Summary of the ongoing constructive engagement with Coca-Cola in relation to the accusations relating to Colombia and India

NUS Services’ Ethical & Environmental Committee are engaged in dialogue with The Coca-Cola Company over the accusations against the Company relating to Colombia and India.

First meeting – 12 December 2003
The aim of the initial meeting was to gain background information on the issues and provide an opportunity to present a detailed list of questions to Coca-Cola.

Second meeting – 26 March 2004
The meeting was attended by representatives from Coca-Cola Latin America (Rafael Fernandez Quiros, Communication Shared Services Director), Coca-Cola Asia (David Cox, Communications Manager) and the parent Atlanta office (Carol Martel, Corporate Public Affairs Director). In addition, Tim Wilkinson (Public Affairs & Communications Director) represented Coca-Cola GB, and Ian Deste (VP Corporate Affairs) and Ray Huzzey (Business Development Manager) represented Coca-Cola Enterprises (the UK bottler).

The Company opened dialogue by admitting that, from a communications perspective, they had not handled the India issue well, and agreed that they must be more proactive with information. They also stated that they valued student opinion and wanted to learn from it. The overall tone of the dialogue was positive and constructive.

With specific reference to the allegations, Coca-Cola reiterated their stance that they are not over-exploiting water in India, and that they were not responsible for the paramilitary activities against factory staff in Colombia. Coca-Cola suggested that both issues were politically motivated. Coca-Cola stated that it found allegations relating to Colombia to be malicious and offensive. With regard to India, Coca-Cola asked to be judged on the scientific evidence.

The meeting focused on establishing specific facts on both issues, and determining the mechanisms and structures for policy within the parent company. The following positive information was noted:

- Coca-Cola outlined the roles of its India Environment Council, its Water Foundation, its Corporate Governance Council and its Environmental Advisory Board.

- The India Environment Council's remit is to act as advisors to the business in India. The formal group meetings take place quarterly. The Council is composed of the seven people, including the following representatives with relevant experience: Justice Kirpal (former Chief Justice of India; Chairman of the National Forest Commission); Harish Salve (a practising senior advocate, the ex-Solicitor General of India. Was appointed "amicus curiae", a friend of the court in many environment matters); Prof. Subash Chander (former head of the Hydrology Department - IIT Delhi, and is currently an advisor to the Government of India in the project of linking of rivers); Dr. Vimala Ramalingam (Chairperson of the Indian Red Cross); Prof. Dilip Biswas (former Chairman of the Central Pollution Control Board of India).

- The Environmental Advisory Board was established in 2002 and is composed of outside experts who advise the Company on existing and emerging environmental and sustainability
issues. The Board provides Coca-Cola’s Chairman and Chief Executive Officer, the Executive Committee and other members of the senior leadership team with candid, independent advice on environmental matters and on their environmental policy, programs and performance.

- In partnership with its largest bottling partners¹, the Company is developing a Code of Conduct for bottlers (Project Citizenship). The approach is based on the shared governance model grounded in collective commitment supported by specific policies, practices and processes at the local level, and operates with a global framework similar to that of the UN Global Compact. The aim is to develop a voluntary public sign-up set of principles that commits bottlers to the key tenets, spirit and intent of a composite of internationally recognised indices, reporting standards and norms including the ILO Conventions, the Global Compact, FTSE4Good, Calvert SRI criteria, Caux Roundtable, Dow Jones Sustainability Index, CERES, Global Reporting Initiative and the Sullivan Principles. The Code will seek to avoid violations of the principles and to act quickly to address violations should they occur.

- Coca-Cola regularly works with the Red Cross as a representative of local people, as well as forming strategic alliances with local charities.

- It was noted that Coca-Cola Enterprises is interested in investigating the potential for developing a Fairtrade product.

Coca-Cola agreed to review both of NUS Services’ briefing documents to ensure that the factual information was accurate, and provide written information in response to the allegations for inclusion in the briefings.

Third meeting – 29 April 2004
The purpose of the meeting was to present Coca-Cola with a list of further questions and proposed strategies for both Colombia and India.

The main strategy proposal put to Coca-Cola relating to India was the establishment of a Project Management Team, consisting of NUS Services and development charities, that would develop terms of reference for an independent scientific study of water issues at the Plachimada factory. The Project Management Team would commission a consultancy to carry out the study, and Coca-Cola would pay for the study. Coca-Cola responded positively to this proposal and agreed to formally respond before the next meeting.

Coca-Cola will also formally respond to NUS Services’ request to adopt the precautionary principle at all manufacturing sites in India. Coca-Cola will put NUS Services in touch with the Executive Director of the Centre for Water Resources Development and Management, who is coordinating the independent scientific study, as stated by the Kerala High Court on 16 December 2003.

In relation to the Supreme Court action to overturn the temporary ban on extracting groundwater, Coca-Cola stated that they probably wouldn’t want to withdraw the action because it ‘needs to defend the facts’. The action also raises the issue that Coca-Cola is being discriminated against.

In relation to Colombia, Coca-Cola reassured NUS Services that it does engage in regular dialogue with all Unions, but that it could not attempt to resolve the issues surrounding the allegations because the lawsuit is still pending. Coca-Cola has a legalistic approach to the Carepa issues because an aggressive lawsuit was brought against it.

Coca-Cola does not impose top-down minimum welfare standards for its bottlers, although the Company does require their bottlers act within local laws. Bottom-up initiatives are being developed through the bottler citizenship project (detailed in the last meeting).

Pre-meeting teleconference – 28 May 2004
Coca-Cola told NUS Services that they will now 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

¹ Key bottlers representing business in each of 5 operating groups (60 countries)
the factory, just not reopening it until they can resolve some of the misunderstanding and negotiate a solution with the Panchayat and State Government. Coca-Cola stated that they want to draw a line under the politics relating to the factory. Coca-Cola maintains their position that the factory is not responsible for water shortages in the surrounding area. The solution Coca-Cola would like to negotiate is permission to source an alternative supply of water and electricity. Coca-Cola added that they will continue to pay the factory workforce whilst they are optimistic the plant will reopen. They also stated that they are hopeful that the independent study (16 December 2003) will not be affected because they believe the study is based on existing data. Coca-Cola stated that they now understand that compliance with legislation is not enough to satisfy all stakeholders, and that they have learnt from the Kerala issue on an international level.

Fourth meeting – 21 June 2004
Coca-Cola agreed to formally respond to allegations of water misuse at Kaladera Rajasthan, near Jaipur. Coca-Cola also agreed to formally respond to the invite to participate in a corporate social responsibility debate at NUS Convention in July. Coca-Cola agreed to complete all existing action points relating to the submission of supporting evidence by 14 July 2004.

Fifth meeting – 15 July 2004
Colombia
There were no new issues relating to Colombia, although the Company had attended a conference in Bogotá in May organised by the UN Global Compact on security in Colombia. The Company had also had meetings in Washington with key representatives of human rights organisations involved in Colombia. Follow-up from the meetings is anticipated in the autumn of 2004. In addition, it was reported that work was underway with business organizations, NGOs and others to identify broader opportunities for community outreach in Colombia.

In response to NUS Services’ request to see the Garren and Jumenez’ report, Coca-Cola stated that the Company cannot show any part of the report to external bodies because it is likely that the report will be required in any future legal action against the Company.

Coca-Cola informed NUS Services that there are no current legal challenges against the Company in relation to the Colombian issues.

Update on the Code of Conduct for bottlers
The citizenship project concept (Project Citizenship) is progressing and should be near completion by the end of this summer. There is currently a rollout program underway with feedback from pilots being incorporated to improve process. Concepts and assessment criteria have been shared on confidential basis with key stakeholders.

Positive initiatives
Coca-Cola provided some examples of the positive and proactive corporate social responsibility work of the Company.

In Vietnam, on the 11 June 2004, Coca-Cola signed the “Clean Water for Communities” agreement with the United Nations Development Project (UNDP). The project is designed to improve access to clean water in several rural areas. Under the agreement, Coca-Cola will provide funds to support the implementation of the project on a cost-sharing basis with the UNDP. By promoting community action and access to clean water through self-help groups, the project will benefit six impoverished provinces. In addition, the Company undertook a joint relief effort with the HCMC Red Cross Association to provide emergency aid to the people of the Mekong Delta region hit with disaster.

In Brazil, the Coca-Cola Valued Youth Program focuses on reducing the dropout rate by raising students’ self-esteem. In 2003, in each of the 36 public primary schools that participated, 25 potential dropout students were chosen as tutors for 75 of the younger students, providing them extra class support. More than 12,000 students have participated in the past 6 years and the school dropout rate is now three times lower among the participating students. In addition, in
2003, Coca-Cola donated 200,000 books for 3,491 schools in the public school system, benefiting 2.5 million students from 8 Brazilian States.

In Mexico, The Coca-Cola Foundation is working on two main programs focusing on providing the educational infrastructure to indigenous and rural children who must walk long distances to their school, making it difficult to attend regularly. In the last three years 37 shelters have been rehabilitated, and 24 elementary schools constructed, benefiting more than 300,000 people in 21 different States. Evaluations done by the National Commission for the Indigenous Communities Development Organization of the Mexican government, show that the drop-out rate has declined from 60% to 5%. The project has served as economic catalyst by bringing electricity, water and roads to the communities.

Coca-Cola Mexico is also working with the “Ecology and Corporate Commitment” program (ECOCE – Ecologia y Compromiso Empresarial). This non-profit environmental organization focuses on collecting and cleaning-up PET [plastic bottles] across Mexico. An important public campaign was started to make people aware of the importance of recycling and the environment. Coca-Cola Mexico, together with one of its bottlers and a supplier, has begun construction of the first PET bottle recycling plant in Latin America” The 20 million dollar facility will have the capacity to recycle more than 25,000 tonnes (or 9-billion bottles) of post-consumer PET bottles annually.

Pre-meeting email exchange – 10 September 2004
In response to the request to adopt the precautionary principle at all manufacturing sites in India, the Company stated that, ‘as a general principle, the Company adopts the precautionary principle in all of its manufacturing sites globally. The Company establishes all of its plants for the long term and will not locate it anywhere that it feels is not environmentally, economically, and socially sustainable. Hence, the precautionary principle is applied.’

The Company does not have a document, dated before construction of the factory at Plachimada started, showing that the Company intended to source water from the nearby dam.

The Company cannot provide any part of the original due diligence report produced by an external environment assessment company prior to commissioning the factory, as it is a commercially sensitive document.

The Company cannot provide volume data for trends in Coca-Cola product sales in Kerala because volume data at the State level is deemed commercially sensitive.

