

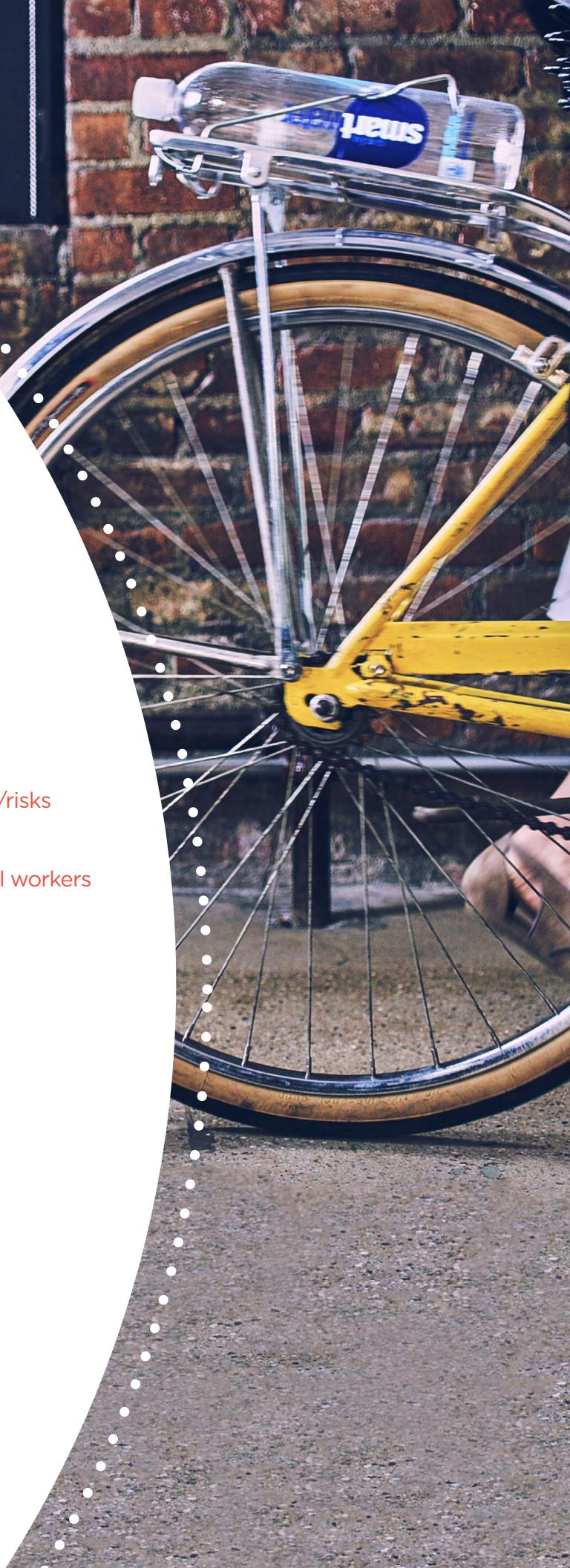


# THE COCA-COLA COMPANY'S HUMAN RIGHTS REPORT 2016-2017



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# Welcome to the first human rights report of The Coca-Cola Company!

Everywhere The Coca-Cola Company operates around the world, we do so at the pleasure of the communities we call home. If we don't respect our role in society and do everything we can to create a net positive impact on communities, our social license can be revoked at any moment.

That social license to operate is grounded in our ability to understand and mitigate social and environmental

risks within the Company and the Coca-Cola system, including our more than 800 plants, vast distribution system, suppliers and extended value chain. Across everything we do as a system, one inalienable right we must work to instill in every associate is respecting and protecting human rights.

This is a foundational part of maintaining our social license.

We have and continue to develop comprehensive policies, principles and processes to help ensure human rights are respected and protected, and work to identify and address any gaps at every point of our business and along our supply chain - from the driver delivering our products, to the technician ensuring product safety, to the mill workers refining sugar, to the small farmers growing the crops we rely on every day.

Our commitment to human rights has been steadfast over the years, and our policies and practices are aligned with the UN Guiding Principles on Business and Human Rights. We continuously strive to demonstrate our commitment through our sustainability and community initiatives, as well as our efforts to identify and remedy human





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rights impacts. And it starts with our own people, making sure they have safe, supportive and respectful workplaces where the dignity of every associate is recognized.

Many of our efforts and initiatives are outlined in this, our first Human Rights Report.

Over the years, stakeholders' expectations for protecting and respecting human rights have evolved, and so, too, has our approach.

This year, we achieved some key milestones, including the completion of a global exercise with both internal and external stakeholders to identify our salient human rights risks – those risks that have the most severe actual and potential impacts on human rights associated with our activities and business relationships.

We are proud to share some of our stories, learnings and our most recent developments through this report, and we look forward to continued dialogue and feedback from our corporate peers, partners and other stakeholders as our human rights journey continues.

Yours,





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## CHAPTER 1:

# The Coca-Cola Company at a glance

The Coca-Cola Company refreshes the world with more than 500 sparkling and still brands to people in more than 200 countries and territories. Of our 21 billion-dollar brands, 19 are available in lower- or no-sugar options to help people moderate their consumption of added sugar. We are a global business that operates locally, in every community where we do business. We are able to create global reach with local focus because of the strength of the Coca-Cola system, which comprises our Company and our more than 250 independent bottling partners worldwide.

The Coca-Cola Company does not own, manage or have a controlling interest in the overwhelming majority of our bottlers. Our Company manufactures and sells concentrates, beverage bases and syrups to bottling operations; owns the brands; owns the fountain business; and is responsible for consumer-brand marketing initiatives. Bottling partners manufacture, package, merchandise and distribute the final branded beverages to our customers, who then sell our products to consumers.

All bottling partners work closely with customers – grocery stores, restaurants, convenience stores, retail outlets, movie theaters and amusement parks, among others – to execute localized strategies developed in partnership with our Company.

In May 2017, James Quincey assumed the role of Chief Executive Officer (CEO) for The Coca-Cola Company and

launched a new growth strategy with the aim of making us a consumer-centered total beverage company based on five strategic imperatives:

- Accelerating the growth of our consumer-centric brand portfolio. We're building a vibrant, modern portfolio that provides refreshment, great taste, uplift, hydration, pleasure and more.
- Driving revenue growth. Every market—whether emerging, developing or developed—has a targeted role to play in growing our revenue.
- Strengthening our global system. We're working with our partners to complete the ongoing work of refranchising territories to strong, capable and committed bottling partners.
- Digitizing our enterprise. We're leveraging technology to improve the way we engage with our consumers, customers and colleagues.
- Unlocking the power of our people. We're making our organization faster, leaner and more agile, empowering our people to act boldly and learn as we go.

The full 2016 review of The Coca-Cola Company can be downloaded under the following link:  
<http://www.coca-colacompany.com/2016-year-in-review/downloads>



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## CHAPTER 2:

# The international human rights context: The UN Guiding Principles on Business and Human Rights and the UNGP reporting framework

The UN Guiding Principles (UNGPs) on Business and Human Rights is an authoritative global standard, having been unanimously endorsed by the UN Human Rights Council in June 2011.

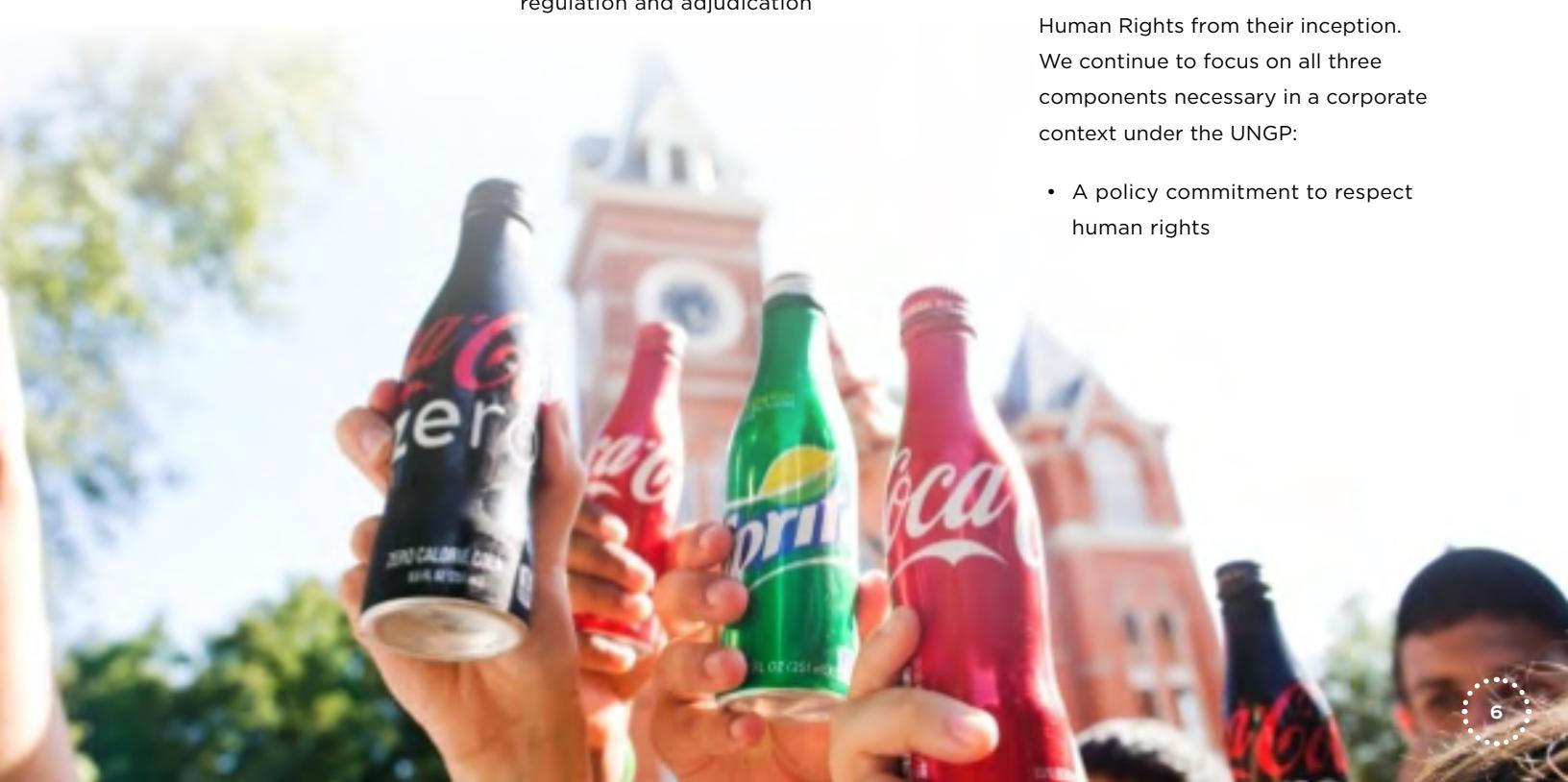
The UNGPs are based on a three-pillar framework, which consists of:

- The state duty to protect human rights against abuse by third parties, including business, through appropriate policies, legislation, regulation and adjudication

- The corporate responsibility to respect human rights, meaning to act with due diligence to avoid infringing on the rights of others and address adverse impacts with which they are involved
- The need for greater access to effective remedy, both judicial and non-judicial, for victims of business-related human rights abuse

The Coca-Cola Company has publicly supported the UNGPs on Business and Human Rights from their inception. We continue to focus on all three components necessary in a corporate context under the UNGPs:

- A policy commitment to respect human rights





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- A due diligence process to identify, prevent, mitigate and be accountable for adverse human rights impacts
- Processes to enable the remediation of the adverse human rights impacts the Company causes or to which it contributes

This framework is the foundation of our policies and programs related to human rights. We expect our Company, bottling partners and suppliers to avoid causing or contributing to human rights infringements as a result of business actions. Furthermore, our Company, bottling partners and suppliers are responsible for preventing or mitigating adverse human rights impacts directly

linked to their operations, products or services by their business relationships.

The Coca-Cola Company participates in the Business Learning program of Shift, a nonprofit organization that facilitates dialogue, builds capacity and develops new approaches to implementing the UNGP with companies, governments, civil society organizations and international institutions.

In 2015, Shift, jointly with the auditing company Mazars, launched the UNGP Reporting Framework, offering comprehensive guidance for companies to report on human rights issues. This Human Rights Report is based on the UNGP Reporting Framework. We appreciated Shift's support as we developed this report.

