

# **Buying Respectability: Coca-Cola & the Co-opting of the Corporate Social Responsibility Movement**

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***This report is issued as an open letter to Calvert Group and the Interfaith Center on Corporate Responsibility.*** It was clear after a meeting between their representatives and Campaign to Stop Killer Coke in August 2013, and following months of correspondence and conversations, that many issues raised in the report spotlighting Coca-Cola are applicable to the entire Corporate Social Responsibility (CSR) movement. The Campaign decided to make the letter public because the issues involved are of concern, not only to investors, but to the broader community. A truly effective CSR movement can have a positive impact on all of society.

## **Dear Calvert Group and Interfaith Center on Corporate Responsibility (ICCR):**

As I indicated in my November 10, 2013 email, I felt it necessary to respond in more detail to Calvert's October 22, 2013 analysis of The Coca-Cola Company, "Is The Coca-Cola Company (KO) a Sustainable and Responsible Investment?" I also want to detail my concerns and many others' to both Calvert's and ICCR's leadership over the issue of whether Coca-Cola deserves being deemed socially responsible.

The analysis is described as "An update on Calvert's assessment of and dialogue with the company" posted on Calvert's website under *Calvert News & Commentary* (January 28, 2011) and entitled "The Coca-Cola Company (KO) Meets Calvert Signature Criteria and Added to Calvert Social Index." The description given under the title is "Coca-Cola now meets Calvert's environmental, social, and governance criteria as a result of clear progress in labor and human rights and a substantial dialogue with Calvert."

Both analyses are terribly flawed and mislead investors concerned with "corporate social responsibility." The flawed analyses result from the flawed methodology Calvert uses in its research, investigation and analysis processes. Why do I say this? Calvert highlights its and ICCR's dialogue/engagement over the years with the company. However, Calvert does not engage in any meaningful way with the company's victims in respect to widespread and continuing labor, human rights and environmental abuses endemic to The Coca-Cola System. Nor is there any indication that Calvert or ICCR has pressured Coca-Cola to expeditiously provide meaningful remedies to avert further abuses and to compensate abuse victims.

Indeed, Calvert and ICCR give undeserved praise and legitimacy to Coke's flowery policy statements, phony "Codes of Conduct" and participation in voluntary Environmental, Social, Governance (ESG) metrics processes that many companies, including Coca-Cola, use to obscure their wrongdoings so to create a false socially responsible image while continuing reprehensible practices.

In 2006, when all other efforts were failing to placate critics of the company's complicity in human rights abuses in Colombia, Coca-Cola publicized its signing onto the UN Global Compact and in 2007 issued a "Workplace Rights Policy and Human Rights Statement." We, like many others, viewed these moves by Coke as just another deceptive public relations tactic to give cover to the company and its apologists. The heralded UN Global Compact was no more than a voluntary initiative with no teeth and no built-in accountability.

The following sections regarding the UN Global Compact, the United Nation's Guiding Principles on Business and Human Rights, and the Global Reporting Initiative (GRI) clearly show how Coca-Cola, and unfortunately many other companies, have used and continue to use these metric systems to promote a false sense that they deserve being deemed "socially responsible."

## UN Global Compact: Workplace Rights Policy and Human Rights Statement

Aaron Bernstein, a veteran writer on labor affairs for *Business Week*, published a paper in September 2008 called "Incorporating Labor and Human Rights Risk Into Investment Decisions" while he was a Wertheim Fellow at Harvard Law School.

In his discussion of a growing "movement to include corporate environmental, social and governance behavior into portfolio and lending decisions" and "the risks posed by company decisions affecting labor and human rights [abbreviated LHR]," Bernstein bemoans "the lack of objective and quantitative data available about corporate activities in these areas." Following are excerpts from Bernstein's paper:

*In January 2007, the [Coca-Cola] company released a Workplace Rights Policy and Human Rights Statement as part of its [United Nations Global] Compact commitment. The policy and statement assert that Coke follows the Compact's LHR principles for its wholly owned manufacturing operations, which produce 17 percent of the company's production. However, the review gives no hard data about how the principles have been implemented, whether any violations have been uncovered, and what if anything might have been done to correct them...*

*Coke's review is ambiguous about the application of its LHR policies to the suppliers that produce the other 83 percent of its output. Unlike many multinationals, Coke has significant partial ownership of most of its bottling suppliers...*

*Although the Compact holds up Coke's report as exemplary, it offers virtually nothing investors can use to assess the long-term LHR risks of buying its stock. The review states that the company and its "bottling investments," which presumably means its partially owned suppliers, employed 71,000 around the world at the end of 2007. It doesn't say what percent work for the parent company as compared to its suppliers. It gives no description of its LHR auditing process for either group. A factory may be audited once a year for ten minutes by outside groups with no experience in LHR. The audits may be announced in advance to the factory managers, a practice widely criticized by labor and human rights groups...*

*Nor does the review quantify any results about what its 1,029 audits produced. LHR violations could be rampant or virtually nonexistent, they could have doubled or halved between 2005 and 2006, the company could have attempted to deal with any problems it found in any factory, or with none. **Essentially, investors learn virtually nothing about Coke's LHR risks, other than the company has adopted a variety of ambiguously explained policies to deal with them that may apply to some or all employees...***

Coca-Cola's failure to honestly address the events in Colombia that led to lawsuits, campus bans, boycotts and public outrage is still a festering scandal. The same should be said about the lies Coke continues to foist upon a world all too willing to believe them.

## United Nation's Guiding Principles on Business and Human Rights

In June 2011, the United Nation's Human Rights Council (U.N.H.R.C.) endorsed the "Guiding Principles on Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework," issued in a March 21, 2011 report by Special Representative of the Secretary-General (SRSG) John Ruggie.

Coca-Cola and Ed Potter, its Director of Workplace Rights, applauded Ruggie's Guiding Principles recognizing that they could serve as a valuable public relations tool used to the company's advantage while allowing it to continue business as usual. Potter talks about "the genius of the UN Guiding Principles" and how they provide for businesses "to be proactive in a way that is not being pushed by external stakeholders but for the business to decide in their own way" how to deal with human rights issues.

The Fall 2012 edition of the *Texas International Law Journal* published a description and critique of Ruggie's work in "Beyond Ruggie's Guiding Principles on Business and Human Rights: Charting an Embrasive Approach to Corporate Human Rights Compliance" by University of Tennessee professor Robert Blitt. In part, the critique states:

As laudatory as governments and businesses would appear to be, not everyone has consumed the Kool-Aid of the Guiding Principles. **Many leading human rights nongovernmental organizations (NGOs) have publicly criticized the principles for not going far enough to regulate the human rights impact of corporate actors. For example, the International Federation for Human Rights (FIDH), an umbrella group representing over 150 human rights groups around the world, has concluded that the "road towards accountability is still a long way ahead" because the Guiding Principles fail to ensure "the right to an effective remedy and the need for States' measures to prevent abuses committed by their companies overseas."**

*Alongside FIDH, Human Rights Watch (HRW) and Amnesty International, two of the largest and most influential international human rights NGOs, have likewise taken a critical stance vis-à-vis the Guiding Principles. HRW blasted the document for refusing to establish a "global standard" for corporate responsibility and opting instead in favor of a sliding scale based on business size and geographic location. The NGO further accused the U.N H.R.C. of disregarding recommendations by dozens of civil society groups, blaming the body for "squandering] an opportunity" to establish a mechanism that would ensure the Guiding Principles are actually "put into practice." **According to HRW, the U.N. H.R.C.'s endorsement of the Guiding Principles amounted to nothing more than an "endorse[ment] [of] the status quo: a world where companies are encouraged, but not obliged, to respect human rights."***

*In a similar manner, Amnesty International criticized the Guiding Principles' failure to adequately address key corporate accountability issues and suggested mandating rather than only recommending a due diligence approach, effectively preventing and punishing extraterritorial human rights abuses, and explicitly recognizing the right to a judicial remedy as a human right. Amnesty also took aim at the U.N H.R.C. for failing to empower its newly established Working Group on the issue of human rights and transnational corporations and other business enterprises with the ability to weigh and assess the implementation and effectiveness of the "protect, respect and remedy" framework and the Guiding Principles. According to Amnesty International, without a stronger mandate, the Working Group would be unable to "to take proactive steps to tackle the need for greater clarity and increased legal protections. If not corrected, this will be a missed opportunity." Indeed, the U.N. H.R.C. resolution endorsing the Guiding Principles omits any mention of the term "legal" or any reference to the potential for a future international instrument that would hold corporations accountable for human rights violations.*

*The Child Rights Information Network (CRIN), a UK-based NGO dedicated to the promotion of children's rights, has also sternly rebuked the SRSB's final report:*

**It is with great disappointment that we see no ... substantive discussion of the rights particular to children that have long been a matter of international law...** '[I]t is difficult to imagine th[e Guiding Principles] could provide any meaningful guidance for States and business enterprises seeking to 'protect, respect and remedy' the human rights of children.'

*This omission is especially troubling because the SRSB's mandate, inter alia, required giving "special attention to persons belonging to vulnerable groups, in particular children..."*

*Although the process that led to the adoption of the Guiding Principles is unlikely to be impugned for a lack of transparency or collaboration, the SRSB has not responded to the substantive allegations set out above, many of which relate back to the desire to seek greater accountability for corporate action that may cause or facilitate human rights violations. Accordingly, from a human rights standpoint, the key stumbling block moving forward remains convincing state and corporate actors of the need for legally binding and enforceable international norms capable of effectively regulating business conduct wherever human rights concerns may arise...*

## **Global Reporting Initiative (GRI): So Far, Just Another Ruse**

On November 7, 2013, The Coca-Cola Company issued another self-serving, rhetorical press release, "Coca-Cola Releases 2012-2013 Global Sustainability Report: Report Highlights Progress on Comprehensive 2020 Sustainability Goals with a Focus on Women, Water and Well-being." The press release starts out saying, "The Coca-Cola Company today released its tenth annual Sustainability Report and third Global Reporting Initiative (GRI) Report highlighting the progress the Coca-Cola System made in 2012 and the new 2020 sustainability goals announced earlier this year."

What should only be described as another public relations scam, Coke's press release states, "This year, the company has self-declared an application level of B+ per the GRI G3.1 guidelines reporting against 35 Key Performance Indicators. Ernst & Young LLP, a registered public accounting firm, provided external assurances on several sustainability indicators ..."

**This may sound impressive but let's look a little deeper into the GRI, Ernst & Young and Coke's hyperbole.**

Mark McElroy, Ph.D. is the founder and executive director of the Center for Sustainable Organizations and a faculty member at Marlboro College in Vermont. On May 22, 2013, *GreenBiz.com*, a sustainability and business news site, published an article by Dr. McElroy entitled "Has the GRI consigned itself to irrelevance?" Dr. McElroy didn't pull any punches when he wrote:

*In a stunning display of willful negligence, the Global Reporting Initiative (GRI) today released the long-awaited update to its Sustainability Reporting Guidelines, G4, in which known defects are left firmly in place. Of particular concern is GRI's handling of the reporting principle known as sustainability context, without which there can be no bona fide sustainability reporting at all. By choosing to leave that*

*principle in its prior state of disrepair, GRI has effectively consigned organizations to another five or six years of feckless reporting, and itself to irrelevance...*

*...most GRI-compliant reports are entirely context-free, and therefore do not disclose sustainability performance at all, including the ones to which GRI has historically bestowed A+ ratings...*

*As the dominant international framework for corporate sustainability reporting, then, GRI has been an abject failure, and it's time we admitted it...*

***GRI's actions... make a mockery of sustainability management, and of CSR measurement and reporting, in particular. This will do nothing but help fill the world with yet another generation of so-called sustainability reports, which although compliant with GRI, amount to nothing of the kind. And while all of this has been explained to GRI, it has steadfastly refused to act, despite worsening conditions in the world. The hypocrisy here is appalling.***

***Indeed, GRI's willful negligence on this matter is inexcusable, if not deeply unethical.***

Other critics of GRI claim that many companies subscribe to the GRI voluntary reporting process not to improve their performance on sustainability issues, but to appear more transparent while they consciously manipulate the guidelines to “legitimate their actions” and appear socially responsible.

