

# The Coca-Cola Company

A. Jane Kamenz  
Securities Counsel  
Office of the Secretary  
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## Rule 14a-8(i)(10)

December 15, 2017

**VIA E-MAIL ([shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov))**

Office of Chief Counsel  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**Re: The Coca-Cola Company - Shareowner Proposal Submitted by the National Center for Public Policy Research**

Dear Ladies and Gentlemen:

The Coca-Cola Company (the “*Company*”) submits this letter pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934 to notify the Securities and Exchange Commission (the “*Commission*”) of the Company’s intention to exclude from its proxy materials for its 2018 annual meeting of shareowners (the “*2018 Proxy Materials*”) a shareowner proposal and statement in support thereof (the “*Proposal*”) submitted by the National Center for Public Policy Research (the “*Proponent*”). The Proposal was received by the Company on November 8, 2017. The Company requests confirmation that the Staff of the Division of Corporation Finance (the “*Staff*”) will not recommend to the Commission that enforcement action be taken if the Company omits the Proposal from its 2018 Proxy Materials for the reasons discussed below.

A copy of the Proposal and related correspondence from the Proponent are attached hereto as **Exhibit A**.

In accordance with *Staff Legal Bulletin No. 14D* (Nov. 7, 2008) (“*SLB No. 14D*”), this letter and its exhibits are being delivered by e-mail to [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov). Pursuant to Rule 14a-8(j), a copy of this letter and its exhibits also is being sent to the Proponent. Rule 14a-8(k) and *SLB No. 14D* provide that a proponent is required to send the Company a copy of any correspondence which the proponent elects to submit to the Commission or the Staff. Accordingly, we hereby inform the Proponent that if the Proponent elects to submit additional

correspondence to the Commission or the Staff relating to the Proposal, the Proponent should concurrently furnish a copy of that correspondence to the undersigned.

The Company currently intends to file its definitive 2018 Proxy Materials with the Commission on or about March 8, 2018.

### **The Proposal**

The Proposal states:

**Whereas**, the Securities and Exchange Commission has consistently recognized that human rights constitute a significant policy issue.

Corporations that lack fundamental human rights protections may face serious risks to their reputations and shareholder value.

Freedom of speech and freedom of association are fundamental human rights.

Whereas, The Coca-Cola Company has relationships with the Human Rights Campaign and the Southern Poverty Law Center. These groups target policy rivals with dishonest disassociation campaigns. These efforts are filled with misleading information designed to remove corporate support for organizations with which the Human Rights Campaign and the Southern Poverty Law Center disagree about public policy issues. These groups are also working to direct corporate free speech and freedom of association rights.

Religious freedom is also a human right.

The Human Rights Campaign and the Southern Poverty Law Center work to reduce religious freedom in the United States.

Whereas, the proponent believes that the Company alone should dictate its outside associations and philanthropic activities without the influence of extremist groups.

Whereas, the Company also operates in regions with systemic human rights abuses.

### **Resolved**

Shareholders request management review its policies related to human rights to assess areas where the Company needs to adopt and implement additional policies and to report its findings, omitting proprietary information and prepared at reasonable expense, by December 2018.

## **BASIS FOR EXCLUSION OF THE PROPOSAL**

### **Rule 14a-8(i)(10) – The Company has Substantially Implemented the Proposal**

#### *A. Rule 14a-8(i)(10)*

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal from its proxy materials if it has already substantially implemented the proposal. In explaining the scope of a predecessor to Rule 14a-8(i)(10), the Commission stated that the exclusion is “designed to avoid the possibility of shareholders having to consider matters which have already been favorably acted upon by management.” *Exchange Act Release No. 12598 (July 7, 1976)*. Originally, the Staff interpreted the predecessor to Rule 14a-8(i)(1) to allow exclusion of a proposal only if the proposal had been “fully effected” by the company. *SEC Release No. 34-19135 (October 14, 1982)*. In 1983, however, the Commission recognized that this “formalistic” application of the rule “defeated its purpose” and therefore revised its interpretation of the rule to permit the omission of proposals that had been “substantially implemented.” See *SEC Release No. 34-20091 (August 16, 1983)*. The Commission subsequently codified this revised interpretation in *SEC Release No. 34-40018 (May 21, 1998)*. Under the current standard, when a company has already taken action to address both a proposal’s underlying concerns and its essential objectives, the proposal has been “substantially implemented” and may be excluded. See, e.g., *Anheuser-Busch Cos., Inc.* (Jan. 17, 2007); *ConAgra Foods, Inc.* (Jul. 3, 2006); *Johnson & Johnson* (Feb. 17, 2006); *Talbots Inc.* (Apr. 5, 2002); *Masco Corp.* (Mar. 29, 1999).

Applying this standard, the Staff has previously recognized that a determination of whether a company has substantially implemented a proposal should depend upon “whether [the company’s] particular policies, practices and procedures compare favorably with the guidelines of the proposal.” *Texaco, Inc.* (Mar. 28, 1991). For example, in *The Boeing Company* (Jan. 30, 2017), the Staff concurred in the exclusion of a proposal requesting that management review its policies related to human rights to assess areas in which the company may need to adopt and implement additional policies and report its findings where the company had already established a comprehensive human rights policy review process and published extensive information on its website about its human rights policies, procedures and practices. See also *The Cato Corporation* (Feb. 28, 2017) (concurring in the exclusion of a proposal seeking to amend the company’s written equal employment opportunity policy to explicitly prohibit discrimination based on sexual orientation and gender identity or expression and report on its programs to substantially implement this policy where the company’s Equal Opportunity Employer Policy and practices had already achieved the objectives of the proposal); *Apple, Inc.* (Dec. 11, 2014) (concurring in the exclusion of a proposal that requested the establishment of a Public Policy Committee where the company had existing systems and controls, including an audit and finance committee, designed to oversee the matters listed in the proposal); *Exelon Corp.* (Feb. 26, 2010) (concurring in the exclusion of a proposal that requested a report on different aspects of the company’s political contributions when the company had already adopted its own set of corporate political contribution guidelines and issued a political contributions report that, together, provided “an up-

to-date view of the [c]ompany's policies and procedures with regard to political contributions"); *International Business Machines* (Jan. 4, 2010) (concurring in the exclusion of a proposal that requested periodic reports of the Company's "Smarter Planet" initiative where the company had already reported on those initiatives using a variety of different media, including the company's "Smarter Planet" web portal).

The Staff has concurred in the exclusion of proposals requesting that a company's board of directors prepare a report on a particular corporate initiative – including human rights related reports - when the company has published information about that initiative on its website. *See, e.g., Gap, Inc.* (Mar. 16, 2001) (concurring that a proposal requesting that the board of directors prepare a report on the child labor practices of the company's suppliers was substantially implemented when the company had published information on its website with respect to its vendor code and monitoring programs). *See also Mondalēz International, Inc.* (Mar. 7, 2014) (concurring that a proposal urging the board of directors to prepare a report on the company's process for identifying and analyzing potential and actual human rights risks in its operations and supply chain was substantially implemented through relevant information on its website); *Honeywell International, Inc.* (Feb. 21, 2007) (concurring that a proposal requesting that the board of directors prepare a sustainability report was substantially implemented when the company had disclosed its sustainability policies on its website); *Raytheon Co.* (Jan. 25, 2006) (concurring that a proposal requesting that the board of directors prepare a sustainability report was substantially implemented when the company had published a stewardship report on its website).

*B. The Company has substantially implemented the Proposal because it has already reviewed and updated its Human Rights Policy and released its findings in its 2016-2017 Human Rights Report*

The Proposal requests that management review the Company's "policies related to human rights to assess areas where the Company needs to adopt and implement additional policies . . . ." The Proposal does not identify any particular human right on which the requested reassessment should focus, but makes reference to several examples: religious freedom, freedom of association, and freedom of speech. Moreover, the Proposal requests a review of all of the Company's policies related to human rights, without dictating any particular improvement or objective. In fact, as discussed below, the Company has already undertaken precisely the broad review requested by the Proponent and undertakes a similar review on a regular basis.

Upholding and safeguarding human rights in the regions in which the Company does business is a key priority of the Company. This commitment is memorialized in the Company's recently updated Human Rights Policy and in its 2016-2017 Human Rights Report, both of which are available on the Company's website.

The Company's human rights policies are overseen by the Public Issues and Diversity Review Committee (the "**Committee**") of the Company's Board of Directors (the "**Board**"), whose



meetings are attended by the Company's Chief Executive Officer. Section 4 of the Committee's charter requires the Committee to review the Company's "human and workplace rights policies and how the Company demonstrates respect for human and workplace rights in our business system, in our supply chain and in the communities in which we operate," and requires the Committee to receive annual presentations on the Company's progress in this area.<sup>1</sup> Therefore, the Company already has a specifically designated Board committee responsible for undertaking the exact review contemplated by the Proposal. Moreover, the Committee recently completed an extensive and thorough review of the Human Rights Policy, as described more fully below. It is unclear, therefore, how adopting the Proposal would require the Company to do anything other than what it has just done or will do periodically in the future.

The Committee's oversight and review encompass a review and assessment of the Human Rights Policy as well as the Company's implementation of the policy. The provisions of the Human Rights Policy apply to the Company, the entities that the Company owns and in which it holds a majority interest, and the facilities it manages. The Human Rights Policy is periodically reviewed and updated by the Committee to ensure that it is current and reflects the Company's most salient human rights risks. The latest review of the Human Rights Policy took place between 2015 and 2017, involving an extensive internal and external consultation process, including a global sample of 63 individuals representing 57 organizations whose work touches human rights issues related to the Company's global value chain. This review culminated in the launch of the latest version of the Human Rights Policy on December 11, 2017.<sup>2</sup> A copy of the updated Human Rights Policy is attached hereto as **Exhibit B**. Alexis Herman, the Chair of the Committee, described the reason for the update as follows:

"The Coca-Cola Company's commitment to Human Rights is unwavering and one that requires constant review and reflection. Today, more than ever, we're faced with an ever-changing and dynamic operating environment that puts business in a position in which it must continuously evolve. . . . The updated policy reflects lesson learned from extensive consultation around the world, involving associates within the company as well as external stakeholders, to identify the salient human rights risks that are the most severe potential impacts associated with our business. Through this update, we aim to address these salient human rights risks in a comprehensive manner in an effort to help ensure that the company does not cause or contribute to adverse human rights impacts, wherever we operate."<sup>3</sup>

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<sup>1</sup>The Committee's charter is available at <http://www.coca-colacompany.com/investors/public-issues-and-diversity-review-committee-charter>.

<sup>2</sup> See *Human Rights Policy*, THE COCA-COLA COMPANY, <http://www.coca-colacompany.com/our-company/human-workplace-rights/human-rights-policy>.

<sup>3</sup> Alexis Herman, *Human Rights in a Changing World: Coca-Cola Updates Human Rights Policy*, THE COCA-COLA COMPANY (December 8, 2017), <http://www.coca-colacompany.com/stories/updated-human-rights-policy>.