“

*“For companies working to respect people’s fundamental dignity and welfare – their human rights – identifying the human rights risks connected with their business is the critical first step. It is the key that unlocks the potential for transformative positive change in people’s lives. Once companies understand these risks, they are empowered to manage them effectively, leading ultimately to better outcomes for all.*

*The global standard of the UN Guiding Principles on Business and Human Rights provides the roadmap for this change process. The UNGP Reporting Framework in turn translates the Guiding Principles into a set of straightforward questions: questions to which any company should want to have answers as part of managing its business well. It therefore helps companies see how to minimize risks to people, reduce the related operational, reputational, financial and other risks to their own business, and provide meaningful information to investors and stakeholders so they can understand the efforts and progress underway.*

*Utilizing the UNGP Reporting Framework helps companies like The Coca-Cola Company improve the maturity of their human rights reporting and performance.”*

CAROLINE REES, PRESIDENT  
AND CO-FOUNDER, SHIFT



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## CHAPTER 3:

# Our starting point: The Coca-Cola Company's Human Rights Policy

The Company has been on a human rights journey since the late 1990s. In 2003, we started our social auditing program and in 2005, we established a core Global Workplace Rights team to manage and drive the Company's human rights approach and engagement. In 2007, we launched a public Human Rights Statement in which we committed to respect internationally recognized human rights principles in our business conduct. We also developed our 2007 Workplace Rights Policy and 2012 Global Mutual Respect Policy. In 2014, we combined these documents into one, comprehensive Human Rights Policy. The Policy was directly communicated from then CEO and Chairman Muhtar Kent and translated into 17 different languages.

The Coca-Cola Company's Human Rights Policy, which was approved by our Board of Directors, is based on the Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. It covers the following topics:

- Respect for human rights
- Community and stakeholder engagement
- Valuing diversity
- Freedom of association and collective bargaining
- Safe and healthy workplace
- Workplace security
- Forced labor and human trafficking
- Child labor
- Work hours, wages and benefits
- Guidance and reporting for employees

Our Human Rights Policy applies to The Coca-Cola Company, the entities that we own, the entities in which we hold a majority interest and the facilities we manage. It can be downloaded [here](#). At the end of 2016, 89 percent of Company-owned facilities were in full compliance with our Human Rights Policy, and the remaining facilities are working on action plans for alignment in the near term.

In the first half of 2017, we have worked to revise our Human Rights Policy to reflect lessons learned from our in-depth assessments on salient human rights risks, which are the most severe potential impacts associated with our business. We have consulted widely with NGOs, civil society groups, trade unions, investors and key experts around the globe to ensure our updated policy meets the expectations, concerns and demands of stakeholders. We received a valuable amount of constructive feedback, comments and suggestions, which have decisively influenced the revision of our policy.

Once the revised Human Rights Policy is launched December 10, 2017, we will put considerable efforts into its dissemination within the Company, including through translations into relevant languages, videos and leadership messages. We will also examine whether existing guidance brochures fully cover the revised policy or if new guidance is required to support associates with implementation.





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## CHAPTER 4:

# Embedding our commitments into The Coca-Cola Company's governance

Human Rights is a key focus among the top leadership of our Company. The Coca-Cola Company's Chairman of the Board Muhtar Kent and CEO James Quincey support and communicate our Human Rights Policy internally and externally. At the Board of Directors level, the Public Issues and Diversity Review Committee, chaired by former U.S. Secretary of Labor Alexis Herman, has oversight of the Company's policies related to human rights and their implementation.

Within the Company, the Global Workplace Rights Department is in charge of supporting human rights policy and governance, addressing global issues, identifying human rights risks throughout the value chain, and developing easy-to-use, due-diligence tools to help identify and mitigate human rights risks. The Global Workplace Rights Director reports to the Chief People Officer and informs the Board of Directors semiannually on open

### Outreach, communication and governance activities to raise awareness and strengthen capacity on human rights internally

- **Annual:** Human Rights Day communication
- **Semiannually:** Human Rights update to Board of Directors
- **Quarterly:** Performance scorecards, open issues report
- **Ongoing:** Policy and resource materials, ethics training, videos and blogs on progress and other relevant information

We also have developed a mobile phone app, which encompasses guidance, checklists and contacts, to provide associates with direct and easy access to these materials, independently wherever they are located. In spring 2017, we updated the app to make it more comprehensive and user-friendly. The app, which is publicly available, can be found [here](#). The app is also promoted through our internal Company app-store and internal website.



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issues, risks and challenges as well as progress against our commitments.

The Global Workplace Rights Department works with a wide variety of departments across the Company, such as procurement, health and safety, diversity and inclusion, public affairs, communications and sustainability, legal and enterprise risk management. Topics related to business and human rights and responsible business conduct are regularly included in senior management meetings to ensure awareness and coherence within the Company and the Coca-Cola system. In addition, the implementation of the Company's Human Rights Policy and Supplier Guiding Principles are reflected in scorecards of individual Business Units around the world, so implementation receives the necessary attention and importance at the local level.

In order to enable our associates to fully meet expectations described in our Human

Rights Policy, the Company provides a series of human rights training brochures to employees worldwide. In addition, we have Human Rights Due Diligence Checklists for a range of functions and operational settings, such as for plant siting, micro-distribution center operations, migrant labor, contract labor and many others. These guidance and checklists are available via our [Company's internet site](#):

- [Human Rights Brochure for All Employees](#)
- [Human Rights Brochure for Leaders](#)
- [Human Rights Policy Manager's Guide](#)
- [Human and Workplace Rights Issue Guidance](#)
- [Global Workplace Rights Implementation Guide](#)

### Key topics discussed at the Board with regards to business and human rights 2016-17 include:

- Compliance with human rights policy and supplier guiding principles
- Labor relations
- Diversity and inclusion
- Mega-sporting events
- Salient human rights risks
- Health and safety
- Land, forced labor, and child labor
- Human rights benchmarking
- Supply chain risks in 2016-17 and beyond
- Global workplace rights strategic priorities
- Developments in multilateral organization
- Human rights due diligence





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- Pass It Back Toolkit
- Human Rights Due Diligence Checklist - Background and Guidance
- Human Rights Due Diligence Checklist for Plant Siting
- Human Rights Due Diligence Checklist for Micro Distribution Centers
- Human Rights Due Diligence Checklist for Migrant Workers
- Human Rights Due Diligence Checklist for Contract Labor
- Human Rights Due Diligence Checklist for Pre-sourcing Design
- Human Rights Due Diligence Checklist for Child Labor in Agriculture
- Human Rights Due Diligence Checklist for Non-trademark Activation

In fall 2015, we asked our employees globally, through anonymous polling, if they feel pressured to compromise Company policy or the law to meet objectives. Of the respondents,

**92%**

would not feel pressured. We took action to address issues in parts of the organization where the scores were lower.

Mergers and acquisitions (M&A) present a range of human rights-related risks and challenges for companies to manage. In 2016, the M&A team received in-depth guidance to ensure potential human rights impacts are fully taken into account in decision making and during the merger and acquisition process. The M&A team has a procedure in place to escalate human rights-related issues within the Company as they arise.

With the refranchising of our bottling operations in important markets, such as North America and China, we understand additional efforts will need to be undertaken for future compliance with our values and principles. One focus, for example, will be to support bottling partners with supplementary guidance and check that existing guidance is up-to-date.

“

*“The area of Human Rights is a key focus of the Public Issues and Diversity Review Committee.*

*Our ongoing, vigilant respect for Human Rights reflects the core values of the Company and underpins the Company’s ability to sustain and strengthen our social license to operate. Therefore, as a Board, we follow very closely the implementation of the Company’s human rights work as well as the Company’s 2020 Global Workplace Rights commitments.*

*We aim to ensure that the Company takes a comprehensive approach to human rights, which encompasses the way the Company does business, how it grows and how it engages with stakeholders.”*

**ALEXIS HERMAN, CHAIR OF THE PUBLIC ISSUES AND DIVERSITY REVIEW COMMITTEE**





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## CHAPTER 5:

# Our supply chain matters

Our responsibility does not end at the company gate. Aligned with the UNGP and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, we seek to avert any human rights violations by our system partners and across our global value chain linked to our products. We expect our suppliers and system partners to embrace responsible workplace practices and uphold the principles of our Human Rights Policy. We communicate these expectations through our [Supplier Guiding Principles](#) (SGP). The SGP are aligned with our [Human Rights Policy](#) and

are a part of all contractual agreements between The Coca-Cola Company and our direct and authorized suppliers. We expect our suppliers to develop and implement appropriate internal business processes in compliance with the SGP.

We closely monitor the implementation of the SGP by direct, authorized suppliers and apply the equivalent audits to independent bottlers. The Company utilizes independent third parties to assess supplier and bottler compliance. Assessments include confidential interviews with employees and on-site contract workers. Our audit guidelines thereby require auditors to select employees from different production lines and duties within the facility; employees of different genders, ethnic or religious backgrounds; employees who appear very young; employees who are pregnant; union representatives, when available; and contingent workers. Protection of the workers in the process is of utmost importance. Worker participation in interviews is voluntary, and the interviews are strictly confidential with no reference to the employee's name when findings are disclosed to management. Interviews are conducted in a private location that guarantees separation from management influence. Furthermore, all documentation is destroyed away from the facility location.

If a supplier or bottler fails to uphold any aspect of the audit requirements, implementation of corrective actions is required.





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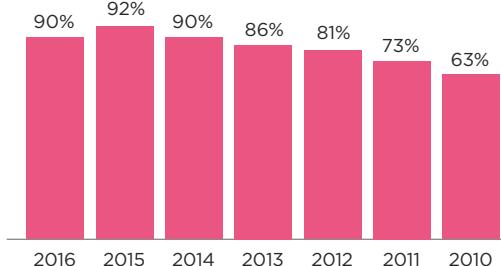
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New suppliers must demonstrate compliance to SGP prior to their authorization as an approved supplier. The Company reserves the right to terminate an agreement with any supplier unable to demonstrate SGP requirements abidance. However, this should be considered a last resort. Walking away from issues does not ultimately solve the problem or improve the situation of affected communities and stakeholders. Instead, aligned with the UN Guiding Principles, we aim to build leverage with other major buyers to increase the pressure on suppliers to engage. An example where we have implemented this approach is with Usina Trapiche, a sugar mill on the coast of Pernambuco in northeastern Brazil. Since 1998, it has been embroiled in conflict with local fishing communities over the control of nearby islands and contamination of the estuary. Usina Trapiche is a supplier to a Coca-Cola bottler and other major brands. In 2016, working with Oxfam, we have been engaged with a coalition of buyers to strengthen leverage for engagement. The Global Workplace Rights Director of The Coca-Cola Company reported on these efforts and discussed the case

### Compliance of direct, authorized suppliers, bottlers and company-owned facilities with the Human Rights Policy and the Supplier Guiding Principles



with a multi-stakeholder audience on an Oxfam-led panel at the UN Forum on Business and Human Rights in November 2016. More information can be found [here](#). However, building leverage and triggering change does not happen overnight and requires engagement, persistence and vision.

Since inception of our SGP program, we have collaborated with our bottling and supplier partners to complete more than 20,000 human and workplace rights audits. Although our values have

Number of audits of suppliers, bottlers and company-owned facilities per region





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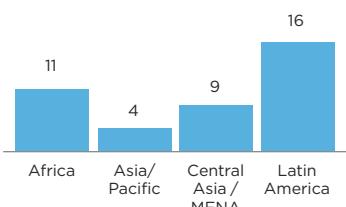
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### Number of human rights training programs facilitated by the Global Workplace Rights team for bottlers, suppliers and auditors in 2016



remained the same, our program has evolved for continuous improvement. In 2014, for instance, we enhanced our audits with regard to the recruitment and employment practices for migrant workers and protecting the land rights of local communities.

We not only request compliance with our SGP, but also provide training programs and guidance on their implementation. We have developed guidance on specific topics to support our supplier partners to uphold the values outlined in the SGP. Our [Issue Guidance document](#) provides additional guidance on challenges which, to date, include land rights, HIV/AIDS and pregnancy testing, and migrant worker recruitment and employment practices. The intent is to provide background information on the issue and for the expectations to comply with SGP. In 2016, the Global Workplace Rights team provided 40 SGP-related training programs to bottlers, suppliers and auditors across the world.

The Coca-Cola Company is a leading member of [AIM-PROGRESS](#), a forum of 45 fast-moving consumer goods manufacturers and suppliers working together to promote responsible sourcing practices. Member companies recognize supplier audits completed on behalf of another company, benchmark best practices and collaborate to jointly deliver supplier training programs around the world.

The training programs cover the four major pillars of responsible sourcing: human rights and labor standards, health and safety, environmental compliance and business integrity. Over the last few years The Coca-Cola Company co-hosted events in collaboration with other AIM-PROGRESS members in Bangkok, New Delhi, Dubai, Nairobi, Johannesburg, Lagos and Istanbul.

### The top 10 findings in our audits of direct, authorized suppliers, bottlers and own facilities in 2016

Excessive Overtime	14%
Overtime Not Properly Compensated	7%
Equipment Does Not Meet Legal Safety Requirements	5%
Rest Day Not Provided	5%
Inadequate Worker Safety Training	5%
Unhealthy Workplace Conditions in Violation of Local Law	5%
Blocked or Locked Emergency Exits	4%
Mandated Benefits Not Provided to 10% or More of Workers	4%
No Functioning Fire Alarms	4%
No Emergency Lighting	3%

All identified non-compliance is addressed through a corrective action plan within an agreed-upon time frame. The corrective action is tracked and may require a re-audit to determine if improvement has occurred.

Overall, AIM-PROGRESS has organized more than 20 such sessions globally, reaching more than 2,500 people.