## **Coke's GRI Report HAS ZERO Credibility**

As mentioned above, Coca-Cola states in the release: “This year, the Company has self-declared an application level of B+ per the GRI G3.1 guidelines reporting against 35 Key Performance Indicators. Ernst & Young LLP... provided external assurances on several sustainability indicators including water use ratio, PlantBottle packaging, lost-time incident rate and front-of-pack labeling.”

Unfortunately, **Coca-Cola doesn't reveal that it pays Ernst & Young \$40 million a year to serve as its “independent auditor” or that Coke's Executive Vice President and Chief Financial Officer Gary Fayard, prior to joining Coca-Cola in 1994, served 19 years with Ernst & Young as a partner, area director of audit services and area director of manufacturing services.**

It should be noted that at the last two annual meetings, Coca-Cola's CEO Muhtar Kent has not allowed time for anyone to raise any questions on “Ratification of the Appointment of Ernst & Young LLP as Independent Auditors.” Are Coca-Cola and Ernst & Young trying to hide something? For years, Ernst & Young has been involved in what can be described as a crime spree within and far beyond the borders of the U.S. Ernst & Young is described as one of two main players in one of “The 10 Worst Corporate Accounting Scandals of All Time.” A question many wanted to see raised was, “Is Ernst & Young committing fraud by enabling Coca-Cola to hide or cover-up potential or actual liabilities of material substance from investors?” After all, *The New York Times* (December 21, 2010) reported that New York State sued Ernst & Young, accusing the firm of helping its client Lehman Brothers “engage in a massive accounting fraud by misleading investors about the investment bank's financial health...”

## **Is it irrational to think, in the flawed GRI process, that Ernst & Young might hide or falsify information to help Coca-Cola issue a good report on issues of sustainability and corporate responsibility?**

Ernst & Young — Lehman's and Coca-Cola's longtime outside auditor — certified Lehman's financial statements from 2001 until its bankruptcy filing in 2008. The New York State lawsuit questioned Ernst & Young's approval of transactions involving the secret "removal of tens of billions of dollars of securities from Lehman's balance sheet to create a false impression of Lehman's liquidity, thereby defrauding the investing public." In October 2013, Ernst & Young agreed to pay \$99 million to settle the Lehman litigation.

Since 2009, Ernst & Young has paid hundreds of millions of dollars in other cases to settle charges involving negligent accounting and falsifying court documents.

In January 2013, Reuters reported that Ernst & Young was again being investigated as to whether it "violated auditor rules by letting its lobbying unit perform work for several major audit clients...Harvard Business School Professor Max Bazerman said that it was 'abundantly clear' that a firm that is lobbying for a company is no longer capable of independently auditing that company...Ernst & Young was suspended in 2004 from accepting new public company audit clients for six months because of alleged violations of independence rules..."

In March 2013, Bloomberg reported that Ernst & Young paid \$123 million to end a tax-fraud probe in which 200 of its clients used tax shelters to try to avoid more than \$2 billion in taxes.

## **Reported Philanthropy Pales in Contrast to Coke's Tax Avoidance & Tax Evasion**

Coke's November 7, 2013 press release also describes how, through The Coca-Cola Foundation, the company "invested \$101.6 million (1 percent of our operating income) in grants to support sustainable community initiatives in 2012." This doesn't seem very philanthropic when one considers Coca-Cola's multi-billion dollar tax avoidance and tax evasion schemes. Senator Carl Levin (D-Mich.), chairman of the U.S. Senate Permanent Committee on Investigations, reported in September 2012 that **The Coca-Cola Company ranks #11 in tax avoidance among U.S. multinational companies**, stashing \$13.9 billion (137 times its grants) in cash in offshore accounts. Levin said, "At a time when we face such difficult budget choices, and when American families are facing a tax increase and cuts in critical programs from education to health care to food inspections to national defense, these offshore schemes are unacceptable." President Barack Obama referred to these schemes as the "kind of tax scam that we need to end."

As Coca-Cola touts its philanthropy and messages of joy and happiness, it also tries to cover-up and stymie investigations into charges of **massive tax evasion on a global scale** that seriously undermines the availability of badly needed revenue to fund health care and other public services. An article, "Why consumers in **Vietnam** are calling for a ban on Coke", published on May 28, 2013 by *trendwatching.com* reports on a video that "tells the story of a young [Vietnamese] girl suffering from leukemia. Her health insurance doesn't cover medical expenses, and she cannot afford adequate care because companies like Coca-Cola won't stop avoiding tax."

In **Mexico**, according to *America's Market Intelligence*, tax evasion and tax avoidance are costing the Mexican government an estimated \$50 billion a year" and this is drastically affecting the ability of governments to provide badly needed public services in providing clean water and adequate housing to healthcare and education. Mexican President Enrique Pena Nieto says he is going after tax evaders. In May 2011, **Corpusiure**, a corporate law firm headquartered in

Mexico City, issued a special report titled “The Coca-Cola Company Investigated For Tax Evasion,” warning its clients not to follow in the footsteps of Coca-Cola. The report stated, “Despite...the investigation into the company in our country...Muhtar Kent denied before the annual shareholders meeting, that that they are under investigation for tax evasion... if the accusations of fraud held against Coca-Cola were found to be true, the company would lose a figure ranging in the billions...”

In **The Philippines**, *The Visayan Daily Star* reported on June 8, 2011, in an article, “Confed files charges vs. Coca-Cola” by Rally Espina, how Coca-Cola Bottlers, Philippines, Inc. (CCBPI), has been involved in a tax evasion and smuggling scandal that seriously damages the Negros Occidental province and causes the loss of countless jobs for local workers. Many organizations from local businesses to labor unions kicked off a province-wide boycott of Coca-Cola products against the “multi-billion dollar smuggler and tax evader” along with legal actions.

In a letter sent to the Campaign to Stop Killer Coke in May 2011, a group called Batang Negros wrote: “...our province is very well-known as the sugar bowl of The Philippines and is very dependent on sugar industry...and recently, government agencies have found out that Coca-Cola has been deceiving them by importing millions of kilos of sugar... intentionally labeled as pre-mix sugar by Coca-Cola to escape from sugar tariff. This has been the cause why the sugar economy has been going down and definitely this will kill not only the planters and sugar workers, but the whole province as well...Our main goal is to make Negros Occidental a Coke-free province, which is tantamount to a people’s embargo...to pressure them to stop deceiving the people and adopt ethical trade practices, including dealing with their employees fairly...I hope we can work together to stop this monster in further destroying our future...”

On November 19, 2012, the IUF reported in a story on **Greece** titled “Austerity Rewards Corporate Tax Evasion” that “While the European Commission, the European Central Bank and the IMF wrangle over precisely how many more Greek workers must lose their jobs and how much more public spending must be slashed in order to placate investors, some of Greece’s largest companies are fleeing the country for tax havens abroad, compounding the squeeze on public revenue. Coca-Cola Hellenic Bottling Company (CCH), the country’s largest publicly listed corporation and the second-largest bottler in the Coca-Cola system, announced on October 11 that it would leave Greece for tax-friendly Switzerland...CCH, according to its annual shareholder report for 2011, booked 6.85 billion euros in revenue and paid 102.7 million euros in taxes...operates in 28 countries in Europe and Africa... So while police attack Greek workers demonstrating against savage attacks on living standards, the elimination of collective bargaining and massive cuts in public services, and a journalist is jailed for exposing government collusion in tax evasion, hugely profitable companies are rewarded...This is **corporate**, not individual, **tax evasion**, and is **looting on a grand scale**...”

Pursuing a “zero tax evasion” campaign, **Venezuela’s** tax authorities in 2005 ordered a 48-hour closure of Coca-Cola’s four plants and 34 distribution centers. Selma Rendon, a manager of Venezuela’s tax agency Seniat, told *BBC News* that the action was taken against Coke’s large Latin American bottler Coca-Cola FEMSA “for not maintaining their sales books in a suitable manner.”

Harm done to economies and the public welfare resulting from The Coca-Cola System’s tax avoidance and tax evasion schemes, is exacerbated by the many instances Coca-Cola and its subsidiaries receive corporate welfare subsidies and tax breaks.

**Coca-Cola also boasts in its press release that, “We have reaffirmed our long-held policy of not marketing to children.” You can read our response below to this outrageous claim heading “Coke’s Fallacy: Won’t Market to Children Under 12 Worldwide!!!”**



## Colombia "ILO Investigation" Lie Shames Ed Potter, Neville Isdell & Muhtar Kent

In the Campaign's [PowerPoint presentation](#), "Coca-Cola: American Icon or Corporate Criminal," and on our website [KillerCoke.org](#), we have documented why Coca-Cola's Director for Global Workplace Rights Ed Potter and Muhtar Kent, Coca-Cola's CEO, and others throughout The Coca-Cola System have abysmal credibility with Corporate Campaign/Campaign to Stop Killer Coke and grassroots organizations and groups from Latin America to the United States to Asia, Africa and Australia around human rights and environmental issues.

Nobody was fooled by Coca-Cola's claims in 2004-2005 that "investigations" into charges of Coke's complicity in human rights abuses totally exonerated the company. These purported "investigations" into Coke's complicity into the kidnapping, torture and murder of union leaders representing Coke workers in Colombia were conducted by White & Case, the company's law firm, and Cal Safety Compliance Corp., a widely discredited safety inspection firm the company hired.

In August 2005, an Independent Investigation Commission comprised of representatives from university administrations, the Workers Rights Consortium, the Fair Labor Association and United Students Against Sweatshops was formed to plan and oversee a genuine, independent investigation. When Mr. Potter realized that Coca-Cola could not control the scope or the findings of the investigation, he used subterfuge to subvert the Commission's efforts. This led to New York University and the University of Michigan to remove Coke beverages from their campuses.

In 2006, Coca-Cola and Mr. Potter came up with a new folly. Coca-Cola's then-CEO Neville Isdell and Mr. Potter announced that the United Nation's International Labor Organization (ILO), at the request of Coca-Cola and the IUF, an international labor association, had agreed to conduct the sought-after independent investigation. This claim by Isdell and Potter was also reported in the Spring 2006 edition of *Business Today*, a magazine published by Princeton University undergraduates and described as "America's largest student-run publication reaching 150,000 readers nationwide."

Because The Coca-Cola Company was listed as the leading corporate sponsor of the magazine, when I was asked to write an op-ed to appear alongside one by Potter, I asked for assurances from the editor, Michael Kratsios, to the effect that if I fulfilled his request, he could assure me that my article would appear in the magazine. He assured me of the editorial integrity of *Business Today*. After receiving my article, Mr. Kratsios commended me on a job well done, and told me it was exactly what he wanted. He added that I had anticipated Mr. Potter's claims and had effectively countered them. I told Mr. Kratsios that I hoped he did not learn a lesson about the power of corporate money to undermine editorial integrity.