Sixth meeting – 23 September 2004
The Committee provided the Company with the following list of eight recommendations that it would like the company to adopt:

1.0 The internal code of conduct for bottlers
The code currently being developed by bottlers should include the following minimum commitments:

a. A commitment to meeting all the labour standards detailed in the Conventions of the International Labour Organisation (Employment is freely chosen; Freedom of association and the right to collective bargaining are respected; Working conditions are safe and hygienic; Child Labour shall not be used; Living wages are paid; Working hours are not excessive; No discrimination is practised; Regular employment is provided; No harsh or inhumane treatment is allowed).

b. A commitment to establishing and maintaining normal and regular dialogue with all Unions representing staff employed by the bottler. There should be a minimum commitment of at least one standard scheduled meeting per year, meeting at a neutral place, that excluding any additional meetings called on specific issues, to discuss welfare and safety issues.

c. The bottler should commission a full environmental impact assessment, entirely separate from all economic or business development studies, prior to any significant new developments. The EIA should meet the minimum requirements required for a similar development in the United
Kingdom, both in determining which developments require an EIA (the First Schedule of the 1989 EIA Regulations specifies which projects require an EIS and relates to Annexes I and II of the EC Directive), and what the EIA should cover (Paragraph 2(c) of the Second Schedule of the 1989 EIA Regulations). An independent third party should carry out the EIA, and the report should be available to all interested stakeholder groups.

d. At all bottling sites where groundwater is extracted for commercial activities, reference rainwater gauges should be installed. An independent third party should monitor the gauges on a daily basis. If the rainwater gauges detect monthly averages at less than half of the average expected rainfall for that month, as determined by the local Government or other independent source, the bottler should formally approach the Government department, or other authority, that issued permission to extract the water to seek advice about reducing the amount of water extracted. Similarly, if groundwater levels surrounding the bottling operation decrease to levels that cause publicly acknowledged distress or concern amongst local residents, or if the company receives formal concerns or complaints from local people relating to decreased groundwater levels, the bottler will also formally approach the Government department, or other authority, that issued permission to extract the water, and seek similar advice. Under both these circumstances, the Company should also communicate directly with local stakeholders to consult on potential remedial action. Where there is no formal licensing procedure, the company should formally consult with representatives of local stakeholders.

e. The bottlers will not allow any organic or non-organic waste products that potentially contain heavy metals, or any toxic or poisonous substances, to be distributed or deposited in or on public or private land without fully investigating and publicly reporting on the potential impacts to human health and / or the environment, including formal consultation with all relevant local stakeholders.

f. The code should commit all production sites to the precautionary principle: ‘Where there are threats of serious or irreversible environmental damage, or the excessive or unsustainable depletion of public resources, lack of full scientific certainty shall not be used as a reason for postponing cost effective measures to prevent environmental degradation’.

2.0 A timeframe for implementing the code of conduct
The code of conduct for bottlers should be publicly unveiled before 01 April 2005. The code should not be a voluntary set of principles, but a compulsory set of principles. All bottlers manufacturing Coca-Cola products should have committed to implementing the code by 01 January 2006, with full implementation completed by January 2007.

3.0 Develop formal commitments for bottlers to implement the code of conduct
The Company should develop a policy that will commit all their bottlers to meeting all the minimum standards outlined in 1.0. The Company should develop procedures for periodically auditing all their bottlers to ensure they are complying with these commitments. From 01 January 2006, all bottlers in high-risk areas (factories that have existing public relations issues relating to ethical or environmental concerns, as determined by the Coca-Cola Company, and all factories deemed to be in a ‘Not Free’ country, as determined by www.freedomhouse.org/ratings/) should be audited annually. All audits should include a meeting with Union representatives. The Company should contract out the audits to an independent third party. The Company should publicly report on findings each year, including any non-compliance.

4.0 The Coca-Cola Company’s global relationship with the International Union of Foodworkers
The IUF represents the vast majority of CC workers worldwide. The Company should commit senior representatives to at least two standardised meetings with the IUF (arranged through the IUF’s General Secretary) per year to discuss welfare and safety issues. This arrangement should be in place by January 2005. The meetings will allow the Company to determine and discuss any Union issues as and when they evolve. The Company should also pledge a commitment to

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provide senior management time to any additional meetings with the IUF that are required to resolve any serious issues, as deemed by the IUF.

5.0 Developing a global agreement
The Company should commit to formulating a mutually negotiated global agreement on standards at bottler operations before 01 January 2007. A global agreement in the public domain would provide safeguards over and above those of an internally administered code of conduct. The IUF should be a lead partner in this development.

6.0 Goodwill gesture to SINALTRAINAL
The Company should make a significant goodwill payment to the SINALTRAINAL to improve relations with the Union. The amount should be negotiated directly with SINALTRAINAL, and the money transferred before 01 January 2005.

7.0 A statement on the Colombian issues
The Company should provide NUS Services with a statement detailing the intent of the company to resolving the issues, and outlining the action it will take to prevent similar issues occurring in the future. The company should use the statement to express its sympathies to those affected through these issues.

8.0 A statement on the Indian issues
The Company should provide NUS Services with a statement detailing the intent of the company to resolving the issues, and outlining the action it will take to prevent similar issues occurring in the future. The company should use the statement to express its sympathies to those affected through these issues. The statement should also commit the Company to continuing to support the communities around their bottling operations in India with voluntary investment in social infrastructure.

The Company agreed to discuss the recommendations with the relevant people within the Company, and provide a written response to each by 15 October 2004.

The Company also agreed to provide written responses to the following requests for information:
- From a global perspective, how many bottling sites extract water from the ground? And how many take water directly from other non-mains sources (excluding 100% rainwater harvesting)?
  
  The Company later confirmed that there are approximately 1,000 manufacturing facilities worldwide within the Coca-Cola system, and approximately 52% of these use ground water or a combination of groundwater and surface water.

- Please provide brief details of the Corporate Governance Council. Who sits on it, what does it do, how often do they meet?

- In March 2004, why did Douglas Daft decide to prevent your General Counsel (Deval Patrick) from organising a pre-planned contingent of independent observers from inspecting bottlers in Colombia? Patrick had committed to this during a speech to Equal Justice Works.

Seventh meeting – 18 November 2004
Prior to formal responses to the recommendations being submitted by the Company, it was agreed to meet senior representatives from Atlanta to find out more about Project Citizenship. Project Citizenship is the project currently in development that will promote and monitor welfare and environmental standards at bottling operations.

The meeting included Perry Cutshall (Director, Operations Development, Worldwide Public Affairs and Communications, The Coca-Cola Company) and Harry Ott (Director, Global Centre for Water Excellence, The Coca-Cola Company) from The Coca-Cola Company’s global headquarters.

Presentation on Coca-Cola’s global water strategy
- It was noted that, in relation to bottlers, there are three categories of ownership: wholly-owned; joint-owned; not-owned (also known as independent or franchised). Policies of The Coca-Cola Company only apply to the wholly-owned bottlers.
The Coca-Cola Quality System applies to all bottlers. At present, the Coca-Cola Quality System is made up of three key facets: Quality, Environment, and Safety. Each of these areas has both a Management System Standard and a Performance Standard. The environmental targets were first included in the Quality System in 1996. Since then, these environmental targets have been through four cycles of review and improvement. Compliance with these targets is a requirement stated in all new bottler agreements. The Coca-Cola Environmental Council sets targets for wastewater that are included in the Quality System. All bottlers must achieve these standards by 2009. For wholly-owned bottlers, The Coca-Cola Company imposes drought minimisation standards through the Quality System. The Quality System also includes audits. As well as all bottlers being required to have their own audit programme, The Coca-Cola Company ensures that its own Company Quality auditors audit all bottlers annually to ensure they are meeting expected standards. These auditors follow up on all corrective actions on a quarterly basis until they are all completed.

It was agreed that Coca-Cola would make the environmental section of the current Quality System available to NUS Services, as well as providing the additional environmental policies, standards and targets imposed on wholly-owned bottlers.

Presentation on Project Citizenship

It was noted that the global core team set up in Autumn 2002 researched existing ethical and environmental standards and developed a list of standards for the project. The team developed an assessment tool to monitor bottler performance and standards in the form of a self-assessment computer-based questionnaire comprising 185 specific questions. This questionnaire has recently been piloted on bottlers in France. The initial stage of Project Citizenship covers 65% of the Company's production volume, and it is the intention to roll it out the remaining bottlers as soon as possible. It was noted that Project Citizenship will not be linked to bottler contracts as the Company does not believe it is necessary to make it a legal requirement. It was also noted that the Company does not believe that there are serious breaches of standards occurring at present.

It was agreed that Coca-Cola would make Project Citizenship questionnaire available to NUS Services.

Receipt of responses to the Recommendations (made on 23 September) – 20 December 2004

On 20 December 2004, NUS Services received The Coca-Cola Company's responses to the Ethical & Environmental Committees recommendations made at the sixth meeting on 23 September 2004.

Eighth meeting – 02 March 2005

The purpose of the meeting was to review the information provided on 20 December 2004, to receive any updated on the issues, including developments at Unions, and to plan the next stage of the engagement process.

It was agreed that Company would submit the outstanding information that had been agreed at the meeting on 18 November. Although there was no new significant information relating to Colombia or India, it was agreed that The Coca-Cola Company would provide updates from Colombia and India prior to Convention (21 March 2005).

The following meetings were agreed in principle:

- A post-Convention teleconference at the end of March / early April. The purpose of the meeting is to input information, sentiment and policy from Convention into the ongoing engagement process.
- A face-to-face meeting at the end of May / early June. The purpose of the meeting is to present requests for further information, or a revised list of recommendations for consideration.

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3 For the Environmental facet, these are collectively known at eKOSystem
A face-to-face meeting at the end of August. The purpose of the meeting is to provide feedback to TCCC on their responses to the requests or recommendations made at the previous meeting.

**Release of The Coca-Cola Company’s responses to the Committee’s initial recommendations made at the sixth meeting – 08 March 2005**

The following written responses were provided by the Coca-Cola Company to each of the recommendations that were proposed in the sixth meeting (outlined above).

1.0 The internal code of conduct for bottlers

a. The Citizenship at Coca-Cola (C@CC) operating principles are consistent with the key tenets of the relevant ILO conventions. These include those that address working hours, compensations, discrimination, third party representation, forced labour, child labour and health & safety in the workplace.

b. Under the C@CC Program, we and our bottling partners respect employees’ rights to represent by third parties. Specifics on the form, function and frequency of bottler management interactions with unionized employees at local bargaining agreements and in concern with locally elected representatives. Clearly, good, regular communications with employees, union or non-union, is important to running a successful business. A core element of our workplace principles is the establishment of a strong and direct relationship with our respective employees through open and honest communications. The policies and practices that support such communications are the responsibility of local management, their employees and employee-representatives.

c. We ensure that we are in full compliance with all applicable legal requirements whenever we initiate any new infrastructural development. In addition, our internal environmental management standards ensure the consideration of environmental impacts prior to any new significant development related to Coca-Cola industrial operations.

d. The India Division already has plans in place to work with key Government agencies during draught conditions at various plant locations countrywide. The Division also will have Rain Water Harvesting systems installed at all plant locations within drought/scarcity areas throughout the country by the end of 2004.