### Our agricultural supply chain

A huge focus in our supply chain work is related to our agricultural ingredients. This is an area where we have assessed greater risks as we work to gain a



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higher level of transparency across our supply chain. We rely on more than 5 million farmers to deliver our agricultural supply. In view of this importance, The Coca-Cola Company has developed a set of specific **Sustainable Agriculture Guiding Principles** (SAGP), which set expectations of our agricultural ingredient suppliers, to address sustainability challenges specific to agriculture. The SAGP expand on the SGP and provide targeted guidance to our suppliers of agricultural ingredients. They cover the following areas:

- Freedom of association and collective bargaining
- Prohibit child, forced or abuse of labor
- Eliminate discrimination
- Work hours and wages
- Safe and healthy workplace
- Community and traditional rights
- Water management
- Energy management and climate protection
- Conservation of natural habitats and ecosystems
- Soil management
- Crop protection
- Harvest and postharvest handling
- Reproductive material identity, selection and handling
- Management systems, record keeping and transparency
- Business integrity

### **Sustainable Agriculture Principles with Criteria**

The SAGP establish the framework for defining our commitment to sustainable sourcing, in which we have committed to more sustainably source our priority agricultural ingredients by 2020. These



priority ingredients are cane and beet sugar, high fructose corn syrup, stevia, tea, coffee, oranges, lemons, grapes, apples, mangos, pulp and paper fiber for packaging, palm oil and soy.

The agricultural supply chain, from farm to finished ingredient, is complex and every commodity is different. We're working to engage and enroll smallholder farmers, including women, in our efforts toward improved sustainable sourcing consistent with the Company's SAGP. We have convened numerous workshops in regions around the world to help educate stakeholders across our agricultural supply chain, including bottlers, suppliers, farmers and others to drive implementation against our 2020 goal.

### **Sugar update**

Through global sourcing efforts, in collaboration with bottling partners, Coca-Cola sourced more than 1 million tons of more sustainable sugar in



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2016. This achievement positions The Coca-Cola Company at an estimated 15-20 percent toward the Company's goal to sustainably source our sugar by 2020. Coca-Cola anticipates doubling the amount of sugar it sustainably sources over the next year. Bonsucro certification is The Coca-Cola Company's preferred method for sugarcane mills and growers to demonstrate compliance with the Company's SAGP. Coca-Cola worked with Bonsucro members to create the first global metric standard for sustainable sugarcane production and was the first to purchase Bonsucro-certified sugar in 2011. The Company also achieved Bonsucro Chain of Custody Standard certification, which enables the tracking of claims on the sustainable production of Bonsucro sugarcane and all sugarcane-derived products along the entire supply chain. In October 2015, Coca-Cola received the 2015 Bonsucro Sustainability Award for Buyers

**Supporting Transformational Change.**  
The award recognizes the Coca-Cola system's efforts to support critical and progressive advancements in the sugarcane sector.

### Coffee and tea update

More than 95 percent of the sourced coffee and tea in 2016 have met at least one of the Company's required sustainable sourcing standards, with the majority adhering to the Company's SAGP. This means that Coca-Cola is purchasing these products from farm locations and suppliers that meet one of the following standards: Ethical Tea Partnership, Rainforest Alliance, UTZ, Fairtrade, SAI Platform, 4C\*, or SAGP audit or validation. Coca-Cola prefers and encourages suppliers to strive for SAGP, which, among other things, set standards to be met by farm suppliers for human and workplace rights, environmental protection and responsible farming management.

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Through Project Catalyst, a collaboration among Coca-Cola, World Wildlife Fund (WWF), natural resource management groups Reef Catchments, Terrain, NQ Dry Tropics and the Australian government, Gerry Deguara and a group of fellow landholders are developing and testing progressive farming practices to improve the quality of water runoff to the Great Barrier Reef.





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### Fruits update

Coca-Cola estimates to have reached 54 percent of our goal to more sustainably source our lemon by 2020. Half of Coca-Cola's lemon is sourced from Argentina, with 90 percent of the country's supply for Coca-Cola sustainably sourced. Citrus and mango are the major fruit areas of focus in Africa, where Coca-Cola is supporting economic development through [Source Africa](#), an initiative to advance sustainable and financially viable supply chains of key Coca-Cola agricultural ingredients. Source Africa builds on Coca-Cola's successful [Project Nurture](#), a partnership with nonprofit TechnoServe and the Bill & Melinda Gates Foundation, to double the average income of 50,000 small-scale

mango and passion fruit farmers in Uganda and Kenya and help them connect into Coca-Cola's supply chain.

We are cooperating in our agricultural supply chain work with other organizations and institutions, such as the World Wildlife Fund (WWF). One project with WWF, which began in 2013, has included working together with Cargill in China to help 26,000 corn grower smallholdings expand their livelihoods through training. With the International Finance Corporation (IFC), we are working together to assist sugarcane farmers in India to address the challenges of soil well-being, reducing the cost of cultivation, and addressing the challenges of poor yields. Additionally, with Technoserve, we have supported capability building of mango farmers in India and Haiti and women coffee growers in Colombia.

Also in 2016, we conducted third-party due diligence studies focused on child and forced labor, and land rights related to our sugar supply chain. We placed these studies on the [Coca-Cola Global Workplace Rights page](#). Our studies focus on sugar because it is one of the biggest commodities we source. More information on the sugar studies and our follow-up is included in the next chapter on salient human rights risks.

### Sourcing map

We are transparent about our supply chain as well as our risks and successes. In 2016, we launched an agricultural ingredients [Sourcing Map](#).

### The map:

- Provides information on 11 of our top agricultural ingredients
- Reflects more than 90 percent of supply for ingredients shown
  - Links to dozens of stories that describe how we are promoting more sustainable agriculture practices through partnerships looking to reduce post-harvest loss, improve efficiency in water use, promote sustainable livelihoods for farmers, enhance skills and capabilities for women farmers, tackle child labor in agriculture and improve land management





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## Case study on collaboration to improve the livelihoods of India's Mango Farmers

With the Ford Foundation and TechnoServe, we are working to improve the livelihoods of India's mango farmers. A typical smallholder mango farmer in India earns between just \$4 and \$16 per day. One of the reasons is they have trouble accessing stable, profitable markets for their crops. At The Coca-Cola Company, we view smallholder sourcing as an important part of our long-term goals; beyond its potential to generate significant social impact, improved smallholder sourcing also benefits Coca-Cola's license to operate and provides greater stability in supply. Our challenge when working with smallholder fruit farmers is the supply chain is fragmented, with limited farmer participation in cooperatives and other formal structures that would make it easier to promote the principles. Moreover, the supply chain lacks traceability and transparency. And, the existence of numerous sales channels, such as the fresh fruit market, means that processors have limited influence over farmers.

To address this challenge, together with TechnoServe and one of our lead mango puree suppliers in India, we identified gaps in sustainable production practices among Indian smallholder mango farmers. Coca-Cola and TechnoServe then developed an approach to promoting practices to close those gaps and improve farmer resiliency.

First, we designed a farmer field school curriculum focused on safe and optimal application of crop protection, efficient water management, sustainable soil management, crop maintenance, harvest and post-harvest handling practices and proper record keeping. We also designed

an approach to improve traceability by formalizing existing, informal aggregation roles in the supply chain. To track performance, a random sampling of farmers in the sourcing geography was examined to assess the adoption of sustainable practices.

While we are working with our India mango puree supplier and farmers to close the identified gaps in 2017, the strategy development has already yielded important lessons applicable to other supply chains and in other regions:

- Companies must be aware of the numerous risks—including financial and climate-related factors—that smallholder farmers face. As a result, priority should be placed on promoting practices that reduce farmer vulnerabilities. It may not be effective to promote a full suite of sustainability practices with smallholder farmers, at least not all at once.
- Efforts to promote sustainable practices cannot be carried out in isolation. They must be coupled with initiatives to reduce external risk factors—such as climate change and demand volatility—that threaten farmer livelihoods.

By approaching smallholder sourcing in this way, companies can comply with their sustainability guidelines while also creating stable market opportunities for farmers who would not otherwise have them. The full case study is available [here](#).





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## CHAPTER 6:

# Our salient human rights risks, how have we identified and responded to them

As a result of our internal and external consultation process, we identified the following 13 salient human rights issues associated with the Company's activities and business relationships:

- ⇒ **Safety and health of all workers/security/right to life**
- ⇒ **Equality/nondiscrimination and related issues/risks**
- ⇒ **Child labor**
- ⇒ **Forced migrant labor/forced labor of seasonal workers**
- ⇒ **Freedom of association**
- ⇒ **Access to water**
- ⇒ **Working hours**
- ⇒ **Healthy lifestyles**
- ⇒ **Land rights**
- ⇒ **Product safety/quality**
- ⇒ **Rights linked to sponsorships**
- ⇒ **Right to privacy**

The UNGP Reporting Framework encourages companies to focus their human rights disclosure on "the most severe actual and potential impacts on human rights associated with their activities and business relationships." These risks are called a company's salient human rights risks. Between 2015 and 2017, we focused on identifying the possible human rights risks in our Company and value chain. With Shift, we began mapping and prioritizing our human rights risks according to scale, scope and ability to remediate, which were then discussed and evaluated in workshops with participants from all functions across four continents, involving more than 180 experts. The risk ranking that resulted from these workshops was further discussed in a broad consultation process with more than 57 civil society groups, including NGOs, socially responsible investors, Global Union Federations and many others. To ensure a broad variety of stakeholders participated openly in this engagement, the consultation process was conducted and led by Bennett Freeman, a consultant and speaker on business and human rights, sustainability and responsible investment.

These salient issues are not new for us. Although the Company has engaged in all these topics, our extensive mapping and consultation process confirmed that much of our human rights focus is appropriate, equipping us to move in a more strategic



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*"Following its own internal consultations with company business leaders plus top bottlers and suppliers around the world, The Coca-Cola Company asked me to undertake an independent consultation with key stakeholders and experts on business and human rights. The consultation engaged a global sample of 63 individuals representing 57 organizations whose work touches human rights issues related to the Company's global value chain including workers and communities, land and water, and public health. I consulted stakeholders and other experts in the United States, the United Kingdom, Europe, South Africa and India; and our partner, Business for Social Responsibility (BSR), consulted stakeholders in Brazil, Japan, Hong Kong and China.*

*These meetings shared a consistent dual focus: first, sharing with stakeholders and experts The Coca-Cola Company's internal assessment of its most salient human rights risks and seeking reactions to those issues in both a*

*regional and global context; and second, sharing the company's draft revisions in its current Human Rights Policy and requesting reactions to its substantive commitments and specific line-by-line language. I then presented to the company detailed summaries of what the stakeholders and experts told us—anonimously and candidly—with respect both to the salient issues and the policy commitment. I also presented a further revised version of the Human Rights Policy, reflecting both the views of those consulted and my own.*

*The Coca-Cola Company's mandate for the exercise was clear: to consult widely and openly; to report back diverse views; and to recommend revisions in the policy reflecting global perspectives. That is what I tried to do, and I was impressed by the company's receptivity to what was reported and recommended. The Coca-Cola Company understands that its human rights commitments must be steadfast but not static in a dynamic world."*

**BENNETT FREEMAN, PRINCIPAL, BENNETT FREEMAN ASSOCIATES LLC; FORMER SENIOR VICE PRESIDENT FOR SUSTAINABILITY RESEARCH AND POLICY, CALVERT INVESTMENTS; AND FORMER DEPUTY ASSISTANT SECRETARY OF STATE FOR DEMOCRACY, HUMAN RIGHTS AND LABOR**



and prioritized direction in addressing these issues. In addition, the regional consultations gave us a deeper view into regional risks profiles. The consultations also raised the awareness of colleagues on these issues and strengthened engagement on tackling salient human rights risks.

In the following section, we talk briefly about each of these issues. Before that, however, we describe how we track performance, as this approach applies to most of the salient human rights risks.

### Safety and health of all workers/security/right to life

Our Human Rights Policy reflects our commitment to take responsibility for maintaining a productive workplace by working to minimize the risk of accidents, injury and exposure to health risks for all of our associates and contractors. Please see more [here](#).

Occupational Safety and Health is also a key area of our engagement with our supply chain and focuses on enabling services, building capabilities, technical governance



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and policy. Our supply chain governance audits cover 22 Company safe and healthy workplace conditions and behavior facets (KORE Company Requirements), and we have substantially engaged in training and capability building across our supply chain.

In addition to audits, the Company has invested significantly in building capabilities and understanding of risks and opportunities across our system by conducting various multi-geography safety workshops. The Company has conducted 23 health and safety workshops on both manufacturing and fleet safety in the following countries from 2014 to 2016:

- Australia
- Azerbaijan
- China
- Costa Rica
- Ecuador
- Ghana
- India
- Indonesia
- Italy

- Kenya
- Mexico
- Morocco
- South Africa
- Thailand
- Turkey
- United States of America
- United Arab Emirates
- Vietnam

We place a strong emphasis on mitigating behaviors and conditions that contribute to serious workplace injuries. In 2015, we conducted a thorough analysis of contributing factors to serious injuries and incidents, and took global action with our supply chain to address any causal factors that may exist. As a result, The Coca-Cola Company and Coca-Cola system bottlers have seen a 21 percent reduction in serious incidents and injuries and are experiencing an all-time low in Lost Time Incident Rates (LTIR).