The Board's review and assessment of the Human Rights Policy, which was first adopted in 2014 as part of a combination of the Company's 2007 Workplace Rights Policy and 2012 Global Mutual Respect Policy, encompassed a thorough review of the Company's impact on human rights, including those mentioned in the Proposal. The Human Rights Policy is guided by international human rights principles encompassed by the Universal Declaration of Human Rights, including those contained within the International Bill of Rights and the International Labor Organization's 1998 Declaration of Fundamental Principles and Rights at Work. The Human Rights Policy includes the following twelve components:

- respect for human rights
- community and stakeholder engagement
- diversity and inclusion
- freedom of association and collective bargaining
- safe and healthy workplace
- workplace safety
- forced labor and human trafficking
- child labor
- work hours, wages and benefits
- land rights and water resources
- healthy lifestyles
- guidance and reporting for employees

In connection with the recent update of the Human Rights Policy, the Company published its Human Rights Report (the "**Report**"), attached hereto as **Exhibit C**, which reviewed the Coca-Cola system's impact on human rights, identified the Company's human rights risks and communicated the Company's main achievements regarding human rights. The Report includes a foreword by James Quincey, the Company's Chief Executive Officer, discussing the Company's commitment to human rights. The Report aligns with the United Nations Guiding Principles Reporting Framework, which is the first comprehensive guidance for companies to report on human rights issues.

The Report identifies numerous salient human rights issues, and shares how the Company identified and addressed its salient human rights risks. For example, "equality/nondiscrimination and related issues/risks" was identified as one of the salient human rights issues associated with the Company's activities and business relationships. As discussed in the Report, the Company is committed to diversity and inclusion, and works to maintain workplaces that are free from discrimination or harassment on the basis of race, sex, color, nationality or social origin, ethnicity, religion, age, disability, sexual orientation, gender identity or expression, political opinion or any other status protected by applicable law. The Company recognizes that gender parity, social injustice and LGBTQ rights are just some of the social complexities that impact its workforce. The Company has demonstrated its values around diversity and inclusion by being a

strong supporter of the LGBT community, and for 11 consecutive years, receiving a perfect score on the Human Rights Campaign's annual Corporate Equality Index.

The Proposal's essential objective is that the Company "review its policies related to human rights to assess areas where the Company needs to adopt and implement additional policies and to report its findings." As discussed above, the Committee's charter requires the Committee to undertake periodic reviews of the Company's human rights policies. The Company's updated Human Rights Policy, launched on December 11, 2017, resulted from an in-depth consultation and review, conducted between 2015 and 2017, of the Company's salient human rights risks and their potential impact upon the Company's business.<sup>4</sup> In addition, the recently released Report shares how the Company identified and addressed those risks, and notes that the global stakeholder consultation triggered more changes than anticipated.<sup>5</sup> The Company works to continuously review the Coca-Cola system's impact on human rights and do so in a transparent and meaningful manner. Therefore, the Company's existing policies and practices already meet or exceed the parameters of the Proposal. Accordingly, while the Company appreciates the Proponent's interest in the Company and the topic of human rights, we believe the Proposal has already been substantially implemented.

### CONCLUSION

For the reasons discussed above, the Company believes that it may omit the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8(i)(10).

We respectfully request that the Staff concur with the Company's view and confirm that it will not recommend enforcement action to the Commission if the Company omits the Proposal and supporting statement from its 2018 Proxy Materials. If you have any questions or need additional information, please feel free to contact me at (404) 676-2187. When a written response to this letter is available, I would appreciate your sending it to me by e-mail at [jkamenz@coca-cola.com](mailto:jkamenz@coca-cola.com).

Sincerely,



A. Jane Kamenz  
Securities Counsel

Enclosures

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<sup>4</sup> See THE COCA-COLA COMPANY, THE COCA-COLA COMPANY'S HUMAN RIGHTS REPORT 2016-2017 19 (2017), <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/Human-Rights-Report-2016-2017-TCCC.pdf>.

<sup>5</sup> See *id.* at 44.

Office of Chief Counsel  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
December 15, 2017  
Page 8

cc: Jennifer Manning (The Coca-Cola Company)  
Mark E. Preisinger (The Coca-Cola Company)  
Justin Danhof (National Center for Public Policy Research)

**Exhibit A**

**Copy of the Proposal and Supporting Statement and Related Correspondence**

## Jane Kamenz

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**From:** SHAREOWNER SERVICES  
**Sent:** Wednesday, November 8, 2017 3:15 PM  
**To:** Jennifer Manning; Mark Preisinger  
**Cc:** Jane Kamenz; Ashna Zaheer  
**Subject:** FW: NCPPR 2018 Shareholder Proposal  
**Attachments:** Coca-Cola 2018 NCPPR Proposal.pdf

**Importance:** High

All,  
The attached shareowner proposal was received in the shareowner services email box today.

Karen



is happy to Share a **Coke**, with you

**Karen V. Danielson**  
Shareowner Services Manager

The Coca-Cola Company  
One Coca-Cola Plaza  
NAT2614  
Atlanta, Georgia 30313

karendanielson@coca-cola.com  
T (404) 676-4986  
M (404) 317-9846  
F (404) 598-4986

---

**From:** Justin Danhof [mailto:[jdanhof@nationalcenter.org](mailto:jdanhof@nationalcenter.org)]  
**Sent:** Wednesday, November 8, 2017 11:02 AM  
**To:** SHAREOWNER SERVICES <[shareownerservices@coca-cola.com](mailto:shareownerservices@coca-cola.com)>  
**Subject:** NCPPR 2018 Shareholder Proposal

Dear Ms. Manning,

I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in The Coca-Cola Company (the "Company") proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the United States Securities and Exchange Commission's proxy regulations.

I submit the Proposal as General Counsel of the National Center for Public Policy Research, which has continuously owned Coca-Cola stock with a value exceeding \$2,000 for a year prior to and including the date of this Proposal and which intends to hold these shares through the date of the Company's 2018 annual meeting of shareholders. A Proof of Ownership letter is forthcoming and will be delivered to the Company.

Copies of correspondence or a request for a "no-action" letter should be forwarded to Justin Danhof, Esq, General Counsel, National Center For Public Policy Research, 20 F Street, NW, Suite 700, Washington, DC 20001 and emailed to [JDanhof@nationalcenter.org](mailto:JDanhof@nationalcenter.org).

Sincerely,  
Justin Danhof



Via Email: [shareownerservices@coca-cola.com](mailto:shareownerservices@coca-cola.com)

November 8, 2017

Jennifer D. Manning  
Office of the Secretary  
The Coca-Cola Company  
P.O. Box 1734  
Atlanta, Georgia 30301

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Copies of correspondence or a request for a “no-action” letter should be forwarded to Justin Danhof, Esq, General Counsel, National Center For Public Policy Research, 20 F Street, NW, Suite 700, Washington, DC 20001 and emailed to [JDanhof@nationalcenter.org](mailto:JDanhof@nationalcenter.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Danhof", with a long horizontal flourish extending to the right.

Justin Danhof, Esq.

Enclosure: Shareholder Proposal

## **Human Rights Review**

**Whereas**, the Securities and Exchange Commission has consistently recognized that human rights constitute a significant policy issue.

Corporations that lack fundamental human rights protections may face serious risks to their reputations and shareholder value.

Freedom of speech and freedom of association are fundamental human rights.

Whereas, The Coca-Cola Company has relationships with the Human Rights Campaign and the Southern Poverty Law Center. These groups target policy rivals with dishonest disassociation campaigns. These efforts are filled with misleading information designed to remove corporate support for organizations with which the Human Rights Campaign and the Southern Poverty Law Center disagree about public policy issues. These groups are also working to direct corporate free speech and freedom of association rights.

Religious freedom is also a human right.

The Human Rights Campaign and the Southern Poverty Law Center work to reduce religious freedom in the United States.

Whereas, the proponent believes that the Company alone should dictate its outside associations and philanthropic activities without the influence of extremist groups.

Whereas, the Company also operates in regions with systematic human rights abuses.

### **Resolved**

Shareholders request management review its policies related to human rights to assess areas where the Company needs to adopt and implement additional policies and to report its findings, omitting proprietary information and prepared at reasonable expense, by December 2018.

### **Supporting Statement**

In its review and report, the Company might also consider a congruency analysis between its stated corporate values and Company operations which raise an issue of misalignment with those corporate values, and stating the justification for such exceptions.

A recent *New York Times* article criticized certain corporations that work with the Southern Poverty Law Center, noting that “the S.P.L.C. is an organization that has lost its way, smearing people who are fighting for liberty.”



The Southern Poverty Law Center considers belief in traditional marriage and support for Muslim civil rights to be hatred on par with the beliefs of the Ku Klux Klan.

The proponent supports the Company's free speech rights and its right to freely associate. Rather than making those rights subject to outside direction, the Company should assert its dominion over those values.

The Company has, in the past, appeared to take direction from outside groups concerning its affiliations. For example, in 2012, the Company dropped its membership in the American Legislative Exchange Council at the behest of a radical, racially-motivated group. According to the *Los Angeles Times*, the Company left ALEC "[w]ithin hours of advocacy group Color of Change launching a boycott against Coca-Cola for its participation on ALEC's Private Enterprise Board."

Like Color of Change before, the Human Rights Campaign is now similarly targeting numerous organizations by attacking their corporate supporters. The Company's history makes it a target for such attacks.

In its review, the Company might consider implementing policies to inoculate it from such pressure campaigns.

## Jane Kamenz

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**From:** Jane Kamenz  
**Sent:** Friday, November 10, 2017 10:52 AM  
**To:** 'jdanhof@nationalcenter.org'  
**Cc:** Jennifer Manning; Mark Preisinger  
**Subject:** National Center for Public Policy Research eligibility deficiency notice letter  
**Attachments:** National Center for Public Policy Research eligibility deficiency notice.pdf

Dear Mr. Danhof;

Please find attached an eligibility deficiency notice relating to the shareholder proposal which you submitted on behalf of the National Center for Public Policy Research to The Coca-Cola Company on November 8, 2017.

Regards, Jane Kamenz



is happy to Share a Coke with you

Anita Jane Kamenz  
Secretary, Council of  
Office of the Secretary

One Coca-Cola Plaza  
NAT 2136  
Atlanta, GA 30375

[janak@shareacoke.com](mailto:janak@shareacoke.com)  
T 404-876-2187  
M 678-640-7370

Personalize and buy your own at [ShareACoke.com](http://ShareACoke.com) #ShareACoke

# *The Coca-Cola Company*

A. Jane Kamenz  
Securities Counsel  
Office of the Secretary  
Email: [jkamenz@coca-cola.com](mailto:jkamenz@coca-cola.com)

P.O. Box 1734  
Atlanta, GA 30301  
(404) 676-2187  
Fax: (404) 598-2187

November 10, 2017

**Via E-mail & Certified Mail, Return Receipt Requested**

Justin Danhof, Esq.  
General Counsel  
The National Center for Public Policy Research  
20 F Street, NW, Suite 700  
Washington, D.C. 20001

Dear Mr. Danhof:

On November 8, 2017, we received your letter dated November 8, 2017 addressed to Jennifer D. Manning, Office of the Secretary of The Coca-Cola Company (the "Company") in which you submitted a shareholder proposal on behalf of The National Center for Public Policy Research (the "Center") for inclusion in the Company's proxy statement for its 2018 Annual Meeting of Shareowners. A copy of the email transmission and your letter are attached.