We do not believe it is practical or necessary to install rain water gauges at each facility and have them read daily by an ‘independent’ party. However, we have developed and will soon be implementing water awareness plans directly with local communities on an ongoing basis.

All actions related to stewardship of local resources are addressed in our environmental management system. Relationships with local government officials are conducted on the basis of compliance with applicable local law and/or Coca-Cola systems standards.

The C@CC Program incorporates an increased focus on effective communications with relevant stakeholders as part of routine business practices.

e. The Company has issued standards regarding the disposal of inorganic solid wastes and bio solids. These standards require that operations assess their facility to determine where such wastes are generated. Once identified, waste streams must be characterised through laboratory testing to determine their composition, including heavy metal concentrations. A review of applicable laws and regulations is then required to determine suitable and allowable disposal options.

If a waste stream is deemed hazardous by local and/or EU Sludge Disposal Directive regulations, land application is prohibited. Such prohibition includes limited to maximum concentrations of heavy metals at least as stringent as the current EU Sludge Disposal Directive.
All selected disposal sites require assessment prior to use and communication of waste composition. Land application sites have additional requirements including initial and periodic soil monitoring and limited on crop types that can be grown.

The C@CC Program incorporates sharing of good environmental practices (GEPs), including water resource management and hazardous materials handling.

f. We are committed to integrating sound environmental practices into our business operations, even in the absence of specific regulatory requirements. Environmental implications are key factors in the decision-making process during the design and development of new products, equipment, packages, processes, and facilities. We use the results of research and new technology to minimize the environmental impact of our operations, equipment, products and packages, taking into account and basing our reasoned decisions on sound science and the costs and/or benefits associated with each environmental issue. We act responsibly, doing the right thing with regard to the local and global environment as we build and nurture strong brands.

2.0 A timeframe for implementing the code of conduct

The operating principles of the C@CC Program have been developed collaboratively with participating bottlers to ensure the shared set of principles is upheld across the business system.

The leadership of the Coca-cola business system will publicly unveil their commitment to the principles and rollout of Citizenship @Coca-Cola on their individual web sites in January 2005. The voluntary public commitment to shared operating principles is similar to the public commitment model used by the U.N. Global Compact.

Additional bottling partners and Company-owned facilities will join the program over time as the rollout continues across our business system worldwide.

Rollout of the C@CC Program will continue under the leadership of our Top-to-Top Bottler Forum, and the goal over the next three-year business planning cycle is to include all Coca-Cola bottlers and Company facilities around the world in the C@CC Program.

3.0 Develop formal commitments for bottlers to implement the code of conduct

The company and participating bottlers in The C@CC Program will use the C@CC framework and assessment tools to aid in the communication of citizenship initiatives and issues.

4.0 The Coca-Cola Company’s global relationship with the International Union of Foodworkers

TCCC has established an on-going dialogue with the IUF and will determine directly with the IUF any specifics relevant to that relationship.

The C@CC Program has a governance structure, which ensures consistency within a global framework as it relates to how we and our bottling partners do business in the marketplace, workplace, environment and community.

This C@CC Program provides an excellent platform for discussions with a wide variety of stakeholders including employees, customers, student groups, consumers, shareowners, NGOs, other companies, trade associations and appropriate representatives of labor organizations.

5.0 Developing a global agreement

This C@CC Program provides an excellent platform for discussions with a wide variety of stakeholders including employees, customers, student groups, consumers, shareowners, NGOs, other companies, trade associations and appropriate representatives of labor organizations.

6.0 Goodwill gesture to SINALTRAINAL

Current relations with SINALTRAINAL are covered in local collective bargaining agreements reached in September 2004. Litigation continues between SINALTRAINAL and Colombian bottlers re: past events. SINALTRAINAL elected to pursue litigation through the U.S courts to address their grievances. The courts currently are reviewing the jurisdictional applicability of that litigation in U.S. courts.
7.0 A statement on the Colombian issues

We have the deepest sympathy for the plight of the Colombian people who have been living in a violent situation for over 40 years. We recognize that tragedies have occurred around anti-union violence, and we continue to work with our bottlers and the appropriate entities to condemn the violence and provide extensive safety and security measure to ensure that all Company and bottler employees work in a safe environment. The Coca-Cola system has been touched by the tragic situation there on many levels though violence to both unionized and non-unionized employees. We have and will continue to publicly condemn any violence, including anti-union violence, through statements and advertisements like the three that were published over the past several years in local Colombian newspapers.

8.0 A statement on the Indian issues

All our bottling plants in India fully comply with all the statutory requirements of all government agencies and also strictly adhere to The Coca-Cola Company’s global environment management system that ensures that our operations protect, preserve and enhance the environment. Moreover, all the company-owned bottling plants are certified to the internationally acclaimed environment management system ISO 14001.

There is no scientific evidence that any of the Company’s bottling operations in India has caused environmental damage of groundwater scarcity, as has been confirmed by a large number of scientific studies conducted by independent and highly renowned experts and the Government agencies. These include Central Ground Water Authority, Government of India, State Ground Water Board, Government of Kerala, (State Ground Water Department, Government of Rajasthan), State Pollution Control Board, Government of Rajasthan), Kerala High Court Expert Committee under centre for Water Resource Development and Management (CWRDM) and Dr. R N Athavale, Scientist Emeritus, National Geophysical Research Institute.

Furthermore, the Company’s bottling plants in India have already put in place rainwater harvesting system to ensure sustainable operations and we ill continue to implant global best practices in order to develop model-bottling operations.

However, the company surely recognises the current issued and will continue to build on various initiatives, like rainwater harvesting and sustained dialogue, to proactively address the concerns of the various groups involved in this matter. We are also deeply concerned over claims of sufferings by a few members of local communities are committed to continue supporting locally relevant social infrastructure projects, in addition to our existing and ongoing programs, which have been acknowledged and appreciated by local communities, in line with our aim to strengthen the local communities.

The Coca-Cola Company launches independent bottler audit process – 10 March 2005

The Coca-Cola Company informed NUS Services of a new pilot assessment process relating to workplace standards in bottlers. The pilot assessment process will begin in 2005 at different bottler locations, including countries in Africa, North America, Europe and South America. The Company has requested that all bottling partners allow access to their facilities for this purpose. The assessments will evaluate current workplace practices including wages and hours, facility security, freedom of association, collective bargaining, and health and safety measures. The Company will be working with Cal Safety Compliance Corporation, which is described by The Coca-Cola Company as ‘an independent, global leader in workplace assessments’.\(^4\)

\(^4\) www.cscc-online.com/
A joint IUF and The Coca-Cola Company statement – 15 March 2005
On 15 March 2005, senior representatives of The Coca-Cola Company met with IUF affiliates and the IUF General Secretary. The two sides discussed union rights issues in a number of countries, including Colombia. A joint statement was agreed and signed that includes the following commitments:

- All Coca-Cola workers have the right to join a union without pressure or interference. This right should be exercised without any form of retaliation, repression or other forms of discrimination.
- The Coca-Cola Company and the IUF will continue to have twice-yearly meetings to review, among other things, the exercise of trade union rights by Coca-Cola workers worldwide.

It should be noted that this is the first common document signed by both Coca-Cola and the IUF.

Submission of revised recommendations – 26 April 2005
On 26 April 2005, the Committee submitted its revised recommendations to the Company. The recommendations were as follows:

1.0 Additions to the Coca-Cola Quality System
Following review of the Environmental Management System Standard, the Committee are of the opinion The Coca-Cola Company has a very thorough system for helping bottling partners to develop processes for managing generic environmental issues.

After an initial assessment, the Committee critically examined the documentation in relation to the specific allegations made against the Company’s bottling partners in India.

Although sections 3.6.2 (Infrastructure & Work Environment) and 3.6.3 (Performance Measurement) of the Environmental Management System Standards (Evolution 3) allude to monitoring compliance with regulatory and Company requirements, the Committee would like the Company to develop a new Management Standard, to be cited within the Coca-Cola Quality System, that addresses specific monitoring procedures for groundwater extraction in drought-prone areas. The Committee recommend that the following commitments are made:

- All bottling partner sites in drought prone areas\(^6\), and/or those in areas that have been affected by severe droughts in the past\(^7\), where groundwater is extracted for commercial activities, should have a minimum of three reference rainwater gauges. The bottling partner should ensure that the gauges are monitored on a daily basis and the data is formally recorded and reviewed. If this monitoring and reviewing detects that the monthly average is at less than half of the average expected rainfall for that month (as determined by the local Government or other independent source) for three consecutive months, the bottling partner should formally approach the Government department, or other authority, that issued the licence or permission to extract the water to seek advice about voluntarily reducing the amount of water extracted. Similarly, if there is distress or concern amongst local residents in relation to decreased groundwater levels, or if the bottling partner receives multiple formal concerns or complaints from local people relating to decreased groundwater levels, the bottling partner should, within 7-working days, formally approach the Government department, or other authority, that issued permission to extract the water, and seek advice. Under both these circumstances, the bottling partner should also communicate directly with local stakeholders to consult on potential remedial action. Where there is no formal licensing procedure, the bottling partner should formally consult with representatives of local stakeholders.

The Committee appreciates the Company’s perspective that, in relation to environmental impact assessments, one size does not fit all. However, the Committee retains the opinion that significant infrastructural developments in developing countries should receive at least the same level of assessment as a similar development would benefit from in the United Kingdom. Although

\(^6\) As defined by the United Nations Development Programme
\(^7\) Also as defined by the United Nations Development Programme
Section 3.7 (Design and Development Planning) of the Environmental Management System Standards (Evolution 3) alludes to each organisational unit planning and controlling development to ensure compliance with applicable environmental legislation and Company requirements, and although Section 4 (Accountability) of the eKOSystem (August 2000) brochure refers to Environmental Due Diligence, the Committee would like the Company to develop a new Management Standard, to be cited within the Coca-Cola Quality System, that details the minimum components all environmental impact assessment should contain, as well as specifying when the assessments should be commissioned. The Committee recommend that the following commitments are made:

- Prior to any significant new infrastructural developments relating to Coca-Cola industrial operations, an environmental impact assessment, entirely separate from all economic or business development studies, should be undertaken by an independent third party. The assessment should meet at least the minimum requirements required for a similar development in the United Kingdom, both in determining which developments require an assessment (the First Schedule of the 1989 EIA Regulations specifies which projects require an EIS and relates to Annexes I and II of the EC Directive), and what the assessment should cover (Paragraph 2(c) of the Second Schedule of the 1989 EIA Regulations). The assessment report should be available to all interested stakeholder groups upon request.