We have also undertaken efforts to improve the safety culture, based on global assessments completed in 2015 and workshops that occurred in 2016. In addition to understanding our safety culture, we developed a Behavior Based Safety Observation (BBS) program for our system and supply chain to adopt into operations. The BBS program incorporates Human Factor Analysis and Classification System (HFACS), which takes a deep look at why injuries occur and analyzes the multi-causal influencers existent in the management system that support at-risk behaviors. Although early in the implementation, this method is proving successful and being replicated in multiple geographies.

Of particular concern for us is the Route-to-Market (RTM) segment of our value chain. RTM encompasses the downstream storage and distribution of our product, and any movement of employees and contractors along public roadways. Product distribution often involves a very complex chain of events that vary throughout the world based on local market, socio-economic,

## How do we track performance related to our salient human rights risks?

It is important for us to have a clear understanding how we, as a company, as well as our bottlers and suppliers, perform related to the identified salient human rights risks.

Audits give us the compliance rate for workplace-related human rights, which is discussed at the board level on a biannual basis. Through our risk management system, each serious incident is escalated directly to the global level, where it is tracked and follow-up is monitored. These systems are complemented through an ethics hotline, which provides data on complaints within the Company, and data from our human rights and workplace rights managers in the field across the globe.

These managers monitor compliance at the regional level and have great insight into the regional specificities, challenges and performance.



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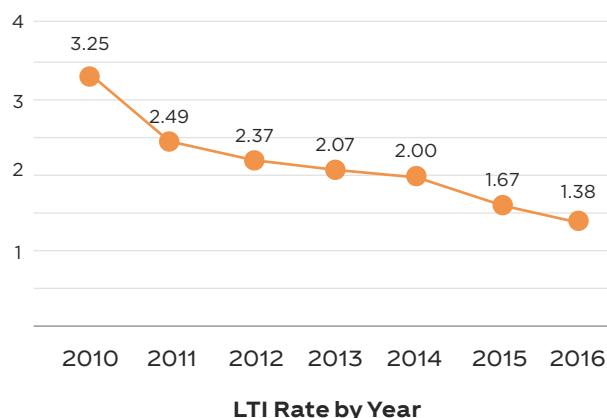
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and infrastructure factors. Large and small trucks, three- and two-wheeled motorized vehicles, as well as bicycles, carts and small boats are used in the distribution process.

Operating safely in the public remains a top priority for the Coca-Cola system. Proactive safety processes that emphasize situational awareness and attention to detail are critical to ensure we are doing everything we can to avoid RTM collisions and incidents. Therefore, bottling partners continue to place intense emphasis on the route risk assessments and comprehensive, defensive driver training. This aids our drivers with awareness of the identifiable risks they may encounter and the understanding of how to avoid a collision or incident. Bottlers also continue to engage in community outreach to influence at-risk behaviors observed by the public at large. For example, one of our African bottlers, Carlsberg Malawi, recognized one of the greatest risks in their delivery routes was reckless bicycle riders. The bottler funded a bicycle safety awareness program, including awareness facilitators and a mobile video van that went into the public and provided safety training for cyclists.

On our journey of continuous safety improvement, the Coca-Cola system has made notable progress, realizing year-over-year improvement in our occupational safety performance.

**LTIR Trend for The Coca-Cola Company  
and Coca-Cola system bottlers**



## Equality/nondiscrimination and related issues/risks

Living in a rapidly evolving world, we must understand the societal trends and dynamics that will shape our future workforce and move swiftly to prepare for that future. Gender parity, social injustice, LGBTQ rights and immigrants' rights are just some of the social complexities that impact our workforce. As the world's largest beverage provider, with operations spanning more than 200 countries and 700,000 system employees, we must ensure respect for diversity to navigate these complexities.

The Company is committed to diversity and inclusion. We work to maintain workplaces that are free from discrimination or harassment on the basis of race, sex, color, national or social origin, ethnicity, religion, age, disability, sexual orientation, gender identity or expression, political opinion or any other status protected by applicable law. The basis for recruitment, hiring, placement, development, training, compensation and advancement at the Company is qualifications, performance, skills and experience.

We have developed a vision, mission and strategic pillars to frame our diversity and inclusion efforts:

- **Vision:** Be as inclusive and diverse as our brands, unleashing the power of perspectives within our associates to drive innovation and sustainable system growth.
- **Mission:** Mirror the richly diverse markets we serve, capitalizing on our inclusive culture to attract, develop, engage and retain a global talent mix to fuel our competitive advantage.
- **Strategic Pillars:** Workplace, Marketplace, Communities and Partners.



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We drive and sustain our diversity and inclusion efforts by:

- Engaging leaders to drive commitment.
- Empowering our cultural champions to drive our inclusive culture.
- Embedding practices, programs and processes across our system.
- Consistently measuring our progress.

The Coca-Cola Company has established a wide range of monitoring and reporting metrics to ensure fairness in our employment-related decisions and to support our diversity and inclusion initiatives.

### Driving an inclusive culture

Our diversity councils, Business Resource Groups and diversity listening sessions continue to be a driving force in shaping our inclusive culture, advancing diverse talent and providing added value as a resource to the business.

We have the following Diversity Councils:

- The Global Women's Leadership Council, which is comprised of influential, passionate, female executives from across the global business, develops recommendations and advises senior management on global strategy, initiatives and metrics in pursuit of its stated objective of advancing female talent.

- The Multicultural Leadership Council, which is U.S.-based, has a laser-focused objective to accelerate the development and movement of multicultural talent into roles of increasing responsibility and influence.
- The Millennial Voices Leadership Council, which is U.S.-based, is a diverse group of young employees who provide thought leadership on how best to attract and retain the next generation of talent.

### Business Resource Groups

In order to better embed our diversity and inclusion strategy into the daily experience of our employees, we have established seven Business Resource Groups (BRGs), which include 50 local U.S. chapters and represent approximately 6,000 members. These employee-led, volunteer groups engage in diversity and inclusion priorities across our pillars of Workplace, Marketplace, Community and Partners. They also enable associates to participate in professional and personal growth opportunities through training and education, community projects, networking events, cultural heritage month celebrations, project assignments





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and management opportunities. We have the following Business Resource Groups:

- African American Business Resource Group
- Asian Business Resource Group
- KO Gen Business Resource Group
- Hispanic Leadership Business Resource Group
- Lesbian, Gay, Bisexual, Transgender and Allies (LGBTA) Business Resource Group
- Military Veterans Business Resource Group
- Women's Business Resource Group

### Using our voice on diversity and inclusion issues

As a business, it is our role and our responsibility to ensure that we embrace human rights practices in our own workplaces. It is also appropriate for us to help foster diversity, tolerance, unity and respect among all people. We have demonstrated our values around diversity and inclusion through:

- Marriage Equality: In 2015, The Coca-Cola Company joined nearly 400 businesses that expressed support for marriage equality to the U.S. Supreme Court, as laws that prohibited same-sex marriage hamper businesses' ability to recruit and retain the most talented workforce possible. The success of our business is directly linked to the diversity of our associates as well as our consumers.
- Legislation: Since 2014, The Coca-Cola Company has spoken out publicly against proposed state-level legislation in the United States that would allow for discrimination against the LGBT community. We have long been a strong supporter of the LGBT community, and for 11 consecutive years, we have received a perfect score on the Human Rights Campaign's annual Corporate Equality Index.



- Immigration Reform: In January 2017, the Company issued a public statement opposing the Executive Order banning travel to the United States by citizens of seven countries – Iran, Iraq, Sudan, Syria, Somalia, Libya and Yemen. As a company that values associates of all nationalities, we do not support anything that goes against our core beliefs of diversity, respect, fairness and inclusion.

### Public commitments of The Coca-Cola Company

CEO Action for Diversity and Inclusion Pledge: In June 2017, The Coca-Cola Company joined more than 170 other companies in signing a pledge to continue cultivating workplaces that support open dialogue, expand unconscious bias education and share best practices.

Catalyst CEO Champions for Change: This initiative brings together CEOs and senior leaders who are visibly supporting and driving diversity, inclusion and gender equality within their organizations. In March 2017, more than 40 high-profile CEOs and top industry leaders, including



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The Coca-Cola Company, pledged to continue driving change for gender equality in the workplace. Please read more [here](#).

The Women's Empowerment Principles (WEPs): This is a joint initiative of UN Women and the UN Global Compact. WEP was launched in 2010 on International Women's Day, following a year-long international, multi-stakeholder consultation process. It elaborates on the gender dimension of good corporate citizenship, the UN Global Compact and business' role in sustainable development. Please read more [here](#).

### Reacting to increased tension: 'We Stand As One' listening sessions and circles

In 2016, during a time of increased tension in the United States, we created an environment for our U.S.-based associates to openly talk about race and other diversity topics at work. The open dialogue continues today under our unity mantra of 'We Stand As One.' Launched to send a message of unity, optimism and inclusion to our Coca-Cola family and communities, it has become a platform for us as we evolve to inclusive diversity.

To learn more about our journey to inclusive diversity, please visit our [website](#).

### Child labor

Child labor is a severe human rights violation. In addition to concerns about physical strain, children who work instead of attending school will always be at the margin of the labor market and increasingly vulnerable to violence. Subsequently, child labor has an impact on society development as well. Our Human Rights Policy and SGP 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. There is also a risk of child labor further downstream; for example, at points of recovery of recyclable materials.

Our Company does not typically purchase ingredients, such as sugar, directly from farms, nor are we owners of sugar farms or plantations, but 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. To address the issue, we collaborate with suppliers, industry groups and local stakeholders. In recent years, we joined collaborative efforts in several countries. More information can be found [here](#).

The Coca-Cola Company is a member of the Child Labor Platform (CLP). Under the leadership of the International Labor Organization (ILO), the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC), and in a multi-stakeholder approach, the CLP aims to identify the obstacles to the implementation of the ILO conventions in supply chains and surrounding communities, identify practical ways of overcoming these obstacles, and catalyze collective action. More [here](#).

Contributing to the advancement of our longstanding commitment to drive transparency, accountability and sustainability throughout our business and supply chain, we have developed and published a number of third-party studies of our top sugar-sourcing countries. These studies address human-rights risks related to child labor, forced labor and land rights in our agricultural supply chain. In 2016 and the first half of 2017, we published studies from Brazil, Cameroon, Congo, Côte d'Ivoire and Gabon. Regarding child labor, the Company agreed with the American Federation of Teachers (AFT) to closely collaborate to identify





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local stakeholders and on approaches to the remediation of child labor where it is found (please find the agreement [here](#)).

The results of the studies provide a basis to engage with industry, government and NGOs to mitigate human rights impacts, as needed. All studies are available publicly on [the Coca-Cola website](#).

A key result of these studies, relating to child labor in sugarcane production, is that no systematic child labor was observed in sampled farms of the supply chain in Brazil, Cameroon, Colombia, Congo, Côte d'Ivoire, El Salvador, Gabon, Guatemala or Honduras. There was one 16-year-old minor found cutting sugarcane, as well as one other possible minor, which could not be confirmed, in Guatemala. In these cases, we requested remediation. All mills in our supply chain have policies in place that meet international standards. The mills also prohibit hiring cane cutters younger than 18 years of age. Although these are encouraging findings, we are aware a high risk of child labor exists in these countries, and just because no systematic child labor was observed in sampled farms, it does not mean we will stop closely following possible child labor in sugarcane production in these countries. There have been cases of child labor linked to the illegal appropriation of sugarcane in Colombia as well as to PET Recovery in

Mexico. More information on these cases

and our remediation can be found in the Access to remedy chapter of this report.

In our audits of suppliers, bottlers and Company-owned facilities, we had six cases in 2016 in which workers were currently of legal age but under age when hired.

Moreover, in Q3 of 2017 we launched and published the sugar studies for Paraguay and Bolivia. In Paraguay, researchers did not observe children working during their visits to the mills and farms. Both mills in Paraguay have child labor policies. However, in Bolivia, a researcher found 18 children harvesting, despite the fact that in the mills there were policies and concrete plans of action for raising awareness, educating and training cane growers and sugarcane harvesters about child labor. We are currently collaborating with the mills to address these findings.

## Forced migrant labor/ forced labor of seasonal workers

Slavery and forced labor fundamentally violate individual freedom and dignity.

People in slavery and in all forms of forced labor are kept in poverty and bound to dangerous and unacceptable working conditions. The Coca-Cola Company determinedly prohibits the use of all forms of forced labor, including prison labor,





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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.

Recruitment fees, which many migrant workers have to pay, are a major cause of forced labor. Recognizing that migrant workers are particularly vulnerable to exploitation and human trafficking, we recently enhanced safeguards related to the recruitment and employment practices of such workers. These safeguards were built into our audit protocol, and we conducted supplier and auditor training sessions globally to familiarize these expectations.

Collaborative action of the private sector is key to achieving the necessary scale and momentum to advance responsible recruitment practices. In 2016, we collaborated with four other companies to launch the [Leadership Group for Responsible Recruitment](#) (LGRR), focused on promoting ethical recruitment and

combating the exploitation of migrant workers in global supply chains across industries. The founding companies committed to the 'Employer Pays Principle,' which states that no worker should pay for a job – the costs of recruitment should be borne not by the worker but by the employer. LGRR is supported by the Institute for Human Rights and Business (IHRB), Interfaith Center on Corporate Responsibility (ICCR), International Organization for Migration, and Verite.

