

## **Modern Slavery Statement 2016 (“Statement”)**

*This Statement is published by Beverage Services Limited, an indirect wholly owned subsidiary of The Coca-Cola Company, in accordance with the UK Modern Slavery Act. It sets out the steps taken by The Coca-Cola Company and its subsidiaries (together referred to as “The Coca-Cola Company” or the “Company”) during financial year 2016 to prevent and eradicate forced labor and human trafficking in Company operations and the supply chain. The discussions about actions taken by The Coca-Cola Company reflect steps taken at the parent company level and as also implemented where indicated by the entities publishing this Statement. Slavery, forced labor and human trafficking are referred to in this Statement as “forced labor and human trafficking.”*

### **Overview**

Respect for human rights is fundamental to the sustainability of The Coca-Cola Company and its subsidiaries and the Company is committed to working to ensure that people associated with the businesses and connected to the supply chains are treated with dignity and respect. The International Labor Organization estimates that 21 million people are in forced labor situations, over half of whom are in industries that may feed into global supply chains. This is one of the critical human rights issues of the time and all companies must make it clear that there is no place for such practices in modern business operations. The Coca-Cola Company’s Human Rights Policy and Supplier Guiding Principles prohibit the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor and any form of human trafficking.

In 2016, the Company implemented policy enhancements and undertook work to identify risks deeper in the supply chain, collaborated with peer companies to support an industry-wide resolution against forced labor, conducted supplier trainings focused on the topic and became a founding member of a multi-stakeholder initiative to advocate for the “employer pays principle.”

Through these steps the Company aims to improve due diligence in the own supply chain and also raise awareness through collaboration.

### **Business organization, structure and supply chain**

The Coca-Cola Company is one of the world's largest non-alcoholic beverage company with more than 500 sparkling and still brands and over 3,900 beverage choices. The Company's global portfolio features 21 billion-dollar brands including: Coca-Cola, Diet Coke, Fanta, Sprite, Coca-Cola Zero, vitaminwater, Powerade, Minute Maid, Simply, Georgia, Dasani, and Del Valle and others. Through the world's largest beverage distribution system, consumers in more than 200 countries and territories enjoy Coca-Cola beverages at a rate of more than 1.9 billion servings a day.

The Company makes beverage products available to consumers throughout the world through a network of Company-owned or -controlled bottling and distribution operations as well as independent bottling partners, distributors, wholesalers and retailers. There are approximately 250 independent bottling partners and more than 900 bottling plants and together the system employs over 700,000 people. The Company has approximately 3,500 direct suppliers that are authorized to sell ingredients, packaging, and other supplies to the system and are subject to potential audit.

Further details regarding Company organization and structure can be found in public filings.<sup>1</sup>

### **Policies and Contractual Controls**

The Company's Human Rights Policy applies to Company-owned and controlled operations worldwide and clearly articulates its corporate commitment to respect human rights in its operations. Together the Human Rights Policy and Supplier Guiding Principles establish a foundation for requiring the business around the world to be maintained in accordance with

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<sup>1</sup> The most recent of which can be found here – <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/investors/2016-AR-10-K.pdf>

Company standards, including prohibiting the use of forced labor and human trafficking. These policies also include rights that provide an important underpinning against forced labor, including freedom of association, child labor, abuse of labor and grievance mechanisms. There is a Committee within The Coca-Cola Company's Board of Directors that reviews the Company's human and workplace rights policies and how the Company demonstrates respect for human and workplace rights in the business system, in the supply chain and in the communities in which the Company operates. At a minimum, the Committee receives progress reports in this area annually.

The Supplier Guiding Principles are embedded into contractual agreements and purchase orders between the Company and direct and authorized suppliers. TCCC expects partners and suppliers to develop and implement appropriate internal business processes to ensure compliance with the Supplier Guiding Principles.

### **Policy and Due Diligence Enhancements**

Recognizing that migrant workers are particularly vulnerable to exploitation and human trafficking, in 2014, the Company reviewed policies and due diligence activities with the aim of better protecting such workers throughout the supply chain. The Company publicly committed to three principles related to the recruitment and employment of migrant workers:

- 1) Employment terms are represented in a truthful, clear manner and in the language understood by workers prior to employment;
- 2) Worker does not pay recruitment, placement or transportation fees; and
- 3) Worker has access to personal identity documents.

