of important ecosystem services such as natural pest and disease controls, pollination, and freshwater flows. Promote sustainable forest management and help protect woodlands from deforestation and illegal harvesting.
- 10. Soil Management:** Maintain or improve soils by preventing degradation, reducing runoff, minimizing related greenhouse gas emissions, and protecting soil biodiversity.
- 11. Crop Protection:** Follow national and/or local regulations and label requirements for safe and proper use of all agrochemicals. Use Integrated Pest Management techniques to protect crops from pests, weeds, and disease whenever possible.

Farm Management Systems

- 12. Harvest and Postharvest Handling:** Manage harvest and postharvest processes effectively to minimize losses. Ensure the quality and safety of agricultural products by following Good Agricultural Practices.
- 13. Reproductive Material Identity, Selection and Handling:** Ensure crop selection is suited to local growing conditions (climate, water availability, pest pressure, etc.) to help ensure sustainable harvests over time. Know the crop species under cultivation and variety, if applicable, and communicate it to The Coca-Cola Company.
- 14. Management Systems, Record Keeping and Transparency:** Develop a system to manage objectives, procedures, workplace practices. Maintain records of workplace practices and procedures, as well as proof of compliance with 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.
- 15. Business Integrity:** Conduct business with integrity, respecting relevant laws and prohibiting bribes and fraudulent practices.

Suppliers Engagement

Since we do not buy agricultural raw materials directly from farms, but mainly processed and refined ingredients from suppliers, it is very important for us to work with our suppliers to achieve our vision of sustainable agriculture and to work with them to engage their agricultural principles, with emphasis in collaboration and continuous improvement.

In 2021, we began evaluating the sustainability performance of our critical suppliers, who account for the top 80% of global spending for our highest priority ingredients by volume. To provide a greater understanding and transparency of our ingredient supply chain, we include a list of critical suppliers in our annual report to the Mexican Stock Exchange.

The sustainability performance evaluations of our critical suppliers allow us to identify risks in our supply chain and develop corrective plans for those suppliers that present a high-risk level in any of the topics shown in the following table.

Environment	Labor Practices and Human Rights	Ethics	Sustainable Supply
<i>Operations</i> <ul style="list-style-type: none"> • Energy consumption and GHG • Water • Biodiversity • Local and accidental contamination • Materials, chemicals and waste <i>Products</i> <ul style="list-style-type: none"> • Use of products • End of product life cycle • Consumer health and safety • Environmental services and actions to promote env. protection 	<i>Labor Practices</i> <ul style="list-style-type: none"> • Employee health and safety • Labor conditions • Social dialogue • Career and training management <i>Human Rights</i> <ul style="list-style-type: none"> • Child labor, forced labor and human trafficking • Diversity, discrimination and harassment • Human rights of external interest groups 	<ul style="list-style-type: none"> • Corruption • Anti-competitive practices • Responsible information management 	<ul style="list-style-type: none"> • Environmental practices of suppliers • Social practices of suppliers

Relevant projects and progress on principles

As part of the Coca-Cola System, we play a fundamental role in meeting the sustainability goals of said system, given the relevance and presence of the company in Latin America. As part of the effort to enforce the Guiding Principles of Sustainable Agriculture, we carry out multiple projects and collaborations with different interest groups. Below, we present some of the most outstanding projects.

Strengthening recruitment and agricultural practices in Mexico (collaboration with The Coca-Cola Company)	
Description and objectives of the project:	<p>As part of the efforts made by the Coca Cola System in Mexico, it has been working since 2017 with multiple organizations to support 16 sugar mills and their surrounding farms in complying with the Principles of Sustainable Agriculture.</p> <p>The initiative aims to provide training on sustainable agriculture techniques and responsible recruitment to farmers and millers, with a specific focus on women and youth.</p> <p>We join this initiative as collaborators in the respective areas of our supply chain.</p>
Progress and results to date:	<p>+500 farmers trained +7,000 hectares of land using sustainable agriculture techniques +1,700 farmland workers benefited from improved practices</p>
Contribution to the Guiding Principles of Sustainable Agriculture:	<p>This project contributes to the following Principles:</p> <ul style="list-style-type: none"> - Prohibit child labor, forced labor and abusive labor practices - Eliminate discrimination - Water management - Energy management and climate protection - Soil management - Harvest management and post-harvest processes
Yellow Corn (with Ingredion and The Coca Cola Company)	
Description and objectives of the project:	<p>With the aim of increasing the production of yellow corn in a sustainable way and providing security in the growth process of their crops to local producers, Ingredion México and the Mexican Coca-Cola Industry have initiated a collaboration project to start the "Corn Yellow".</p> <p>This project is part of the local sourcing and supply chain initiatives of Ingredion and the Coca-Cola Mexican Industry, with the aim of increasing the purchase of Mexican agricultural ingredients.</p>
Progress and results to date:	<p>The project that began in Jalisco, as the main production location, with the support of 450 local producers.</p> <p>After the first stage carried out in 2021, the national scaling of the different states that produce the cereal will be evaluated, with the commitment to support a harvest of 100,000 tons of yellow corn.</p>
Contribution to the Guiding Principles of Sustainable Agriculture:	<p>This project contributes to the following Principles:</p> <ul style="list-style-type: none"> - Soil management - Harvest management and post-harvest processes