As an active member of The Consumer Goods Forum (CGF), The Coca-Cola Company supports and implements the CGF's commitment 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 work stream 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. For instance, in 2016, we partnered with peer companies under the umbrella of AIM-PROGRESS to deliver supplier training focused on ethical recruitment. We co-sponsored supplier days in Thailand in 2016, and Dubai in early 2017. These forums provide an opportunity for suppliers to hear from multiple customers, share best practices and gain access to additional tools and guidance materials.

Since the introduction of our 'no fees' position, we have had success in combatting recruitment fees in many markets, while other markets remain a challenge. In Qatar, for example, where passport retention is routine and paying fees is frequent, we have operations, including a bottling plant, which we believe can be a positive example for responsible business conduct in the region. There, employees maintain their

In 2017, the Company's Global Workplace Rights Director

Brent Wilton was recognized as a global leader

on the [Top 100 Human Trafficking & Slavery](#)

**Influence Leaders List.** This list recognizes leaders across government, civil society and the private sector shaping the future of supply chain excellence and corporate social responsibility on efforts to reduce human trafficking and slavery by increasing public awareness, advocating for supply chain education and helping companies meet their responsible sourcing goals.





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passports, workers do not pay recruitment fees, salaries are paid directly to workers' bank accounts, which avoids deductions from intermediaries, and exit visas are signed at the time of engagement. These processes were developed to align with our global policy.

In contrast, Taiwan remains a market where we know migrant workers face fees, including in our supply chain. In order to address this, in 2016, we invited ICCR to shadow two audits in the region to validate our process and provide constructive feedback on opportunities to progress the dialogue locally. They found that many migrant workers experience a large financial burden, in part because of the government-imposed requirements to take loans that secure return to their home countries. These government-imposed fees create risks for workers, as they incentivize illegal migration through unregistered brokers who bypass government regulations, placing many vulnerable job seekers at risk for human trafficking. Engagement with our industry peers will be critical to implementing the priority principles in these types of challenging markets. ICCR published a report, Best Practice Guidance on Ethical Recruitment of Migrant Workers, highlighting [case studies related to good practices](#), including reference to The Coca-Cola Company.

Regarding the aforementioned sugar due-diligence studies, despite the fact that forced labor continues to be a problem in the wider sugarcane sector, no systematic forced labor was found in the mills or at the farms in any of the nine countries at the center of the studies, through the end of Q2 2017. However, in Cameroon there were issues found around overtime and rest days. Some subcontracted workers reported not being given rest days, despite working seven days in a row. The mill addressed this issue with the relevant subcontractor to ensure each worker is

Please see also the Company's report provided under the [UK Modern Slavery Act](#) as well as under the [California Transparency in Supply Chains Act](#).

allowed the mandatory rest days aligned with Cameroonian law. In Côte d'Ivoire, the study found that a subcontractor utilized by the mill was engaging in forced labor via indenting migrant workers and withholding travel documents until the debt was repaid. The mill investigated the claims and immediate remediation was taken. The travel and identity documentation was returned to the employees and the subcontractor received training to ensure full compliance and understanding of labor laws and Company policy. In addition, in the Bolivia study, which launched and published in Q3 of 2017, researchers found situations of debt bondage. As is the case of the discovered child labor in Bolivia, we are currently working with the mills to address the findings. Moreover, the studies for all countries also found that most of the mills lacked appropriate formal procedures to prevent or address instances of forced labor in owned, leased or supplier farms. We will follow up on this issue.

## Freedom of association

Freedom of association and the right to bargain collectively are part of the International Bill of Human Rights and the International Labor Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work. At The Coca-Cola Company, we respect our employees' right to join, form or not join a labor union



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without fear of reprisal, intimidation or harassment. Where employees are represented by a legally recognized union, we are committed to establishing a constructive dialogue with their freely chosen representatives. The Company is committed to bargaining in good faith with such representatives. Similarly, our SGP request suppliers and business partners to respect freedom of association and the right to bargain collectively. We audit our suppliers and bottlers against these principles. Moreover, we have developed extensive guidance on freedom of association and the right to bargain collectively to support our Business Units in fully respecting these important rights.

Of the more than 700,000 associates in the Coca-Cola system, more than 30 percent are unionized. At the global level, we meet twice annually with the International Union of Food and Allied Workers (IUF) and several of its affiliates (please find the joint statement of the Company and the IUF [here](#)). The IUF is a worldwide

federation of trade unions representing workers in sectors including agriculture and plantations, food and beverages, and hotels, among others. The semi-annual meetings, in addition to ongoing communications, provide a forum to discuss a variety of labor-relations matters. For us, this close contact is also a form of due diligence – to understand problems at a very early point in time and solve them at the most local level when possible. James Quincey joined the meeting with the IUF in May 2017, directly after he took over his new role as CEO of the Company, demonstrating the importance our top leadership places on meetings with the IUF.

## Access to water

Hundreds of millions of people do not have access to clean drinking water, and 2.4 billion people lack access to basic sanitation services. At Coca-Cola, we respect the human and ecological needs for water. As a beverage company, we recognize the indispensable nature of water in advancing healthy ecosystems, communities, business, agriculture and commerce. We also are engaged in internal and external discussions about what it means in practice to respect the human right to water and sanitation. We understand our business activity might impact the access to water of local communities. We address this risk through our water stewardship program, through which we have implemented a rights-based approach to water. We require our operations and bottlers to assess vulnerabilities to community water sources, determine potential impacts from our water use and discharge of treated wastewater, and then address potential issues.

### How does it work?

Our water stewardship outside our plants starts with people. Each of our system's more than 800 facilities is required to

In March 2017, the U.S. Water Partnership (USWP) recognized Muhtar Kent, Chairman and then CEO of The Coca-Cola Company, as the first-ever recipient of the U.S. Water Leader Award for his visionary leadership and support for global water security while head of the world's largest beverage company.

The USWP's rationale for recognizing Mr. Kent includes his demonstrated commitment to creating a sustainable water future for all while leading The Coca-Cola Company. To date, The Coca-Cola Company, our foundations and bottling partners have invested more than \$2 billion in safe water access, infrastructure, restoration and education in communities and watersheds, in addition to installing wastewater treatment systems in nearly all our plants globally. Mr. Kent was also credited for the Company's ambitious goal to replenish the water used in our finished beverages back to communities and nature. Coca-Cola reached this goal five years early in 2015 and continued to replenish 100 percent of the water used in our finished beverages in 2016.



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employ a rights-based approach to local community water needs by determining the possible impact of the facility's water use on the community being able to access a sufficient supply of water; the potential impact on communities from the discharge of treated wastewater; and a program to remedy any impacts identified. A similar approach is used in the due diligence process associated with new plant siting and expansions.

This detailed risk assessment is complemented by a comprehensive source water protection plan program, through which we also require each operation to gain a clear understanding of where their water comes from, the amount of water available, its quality, water infrastructure condition and needs, policies that govern water and more, all to determine the current or future stress on the water supply. This is part of a global requirement and formalized process to responsibly manage water called Water Resource Sustainability. This first step, the understanding, is called a Source Water Vulnerability Assessment (we refer to them as SVAs).

Once an SVA is complete, the plant then develops a Source Water Protection Plan (SWPP). Almost all of our system's facilities have started to implement locally relevant SWPPs that detail specific risk-mitigation actions to address the vulnerabilities identified by the SVAs and deadlines for completing them. When developing and implementing a SWPP, we engage the community, local government, civil society and other businesses to look for ways to collaborate. We believe this fosters greater transparency and enables us to work together to address vulnerabilities that may exist, since concerns around water quantity and quality are shared by all who rely on a water source in a given area.

SVAs inventory the social, environmental and regulatory risks to the water sources supplying our facilities and the surrounding communities to inform SWPPs. Plans concentrate on shared challenges at the watershed level, from hydrological vulnerabilities to local water management, and often are the basis for our community water projects aimed at protecting and improving water sources.

Beyond the SVAs and SWPPs, the Water Resource Sustainability program requires each production facility to:

- Form and train a water resource management team that includes the plant manager, plant engineers, water resource expert(s), bottler and business unit technical and public/government affairs representatives
- Maintain and update the source water protection plan with source vulnerabilities on five-year intervals or sooner, as conditions warrant

To date, this program has identified more than 3,700 mitigation actions, which are part of our system's collective SWPPs. We continue to execute SVAs and implement

### Our rights-based approach requires that our operations and bottlers:

- Ensure manufacturing operations respect and support the water rights of people, nature, business and government
- Complete a basic assessment of the sustainability of the community's source of water if the facility's source of process water is different than the local community's source
- Evaluate if the facility's water use limits the availability of sufficient quantities of water and negatively impacts the quality of water for the people in the local community
- Take actions to mitigate any adverse effects



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## Best practice: RAIN — water for Africa

The Coca-Cola Africa Foundation (TCCAF) introduced the Replenish Africa Initiative (RAIN) in 2009 in response to the water crisis faced by nearly 300 million Africans. RAIN is the most expansive corporate water commitment in Africa, supporting programs in 37 of Africa's 55 nations. As TCCAF's flagship program, RAIN is The Coca-Cola Company's contribution to helping Africa achieve the United Nation's Global Sustainable Development Goals on clean water and sanitation access.

### How RAIN works:

Harnessing Coca-Cola's presence, networks and engagements with diverse stakeholders, and working with more than 140 best-in-class partners from governments, the private sector and civil society, RAIN tailors programs to each community. RAIN creates catalytic change across the African continent by building the capability of champions who inspire the growth and development of sustainable water and sanitation access. RAIN works under three main pillars:

- **Water for Health** — RAIN's programs improve access to safe water in communities to reduce the incidence of waterborne diseases and eliminate the dangers of retrieving water from distant and inaccessible sources.
- **Water for Education** — RAIN improves access to safe water, sanitation and hygiene at schools to create healthy learning environments for students. Safe water access in schools helps provide children more time and improved health so they can spend more time in the classroom.

- **Water for Productivity** — RAIN's programs improve access to safe and reliable water sources, which can save people time and create opportunities for income generation, such as by providing water for increased food security.

RAIN's unique cross-sector partnership approach is on pace to generate more than US\$100 million in co-investment from a range of stakeholders across governments, the private sector and civil society. Together with partners, RAIN ensures sustainable change by working in geographies with WASH sector momentum and potential for high-impact program.

### Key achievements:

Since inception, RAIN has:

- Provided sustainable safe water access for 2.5 million people
- Economically empowered more than 22,000 women and youth
- Returned 8.9 billion liters of water back to nature each year





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SWPPs in all facilities globally to address water vulnerabilities. Through this program we address manufacturing needs and growth issues in addition to issues communities face.

### Successes of our water replenishment program

We started our water replenishment program in 2005 and have been working with communities, governments and respected third-parties to commission and support projects that address local water needs, from safe water access to watershed protection and water for productive use. In 2016, we continued to replenish 100 percent of the water used in our finished beverages back to communities and nature, a goal we first met in 2015. We also have safe water access projects in nearly 2,000 communities across the developing world, helping provide nearly 3 million people with safe drinking water. More information [here](#).

Our replenish progress is thereby based on total replenish work globally. We are replenishing at 100 percent or above in 12 of our 18 Business Units, including Brazil, Mexico, India, China and the United States. In other markets, we are still working toward the 2020 goal to replenish 100% of the equivalent water we use back to communities and nature, and we are on track to meet it.

Two of our business units, Middle East & North Africa and Southern & East Africa, while committed to water replenishment, face many challenges due to conflict, geopolitical and social issues.

In select business units, where we haven't achieved 100 percent, the Company is working to replenish in key areas where water stress is highest.

### Working with others

When we step outside our direct operations to engage on water challenges,

we are stepping into a shared environment. Water is the ultimate common good and, in any given location, all water users share water supplies and have a shared responsibility for their stewardship. As such, we must partner with those water users, including NGOs and other civil-society organizations that have an interest in water. Not only must we partner but we want to partner, as we believe collective action results in greater impact. These partnerships always start with the local community and government. Both are a critical part of any such water project's success. When choosing additional partners, we look for those that can bring diverse perspectives, needed expertise and/or additional resources. Whether these partners are other industries, commercial enterprises, farmers, academia, aid and development organizations, or NGOs, we look for those with a vested interest in the local challenges and a commitment to building long-term solutions.

More information under: <http://www.coca-colacompany.com/water-stewardship-replenish-report> and <http://www.coca-colacompany.com/stories/our-position-the-human-right-to-water-and-sanitation>. Moreover, under the following link we provide an interactive map that shows how Coca-Cola is working to help ensure the long-term availability of water: <http://www.coca-colacompany.com/watermap>.

### Working hours

Compliance with local work hours and overtime laws is a fundamental component of our Human Rights Policy and SGP. In addition to legal violations, excessive overtime in the workplace can lead to serious operational consequences and disrupt employee work-life balance. Reducing overtime may significantly increase employee morale, decrease quality incidents and reduce overtime labor costs, thereby improving business





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results and fostering a welcoming place to work. We have found that once management understands the true costs related to overtime, they often choose to address the related issue proactively.