*Business Today's* cover story entitled, "Coke's College Crisis: Alleged labor abuses have prompted several top colleges to terminate their Coca-Cola contracts. How justified are the charges? Will your school follow suit?" hit the stands. That's when I learned that Mr. Potter's article was included but not mine. Harvard University's daily paper, *The Harvard Crimson*, published an article by Benjamin Weintraub entitled "Cola Controversy Riles up Princeton" on April 10, 2006. Mr. Weintraub's article quotes Bob Giles, director of Harvard's Nieman Foundation for Journalism, saying, "The news side of *Business Today* must be free to provide its readers a full report on the issue without any interference from the business side of the magazine or any inclination to restrain its coverage because Coke is a sponsor." Weintraub added, "But while Coke gets a full page in the magazine to rebut allegations, the company's opponents don't get a similar space to make their case."

However, let us return to the matter of Coke's assertions of an ILO investigation. Sally Paxton, the person Coca-Cola claimed was in charge of the investigation at the ILO in Geneva, emphatically told me that *the ILO never agreed to conduct such an investigation*.

Ron Oswald, head of the IUF and no friend of SINALTRAINAL, the major union representing Coke workers in Colombia, never challenged Coke's lies in what became a 2-1/2-year public relations scam. *Mr. Oswald finally admitted that Coke lied and the IUF never made such a request to the ILO.* However, Coca-Cola's outright fabrication of these claims of an ILO investigation with IUF backing did accomplish something: it gave Tim Slottow, the Chief Financial Officer at the University of Michigan, the cover he sought to bring Coke back on campus.

In June, 2007, the *Sydney (Australia) Morning Herald* reported: "Employers led by Coca-Cola executive [Ed Potter] stopped the International Labour Organisation examining violations of workplace rights in Colombia..." (Potter, for some two decades, has served as the U.S. employer representative to the ILO and is the international business spokesman on Applications of Conventions and Recommendations Committee at the annual ILO conference!)

In "The Coca-Cola Case," a documentary film that focuses on the assassinations of Coke workers/union leaders and produced by film makers German Guitierrez, Carmen Garcia and the National Film Board of Canada, an ILO representative interviewed in Colombia refutes any suggestion that the ILO was doing any such investigation. The fact is, *the ILO does not conduct human rights investigations of individual companies and is not qualified to do so.*

Ironically, the cover of ICCR's Spring 2012 edition of *The Corporate Examiner*, is headlined "99%: The Silent Majority Finds Its Voice" and contains a feature article entitled, "The Corporate Examiner Spotlights: The Coca-Cola Company." The article is an interview with Ed Potter.

**When the ICCR gives Ed Potter and The Coca-Cola Company a platform of two pages of pure fluff and propaganda in *The Corporate Examiner*, it greatly disturbs me and makes me question the integrity of the ICCR, which I greatly respected and worked with in the past. Coca-Cola and its exorbitantly wealthy executives and board members do not represent the 99%.**

For some time I've been aware that ICCR has been the recipient of substantial sums of money from Coca-Cola, but seeing the article with Ed Potter and other ways ICCR promotes Coca-Cola in its publications infuriates me and many others. In effect, ICCR is actively helping the company whitewash and greenwash its human rights and environmental crimes and, thus, escape real justice.

As I said in previous communications that raised the issue of the Calvert Group and the ICCR anointing Coca-Cola as being socially responsible, both groups are making a mockery of the Corporate Social Responsibility movement and giving cover to Coca-Cola to continue its abuses.

In Calvert's analysis of January 28, 2011 under the "Labor and Human Rights" section, it says "Calvert has been encouraged by the company's progress — even emerging leadership — in two key areas: labor/human rights and water — even as it continues to face serious challenges in both areas." Calvert is right about one thing. Coca-Cola does continue to face serious challenges with respect to labor/human rights and water issues. It is also facing greater and greater challenges relating to other important issues of corporate irresponsibility.

## **Human Rights Abuses, Arrogance and Other Sins Continue**

Calvert's 2011 and October 22, 2013 analyses both make it appear that the controversies relating to Coca-Cola in Colombia are in the past. That is not true and it would be misleading to investors to say so. Coke continues to pay a high price for refusing to adequately address ending the violence and other intimidation tactics used against union leaders and members of their families, as well as other issues, relating to Colombia and Guatemala.

On February 1, 2012, AFL-CIO President Richard Trumka wrote President Obama about his “profound shock” over the murder of Coke worker and SINALTRAINAL union leader Ricardo Ramon Paublot Gomez in Barranquilla on January 26, 2012.

To this day, SINALTRAINAL union leaders and Coke workers Juan Carlos Galvis and William Mendoza face repeated death threats and are fighting against prison sentences over false accusations by three former paramilitaries of planting a bomb in a Coca-Cola plant in 1998. On March 26, 2014, union leader and journalist Fred Hirsch wrote, “A worker with access to a management office found photos in a copy machine of SINALTRAINAL leaders. William says, ‘We are very concerned about the intended use of these photos. We fear for our lives and safety.’” SINALTRAINAL President Javier Correa faces constant death threats. In 2011, thugs looking for Galvis reportedly entered his home, gagged and tied up his wife, sprayed her with red paint and threatened to kill their daughter.

Moreover, the International Trade Union Confederation (ITUC) reported: “On 26 July 2013, the Coca-Cola bottling plant in Medellin, Colombia dismissed 132 subcontracted workers, 18 of whom were trade unionists. The SINALTRAINAL trade union condemned the dismissals, which were designed to ensure that the workers could not negotiate the list of demands and the company could continue to put pressure on their wages.” In 2010, the president of Coke Colombia reportedly authorized police to use violence to stop protests at its Medellin plant. Protesting subcontracted workers trying to join the union at the time were fired as were 16 workers who tried to join SINALTRAINAL in 2007. After firing protesting workers, the police, according to SINALTRAINAL President Correa, remained in the bottling plant 24-hours a day terrorizing workers.

**In “The Coca-Cola Case” there is a scene in which two subcontracted Coca-Cola workers in Colombia, wearing Coca-Cola uniforms and standing in front of a Coca-Cola truck, are asked, “Are you unionized?” They respond, “No, you can’t join the union or you’ll be fired.” Then they were asked, “How much did you make today?” They responded, “\$15 dollars for 15 hours!”** Coca-Cola threatened legal action if the film, premiered in 2010 and now available on Netflix, was shown without being censored. No one backed down, Coca-Cola never sued and the film continues to be shown in different languages to audiences worldwide.

Coca-Cola has a long history of brutality against union leaders in Guatemala dating back to 1976 documented in *Soft Drink Hard Labour* published by the Latin America Bureau in 1987. The publication describes the murder and disappearance of 12 Coke union leaders and activists. A lawsuit filed in 2010 against Coca-Cola by Terry Collingsworth, noted human rights attorney, describes recurring violence against Guatemalan union leaders and family members. Union leader Jose Armando Palacios who escaped assassination was forced to flee to the U.S. in early 2006, and union leader Jose Alberto Vicente Chavez’s son and nephew were murdered and his daughter was gang-raped on March 1, 2008. Unfortunately, obtaining justice in U.S. courts for unionists who are victims of human rights abuses by U.S. corporations in Latin America is near impossible to attain.

In 2013, the ITUC reported, that “Only a few weeks after setting up the Sindicato de Trabajadores de Alimentos y Bebidas Atlántida SA (SITRAABASA) in the Tuculután bottling plant recently acquired by Coca-Cola, union members came under attack from the management. On 12 February Arthur Goossens, President of the Board of Directors and the firm’s legal representative, held a seven-hour long meeting with all the staff and put pressure on workers to stop them from joining the union.”

Calvert’s 2013 analysis claims that Coca-Cola has “introduced significant changes to its policies to protect workers — extending protection for the right to collective bargaining and freedom of association throughout its system, ensuring that these issues have board oversight in its own operations or its supply chain.” This statement is contradicted by the fact that throughout its system, Coca-Cola is trying to hire fewer employees and turn more employees into non-employees commonly referred to as subcontracted, outsourced or flexible workers or agency or dispatched labor. Such workers receive

pitiful wages, little or no benefits, have no job security or future with the company and, as seen in Colombia, are fired when they try to join a union.

I assume from statements made in Coca-Cola's statement of opposition to last year's shareholder proposal "Regarding a Board Committee on Human Rights" that this "board oversight" Calvert alludes to comes under the company's Public Issues and Diversity Review Committee. That committee, in the matter of protecting workers' rights particularly around the issues of collective bargaining and freedom of association in its own operations and its supply chain, is tantamount to the fox protecting the hen house!

Calvert's 2013 analysis points out that accusations "that the company's bottler allegedly was involved in threats to union leaders, and was accused of orchestrating the murder of labor leaders" were dismissed in court. It also points out that the company "helped found the *Colombia Guidelines on Human Rights and International Humanitarian Law*, a multi-stakeholder initiative that involves civil society, the Colombian government and business. **Talk is cheap and Coke's fancy titled guidelines are meaningless.** The Coca-Cola Company and its anchor Latin American bottler Coca-Cola FEMSA (The Coca-Cola Company holds 28.1% of outstanding capital stock and 37% of its voting rights, and has two of its own top executives on FEMSA's board) have shown that they both have much work to do to clean up their brutal labor policies and practices.

In his book *The Coke Machine*, published in September 2010, Michael Blanding spent time with SINALTRAINAL VP Juan Carlos Galvis. "The constant pressure of driving around with bodyguards waiting for the next death threat has clearly gotten to him," writes Blanding. Galvis says, "It is tough. We are on the brink of death, but we keep surviving. We bring in new members to the union, but the company fires them. If it weren't for international solidarity, we would have been eliminated long ago. That is the truth."

It should be noted that there were calls for Judge Jose Martinez, who dismissed the cases in Colombia, to reclude himself from the cases relating to Coca-Cola because of serious conflicts of interest. These conflicts are fully described on KillerCoke.org. Blanding describes in his book how Martinez showed complete contempt for the human rights abuse cases brought against The Coca-Cola Company and its Colombian bottlers. Judge Martinez, Blanding says, "seemed to take pride in getting details wrong, at points referring to Uraba [location of the bottling plant where union leader Isidro Gil was murdered] as 'Bogota or Medellin or wherever the heck it was' and to Isidro Gil as 'Joe Blow.' ... Each June, he dismissed all pending motions, allowing them to be resubmitted the following year. Finally at a hearing in June 2006, [Coke's bottler] Panamco's lawyer was reciting the judge's history of dismissals when Martinez broke in. 'If you didn't know any better,' he said, 'you would think that I didn't want to have anything to do with this case, wouldn't you?'" SINALTRAINAL's attorneys, Dan Kovalik of the United Steel Workers union and Terry Collingsworth, "were flabbergasted to hear such disdain expressed openly by a United States judge."

In my August 2, 2013 correspondence to Calvert, I stated that the firm's January 28, 2011 article and analysis, "rings hollow" and "sounds like it was written by Coca-Cola 'spin masters'." I feel the same relating to the tone and "facts" in the latest analysis.