2.0 A strategy for rolling-out the pilot assessment process relating to workplace standards at bottling partners

Following the announcement of the launch of the pilot assessment process, the Committee would be prepared to endorse Project Citizenship (specifically the notion of a voluntary code of conduct for bottling partners) subject to the Company agreeing to the following commitments:

i. All the audits should include a meeting with a union leader from each union that has members within the facility. For un-unionised facilities, the auditors should invite all staff to confidentially feedback into the process.

ii. In addition to evaluating wages and hours, facility security, freedom of association, collective bargaining, and health and safety measures, all audits should ensure that employment is freely chosen; child labour is not used; discrimination is not practised; core permanent employment should be provided whenever feasible; and no harsh or inhumane treatment is allowed.

iii. The Company should agree to sharing all audit reports with the IUF, as deemed appropriate by the IUF. This includes the audit reports generated through bullet points vii and viii below.

iv. The Company should commit to making an annual public summary of all detected breaches of the ILO’s Core Conventions, including details of the location of each facility and the nature of the breach.

v. From 01 January 2006, all bottling partner’s industrial operations should be audited at least once every three years. The Company should make a public commitment to this effect.

vi. If the IUF raises concerns about workplace standards in any bottling operation manufacturing products under licence from The Coca-Cola Company, The Coca-Cola Company should initiate an emergency audit within 3-months. In this instance, the audit report should be shared with the IUF within 6-months of the initial formal request from the IUF.

vii. All bottling partner’s industrial operations in ‘Not Free’ countries, as outlined in Appendix 1, should be audited at least once before the end of April 2007. After this date, these operations should revert to the standard three year rotation.

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9 As determined by Freedom House; [www.freedomhouse.org/ratings/allscore04.xls](http://www.freedomhouse.org/ratings/allscore04.xls)
viii. The factory in Carepa and the HCBL factory in Kerala should be audited before the beginning of August 2005. On a confidential basis, the original copies of the two audit reports should be shared with the Ethical & Environmental Committee before the end of September 2005.

3.0 Developing a global agreement
The Company should commit to formulating a mutually negotiated global agreement on workplace standards throughout the Coca-Cola System before 01 January 2007. A global agreement in the public domain would provide safeguards over and above those of the internally administered Project Citizenship.

4.0 Establishment of Colombian development fund
The Committee understands that a goodwill payment to, or welfare fund for, those employees directly affected by paramilitary violence could create a perception problem for the Company. The Committee therefore propose that the Company establish a broader positive initiative:

• The Company should initiate a positive development fund that will be used to benefit wider civil society in Colombia. The Company should work with a variety of welfare stakeholder groups within Colombia to establish the scheme, and should invite representatives of these groups to manage the initiative. The Company should initially guarantee funding for a minimum of five years.

5.0 Additions to the Citizenship @ Coca-Cola Assessment Questionnaire
The Committee would like the assessment tool to include questions on having policy and practices in place that ensure that:

• Working hours are not excessive;
• Core permanent employment should be provided whenever feasible;
• No harsh or inhumane treatment of employees is allowed.

Appendix 1 Countries deemed not to be free, as determined by Freedom House

| Afghanistan | Algeria | Angola | Azerbaijan | Belarus | Bhutan | Brunei | Burma | Cambodia | Cameroon | Central African Republic | Chad | China | Congo (Kinshasa) | Cote d'Ivore | Cuba | Egypt | Equatorial Guinea | Eritrea | Guinea | Haiti | Iran | Iraq | Kazakhstan |
Concerns about the independent audit process

The Committee are concerned about allegations relating to the audit processes and competence of the Cal Safety Compliance Corporation (CSCC), the company employed by The Coca-Cola Company to carry out workplace standards in bottling operations. The Committee has asked The Coca-Cola Company to provide written comment on the following allegations:

**CSCC fails to detect serious abuses at a D&R production factory in El Monte, California**
It is alleged that the CSCC failed to detect the following abuses at a D&R production factory:
- 80 members of staff (including many Latino workers) were illegally detained by armed employees.
- The workers were paid less than a dollar an hour.
- The workers worked from 07:00 until 24:00, seven days a week.
- Eight to ten people were forced to live rooms designed for two.

**CSCC fails to detect non-payment of wages at Trinity Knitworks, Los Angeles**
It is alleged that, in 1998, during an audit for the Disney Corporation, the CSCC failed to detect that the company had not paid employees for a number of months. It is alleged that, shortly after the audit, investigators of the California Department of Labor investigated the factory and found minimum wage violations, including $213,000 in back wages owed to some 142 workers.

**CSCC fails to detect a variety of concerns at a garment manufacturer in Los Angeles**
It is alleged that, in 1999, during an audit for John Paul Richard, the CSCC failed to detect falsified time records, off-the-clock work and sub-minimum wages.

**CSCC fails to detect forced labour at a handbag manufacturer in China**
It is alleged that, in 1999, during an audit for Wal-Mart’s Kathy Lee Gifford line, the CSCC failed to detect the beating of employees and the confiscation of identity papers.

**Concerns about CSCC’s monitoring methodology**
It is understood that the book Monitoring Sweatshops: Workers, Consumers, and the Global Apparel Industry, by Jill Esbenshade, raises the concerns about the CSCC’s monitoring methodology. The Committee is specifically concerned about the following issues relation to the CSCC’s auditing methodology:

- It is understood that the majority of the CSCC’s visits are announced, pre-arranged visits. Unannounced factory visits have been shown to be substantially more effective in identifying worker rights violations, because they deny management the opportunity to hide abuses.
- It is understood that CSCC auditing visits typically last an average of around three-hours. It is understood that similar Department of Labor investigations take roughly 20 hours to complete, whilst Worker Rights’ Consortium investigations often take hundreds of person hours over a period of months.
- It is understood that most CSCC on-site employee-interviews take place on the factory floor. It is best practice to ensure privacy of conversation, ideally interviewing workers off-site.
- It is understood that CSCC audits do not consider collective bargaining rights and freedom of association in all audits, regardless of geographical location.

Responses to the concerns about the independent audit process

On 11 May 2005, The Coca-Cola Company provided the following responses from the Cal Safety Compliance Corporation. The below quotes were made in a public statement released by CSCC on its website on 02 May 2005.

Failures to detect serious abuses

USAS incompletely cited a number of high-profile cases where CSCC allegedly failed to detect various wage and hour, and other violations.

For many of the factories in question, CSCC did not audit these facilities. In the El Monte case, CSCC has no record of auditing the D&R front shop in 1994 as alleged. In the case of the Walmart facility cited by USAS, workers would not reveal incidents of mistreatment to our auditors and unfortunately, suspicions of mistreatment could not be corroborated and verified. Recognizing the difficulty employees may have in speaking with auditors, a number of provisions are offered to all employees we interview, including those at the Walmart facility. We offer employees co-ethnic/same-mother-tongue interviewers, and an option to be accompanied by a worker representative. In addition, interviews are conducted in private, in neutral areas like canteens or employee rest areas, and options for off-site interviews are also available.

In cases where CSCC had audited the factory in question, one factory received a “fail” grade after surveillance records and payroll review identified off-clock work and minimum wage violations; workers at a second factory would not reveal incidents of mistreatment to auditors and thus the suspicions of mistreatment could not be corroborated and verified; and the audit of another factory resulted in an incomplete audit when the factory denied us access to their payroll records. While CSCC probes as deeply as possible to get an accurate picture of factory conditions, circumstances such as uncooperative factory managers may impede our ability to assess and confirm all possible violations. In such cases, we inform the client that the results are inconclusive and subsequent follow-up is handled on a case-by-case basis.

Dr. Jill Esbenshade’s Research

Many of USAS’s claims referred to Dr. Esbenshade’s research on social compliance monitoring. Dr. Esbenshade did approach CSCC in 1998 to learn from our company’s audit process and to observe audits. However, her “extensive” interview process was in fact limited to one conversation with a former CSCC director and an informal interview with a former auditor in 1998. Additionally, her attempt to observe one audit with CSCC failed when the facility did not allow access to the audit team. Her observations are outdated and USAS used her work out of context, resulting in an inaccurate portrayal of CSCC’s operations and methodology.

Unannounced vs. Announced Audits

Every CSCC client is advised at the outset of the business relationship that unannounced visits provide the best protection to their brand, allowing an unaltered view of working conditions. That said, clients whose relationship with their factories is one of monitoring through partnership and cooperation may opt for announced audits at their factories. Announced audits still result in a high
number of violations, which are addressed and corrected in close collaboration with the client, the factory, workers’ representatives, and other relevant stakeholders.

Accreditations and Merit
CSCC is an accredited monitor for Social Accountability International (SAI), the Fair Labor Association (FLA), Worldwide Responsible Apparel Production (WRAP), and the International Council for Toy Industries (ICTI). Each of these accreditations requires that CSCC meet global standards regarding audit methodology and expertise in relevant laws and conventions. The United States Department of Labor (USDOL) also accepts our work for the Augmented Compliance Program (ACP). CSCC is a member of the United Nations Global Compact, among other industry associations.

Training of CSCC Auditors
CSCC has a Training & Education Department dedicated entirely to the continual training of audit staff worldwide. Over the last decade, CSCC has developed a comprehensive training system that includes eleven modules, which thoroughly cover employee interview techniques, payroll auditing, health and safety training, training in local labor and safety legislation, and advanced training designed to equip auditors for dealing with highly sensitive audit findings or unique investigative situations.

Audit Methodology
A number of claims, all misleading at best, were made by USAS regarding CSCC’s audit methodology. In 1994, CSCC was a leader in developing social compliance audit protocols under the guidance of a former USDOL inspector. Always striving to improve, our methodology has matured greatly since that time and encompasses internationally recognized labor rights and workplace health and safety standards.

Audit Duration
The process of identifying and correcting worker rights abuses is lengthy, no matter what methodology is pursued. A CSCC audit is only one step in a series of actions, which can span months in duration, that comprise a retail supply chain labor standards program. Our standard monitoring assessment is most frequently two man-days, or one day with two auditors, and this may be expanded or reduced depending on the requirements of the client and our initial observations. Once the audit is completed, the retailer, their vendors or agents, and the factory are brought into the process of designing a corrective action plan and implementing those corrective actions over a determined period of time.

