



services limited

## Frequently asked questions about Coca-Cola

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This document aims to provide answers to the questions that are frequently asked by Unions relating to the allegations of unethical practices by The Coca-Cola Company bottlers in India and Colombia. It also includes information on what NUS Services is doing to resolve the issues, on the contracts that affect Unions, and the options that Unions have for stocking alternatives.

For more detailed information, the following documents are available through [nussl.co.uk](http://nussl.co.uk):

- *Accusations of human rights violations against Coca-Cola factory workers in Colombia*
- *Accusations of water shortages and negative environmental impacts caused by nine bottling operations / factories used in the manufacture of Coca-Cola products in India*
- *Summary of the ongoing constructive engagement with Coca-Cola in relation to the accusations relating to Colombia and India*
- *Coca-Cola Enterprises Ltd - Commercial Briefing*

### 1.0 Brands and brand owners

#### **What key brands does The Coca-Cola Company own?**

Coca-Cola (including vanilla variant), Diet Coke (including lemon variant), Cherry Coke, Fanta, Lilt, Sprite, Dr Pepper<sup>1</sup>, Oasis<sup>2</sup>, Minute Maid, all Schweppes-branded drinks<sup>3</sup>, Canada Dry Ginger Ale<sup>4</sup>, Roses lime<sup>5</sup>.

#### **What brands are supplied to Students' Unions by Coca-Cola Enterprises through NUS Services?**

All the above, plus Capri-sun<sup>6</sup> and Appletiser<sup>7</sup>.

#### **What is the difference between The Coca-Cola Company and Coca-Cola Enterprises?**

The Coca-Cola Company is the global company that owns the patents and trademarks to the key Coca-Cola brands. The Company operates as more of a marketing company than a producer, and licenses out production to bottling companies worldwide. Some of these bottling companies are fully independent, some are part owned by The Coca-Cola Company, and some are wholly owned. Coca-Cola Enterprises is the UK bottler. In addition to its operations in the UK, Coca-Cola Enterprises holds the franchise for the United States, Belgium, the Netherlands, and most of France. Coca-Cola Enterprises is 40% owned by The Coca-Cola Company; the remaining 60% is made up of shares that have been floated on the stock exchange.

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<sup>1</sup> Purchased by The Coca-Cola Company from Cadbury Schweppes in 1999.

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<sup>5</sup> Purchased by The Coca-Cola Company from Cadbury Schweppes in 1999.

<sup>6</sup> 'Capri-Sun' is a registered trademark of Wild, Heidelberg, Germany. It is manufactured and distributed by Coca-Cola Enterprises under licence.

<sup>7</sup> Appletiser is a registered trademark of South African Brewers. It is manufactured and distributed by Coca-Cola Enterprises under licence.

## **Because Coca-Cola Enterprises makes and distributes Schweppes drinks, does that mean that The Coca-Cola Company owns Cadbury Schweppes?**

No. Cadbury and Schweppes merged in 1969 to form Cadbury Schweppes plc, the world's third largest soft drinks company. In 1999, The Coca-Cola Company bought the Dr Pepper, all Schweppes, Canada Dry Ginger Ale and Roses lime brands from Cadbury Schweppes plc. It is understood that, in the UK, Cadbury Schweppes still owns the 7Up, Orangina and Sunkist brands, but that none of these brands are manufactured by Coca-Cola Enterprises.

## **2.0 The allegations**

### **What are the main allegations?**

In relation to Colombia, it is alleged that, between 1994 and 1996, the management of an independent factory manufacturing The Coca-Cola Company's brands under franchise colluded with paramilitaries, inciting them to use violence and murder to de-unionise the workforce. In relation to India, it is alleged that, between January 2003 and February 2004, a part-owned bottler has extracted more than its fair share of water from communal aquifers, resulting in lower, and poorer quality, well water in the surrounding settlements. It is also alleged that the same bottler distributed solid wastes that contained dangerously high levels of toxins to farmers in the surrounding community.

### **Are the allegations true?**

At this time, it is not possible to say. The Coca-Cola Company strongly denies that the allegations are true. In relation to these allegations, the only admission of wrongdoing that the Company has made to date has been in relation to the distribution of bio-solids at the Kerala factory in India, where the Company has formally apologised for referring to the solids as fertilisers. However, there remains contention about the levels of toxicity and the amounts distributed.