In the proxy material for Coca-Cola's 2014 annual meeting, there should have been a "Shareowner Proposal Regarding a Board Committee on Human Rights." However, Coca-Cola opposed it on technical grounds and succeeded in keeping it off the proxy statement. The company certainly does not want information contained in the supporting statement to be seen by its shareholders. The supporting statement stated:

*The Coca-Cola Company, including its bottlers and suppliers, has been associated with human rights controversies, leading to:*

- Numerous colleges and universities having removed Coca-Cola products from their campuses, including the City University of New York, population 580,000, costing the Company hundreds of millions of dollars;*
- Coca-Cola facing numerous racial discrimination lawsuits in New York filed by black and Latino workers in Coca-Cola plants and warehouses;*
- Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) divesting 1.25 million shares of Coca-Cola Co. stock in July 2006 from its CREF Social Choice Account, the nation's largest socially screened fund for individual investors. Coca-Cola remains banned from the fund;*
- Community campaigns for human rights in India shutting down Coca-Cola bottling plants in Plachimada and Balia because of overexploitation and pollution of scarce water resources;*
- Scathing documentary films, books, reports and artistic creations damaging Coca-Cola's image, brand and sales.*

*In the opinion of the proponents, the company's existing governance process does not sufficiently elevate human rights issues within the company or serve the interests of shareholders in expediting effective solutions. The proposal would establish a Board Committee on Human Rights that could review and make policy recommendations regarding human rights issues raised by the company's operations activities and policies.*

*In defining "human rights," proponents suggest that the committee could use the U.S. Bill of Rights and the Universal Declaration of Human Rights as nonbinding benchmarks or reference documents.*

The resolution was brought by long-time Coke investor William C. Wardlaw III, grandson of one of the company's original investors, who is acting as the resolution's lead sponsor. The Board of Pensions of The Presbyterian Church (U.S.A.); Benedictine Sisters of Boerne, Texas; Benedictine Sisters of Mount St. Scholastica; Benedictine Sisters of Virginia; Providence Trust and Sisters of Charity of the Blessed Virgin Mary are acting as co-filers.

In each of the seven years from 2003 to 2009, and in 2013, the board of directors opposed every shareholder proposal aimed at preventing and holding the company accountable for complicity in human rights abuses. The resolutions focused on Colombia, China and India, although Coke's abuses certainly are not limited to those countries. We have no doubt, that if the proposal were included in the 2014 proxy statement, Coca-Cola's board would have unanimously opposed it.

## **Whitewashing of Coke's Record Will Damage Reputations of Calvert & ICCR**

As I pointed out in our meeting, Coca-Cola, in its statement opposing the inclusion of the human rights resolution in its 2013 proxy statement, highlighted that "The Company has been added to the Calvert Social Index Fund. Calvert Investments cited our Company's progress and emerging leadership in labor/human rights and water stewardship as primary reasons for the inclusion. The Company has been a top-ten holding in the fund."

Coca-Cola also highlighted that "The Interfaith Center for Corporate Responsibility (ICCR) publicly recognized our Company's progress in the area of workplace and human rights as well as our positive contributions to addressing human trafficking."

Calvert's 2013 analysis does not change the Campaign to Stop Killer Coke's position that allowing The Coca-Cola Company to remain in the Calvert Social Index Fund is completely unwarranted and unacceptable. ICCR's misguided support of Coca-Cola is also unacceptable. Both Calvert's and ICCR's actions are shielding Coca-Cola's abysmal lack of responsibility, particularly with respect to labor/human rights, and must not go unchallenged.

When labor unions, many faith-based organizations, other NGO's, investors, consumers, activists and objective reporters concerned with real corporate social responsibility see Coca-Cola — along with companies like JPMorgan Chase, Wells Fargo, Bank of America, Johnson & Johnson and Pfizer — described as socially responsible and included in Calvert's Social Index Fund, the fund's legitimacy will be zilch. Likewise, ICCR's credibility in the "corporate social responsibility" movement will be seriously compromised when it becomes widely known that ICCR spotlights, promotes and takes substantial monies from the likes of Chevron, McDonald's, Monsanto, Wal-Mart, Goldman Sachs and Coca-Cola.

How can Calvert and ICCR, by any stretch of the imagination, give legitimacy to any of these companies as being socially responsible? Many, if not all of these companies and their illegal or unethical activities, are regularly covered in such publications as *Corporate Crime Reporter* and even in the news pages of *The Wall Street Journal*. For example, it was recently reported that Johnson & Johnson, which is in the Calvert Social Index and spotlighted in ICCR publications, "will pay more than \$2.2 billion to resolve criminal and civil liability arising from allegations relating to prescription drugs, Risperdal, Invega and Natrecor, including promotion for uses not approved as safe and effective by the Food and Drug Administration (FDA) and payment of kickbacks to physicians and to the nation's largest long-term care pharmacy providers." "[U.S.] Attorney General Eric Holder said, "The conduct at issue ...jeopardized the health and safety of patients and damaged the public trust."

For years, JPMorgan Chase has been in the news for corporate irresponsibility. Dennis Kelleher, President & CEO of Better Markets, a nonprofit organization that promotes the public interest in the financial markets, recently had this to say: "From helping Bernie Madoff's \$50 billion Ponzi scheme and rigging electricity markets to fraudulently selling more than \$33 billion in toxic mortgage securities and ripping off credit card customers, JPMorgan Chase is a virtual one-bank crime spree. The country's largest bank has inflicted potentially hundreds of billions of dollars of damages. That's why there are now 8 criminal investigations and dozens of other investigations and lawsuits into its worldwide operations." In *Wall Street Insights & Indictments* (January 6, 2014), reporter Shah Gilani emphatically states, "JPMorgan is a criminal enterprise."

I feel it is also necessary that I respond to some other comments in the analysis:

### **Catalyst and Other Awards to Coca-Cola: Prestigious or Phony and Purchased?**

In the "Women's Empowerment" section of the analysis, Calvert highlights that "Coca-Cola recently won the prestigious Catalyst award for its efforts to promote women within the company and its commitment to provide economic empowerment to five million women by 2020. To do so, the company is collaborating with Technoserve, the Bill and Melinda Gates Foundation, and others." **I would ask, does Coca-Cola include among those women the thousands of women demonstrating against Coca-Cola in India because of the company's continuing history of polluting and depleting scarce water resources and not paying millions in fines? Does Coca-Cola also include women like Sandra Walker, Diane Worrell, Yvette Butler, Sharron Magnum and others who have suffered deep psychological trauma, loss of jobs and income because they dared to speak up against workplace discrimination and subsequent retaliation?**

In *Business Today*, Spring 2006, Ed Potter wrote, “Although we recognize that we must keep working to continue to improve our performance, we recently have received awards that recognize our work on environmental stewardship...For the third consecutive year, we were presented the prestigious Golden Peacock Environment Management Award for environmental practices.” A year later, Coca-Cola proudly reported that, “For four consecutive years, Coca-Cola plants in India have won the prestigious Golden Peacock Environment Award for environmental practices from the Institute of Directors, which grants the award in association with the World Environment Foundation.” Does the word “prestigious” sound familiar?

What Mr. Potter did not reveal at the time was the fact that *Sanjiv Gupta, president and CEO of Coca-Cola India, sat on the executive council of the Institute of Directors* and that Coca-Cola contributed heavily to the World Environment Foundation (WEF). In fact, at that time, The Coca-Cola Company was the only sponsor listed on the WEF website. Nor did I see any mention in Calvert’s analysis that Coca-Cola CEO Muhtar Kent sits on Catalyst’s board of directors and Kathy Waller, Vice President and Controller of The Coca-Cola Company, is *vice chair* of Catalyst’s board of advisors! **I believe it would be more accurate to change the word “prestigious” to “phony” or “purchased” in describing the Golden Peacock and the Catalyst awards to The Coca-Cola Company.**

The same can be said about the “Corporate Leadership Award” that **Transparency International (TI)** bestowed on Coca-Cola in 2012 for its commitment to promoting transparency and combating corruption. It should be no surprise that TI lists Coca-Cola as a major sponsor along with other unsavory companies such as Dow, Chevron and Pfizer. This phony award exists only to lend credence to Coca-Cola’s “Anti-Corruption” posting on its website. It states: “Our Company’s long-standing commitment to doing business with integrity means avoiding corruption in any form...”

TI comes under much criticism because it relies on funding from corporate donors. In addition, its U.S. chapter, TI-USA, does virtually nothing about government corruption in the U.S. or by U.S. corporations.

It should be noted that when you go to Technoserve’s website, you will find prominent links to its partners including The Coca-Cola Company, SABMiller and the Bill and Melinda Gates Foundation. SABMiller is a multinational brewing company that describes itself as one of the largest bottlers of Coca-Cola products. The company also helps make lots of profits for the Altria Group (Philip Morris USA), which owns 27% of SABMiller’s stock and holds three board seats at SABMiller. Philip Morris International also has a board interlock with the beer company. South African based ActionAid, which works to further human rights and eradicate poverty, has accused SABMiller of “practicing tax dodging in Ghana, Mozambique, Tanzania, South Africa, Zambia and India” enabling the company to avoid paying tens of millions of dollars in income tax, enough money to “put 250,000 kids in school” and make “poor countries less reliant on foreign aid.”

## **Coke’s Biggest Cheerleaders: Warren Buffett and Bill & Melinda Gates**

The interests of Bill and Melinda Gates, Warren Buffett and The Coca-Cola Company are intimately linked. Among the Gates Foundation’s top five holdings are:

- **Coca-Cola** (34,002,000 shares in Coca-Cola Co., 7.3% of its portfolio);
- Coca-Cola’s Latin American anchor bottler **Coca-Cola FEMSA** (6,214,719 shs, 5.5% of its portfolio);
- Warren Buffett’s **Berkshire Hathaway** (87,081,373 shs, 46.5% of its portfolio — Berkshire Hathaway is Coca-Cola’s largest shareholder for many years and owns 9.1% of the company; Warren’s son Howard sits on Coca-Cola’s board and Warren, who served on Coca-Cola’s board from 1989-2006 is a trustee of the Bill and Melinda Gates Foundation; Bill Gates sits on Berkshire Hathaway’s board); and

- **McDonald's** (9,872,500 shs, 5.2% of its portfolio — there is a McDonald's Division inside The Coca-Cola Co. McDonald's, a pre-eminent junk food and Coca-Cola retailer, is the object of growing national protests for exploitation of cheap labor).

The Gates Foundation and Coca-Cola would seem to make strange bedfellows in that the Foundation promotes the image of purity and concern for the welfare of children worldwide. **One has to wonder why Bill and Melinda Gates promote The Coca-Cola Company so much and invest so heavily in it. For decades, Coca-Cola has done, and continues to do, great harm to the health and well being of children on a global scale in the name of profit. The Gates/Buffett/Coca-Cola altruism image has many serious contradictions and flaws.**

## **Coke's Fallacy: Won't Market to Children Under 12 Worldwide!!!**

Under the "Nutrition and Obesity" section Calvert's analysis states, "In May of 2013 the company announced important commitments to combat global obesity... not market to children under twelve worldwide... has also done a better job than many of its competitors on responsible marketing to children." **This is complete hogwash** and I don't say this just because, *Advertising Age*, on May 8, 2013, reported, "Coca-Cola in a statement said it is taking a four-pronged approach to fight obesity, the most dramatic being a pledge to stop advertising to children under 12 anywhere. However, a *Wall Street Journal* report on the news described the move as not a complete elimination but as a reduction in kids' advertising, stating that 'Coca-Cola now plans to only advertise to audiences where no more than 35% of viewers are children, similar to what it does in the U.S.'" This company will never really curtail its aggressive efforts to market its sugary beverages to anybody, including children.