Employee Interviews
CSCC takes several steps to ensure that employees are comfortable speaking with our auditors. We provide co-ethnic/same-mother-tongue interviewers, and an option to be accompanied by a worker representative if necessary. CSCC normally conducts employee interviews on-site within the facility but will do offsite interviews when needed. Employees are selected from the workfloor and interviewed in private, in neutral areas like canteens or employee rest areas. Where such are not available, offices may be used to ensure the privacy of the interview process. In case severe violations are suspected, CSCC may conduct surveillance of facilities and attempt to gather information informally, and employees may be contacted in their homes or dormitories to determine their willingness to provide additional information.

Freedom of Association
CSCC’s standard audit process includes an assessment of freedom of association and collective bargaining. Employee interviews by CSCC auditors include questions directed to the employees concerning any union affiliation, worker representation and ability to communicate worker grievances to the management, responsiveness of management to the worker representatives, among other specific items. If worker representatives are present on the premises, CSCC auditors will interview the worker representatives in addition to the other workers.

In addition to the above responses, The Coca-Cola Company provided the following statement:

The protocol CSCC used for the audits in Colombia is based on internationally accepted audit protocols and is consistent with the industry standards for social accountability assessments. The team of auditors reviews the laws and regulations of the host country and the code of conduct or
guiding principles of our Company. Auditors also review international standards and International Labor Organization conventions. If a country is a signatory to the ILO conventions and there is a discrepancy between local law and their international commitment, CSCC will use the stricter standard.

This particular audit [in Carepa] was an expanded and enhanced version of CSCC’s typical audit protocol. In order to test this enhanced version, we reviewed the protocol with third parties to receive input from the experts. This included reviews with Business Social Responsibility (BSR), direct sharing with other corporations and labor and union experts. For CSCC’s review of our Colombia bottling plants, they went beyond the typical audit protocol to include expanded information related to two issues: freedom of association and workplace security. In terms of the actual assessment process, CSCC auditors meet with plant management on the day of the assessment to explain the assessment process. Next they have one auditor walk through the entire facility checking the environment and worker health and safety regulations, while other auditors compare time cards, interview workers on a confidential basis, and examine payroll, collective bargaining agreements, company manuals and other personnel records.

Ninth meeting – 27 May 2005

Update on Indian issues

- It was noted that the Panchayat was defying a court order to issue an operating licence. It was acknowledged that, regardless of the licence, the Company would not want to reopen the factory without consulting with representatives of local people and negotiating a solution agreeable to all parties.
- It was noted that employees at the factory were still suspended on full pay. The Committee commended this action.
- The Committee are considering an educational visit the factory in Kerala. The purpose of the visit would be to:
  - Engage with all key stakeholders;
  - Learn more about how the factory operates;
  - Take a lead environmental management system auditor and carry out an audit of the EMS in relation to local laws and TCCC Quality System.

It is likely that any visit would only take place if the factory was in production. It was agreed to keep a watch on the current situation prior to developing the plans further.

Outstanding requests for information

TCCC’s written responses to each request are provided in grey italics.

- Please provide brief details of the Corporate Governance Council. Who sits on it, what does it do, how often do they meet?

  In July 2004, the Chairman of The Coca-Cola Company appointed a Corporate Accountability Council to lead and develop a compliance assessment capability. The Council will be coordinated by Lori Collins, our Chief Ethics & Compliance Officer, and will consist of functional leadership from PAC, HR, Legal, Labour Relations, Environment, Customer Management, Procurement, Strategic Security, Quality and Citizenship at Coca-Cola. The council reports to the Chairman.

- In March 2004, why did Douglas Daft decide to prevent your General Counsel (Deval Patrick) from organising a pre-planned contingent of independent observers from inspecting bottlers in Colombia? Patrick had committed to this during a speech to Equal Justice Works.

  It’s often helpful to have several perspectives on an issue and we appreciate the many insights and contributions that Deval Patrick brought to this issue and the litigation. Our actions on this issue have been determined jointly by management from our Company and our local bottlers who have brought a diverse range of viewpoints to this issue. At the time when this speech was made we were continuing to develop a larger plan for how we were going to approach this going forward. Since that time, we have identified Cal Safety Compliance Corporation as the best independent monitoring company to conduct this type of assessment. CSCC is internationally renowned for its expertise as an independent third party that is qualified to conduct social responsibility, human rights and labor rights compliance
audits. CSCC is accredited for social compliance auditing by the Fair Labor Association and SA8000.

• The Ecologist article on Coca-Cola has the following information in it: "Coca-Cola is currently making deals to put its logos on baby bottles. One study found that parents are four times more likely to feed their children soft drinks when they use such bottles". Please can you provide comment on this.

We are not making any such deals. Please also see our CCGB brochure, Acting Responsibly, Making Change, which outlines our approach to Responsible Sales and Marketing, including our 50 year policy of not targeting our advertising to children under 12 years old.

• When were the 'inorganic solid waste standards' issued (referenced in the Quality System)?

We've had this since 1996, changes were made to the standard in December 2003 and then again in September 2004.

• Please confirm that the above standards apply to all bottlers in the Coca-Cola system.

Yes, as they are in the Quality System.

• TCCC agreed to provide a summary of the ‘Good environmental practice for managing hazardous wastes’ guidance, as referenced in the eKOsysten brochure.

TCCC agreed to provide a summary of the ‘Good environmental practice for environmental due diligence’ guidance, as referenced in the eKOsysten brochure.

• It was noted that the Committee had not yet received any evidence that TCCC had, or has, guidance in relation to groundwater extraction in drought-prone areas. It was agreed that TCCC would provide the existing guidance on water extraction in drought-prone areas within the next few weeks.

Introduction of the new Head of Labour Relations
The Committee was introduced to TCCC’s new Head of Labour Relations, Ed Potter. Mr Potter started at TCCC in March 2005 and reports to the senior representative for Human Resources. He has input to the Company’s executive committee.

Student working group in the US
Ed Potter reported that he has invited a number of US university administrators to a meeting in Chicago on 07 July 2005. It was agreed that the Committee would consider making contact with representatives from the Universities involved.

Responses to revised recommendations
TCCC’s verbal responses to each recommendation, provided during the meeting, are provided in italics.

1.0 Additions to the Coca-Cola Quality System

• All bottling partner sites in drought prone areas\(^{10}\), and/or those in areas that have been affected by severe droughts in the past\(^{11}\), where groundwater is extracted for commercial activities, should have a minimum of three reference rainwater gauges. The bottling partner should ensure that the gauges are monitored on a daily basis and the data is formally recorded and reviewed. If this monitoring and reviewing detects that the monthly average is at less than half of the average expected rainfall for that month (as determined by the local Government or other independent source) for three consecutive months, the bottling partner should formally approach the Government department, or other authority, that issued the licence or permission to extract the water to seek advice about voluntarily reducing the amount of water extracted. Similarly, if there is distress or concern amongst local residents in relation to decreased groundwater levels, or if the bottling partner receives multiple formal concerns or complaints from local people relating to decreased groundwater levels, the bottling partner should, within 7-working days, formally approach the Government department, or other authority, that issued permission to extract the water, and seek advice. Under both these circumstances, the bottling partner should also communicate directly with local

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\(^{10}\) As defined by the United Nations Development Programme

\(^{11}\) Also as defined by the United Nations Development Programme
stakeholders to consult on potential remedial action. Where there is no formal licensing procedure, the bottling partner should formally consult with representatives of local stakeholders.

TCCC agreed to provide the new 'Drought Risk Planning’ guidance as soon as it is developed, ideally by the end of June.

- Prior to any significant new infrastructural developments relating to Coca-Cola industrial operations, an environmental impact assessment, entirely separate from all economic or business development studies, should be undertaken by an independent third party. The assessment should meet at least the minimum requirements required for a similar development in the United Kingdom, both in determining which developments require an assessment (the First Schedule of the 1989 EIA Regulations specifies which projects require an EIS and relates to Annexes I and II of the EC Directive), and what the assessment should cover (Paragraph 2(c) of the Second Schedule of the 1989 EIA Regulations)\(^{12}\). The assessment report should be available to all interested stakeholder groups upon request.

TCCC will respond to this recommendation in early June 2005.

2.0 A strategy for rolling-out the pilot assessment process relating to workplace standards at bottling partners

Following the announcement of the launch of the pilot assessment process, the Committee would be prepared to endorse Project Citizenship (specifically the notion of a voluntary code of conduct for bottling partners) subject to the Company agreeing to the following commitments:

i. All the audits should include a meeting with a union leader from each union that has members within the facility. For un-unionised facilities, the auditors should invite all staff to confidentially feedback into the process.

ii. In addition to evaluating wages and hours, facility security, freedom of association, collective bargaining, and health and safety measures, all audits should ensure that employment is freely chosen; child labour is not used; discrimination is not practised; core permanent employment should be provided whenever feasible; and no harsh or inhumane treatment is allowed.

It was noted that the checklist in question is only for the pilot scheme. Mr Potter confirmed that he intends to carry out a wider holistic top-down review of monitoring and auditing, and that the new system will be launched by September 2005. From this perspective, it was noted that the Committee’s recommendations were timely. Specifically, he agreed with the two points above in principle.

iii. The Company should agree to sharing all audit reports with the IUF, as deemed appropriate by the IUF. This includes the audit reports generated through bullet points vii and viii below.

It was noted that the audits completed to date have been pilots, and that because of the pilot scheme agreements with the bottlers, it is likely that they will not be shared with the IUF of put in the public domain. For audits completed after the pilot study, Mr Potter did not rule out sharing the reports.

iv. The Company should commit to making an annual public summary of all detected breaches of the ILO’s Core Conventions, including details of the location of each facility and the nature of the breach.

Mr Potter stated that this is something the Company is working towards, possibly through the Global Reporting Initiative. In addition, the Company is developing a global Human Rights Policy statement and commitment.

v. From 01 January 2006, all bottling partner’s industrial operations should be audited at least once every three years. The Company should make a public commitment to this effect.

Mr Potter raised concerns that TCCC might be too big to have a standard 3-year audit rotation. The Company has over 1,000 bottlers globally, and a 3-year rotation would mean auditing around 300 bottlers each year. He stated that 100 per year might be more realistic, and that they were contemplating using a random selection system.

vi. If the IUF raises concerns about workplace standards in any bottling operation manufacturing products under licence from The Coca-Cola Company, The Coca-Cola Company should initiate an emergency audit within 3-months. In this instance, the audit report should be shared with the IUF within 6-months of the initial formal request from the IUF.