There have been legal rulings in relation to both the Indian and Colombian issues. In March 2003, a court in the United States ruled that The Coca-Cola Company could not be tried for the incidents that occurred in the bottling factory, but that the bottler could be. On 29 September 2006, the same judge dismissed all remaining cases against the two Coca-Cola bottlers in Colombia, and on 05 September 2006, the court denied a motion by the plaintiffs to amend the complaints to bring The Coca-Cola Company back into the lawsuit and directed the clerk to close the cases. On 02 November 2006, SINALTRAINAL notified a U.S. federal court of its intention to appeal.

Two independent inquiries in Colombia – including one in a Colombian Court – have cleared the bottler. In relation to India, there have been contradictory rulings made by various official authorities in relation to both the toxicity of the bio-solids and whether the Company is responsible for the changes in well water quality and quantity. No accepted definitive legal judgement has yet been made in relation to the Indian issues.

The Company has provided NUS Services with evidence that supports their case in relation to each specific allegation in both India and Colombia. Virtually all of this evidence directly contradicts each specific allegation. Due to contradictory nature of the allegations, rulings and supporting evidence, NUS Services' Ethical & Environmental Committee cannot offer definitive judgement on the truth of the specific allegations.

## **3.0 The campaign against The Coca-Cola Company**

### **Who is leading the call for a boycott?**

SINALTRAINAL is a union that represents food and drinks workers in Colombia. It is calling for a worldwide boycott of The Coca-Cola Company products. The Colombian Solidarity Campaign<sup>8</sup> (based in London) and the India Resource Centre<sup>9</sup> (based in the United States) are leading the boycott call in the UK. There is a network of anti-Coca-Cola students that communicate through a Yahoo email list<sup>10</sup>. The group launched a website in October 2005<sup>11</sup>.

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<sup>8</sup> [www.colombiasolidarity.org.uk/](http://www.colombiasolidarity.org.uk/)

<sup>9</sup> [www.indiaresource.org/](http://www.indiaresource.org/)

<sup>10</sup> <http://groups.yahoo.com/group/ukstudentsagainstcoke/>

### **Which UK Students' Unions have passed motions against Coca-Cola?**

Since the beginning of 2004, anti-Coca-Cola motions have been passed at eight UK Unions – SOAS, Middlesex, Queen's University Belfast, Leeds, Bristol, Oxford, UEA and Manchester. SOAS and Middlesex have passed a motion banning Coca-Cola products from sale in Union outlets; Leeds has passed a motion that mandates the Union to oppose future contracts with Coca-Cola Enterprises, as well as any compulsory sole contracts; it was reported that Queens and Bristol have passed motions that commit them to supporting the boycott, as has Oxford. Additionally, in March 2005 at Edinburgh University Students' Association, a motion opposing Coca-Cola was passed by 76 votes, but was not formally passed due to a lack of quorum. Similarly, on 16 March 2005, University of Manchester Union held a vote on an outright boycott of Coca-Cola products. The motion received 285 votes in favour, but was 15 votes short of quorum. On 06 April 2006, University of East Anglia Students' Union passed boycott policy on Coca-Cola, but in January 2007 this was repealed in a policy ballot of members by 563 votes to 410 votes. In March 2007, NUS Services learnt that Manchester had passed boycott policy on Coca-Cola. On 13 September 2007, The University of Portsmouth Students' Union informed NUS Services that they had passed a motion to boycott Coca-Cola products.

### **Which other organisations have said that they support the call for a boycott?**

In the UK and Ireland: UNISON; Northern Ireland Public Services Association; Scottish Socialist Party; South Asia Solidarity Group; Teachers Union Ireland; University College Dublin SU; Trinity College Dublin SU.

In the United States: Numerous student Associations in the United States; International Labor Rights Fund; United Steelworkers of America; Service Employees International Union; Communications Workers of America, American Postal Workers Union (APWU); Labor Council for Latin American Advancement; The American Federation of Teachers (AFT); The International Longshore and Warehouse Union.

### **Which organisations have said that they do not support the call for a boycott?**

The Colombian Unions SINALTRAINBEC and SICO; International Union of Food Workers; TUC; SIPTU (Dublin drinks, tobacco and warehouse distribution branch); Justice For Colombia; War on Want<sup>12</sup>; Amnesty International.

### **What was the result of the boycott vote at NUS Conference on 30 March 2006?**

Conference did not pass boycott policy. A motion on constructive engagement was passed as policy.