For Coca-Cola to state that "they're not marketing [to kids] is pretty insulting to anyone with a brain" according to one respondent to an article entitled, "If Coca-Cola Doesn't Market to Kids, Why Do They Sell Toys?", published March 6, 2012 by Yoni Freedhoff, MD, Canadian obesity expert, founder of Ottawa's Bariatric Medical Institute and Assistant Professor at the University of Ottawa. Freedhoff was berating Coca-Cola's deceptive practices and outright lies with respect to marketing to children. In his article, Freedhoff took issue with a response by Kevin Morris, Coca-Cola's vice president of Public Affairs and Communications to a *Chicago Tribune* article by Julie Deardorff. Morris wrote, "Coca-Cola does not market our beverage brands in venues where children are the primary audience. Coke has adhered to this policy for more than 50 years, and it extends to youth sporting events and clubs."

Dr. Freedhoff counters, "That argument, that Coca-Cola is an upstanding corporate citizen that would never, ever, target kids is one I've covered before, where thanks to the magic of YouTube, I was able to quickly pull out 16 different Coca-Cola commercials that in my mind at least, dispute Kevin and Coca-Cola's self-righteous claims of innocence. I also blogged about Coca-Cola's recent 'Great Happification' campaign, which if it isn't designed to target kids, then I guess bikini-clad beer commercials also aren't designed to target men."

Dr. Freedhoff then asks, "Kevin, what do you think went on with the 2011 Vienna City Marathon literally entitled, 'Coca-Cola Kids Challenge' a sporting event where the sole criterion for entry was being younger than 10 years old?" An accompanying photo shows a child running on a track lined with big Coca-Cola signs. A parent from a small USA town comments: "The youth baseball field proudly displays a Coca-Cola scoreboard. My sons started playing there when they were 5 years old. According to Mr. Morris I guess they were just targeting the parents and relatives."

Dr. Freedhoff poses another question: "If Coca-Cola doesn't market to kids, why does Coca-Cola sell toys? Looking at Amazon.com's online Toys and Games category there are 719 different Coca-Cola branded toys, including dolls with packaging that clearly states they're for kids aged 3+, 100 piece puzzles aimed at the more sophisticated 5+ crowd, Barbies, stuffed animals, toy cars and more. Don't branded toys count as marketing? It's shameful Kevin. Not the fact that your company makes a profit by



selling various products, that's the American way, but rather what's shameful is what seems, at least on the surface, as a bald faced lie that Coca-Cola doesn't specifically hold children squarely in their marketing cross hairs."

If you visited Coca-Cola's website during the holiday season, you might find "10 Stocking Stuffers Under \$10," which include a Coca-Cola emblazoned "Coin Collector" that Coke says, "will add to any tabletop or shelf, and because it has actual rolling wheels, the bank doubles as a toy. Not recommended for children under age 4." Among the stocking stuffers is also the Coca-Cola emblazoned "Whimsical Wheelie" toy truck and "Holiday Bear Hug", and a 6-inch stuffed polar bear wearing a red Coca-Cola Santa hat. "The little guy," Coke says, "has a red disk with the Coca-Cola script logo appliquéd on his right hip and is available for snuggling with anyone ages 3 and up."

*Coca-Cola is also highlighted in a November 21, 2013 press release issued by the Campaign for a Commercial-Free Childhood announcing the 2013 Toady (Toys Oppressive And Destructive to Young children) Award nominees for Worst Toy of the Year. One of the five finalists is Monopoly Empire recommended for ages 8 and up. Instead of buying properties, players buy brands, including Coca-Cola.*

Coca-Cola's hypocrisy and attempted deception with respect to children's well-being is further evident on the **American Academy of Pediatrics (AAP)** "healthychildren.org" website. There Coca-Cola posts its "LIVE POSITIVELY Coca-Cola" ad, which is totally inappropriate and disgusting. Shame on Coca-Cola and shame on the irresponsible, money grubbing AAP whose tagline "DEDICATED TO THE HEALTH OF ALL CHILDREN" which accompanies its logo would be more appropriate if it read "DEDICATED TO PROFIT, CHILDREN BE DAMNED."

Jennifer Harris, Ph.D., M.B.A. at the Rudd Center for Food Policy and Obesity at Yale University wrote an article for the May 10, 2013 issue of *Psychology Today* entitled: "Kids Under the Influence: The psychology behind marketing to young consumers." Dr. Harris reported: "The Yale Rudd Center's *Sugary Drink FACTS* report, a comprehensive analysis of sugary drink marketing to youth, documents the broad range of nontraditional marketing tactics the brand uses to reach young people. Coke ranked sixth in amount of traditional TV advertising to youth, but children and teens were exposed to more advertising for Coke than any other brand in every other type of marketing we measured: social media, product placements on TV, food company websites, advertising on other websites, mobile apps and other ads, and radio. As a result, even **children younger than 12 were exposed to more advertising for Coke than for any other brand, even child-targeted products such as Capri Sun and Kool-Aid.**"

Dr. Harris was also critical of the city of Chicago for accepting Coca-Cola's "donation" of \$2.6 million to provide recycling bins "for every house and small apartment building in Chicago, in return for images of Coke products on the bins." *Huffington Post's* Anna Lappé notes, "those recycling bins will sit in the same alleys that serve as playgrounds for Chicago's youth, especially those who live in neighborhoods without adequate public spaces." Perhaps former Chicago Mayor Richard Daley, who sits on The Coca-Cola Company's board of directors, came up with this idea to "advertise/not advertise" to children.

Coca-Cola ran a one-minute, \$6 million ad on television during the Super Bowl on February 2, 2014. Its targeted audience clearly was children and youth. The ad began with a football coach sending Adrian, a child, into the game. The star of the ad was Adrian who picks up a fumble and is seen running toward the end zone. He scores the touchdown, but keeps on running to Lambeau Field (the home of the Green Bay Packers, an NFL professional football team). When Adrian fantasizes about scoring a touchdown at Lambeau Field, a groundskeeper hands him a Coke and says to Adrian: "Hey, Kid. Here!" followed by the image of three Coke bottles and Coke's "Open Happiness" slogan. This is clearly an attempt to imitate the famous 1979 Coke ad with Mean Joe Green of the Pittsburgh Steelers which also involved a child.

## **Kids in Mexico and Elsewhere Remain Marketing Targets**

Mexico has the largest per capita consumption of Coca-Cola beverages of any country in the world. Per capita consumption of eight-ounce servings rose from 486 servings in 2002 to 745 servings in 2012. This compares to 2012 per capita consumption in the U.S. of 401 servings, India (14 servings), Nigeria (26 servings) and China (39 servings). To the chagrin of Coca-Cola and Coca-Cola FEMSA, Mexico added a new tax on soda and other high-calorie junk foods by 8-10 percent that took effect on January 1, 2014. Sugar-sweetened drinks are taxed one peso per liter.

Despite Coca-Cola's statement that it would not advertise to children under 12, the company created advertisements that use Superheroes — children dressed as Batman, Wonder Woman, Superman, etc. — in their ads. Because of this, Alejandro Calvillo Unna, Director General of El Poder del Consumidor, a national consumer movement, sent a letter on May 9, 2012 to Margaret Chan, General Director of the World Health Organization protesting these ad campaigns. In part the letter stated:

*As you know, Mexico is one of the countries with the fastest growth in childhood overweight and obesity as well as diabetes, worldwide...*

*Even with the oath they [Coca-Cola] made publicly, we have observed that they are violating their own promises with the new [ad] campaign, Superheroes, which is being promoted heavily in Mexico . Our National Institute of Public Health has scientifically proven that the best way to get children to improve their eating habits to healthier choices is through superheroes, turning fruits and vegetables into superheroes. The Coca Cola Co....used children dressed as superheroes. The campaign uses children holding the product. It is clear that this company is leading the campaign to children through superheroes.*

Similar ads have aired in other countries.

Coca-Cola continues to push mass consumption of its unhealthy soft drinks on Mexico's children and youth. Xaviera Cabada, Assistant General of El Poder del Consumidor, sent us a letter containing photos taken at a school and a summer camp that Coke organized for children. The photos showed a basketball court and red tents and banners emblazoned with the names and images of Coca-Cola. Ms. Cabada remarked, "Coke had said that they were not going to do any marketing propaganda to children under 12 — I guess Mexico is the exception."

Dr. Ann Lopez, author and environmental science professor at San Jose City College and director of the Center for Farmworker Families Studies, commented, "The people of west central Mexico are easy corporate prey for predator Coke. You can't stand anywhere in some of the rural towns and not see a Coke ad.

## **ATNI Whitewash & Opposition to GMO Labeling**

In addition, under the Nutrition and Obesity section of Calvert's report, it says "the Access to Nutrition Index (ATNI), a benchmark of food and beverage companies according to their commitments and actions related to developing and marketing healthy products and addressing under-nutrition...ranks Coca-Cola ninth best of twenty-two companies... Coca-Cola has done a good job of developing...stakeholder outreach on nutrition issues."

The ATNI is heavily funded by the Bill & Melinda Gates Foundation, which as I said is directed by Bill and Melinda Gates and Warren Buffett. As described earlier, the Foundation is a large shareholder of The Coca-Cola Company, Coca-Cola FEMSA and Warren Buffett's Berkshire Hathaway, which is the

largest owner of Coca-Cola stock. It is also funded by Global Alliance for Improved Nutrition (GAIN) and the Wellcome Trust.

Is Coca-Cola's promotion of Vitaminwater a part of its "developing and marketing healthy products and addressing nutrition"? An article in the *Huffington Post*, "The Dark Side of Vitaminwater," notes that a bottle of Vitaminwater contains 33 grams of sugar, making it more akin to a soft drink than a healthy beverage." Because of Coke's claims that "it will keep you 'healthy as a horse,'" and will bring about a "healthy state of physical and mental well-being," the *Center for Science in the Public Interest* is suing Coke for "deceptive and unsubstantiated claims." Coke's defense? "No consumer could reasonably be misled into thinking Vitaminwater was a healthy beverage."

Are Coca-Cola's ads promoting artificial sweetener aspartame as "safe" and "high-quality" part of its "developing and marketing healthy products?" On October 12, 2013, *WorldNetDaily.com* published an article by Bob Unruh entitled, "Coca-Cola Touts 'Safe, High-Quality' 'Carcinogen': Health pros horrified by ad campaign promoting aspartame." He quotes Michael Jacobson of the Center for Science in the Public Interest saying, "Aspartame has been found to cause cancer — leukemia, lymphoma, and other tumors — in laboratory animals and shouldn't be in the food supply." Unruh also quotes the Weston A. Price Foundation saying, "Numerous scientific studies point to toxic effects of aspartame, including cancer, digestive issues and memory impairment...thousands of adverse reactions to aspartame have been reported to the FDA, mostly concerned with abnormal brain function, brain tumors, epilepsy and Parkinson's."