Rule 14a-8(f) under the Securities Exchange Act of 1934, as amended, requires us to notify you of an eligibility deficiency in your submission. You did not include any information to prove that the Center has continuously held, for the one-year period preceding and including the date you submitted its proposal to the Company on November 8, 2017, shares of Company Common Stock having at least \$2,000 in market value or representing at least 1% of the outstanding shares of Company Common Stock as required by Rule 14a-8(b). Our records do not list the Center as a registered holder of shares of Company Common Stock. Therefore, you must establish the Center's ownership of Company stock by one of the means described in Rule 14a-8(b)(2) [Question 2] (for example, if the shares are held indirectly through its broker or bank). *Staff Legal Bulletin No. 14F* (October 18, 2011) and *Staff Legal Bulletin No. 14G* (October 16, 2012) provide guidance on submitting proof of ownership.

Only banks and brokers that are Depository Trust Company (DTC) participants are viewed as "record" holders. To determine if the bank or broker holding the Center's shares is a DTC participant, you can check the DTC's participant list, which is currently available on the Internet at <http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/alpha.ashx>. If the bank or broker holding the Center's shares is not a DTC participant, you also will need to obtain proof of ownership from the DTC participant through which the shares are held. You should be able to find out the identity of this DTC participant by asking the Center's broker or bank. If the DTC participant knows the Center's broker or bank's holdings, but does not know the Center's holdings, the Center can satisfy Rule 14a-8 by obtaining and submitting two proof of ownership statements verifying that, at the time the Center's shareholder proposal was submitted, the required amount of shares were continuously held for at least one year - one from the Center's

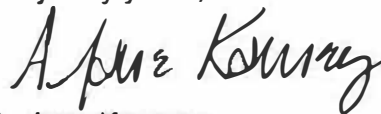
broker or bank confirming the Center's ownership, and the other from the DTC participant confirming the broker or bank's ownership.

The requested information must be furnished to us electronically or be postmarked no later than 14 days from the date you receive this letter of notification. If the Center's requisite proof of ownership is not provided, we may exclude its shareholder proposal from our proxy materials. For your reference, we have attached a copy of Rule 14a-8 and *Staff Legal Bulletin No. 14F* (October 18, 2011) and *Staff Legal Bulletin No. 14G* (October 16, 2012). To transmit your reply electronically, please reply to my attention at the following fax number: 404-598-2187 or e-mail at [jkamenz@coca-cola.com](mailto:jkamenz@coca-cola.com); to reply by courier, please reply to my attention at NAT 2136, One Coca-Cola Plaza, Atlanta, Georgia 30313, or by mail to NAT 2136, P.O. Box 1734, Atlanta, Georgia, 30301.

Please note that if timely and adequate proof of ownership is provided, the Company reserves the right to raise any substantive objections to the Center's shareholder proposal at a later date.

Please do not hesitate to call me at 404-676-2187 should you have any questions. We appreciate your interest in the Company.

Very truly yours,



A. Jane Kamenz  
Securities Counsel

c: Jennifer Manning  
Mark Preisinger

Enclosures

## Jane Kamenz

---

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Shareowner Services Manager

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karendanielson@coca-cola.com  
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Sincerely,  
Justin Danhof

Justin Danhof, Esq. | General Counsel and Director of the Free Enterprise Project

**NATIONAL CENTER FOR PUBLIC POLICY RESEARCH**

20 F St, NW | Suite 700 | Washington, DC 20001 |

Office: (202) 507-6398 | Cell: (603) 557-3873 |

[jdanhof@nationalcenter.org](mailto:jdanhof@nationalcenter.org)

## **Human Rights Review**

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Whereas, The Coca-Cola Company has relationships with the Human Rights Campaign and the Southern Poverty Law Center. These groups target policy rivals with dishonest disassociation campaigns. These efforts are filled with misleading information designed to remove corporate support for organizations with which the Human Rights Campaign and the Southern Poverty Law Center disagree about public policy issues. These groups are also working to direct corporate free speech and freedom of association rights.

Religious freedom is also a human right.

The Human Rights Campaign and the Southern Poverty Law Center work to reduce religious freedom in the United States.

Whereas, the proponent believes that the Company alone should dictate its outside associations and philanthropic activities without the influence of extremist groups.

Whereas, the Company also operates in regions with systematic human rights abuses.

### **Resolved**

Shareholders request management review its policies related to human rights to assess areas where the Company needs to adopt and implement additional policies and to report its findings, omitting proprietary information and prepared at reasonable expense, by December 2018.

### **Supporting Statement**

In its review and report, the Company might also consider a congruency analysis between its stated corporate values and Company operations which raise an issue of misalignment with those corporate values, and stating the justification for such exceptions.

A recent *New York Times* article criticized certain corporations that work with the Southern Poverty Law Center, noting that “the S.P.L.C. is an organization that has lost its way, smearing people who are fighting for liberty.”

The Southern Poverty Law Center considers belief in traditional marriage and support for Muslim civil rights to be hatred on par with the beliefs of the Ku Klux Klan.

The proponent supports the Company's free speech rights and its right to freely associate. Rather than making those rights subject to outside direction, the Company should assert its dominion over those values.

The Company has, in the past, appeared to take direction from outside groups concerning its affiliations. For example, in 2012, the Company dropped its membership in the American Legislative Exchange Council at the behest of a radical, racially-motivated group. According to the *Los Angeles Times*, the Company left ALEC "[w]ithin hours of advocacy group Color of Change launching a boycott against Coca-Cola for its participation on ALEC's Private Enterprise Board."

Like Color of Change before, the Human Rights Campaign is now similarly targeting numerous organizations by attacking their corporate supporters. The Company's history makes it a target for such attacks.

In its review, the Company might consider implementing policies to inoculate it from such pressure campaigns.





Via Email: [shareownerservices@coca-cola.com](mailto:shareownerservices@coca-cola.com)

November 8, 2017

Jennifer D. Manning  
Office of the Secretary  
The Coca-Cola Company  
P.O. Box 1734  
Atlanta, Georgia 30301

Dear Ms. Manning,

I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in The Coca-Cola Company (the "Company") proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the United States Securities and Exchange Commission's proxy regulations.

I submit the Proposal as General Counsel of the National Center for Public Policy Research, which has continuously owned Coca-Cola stock with a value exceeding \$2,000 for a year prior to and including the date of this Proposal and which intends to hold these shares through the date of the Company's 2018 annual meeting of shareholders. A Proof of Ownership letter is forthcoming and will be delivered to the Company.

Copies of correspondence or a request for a "no-action" letter should be forwarded to Justin Danhof, Esq, General Counsel, National Center For Public Policy Research, 20 F Street, NW, Suite 700, Washington, DC 20001 and emailed to [JDanhof@nationalcenter.org](mailto:JDanhof@nationalcenter.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Danhof", written over a horizontal line.

Justin Danhof, Esq.

Enclosure: Shareholder Proposal

the Commission and furnished to the registrant, confirming such holder's beneficial ownership; and

(2) Provide the registrant with an affidavit, declaration, affirmation or other similar document provided for under applicable state law identifying the proposal or other corporate action that will be the subject of the security holder's solicitation or communication and attesting that:

(i) The security holder will not use the list information for any purpose other than to solicit security holders with respect to the same meeting or action by consent or authorization for which the registrant is soliciting or intends to solicit or to communicate with security holders with respect to a solicitation commenced by the registrant; and

(ii) The security holder will not disclose such information to any person other than a beneficial owner for whom the request was made and an employee or agent to the extent necessary to effectuate the communication or solicitation.

(d) The security holder shall not use the information furnished by the registrant pursuant to paragraph (a)(2)(ii) of this section for any purpose other than to solicit security holders with respect to the same meeting or action by consent or authorization for which the registrant is soliciting or intends to solicit or to communicate with security holders with respect to a solicitation commenced by the registrant; or disclose such information to any person other than an employee, agent, or beneficial owner for whom a request was made to the extent necessary to effectuate the communication or solicitation. The security holder shall return the information provided pursuant to paragraph (a)(2)(ii) of this section and shall not retain any copies thereof or of any information derived from such information after the termination of the solicitation.

(e) The security holder shall reimburse the reasonable expenses incurred by the registrant in performing the acts requested pursuant to paragraph (a) of this section.

*Note 1 to § 240.14a-7.* Reasonably prompt methods of distribution to security holders may be used instead of mailing. If an alternative distribution method is chosen, the costs of that method should be considered where necessary rather than the costs of mailing.

*Note 2 to § 240.14a-7.* When providing the information required by § 240.14a-7(a)(1)(ii), if the registrant has received affirmative written or implied consent to delivery of a single copy of proxy materials to a shared address in accordance with § 240.14a-3(e)(1), it shall exclude from the number of record holders those to whom it does not have to deliver a separate proxy statement.

#### **Rule 14a-8. Shareholder Proposals.**

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

##### **(a) Question 1: What is a proposal?**

A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

**(b) Question 2: Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible?**

(1) In order to be eligible to submit a proposal, you must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D, Schedule 13G, Form 3, Form 4 and/or Form 5, or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.

**(c) Question 3: How many proposals may I submit?**

Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

**(d) Question 4: How long can my proposal be?**

The proposal, including any accompanying supporting statement, may not exceed 500 words.

**(e) Question 5: What is the deadline for submitting a proposal?**

(1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q (§ 249.308a of this chapter), or in shareholder reports of investment companies under § 270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement

released to shareholders in connection with the previous year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

**(f) Question 6: What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this Rule 14a-8?**

(1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under Rule 14a-8 and provide you with a copy under Question 10 below, Rule 14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

**(g) Question 7: Who has the burden of persuading the Commission or its staff that my proposal can be excluded?**

Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

**(h) Question 8: Must I appear personally at the shareholders' meeting to present the proposal?**

(1) Either you, or your representative who is qualified under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

**(i) Question 9: If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal?**

(1) *Improper Under State Law:* If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

*Note to Paragraph (i)(1):* Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we

will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2) **Violation of Law:** If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

*Note to Paragraph (i)(2):* We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.

(3) **Violation of Proxy Rules:** If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4) **Personal Grievance; Special Interest:** If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) **Relevance:** If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) **Absence of Power/Authority:** If the company would lack the power or authority to implement the proposal;

(7) **Management Functions:** If the proposal deals with a matter relating to the company's ordinary business operations;

(8) **Director Elections:** If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9) **Conflicts with Company's Proposal:** If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;

*Note to Paragraph (i)(9):* A company's submission to the Commission under this Rule 14a-8 should specify the points of conflict with the company's proposal.

(10) **Substantially Implemented:** If the company has already substantially implemented the proposal;

*Note to Paragraph (i)(10):* A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant to Item 402 of Regulation S-K (§ 229.402 of this chapter) or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by § 240.14a-21(b) of this chapter a single year (*i.e.*, one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes

that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by § 240.14a-21(b) of this chapter.

(11) **Duplication:** If the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12) **Resubmissions:** If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

(i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;

(ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or

(iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) **Specific Amount of Dividends:** If the proposal relates to specific amounts of cash or stock dividends.

**(j) Question 10: What procedures must the company follow if it intends to exclude my proposal?**

(1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its definitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

(ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and

(iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

**(k) Question 11: May I submit my own statement to the Commission responding to the company's arguments?**

Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

**(l) Question 12: If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?**

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that

information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) **Question 13: What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?**

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti-fraud rule, Rule 14a-9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before it files definitive copies of its proxy statement and form of proxy under Rule 14a-6.