## **4.0 Constructive engagement**

### **What is constructive engagement?**

Constructive engagement is the opposite of boycott. It involves working within a relationship to resolve an issue, rather than choosing to disengage from the relationship. Case studies of how NUS Services has used constructive engagement to resolve issues of concern to our shareholders include Coors, GSK and Bacardi. Briefings on these issues can be downloaded from [nussl.co.uk](http://nussl.co.uk).

### **In relation to Coca-Cola, what was NUS Services mandated to do at Convention 2004?**

The wording of the mandate was as follows:

- The Ethical and Environmental Committee will maintain a constructive dialogue with The Coca-Cola Company on the issues in question.
- The Ethical and Environmental Committee will keep shareholders fully/regularly briefed during the year 2004/2005.
- The Ethical and Environmental Committee will prepare papers for NUS Services Convention 2005 relating to the allegations concerning The Coca Cola Company, and guidelines concerning the next contract.

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<sup>11</sup> [www.uksac.revolt.org](http://www.uksac.revolt.org)

<sup>12</sup> A boycott motion at the Amicus AGM on 25 February 2006 was not able to take place because the meeting was inquorate

### **In relation to Coca-Cola, what was NUS Services mandated to do at Convention 2005?**

The plan that was approved by Convention included:

- The continuation of constrictive engagement.
- Deferral of the guidelines concerning the next contract until Convention 2006.

### **In relation to the issues relating to The Coca-Cola Company, what constructive engagement has happened so far?**

Since Convention 2004, the Ethical & Environmental Committee has:

- Gathered details of all the existing allegations relating to the Colombian and Indian issues.
- Put these allegations to The Coca-Cola Company and obtained written responses to each.
- Published the allegations and responses in two regularly updated issue-specific briefing documents.
- Following consultation with a wide range of stakeholders, developed a list of recommendations on how the Company can prevent similar issues arising in future.
- Met with the managers responsible for environmental and water policy from the Company's global headquarters to discuss their responses to our recommendations. Following progress, the Committee are now on version three of the recommendations.
- Published details of all meetings with The Coca-Cola Company in a regularly updated briefing document.
- Developed an amicable working relationship with key staff at The Coca-Cola Company GB.

### **Has The Coca-Cola Company been co-operative with the constructive engagement?**

After a slow start, the Company has fully cooperated with all of the Ethical & Environmental Committees requests for information by providing written responses to each. The Company is now proactive in bringing forward new information and consulting on key pieces of work.

### **Have there been any positive developments linked to the constructive engagement?**

In early 2004, the Company outlined Project Citizenship - a voluntary set of standards and principles on ethical and environmental issues for bottlers. Progress is monitored through a self-assessment questionnaire, comprising 185 specific questions, that is used by the parent company to monitor bottler performance and standards. By 2005, the initial stage had covered 65% of the Company's production volume, and the Company planned to roll it out the remaining bottlers as soon as possible.

In March 2004, in relation to the distribution of solid wastes to farmers in India, the Company publicly apologised for referring to the sludge as 'fertiliser'. The Company accepts that the material in question should have been referred to as a 'soil conditioner'.

In late May 2004, The Coca-Cola Company announced that it would not re-open the Kerala factory in the foreseeable future, and that they do not want to draw any more groundwater. They stated they are not closing the factory, just not reopening it until they can resolve some of the misunderstanding and negotiate a solution with the Panchayat and State Government. The Company stated that it would like to negotiate permission to source an alternative water supply.

At the beginning of 2005, The Coca-Cola Company created the new post of 'Head of Labour Relations' based at the global headquarters in Atlanta. The post was filled by Ed Potter, formerly working for the International Labor Organisation.

In March 2005, The Coca-Cola Company has launched a new pilot assessment process relating to workplace standards in bottlers. The Company requested that all bottling partners allow access to their facilities for this purpose. The assessments evaluate current workplace practices including wages and hours, facility security, freedom of association, collective bargaining, and health and safety measures. Independent companies, including Cal Safety Compliance Corporation<sup>13</sup> and Bureau Veritas, carry out the audits for the Company. By October 2005, 1,200 assessments had been made out of a possible 14,000.

