



THE COCA-COLA  
COMPANY'S  
HUMAN RIGHTS  
REPORT:

AN  
EXERCISE  
IN  
EVASION



International Union of Food, Agricultural, Hotel, Restaurant, Catering,  
Tobacco and Allied Workers' Associations (IUF)

# What is missing from the first human rights report of The Coca-Cola Company!

IUF members represent the vast majority of unionized workers in the global Coca-Cola system. They have no need of a glossy brochure or a third-party audit to tell them whether their rights are respected or not – they know from direct experience.

In recent years, years which were not without difficult conflicts, we have had reason to believe that progress was being made on advancing the human rights of workers within the global Coca-Cola system. We now see significant slippage on rights at TCCC even as the company promotes its 'milestone' human rights report. (<http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/Human-Rights-Report-2016-2017-TCCC.pdf>)

The right of workers to freely join trade unions of their choice, and the right of those unions to collectively bargain their members' terms and

**Workers at Coca-Cola Indonesia continue to demand their human rights at the workplace – rights which TCCC claims to respect**



conditions of employment, are recognized as fundamental human rights in international human rights instruments including the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and of course Conventions 87 and 98 of the United Nations' International Labour Organization.

By organizing in unions and negotiating with their employers within the system, these many thousands of women and men are exercising these internationally recognized rights, rights which are not granted, but are theirs.

For close to two years now, we have been unsuccessfully urging TCCC to address and to remedy violations of fundamental human rights at Coca-Cola operations in Indonesia, a country where nearly twenty years after the fall of the military dictatorship workers are still fighting for rights in the workplace. Coca-Cola's bottler for Indonesia, Australian-based Coca-Cola

Amatil, relies on the authoritarian structures inherited from the military dictatorship and is actively opposed to the emergence of independent, democratic unions. TCCC has passively accommodated their actions.

TCCC CEO James Quincy proudly refers to the company's "steadfast commitment" and "comprehensive policies" to ensure that human rights are respected and protected, starting with "our own people". A critical reading of the report reveals the multiple evasions which allow the company to selectively define its "own people", the scope of its responsibility for remedying rights violations and the meaning of freedom of association.

Like CEO Quincey, we feel it essential "to share our learnings and our most recent developments" in order to get the TCCC' human rights journey' moving on the route prescribed by the UN Guiding Principles on Business and Human Rights and the OECD Guidelines on Multinational Enterprises, prescriptions with which TCCC claims to be "aligned" but violates in practice.



Sue Longley

IUF General Secretary

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# An Exercise in Evasion

The Coca-Cola Company (TCCC) has proudly released its 'first stand-alone Human Rights Report' (<http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/Human-Rights-Report-2016-2017-TCCC.pdf>), supplemented by an updated Human Rights Policy in connection with UN Human Rights Day. The reader could be easily forgiven for believing that, at least where human rights at the workplace are concerned, the policy would apply equally to everyone working in what CEO James Quincey proudly describes in the forward as "Our more than 800 plants." But there are detours and escape routes on Coke's "human rights journey" to ensure this is not the case. The fine print is not on the label. And the 'journey' is to a different destination than the one described in the brochure.

Chapter 1, "The Coca-Cola Company at a glance", explains the Coca-Cola Company's "global reach", a System "spanning more than 200 countries and 700,000 system employees." The key to this is Coke's relationship with its bottlers, who make the vast bulk of Coca-Cola branded products: "The Coca-Cola Company does not own, manage or have a controlling interest in the overwhelming majority of our bottlers. Bottling partners manufacture, package, merchandise and distribute the final branded beverages to our customers, who then sell our products to consumers [our emphasis]." Most of the more than 800 plants the brochure introduced as 'ours', it turns out, are not really theirs.

TCCC has products and customers but relatively few workers – well under 10 percent of the hundreds of thousands of workers in the system's plants. This has important consequences for the scope of application of the Human Rights Policy.

The reader has to make it to page 8 to learn that "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 follows from this that where workers are concerned, the company's human rights policy applies to a strictly limited number of people within the system whose rights might be negatively impacted by any actions the company might take, or by actions it might fail to take.