#### **Rule 14a-9. False or Misleading Statements.**

(a) No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

(b) The fact that a proxy statement, form of proxy or other soliciting material has been filed with or examined by the Commission shall not be deemed a finding by the Commission that such material is accurate or complete or not false or misleading, or that the Commission has passed upon the merits of or approved any statement contained therein or any matter to be acted upon by security holders. No representation contrary to the foregoing shall be made.

(c) No nominee, nominating shareholder or nominating shareholder group, or any member thereof, shall cause to be included in a registrant's proxy materials, either pursuant to the Federal proxy rules, an applicable state or foreign law provision, or a registrant's governing documents as they relate to including shareholder nominees for director in a registrant's proxy materials, include in a notice on Schedule 14N (§ 240.14n-101), or include in any other related communication, any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to a solicitation for the same meeting or subject matter which has become false or misleading.



**Division of Corporation Finance  
Securities and Exchange Commission**

**Shareholder Proposals**

**Staff Legal Bulletin No. 14F (CF)**

**Action:** Publication of CF Staff Legal Bulletin

**Date:** October 18, 2011

**Summary:** This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

**Supplementary Information:** The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

**Contacts:** For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at [https://tts.sec.gov/cgi-bin/corp\\_fin\\_interpretive](https://tts.sec.gov/cgi-bin/corp_fin_interpretive).

**A. The purpose of this bulletin**

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- Brokers and banks that constitute "record" holders under Rule 14a-8 (b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- Common errors shareholders can avoid when submitting proof of ownership to companies;
- The submission of revised proposals;
- Procedures for withdrawing no-action requests regarding proposals submitted by multiple proponents; and
- The Division's new process for transmitting Rule 14a-8 no-action responses by email.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: [SLB No. 14](#), [SLB](#)



**B. The types of brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8**

**1. Eligibility to submit a proposal under Rule 14a-8**

To be eligible to submit a shareholder proposal, a shareholder must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the shareholder meeting for at least one year as of the date the shareholder submits the proposal. The shareholder must also continue to hold the required amount of securities through the date of the meeting and must provide the company with a written statement of intent to do so.<sup>1</sup>

The steps that a shareholder must take to verify his or her eligibility to submit a proposal depend on how the shareholder owns the securities. There are two types of security holders in the U.S.: registered owners and beneficial owners.<sup>2</sup> Registered owners have a direct relationship with the issuer because their ownership of shares is listed on the records maintained by the issuer or its transfer agent. If a shareholder is a registered owner, the company can independently confirm that the shareholder's holdings satisfy Rule 14a-8(b)'s eligibility requirement.

The vast majority of investors in shares issued by U.S. companies, however, are beneficial owners, which means that they hold their securities in book-entry form through a securities intermediary, such as a broker or a bank. Beneficial owners are sometimes referred to as "street name" holders. Rule 14a-8(b)(2)(i) provides that a beneficial owner can provide proof of ownership to support his or her eligibility to submit a proposal by submitting a written statement "from the 'record' holder of [the] securities (usually a broker or bank)," verifying that, at the time the proposal was submitted, the shareholder held the required amount of securities continuously for at least one year.<sup>3</sup>

**2. The role of the Depository Trust Company**

Most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency acting as a securities depository. Such brokers and banks are often referred to as "participants" in DTC.<sup>4</sup> The names of these DTC participants, however, do not appear as the registered owners of the securities deposited with DTC on the list of shareholders maintained by the company or, more typically, by its transfer agent. Rather, DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants. A company can request from DTC a "securities position listing" as of a specified date, which identifies the DTC participants having a position in the company's securities and the number of securities held by each DTC participant on that date.<sup>5</sup>

**3. Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8**

In *The Hain Celestial Group, Inc.* (Oct. 1, 2008), we took the position that an introducing broker could be considered a "record" holder for purposes of Rule 14a-8(b)(2)(i). An introducing broker is a broker that engages in sales and other activities involving customer contact, such as opening customer accounts and accepting customer orders, but is not permitted to maintain custody of customer funds and securities.<sup>6</sup> Instead, an introducing broker engages another broker, known as a "clearing broker," to hold custody of client funds and securities, to clear and execute customer trades, and to handle other functions such as issuing confirmations of customer trades and customer account statements. Clearing brokers generally are DTC participants; introducing brokers generally are not. As introducing brokers generally are not DTC participants, and therefore typically do not appear on DTC's securities position listing, *Hain Celestial* has required companies to accept proof of ownership letters from brokers in cases where, unlike the positions of registered owners and brokers and banks that are DTC participants, the company is unable to verify the positions against its own or its transfer agent's records or against DTC's securities position listing.

In light of questions we have received following two recent court cases relating to proof of ownership under Rule 14a-8<sup>2</sup> and in light of the Commission's discussion of registered and beneficial owners in the Proxy Mechanics Concept Release, we have reconsidered our views as to what types of brokers and banks should be considered "record" holders under Rule 14a-8(b)(2)(i). Because of the transparency of DTC participants' positions in a company's securities, we will take the view going forward that, for Rule 14a-8(b)(2)(i) purposes, only DTC participants should be viewed as "record" holders of securities that are deposited at DTC. As a result, we will no longer follow *Hain Celestial*.

We believe that taking this approach as to who constitutes a "record" holder for purposes of Rule 14a-8(b)(2)(i) will provide greater certainty to beneficial owners and companies. We also note that this approach is consistent with Exchange Act Rule 12g5-1 and a 1988 staff no-action letter addressing that rule,<sup>8</sup> under which brokers and banks that are DTC participants are considered to be the record holders of securities on deposit with DTC when calculating the number of record holders for purposes of Sections 12(g) and 15(d) of the Exchange Act.

Companies have occasionally expressed the view that, because DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants, only DTC or Cede & Co. should be viewed as the "record" holder of the securities held on deposit at DTC for purposes of Rule 14a-8(b)(2)(i). We have never interpreted the rule to require a shareholder to obtain a proof of ownership letter from DTC or Cede & Co., and nothing in this guidance should be construed as changing that view.

*How can a shareholder determine whether his or her broker or bank is a DTC participant?*

Shareholders and companies can confirm whether a particular broker or bank is a DTC participant by checking DTC's participant list, which is currently available on the Internet at <http://www.dtcc.com/downloads/membership/directories/dtc/alpha.pdf>.

*What if a shareholder's broker or bank is not on DTC's participant list?*

The shareholder will need to obtain proof of ownership from the DTC participant through which the securities are held. The shareholder should be able to find out who this DTC participant is by asking the shareholder's broker or bank.<sup>9</sup>

If the DTC participant knows the shareholder's broker or bank's holdings, but does not know the shareholder's holdings, a shareholder could satisfy Rule 14a-8(b)(2)(i) by obtaining and submitting two proof of ownership statements verifying that, at the time the proposal was submitted, the required amount of securities were continuously held for at least one year – one from the shareholder's broker or bank confirming the shareholder's ownership, and the other from the DTC participant confirming the broker or bank's ownership.

*How will the staff process no-action requests that argue for exclusion on the basis that the shareholder's proof of ownership is not from a DTC participant?*

The staff will grant no-action relief to a company on the basis that the shareholder's proof of ownership is not from a DTC participant only if the company's notice of defect describes the required proof of ownership in a manner that is consistent with the guidance contained in this bulletin. Under Rule 14a-8(f)(1), the shareholder will have an opportunity to obtain the requisite proof of ownership after receiving the notice of defect.

**C. Common errors shareholders can avoid when submitting proof of ownership to companies**

In this section, we describe two common errors shareholders make when submitting proof of ownership for purposes of Rule 14a-8(b)(2), and we provide guidance on how to avoid these errors.

First, Rule 14a-8(b) requires a shareholder to provide proof of ownership that he or she has "continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal" (emphasis added).<sup>10</sup> We note that many proof of ownership letters do not satisfy this requirement because they do not verify the shareholder's beneficial ownership for the entire one-year period preceding and including the date the proposal is submitted. In some cases, the letter speaks as of a date *before* the date the proposal is submitted, thereby leaving a gap between the date of the verification and the date the proposal is submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the shareholder's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Second, many letters fail to confirm continuous ownership of the securities. This can occur when a broker or bank submits a letter that confirms the shareholder's beneficial ownership only as of a specified date but omits any

reference to continuous ownership for a one-year period.

We recognize that the requirements of Rule 14a-8(b) are highly prescriptive and can cause inconvenience for shareholders when submitting proposals. Although our administration of Rule 14a-8(b) is constrained by the terms of the rule, we believe that shareholders can avoid the two errors highlighted above by arranging to have their broker or bank provide the required verification of ownership as of the date they plan to submit the proposal using the following format:

"As of [date the proposal is submitted], [name of shareholder] held, and has held continuously for at least one year, [number of securities] shares of [company name] [class of securities]."<sup>11</sup>

As discussed above, a shareholder may also need to provide a separate written statement from the DTC participant through which the shareholder's securities are held if the shareholder's broker or bank is not a DTC participant.

#### **D. The submission of revised proposals**

On occasion, a shareholder will revise a proposal after submitting it to a company. This section addresses questions we have received regarding revisions to a proposal or supporting statement.

##### **1. A shareholder submits a timely proposal. The shareholder then submits a revised proposal before the company's deadline for receiving proposals. Must the company accept the revisions?**

Yes. In this situation, we believe the revised proposal serves as a replacement of the initial proposal. By submitting a revised proposal, the shareholder has effectively withdrawn the initial proposal. Therefore, the shareholder is not in violation of the one-proposal limitation in Rule 14a-8 (c).<sup>12</sup> If the company intends to submit a no-action request, it must do so with respect to the revised proposal.

We recognize that in Question and Answer E.2 of SLB No. 14, we indicated that if a shareholder makes revisions to a proposal before the company submits its no-action request, the company can choose whether to accept the revisions. However, this guidance has led some companies to believe that, in cases where shareholders attempt to make changes to an initial proposal, the company is free to ignore such revisions even if the revised proposal is submitted before the company's deadline for receiving shareholder proposals. We are revising our guidance on this issue to make clear that a company may not ignore a revised proposal in this situation.<sup>13</sup>

##### **2. A shareholder submits a timely proposal. After the deadline for receiving proposals, the shareholder submits a revised proposal. Must the company accept the revisions?**

No. If a shareholder submits revisions to a proposal after the deadline for receiving proposals under Rule 14a-8(e), the company is not required to accept the revisions. However, if the company does not accept the revisions, it must treat the revised proposal as a second proposal and

submit a notice stating its intention to exclude the revised proposal, as required by Rule 14a-8(j). The company's notice may cite Rule 14a-8(e) as the reason for excluding the revised proposal. If the company does not accept the revisions and intends to exclude the initial proposal, it would also need to submit its reasons for excluding the initial proposal.