To help our bottlers and supply partners manage working hours issues, we sought to first understand the root cause and help identify solutions toward win-win opportunities. In 2010, in a number of countries, we carefully tracked overtime to identify overtime causes and then developed a guidance document of practical strategies to reduce overtime, along with real case studies to demonstrate success is possible. No single cause was identified to explain the presence of excess hours. However, some key drivers were identified, including:

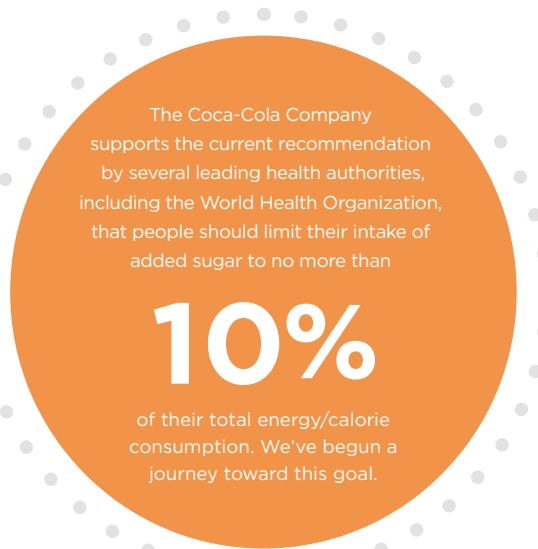
- Lack of sufficient manpower to provide needed coverage.
- Lack of manpower needed to cover critical or high-skill operations, especially during periods of peak demand, vacation or absences (related to illnesses or other causes).
- Lack of sufficient machinery, trucks or other equipment needed to cover peak demand periods.
- Equipment availability issues due to maintenance problems and other obstacles.
- Lack of balance in the production process (e.g., a process step forming a bottleneck that creates a systemic need for excess hours for that process or in downstream processes).
- Improper scheduling practices causing uneven demands, lack of available materials or production of wrong products.
- Employee interest in earning extra income.
- Poor record keeping practices due to lack of management awareness concerning hours of work requirements.

- Lack of regular management oversight and approval for the overtime that is being worked.
- Staffing based on convenience rather than need.
- Poor sales forecasting by customers and in planned promotions to drive sales by bottlers.

There is no “one-size-fits-all” approach to eliminate hours of work violations. However, some key solutions were identified, including:

- Mapping production flow and identifying bottlenecks.
- Increasing manpower to cover peak periods, vacations and other absences.
- Cross training to increase manpower available for critical skills.
- Implementing absence controls.
- Adjusting shift patterns and production floor layout to help reduce bottlenecks.
- Increasing inventory to help level demands.
- Educating managers and associates concerning the legal restrictions and costs of overtime.
- Implementing monitoring and approval processes.

Please find our hours of work guidance [here](#).





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We have seen that our engagement with our suppliers on excessive overtime is successful. In 2016, long-term suppliers had less than half the percentage of incidents with regards to excessive overtime (5 percent) than facilities assessed for the first time (11 percent).

## Healthy lifestyles

The Company is evolving our growth strategy to give people around the world more of the drinks they want. We're reducing sugar and calories across many of our brands. We're making smaller, more convenient packages, so controlling sugar is easier. In addition, we're giving people more of the clear, accessible information they need to make truly informed choices.

Sugar and its influence on increasing obesity in many societies have been in the spotlight for some time. At The Coca-Cola Company, we understand this and have chosen to cut our "sugar

footprint" and do more when it comes to the global fight against obesity. We're taking added sugar out of many of our existing drinks around the world while preserving the tastes consumers love, with drinks like Coca-Cola Zero Sugar and other low- and no-sugar brands globally. Expanding availability of smaller packages like mini cans is another top priority, so people can more easily control the sugar in their diets. Because consumers around the world have told us they want straightforward, accessible information about what they are drinking, we voluntarily put clear, easy-to-find calorie information right up front so consumers can make informed choices without the guesswork.

## Land rights

Human rights and land rights are closely connected. When land is taken away, people often lose their source of food and livelihoods, their homes and links to their traditional ways of life. Land rights are a complex challenge. In many countries, land rights are not properly registered. The World Bank, for instance, has estimated that between only 2 and 10 percent of total land in Africa is formally tenured. Moreover, consultation duties, such as ILO Convention 169 placed on governments, are not properly implemented and executed. The Tirana Declaration on securing land access, adopted in May 2011 by 150 NGOs, calls on "all actors to actively promote pro-poor, people-centered and environmentally sustainable governance of land and other natural resources."

*"Over recent years, Coca-Cola has made important progress with respect to land rights. In 2013, it was the first company of its kind to commit to zero tolerance for land grabs and adherence to free prior and informed consent and has since taken good faith steps to meet those ambitious commitments. Coca-Cola has recognized that secure land rights are good for business, good for smallholder farmers and good for communities. Our hope at Landesa is that other companies will follow Coca-Cola's lead and become champions for land rights in their own businesses and beyond."*

**CHRIS JOCHNICK,  
PRESIDENT AND CEO, LANDESA**





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## Case study: follow-up to the sugar study in Brazil

Through the Brazil sugar study, which we published in January 2016, we were able to identify gaps and potential risks on land rights for our sugar suppliers, which include:

- Absence of policy: The study found that none of the participating mills had land rights policies in place related to land acquisition.
- Land expansion: Nine mills had already expanded their lands over the last 10 years and seven currently have expansion plans.
- Complexity in Brazil land tenure: The study found that complexities of Brazilian land tenure, environmental and indigenous law, especially in certain areas like the northeast, as well as other social and economic dimensions, elevate risks for our suppliers operating in these areas.

Based on these findings, the Company has developed an action plan, which will also serve as a framework for other countries, addressing the above risks, and including the following components.

Supplier guidance on land rights: Working with our knowledge partner, Landesa, we have committed to provide guidance on land rights that outlines concrete steps to educate our suppliers and help ensure adherence to the company's policy. Although the guidance is intended to help safeguard against major conflicts arising from land transactions, disagreements or conflicts may still arise. Because of this, the guidance encourages suppliers to establish a monitoring and evaluation process and to provide the community with access to a functioning and accessible grievance mechanism.

Case studies on land rights: In partnership with Landesa, we intend to develop global case studies on the implementation of the guidance from 2017 to 2018, including on Brazil.

Audit protocols: Through our Supplier Guiding Principles (SGP), in 2016, we continued to monitor indicators related to land rights. Issues such as title, compensation and grievance mechanism are captured in the audit reports under a separate land rights section. These audit protocol elements allowed us to monitor land expansions and socialize our policy with suppliers. In addition, we are working with Bonsucro to refine its land rights indicators for its mill audits.

Strengthened communications: We have strengthened our communications with our Brazil sugar suppliers on social and land rights issues to address social issues, including issues raised in the sugar studies (e.g., expansion and land tenure complexity). We are focused on continued engagement on the Usina Trapiche case (p. 13), and working with counterparts at Oxfam, PepsiCo and local organizations on a positive resolution.

Building upon analysis in the Brazil sugar study on women and land rights questionnaires, we will explore working with our suppliers to provide additional context and information on the importance of land rights and women.





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In response to this challenge and Oxfam's Behind the Brands campaign on this issue, in November 2013, our Company committed to responsible land acquisition. Although our company does not typically purchase ingredients directly from farms, nor are we owners of sugar farms or plantations, we acknowledge that as a major buyer of several agricultural ingredients, we have a responsibility to take action and use our influence to help protect the land rights of local communities.

As stressed on the next page, in the sugar studies we have included land rights issues in our focus. The studies conducted so far confirmed there is much insecurity regarding land rights due to weak legislation, corruption and armed conflict. Although there has been no evidence of widespread land grabs, many of the mills in our sugar supply chains do not have appropriate policies related to land acquisition. This finding is confirmed by our audits, which show that only 22 percent of all bottlers and suppliers have a written policy reflecting a commitment to respecting land rights. As a follow-up to the findings, we developed and distributed guidance on land rights with our knowledge partner Landesa (more information below).

In Brazil, the Company developed a specific action plan to address the local findings.

## Product safety/quality

The Coca-Cola system has set high standards to ensure consistent safety and quality across our entire value chain – from our concentrate production to our bottling and product delivery. We have strong governance practices in place, and we work diligently to ensure compliance with applicable regulations and standards.

Our strict product manufacturing and distribution policies, requirements and specifications are managed through

our integrated quality management program called the Coca-Cola Operating Requirements (KORE). The quality and safety of all system-wide operations are monitored and measured against the same rigorous standards. Our quality management program helps us identify and mitigate risks and drive improvements. We stringently test and measure the quality of our beverages at every step of production. This due diligence is performed in all of the countries and territories where our products are produced and sold. We also consistently reassess the relevance of our requirements and standards and continually work to improve them across our supply chain.

To stay current with new regulations, industry best practices and marketplace conditions, we continually reevaluate the relevance of our requirements and guidelines not only in manufacturing, but throughout the supply chain. We refine our requirements to further ensure that KORE embodies the most recent and stringent manufacturing processes. To establish a governance process, each business within the Coca-Cola system implements, documents and maintains a safety and quality system in accordance with KORE. Compliance is monitored system-wide for added support to the integrity of our products.

We drive effective product safety and quality compliance through unannounced audits of our manufacturing facilities around the world. Unannounced audits encourage manufacturing facilities across our system to be "audit-ready" at all times and operate in accordance with KORE standards. We recognize that quality "risks" are not all equal; therefore, we evaluate risks in order to focus our system resources where they can create the most impact.

We continue to require our suppliers to achieve certification under the recognized Global Food Safety Initiative





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(GFSI) standard. Through supplier development and capability-building programs, such as the GFSI Global Markets Programme and others, we strengthen the quality and food safety assurance processes of our supply base.

Ensuring the safety and quality of our products has always been at the core of our business and is directly linked to the success of The Coca-Cola Company. Our Company Global Product Quality Index rating has consistently reached 95 since 2010, while our Company Global Packaging Quality Index has remained steady since 2010 at an average rating of 93.

## Rights linked to sponsorships

The Coca-Cola Company has supported mega-sporting events for nearly 90 years, beginning with the 1928 Olympic Games. While we believe such large-scale sporting events unite people all over the

world, inspiring, celebrating and creating memorable experiences for athletes and fans alike, we are also aware that such events can have an impact on human rights, to which we might be linked as sponsor of these events. In addition, NGOs and civil society have encouraged us to use our leverage to address human rights impacts of mega-sporting events.

The Institute for Human Rights and Business (IHRB) has issued reports on this topic. On a broader scale, as IHRB notes, human rights risks associated with these types of events may range from forced evictions of communities, reports of police brutality, unsafe working conditions in the construction and infrastructure sectors, migrant worker vulnerability, sweatshop conditions, child labor in the merchandise supply chain, restrictions on freedoms of association, peaceful assembly, the rights of journalists to report freely, and gender, racial, religious, and homophobic discrimination on and off the field of sport. Please see more [here](#).

The Coca-Cola Company is committed to help deliver sustainable and socially responsible mega-sporting events and to tackle their inherent human rights risks, in collaboration with others. The challenge for us is not only that our leverage is limited as an individual sponsor, but also that we commit to multi-annual partnership agreements to sponsor events long before the host city is selected. Thus, what is needed is a broad alliance of sports bodies (e.g., FIFA, the Olympics and/or the Commonwealth Games), host cities, governments, organizing committees, sponsors and broadcasters, international organizations and NGOs to address the human rights risks in the bidding process, during the preparation of the event in the host country, at the actual event, as well as in the post-event evaluation. Only through concerted efforts during all phases of the

“

*Sport is a celebration of the human condition and mega-sporting events should be a showcase of human excellence. The problem is all too often these events are mired in the abuse of human rights both on and off the track, which takes away from the achievement of men and women who spend their whole lives training for a chance for gold. A number of major sports bodies have now made human rights commitments, as have hosts, sponsors and broadcasters – we need to make sure that through collective action and accountability these intentions become a reality.”*

**JOHN MORRISON, CHIEF EXECUTIVE,  
INSTITUTE FOR HUMAN RIGHTS  
AND BUSINESS**





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process will we be able to systemically mitigate human rights impacts linked to mega-sporting events.

During 2016, a Mega-Sporting Events Platform for Human Rights (MSE Platform) began to take shape. The purpose of the MSE Platform is to develop more comprehensive, consistent and accountable approaches to managing social risks and adverse human rights impacts arising from major sporting events. It will be part knowledge-sharing, part oversight and part capability-building. A steering committee was formed with representatives from governments, sponsors and broadcasters, as well as NGOs and international organizations. The MSE Platform's Steering Committee is chaired by Mary Robinson, former U.N. High Commissioner for Human Rights and former President of Ireland.

The MSE Platform is an initiative of the IHRB and is supported by The Coca-Cola Company, among many others. We are part of the Steering Committee and the Director of The Coca-Cola Company's Global

Workplace Rights function is co-chair of the Task Force on Sponsors and Broadcasters. With others, the Task Force will identify the concrete responsibility of sponsors and broadcasters, needs assessments and the next steps. As our Company's Director of Global Workplace Rights stressed in the Regional UN Forum on Business and Human Rights in April 2016 in Doha, "It is now time for those involved in mega-sporting events to commit to human rights, to implement those commitments and demonstrate their effectiveness. For sponsors, it is critical to get behind global engagement efforts and be part of the solution – to use sponsors' leverage to drive further change in the sector, including supporting the creation of an independent center of learning and accountability on mega-sporting events that can support any country interested in hosting an event to put their bid together in a way that effectively prevents negative impacts and maximizes the positive legacy." See more [here](#).