In April 2005, the International Union of Food-workers (IUF) informed NUS Services that The Coca-Cola Company and the IUF had signed a joint statement that includes formalisation of the right of all Coca-Cola workers to join a union without pressure or interference, and a commitment

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<sup>13</sup> [www.cscce-online.com/](http://www.cscce-online.com/)

to continuing twice-yearly meetings to review the exercise of trade union rights by Coca-Cola workers worldwide. This document constitutes the first common document signed by both Coca-Cola and the IUF<sup>14</sup>. In October 2005, the Committee learned that the Company's relations with the IUF were functioning well on a problem-solving basis.

On 26 April 2005, the Coca-Cola Foundation announced the donation of \$10 million to the new 'Colombian Foundation for Education and Opportunity'. Its function is to work with non-governmental groups to provide education and other opportunities for those affected by violence in Colombia.

In May 2005, the Company announced that it was developing a Global Human Rights Policy. In January 2006, the Committee formally commented on the draft.

In January 2006, The Coca-Cola Company announced that it was 'facilitating the design and development of a credible, objective and impartial independent third party assessment in Colombia during the first quarter of 2006. The assessment will involve international labor organizations, non-governmental organizations and our most vocal critics. It will be conducted with the cooperation'.

In April 2006 the Company announced that it was intending to commission a third-party independent investigation into the issues surrounding Coca-Cola in India. The assessment will be carried out by The Energy and Resources Institute (TERI).

On 14 January 2008 the TERI report was released. Whilst the detailed report concluded that the Company's Indian bottlers were generally in compliance with Indian laws, it found that the Company could improve in a number of areas - specifically the environmental impact assessment prior to a factory being built; taking action to reduce water use in times of drought; improving effluent management.

#### **What are the plans to resolve the issues?**

The Committee intend to achieve the following in the year to Convention 2006:

- Continue to monitor developments in Colombia and India.
- Continue to work with the Company to develop and implement policies and practice that will prevent workplace or environmental issues arising at bottlers in the future.
- Continue to keep shareholders fully updated.
- Research possible alternative suppliers, and provide recommendations for the soft drink deals to be agreed at Convention 2006.

#### **Which campaigning organisations has the Ethical & Environmental Committee engaged with?**

SINALTRAINAL, Colombian Solidarity Campaign; UK Students Against Coke, India Resource Centre; Justice for Colombia, Christian Aid, Action Aid, Water Aid, Oxfam, International Union of Food workers, TUC, United Steelworkers of America. In addition, the Committee have met with Mark Thomas, and engaged with interested students from over 20 Student Unions.

#### **Why hasn't NUS Services engaged directly with SINALTRAINAL?**

The Committee has engaged directly with SINALTRAINAL. After several unsuccessful attempts to communicate by email, the Committee met with SINALTRAINAL on two occasions in June and July 2005. The first meeting was useful in identifying new allegations, and cross-examining the Company's submissions. However, during the second meeting, the Colombian Solidarity Campaign announced that they were representing SINALTRAINAL, and their approach was not constructive. Following the meeting, the Colombia Solidarity Campaign sent a letter to the Committee which was dismissive of the Committee's work, and offensive towards the Committee and Company. The Committee responded robustly, outlining its accountability and responsibility to its shareholders, and reaffirming NUS Service's commitment to Constructive engagement as a method of delivering positive outcomes.

#### **Why hasn't NUS Services visited India to investigate the allegations further?**

Following a meeting with the India Resource Centre in 2004, the Committee developed a proposal to carry out a learning visit to Kerala to understand more about the nature of the issues

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<sup>14</sup> [www.iufdocuments.org/www/documents/coca-cola/jtstate-e.pdf](http://www.iufdocuments.org/www/documents/coca-cola/jtstate-e.pdf)

and to consult with stakeholders about what changes might be needed to prevent environmental issues occurring into the future. The Committee agreed that, in the interests of impartiality, any visit should be tripartite funded by the India Resource Centre, The Coca-Cola Company, and NUS Services, and that, during the visit, an equal amount of time should be spent with bottler staff as with the protestors. Although The Coca-Cola Company and NUS Services' Board approved this proposal, the India Resource Centre did not agree to it because they would not want the visit to include time spent with representatives from the bottling factory. It should be noted that the India Resource Centre had previously offered funds for a visit.

### **How can I help shape the constructive engagement process?**

The Ethical & Environmental Committee are very keen to engage with as many interested parties as possible. If you have any questions that you would like to ask The Coca-Cola Company, or if you would like to voice your opinions or concerns, you can approach any member of the Ethical or Environmental Committee, or the Ethical & Environmental Coordinator. Contact details are available through [nussl.co.uk](http://nussl.co.uk).