Mr Potter acknowledged that there would be an additional feature that allowed for specific audits to take place should the IUF raise concerns.

vii. All bottling partner’s industrial operations in ‘Not Free’ countries13, as outlined in Appendix 1, should be audited at least once before the end of April 2007. After this date, these operations should revert to the standard three year rotation.

viii. The factory in Carepa and the HCBL factory in Kerala should be audited before the beginning of August 2005. On a confidential basis, the original copies of the two audit reports should be shared with the Ethical & Environmental Committee before the end of September 2005.

3.0 Developing a global agreement
The Company should commit to formulating a mutually negotiated global agreement on workplace standards throughout the Coca-Cola System before 01 January 2007. A global agreement in the public domain would provide safeguards over and above those of the internally administered Project Citizenship.

It was noted that the global Human Rights Policy statement and commitment (outlined in iv above) would apply to everyone involved in the Coca-Cola system, whereas a global agreement would only apply to employees. Mr Potter agreed that, along with many other organisations, the Committee would be given the opportunity comment on the new statement and commitment prior to it being finalised. It was noted that this would be months, rather than years.

4.0 Establishment of Colombian development fund
The Committee understands that a goodwill payment to, or welfare fund for, those employees directly affected by paramilitary violence could create a perception problem for the Company. The Committee therefore propose that the Company establish a broader positive initiative: The Company should initiate a positive development fund that will be used to benefit wider civil society in Colombia. The Company should work with a variety of welfare stakeholder groups within Colombia to establish the scheme, and should invite representatives of these groups to manage the initiative. The Company should initially guarantee funding for a minimum of five years.

It was noted that the ‘Colombian Foundation for Education and Opportunity’ had been launched, and that the Committee supported the initiative: On 26 April 2005, one week before The Coca-Cola Company’s annual meeting, the Coca-Cola Foundation announced the donation of $10 million to create an organisation that will be called the ‘Colombian Foundation for Education and Opportunity’. Its function will be to work with non-governmental groups to provide education and other opportunities for those affected by four decades of violence in Colombia. Specifically the Foundation will work with NGOs to contribute to the academic and work opportunities for sectors where indices of violence are highest. The Foundation will be an independent non-profit institution administrated by the Board of Directors, including the president of the Central Unitaria de Trabajadores (CUT)[the equivalent of the TUC]. The creation of the Foundation reportedly has the support of the International Labor Rights Fund and the United Steelworkers Union.

5.0 Additions to the Citizenship @ Coca-Cola Assessment Questionnaire
• The Committee would like the assessment tool to include questions on having policy and practices in place that ensure that:

13 As determined by Freedom House; www.freedomhouse.org/ratings/allscore04.xls
- Working hours are not excessive;
- Core permanent employment should be provided whenever feasible;
- No harsh or inhumane treatment of employees is allowed.

It was agreed that TCCC would provide a written response on each of the above.

The term Freedom of Association
In response to the question 'Why is the term "Freedom of Association" not included in the Guiding Principles for Suppliers to the Coca-Cola Company?', it was agreed that TCCC would provide a written response.

Any other business
Mr Potter stated that he thought that all bottling operations were unionised to some degree, and that 35% of the eligible workforce was unionised.

Meeting with SINALTRAINAL – 04 June 2005
On 04 June 2005, the Committee met with Juan Carlos Galvis, Organisation Secretary of SINALTRAINAL. Juan Carlos works at the Bebidas y Alimentos factory in Carepa. Juan Carlos revealed the SINALTRAINAL is likely to start proceedings against TCCC and the named bottlers in early 2006. He also provided a number of new allegations that the Committee has subsequently put to TCCC for comment. These new allegations are published in the Colombia briefing on nussl.co.uk. Juan-Carlos offered to comment on TCCC’s responses to each allegation in the Colombia briefing. Another meeting is planned before the end of July 2005.

Meeting with SINALTRAINAL and the Colombian Solidarity Campaign – 01 July 2005
The Committee again met with Juan Carlos Galvis, Organisation Secretary of SINALTRAINAL. The purpose of the meeting was to review the Committee’s Colombia briefing for comment on The Coca-Cola Company’s submissions. Specific issues within the briefing highlighted by the Colombian Solidarity Campaign included:

- In relation to the statement that ‘Bebidas y Alimentos is an independent franchise bottler’, the Colombian Solidarity Campaign alleged that the manager of the bottler was also the manager of Indega, a major Coca-Cola affiliate.
- The Committee should examine a copy of the independent Colombian court ruling that went in Coca-Cola’s favour.
- The Committee should consult with Amnesty to get an opinion on the independence of the Colombian Attorney General’s Office.
- The Committee will ask the Coca-Cola Company why they did not reply to SINALTRAINAL’s 27-point document sent to them on 22 June 2003.

Tenth meeting – 24 August 2005
Assessment process
The Committee noted that many of the key questions had tick box ‘yes’ or ‘no’ answers. Additionally it enquired as to how the review of the CSCC pilot audit scheme was developing, and specifically when it would it be complete, and whether the Committee could see a summary. The Committee enquired as to whether the new audit process was still on schedule for a launch in September 2005. The Company agreed to provide answers to all these points by email. The Committee stated that they would like to be able to comment on a draft of the new process. The Company confirmed that this would be possible.

Global Human Rights Statement and Commitment
The Company reported that the draft was currently being circulated internally, that the external consultation will begin in mid-October, and that the Committee would be included in this.

Student Working Group
The Company reported that the Group had met with Ed Potter on 07 July in Chicago, and had discussed a third-party assessment in Colombia. The next meeting would be on 08 and 09 September.
Colombian Foundation for Education and Opportunity
The Committee asked if the Company could provide some more detailed information about the Colombian Foundation, specifically its aims, the long-term plan, an update on the work of the Foundation to date, and case studies of how the Foundation has benefited Colombian society.

Outstanding request
The Company agreed to provide a written response to the following:

On 08 July 2004, it is alleged that Coca-Cola presented a petition to the Ministry of Social Protection to revoke SINALTRAINAL's statutes, specifically articles 2 and 7 that make it possible for shop keepers, informal workers and other people in the agro-industry to join the Union. This petition was accepted on 10 August 2004 (resolution 2994). SINALTRAINAL appealed to a Court of law, and on 24 February 2005 a magistrate ruled that the Ministry decision was in contravention of international labour treaties. It is reported that Ministry officials have not accepted the Court's ruling.

Licences in India
The Company reported that, on 07 April, the one-year study was published that concluded that lack of monsoon rainfall was the key cause of the water problems. Following this, the Kerala High Court and Supreme Court made provisions for the Panchayat to provide a license for the Company to extract water, including provision to the local community. The relevant licenses were provided and the Company recently carried out test runs to distribute water to the local community and to produce a small quantity of Kinley Soda. On Friday 19 August, the Kerala State Control Pollution Board withdrew a pollution license for the plant's waste treatment works, resulting in the ending of the test runs. The Company is currently appealing against this decision. The process for reopening the plant would be:

1) Obtaining all relevant licenses;
2) The Division President would decide to reopen the plant;
3) The parent company would be informed;
4) There public would be informed.

The Company confirmed that they would inform the Committee should there be a decision to reopen the facility, and confirmed that the existing operating license expired at the end of September.

Briefing documents on water, biosolids and impact assessments
- The Company stated that the development of Global Water Initiative comprised of two parts:
  1) The Risk Assessment Questionnaire and survey – this was sent to all 23 Divisions and had a 93% participation rate.
  2) At the plant level, Water Risk Assessments.
- The Committee were impressed with the thoroughness of this work, and agreed that they would like to see a summary of the processes involved in developing the initiative, and ideally a specimen Water Risk Assessment.
- The Committee enquired as the level of detail in relation to analytical testing of biosolids, specifically in relation to what is tested for and the frequency of testing. The Company stated that the document the Committee had seen was the requirements document, rather than the detailed guidance document, and stated that, in India, testing is required every two weeks.

Establishing targets
It was agreed that the process would benefit from developing a fixed targets in relation to the key discussion points relating to ongoing projects to date, and specifically:

1. Project Citizenship
2. Water
3. The Colombia Foundation
4. The bottler assessment process.
5. The Human Rights Statement
6. Environmental targets.

Next meetings
It was agreed to meet again in mid-October and mid-November.
Eleventh meeting - 18 October 2005

The following staff attended from Coca-Cola Atlanta: Harry Ott (Director, Global Environment); Ed Potter (Director of Labour Relations); Kari Bjorhus (Director of Communications). Additionally, Lauren Branston (Head of Strategic Communications) and Tim Wilkinson (Public Affairs & Communications Director) joined from Coca-Cola GB. Paul Meadows (VP Corporate Affairs) joined from Coca-Cola Enterprises.

The Committee put a document entitled ‘Update on progress with the Recommendations for The Coca-Cola Company’. The document included the following text:

1.0 Progress to date
The Committee commends The Coca-Cola Company for the following positive policies, initiatives and statements that have been noted through the engagement process to date.

1.1 In relation to the India Issues
1.1.1 Quality system compliance audits
The Committee have seen The Coca-Cola Quality System (Evolution 3), specifically the Environmental Management System Standards and the Environmental Performance Standards. The Company has confirmed that all bottlers in the Coca-Cola system (wholly-owned, joint-owned, and not-owned) are audited annually by Company quality auditors to ensure they are meeting the quality, environmental and safety standards outlined in the Coca-Cola Quality System.

1.1.2 An apology relating to the use of the term ‘fertiliser’
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’.

1.1.3 Global Water Initiative
The Initiative aims to identify plants operating in water stressed regions that may be more prone to drought. It covers 984 plants, and is based on a combination of the UN water scarcity index and water usage data. The assessment process includes a Risk Assessment Questionnaire and survey (sent to all 23 Divisions and had a 93% participation rate), and Water Supply Assessments (the Committee have seen this document) at the plant level. Additionally, the Company is developing a template for water contingency plans.

1.1.4 Analytical testing of biosolids
The Committee has seen the requirements document for biosolids testing, and is aware of the detailed guidance document.

1.1.5 Local community support
The Committee commends HCBL for the positive community initiatives implemented in Plaichmada, including the funding of health measures to help earlier detection of Tuberculosis in children, provision of medicine, paying for corrective eye surgery, and funding rainwater harvesting technology. Additionally, the Company has restored a traditional water harvesting structure used to collect and store water in Anoopura village temple, near Jaipur; provided free medical treatment and advice to more than 5,000 women and children in Rajasthan; and distributed more than 8,000 bottles of drinking water and 2,300 packets of biscuits to flood victims in Assam.

1.2 In relation to the Colombia Issues
1.2.1 Project Citizenship
Project Citizenship is a voluntary set of standards and principles 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. The Committee have seen the self-assessment questionnaire. The initial stage of Project Citizenship covers 65% of the Company’s production volume, and it is the intention to roll it out the remaining bottlers as soon as possible.

