

ethix press



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Ethix revises Coca-Cola recommendation

As of August 19, 2005, Ethix has revised its recommendation for Coca-Cola from an Exit/Engage to a Monitor. This is based on recent positive developments concerning labour rights at the company's bottling partners in Colombia.

Ethix concludes that while there are still some issues of concern, Coca-Cola has made significant progress in addressing its social responsibilities. We will monitor the development at Coca-Cola's bottling partners in Colombia and the actions taken by the company in fulfilling its commitments.

The revised recommendation also applies to Coca-Cola Femsa SA, Fomento Economico Mexicano S.A. and Panamerican Beverages Inc.

Coca-Cola has explicitly addressed the situation in Colombia

Coca-Cola shows a long term ambition to make improvements, of which its recent response to stakeholder demands for an independent audit and corrective actions concerning its labour and business practices in Colombia is a very decisive step.

Coca-Cola has initiated independent workplace assessments of its bottling partners around the world. In 2005, Coca-Cola published the result of an assessment of its bottling partners in Colombia. Issues of work environment, health and safety, child labour, forced labour, abuse of labour, wages and benefits, working hours and collective bargaining were assessed at each facility. All but one facility fully complied with national legislation, and the investigation found that labour rights were respected at all workplaces assessed. The investigations resulted in corrective action plans for the facilities, addressing issues such as working hours, communication from management, fulfilling collective agreement and some health and safety-issues.

Coca-Cola Femsa reports on measures taken to protect employees and union officials from violence. Some of the benefits offered to workers by Coca-Cola Femsa are the following: transportation to and from workplaces, loans to improve security of personal homes, paid leave for employees (if

considered in danger), security training, shift and job changes, extensive life insurance, paid cellular phones for emergency use (offered to all Sinaltrainal's board of directors) and loans to improve security of union offices.

Coca-Cola addresses its social responsibility to uphold labour rights in its world-wide network of bottling companies

Recently, Coca-Cola has put in place a number of initiatives to ensure compliance with its supplier guidelines addressing work environment, health and safety, child labour, forced labour, abuse of labour, wages and benefits and collective bargaining.

For example, Coca-Cola is establishing a global labour relations function at company group level, which will develop and execute a global labour relations strategy. The company has also created a Corporate Accountability Council which will ensure compliance with corporate policies. Coca-Cola has also launched a worldwide citizenship program which will clarify Coca-Cola's core values to the bottlers.

Coca-Cola has begun commissioning workplace assessments such as the one in Colombia at a number of bottlers in Africa, North America, Europe and South America. The company states that the summaries of the findings will be shared externally.

Ethix conclusion

The recent development gives at hand that Coca-Cola has a long-term ambition to improve its labour relations on a corporate group level as well as imposing its policies on bottlers. Coca-Cola's new management functions will help to ensure that commitments made are fulfilled.

Communication with stakeholders continues to be an issue for Coca-Cola on group level as well as at specific bottlers in Colombia. The workplace assessments carried out in Colombia showed that there are a number of improvements to be made at the bottling facilities concerning management communication with workers and the labour unions, as well as management fulfilling all obligations in the collective agreements.

Overall, Coca-Cola has made significant progress both in Colombia and on corporate group level, and Ethix recommends a Monitor of the case for further developments.