### **3. If a shareholder submits a revised proposal, as of which date must the shareholder prove his or her share ownership?**

A shareholder must prove ownership as of the date the original proposal is submitted. When the Commission has discussed revisions to proposals,<sup>14</sup> it has not suggested that a revision triggers a requirement to provide proof of ownership a second time. As outlined in Rule 14a-8(b), proving ownership includes providing a written statement that the shareholder intends to continue to hold the securities through the date of the shareholder meeting. Rule 14a-8(f)(2) provides that if the shareholder "fails in [his or her] promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of [the same shareholder's] proposals from its proxy materials for any meeting held in the following two calendar years." With these provisions in mind, we do not interpret Rule 14a-8 as requiring additional proof of ownership when a shareholder submits a revised proposal.<sup>15</sup>

### **E. Procedures for withdrawing no-action requests for proposals submitted by multiple proponents**

We have previously addressed the requirements for withdrawing a Rule 14a-8 no-action request in SLB Nos. 14 and 14C. SLB No. 14 notes that a company should include with a withdrawal letter documentation demonstrating that a shareholder has withdrawn the proposal. In cases where a proposal submitted by multiple shareholders is withdrawn, SLB No. 14C states that, if each shareholder has designated a lead individual to act on its behalf and the company is able to demonstrate that the individual is authorized to act on behalf of all of the proponents, the company need only provide a letter from that lead individual indicating that the lead individual is withdrawing the proposal on behalf of all of the proponents.

Because there is no relief granted by the staff in cases where a no-action request is withdrawn following the withdrawal of the related proposal, we recognize that the threshold for withdrawing a no-action request need not be overly burdensome. Going forward, we will process a withdrawal request if the company provides a letter from the lead filer that includes a representation that the lead filer is authorized to withdraw the proposal on behalf of each proponent identified in the company's no-action request.<sup>16</sup>

### **F. Use of email to transmit our Rule 14a-8 no-action responses to companies and proponents**

To date, the Division has transmitted copies of our Rule 14a-8 no-action responses, including copies of the correspondence we have received in connection with such requests, by U.S. mail to companies and proponents. We also post our response and the related correspondence to the Commission's website shortly after issuance of our response.

In order to accelerate delivery of staff responses to companies and

proponents, and to reduce our copying and postage costs, going forward, we intend to transmit our Rule 14a-8 no-action responses by email to companies and proponents. We therefore encourage both companies and proponents to include email contact information in any correspondence to each other and to us. We will use U.S. mail to transmit our no-action response to any company or proponent for which we do not have email contact information.

Given the availability of our responses and the related correspondence on the Commission's website and the requirement under Rule 14a-8 for companies and proponents to copy each other on correspondence submitted to the Commission, we believe it is unnecessary to transmit copies of the related correspondence along with our no-action response. Therefore, we intend to transmit only our staff response and not the correspondence we receive from the parties. We will continue to post to the Commission's website copies of this correspondence at the same time that we post our staff no-action response.

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<sup>1</sup> See Rule 14a-8(b).

<sup>2</sup> For an explanation of the types of share ownership in the U.S., see Concept Release on U.S. Proxy System, Release No. 34-62495 (July 14, 2010) [75 FR 42982] ("Proxy Mechanics Concept Release"), at Section II.A. The term "beneficial owner" does not have a uniform meaning under the federal securities laws. It has a different meaning in this bulletin as compared to "beneficial owner" and "beneficial ownership" in Sections 13 and 16 of the Exchange Act. Our use of the term in this bulletin is not intended to suggest that registered owners are not beneficial owners for purposes of those Exchange Act provisions. See Proposed Amendments to Rule 14a-8 under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Release No. 34-12598 (July 7, 1976) [41 FR 29982], at n.2 ("The term 'beneficial owner' when used in the context of the proxy rules, and in light of the purposes of those rules, may be interpreted to have a broader meaning than it would for certain other purpose[s] under the federal securities laws, such as reporting pursuant to the Williams Act.").

<sup>3</sup> If a shareholder has filed a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 reflecting ownership of the required amount of shares, the shareholder may instead prove ownership by submitting a copy of such filings and providing the additional information that is described in Rule 14a-8(b)(2)(ii).

<sup>4</sup> DTC holds the deposited securities in "fungible bulk," meaning that there are no specifically identifiable shares directly owned by the DTC participants. Rather, each DTC participant holds a pro rata interest or position in the aggregate number of shares of a particular issuer held at DTC. Correspondingly, each customer of a DTC participant – such as an individual investor – owns a pro rata interest in the shares in which the DTC participant has a pro rata interest. See Proxy Mechanics Concept Release, at Section II.B.2.a.

<sup>5</sup> See Exchange Act Rule 17Ad-8.

<sup>5</sup> See Net Capital Rule, Release No. 34-31511 (Nov. 24, 1992) [57 FR 56973] ("Net Capital Rule Release"), at Section II.C.

<sup>7</sup> See *KBR Inc. v. Chevedden*, Civil Action No. H-11-0196, 2011 U.S. Dist. LEXIS 36431, 2011 WL 1463611 (S.D. Tex. Apr. 4, 2011); *Apache Corp. v. Chevedden*, 696 F. Supp. 2d 723 (S.D. Tex. 2010). In both cases, the court concluded that a securities intermediary was not a record holder for purposes of Rule 14a-8(b) because it did not appear on a list of the company's non-objecting beneficial owners or on any DTC securities position listing, nor was the intermediary a DTC participant.

<sup>8</sup> *Techne Corp.* (Sept. 20, 1988).

<sup>9</sup> In addition, if the shareholder's broker is an introducing broker, the shareholder's account statements should include the clearing broker's identity and telephone number. See Net Capital Rule Release, at Section II.C.(iii). The clearing broker will generally be a DTC participant.

<sup>10</sup> For purposes of Rule 14a-8(b), the submission date of a proposal will generally precede the company's receipt date of the proposal, absent the use of electronic or other means of same-day delivery.

<sup>11</sup> This format is acceptable for purposes of Rule 14a-8(b), but it is not mandatory or exclusive.

<sup>12</sup> As such, it is not appropriate for a company to send a notice of defect for multiple proposals under Rule 14a-8(c) upon receiving a revised proposal.

<sup>13</sup> This position will apply to all proposals submitted after an initial proposal but before the company's deadline for receiving proposals, regardless of whether they are explicitly labeled as "revisions" to an initial proposal, unless the shareholder affirmatively indicates an intent to submit a second, *additional* proposal for inclusion in the company's proxy materials. In that case, the company must send the shareholder a notice of defect pursuant to Rule 14a-8(f)(1) if it intends to exclude either proposal from its proxy materials in reliance on Rule 14a-8(c). In light of this guidance, with respect to proposals or revisions received before a company's deadline for submission, we will no longer follow *Layne Christensen Co.* (Mar. 21, 2011) and other prior staff no-action letters in which we took the view that a proposal would violate the Rule 14a-8(c) one-proposal limitation if such proposal is submitted to a company after the company has either submitted a Rule 14a-8 no-action request to exclude an earlier proposal submitted by the same proponent or notified the proponent that the earlier proposal was excludable under the rule.

<sup>14</sup> See, e.g., Adoption of Amendments Relating to Proposals by Security Holders, Release No. 34-12999 (Nov. 22, 1976) [41 FR 52994].

<sup>15</sup> Because the relevant date for proving ownership under Rule 14a-8(b) is the date the proposal is submitted, a proponent who does not adequately prove ownership in connection with a proposal is not permitted to submit another proposal for the same meeting on a later date.

<sup>16</sup> Nothing in this staff position has any effect on the status of any

shareholder proposal that is not withdrawn by the proponent or its authorized representative.

<http://www.sec.gov/interps/legal/cfs1b14f.htm>

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[Home](#) | [Previous Page](#)

Modified: 10/18/2011





**Division of Corporation Finance  
Securities and Exchange Commission**

**Shareholder Proposals**

**Staff Legal Bulletin No. 14G (CF)**

**Action:** Publication of CF Staff Legal Bulletin

**Date:** October 16, 2012

**Summary:** This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

**Supplementary Information:** The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

**Contacts:** For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at [https://tts.sec.gov/cgi-bin/corp\\_fin\\_interpretive](https://tts.sec.gov/cgi-bin/corp_fin_interpretive).

**A. The purpose of this bulletin**

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- the parties that can provide proof of ownership under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- the manner in which companies should notify proponents of a failure to provide proof of ownership for the one-year period required under Rule 14a-8(b)(1); and
- the use of website references in proposals and supporting statements.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: [SLB No. 14](#), [SLB No. 14A](#), [SLB No. 14B](#), [SLB No. 14C](#), [SLB No. 14D](#), [SLB No. 14E](#) and [SLB No. 14F](#).

**B. Parties that can provide proof of ownership under Rule 14a-8(b)**

**(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8**

**1. Sufficiency of proof of ownership letters provided by affiliates of DTC participants for purposes of Rule 14a-8(b)(2)(i)**

To be eligible to submit a proposal under Rule 14a-8, a shareholder must, among other things, provide documentation evidencing that the shareholder has continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the shareholder meeting for at least one year as of the date the shareholder submits the proposal. If the shareholder is a beneficial owner of the securities, which means that the securities are held in book-entry form through a securities intermediary, Rule 14a-8(b)(2)(i) provides that this documentation can be in the form of a "written statement from the 'record' holder of your securities (usually a broker or bank)..."

In SLB No. 14F, the Division described its view that only securities intermediaries that are participants in the Depository Trust Company ("DTC") should be viewed as "record" holders of securities that are deposited at DTC for purposes of Rule 14a-8(b)(2)(i). Therefore, a beneficial owner must obtain a proof of ownership letter from the DTC participant through which its securities are held at DTC in order to satisfy the proof of ownership requirements in Rule 14a-8.

During the most recent proxy season, some companies questioned the sufficiency of proof of ownership letters from entities that were not themselves DTC participants, but were affiliates of DTC participants.<sup>1</sup> By virtue of the affiliate relationship, we believe that a securities intermediary holding shares through its affiliated DTC participant should be in a position to verify its customers' ownership of securities. Accordingly, we are of the view that, for purposes of Rule 14a-8(b)(2)(i), a proof of ownership letter from an affiliate of a DTC participant satisfies the requirement to provide a proof of ownership letter from a DTC participant.

**2. Adequacy of proof of ownership letters from securities intermediaries that are not brokers or banks**

We understand that there are circumstances in which securities intermediaries that are not brokers or banks maintain securities accounts in the ordinary course of their business. A shareholder who holds securities through a securities intermediary that is not a broker or bank can satisfy Rule 14a-8's documentation requirement by submitting a proof of ownership letter from that securities intermediary.<sup>2</sup> If the securities intermediary is not a DTC participant or an affiliate of a DTC participant, then the shareholder will also need to obtain a proof of ownership letter from the DTC participant or an affiliate of a DTC participant that can verify the holdings of the securities intermediary.

**C. Manner in which companies should notify proponents of a failure to provide proof of ownership for the one-year period required under Rule 14a-8(b)(1)**

As discussed in Section C of SLB No. 14F, a common error in proof of

ownership letters is that they do not verify a proponent's beneficial ownership for the entire one-year period preceding and including the date the proposal was submitted, as required by Rule 14a-8(b)(1). In some cases, the letter speaks as of a date *before* the date the proposal was submitted, thereby leaving a gap between the date of verification and the date the proposal was submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the proponent's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Under Rule 14a-8(f), if a proponent fails to follow one of the eligibility or procedural requirements of the rule, a company may exclude the proposal only if it notifies the proponent of the defect and the proponent fails to correct it. In SLB No. 14 and SLB No. 14B, we explained that companies should provide adequate detail about what a proponent must do to remedy all eligibility or procedural defects.

We are concerned that companies' notices of defect are not adequately describing the defects or explaining what a proponent must do to remedy defects in proof of ownership letters. For example, some companies' notices of defect make no mention of the gap in the period of ownership covered by the proponent's proof of ownership letter or other specific deficiencies that the company has identified. We do not believe that such notices of defect serve the purpose of Rule 14a-8(f).