These principles, along with the overall prohibition of forced labor, create a framework for responsible and transparent recruitment and employment practices. These practices were built into the Company's audit protocol at the beginning of 2015 and conducted auditor training sessions around the world to familiarize third party auditors with the new expectations. The Company continues to do refresh auditor training as needed, including in Africa, Hong Kong and Latin America in 2016.

To further promote the “Employer Pays Principle,” The Coca-Cola Company is a founding member of the Leadership Group for Responsible Recruitment, a group of companies that have committed to the principle. No worker should pay for a job - the costs of recruitment should be borne not by the worker but by the employer. The Leadership Group, supported by the Institute for Human Rights and Business (IHRB), the Interfaith Center on Corporate Responsibility (ICCR), International Organization for Migration (IOM) and Verite, will be championing the idea among peer companies.

### **Supplier Audits**

As part of the contractual language, direct and authorized suppliers agree to perform audits by third parties to demonstrate compliance with the Supplier Guiding Principles. In addition, all of the bottling operations and authorized suppliers selling more than \$60,000 annually to the Coca-Cola system are required to complete a third-party audit and share the audit results with The Coca-Cola Company. Moreover, the Company has chosen not to limit the audits to those suppliers identified on a risk based approach – for instance only auditing in certain markets or certain product lines – because, as a global brand, Company standards and expectations are global as well. And, because The Coca-Cola Company believes that it is important to demonstrate that it holds itself to the same requirements that is asked of supplier partners, third party audits are also conducted at Company office locations.

Third party audits remain an important tool for confirming adherence to the Human Rights Policy and Supplier Guiding Principles, including any evidence of any forced labor or human trafficking. The Company approves a select number of independent audit firms and work with them to conduct the audits which generally span one to three person days depending on facility worker population. The audits are generally announced, but the Company reserves the right to conduct unannounced audits as well. The primary components of an audit include an opening meeting to familiarize the facility management with the process and expectations and to answer any questions. A facility walk through enables the auditors to review safe workplace conditions including emergency exits, chemical storage, machine safety, etc. Confidential interviews which sample both employees and

contingent workers enable auditors to hear directly from workers. Management is not allowed to be present during workers interviews and while guidance is provided to auditors on topics to cover, the intention is for the auditor to have a conversation and make workers feel comfortable. Record reviews enable the auditors to cross-check the information gathered throughout the assessment against personnel files, wage records and hours of work logs. At the completion of the audit, a closing meeting is held with management to review any findings identified and review recommended corrective actions. The facility manager is asked to sign a summary report. A full report is then be issued and sent to The Coca-Cola Company and the facility, generally within two weeks.

If a supplier fails to uphold any aspect of the Supplier Guiding Principles requirements, it is expected to pursue remediation. The Company works with suppliers to implement corrective actions and demonstrate compliance through a follow-up assessment. Depending on the type of finding, corrective actions are expected to occur to remediate issues immediately for critical findings or within 30-90 days for those findings that require additional implementation time. Validation of remediation occurs through in-person or remote follow-ups. A remote follow-up would suffice when documents can be provided to show corrective action while in-person follow-ups are scheduled if interviews or visual inspection are needed. This process and associated expectations are explained to suppliers in detail in the Workplace Implementation Guide.

In areas where employment of foreign or migrant workers is common, auditors are asked to pay special attention to the recruitment process and document retention. Recruitment agencies can offer a valuable service, but can also render workers vulnerable to bonded or forced labor. Migrant workers may become trapped by debt incurred to pay recruiters or by visa and work permit regulations that bind them to a particular workplace, and by limited access to host country law enforcement. In 2016, the Company invited the Interfaith Center on Corporate Responsibility to shadow an auditor at a Taiwan supplier, where migrant workers are present. The intention was to validate the process implementation and solicit feedback. Audit firms are asked to take special care in identifying any higher risk recruitment practices, including verifying the employment terms were shared prior to employment and covered topics such as:

- Minimum and overtime wage rates;

- Maximum overtime hours that can be expected and that are consistent with local laws; Benefits to be provided;
- Summary of the living conditions if applicable;
- Any legalities regarding terminating employment or visas required for exiting the country.