An article in India's environmental magazine *Down to Earth* published March 15, 2013 and entitled, "Danone, Unilever and Nestle top newly released nutrition index", stated:

*The Access to Nutrition Index (ATNI) was developed to rank global and regional food and beverage manufacturers based on their practices for increasing access to nutritious products.*

*Slamming the rankings, critics say the initiative is nothing but a whitewash and an attempt to promote business houses with dubious records..*

*"GAIN is a public-private entity which claims to work to tackle malnutrition, and its work seems to focus on opening up markets for its 600 partner companies," says Arun Gupta, co-chair of the International Baby Food Action Network (IBFAN). GAIN's partner companies include Danone, the world's second largest baby food company, Mars, PepsiCo and Coca-Cola.*

*The report scores 25 of the world's largest food and beverage manufacturers on the basis of their written policies and statements, rather than on independent monitoring of their actions on the ground, says Gupta. He adds it is not surprising to find the report rewards those with the biggest PR budgets...*

In a related issue, an article entitled "The Dark Side of Coca-Cola's Healthy Brand," the *Huffington Post* reported on December 5, 2013 that "In November, Washington State voters narrowly rejected ballot initiative 522, which would have mandated the labeling of GMOs. The 'no on 522' campaign broke state initiative fundraising efforts by pulling in more than \$22 million, all but \$550 of which came from out of state. They spent much of their record-setting haul on a barrage of ads deemed 'mostly false' by the *Seattle Times*. More than half of the 'no' campaign funding came in the form of allegedly illegally laundered money... through secret contributions to the Grocery Manufacturers Association."

According to the Center for Food Safety, “Coca-Cola had secretly contributed more than \$1.5 million to the campaign against the labeling of genetically engineered foods in the state [Washington]. Coca-Cola also contributed more than \$1.7 million to defeat labeling in California the year before...”

## **Coca-Cola’s Water Stewardship in India: A Travesty**

In its 2013 analysis under the section, “Water Issues and Environmental Justice,” Calvert points out that in the state of Kerala in India, “the local community complained in 2008 that the company’s wholly-owned bottler had overdrawn local supplies of water, leaving residents with insufficient and polluted water.” The bottling plant in the village of Plachimada in Kerala’s Palakkad District was forced to close down in March 2004, after many demonstrations and the village council’s refusal to renew the Company’s license. The analysis says that despite the fact that the plant has been closed for several years, it “continues to be a lightning rod of discontent” and “the company continues to fight a 2010 compensation claim by the Kerala government of \$47 million.”

“In response to these issues,” the analysis adds, “Coca-Cola tightened its water stewardship framework and reporting” and has “established water commitments to: Return to communities and nature an amount of water equal to what the company uses in its finished beverages and their production by 2020; Improve water efficiency in manufacturing operations by 25 percent compared with a 2020 baseline, also by 2020...Coca-Cola has taken a leadership role in the CEO Water Mandate...”

It should be noted that the **CEO Water Mandate** is another meaningless UN Global Compact corporate finagling initiative and Coca-Cola’s imaginary 2020 “water stewardship” commitments fall in the same category.

*Stewardship is defined as an ethic that embodies the responsible planning and management of resources. The concepts of stewardship can be applied to the environment, economics, health, property, information...Suggesting that Coca-Cola is a leader in water stewardship is totally inappropriate and only helps to cover-up this company’s lack of such.*

In Potter’s *Business Today* op-ed article, he stated, “We have continued to reduce our water ratios in India... We have installed rainwater harvesting systems in 26 of our plants in eight communities. Through rainwater harvesting, the collected water from the monsoon rains is used for plant functions, as well as for recharging the local aquifers. We expect to have rainwater harvesting in all manufacturing facilities in India by the end of **2006**.”

On March 7, 2013, a press release issued by the India Resource Center entitled “Coca-Cola Expansion Plan Opposed in Mehdiganj, India; Community Seeks Rejection of Coca-Cola’s Application” made a mockery of Potter’s rainwater harvesting claims. According to the release:

*Coca-Cola’s rainwater harvesting programs in India — which started only after the protests — are lackluster and do not work adequately. Coca-Cola has continually misrepresented the science and logic behind its water conservation projects to make fantastical claims of ‘water neutrality’, and the company’s claims are nothing more than greenwash to deflect attention away from the water crisis it has caused in Mehdiganj and other parts of India...*

*One of India’s largest NGOs, the **Energy and Resources Institute** described Coca-Cola’s rainwater harvesting structures in **2008** as ‘dilapidated’ and cast doubt on the company’s claims of having achieved ‘water neutrality’...*

*Even Coca-Cola company officials at the bottling plant in Mehdiganj have admitted failure of their much-touted rainwater harvesting initiatives, telling the*

Central Ground Water Board in **2012** "its desired impact is not visible in the area."

Coca-Cola's continued insistence that it replaces the water that it uses —with no actual measurements and with no regard for the localized nature of watersheds — is outlandish. **"If Coca-Cola is so confident that it harvests more water than it uses, then why not use rainwater alone to meet all its water needs?"** said Nandlal Master of Lok Samiti, a local group that has documented Coca-Cola's dysfunctional water conservation projects in the area and led the campaign against Coca-Cola...

'...Allowing Coca-Cola to mine for water from deep depths will very likely mean that there is no water for future generations. This goes against the principles of sustainable development. Instead of relying on Coca-Cola's dubious water recharging claims, the right thing to do would be to not allow further excessive groundwater use in the first place...' said Amit Srivastava of the India Resource Center.

On January 22, 2014, the India Resource Center reported:

"Local authorities in Varanasi in India are preparing to evict Coca-Cola from land that the company is occupying illegally at its bottling plant in Mehdiganj.

"The action to evict Coca-Cola comes as the result of an order (in Hindi) that was passed by the Tehsildar, the local revenue officer, on December 16, 2013 after an investigation conducted by the authorities at the insistence of local villagers.

"The Tehsildar also allowed for a police force to accompany the local authorities to evict Coca-Cola.

"The land occupied illegally by Coca-Cola – approximately 2,500 square meters within the premises of its bottling plant – is community owned land and meant for common use by the community.

"The use of such land – known as Gram Sabha or Gram Panchayat land – by private parties is prohibited by law.

"The eviction of Coca-Cola from the illegally occupied land would also mean that any structures built by Coca-Cola on the illegally occupied land would have to be demolished.

"Coca-Cola has proposed to expand its production at its bottling plant in Mehdiganj five-fold, a move strongly [opposed](#) by the local communities because of the declining groundwater conditions in the area...

" 'We are looking forward to reclaiming the community-owned land that belongs rightfully to the people. We will not rest until Coca-Cola is evicted,' said Nandlal Master of Lok Samiti, the local community group that has been at the forefront of the campaign.

"The Supreme Court of India has also raised serious concerns regarding illegal land grabs of community held land by private parties. In a [ruling](#) dated January 28, 2011, the Supreme Court made it clear that any structures built on illegal land

*would have to be demolished, and also directed all “State Governments in the country that they should prepare schemes for eviction of illegal/unauthorized occupants of Gram Sabha/Gram Panchayat/Poramboke/Shamlat land and these must be restored to the Gram Sabha/Gram Panchayat for the common use of villagers of the village...’*

*“ ‘Coca-Cola’s land grab in India, as confirmed by government authorities, makes a mockery of their so called “zero tolerance” commitment towards land grabs. If Coca-Cola is serious, they should immediately return the community-owned land to the village council, as demanded by the government authorities,’ said Amit Srivastava of the India Resource Center, an international campaigning group.”*

On January 25, 2014, *RT News* reported in an article, “Indian officials push to demolish ‘illegal’ Coca-Cola bottling plant,” that the Mehdiganj bottling plant was built on village council land and is therefore “illegal” and the government in December had ordered its demolition, according to *Agence France-Presse*. The article says the Mehdiganj plant’s “apparent propensity to extract too much groundwater and pollute soil in the area has inspired protests for years. One such event, in 2006, lasted for over three months and culminated with a hunger strike among the local population and activists demanding the plant cease operations.

“Along with polluting agricultural fields and bodies of water with toxins, the plant was reportedly responsible for lowering farm yields and consistently intimidating those who spoke out against it.”

## **Reducing Global Water Footprint: Coke’s Deceptive Public Relations Gimmick**

The Public Services International Research Unit at the University of Greenwich in London published a report authored by David Hall and Emanuele Lobina in March 2012 entitled, “Conflicts, companies, human rights and water: A critical review of local corporate practices and global corporate initiatives.” The report states:

*The largest corporate users of water are companies selling soft drinks or beer, including Coca-Cola....*

*At global level the same companies that are major consumers of water promote a number of initiatives to try and advance ideas which favour their interests in these conflicts with other users.*

***These companies use the idea of water efficiency and reducing their global water footprint to claim that this is offsetting local impacts. But these measures do nothing to reduce the actual impact in these specific locations, and have to be understood as public relations exercises...***

*The CEO Water Mandate strongly promotes the idea of ‘shared risk’. This claims that governments and society equally share the risks identified by companies of ‘regulatory’ and ‘reputational’ risks. But for the rest of society, regulation is a benefit, and the activity of companies creates risks...*

The report discusses ramifications of three Coca-Cola plants in India:

*In Palakkad [the **Plachimada, Kerala** plant described above, which was opened in 1999 and forced to shutdown in 2004], Coca-Cola tried to dispose of waste by offering it as a ‘free fertiliser’ to local farmers. It was found to be useless as a*

fertilizer, and contaminated with toxic chemicals including lead and cadmium. The company only stopped distributing its waste when ordered to do so by the state government...

Coca-Cola opened another bottling plant in **Kala Dera, Rajasthan**, in 2000, although the area's groundwater reserves had already been declared to be 'over-exploited' in 1998. A report by the Energy and Resources Institute (TERI) in 2008...specifically condemned the opening of the plant at Kala Dera, and recommended closure as 'the plant's operations in this area would continue to be one of the contributors to a worsening water situation and a source of stress to the communities around...'

A third plant in **Mehdiganj**, in the state of **Uttar Pradesh**, opened in 1999. The economic benefits of employment opportunities were not as great as hoped: many jobs went to workers from other areas, wages were low, and the company resisted attempts to organise its workers in unions. There were problems with wastewater: a spill in 2002 contaminated agricultural land. But the greatest problem was the depletion of groundwater by the new plant: the levels fell by 7.9 meters in 11 years, whereas previously they had been rising. A local political institution, the Lok Sabiti ('people's committee') organised protest, using the slogan 'coca cola pani chor' ('Coca-Cola steals water'). The company has not negotiated with the local organisation, but rather treated it as a security problem, with police called in to arrest protestors...

Companies argue that these impacts are compensated for by other actions, by which they can become 'water neutral' or even 'positive'. Coca-Cola claims to aim at 'global water neutrality...' [but these] corporate actions fall into three categories – reducing the water footprint of their own products; supporting the water efficiency of other users; and promoting recharge schemes and rainwater harvesting. Only the third of these, however, mitigates the local impact of their water abstractions.

**Coca-Cola has analysed its global water footprint**, which consists of multiple local demands to produce all the ingredients in the drink. **This full supply chain footprint, including for example the water used to grow sugar and other ingredients, is between 300 and 600 litres for every litre of drink produced.** Nearly all of this is consumed through growing and manufacturing the various ingredients, especially sugar and vanilla. Similarly, **studies by SABMiller show that the total supply chain footprint of beer is between 45 litres and 155 litres per litre of beer.** But global reductions in the water footprint of the product, for example by reducing the water use of vanilla growers in Madagascar, does nothing at all to offset the local impact of a bottling plant in India.