Accordingly, going forward, we will not concur in the exclusion of a proposal under Rules 14a-8(b) and 14a-8(f) on the basis that a proponent's proof of ownership does not cover the one-year period preceding and including the date the proposal is submitted unless the company provides a notice of defect that identifies the specific date on which the proposal was submitted and explains that the proponent must obtain a new proof of ownership letter verifying continuous ownership of the requisite amount of securities for the one-year period preceding and including such date to cure the defect. We view the proposal's date of submission as the date the proposal is postmarked or transmitted electronically. Identifying in the notice of defect the specific date on which the proposal was submitted will help a proponent better understand how to remedy the defects described above and will be particularly helpful in those instances in which it may be difficult for a proponent to determine the date of submission, such as when the proposal is not postmarked on the same day it is placed in the mail. In addition, companies should include copies of the postmark or evidence of electronic transmission with their no-action requests.

#### **D. Use of website addresses in proposals and supporting statements**

Recently, a number of proponents have included in their proposals or in their supporting statements the addresses to websites that provide more information about their proposals. In some cases, companies have sought to exclude either the website address or the entire proposal due to the reference to the website address.

In SLB No. 14, we explained that a reference to a website address in a proposal does not raise the concerns addressed by the 500-word limitation

in Rule 14a-8(d). We continue to be of this view and, accordingly, we will continue to count a website address as one word for purposes of Rule 14a-8(d). To the extent that the company seeks the exclusion of a website reference in a proposal, but not the proposal itself, we will continue to follow the guidance stated in SLB No. 14, which provides that references to website addresses in proposals or supporting statements could be subject to exclusion under Rule 14a-8(i)(3) if the information contained on the website is materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules, including Rule 14a-9.<sup>3</sup>

In light of the growing interest in including references to website addresses in proposals and supporting statements, we are providing additional guidance on the appropriate use of website addresses in proposals and supporting statements.<sup>4</sup>

### **1. References to website addresses in a proposal or supporting statement and Rule 14a-8(i)(3)**

References to websites in a proposal or supporting statement may raise concerns under Rule 14a-8(i)(3). In SLB No. 14B, we stated that the exclusion of a proposal under Rule 14a-8(i)(3) as vague and indefinite may be appropriate if neither the shareholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires. In evaluating whether a proposal may be excluded on this basis, we consider only the information contained in the proposal and supporting statement and determine whether, based on that information, shareholders and the company can determine what actions the proposal seeks.

If a proposal or supporting statement refers to a website that provides information necessary for shareholders and the company to understand with reasonable certainty exactly what actions or measures the proposal requires, and such information is not also contained in the proposal or in the supporting statement, then we believe the proposal would raise concerns under Rule 14a-9 and would be subject to exclusion under Rule 14a-8(i)(3) as vague and indefinite. By contrast, if shareholders and the company can understand with reasonable certainty exactly what actions or measures the proposal requires without reviewing the information provided on the website, then we believe that the proposal would not be subject to exclusion under Rule 14a-8(i)(3) on the basis of the reference to the website address. In this case, the information on the website only supplements the information contained in the proposal and in the supporting statement.

### **2. Providing the company with the materials that will be published on the referenced website**

We recognize that if a proposal references a website that is not operational at the time the proposal is submitted, it will be impossible for a company or the staff to evaluate whether the website reference may be excluded. In our view, a reference to a non-operational website in a proposal or supporting statement could be excluded under Rule 14a-8(i)(3) as irrelevant to the subject matter of a proposal. We understand, however,

that a proponent may wish to include a reference to a website containing information related to the proposal but wait to activate the website until it becomes clear that the proposal will be included in the company's proxy materials. Therefore, we will not concur that a reference to a website may be excluded as irrelevant under Rule 14a-8(i)(3) on the basis that it is not yet operational if the proponent, at the time the proposal is submitted, provides the company with the materials that are intended for publication on the website and a representation that the website will become operational at, or prior to, the time the company files its definitive proxy materials.

### **3. Potential issues that may arise if the content of a referenced website changes after the proposal is submitted**

To the extent the information on a website changes after submission of a proposal and the company believes the revised information renders the website reference excludable under Rule 14a-8, a company seeking our concurrence that the website reference may be excluded must submit a letter presenting its reasons for doing so. While Rule 14a-8(j) requires a company to submit its reasons for exclusion with the Commission no later than 80 calendar days before it files its definitive proxy materials, we may concur that the changes to the referenced website constitute "good cause" for the company to file its reasons for excluding the website reference after the 80-day deadline and grant the company's request that the 80-day requirement be waived.

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<sup>1</sup> An entity is an "affiliate" of a DTC participant if such entity directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the DTC participant.

<sup>2</sup> Rule 14a-8(b)(2)(i) itself acknowledges that the record holder is "usually," but not always, a broker or bank.

<sup>3</sup> Rule 14a-9 prohibits statements in proxy materials which, at the time and in the light of the circumstances under which they are made, are false or misleading with respect to any material fact, or which omit to state any material fact necessary in order to make the statements not false or misleading.

<sup>4</sup> A website that provides more information about a shareholder proposal may constitute a proxy solicitation under the proxy rules. Accordingly, we remind shareholders who elect to include website addresses in their proposals to comply with all applicable rules regarding proxy solicitations.

<http://www.sec.gov/interp/legals/cfs1b14g.htm>

## Jane Kamenz

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**From:** Justin Danhof <jdanhof@nationalcenter.org>  
**Sent:** Wednesday, November 22, 2017 10:39 AM  
**To:** Jane Kamenz  
**Subject:** NCPPR Ownership Materials  
**Attachments:** Coca-Cola 2018 NCPPR Ownership Info.pdf

Greetings Ms. Kamenz,

Attached please find the ownership materials in conjunction with the shareholder proposal submitted to Coca-Cola by the National Center for Public Policy Research on November 8, 2017.

Sincerely,  
Justin

Justin Danhof, Esq. | General Counsel and Director of the Free Enterprise Project  
**NATIONAL CENTER FOR PUBLIC POLICY RESEARCH**  
20 F St, NW | Suite 700 | Washington, DC 20001 |  
Office: [\(202\) 507-6398](tel:2025076398) | Cell: (603) 557-3873 |  
[jdanhof@nationalcenter.org](mailto:jdanhof@nationalcenter.org)



Via Email (jkamenz@coca-cola.com)

November 22, 2017

A. Jane Kamenz  
NAT 2136  
One Coca-Cola Plaza  
Atlanta, GA 30301

Dear Ms. Kamenz,

Enclosed please find a Proof of Ownership letter from UBS Financial Services Inc. in connection with the shareholder proposal submitted under Rule 14(a)-8 (Proposals of Security Holders) of the United States Securities and Exchange Commission's proxy regulations by the National Center for Public Policy Research to Coca-Cola on November 8, 2017.

Copies of correspondence or a request for a "no-action" letter should be forwarded to Justin Danhof, Esq, General Counsel, National Center for Public Policy Research, 20 F Street, NW, Suite 700, Washington, DC 20001 and emailed to JDanhof@nationalcenter.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Danhof". The signature is fluid and cursive, with a long horizontal stroke at the end.

Justin Danhof, Esq.

Enclosure: Ownership Letter



UBS Financial Services Inc.  
1501 K Street NW, Suite 1100  
Washington, DC 20005  
Tel. 855-594-1054  
<http://www.ubs.com/team/cfsgroup>

CFS Group

Anthony Connor  
Senior Vice President – Wealth Management  
Portfolio Management Program

Bryon Fusini  
Senior Vice President – Wealth Management  
Financial Advisor

Richard Stein  
Senior Wealth Strategy Associate

Dianne Scott  
Sr. Registered Client Service Associate

[www.ubs.com](http://www.ubs.com)

A. Jane Kamenz  
NAT 2136  
One Coca-Cola Plaza  
Atlanta, GA 30301

November 22, 2017

**Confirmation: Information regarding the account of The National Center for Public Policy Research**

Dear Ms. Kamenz,

The following client has requested UBS Financial Services Inc. to provide you with a letter of reference to confirm its banking relationship with our firm.

The National Center for Public Policy Research has been a valued client of ours since October 2002 and as of the close of business on 11/08/2017, the National Center for Public Policy Research held, and has held continuously for at least one year 90 shares of the Coca-Cola Company common stock. UBS continues to hold the said stock.

Please be aware that this account is a securities account not a “bank” account. Securities, mutual funds and other non-deposit investment products are not FDIC-insured or bank guaranteed and are subject to market fluctuation.

Questions

If you have any questions about this information, please contact Tori Baskerville at 202-585-5359.

UBS Financial Services is a member of the Securities Investor Protection Corporation (SIPC).

Sincerely,

Richard Stein  
UBS Financial Services Inc.

cc: Justin Danhof, Esq., National Center for Public Policy Research



**Exhibit B**  
**Human Rights Policy**

# The Coca-Cola Company Human Rights Policy



## **Respect for Human Rights**

Respect for human rights is a fundamental value of The Coca-Cola Company. We strive to respect and promote human rights in accordance with the UN Guiding Principles on Business and Human Rights in our relationships with our employees, suppliers and independent bottlers. Our aim is to help increase the enjoyment of human rights within the communities in which we operate.

This Policy is guided by international human rights principles encompassed by the Universal Declaration of Human Rights, including those contained within the International Bill of Rights and the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work.

This policy applies to The Coca-Cola Company, the entities that we own, the entities in which we hold a majority interest and the facilities that we manage. The Company also expects independent bottlers and suppliers to uphold these principles and urges them to adopt similar policies within their own businesses.

We use due diligence as a means to identify and prevent human rights risks to people in our business and value chain. Where we have identified adverse human rights impacts resulting from or caused by our business activities, we are committed to provide for or cooperate in, their fair and equitable remediation. We seek to promote access to remediation where we are linked to or involved in those adverse impacts through our relationships with third parties.

The Human Rights Policy is overseen by The Coca-Cola Company's Board of Directors, including the Chief Executive Officer.

## **Community and Stakeholder Engagement**

We recognize that we are part of the communities in which we operate. We engage with communities on human rights matters that are important to them such as land rights, access to water and health. We also engage with people in those communities, including indigenous peoples as well as other vulnerable and disadvantaged groups. Our aim is to ensure through dialogue that we are listening to, learning from and considering their views as we conduct our business. We believe that local issues are most appropriately addressed at the local level.

Where appropriate, we engage with a wide range of civil society and stakeholders on human rights issues related to our business. This includes issues in our Company, across our value chain and with our various sponsorships, through which we seek to promote respect for human rights.



# The Coca-Cola Company Human Rights Policy (cont.)

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## **Diversity and Inclusion**

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

We do not tolerate disrespectful or inappropriate behavior, unfair treatment or retaliation of any kind. Harassment is not tolerated in the workplace and in any work-related circumstance outside the workplace.

## **Freedom of Association and Collective Bargaining**

We respect our employees' right to join, form or not to join a labor union without fear of reprisal, intimidation or harassment. Where employees are represented by a legally recognized union, we are committed to establishing a constructive dialogue with their freely chosen representatives. The Company is committed to bargaining in good faith with such representatives.