More information on the MSE Platform is available under: <https://www.ihrb.org/megasportingevents/mse-about>.





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Particular concerns have been raised regarding the rights and safety of migrant workers in the preparation of the 2022 FIFA World Cup in Qatar. The Company shares these concerns and has continuously pushed the host government as well as FIFA to take action and ensure safe workplaces and end-systems that perpetuate heightened risks of forced or involuntary labor. Because of our strong engagement, in 2016 the Company was appointed to join the Human Rights Advisory Board of FIFA. The Human Rights Advisory Board will advise FIFA on all issues board members consider relevant for the implementation of FIFA's human rights responsibilities. Those could include labor standards, health and safety, property rights, security, discrimination and freedom of expression.

In collaboration with civil society and international organizations, we will continue to use our leverage to improve the safety and rights of workers engaged in the preparation of the 2022 FIFA World Cup in Qatar. The Coca-Cola Company sees the UNGP as a prerequisite for doing business with potential partners, including companies, international sports bodies and others. We are transparent and discuss these efforts with a broad range of stakeholders in multi-stakeholder platforms, such as the UN Forum on Business and Human Rights.

## Right to privacy

The Coca-Cola Company respects the privacy of individuals and strives to ensure the security of the personal information of our employees, business partners, customers and consumers through various processes and policies.

The Coca-Cola Company gathers and generates data from various sources, such as employee data, customer-profile data from loyalty programs, social media data, supply chain data, sales and shipment data from bottling partners, and transaction and merchandising data.

We have created privacy policies tailored for our consumer/customer data and for our employee data, based on privacy laws, regulations and industry standards. The policies define personal information and protection requirements, and these requirements are integrated into the Global IT Software Development Life Cycle. We also include security and privacy exhibits in our vendor agreements. Key provisions of The Coca-Cola Company's privacy policies include:

- Company personnel will only process personal information for legitimate business needs or as required or authorized by law.
- Access to internal Company systems that contain personal information is limited to a select group of authorized Company users who have a business need for accessing the information. Personnel who need permanent or regular access to personal information are bound by contract, code of conduct, work rules or policies that protect the confidentiality of the personal information.
- The Company will provide each individual with notice of the personal information that was collected, purpose of the information being collected, identity of the entity responsible for the collection, and access and correction rights for the individual.
- When appropriate and as required by law, Company entities will provide customers, consumers and personnel with the right to choose how, when and for what purpose(s) their personal information will be processed.
- The Company will handle personal data in accordance with applicable local law. Where applicable local law provides a lower level of protection of personal data, the requirements of the privacy policy of The Coca-Cola Company will apply.





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## Privacy training

Employees complete training on the Company's Information Protection Policy (IPP), which defines information protection practices to safeguard Company intellectual property, trade secrets and other classified information. This training takes place within a month of onboarding, and then every three years thereafter. The privacy policies are referenced in the IPP and are included as part of the IPP training. The Company also provides employees with access to a Personal and Sensitive Personal Information Guide, which explains the different categories of personal and sensitive information and gives instructions on actions employees should take to protect that information.

In addition, we provide targeted privacy training for employees whose jobs require them to handle personal information, such as Human Resources staff, people managers, IT administrators and Marketing staff.

In addition to employee training, we provide training to our contractor staff members, who develop our consumer websites and/or mobile applications, host our data/applications, and access our data within Coca-Cola applications.

## 2016 accomplishments

In 2016, the Company created an inventory of applications that collect and process personal and sensitive personal information. The inventory is for both consumer and employee applications, and it includes information on data flows, access rights and protection controls.

Also in 2016, the Company moved from Safe Harbor certification for the legal transfer of personal information from the European Union (EU) to the United States to EU Model Clauses. We updated our vendor agreements and our internal Business Unit agreements with the appropriate data transfer language to meet the EU Model



Clauses. And, we reviewed more than 500 projects, contracts, applications and requests for access to personal and/or sensitive personal information to ensure our privacy and security requirements are met.

## Future of privacy

With global digitization and use of information, privacy will continue to be an important topic for The Coca-Cola Company. One of our key principles is "surprise minimization" – meaning we do not want to collect, process, and/or share personal information that is unexpected by our users.

The legislation to protect individual privacy will continue to evolve. Given the Company's new operating model for growth, focused heavily on further digitalization of the Company, data privacy will become an even more important topic. We are deeply committed to fully respect the data privacy of customers, employees and all relevant stakeholders.



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### Social media

The Company has publicly committed to the following principles with regard to social media:

- Coca-Cola will be transparent in every social media engagement.
- Coca-Cola will protect our consumers' privacy in compliance with applicable privacy policies, IT security policies, laws, rules and regulations.
- Coca-Cola will respect copyrights, trademarks, rights of publicity and other third-party rights.
- Coca-Cola will be responsible in our use of technology and will not knowingly align our Company with any organizations or websites that use excessive tracking software, adware, malware or spyware.
- Coca-Cola will reasonably monitor our behavior in the social media space, implement appropriate protocols for establishing our social media presence and keep appropriate records of our participation as dictated by law and/or industry best practices.

### Linkage to corruption / anti-bribery risks through value chain

Corruption is a global problem, impacting all industries. Transparency International, the global coalition against corruption, states, "No country gets close to a perfect score in the Corruption Perceptions Index 2016. Over two-thirds of the 176 countries and territories in this year's index fall below the midpoint of our scale of 0 (highly corrupt) to 100 (very clean). The global average score is 43, indicating endemic corruption in a country's public sector. Top-scoring countries are far outnumbered by countries where citizens face the tangible impact of corruption

on a daily basis." Corruption thereby undermines the government's ability to respect, protect and fulfill its human rights obligations. If the effectiveness of law enforcement institutions and labor inspectors is severely undermined through corruption, the risks for adverse human rights impacts significantly increase.

As a company that operates in nearly every country, we are confronted with these challenging framework conditions in many of our markets. However, our long-standing commitment to doing business with integrity means avoiding corruption in any form, including bribery, and complying with the anti-corruption laws of the United States and of every country where we operate.

For The Coca-Cola Company and our entire system, the Code of Business Conduct and Anti-Bribery Policy, which we revised in June 2016, provides guidance on how to conduct business in a fair, ethical and legal manner. Our anti-corruption compliance program encompasses numerous reporting, monitoring and certification controls, as well as an educational component comprising web-based and in-person training. Company employees receive training and/or communication relating to integrity in dealing with government officials, and select employees must complete a specialized anti-corruption course. The Code of Business Conduct is monitored internally by the Ethics and Compliance Committee. Company lawyers around the world assist business operations in ensuring compliance with laws and human rights-related standards. Additionally, we have a global due diligence program to screen vendors and potential vendors deemed high risk and to obtain their agreement to abide by our Anti-Bribery Policy. More information is available [here](#).



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## CHAPTER 7:

# Access to remedy

Access to remedy is a prerequisite for the full enjoyment of human rights.

The Coca-Cola Company places great importance on access to remedy, the third pillar of the UNGP. When we identify that we have caused or contributed to adverse human rights impacts, we are committed to providing for or cooperating in remediation. Our mechanisms do not obstruct access to other remedy procedures.

There are various channels through which individuals, groups and communities can raise grievances. At the global level, trade unions and civil society may raise concerns about adverse human rights impacts through our ongoing dialogue. At a regional level, our Business Units around the world proactively engage with local communities where they conduct business. Any serious issue, which cannot be addressed locally, may be escalated to the global level, where a cross-functional team will examine the issue. In addition, we undertake regular audits of our Company-owned facilities, independent bottlers and direct, authorized suppliers. The audits include confidential interviews with workers in these organizations. When an audit identifies non-compliance, a corrective action plan is established to have these issues addressed within an agreed-upon time frame. The corrective action is tracked and may require a re-audit to determine if improvement has occurred. Through this process, 475 facilities were brought into compliant status in 2016, thereby positively impacting the workplaces of more than 135,000 workers.

We also expect our suppliers and bottlers to provide workers with a mechanism to express grievances without fear of reprisal

and ensure concerns are appropriately addressed in a timely manner. For systemic issues, such as human rights risks linked to mega-sporting events, we collaborate with other like-minded organizations and companies to prevent, mitigate and remedy adverse human rights impacts.

Employees of The Coca-Cola Company are encouraged to report grievances through the EthicsLine, a global web and telephone information and reporting service. Telephone calls are toll-free, and the EthicsLine is open 24 hours a day, seven days a week, with translators available. In 2016, we had 192 cases related to workplace rights reported through the EthicsLine. The main issues/allegations were related to:

- Discrimination (55 cases / 27 percent)
- Work hours and wages (42 cases / 23 percent)
- Retaliation (37 cases / 20 percent)
- Safe and healthy workplace (33 cases / 17 percent)
- Ask a workplace rights question (11 cases / 6 percent)
- Workplace security (10 cases / 5 percent)
- Freedom of association (4 cases / 2 percent)

Resolving abuses can be very complex, requiring a comprehensive approach that includes cooperation with NGOs, local government and other organizations.

For example, our Human Rights Policy and SGP strictly prohibit the use of child labor in any of our or our suppliers' operations. We know, however, that child





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labor cannot be eliminated by working only with our suppliers and that the most effective solutions are designed to address root causes and support individuals and families who need to continue to earn a wage. An example of such a comprehensive approach is our response to the problem of children participating in the illegal appropriation of sugarcane in the northern zone of the Department of Cauca in Colombia. This region lacks employment opportunities, resulting in parts of the population, including children, engaged in stealing sugarcane, which is then sold as raw material to illegal panela factories. In a project with Colombia's Association of Sugarcane Growers, Asocáña, and with the involvement of local government and other local actors, such as the Public Education Secretary, the town's technical assistance unit (UMATA), Public Health Secretary, Government Secretary and Community Development, we engaged in training women to better position them to find alternative income possibilities. This project also focused on addressing the social and cultural patterns related to child labor in these communities and the importance of education for the

development of children. Through the project, approximately 50 women found a different way to earn income and 100 children were removed from child labor.

Another example is our focus on child labor in PET recovery. In reaction to reports of children collecting PET bottles in Mexico, in spring 2017, we developed a three-phase action plan with our local supplier PetStar:

1. Contingency (short-term): PetStar temporarily stopped sourcing from high-risk areas, developed a child labor policy and started monitoring other supplying points.
2. Risk Assessment (medium-term): PetStar engaged Verité to complete a risk assessment in the overall supply chain. This includes a multi-stakeholder approach, in which the issue and possible solutions will be discussed with several parties. Verité will provide recommendations on how to address the problem.
3. Remediation (long-term): Once the risk assessment report is received, we will implement actions, such as supporting collectors training and capability building on child labor policies, along with other requirements (e.g., securing a signed legal contract between PetStar and collectors related to child labor).

With this project in its early stages, results are not ready to be reported.

In the future, we will determine whether and how we can make access to remedy more accessible, using innovative approaches to reach deeper into the supply chain.

In fall 2015, through anonymous polling, we asked our employees globally whether they think they could report suspected violations of the Code of Business Conduct through the appropriate company channels without fear of retaliation or reprisal.

**83%**

of employees agreed they think that they could do so. We took action to address issues in parts of the organization where the scores were lower.



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## CHAPTER 8:

# What have we achieved, what lessons have we learned and where do we have to improve or find solutions?

Human rights will continue to be a key priority of the Company. While we have a new CEO and we are evolving our growth strategy, the baseline for our business will be to continue to fully

respect human rights. Mr. Quincey has been engaged in the Human Rights Policy of the Company for years and will continue pushing our human rights journey forward as we implement our total beverage company strategy.

The global stakeholder consultation on our Human Rights Policy, which was described above in more detail by Bennett Freeman, triggered more changes than anticipated. Fully committed to meeting the expectations of stakeholders, we undertook a comprehensive revision of our Human Rights Policy. The revised Human Rights Policy was discussed and approved by our Board of Directors in July 2017 and will be launched by Mr. Quincey on Human Rights Day, December 10, 2017.

As the field of business and human rights evolves, so must we. We have identified access to remedy for workers in our supply chain as an area where more work is necessary. We also understand more determined efforts are needed to adequately follow up on findings from the sugar studies. Although no systemic child and forced labor or land grabbing have been





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identified to date, it is clear not all sugar suppliers in all countries have the necessary policies in place to safeguard from the occurrence of these atrocities.

Human rights defenders continue to be attacked and threatened in many countries around the world. We will more strongly focus on which role The Coca-Cola Company can play and what kind of action we can take to defend and protect human rights defenders who are threatened.

We also recognize the need to examine the accuracy of our data gathering. We modified our reporting standards to be more stringent, and this new data-gathering methodology revealed a drop in compliance with our Human Rights Policy from 98 percent in 2015 to 89 percent in 2016. However, we are absolutely committed to bringing all plants into full compliance and to reach the target of 98 percent compliance by 2020.