1.2.2 Independent workplace audits
On 10 March 2005, The Coca-Cola Company launched a pilot independent audit process relating to workplace standards in bottling partners. The audits are carried out by a number of auditors including the Cal Safety Compliance Corporation and Bureau Veritas. The Committee has seen the workplace assessment sheet, and the employee interview sheet.

1.2.3 Human Rights Statement
The Company has developed a draft statement and commitment, and this will be shared with the Committee as part of the consultation process.

1.2.4 Regular meetings with the International Union of Food-workers
On 15 March 2005, the Company met with IUF affiliates and the IUF General Secretary and produced a common document committing Coca-Cola workers to the right to join a union without pressure or interference, and committing The Coca-Cola Company and the IUF to twice-yearly meetings.

1.2.5 Creation of the ‘Head of Labour Relations’ post
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. This was followed by appointment of Cindy Sawyer, Executive Assistant to Director of Labour Relations.

1.2.6 Donation to the Colombian Foundation for Education and Opportunity
On 26 April 2005, the Coca-Cola Foundation donated $10 million to the new ‘Colombian Foundation for Education and Opportunity’. The Foundation is independent of the Company, and its function will be to work with non-governmental groups to provide education and other opportunities for those affected by violence in Colombia.

1.3 Generic
1.3.1 Statements on both Colombia and India
The Company has provided the Committee with statements on both Colombia and India detailing the intent of the Company to resolve the issues, and expressing its sympathies to those affected through the issues.

1.3.2 Continued commitment to engagement
The Company has fully co-operated with the Committees requests for information, and has been willing to listen to the Committees concerns at a senior level. Additionally, the Company has recently started a similar process of dialogue with students and administrators from US Universities.

2.0 Revised recommendations requiring clarification
Due to the above information, the Committee have been able to delete a number of the recommendations from the revised list put to the Company in April 2005. The Committee would like the Company to verbally clarify how the Company is addressing the key issues connected to each remaining recommendation.

2.1 Additions to the Coca-Cola Quality System
All bottling partner sites in drought prone areas\textsuperscript{14}, and/or those in areas that have been affected by severe droughts in the past\textsuperscript{15}, where groundwater is extracted for commercial activities, should have a minimum of three reference rainwater gauges. The bottling partner should ensure that the gauges are monitored on a daily basis and the data is formally recorded and reviewed. If this monitoring and reviewing detects that the monthly average is at less than half of the average expected rainfall for that month (as determined by the local Government or other independent source) for three consecutive months, the bottling partner should formally approach the Government department, or other authority, that issued the licence or permission to extract the water to seek advice about voluntarily reducing the amount of water extracted. Similarly, if there is distress or concern amongst local residents in relation to decreased groundwater levels, or if the bottling partner receives 10 or more formal concerns or complaints from local people relating to decreased groundwater levels, the bottling partner should, within 7-working days, formally approach the Government department, or other authority, that issued permission to extract the

\textsuperscript{14} As defined by the United Nations Development Programme
\textsuperscript{15} Also as defined by the United Nations Development Programme
water, and seek advice. Under both these circumstances, the bottling partner should also communicate directly with local stakeholders to consult on potential remedial action. Where there is no formal licensing procedure, the bottling partner should formally consult with representatives of local stakeholders.

Prior to any significant new infrastructural developments relating to Coca-Cola industrial operations, an environmental impact assessment, entirely separate from all economic or business development studies, should be undertaken by an independent third party. The assessment should meet at least the minimum requirements required for a similar development in the United Kingdom, both in determining which developments require an assessment (the First Schedule of the 1989 EIA Regulations specifies which projects require an EIS and relates to Annexes I and II of the EC Directive), and what the assessment should cover (Paragraph 2(c) of the Second Schedule of the 1989 EIA Regulations)\textsuperscript{16}. The assessment report should be available to all interested stakeholder groups upon request.

2.2 A strategy for rolling-out the pilot assessment process relating to workplace standards at bottling partners

i) All the audits should include a meeting with a union leader from each union that has members within the facility. For un-unionised facilities, the auditors should invite all staff to confidentially feedback into the process.

ii) In addition to evaluating wages and hours, facility security, freedom of association, collective bargaining, and health and safety measures, all audits should ensure that employment is freely chosen; child labour is not used; discrimination is not practised; core permanent employment should be provided whenever feasible; and no harsh or inhumane treatment is allowed.

iii) The Company should agree to sharing all audit reports with the IUF, as deemed appropriate by the IUF.

iv) The Company should commit to making an annual public summary of all detected breaches of the ILO’s Core Conventions, including details of the location of each facility, the nature of the breach and any action taken.

v) All bottling partner’s industrial operations should be audited at least once during each contract period. No bottler should go for more than 5-years without an audit. The Company should make a public commitment to this effect.

vi) The Committee has amended this recommendation to: As a minimum commitment, if the IUF raises serious\textsuperscript{17} concerns about workplace standards in any bottling operation manufacturing products under licence from The Coca-Cola Company, The Coca-Cola Company should initiate an emergency audit within 3-months. In this instance, the audit report should be shared with the IUF within 6-months of the initial formal request from the IUF. Additionally, a second follow-up audit should be completed within 12-months of the emergency audit.

vii) All bottling partner’s industrial operations in ‘Not Free’ countries\textsuperscript{18}, as outlined in Appendix 1, should be audited at least once before the end of April 2007. After this date, these operations should revert to the standard three year rotation. – Committee comment: What is TCCC’s plan for prioritising audits?

2.3 Developing a global agreement

The Company should commit to formulating a mutually negotiated global agreement on workplace standards throughout the Coca-Cola System before 01 January 2007. A global agreement in the public domain would provide safeguards over and above those of the internally administered Project Citizenship. – This is in addition to the Global Human Rights Policy.


\textsuperscript{17} As deemed by the IUF.

\textsuperscript{18} As determined by Freedom House; \url{www.freedomhouse.org/ratings/allscore04.xls}
Appendix 1  Countries deemed not to be free, as determined by Freedom House

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<td>Korea, North</td>
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<td>Chad</td>
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<td>China</td>
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<td>Uzbekistan</td>
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<td>Congo (Kinshasa)</td>
<td>Maldives</td>
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3.0 Proposed targets

The Committee are keen to work with the Company to develop some longer-term targets relating to the core issues discussed to date. The Committee have considered the targets outlined on page 37 of Towards Sustainability 2004, and suggest discussing developing additional challenges specifically in relation to the following areas:

  - When will it be complete?
  - When will the Company be ready to share the results publicly?
- Water efficiency data for India / a target for offsetting water extraction through recharging in India.
- Project Citizenship – A timescale for roll out beyond the initial 65% by volume.
- Independent workplace audits
  - When will all bottlers have been audited?
  - How many will have been done by Convention each year?
- Human Rights Statement
  - What new commitments will it contain?
  - When will it be signed off?
  - When will it have been communicated to all staff in TCCC System?
- Development of human resources to investigate and resolve local workplace issues
  - Staff within bottlers
  - Regional staff within The Coca-Cola Company
- Targets for reducing the numbers of formal complaints made by employees.
- Tackling global problems - In addition to the positive work of TCCC Foundation, the Company could commit additional annual spend to tackling water poverty, or another suitable development-related global issue.
- Reporting – Examine the possibility of reporting using the GRI reporting mechanism\textsuperscript{19} for 2006 report. It is noted that Coca-Cola Hellenic Bottling Company S.A has already signed up to GRI.

After receiving the document, the following was noted:

India update

\textsuperscript{19} \url{www.globalreporting.org/}
The Company reported that the licensing issue was still in court. It agreed to provide more information on their positive community work in India.

**Colombia update**

The Company reported that there were no new developments in the Miami trial, and restated its position that it had no intention of talking to SINALTRAINAL about the specific allegations because they are currently suing the Company in Miami.

**Additions to the Coca-Cola Quality System**

- The Company stated that monitoring rainfall should be a function of the government, and stated that the Company pays taxes on the water it extracts.
- The Company stated that bottlers highlighted through the Global Water Initiative are required to have a water contingency plan.
- With reference to Environmental Impact Assessments, the Company stated that they take between 6 and 8 months, and that something so detailed is not necessary in most developments.

**A strategy for rolling-out the pilot assessment process relating to workplace standards at bottling partners**

- In relation to item i), regarding inviting all staff to confidentially feedback to the auditors, the Company stated that the current auditing protocol includes interviewing 10% of the employees, up to 25 employees. It added that it was not aware of any companies currently inviting all staff to input, but agreed to consider it further.
- In relation to ii), the Company confirmed that all of the criteria listed are assessed by CSCC, as per the checklist.
- In relation to iii), regarding the sharing of all audit reports with the IUF, it was noted that bottlers own the audit reports, and that each bottler would need to approve this on a case-by-case basis.
- In relation to iv), regarding making an annual public statement outlining all detected breaches, the Company stated that it intended to be transparent, and that it hopes to get to that point. It was noted that, so far, a total of 1,200 assessments had been made out of a possible 14,000.
- In relation to v), which stated that all bottling partners should be audited at last once every contract period, and at least every 5-years, the Company stated that 75 bottlers have been assessed, and that one-third should be done by June 2006. It added that the aim is to assess each bottler every 3-years, with all bottlers having been assessed within 2-3 years time.
- In relation to vi), which relates to carrying out emergency audits should the IUF raise serious concerns about workplace standards in a bottling operation, the Company stated that it had not discussed this with the IUF, and that the two parties have a problem-solving relationship. It added that audits are a blunt tool, and might not be as suitable as other means.
- In relation to vii), which relates prioritising initial audits in countries deemed as not free, the Company stated that it has prioritised audits for 2006 by risk to workers. By the end of 2005, TCCC will have assessed the risk of all bottlers and suppliers.

**Developing a global agreement**

The Company stated that the labour relations function intended to complete the Human Rights policy by the end of the first quarter of 2006. It added that a global agreement would be a very complicated and large project, and noted that the Labour Relations function currently had a very large workload. It confirmed that the function did have very high-level support, and that the team will grow.

**Timetable for targets**

- The Company reported that the Global Water Initiative is due to be completed by the end of the first quarter 2006, and that it will share aspects of the project publicly. It was noted that there might be competitive advantage issues, and that it is therefore unlikely that the Company would publish a map denoting high risk bottlers. Communications might take the form of a general outline of the project, possibly in the Environmental Report due in summer 2006.
- The Company stated that, by the end of 2006, it hoped to have rainwater harvesting installed in every wholly-owned facility in India (it was reported that around half of the bottlers in India
are 100% owned, including Plachimada). These facilities will be capable of offsetting the amount of water they extract, although it was noted that this is rain dependant. It was also noted that rainwater harvesting had been initiated in franchise bottlers.