## **Safe and Healthy Workplace**

The safety and health of our employees is of paramount importance. Our policy is to provide a safe and healthy workplace and comply with applicable safety and health laws and regulations, as well as internal requirements. We work to provide and maintain a safe, healthy and productive workplace, in consultation with our employees, by addressing and remediating identified risks of accidents, injury and health impacts.

## **Workplace Security**

We are committed to maintaining a workplace that is free from violence, harassment, intimidation and other unsafe or disruptive conditions due to internal and external threats. Security safeguards for employees are provided, as needed, and are maintained with respect for employee privacy and dignity.

## **Forced Labor and Human Trafficking**

We prohibit the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, modern forms of slavery and any form of human trafficking.



# The Coca-Cola Company Human Rights Policy (cont.)

## Child Labor

We prohibit the hiring of individuals that are under 18 years of age for positions in which hazardous work is required.

## Work Hours, Wages and Benefits

We compensate employees competitively relative to the industry and local labor market, and in accordance with terms of applicable collective bargaining agreements. We work to ensure full compliance with applicable wage, work hours, overtime and benefits laws.

## Land Rights and Water Resources

We recognize the significant implications regarding respect for human rights that land use and water use across our value chain may have, which we address through specific policy and action.

While we do not typically purchase ingredients directly from farms, we are compelled, based on our values as a major buyer of several agricultural commodities, to take action and to use our influence to help protect the land rights of local farmers and communities.

We respect the human need for sustainable water supplies, safe drinking water, and protection of both ecosystems and communities through proper sanitation. Through our water stewardship program, we pursue a rights-based approach to water that mitigates risk by assessing local water risks, consulting and partnering with governments, communities and other stakeholders to develop water stress solutions where and when needed, and also implementing source water protection plans at our facilities.

## Healthy Lifestyles

We are committed to providing transparent nutrition information and a range of beverage options to enable consumers to make informed choices consistent with a healthy lifestyle.

## Guidance and Reporting for Employees

We strive to create workplaces in which open and honest communications among all employees are valued and respected. The Company is committed to comply with applicable labor and employment laws wherever we operate. The Company also ensures employees are aware of the Human Rights Policy through training and an annual certification process.

Any employee who believes a conflict arises between the language of the policy and the laws, customs and practices of the place where he or she works, or who has questions about this policy or would like to confidentially report a potential violation of this policy, should raise those questions and concerns with local management, Human Resources, the Legal Department or Strategic Security. Employees can also report suspected policy violations



## The Coca-Cola Company Human Rights Policy (cont.)

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through the EthicsLine secured internet website at [www.KOethics.com](http://www.KOethics.com) or by calling the appropriate toll-free number for their location, which can be found on the [www.KOethics.com](http://www.KOethics.com) website. No reprisal or retaliatory action will be taken against any employee for raising concerns under this policy. The Company will investigate, address and respond to the concerns of employees and will take appropriate corrective action in response to any violation.

The Human Rights Policy is aligned with the Company's Code of Business Conduct. This policy, including translations and related information, can be found via the Company's internet site: <http://www.coca-colacompany.com>

For individuals in the European Union: Please note that, due to EU legislation, the EthicsLine phone or web services only allow for reporting of financial, accounting and auditing matters. To report issues under the Human and Workplace Rights Policy, contact your local Management, Human Resources, Local Ombudspersons or Legal Department.

### **Public Reporting**

We report to the public on our human rights-related commitments, efforts and statements, consistent with this Human Rights Policy, as part of our Human Rights Report and annual Sustainability Report. This reporting cross references the UN Guiding Principles Reporting Framework.

*The Company reserves the right to amend this policy at any time. Nothing in this policy says or implies that a contract exists between the Company and its employees or that participation in this program is a guarantee of continued employment with The Coca-Cola Company.*

**Exhibit C**  
**Human Rights Report**





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



THE COCA-COLA COMPANY



# Contents

- 3** Foreword by James Quincey
- 5** The Coca-Cola Company at a glance
- 6** The global human rights context
- 8** The Coca-Cola Company's Human Rights Policy
- 9** Embedding our commitments into governance
- 12** Our supply chain matters
- 19** Salient human rights risks:
  - 20 Safety and health of all workers/security
  - 22 Equality/nondiscrimination and related issues/risks
  - 25 Child labor
  - 26 Forced migrant labor/forced labor of seasonal workers
  - 28 Freedom of association
  - 29 Access to water
  - 32 Working hours
  - 33 Healthy lifestyles
  - 34 Land rights
  - 36 Product safety/quality
  - 36 Rights linked to sponsorships
  - 39 Right to privacy
  - 41 Linkage to corruption/anti-bribery risks through value chain
- 42** Access to remedy
- 44** Achievements, lessons and improvements
- 46** Stakeholder engagement, collaborations and memberships







## Human Rights Report 2016-2017

Table of contents

### Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

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

This is a foundational part of maintaining our social license.

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

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





## Human Rights Report 2016-2017

Table of contents

### Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

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

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

Yours,





Human Rights Report  
2016-2017

Table of contents

Foreword by James Quincey

## The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

## CHAPTER 1:

# The Coca-Cola Company at a glance

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

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

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

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

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

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

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



Human Rights Report  
2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

**The global human rights context**

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

CHAPTER 2:

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

The UN Guiding Principles (UNGPs) on Business and Human Rights is an authoritative global standard, having been unanimously endorsed by the UN Human Rights Council in June 2011. The UNGPs are based on a three-pillar framework, which consists of:

- The state duty to protect human rights against abuse by third parties, including business, through appropriate policies, legislation, regulation and adjudication
- The corporate responsibility to respect human rights, meaning to act with due diligence to avoid infringing on the rights of others and address adverse impacts with which they are involved
- The need for greater access to effective remedy, both judicial and non-judicial, for victims of business-related human rights abuse

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

- A policy commitment to respect human rights







## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

### The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

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

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



“

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

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

CAROLINE REES, PRESIDENT  
AND CO-FOUNDER, SHIFT



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

### The Coca-Cola Company's Human Rights Policy

Embedding our commitments into  
governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships



## CHAPTER 3:

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

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

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

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

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

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

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

### Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

## CHAPTER 4:

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

Human Rights is a key focus among the top leadership of our Company.

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

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

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

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

### Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

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

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

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

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

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

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

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







## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

### Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

# 92%

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

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

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



*"The area of Human Rights is a key focus of the Public Issues and Diversity Review Committee. Our ongoing, vigilant respect for Human Rights reflects the core values of the Company and underpins the Company's ability to sustain and strengthen our social license to operate. Therefore, as a Board, we follow very closely the implementation of the Company's human rights work as well as the Company's 2020 Global Workplace Rights commitments. We aim to ensure that the Company takes a comprehensive approach to human rights, which encompasses the way the Company does business, how it grows and how it engages with stakeholders."*

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





Human Rights Report  
2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

**Our supply chain matters**

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

CHAPTER 5:

# Our supply chain matters

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

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

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

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

## Our Supplier Guiding Principles:

Freedom of association and collective bargaining

Prohibit child labor

Prohibit forced labor and abuse of labor

Eliminate discrimination

Work hours and wages

Provide a safe and healthy workplace

Protect the environment

Business integrity

Grievance procedure and remedy

Management systems for ensuring lawful compliance and respect for all human rights.

[Supplier Guiding Principles](#)



**Human Rights Report  
2016-2017**

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

**Our supply chain matters**

Salient human rights risks

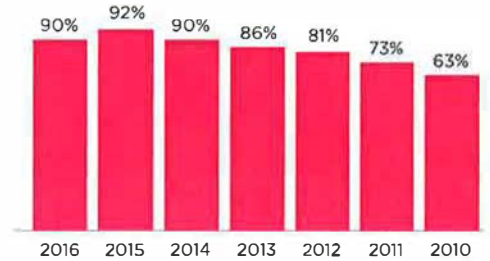
Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

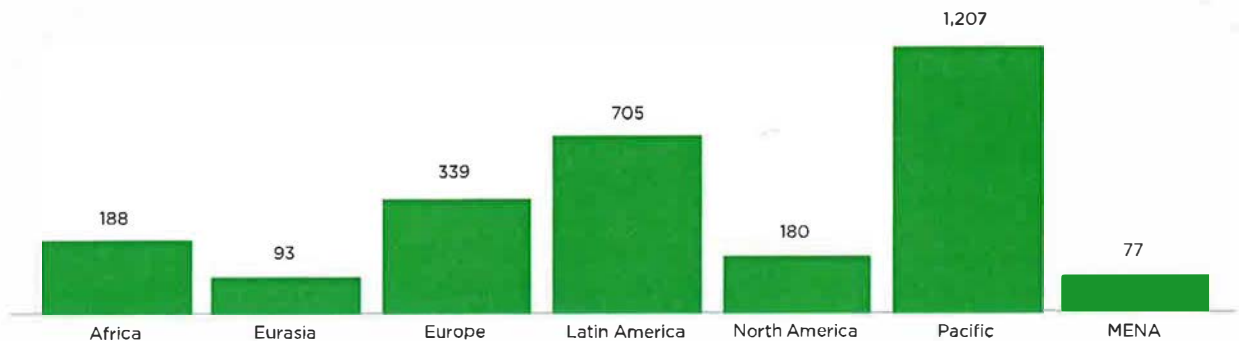
**Compliance of direct, authorized suppliers, bottlers and company-owned facilities with the Human Rights Policy and the Supplier Guiding Principles**



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

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

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



**Number of audits in 2016  
Total: 2,789**



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

### Our supply chain matters

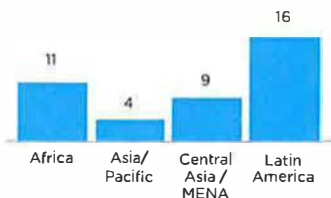
Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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



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

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

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

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

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

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

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

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

### Our agricultural supply chain

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

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



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

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

### **Sugar update**

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

### Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

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

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

### Coffee and tea update

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

### Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

### Fruits update

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

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

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

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

### Sourcing map

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

#### The map:

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







## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The international  
human rights context

Starting point

Embedding our commitments into  
governance

### Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons, and  
improvements

Our stakeholder engagement,  
collaborations and memberships

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

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

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

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

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

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

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

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







## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

Our supply chain matters

**Salient human rights risks**

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

## CHAPTER 6:

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

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

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

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

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



## Human Rights Report 2016-2017

- Table of contents
- Foreword by James Quincey
- The Coca-Cola Company at a glance
  - The international human rights context
  - Starting point
- Embedding our commitments into governance
- Our supply chain matters
- Salient human rights risks**
  - Access to remedy
- Achievements, lessons, and improvements
- Our stakeholder engagement, collaborations and memberships



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

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

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

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

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



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

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

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

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

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

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

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

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

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

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

It is important for us to have a clear understanding how we, as a company, as well as our bottlers and suppliers, perform related to the identified salient human rights risks. Audits give us the compliance rate for workplace-related human rights, which is discussed at the board level on a biannual basis. Through our risk management system, each serious incident is escalated directly to the global level, where it is tracked and follow-up is monitored. These systems are complemented through an ethics hotline, which provides data on complaints within the Company, and data from our human rights and workplace rights managers in the field across the globe. These managers monitor compliance at the regional level and have great insight into the regional specificities, challenges and performance.