A key challenge is integrating the UNGP deeply into the supply chain. Instead of auditing suppliers against our indicators, the aims are for suppliers to embrace the UNGP with or without the expectation of audits, engage in their own due diligence, be transparent about their salient human rights risks and take action to address them. This is a long and vital journey, and one we will continue to embark on for years to come.

We are constantly pushing ourselves and striving for improvement. We are committed to addressing the issues raised above and to further strengthening our human rights engagement in the next year.

### Key achievements in 2016 and 2017 include:

- Publication of child labor, forced labor and land rights risks in our sugar supply chain in five additional countries.
- Identification of salient human rights risks in workshops and stakeholder consultations around the world.
- Revision of our human rights policy, based on internal and external global input.
- Strengthening of collaborative action related to mega-sporting events.
- Development of our first human rights report, which aligns with the UNGP Reporting Framework.
- Achieving a 21 percent reduction in serious incidents and injuries.
- Sourcing more than 1 million tons of more sustainable sugar in 2016.





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## CHAPTER 9:

# Our stakeholder engagement, collaboration and memberships - If you want to be quick, you walk alone; if you want to walk far, you walk together

One common theme in this report has been the close engagement of the Company with stakeholders and other organizations.

We believe consistent and open communication with a diverse range of stakeholders leads to continuous improvement as we work to bring about respect for human rights across the Coca-Cola system. Our policies and programs are only as strong as the engagement with the people and communities where we operate. Our approach to stakeholder engagement is not event-driven, rather a continuous dialogue that enables us to identify and address potential issues proactively and collaboratively.

We work with a wide range of stakeholders within the Coca-Cola system, among our business partners, including suppliers and customers, and with our many external stakeholders across the private, public, nonprofit and labor sectors. We believe together we can have a greater and more sustainable impact than by working alone.

Our principles:

- Transparency: Respect the diversity of views and values stakeholders present

and work to engage openly, providing the information they need to make meaningful contributions to our decision-making processes and activities.

- Inclusiveness: Include a wide range of stakeholders, especially those who are traditionally marginalized (e.g., women, youth, indigenous groups and the poor).
- Consistency: Maintain regular and consistent communication to ensure continuity and meaningful engagement.
- Accountability: Inform stakeholders of how their feedback influenced the outcome of a decision or activity.

We use a variety of communication channels and platforms to engage with stakeholders including our human rights conferences, Coca-Cola Journey, assessments (e.g., sugar studies), on-the-ground projects, business or human rights-specific associations, and routine, standing dialogues with several labor and nonprofit organizations. Examples include:

- **Oxfam**, which we primarily engaged with on our sugar studies, land rights and environmental issues.
- **Institute for Human Rights and Business**, which we cooperate with on addressing



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human rights risks related to mega-sporting events and the establishment of the MSE Platform, as well as the Leadership Group on Responsible Recruitment to eliminate all worker fees to labor agencies worldwide.

- **WWF**, which we work with on the implementation of our SAGP and water stewardship.

#### • **Interfaith Center on Corporate Responsibility**

**Responsibility**, which we have worked with on our human rights approach for many years, including on our annual human rights conference. In 2016, we invited ICCR to shadow two audits in Taiwan to validate our updated process and to provide constructive feedback on opportunities to progress the dialogue locally. ICCR created a booklet of case studies related to good practices with reference to Coca-Cola.

Collaborative action is key to advance implementation of the UNGP. We are keen to learn from, inspire and encourage other companies and organizations, and collaborate in various areas. We are an active member of a number of initiatives, groups and associations in this regard, such as:

- **AIM-PROGRESS**: AIM-PROGRESS is a forum of Fast Moving Consumer Goods manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains. As an active member of AIM-PROGRESS, The Coca-Cola Company leads a work stream to develop and deliver supplier trainings. Industry-wide approaches - including that of AIM-PROGRESS- are an effective way to assure supply chain performance and meet increasing

## Our engagement with the Interfaith Center on Corporate Responsibility

As a beverage company, our mission is to refresh the world, to inspire moments of optimism and happiness while creating value for shareowners over the long term and making a difference. The Interfaith Center on Corporate Responsibility (ICCR) has not only been an important coalition of shareowners, but also an invaluable partner to Coca-Cola. ICCR is a coalition of 300 faith and values-driven organizations, representing more than \$400 billion in invested capital, which manage their investments with an eye toward social good.

Overtime ICCR has challenged and guided us on a number of topics. Most recently, we engaged with ICCR on audit protocol updates regarding protections for migrant workers who may be vulnerable to the risk of human trafficking. ICCR has been a leader in the human trafficking discussion as demonstrated with its "No Fees" initiative

and participation in the Leadership Group for Responsible Recruitment. In 2016, the Company invited ICCR to shadow an auditor at two Taiwanese suppliers, where migrant workers are present. The intention was to validate the updated process implementation and solicit feedback.

Our ongoing dialogue with ICCR highlights the importance of being transparent and open to suggestions, and how stakeholders can help form a nexus of like-minded organizations. We chose Taiwan for the shadow audits not because it was a showcase for best practice, but because we knew there would be issues identified and were sincere in our request for assistance. After the visit, ICCR created a best practice guidance document, which included a positive case study on the Coca-Cola shadow audits, along with other company case studies.





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## Lessons learned from our Oxfam America engagement

Dialogue and engagement have always been a cornerstone of The Coca-Cola Company-Oxfam America relationship. Many different issues have surfaced over the more than 10 years of the Company-NGO relationship, spanning human rights, supply chain, land rights, women's empowerment and climate change. A willingness to participate in open and transparent communication has been an important engagement principle embraced by both organizations.

This approach was tested during Oxfam's Behind the Brands campaign, which focused on the top 10 food and beverage companies, and a specific campaign in 2013 targeting The Coca-Cola Company on land rights and sugar. Oxfam highlighted a gap in the Company's Supplier Agriculture Guiding Principles, which led to a commitment by Coca-Cola to address land rights in its policies and human rights due diligence process. Since then, we have worked with Oxfam on several land rights workshops, the Company's sugar studies on land rights, child labor, forced labor and specific land cases in Brazil and Cambodia. This engagement has

allowed us to gain important insights and bring about increased momentum to drive change more broadly.

Throughout this engagement process, the Company has benefited from Oxfam's perspective and importantly realized that to be successful, we must:

- Be vulnerable, it's ok to not have the all the answers
- Ensure consistent and open communication
- Align on clarity of purpose and the process
- Establish communication routines with clear lines of accountability

Challenges certainly remain as we work to align our very different perspectives at times. We have not always agreed, but we continue to move toward a shared understanding of both constructive problem-framing and problem-solving. Both organizations are committed to systemic, long-term change, which we think will help provide a road map toward a more sustainable future.



stakeholder demands in a way that reduces duplication and cost for our suppliers and ultimately consumers. By working together with peers, the Company strengthens common messaging about workplace rights, overall. Please see our engagement chapter on our supply chain activities. More information can be found at [www.aim-progress.com/](http://www.aim-progress.com/).

#### • Business for Social Responsibility (BSR).

BSR is a global nonprofit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable

world. BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. The Coca-Cola Company has engaged particularly in the peer learning activities of BSR. More information can be found at [www.bsr.org/](http://www.bsr.org/).

- **CSR Europe.** CSR Europe is the leading European business network for Corporate Social Responsibility. The Coca-Cola Company is a member of its network of approximately 46 corporate members and 42 National CSR organizations. CSR Europe acts as a platform for businesses looking to



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enhance sustainable growth and positively contribute to society. More information can be found at [www.csreurope.org/](http://www.csreurope.org/).

- **Global Business Initiative on Human Rights (GBI).**

GBI's mission is to advance human rights in a business context through cross-industry peer learning, outreach and capacity building, and by informing policy. The Coca-Cola Company is part of a core group of corporations from different industries, headquartered in diverse countries, with global operations that meet at least two times per year and engage in this in-depth exchange of experience and problem solving. More information can be found at [www.global-business-initiative.org/](http://www.global-business-initiative.org/).

- **ILO Child Labor Platform (CLP).**

Under the leadership of the International Labor Organization (ILO), the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC), and in a multi-stakeholder approach, the CLP aims to identify obstacles to the implementation of the ILO Conventions in supply chains and surrounding communities, identify practical ways of overcoming these obstacles, and catalyze collective action.

The Coca-Cola Company is a founding member of the CLP and actively engages in peer learning. More information can be found at [www.ilo.org/ipec/Action/CSR/clp/lang--en/index.htm](http://www.ilo.org/ipec/Action/CSR/clp/lang--en/index.htm).

- **International Organisation of Employers (IOE).**

The IOE is the largest network of the private sector in the world, with more than 150 business and employer organization members. In social and labor policy debate taking place in the International Labor Organization, across the UN and multilateral system, and in the G20 and other emerging processes, the IOE is the recognized voice of business. The Coca-Cola Company is a partner of the IOE and is engaged in its Human Rights and CSR Policy Working Group as well as the Global Industrial Relations Network (GIRN). More information can be found at [www.ioe-emp.com](http://www.ioe-emp.com).

• **Leadership Group on Responsible Recruitment (LGRR).** LGRR is a business leadership group working closely with international organizations, NGOs and trade unions to eliminate all worker fees in recruitment, both in law and practice, by 2026. The first international forum on responsible recruitment was hosted in Berlin on June 19, 2017 to explore collective action to end the global demand for exploitation in supply chains and also increase the supply of ethical recruitment. More information under the following link: <https://www.ihrb.org/employerpays/leadership-group-for-responsible-recruitment>

- **Mega-Sporting Events Platform for Human Rights (MSE Platform).**

The Mega-Sporting Events Platform for Human Rights (MSE Platform) is an emerging multi-stakeholder coalition of international and intergovernmental organizations, governments, sports governing bodies, athletes, unions, sponsors and broadcasters and civil society groups. Through dialogue and joint action, the mission is to ensure all actors involved in staging an event fully embrace and operationalize their respective human rights duties and responsibilities throughout the MSE lifecycle. Chaired by Mary Robinson, former U.N. High Commissioner for Human Rights and former President of Ireland, the MSE Platform is facilitated by IHRB. The Coca-Cola Company is a founding member of the MSE Platform and co-chairs the task force of Sponsors and Broadcasters. More information can be found at [www.ihrb.org/megasportingevents](http://www.ihrb.org/megasportingevents).

- **Shift.** The Coca-Cola Company

participates in the Business Learning program of Shift, the leading center of expertise on the UNGP on Business and Human Rights. Founded in 2011, Shift's team of experts facilitate dialogue, build capacity and develop new approaches with companies, governments, civil





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society and international institutions to enable implementation of the UNGP. More information can be found at [www.shiftproject.org/](http://www.shiftproject.org/).

- **The Consumer Goods Forum (CGF).**

The mission of CGF is to bring together consumer goods manufacturers and retailers in pursuit of business practices for efficiency and positive change across the industry, benefiting shoppers, consumers and the world without impeding competition. As an active member of the CGF, The Coca-Cola Company co-chairs the work stream focused on implementing the resolution on eliminating forced labor among members. More information can be found at [www.theconsumergoodsforum.com/](http://www.theconsumergoodsforum.com/).

- **UN Global Compact.**

The Coca-Cola Company has been a member of the UN Global Compact, the world's largest corporate sustainability

initiative, since 2006, and has actively engaged in several projects, such as CEO Water Mandate, where we helped fund and develop the Water Action Hub. More information can be found at [www.unglobalcompact.org/](http://www.unglobalcompact.org/).

- **United States Council for International Business (USCIB).**

The USCIB represents U.S. business at the ILO, United Nations and many other international organizations and initiatives. The Coca-Cola Company is an active member of the USCIB Corporate Responsibility & Labor Affairs Committee. More information can be found at <http://www.uscib.org/>.

- **World Business Council for Sustainable Development (WBCSD).**

The WBCSD is a global, CEO-led organization of more than 200 leading businesses working together to accelerate the transition to a sustainable world. The Coca-Cola Company is member of the WBCSD and engages, among other areas, in its work stream on human rights. More information can be found at [www.wbcsd.org/](http://www.wbcsd.org/).

In addition to the ongoing engagement between our Global Workplace Rights staff and external stakeholders, any significant change to our policy or approach is vetted with key stakeholders. As we look to the future, we see an opportunity to further a more community-based approach to stakeholder engagement.

“

*The success of The Consumer Goods Forum (CGF) is based on a shared agenda to drive positive change through the implementation of business actions that positively impact both people and the planet. Without engaged members, like The Coca-Cola Company, success would not be possible. The Company, as a CGF Board member, was integral in helping our industry develop the first-ever resolution that commits to eradicate forced labour from global supply chains and actively champions the implementation of our Priority Industry Principles. The Coca-Cola Company also helps engage the industry through their chairmanship of our Social Sustainability Committee and in their engagement with other key stakeholders. We look forward to continuing this collaborative journey with The Coca-Cola Company and our entire global membership.*

**DIDIER BERGERET, DIRECTOR, SOCIAL SUSTAINABILITY  
AND GLOBAL SOCIAL COMPLIANCE PROGRAMME,  
THE CONSUMER GOODS FORUM**





**It's not just what we do, but how we do it.**