Auditors inquire during interviews and review payroll records to identify instances where recruitment or placement fees were charged to workers.

Each year, The Coca-Cola Company facilitates more than 2,000 third-party audits of Company office locations, franchise bottlers, and suppliers each year and more than 20,000 third-party audits since the audit program began in 2003.

The Company's publicly stated goal is that, by 2020, 98 percent of bottling plants and 95 percent of in-scope suppliers will achieve compliance with the Supplier Guiding Principles. Based on the results of third-party audits, by the end of 2016, 90 percent overall achieved compliance with the Supplier Guiding Principles. As previously noted, the Company works with those sites that have not yet achieved compliance to remediate issues, make continuous improvement and then demonstrate progress during the next audit.

### **Training and Peer Engagement**

To support employees and suppliers in upholding the Human Rights Policy and Supplier Guiding Principles, the Company conduct training and provide online resources. Training on the Human Rights Policy has now been incorporated as a standard online training module for all employees, including special training for those responsible for supply chain management for the entities publishing this statement. Company employees are provided multiple internal mechanisms to report any violation of Company policy or law, including related to forced labor and human trafficking. The Company maintains a third-party service to allow employees and vendors to report violations in multiple languages via KOethics.com 24 hours a day. The Company has published online simple brochures available in 14 languages outlining what employees and leaders need to know and do regarding respect for human rights overall. To further bring the topic of human rights to life, a video was assembled with a compilation of employees talking about what human rights

means to them as part of a [blog post](#). The [Human Rights Managers Guide](#), which specifically covers the topics of forced labor and human trafficking, is available online and helps Coca-Cola managers globally, including managers of the disclosing entities, understand expectations including with regards to forced labor and human trafficking.

For suppliers, in-person training as well as online resources are provided. The Workplace Implementation Guide is available in multiple languages and outlines how to uphold the Supplier Guiding Principles. The Company also developed a mobile app which is available on iTunes and is intended for use by suppliers and employees and includes interactive checklists related to key risk areas such as forced labor among migrant workers.

To underscore the message against forced labor and human trafficking, the Company collaborates with peer companies through the industry group [AIM-PROGRESS](#) to deliver supplier trainings. AIM-PROGRESS is a forum of Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains. By working together with peers, the Company strengthens the common message about workplace rights overall and the prohibition of forced labor and human trafficking across the industry. During recent supplier trainings in Thailand in 2016, AIM-PROGRESS included specific sessions on addressing human trafficking risks. The 2016 training in Thailand brought together 350+ representatives of suppliers in the sector in Thailand and included an afternoon workshop on managing migrant labor to reduce the risk of human trafficking. Additional sessions are planned in 2017 focusing specifically on reducing and addressing the risk of human trafficking.

The [Consumer Goods Forum](#) (CGF) is a consortium of consumer goods manufacturers and retailers focused on pursuing efficiency and positive change. In 2016, the CGF members decided to highlight the eradication of forced labor as a critical issue. The Coca-Cola Company was one of the co-leads for a workstream focused on drafting and now implementing the CGF's [Forced Labor Resolution](#). An Action Framework for implementation of the Resolution was subsequently developed and then approved by the Board of CGF in June of 2016. The Forced Labor Resolution

identified a set of Priority Industry Principles. The Priority Industry Principles, listed below, aim to address employment practices that can lead to forced labor situations:

- Every worker should have freedom of movement
- No worker should pay for a job
- No worker should be indebted or coerced to work

The workstream encourages members to take steps to implement and mainstream these principles in their own operations and supply chain and to find opportunities for collaboration with other CGF members. In 2017, the Company continues to work with other CGF member companies to disseminate and advocate for the vision articulated in the resolution including through joint training efforts addressed to suppliers.