## **5.0 NUS Services' contracts**

### **What are the implications of current NUS Services Coca-Cola Enterprises contracts?**

As it stands, if a Union wants to stock soft drink post mix in bars, they have to buy it from Coca-Cola Enterprises (unless that Union formally applies for dispensation, and is successful in its application). In relation to Union shops, standard stocking policy does not require the stocking of Coca-Cola Enterprises products. However, if a Union is in the Retail Opt In Group and wishes to claim Pay-For-Display money, that Union must comply with the planogram, which means stocking products supplied by Coca-Cola Enterprises. Additionally, Retail Opt In Group membership commits the Union to compulsory promotions that include products supplied by Coca-Cola Enterprises. The Meal Deal is a voluntary opt in.

### **What if we don't want to sell Coca-Cola products?**

Your Union can choose not to stock any products supplied by Coca-Cola Enterprises. However, a total ban on all Coca-Cola Enterprises products might have the implications outlined below. NUS Services strongly urges all Unions facing boycott motions to fully calculate the financial costs of any ban.

In Bars:

- Removal of bar equipment.
- Inability to offer post-mix for mixer drinks.
- Inability to participate in national promotional activity, such as the Diet Coke Film Network.
- Inability to participate in the Key Partners Programme (Appletiser).

In shops...

- Loss of refrigeration.
- Loss of pay for display income (£500 per shop per year).
- Inability to participate in Retail Opt In Group.
- Inability to participate in Meal Deal.

Vending

- Removal of vending machines.

### **What are the alternative products?**

In bars, under the existing deal, you cannot offer an alternative post-mix without applying for dispensation. However, you are allowed to offer a variety of bottled or canned alternatives including Robinson Fruit Spring, J20 and Pepsi (all supplied by Britvic) and Feel Good still and spritz bottles. In retail, under the existing deal, you are allowed to offer a variety of soft drink alternatives, including carbonated soft drinks, juices and waters.

A lists of potential alternative suppliers can be found at [www.britishsoftdrinks.com/htm/ms/manufacturers.htm](http://www.britishsoftdrinks.com/htm/ms/manufacturers.htm), the website of the British Soft Drinks Association. In addition, Cabana offers Virgin, Sunkist and Barr brands as post mix ([www.cabana.co.uk](http://www.cabana.co.uk)). Note that, in September 2005, the Qibla-Cola Company went into administration ([www.qibla-cola.com/](http://www.qibla-cola.com/)).

### **In relation to ethics, how does Pepsi compare to Coca-Cola?**

In the UK, PepsiCo is the major competitor to The Coca-Cola Company. In the past, the Ethical & Environmental Committee have engaged with PepsiCo over investments in Burma. Subsequently, PepsiCo withdrew from Burma. In India, PepsiCo bottlers are also accused of extracting more than their fair share of water from communal aquifers. In relation to employment standards, the Ethical & Environmental Committee is aware of a number of accusations relating to welfare standards in PepsiCo bottling operations, specifically an ongoing case of alleged serious sexual harassment at a Frito-Lay factory in Poland and alleged attempts to de-unionise the workforce in India. You can find out more about both of these issues in two issue-specific briefings on [nussl.co.uk](http://nussl.co.uk).

The Ethical & Environmental Committee is of the initial opinion that, in relation to standards at bottlers, PepsiCo has a worse unionisation record than The Coca-Cola Company. The UK bottlers for both companies returned the NUS Services Ethical & Environmental Accreditation during winter 2004/05. Coca-Cola Enterprises scored 200 more points than Britvic<sup>15</sup>. This suggests that Coca-Cola Enterprises is a more ethically and environmentally aware company than Britvic. The Committee are currently assign both parent companies through the Accreditation.

### **How can my Union get permission to stock alternatives?**

There is a standard dispensation form available from Customer Services at NUS Services.

### **When do the current Coca-Cola Enterprises contracts end?**

#### **Contracts**

- Compulsory deal on natural stills (starts August 2006, finishes April 2009)
- Compulsory on colas (starts August 2006, finishes April 2011)
- Compulsory on fruit carbonates (starts August 2006, finishes April 2011)

### **How big are the current contracts?**

Coca-Cola Enterprises supplies approximately five million 'ready to drink' litres of product into Students' Unions through NUS Services per year. The three soft drink deals together are worth over £6.5 million per year.

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<sup>15</sup> Britvic is the UK bottler for PepsiCo.