- In relation to the independent workplace audits, the Company stated that it hoped that all bottlers would have been audited by the end of 2007.
- In relation to the Human Rights Statement, the Company reported that consultation will start in November 2005, with the aim of signing-off the document by the end of the first quarter 2006. It stated that a date has not yet been established for when it will have been communicated to all staff in TCCC system, and it was noted that this process would take time.
- In relation to the development of local human resources to investigate workplace issues, the labour relations function reported that they will be touring bottlers in 2006, and will discuss TCCC’s approach to local issues.
- In relation to GRI reporting, the Company reported that there was resistance from bottlers to provide such large quantities of data. It was noted that at least one small bottler had signed up to GRI reporting. It was agreed to provide the Committee with a formal comment on the possibility of GRI reporting.

New allegations relating to Turkey and Indonesia
The Company reported that it was in discussions with representatives in both countries, as well as Students Against Sweat Shops, and that these issues were a priority to the Company.

Twelfth meeting - 15 November 2005

Colombia
The Company reported that all but one student have publicly withdrawn from the College and University working group. It was also noted that the IRLF had sent an inflammatory letter to Ed Potter. The Company stated that Ed Potter was aware of the letter, but had not yet responded as he was travelling. The Committee stated the importance of a prompt response from TCCC.

India
The Company stated that there could be a court ruling over the next week, and agreed to let the Committee know as soon as there were developments.

Turkey and Indonesia
The Committee stated its concern over the allegations relating to both countries. The Company stated that, in relation to Turkey, an agreement had been reached that was accepted on 23 October 2005. The Company agreed to keep the Committee informed on developments in Indonesia.

Water efficiency targets for India
The Company stated that bottlers were generally against the parent setting targets and that, in relation to water use per litre of product, it was not always fair to compare bottlers because of differing packaging and line change-over frequency. It was noted that 53% of bottling plants currently set their own targets on water use.

Timescale for rolling out Project Citizenship beyond the initial 65% by volume
The Company agreed to get back to the Committee with dates.

Draft Human Rights statement
The Company agreed to send this to the Committee the following week, and that the timeframe for receiving comments would be mid to late December.

Negotiating a global agreement on workplace standards
It was agreed that the Committee would email what it wanted from a global agreement, and the Ed Potter would respond on behalf of the Company.

Reporting using the GRI reporting mechanism\textsuperscript{20} for 2006 report
It was noted that some bottlers are currently signed up to GRI. The Company stated that making GRI compulsory for all bottlers would be a huge and costly exercise. At present, the company does not have a specific target, but does have a public commitment to working towards GRI.

\textsuperscript{20} www.globalreporting.org/
Reporting on non-compliances
The Committee outlined how Nike had reported all ILO non-compliances revealed through workplace audits, and asked if TCCC could do the same. The Company stated that this would be difficult to get bottlers to agree to, and that it would not happen in the short-term. The Company agreed to get a formal comment from Ed Potter.

www.cokefacts.org
The Committee raised concerns that the language and tone of the website was not suitable for UK students and suggested that the Company develop a specific website for UK students. It was agreed that the GB sites should have more linkages to enable students to find out more information more easily. It was noted that a GB corporate responsibility review would be published in mid-December.

Closing statements
The Committee stated that, from a decision-making perspective, the engagement period was drawing to a close, and thanked all those involved for their contributions to date.

Facilitation of a meeting between the IUF and UK Students Against Coke – 17 February 2006
On 17 February 2006, representatives of the Ethical & Environmental Committee met with the General Secretary of the IUF, Ron Oswald, in London. It was a positive and productive meeting with our team learning a great deal from the encounter. The IUF reiterated the implacable opposition to boycott tactics of virtually the entire workforce of Coca-Cola globally, with the notable exception of SINALTRAINAL. The IUF believes that they can only achieve a better deal for their members and Coca-Cola workers within the Coca-Cola system through dialogue.

Following the meeting, NUS Services facilitated a two hour meeting between Ron Oswald and three representatives of UKSAC during which the latter robustly promoted their conviction that boycott is the only tactic worthy of consideration. NUS Services declined to allow the Colombia Solidarity Campaign to participate in the meeting due their refusal to apologise for accusing NUS Services of institutional racism.

Response to The Coca-Cola Company’s Human Rights Statement consultation - 20 February 2006
On 20 February 2006, the Ethical & Environmental Committee released the following statement to The Coca-Cola Company:

NUS Services broadly welcomes the draft Human Rights Statement as an initial step in the development of a workable mechanism for ensuring acceptable workplace standards throughout the Coca-Cola system.

However, the Ethical & Environmental Committee encourages the Company to develop an agreement with all workers in the Coca-Cola system on how this commitment to basic workplace standards will be implemented on the ground, including mechanisms for dealing with alleged breaches. It recommends that this be done through the relevant international trade union body. A global agreement of this nature outlining the recognition of unions and the right for workers to be unionised should aid the Company in many other areas of development. To this end, it is crucial that the positive work done in auditing bottlers is not jeopardised by claims that workers are not in a secure environment to answer questions honestly. The Committee urge the Company to consider this point, and to make a commitment to reaching an agreement in the final statement.

Additionally, within the communication and implementation section, there is no mention of publicly reporting all detected breaches. The Committee understand that this is because the Company are concerned about security implications. The Committee are adamant that the publishing of this data would be very beneficial to the Company, and ask if it is possible to publish the data in a non-site specific format (such as number of breaches, or by Country rather than factory) to overcome the security concerns. The Committee urge the Company to reconsider this point, and to include it in the final statement.
Thirteenth meeting - 25 July 2006

Update on the ILO/IUF Colombia independent enquiry
TCCC stated that the ILO is currently setting up an office in Colombia, that the project has been slightly delayed, and that it is expected to report between October and December this year.

New ILRF and USW lawsuit
TCCC stated that the lawsuit was voluntarily withdrawn by the plaintiffs this week.

Reports of issues at La Couronne Brewery in Haiti
TCCC agreed to communicate the Company’s position on this issue with NUS Services in the near future.

CCHBC
NUS Services stated that it was very supportive of the direct engagement between CCHBC and the IUF, and that the Ethical & Environmental Committee was keen to see how the relationship developed as a model of best practice.

Suggested key themes for continued engagement
It was agreed that the global issues should remain the priority for further engagement, and specifically labour relations. NUS Services felt that the Company’s work on water sustainability was well developed and forward-thinking. With respect to labour relations, the following key themes were discussed:

- Monitoring labour-relations issues, both ongoing and new.
- Unionisation levels in Colombia
  It was agreed that it would be difficult to deliver on specific KPI’s or targets for unionisation levels in Colombia due to a variety of factors out of the Company’s control. It was agreed that the Committee would like to look at the mechanisms for implementing global policy at the bottler level. It was also agreed to examine how TCCC does/could share existing best practice within the sector. It was agreed to discuss the wider issue of support for trade union membership in more detail at the next meeting.
- Disclosing social audit non-compliances
  It was agreed that the wider issue of transparency, target setting, tracking and improvement should be considered.
- Ethical Trading initiative
  TCCC agreed to provide the Company’s position on membership of the ETI.

Fourteenth meeting - 31st August 2006

Suggested key themes for continued engagement
The following five key themes for further engagement were set out by NUS Services.

1. Monitoring labour-relations issues, both ongoing and new
2. Support for trade union membership
   - Understanding how TCCC compares to competitors/other sectors, both globally and for Colombia – The Company stated that it was one of the most unionised multinational corporations at 31-32% system wide, and that their operations in Colombia had a similarly high figure compared to the Colombia average of 4-5%.
   - The use of unionisation levels as a key target – it was agreed that there are limitations to this approach, but that it would be considered further.
   - Understanding the mechanisms for implementing global policy at the bottler level, specifically how TCCC intends to ensure compliance with labour rights commitments made by the parent company.
   - Understanding and developing how TCCC shares existing best practice within the sector and beyond.
3. Disclosing social audit non-compliances
   Understanding the mechanisms for transparency, target setting, tracking and improvement, & Disclosing internally detected breaches of codes.
4. Ethical Trading initiative
5. NUS Services Ethical & Environmental Accreditation

ILO/IUF Colombia independent enquiry
TCCC stated the remit was an investigation of workplace practices, of which there would be a historical component. It is hoped that the enquiry will start in September, and that it was expected to publicly report 30 days later.

Developments in Kerala
TCCC stated that the factory is still closed, that the issue is still at court, and that the bottler continues to make daily water deliveries to the local community. In relation to the pesticides issue, TCCC contracted the Central Science Laboratory to complete tests which found levels to be within the stringent EU standards for bottled water.

New ILRF and USW lawsuit
TCCC stated that the lawsuit was an amended version of the original complaint, and that the complaint was voluntarily withdrawn.

Nigeria
In relation to the accusation that a bottler is accused of polluting a lagoon near the port area of Apapa, TCCC stated that the bottler had just received approval for a waste water treatment plant. The Company stated that the area is used by the petrochemical industry, and that the waters are heavily polluted from other industrial processes. TCCC stated that it had been run in compliance with all local laws.

Any other business
The Company invited the Committee to attend the International Business Leaders Forum’s ‘Development, Peace and Human Rights in Colombia: A Business Agenda’ event in London that it is involved with.

Fifteenth meeting - 11th January 2008
On 11 January 2008 NUS Services had a Teleconference with Kari Bjorhus (Director of Communications) and Harry Ott (Director, Global Centre for Water Excellence) from TCCC. The purpose of the meeting was to discuss the findings of the TERI report on water use in India. NUS Services critically challenged the Company on a number of issues, specifically the impartially of the report and the implementation of the recommendations.

On 14 January NUS Services released the following statement:

NUS Services has examined at the key findings of the TERI report in detail. Whilst we welcome the transparent nature of the report, we recognise that The Coca-Cola Company has funded the research, that it is therefore quasi-independent and this may lead some parties to take a negative view of the report which would be unfortunate given its robustness and depth. Whilst it is unfortunate that the factory in Plachimada at the centre of the campaign against the Company was not included in the study, we do understand the Company’s reasoning that it would have been difficult to do so given that it remains closed due to the campaign against it.

Whilst Coca-Cola’s Indian bottlers were generally found to be in compliance with Indian laws, we note that the report makes a considerable number of detailed and specific recommendations for improvement in policy and practice. We are pleased to see that two of the issues we have raised with the Company through our constructive engagement – the thoroughness of environmental impact assessments when locating a new factory; reducing groundwater extraction in times of drought – are both highlighted as key areas for further improvement. We note that the Company has pledged to take immediate action on all the recommendations and we support them in this.