### **Human Rights Risk Verification and Management within Supply Chain**

In addition to the rigorous implementation of the Human Rights Policy and Supplier Guiding Principles, in 2016 the Company worked with the organization SHIFT to initiate a comprehensive global effort to identify salient human rights issues and risks throughout the value chain. SHIFT is an organization that works with companies to implement the United Nations Guiding Principles on Business and Human Rights (UNGPs). In 2016 the Company sponsored four workshops globally and have completed seven in total since initiating the project. The initial workshops were facilitated by SHIFT and included cross-functional staff from departments such as procurement, water stewardship, legal, public affairs, 5by20 women's empowerment and others and then the model was replicated in other geographies including Mexico City, Thailand, South Africa, Dubai and London. The Company also carried out a workshop with top bottler partners to identify salient human rights issues across the system. In 2017, the focus is on reviewing the list of salient human rights issues with stakeholders. The Company discusses human rights issues identified through these workshops and previous value chain analysis with the Public Issues and Diversity Review Committee of the Board of Directors on an ongoing basis.

#### Risks in Agriculture



One potential area of risk for forced labor and human trafficking is agriculture. The Company and local subsidiaries do not typically purchase agricultural ingredients directly from farms, nor does the Company own farms or plantations. But, as a major buyer of agricultural ingredients, such as sugar, the Company strives to ensure human rights are respected across these ingredient supply chains. In 2013, the Company has made a commitment to sustainably source 100% of priority agricultural ingredients, which range from sugarcane to tea to citrus fruits by 2020. To this end, in 2013 the Sustainable Agriculture Guiding Principles (“SAGP”) was published. The SAGP, which build on the Company’s Supplier Guiding Principles, prohibit forced labor and human trafficking.

Additionally, the Company determined to make it a goal to conduct country level studies (or “country studies”) on forced labor, child labor, and land rights looking at a priority crop, sugar, in top markets where sugar is sourced. The studies – which are research efforts, not audits – enable us to better understand the sugar sourcing supply chain and to give visibility on how suppliers and bottling partners are addressing these three risks which are considered higher social risk factors in agricultural supply chains. The country studies are undertaken by third-party research firms and include three components of work: 1) A review of relevant literature such as data from the national government, International Labor Organization, US Department of Labor, World Bank, U.S. Department of State, and NGO expert publications as well as other public sources of information, ; 2) Stakeholder interviews including international, national and regional stakeholders; and 3) Field visits to farms, on-site interviews with cane-cutters and on-site documentation review at the sugar mills. Stakeholders have included ministries of labor and agriculture, local chapters of international organizations like Save the Children and Oxfam, local unions, community members, relevant sugar associations, etc. Specific stakeholder information is included in each published report. The farms visits may be a combination of announced and unannounced visits. At the conclusion of the research, a public report is issued on the website and, in consultation with relevant stakeholders, mitigation strategies are discussed as well as corrective actions that may be required should any incidents of those risks be found. More information on the country study methodology is available [online](#).

By March 2017, The Coca-Cola Company published nine country studies, and more are underway. The country studies are available on the [website](#) and findings vary from country to country. For instance, in [Brazil](#), where forced labor has been a historical issue, stakeholders interviewed for and listed in the report agreed that great strides have been made to combat the issue and no incidences of forced labor were identified in the sugar mills surveyed by the researchers. Thirteen of the twenty-one Brazilian sugar mills surveyed had written policies against forced labor, eleven of which extended to their suppliers<sup>2</sup> and all 21 Brazilian sugar mills were found to have practices aimed at preventing forced labor conditions. In contrast, only 1 of 6 sugar mills reviewed in the [Colombia study](#) had a written policy against forced labor in their operations and that policy did not extend to its suppliers. Notwithstanding the gap in existence of policies, no instances of forced labor were identified in Colombian sugar mills surveyed. In [Guatemala](#), three of the five sugar mills surveyed were determined to have strong management systems implemented to prevent forced labor, but in another Guatemalan sugar mill, forced overtime – a form of forced labor – was identified among internal migrant workers (those workers migrating within the country) coming to work for the harvesting season. The Company works directly with these mills and more broadly with the relevant sugar associations to continue to build on their efforts to improve on key labor issues, including forced labor and human trafficking and overall respect for human rights.