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**IUF members at Coca-Cola Pakistan show their support for victimized Coca-Cola Indonesia union leaders Atra Narwanto and Lutfi Ariyanto**

Coke's business and financial relationship with its bottlers, the key to the Coca-Cola system's global reach and global profits, receive a brief two paragraphs in a 51-page report. It is far from the simple transactional relationship the report implies. The bottlers are required to purchase the concentrates and syrups which are the exclusive monopoly of TCCC, along with the brands and trademarks. TCCC takes charge of brand marketing. And TCCC is generally the largest shareholder in its big bottlers.

Coca-Cola Amatil (CCA), for example, a major Coca-Cola bottler headquartered in Australia and listed on the Australian Securities Exchange, is a typical large regional bottler. CCA is the sole bottler of Coca-Cola products in Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa. TCCC owns a 29.2% share in Coca-Cola Amatil and has increased its equity stake in CCA by directly financing expansion in Indonesia. By contrast, the four largest investors in CCA after TCCC own from 1.65% to 0.85%. None of this is conveyed in the report.

As the largest shareholder, the exclusive supplier of concentrates and the owner of the brands, TCCC has power – leverage - with its bottlers which words like 'associate' and 'partner' conveniently obscure. Workers in the system are also described as 'associates'.

The relationship between TCCC and its bottlers is qualitatively different from that with its suppliers. With the supplier, the basis of the relationship is sheer buying power. In relation to

As TCCC continues the strategy of reducing direct employment, and employer responsibility, by spinning off its manufacturing operations to the bottlers the already limited field of application shrinks further (the Human Rights Report call this "Working with our partners to complete the ongoing work of refranchising territories to strong, capable and committed bottling partners"). TCCC's distinctive achievement, in a world bursting with dubious corporate social responsibility pronouncements, is to have produced the first stand-alone self-shrinking human rights policy.

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**IUF members at Coca-Cola in the Philippines demand respect for trade union rights at Coca-Cola Indonesia**

the bottlers, however, TCCC is the force animating a global network of financial, manufacturing and marketing circuits from which it extracts rents derived from the concentrate monopoly and ownership of intellectual property. Coke's Human Rights Report confounds these different relationships, obscuring the unique power and specific leverage inherent in the relationship with its bottlers, and with it the specific actions it is required to take in order to comply with the international human rights guidelines it repeatedly invokes.

After clarifying the limited application of the Human Rights Policy, TCCC of course acknowledges that responsibility "does not end at the company gate" (page 12). "Aligned with the UNGP [United Nations Guiding Principles on Business and Human Rights] 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", writes Coke", "our suppliers and system partners to embrace responsible workplace practices and uphold the principles of our Human Rights Policy." Although the Human Rights Policy doesn't apply to them, TCCC has "expectations" that "suppliers and business partners" will comply with a set of principles "aligned with" the Human Rights Policy. The report is evasively ambiguous on what happens when these "expectations" fail to materialize.



**Coca-Cola workers in Cibitung, Indonesia have been demanding their rights for over two years – TCCC’s human rights report offers no remedy for ongoing rights violations**

### ENSURING COMPLIANCE?

Compliance is measured through audits of both bottlers and suppliers. “If a supplier or bottler fails to uphold any aspect of the audit requirements, implementation of corrective actions is required.” The procedure may result in a re-audit, but the mechanism by which TCCC ensures compliance after having carried out a claimed 20,000 workplace and human rights audits at bottlers and suppliers is nowhere specified.

After explaining that “our” plants are mostly theirs, but that the bottlers make “our” products” for sale to “our” customers, Coke then states that “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.” It seems that TCCC is not the only actor in

this scenario with products of its own: “independent bottlers” who were producing The Coca-Cola Company’s branded products for sale to TCCC’s customers on the previous page now have them, even if they sport TCCC-owned brands and trademarks. In which case it is up to the bottlers to sort out adverse human rights impacts linked to their operations, products or services. Coke here outsources responsibility along with manufacturing.

The cumulative impact of the report is to cultivate layers of ambiguity which obscure The Coca-Cola Company’s human rights responsibilities as they are defined in the UN Guiding Principles and the OECD Guidelines, instruments which the report repeatedly invokes.