...Coca-Cola has funded drip irrigation systems for 15 farmers in India. SABMiller has financed small-scale demonstration fields for local farmers on reducing water use by greater water efficiency, use of more water-efficient plant varieties, or planting less water-intensive crops. While improving efficiency in agriculture does reduce overall demand for water, small-scale temporary donations, which are subject entirely to corporate decision-making, are not a sustainable way of delivering this. When the company decides to stop paying, the measures may become unaffordable, even for the chosen few. Moreover, the water saved by these schemes may be in different areas to the abstractions, and so does not balance the impact in terms of local availability and demand for water. **It does**

***not make sense to claim to be water neutral on the scale of a sub-continent such as India. For these water-stressed areas, recharge schemes in some other part of India are useless...***

*...Coca-Cola has claimed that it has created an annual recharge of 1.3 billion litres in Kala Dera, without providing any evidence for the figure. Although increasing recharge of aquifers is a genuine way of reducing local water stress, these initiatives are not sustainable ways of delivering it. The companies do not have any direct economic incentive to fund such recharges — the economic return is a public relations gain from being seen to act responsibly. In effect, the incentive for water efficiency is created entirely by public campaigns against the abstractions, and by general public and political pressure for greater environmental responsibility. Finally, the companies themselves decide the scale and nature of the activity, and control the measurements, so the possibility of criticism or independent verification is reduced, and the actual benefit to the local community and aquifer is hard to verify.*

With respect to the ideas presented at the CEO Water Mandate meeting to discuss the Post-2015 Sustainable Development Agenda, Kathleen O'Halleran of Northwestern Oklahoma State University, who serves as a policy advisor and consultant on a national and international scale in the field of Sustainability and Sustainable Education, commented:

*In an ideal world, these recommendations would contribute significantly to better water resource and water quality management. However, corporations are not likely to take such environmentally or culturally contextual actions... in the absence of regulatory, legal mandates and standards set by local, state, regional and/or national governments. Taken as a whole, the gist of these recommendations also seems to lean toward the corporate privatization of water supplies... Because water is necessary for the production, development and sustenance of all living things, water should be considered a public necessity, and not a profit-driven, corporate enterprise...*

Highly respected, London-based, NGO War on Want issued, "Coca-Cola: An Alternative Report" back in March 2006 that highlighted a number of serious water issues related to Coca-Cola's over-exploitation and contamination of local water resources in India, Mexico and El Salvador. The issues they described then, including Coke's dysfunctional rainwater harvesting in India and exhausting and polluting water resources in El Salvador and Mexico, still ring true today. In addition, there are many unsavory water issues relating to Coca-Cola in places such as China, Africa and even the United States. Indeed, American newspapers from Massachusetts to Georgia, Arizona, Michigan and California have reported on Coca-Cola's water contamination and wastewater violations.

For example, the *Atlanta Business Chronicle*, on February 27, 2013, ran an article entitled "Coca-Cola syrup plant may have violated Atlanta laws," only to be followed up with a posting by Stack & Associates, P.C. Blog on March 29, 2013, entitled "Coca-Cola admits misleading Atlanta officials about waste water."

## **WWF: Coke Buys a Major Player for the Big Coca-Cola Greenwash**

In an effort to deflect growing outrage from environmentalists worldwide and particularly over the water scandals in India, Coca-Cola announced in 2007 a \$20 million donation/partnership with the **World Wildlife Fund (WWF)**. This move was made to promote and inflate its image on the topic of water conservation. The WWF is more than happy to help Coca-Cola greenwash its horrible environmental record at that price. By associating the company with the WWF name and its cute panda bear logo,



Coke executives try to cover up the reality of Coca-Cola depleting and polluting scarce water resources. As protest banners in India rightly expose, “Coca-Cola Destroying Lives, Livelihoods & Communities.”

*Coca-Cola has donated so much money to WWF that the Fund has made former Coca-Cola CEO Neville Isdell its chairman.* In the publication *Minyanville* that covers business news, Elizabeth Whittlesay wrote an article entitled, “Identity Crisis? The Coca-Cola Company and World Wildlife Fund” published on July 20, 2012. In it she stated, “Many PR analysts label the Coca-Cola-WWF partnership as an attempt to “greenwash” the Coke brand. Both parties benefit: WWF receives funding, while Coke receives an improved (although deceptive) public image.”

Those who have researched the WWF don't find its relationship with Coca-Cola surprising. They would say that the WWF has a lot more in common with Coca-Cola and big agribusiness than with real conservationists. Conservation is defined as “a careful preservation and protection of something; esp : planned management of a natural resource to prevent exploitation, destruction, or neglect.” Dr. Jonathan Latham, executive director of Bioscience Resource Project which publishes *Independent Science News*, made a strong case in the article, “Way Beyond Greenwashing: Have Corporations Captured “Big Conservation?” published in *Dollars and Sense* on March 5, 2012. Dr. Latham argued that **big conservation organizations like the WWF are too intimately connected with big corporations and serve as a mouthpiece for their interests including those interests that contradict “conservation.”**

Chris Lang wrote a series of articles published by *redd-monitor.org* including ones entitled “WWF scandal (part 4): The dark side of the Panda” (5/29/12) and “WWF Scandal (part 2): Corporate Capture, Commodities and Carbon Trading” (4/12/12). Part 4 spotlights a documentary film “The Silence of the Pandas: What the WWF isn't saying” and a book about the WWF: “Black Book WWF: Shady deals under the sign of the panda.” German filmmaker and author Wilfried Huisman produced both. Part 2 ends with an observation by Lang after listening to a presentation by WWF Vice President for Market Transformation Jason Clay. He concludes “Clay and WWF are proposing that corporations, commodity traders and carbon traders should manage the planet” and that would be “a recipe for disaster.”

*SpiegelOnline* published a story by Jens Glusing and Nils Klawitter on May 29, 2012 entitled “Green Veneer: WWF Helps Industry More than Environment.” They wrote: “The WWF is the most powerful environmental organization in the world and campaigns internationally on issues such as saving tigers and rainforests. But a closer look at its work leads to a sobering conclusion: Many of its activities benefit industry more than the environment or endangered species... Companies pay seven-figure fees for the privilege of using the logo... many view the WWF as an accomplice of corporations. In their opinion, it grants those corporations a license to destroy nature, in return for large donations and small concessions.”

Carter Roberts is president and CEO of WWF. IRS Form 990 lists his compensation for the tax year ended June 30, 2012 at \$495,806 from WWF and other compensation of \$72,528 from WWF and related organizations.

## **Supply Chain Issues: How Coca-Cola Deflects Criticism & Buys Respectability**

On issues relating to Coca-Cola and its supply chain, the Calvert analysis noted, “A recent benchmark by Oxfam of the ten largest food and beverage companies' commitments on supply chain issues such as labor, land, water, farmers and transparency put Coca-Cola third best of the ten companies reviewed, though the analysis found that the entire industry was failing to address supply chain risks adequately. The **Oxfam** campaign recently focused specifically on Coca-Cola...for failing to manage land rights in their sugar supply chains... Oxfam has urged the company to adopt a policy specific to avoiding land grabs in its supply chains.”

In response to Oxfam's campaign, Coca-Cola publicly committed to Oxfam's zero tolerance policy for land grabbing and to "recognize and safeguard the rights of communities and traditional peoples to maintain access to land and natural resources." Coke's new policy led **Survival International** to urge Coca-Cola to stop buying sugar from U.S. food giant Bunge, which buys sugar cane from land stolen from Guarani Indians in Brazil. A Guarani spokesperson told Survivor International, "Coca-Cola must stop buying sugar from Bunge. While these companies profit, we are forced to endure hunger, misery, and killings."

Stephen Corry, Survival's Director, wary of all the fanfare around Coke's promise, said, "Multinational companies are the masters of deflecting criticism with promises of change, but policy is worthless when concrete action doesn't follow. **If Coca-Cola's commitment is to be taken seriously, the company has to stop buying sugar from Bunge. As long as the deal continues, Coke's pledge against land grabbing is meaningless.**"

Similar sentiments were made recently by India Resource Center's Amit Srivastava when he said, "Coca-Cola's land grab in India, as confirmed by government authorities, make a mockery of their so-called 'zero tolerance' commitment to land grabs. **If Coca-Cola is serious, they should immediately return the community-owned land to the village council, as demanded by government authorities.**"

Mr. Corry and Mr. Srivastava are so right. We have learned from past experiences that Coca-Cola's commitment to "do the right thing" in its supply chain, whether relating to serious issues involving child labor, labor subcontracting, water and other human rights and environmental issues, are most often meaningless. Coca-Cola's "doing the right thing commitments" follow a typical company scripted scenario. When feeling too much heat around an issue, the company and its public relations' spin masters take actions to give the impression that it is taking a leadership role in solutions.

**The company announces it has partnered with a group that has influence and is respected by many. This will lend credibility to any claims the company makes. Of course, the partnering involves big contributions from Coca-Cola to the group. The group promotes Coca-Cola's leadership role in helping to solve society's ills. The group highlights the company's signatories to a slew of declarations to exhibit Coca-Cola's commitment to prevent labor, human rights and environmental abuses, to promote health and happiness, and to help eradicate poverty.** I can only applaud Oxfam if it makes sure that Coca-Cola expeditiously follows through on its promise of "zero tolerance" on the land-grab issue.

**This promise must also extend to a country like Swaziland.** *All Africa* published a commentary titled, "Swaziland: Coca-Cola Abandons Swazi Workers" saying, "Coca-Cola has denied that it intends to take any lead in protecting the rights of workers in Swaziland from land-grabbing...where land is taken from poor people in developing countries without their consent...In Swaziland, King Mswati III, who rules as sub-Saharan Africa's last absolute monarch, controls all publicly-owned land, and his chiefs do his bidding in ejecting people from the land they live on and cultivate if they disobey him or them in any way. Manqoba Khumalo, General Manager of Conco Limited (trading as Coca-Cola Swaziland), told the *Sunday Observer*...that Coca-Cola was taking a leadership role across the world in protecting land rights of farmers and communities, but this did not apply to Swaziland..."

We know that ethical questions have been raised over Oxfam taking \$2.9 million from The Coca-Cola Company that included \$2.5 million between 2008-2010 for "humanitarian work in Sudan" and \$400,000 to co-produce a report in 2011 entitled, "Exploring the links between international business and poverty reduction: The Coca-Cola/SABMiller value chain in Zambia and El Salvador" which was authored by Oxfam America, The Coca-Cola Company, and SABMiller. Eyebrows have also been raised over Oxfam America President Raymond Offenheiser's pay (IRS Form 990 lists compensation

for the tax year ended March 31, 2013 at \$523,164 from Oxfam, and other compensation of \$36,274 from Oxfam and related organizations.).

The front cover of the Oxfam report is clearly an ad for Coca-Cola. In fact, the whole report serves as an ad to help Coca-Cola/SABMiller further create and promote an image of compassion, integrity and respectability which neither company deserves. After the front cover you read, "About the Organizations" wherein Coca-Cola presents "The Coca-Cola Company sustainability platform" and "The Coca-Cola Company sustainability commitments," SABMiller presents "SABMiller sustainability commitments" and Oxfam describes itself as an organization that "saves lives, helps people overcome poverty, and fights for social justice." Next in the report is "Letters from our leadership" wherein Coca-Cola's CEO Muhtar Kent is given a page followed by letters from Oxfam America President Raymond Offenheiser and SABMiller Chief Executive Graham MacKay (Mr. MacKay died on December 18, 2013). Then comes the "Executive Summary," describing key findings of the report showing the Coca-Cola/SABMiller value chain's macroeconomic impacts. This only raises more questions about the integrity of the report.