These country studies are not an objective in and of themselves. It was expected, setting out that this would be a journey that would require significant collaboration with suppliers, bottlers and key stakeholders to carefully examine human rights risks and to improve efforts to prevent forced labor and human trafficking in the operations and supply chain. These studies were an important tool for facilitating an internal and external conversation on human rights impacts, including the risk of forced labor and human trafficking, deeper in the supply chain.

#### Additional Risk Areas

Another area of identified risk related to forced labor in the value chain is the sponsorship of mega-sporting events. Mega-sporting events, like the Olympics or World Cup, inspire athletes and fans alike, but have in some instances also been associated with human rights challenges. As sponsors

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of such events, the Company advocates for transparent and accountable administration that respects the human rights of all those involved – from those building event venues to the athletes themselves. The Company has an ongoing partnership with the Institute for Human Rights and Business (“IHRB”) to focus on the topic of human rights in the context of mega-sporting events. More information is available on their dedicated website: <http://www.megasportingevents.org/>. In 2016, the Company participated in multi-stakeholder forums to bring the relevant parties together to highlight the risk of adverse human rights impacts at mega-sporting events and push for improvement. During a panel at the United Nations Asia Regional Forum on Business and Human Rights in Doha, Qatar, in April 2016, the Director of Global Workplace Rights, Brent Wilton, urged stakeholders to be part of global engagement efforts to drive change in how the various participants in mega-sporting events address the risk of adverse human rights impacts in connection with the construction and hosting of such events, including by creating an independent center of learning and accountability on mega-sporting events. Wilton also highlighted the recommendations outlined by Professor John Ruggie in his report “For the Game. For the world” on FIFA and Human Rights and urged all sports governing bodies to learn and abide by these recommendations.

Qatar, the site of an upcoming FIFA World Cup in 2022, has faced concerns about human rights issues, particularly with regards to migrant workers. The Coca-Cola Company has operations in Qatar, including a bottling plant which the Company hopes can be a positive example for responsible business conduct in the region. It is policy that employees retain possession of their passports and identification papers and personal lockers are provided to ensure safe-keeping. Salaries are paid directly to workers’ bank accounts which reduces opportunity for third parties to take deductions from workers’ salaries. Quarterly payroll reviews are conducted by management for contingent workers to ensure adherence to local regulations. Responsible recruitment as well as employee well-being programs like summer hydration practices, first aid and safety training and pro-active attempts to get visas for female workers resulted in The Coca-Cola Bottling Company being named one of the Best Employers within the Gulf Cooperation Council (GCC) for best recruitment practices and employee engagement in November 2016.

Going forward, the Company's businesses and value chains will continually be reviewed to identify other areas, such as those listed above, where the risk of forced labor and human trafficking may exist.

### **Further Steps to Strengthen the Approach**

In the year ahead, the Company intends to further refine due diligence efforts related to monitoring recruitment practices. To do so, technology applications will be piloted to improve baseline information gathering about recruitment and employment practices so the effectiveness of Company efforts can be assessed. Additionally, training initiatives with peer companies (as described above) will be enhanced to underscore to suppliers that their commercial partners have common policies and goals related to the elimination of forced labor and human trafficking in their supply chains.

In 2017, the Company will continue to use its voice within the business community to advocate against forced labor and human trafficking in global supply chains. In particular, the Company will continue supporting the implementation of the Consumer Goods Forum Forced Labor Resolution, learning from experience to date and from stakeholder feedback to improve the recruitment risk monitoring program and testing new ways to scrutinize recruitment practices. When findings are identified the Company will continue to work with suppliers to ensure labor brokers utilized cease the practice of charging recruitment fees. The country studies continue to help identify the risk of forced labor beyond the first tier of the sugar supply chain, and plan to publish on the public website any additional country study reports completed in 2017.

The Coca-Cola Company is 131 years young, serving beverages that refresh the world. The Company strive to enable any consumer anywhere in the world to enjoy a moment of happiness from a beverage that has been made in line with the values and with respect for human rights.

**Signature and approval**

**Name & Title:**



SCOTT ROCHE  
DIRECTOR