The UN Guiding Principles and the OECD Guidelines, while not without their own ambiguities are clear on this point: when human rights are violated, the required course of action is to seek remedy. If a company has not itself caused or contributed to rights violations, but is directly linked to abuses through its products, operations or services, it is required to use its leverage within the business relationships which link it to the abuses to secure remediation. According to the UN Guiding Principles, “Leverage is considered to exist where the enterprise has the ability to effect change in the wrongful practices of an entity that causes a harm.”

The Human Rights Report informs us that the company is working with Oxfam, for example, to build leverage with suppliers. There are musings

**Workers at Coca-Cola Amatil in Indonesia are organizing to form independent, democratic unions. The company has responded by systematically harassing their members, terminating their elected leaders and denying collective bargaining rights.**

about building leverage to address the adverse human rights impacts of mega-sporting events (of which Coke is a frequent sponsor). But in 50-plus pages the report does not allude to or adduce a single example of using its specific relationship with the bottlers, the foundation of the Coca-Cola system, to address and to remedy adverse human rights impacts where leverage was required.

As we've seen, It is not even clear in the report who is making whose products under what arrangements, who is linked to what and where responsibility lies.

Much could be said about other aspects of the report, e.g. the credibility of the audit schemes and standards which fill so many pages. The IUF knows of no audit which can assess the complicated reality of rights at the workplace. Rana Plaza was audited and certified.

### **FREEDOM OF ASSOCIATION**

On freedom of association, Coke has it wrong. The report is correct in stating that the right of workers to freedom of association and collective bargaining is part of the International Bill of Human Rights and ILO core Conventions. It goes on to state that "At The Coca-Cola Company, we respect our employees' right to join, form or not join a labor union without fear of reprisal, intimidation or harassment" (page 28). This may be the company's position, but it is

not a position which is supported by the International Bill of Human Rights or the Conventions or jurisprudence of the ILO. The "right" to not join a union is nowhere mentioned in international human rights law and cannot be found in the extensive jurisprudence of the ILO. It is an invention of North American union-busters and corporate lawyers.

The invention of a spurious "right to not join a union" sanctions the use of specialized outfits like The Bennett Law Firm, who, according to information publicly available on the website of the US Department of Labor (<https://olms.dol-esa.gov/Disclosure/OnlineSR.jsp?ReportId=LM20>), were hired in January 2018 for the express purpose of preventing workers from exercising their human rights: "We represented management at employee meetings with the objective of persuading subject group of employees at Coca-Cola Bottling Company of Northern New England in Greenfield, Massachusetts to remain union-free."

This information is in the public domain and the website is well-known to all observers of North American industrial relations. Is TCCC checking this information? If so, what is their reaction? Do they view the use of anti-union 'persuaders' as an expression of freedom of association?

Is TCCC prepared to take a public position condemning the use of such firms at its bottlers or at the Company itself as incompatible with its human rights obligations?



Workers at Coca-Cola Amatil in Indonesia are organizing to form independent, democratic unions. The company has responded by systematically harassing their members, terminating their elected leaders and denying collective bargaining rights. These workers at produce Coca-Cola branded products under license from TCCC using TCCC's concentrates. TCCC's ownership of the company eclipses other shareholders by an order of magnitude, and it has recently increased its equity in the company. The IUF has repeatedly brought these violations to the attention of The

Coca-Cola Company and Coca-Cola Amatil. The abuses continue, in full violation of internationally recognized human rights instruments. TCCC, through its inaction, is contributing to these abuses and is complicit in them.

The Coca-Cola Company has demonstrated its capacity to produce a glossy human rights report. What is it doing to use its relationship with one of its principal bottlers to remedy human rights abuses?

IUF members in Indonesia and around the world are waiting for a response.

**An international IUF delegation meeting with TCCC in Atlanta, USA calls on the Company to act. TCCC has been regularly informed of the situation in Indonesia but the human rights violations continue.**



The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is an international federation of trade unions representing workers employed in food and beverage manufacture, agriculture, hotels, restaurants and catering services and tobacco. The IUF is composed of 422 affiliated trade unions in 131 countries representing over 10 million workers.

[www.iuf.org](http://www.iuf.org)