Parke Wilde, who teaches and writes about U.S. Food Policy at the Friedman School of Nutrition Science and Policy at Tufts University, had this to say about Oxfam's report in his *U.S. Food Policy* blog on May 25, 2011:

*I feel the Oxfam project contributed to the companies' public relations messaging, overstated the companies' contribution to local economies, underemphasized the health concerns about their impact, and did not adequately preserve Oxfam's own independence in the cooperative analysis...the report appeared to credit the companies with contributing more than \$100 million in economic activity to the local economy, generating millions of dollars in tax revenue for local governments and creating many thousands of jobs. However, after reading the report closely and asking Oxfam staff some questions about it, I think readers should be careful not to think of those dollars and jobs as a real impact of Coca-Cola's presence...the report included no critical discussion of expanded consumption of sugar sweetened beverages, displacement of traditional foods and beverages in the diet, and rising rates of overweight and obesity in developing countries...because of the joint authorship, it is impossible to tell what parts of the report are Coca-Cola writing, and what parts are Oxfam writing...*

Marion Nestle, award-winning author on food politics, Paulette Goddard Professor of Nutrition, Food Studies, and Public Health and Professor of Sociology at New York University, writes in her *Food Politics* blogs on the issue. Included is one post on April 20, 2011, entitled, "The latest oxymoron: Oxfam helps Coca-Cola reduce poverty." She writes: "Why is Oxfam America helping Coca-Cola to market its products in Latin America and Africa? I can only guess that Coca-Cola's grant to Oxfam must have been substantial."

In another blog posting, "More on Oxfam's anti-poverty partnership with Coca-Cola" on April 21, 2011, Nestle writes: "For just under \$3 million, Coke has purchased an endorsement from Oxfam of its anti-poverty practices and silence on the role of sugary drinks in obesity. This kind of public relations is well worth the price. What does Oxfam get in this bargain? The money, of course, but at the cost of serious questions about the credibility of its report and its independence. Perhaps these are tolerable, but what about loss of respect?"

Coca-Cola was under fire for continuing to operate in Sudan despite a U.S. embargo because of "human rights abuses connected to the north-south war and Sudan's links to terrorists." According to an article in *The New York Times* (October 24, 2006), "In 2002, Sudanese investors opened a new Coca-Cola factory, with Coke syrup legally exported to Sudan under an exemption for food and medicine. The \$140 million plant churns out 100,000 bottles of Coke, Sprite and Fanta per hour..." Even then,

Coca-Cola paid fines “to settle allegations of violations of the Sudan sanctions occurring between Jan. 2002 and April 2004...”, according to the Office of Foreign Assets Control of the U.S. Treasury Department (OFAC). These violations included exporting to its bottler in Sudan “services not authorized by its OFAC license and disregard[ing] or evad[ing] certain OFAC license restrictions.” Coca-Cola needed some cover and found a friend in Oxfam. Just as the company found a way to remain in apartheid South Africa while other companies were pulling out, Coke found a way to polish its eroding image, hold on to another important African market, and maintain its supply of Sudan’s gum Arabic.

In April 2007, the Campaign to Stop Killer Coke suggested the company, to help pressure the Sudanese Government to stop genocide in Darfur, allocate some millions of dollars to run a public relations and lobbying campaign. If that didn’t work, the company should shut down its operations in Sudan and compensate every worker at least a year’s pay to help their families adjust while seeking other means to make a living. This, we suggested, would cost the company less than the \$19 million it spent in 2003 to advertise Sprite.

## **Use of Illegal Hazardous Child Labor in Coca-Cola’s Supply Chain**

In 2004, Human Rights Watch (HRW) issued a report criticizing Coca-Cola for benefiting from illegal hazardous child labor being used to harvest sugar cane for its sugar supplier in El Salvador. In November 2007, a nationally televised documentary on Channel 4 in the UK entitled, “Mark Thomas on Coca-Cola,” aired film footage taken that same year showing that the conditions HRW reported on in 2004 hadn’t changed. The Campaign to Stop Killer Coke has continued to keep the Coca-Cola/child labor issue alive since those exposés. What has Coke apparently done to try to save face on ignoring the child labor issue in its supply chain in El Salvador and beyond?

Coca-Cola recruited the head of **Save the Children** to write an article posted on Coca-Cola’s website under the section dubbed the “Coca-Cola Journey.” The article, dated June 12, 2013 and entitled “Save the Children: Engaging Business to Address Child Labor” by Carolyn Miles, President and CEO of Save the Children, describes the magnitude and horrors of child labor. She very eloquently writes, “Many children work simply to eat, and child labor is much more common in poor countries and in poor households where a routine paycheck — due to chronic poverty or economic shocks like natural disasters or civil uncertainty — cannot be counted on... child labor can be mentally and physically dangerous.” **(Nowhere is there a mention of another prevailing cause — brutal exploitation by multinational corporations like Coca-Cola that have been benefiting from child labor for decades. Many of these same multinationals continue to profit from aggressively marketing unhealthy products to children and youth.)**

Ms. Miles then explains how Save the Children works toward the long-term goal of eliminating child labor altogether and how the organization works with three key partners: the child, the child’s family, and the community. “Praise God almighty!” as some would say. Ms. Miles adds, “there is another partner in this effort...the private sector...Business partners are now taking the lead in addressing child labor issues...the Coca-Cola Company...felt compelled to take action. In the framework of engaging the child, the family and the community, The Coca-Cola Company and Save the Children worked together to prevent child labor in Honduran sugar mills. By visiting schools and community organizations and promoting the issue through national media, the effort is raising awareness about the risks facing children in dangerous work environments...” **I wonder what role did Coca-Cola’s public relations specialists play in drafting Ms. Miles article?**

But that’s not all Coke’s money bought.

In another article, “Did Soda Companies Buy Off a Charity Advocating a Soda Tax?: A case of perverted ‘corporate responsibility’ ” that ran on December 17, 2010 in *The Daily Green*, Marion Nestle wrote:

*Does corporate social responsibility pay off for corporations? Indeed it does. Corporate money buys silence, if nothing else.*

*William Neuman of The New York Times provides a perfect example of how corporate sponsorship gets precisely what it is intended to do.*

*In this particular case:*

- *The corporations are soda companies, Coke and Pepsi.*
- *The social responsibility is donations of millions of dollars to a good cause.*
- *The cause is Save the Children, a group devoted to child health and development projects internationally and domestically.*
- *The intention? Get Save the Children to stop advocating in favor of soda taxes.*

*Not long ago, Save the Children was a strong advocate for soda taxes. Now it is not. How come? The group's website explains:*

*"about a minute ago we said, Corporate donors support us but do not pressure us. Our focus is children not soda tax policy. Back to saving more children now."*

*The Times, however, suggests a different explanation:*

*"executives at Save the Children were seeking a major grant from Coca-Cola to help finance the health and education programs that the charity conducts here and abroad, including its work on childhood obesity. The talks with Coke are still going on. But the soda tax work has been stopped....In interviews this month, Carolyn Miles, chief operating officer of Save the Children, said there was no connection between the group's about-face on soda taxes and the discussions with Coke. A \$5 million grant from PepsiCo also had no influence on the decision, she said. Both companies fiercely oppose soda taxes."*

*A mere coincidence? I don't think so. This is a clear win for soda companies, just as was Coca-Cola's sponsorship of the educational activities of the **American Academy of Family Physicians**. You can bet those activities do not involve telling parents not to give sodas to their kids.*

IRS Form 990 lists compensation for the calendar year 2012 for Carolyn Miles as \$403,857 from Save the Children and other compensation of \$40,887 from Save the Children and related organizations. It should also be noted that Save the Children board member Susan Decker is on the board of Berkshire Hathaway.

## **Still Awaiting the Call...**

At Coca-Cola's April 24, 2013 Annual Meeting of Shareholders, Coca-Cola Chair & CEO Muhtar Kent approached me prior to the meeting. "Perhaps the best way to find answers to our differences is to sit down and have a meal together," Mr. Kent said. I told him I appreciated his cordial suggestion and would be happy to sit down and talk over a meal. Shortly thereafter the meeting started and much of

the first hour was Muhtar Kent and Warren Buffett sitting down on stage chatting with one another and promoting Coca-Cola. When I got my chance to raise a question during the business agenda, I started by saying that I appreciated his suggestion that we have a meal together to resolve our differences and I suggested that he “might want to invite Warren Buffett to join us.”

Two weeks later, Mark Preisinger, Coca-Cola’s Director of Corporate Governance, called me and said Mr. Kent is very serious about having that dinner and that he would get back to me with some dates for such a meeting in New York City.

I am still awaiting his call.

My question at the annual meeting follows:

*Mr. Kent,*

*I appreciate our earlier discussion and hope we can have that friendly meal to find answers to our differences. If we do have that meal, you might want to invite Warren Buffett. I'd be very happy to sit down with both of you. Now, I have to ask you a hard question:*

*You have repeatedly lied to shareholders about ongoing labor and criminal lawsuits and investigations by Mexican authorities focusing on Coca-Cola.*

*In May 2011, Corpusiure, a corporate law firm headquartered in Mexico City, issued a special report titled 'The Coca-Cola Company Investigated For Tax Evasion', warning its clients not to follow in Coca-Cola's footsteps.*

*The report stated, “Despite...the investigation into the company in our country,...Muhtar Kent denied before the Annual Shareholders Meeting, that they are under investigation for tax evasion...if the accusations of fraud held against Coca-Cola were found to be true, the company would lose a figure ranging in the billions... The present investigation arose in response to the complaint filed by ex-director of market development, Angel Alvarado.”*

*At last year's annual meeting, Mr. Kent, you stated, “The allegations raised by former employee Angel Alvarado, are not true. There are no pending investigations by... any authorities in Mexico involving our company...”*

*Alberto Barranco reported on your statements in El Universal on June 7 of last year. He said, “The truth is the CEO of Coca-Cola lied.”*

*Information on the labor and criminal lawsuits accusing Coca-Cola of cheating Mexican workers and the Mexican government out of hundreds of millions of dollars can be viewed on the Mexican government's official website.*

*On another matter, one of The Coke 16, the group of Black and Latino workers in New York who are suing Coca-Cola for racial discrimination, is Sandra Walker. She worked in one of the Coke plants in New York described as “cesspools of racial discrimination.”*

*Last year, Coke flew five men from those plants to the annual meeting to refute those charges. One of the men you brought down is accused in a lawsuit as saying to Ms. Walker, in front of her white supervisors, “Black American women*

*are not capable of washing themselves properly. They smell bad and their homes are nasty and filthy.”*

*To add insult to injury, Ms. Walker was suspended for five weeks, but found innocent of charges that she told a supervisor, 'You're a dead man,' after witnesses proved she told the supervisor, 'You're a racist.' Yet Sandra was never reimbursed for the five weeks of lost pay.*

*Sandra wants to relay this message to all of you: “I complained about recurring abuses. This led to me being interrogated by persons from Coke's Human Resources Dept. in Atlanta. I was asked such irrational and obscene questions as, ‘Sandra, do you have any personal friends who are HIV positive?’ Then I was terminated.”*

*So, Mr. Chairman, What is your response this year to Mr. Barranco, Mexican authorities and Sandra Walker? And I hope we have that dinner. Thank you.*



We hope that Calvert will remove Coca-Cola from its Calvert Social Index. We also hope that ICCR leadership will make it clear to Coca-Cola executives and board members and to its own staff and affiliates that it is no longer acceptable or appropriate for the company to use ICCR's name and that ICCR will no longer continue to bolster the company's image as a responsible corporation.

Best Regards,

Ray Rogers  
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