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and improvements

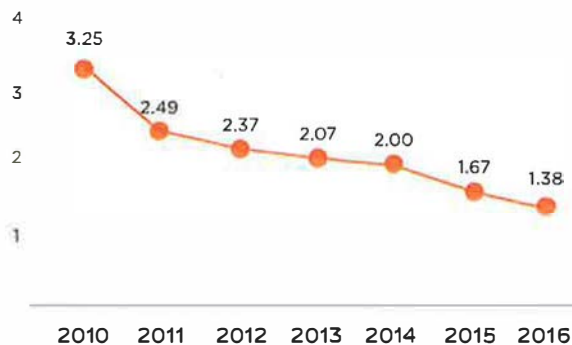
Stakeholder engagement, collaborations and memberships

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

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

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

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



**LTIR Rate by Year**

## Equality/nondiscrimination and related issues/risks

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

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

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

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

We drive and sustain our diversity and inclusion efforts by:

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

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

### Driving an Inclusive culture

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

We have the following Diversity Councils:

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

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

### Business Resource Groups

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

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

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

### Using our voice on diversity and inclusion issues

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

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



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

### Public commitments of The Coca-Cola Company

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

Our supply chain matters

### Sallent human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

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

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

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

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

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

### Child labor

Child labor is a severe human rights violation. In addition to concerns about physical strain, children who work instead of attending school will always be at the margin of the labor market and increasingly vulnerable to violence. Subsequently, child labor has an impact on society development as well. Our Human Rights Policy and SGP clearly prohibit the use of child labor. While we can ensure child labor doesn't exist in our Company-owned operations, we are aware there are risks of child labor deep within our supply

chains, such as at the farm level. There is also a risk of child labor further downstream; for example, at points of recovery of recyclable materials.

Our Company does not typically purchase ingredients, such as sugar, directly from farms, nor are we owners of sugar farms or plantations, but as a major user of sugar and other agricultural ingredients, we are taking action and using our influence to help end child labor in sugarcane fields and along our supply chain. To address the issue, we collaborate with suppliers, industry groups and local stakeholders. In recent years, we joined collaborative efforts in several countries. More information can be found [here](#).

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

Mexico. More information on these cases and our remediation can be found in the Access to remedy chapter of this report. In our audits of suppliers, bottlers and Company-owned facilities, we had six cases in 2016 in which workers were currently of legal age but under age when hired.

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

### Forced migrant labor/ forced labor of seasonal workers

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







## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

indentured labor, bonded labor, military labor, slave labor and human trafficking. The Company also expressly prohibits any form of human trafficking within our system or by any company that directly supplies or provides services to our business.

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

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

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

As an active member of The Consumer Goods Forum (CGF), The Coca-Cola Company supports and implements the CGF's commitment on the eradication of forced labor, which is based on the following principles: Every worker should have freedom of movement, no worker should pay for a job, and no worker should be indebted or coerced to work. The Coca-Cola Company co-chairs the work stream focused on implementing the resolution among members. As part of the implementation, we actively engage with suppliers and peers to promote awareness of these principles. For instance, in 2016, we partnered with peer companies under the umbrella of AIM-PROGRESS to deliver supplier training focused on ethical recruitment. We co-sponsored supplier days in Thailand in 2016, and Dubai in early 2017. These forums provide an opportunity for suppliers to hear from multiple customers, share best practices and gain access to additional tools and guidance materials.

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

In 2017, the Company's Global Workplace Rights Director Brent Wilton was recognized as a global leader on the [Top 100 Human Trafficking & Slavery Influence Leaders List](#). This list recognizes leaders across government, civil society and the private sector shaping the future of supply chain excellence and corporate social responsibility on efforts to reduce human trafficking and slavery by increasing public awareness, advocating for supply chain education and helping companies meet their responsible sourcing goals.





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

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

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

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

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

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

### Freedom of association

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

### Access to water

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

#### How does it work?

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

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

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

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

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

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

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

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The international  
human rights context

Starting point

Embedding our commitments into  
governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Our stakeholder engagement,  
collaborations and memberships

## Best practice: RAIN — water for Africa

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

### How RAIN works:

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

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

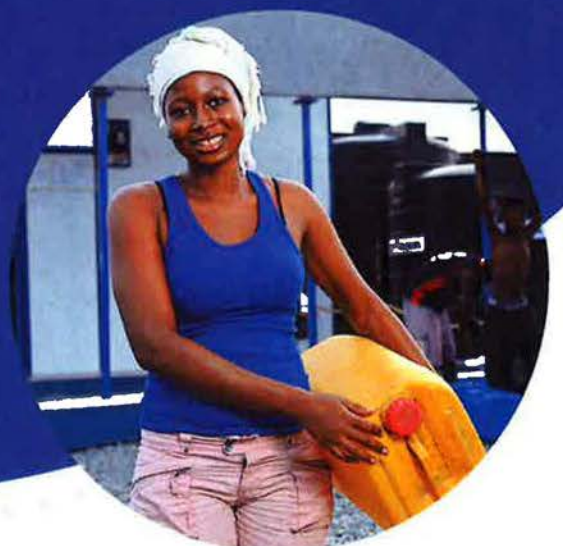
- **Water for Productivity** — RAIN's programs improve access to safe and reliable water sources, which can save people time and create opportunities for income generation, such as by providing water for increased food security.

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

### Key achievements:

Since inception, RAIN has:

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







## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Sallent human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships



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

### Successes of our water replenishment program

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

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

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

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

### Working with others

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

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

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

### Working hours

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

**Sallent human rights risks**

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

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

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

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

The Coca-Cola Company supports the current recommendation by several leading health authorities, including the World Health Organization, that people should limit their intake of added sugar to no more than

# 10%

of their total energy/calorie consumption. We've begun a journey toward this goal.





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### **Salient human rights risks**

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

## Healthy lifestyles

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

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

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

## Land rights

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



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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The international  
human rights context

Starting point

Embedding our commitments into  
governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Our stakeholder engagement,  
collaborations and memberships

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

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

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

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

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

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

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

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

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







## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

### Product safety/quality

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

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

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

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

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Sallent human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

### Rights linked to sponsorships

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

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

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

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



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

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







## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

Our supply chain matters

### Sallent human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships



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

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

## Right to privacy

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

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

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

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

Stakeholder engagement,  
collaborations and memberships

### Privacy training

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

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

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

### 2016 accomplishments

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

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



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

### Future of privacy

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

### Salient human rights risks

Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

### Social media

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

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

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

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

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

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

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

### Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

## CHAPTER 7:

# Access to remedy

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

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

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

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

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

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

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

Resolving abuses can be very complex, requiring a comprehensive approach that includes cooperation with NGOs, local government and other organizations. For example, our Human Rights Policy and SGP strictly prohibit the use of child labor in any of our or our suppliers' operations. We know, however, that child





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

### Access to remedy

Achievements, lessons and improvements

Stakeholder engagement, collaborations and memberships

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

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

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

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

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

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

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

# 83%

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





**Human Rights Report  
2016-2017**

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

**Achievements, lessons and improvements**

Stakeholder engagement, collaborations and memberships

**CHAPTER 8:**

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

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

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

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

### Achievements, lessons and Improvements

Stakeholder engagement,  
collaborations and memberships

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

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

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

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

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

### Key achievements in 2016 and 2017 include:

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

**Stakeholder engagement, collaborations and memberships**

## CHAPTER 9:

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

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

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

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

Our principles:

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

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

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

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

**Stakeholder engagement, collaborations and memberships**

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

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

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

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

## Our engagement with the Interfaith Center on Corporate Responsibility



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

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

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

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



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The international  
human rights context

Starting point

Embedding our commitments into  
governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

**Stakeholder engagement,  
collaborations and memberships**

## Lessons learned from our Oxfam America engagement

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

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

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

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

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

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



# OXFAM

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

- **Business for Social Responsibility (BSR).** BSR is a global nonprofit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable

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

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





## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human  
Rights Policy

Embedding our commitments into  
governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and  
improvements

**Stakeholder engagement,  
collaborations and memberships**



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

- **Global Business Initiative on Human Rights (GBI).** GBI's mission is to advance human rights in a business context through cross-industry peer learning, outreach and capacity building, and by informing policy. The Coca-Cola Company is part of a core group of corporations from different industries, headquartered in diverse countries, with global operations that meet at least two times per year and engage in this in-depth exchange of experience and problem solving. More information can be found at [www.global-business-initiative.org/](http://www.global-business-initiative.org/).
- **ILO Child Labor Platform (CLP).** Under the leadership of the International Labor Organization (ILO), the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC), and in a multi-stakeholder approach, the CLP aims to identify obstacles to the implementation of the ILO Conventions in supply chains and surrounding communities, identify practical ways of overcoming these obstacles, and catalyze collective action. The Coca-Cola Company is a founding member of the CLP and actively engages in peer learning. More information can be found at [www.ilo.org/ipecc/Action/CSR/clp/lang-en/index.htm](http://www.ilo.org/ipecc/Action/CSR/clp/lang-en/index.htm).
- **International Organisation of Employers (IOE).** The IOE is the largest network of the private sector in the world, with more than 150 business and employer organization members. In social and labor policy debate taking place in the International Labor Organization, across the UN and multilateral system, and in the G20 and other emerging processes, the IOE is the recognized voice of business. The Coca-Cola Company is a partner of the IOE and is engaged in its Human Rights and CSR Policy Working Group as well as the Global Industrial Relations Network (GIRN). More information can be found at [www.ioe-emp.com](http://www.ioe-emp.com).
- **Leadership Group on Responsible Recruitment (LGRR).** LGRR is a business leadership group working closely with international organizations, NGOs and trade unions to eliminate all worker fees in recruitment, both in law and practice, by 2026. The first international forum on responsible recruitment was hosted in Berlin on June 19, 2017 to explore collective action to end the global demand for exploitation in supply chains and also increase the supply of ethical recruitment. More information under the following link: <https://www.ihrb.org/employerpays/leadership-group-for-responsible-recruitment>
- **Mega-Sporting Events Platform for Human Rights (MSE Platform).** The Mega-Sporting Events Platform for Human Rights (MSE Platform) is an emerging multi-stakeholder coalition of international and intergovernmental organizations, governments, sports governing bodies, athletes, unions, sponsors and broadcasters and civil society groups. Through dialogue and joint action, the mission is to ensure all actors involved in staging an event fully embrace and operationalize their respective human rights duties and responsibilities throughout the MSE lifecycle. Chaired by Mary Robinson, former U.N. High Commissioner for Human Rights and former President of Ireland, the MSE Platform is facilitated by IHRB. The Coca-Cola Company is a founding member of the MSE Platform and co-chairs the task force of Sponsors and Broadcasters. More information can be found at [www.ihrb.org/megasportingevents](http://www.ihrb.org/megasportingevents).
- **Shift.** The Coca-Cola Company participates in the Business Learning program of Shift, the leading center of expertise on the UNGP on Business and Human Rights. Founded in 2011, Shift's team of experts facilitate dialogue, build capacity and develop new approaches with companies, governments, civil



## Human Rights Report 2016-2017

Table of contents

Foreword by James Quincey

The Coca-Cola Company at a glance

The global human rights context

The Coca-Cola Company's Human Rights Policy

Embedding our commitments into governance

Our supply chain matters

Salient human rights risks

Access to remedy

Achievements, lessons and improvements

**Stakeholder engagement, collaborations and memberships**

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

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

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

- **UN Global Compact.**

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

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

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

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

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

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

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



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

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





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



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