

CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA

The Coca-Cola Company's Commitment to Human Rights

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Chairman Merkley, Chairman McGovern, and distinguished members of the Congressional-Executive Commission on China: thank you for inviting me to speak to you about The Coca-Cola Company's human rights commitment and our proud history of supporting global sporting events. We as a company—and I personally—share your passion for human rights and have the greatest respect for this Commission's essential work.

My name is Paul Lalli. I am Global Vice President, Human Rights at The Coca-Cola Company. In that capacity, I oversee the company's human rights policies and due diligence programs across the world. I also lead our human rights transparency and stakeholder engagement efforts. Today I hope to shed light on The Coca-Cola Company's sponsorship of global sporting events, including the Olympics; lay out the principles that guide our human rights program; and explain the steps we have taken to live by our commitments in our day-to-day business and in our sponsorships.

OVERVIEW OF THE COCA-COLA COMPANY & SYSTEM

The Coca-Cola Company is a global business that operates locally in every community where we source, produce, and sell our products. While our value chain is vast—spanning 200 countries and territories across the globe—we are able to keep a local focus because of the strength of the Coca-Cola system, which comprises our company and more than 250 independent bottling partners worldwide.¹ As a company, we employ 80,300 people. Our system, including bottlers, employs over 700,000.² Our mission is to refresh the world and make a difference. The second part of that mission is as integral to our business as the first. Each of the countries in which we operate poses unique economic, cultural, and political challenges. We do our best wherever we operate to improve the lives of everyone we affect—workers, communities, and consumers.

THE COCA-COLA COMPANY'S SUPPORT FOR ATHLETES

Almost a century ago, The Coca-Cola Company sponsored the 1928 Olympic Games and partnered with the US Olympic Committee for the first time. In every Olympic Games since then, we have proudly supported the International Olympic Committee (IOC) and Team USA; we have committed to continue doing so until at least 2032. The US Olympic and Paralympic Committee (USOPC) always stresses: "No athlete achieves their dream alone."³ The Coca-Cola Company is proud to play a part in making these dreams come true.

¹ The Coca-Cola Company, [Human Rights Report 2016-2017](#) at 5.

² The Coca-Cola Company, [2020 Business & Environmental, Social and Governance Report](#) at 12.

³ Team USA, "Join the team behind the team," available at <https://www.teamusa.org>.

We are also a longstanding partner of other major sporting events, including the FIFA Men's & Women's World Cups, the UEFA Championships, the Special Olympics—of which we are the founding partner—and many others. We sponsor these events because we believe that sport is unique in its ability to bridge divides between people and showcase the best of the human spirit.

Across our sponsorships, our credo is simple: we follow the athletes. We do not select venues. We do not endorse cities, countries, or governments. We sponsor events and competitors. We ensure that the vast majority of our funding flows to the athletes. With the Olympics, for instance, 90 percent of our funding flows to 206 National Olympic Committees, their teams and athletes, and the IOC Refugee Olympic Team.⁴ Team USA is the largest single beneficiary of this funding: since 2013, the IOC has distributed approximately \$1.1 billion of sponsorship and broadcast revenue to the USOPC to support US athletes and sport (including forecasted revenue from Tokyo 2020).

THE COCA-COLA COMPANY AND RESPECT FOR HUMAN RIGHTS

The Coca-Cola Company's commitment to human rights is sincere and embedded in our culture and strategy. It flows from the very top of our leadership throughout the organization. In the words of our CEO, James Quincey: "Respect for human rights is at the foundation of our business and ingrained in our culture, guiding our interactions with employees, bottling partners, suppliers, customers, consumers and the communities we serve."

Our touchstone is the United Nations Guiding Principles on Business and Human Rights, the global benchmark for corporate human rights responsibility. The Coca-Cola Company was among the first companies voluntarily to commit to the Guiding Principles, under which businesses are expected to do their best to identify and address human rights risks to individuals and communities across their value chain—from supplier to consumer. Realizing these ideals requires constant vigilance for continuous improvement. Two elements are critical in that effort: due diligence and collaboration. Both are pillars of our approach.

The Coca-Cola Company has worked tirelessly to embed respect for human rights across our system with a coherent and comprehensive framework of policies, due diligence, and remediation processes aligned with the Guiding Principles.⁵ Our Human Rights Policy captures our overall commitment to human rights and applies to all our operations.⁶ We expect the same of all of our suppliers and bottling partners. Our Supplier Guiding Principles⁷ and our Principles for Sustainable Agriculture⁸ are contractually binding on suppliers, with clear and strict human rights expectations. Our robust due diligence process, with a particular focus on forced and child labor, helps ensure that our high standards are being respected throughout our supply chain.

The cornerstone of our due diligence is an industry-leading onsite assessment program. To date, we have conducted more than 35,000 human rights assessments at supplier and bottler sites, including 2,279 in Covid-affected 2020. Assessments follow a detailed Coca-Cola protocol, including (i)

⁴ International Olympic Committee, "[How the IOC Finances a Better World through Sport.](#)"

⁵ The Coca-Cola Company, [Human Rights Report 2016-2017](#) at 7.

⁶ The Coca-Cola Company, "[Human Rights Policy.](#)"

⁷ The Coca-Cola Company, "[Supplier Guiding Principles.](#)"

⁸ The Coca-Cola Company, "[Principles for Sustainable Agriculture.](#)"

confidential interviews with a representative sampling of employees and contract workers from different vulnerable groups; (ii) extensive document reviews to understand legal compliance, recruitment practices, and fair treatment of workers, among other issues; and (iii) hundreds of discrete and collectively comprehensive questions for management and workers on the full suite of sustainability issues.

When a supplier or bottler fails to uphold any aspect of our policies, we require them to implement corrective actions and undergo follow-up assessments until outstanding issues are resolved. We also provide training programs and ongoing guidance to assist suppliers and bottlers in improving their workplace practices. Our Workplace Rights Implementation Guide outlines how to meet the Supplier Guiding Principles,⁹ and our Business Toolkit provides suppliers and bottlers with practical guidance how to improve their sustainability performance.¹⁰ We terminate relationships with any supplier or bottler who is unable or unwilling to allow an independent assessment or meet our human rights standards.

Beyond onsite assessments, we continuously strive for accurate and timely information about human rights issues across our value chain with a suite of mutually reinforcing approaches. These range from reliance on authoritative US Government and civil society reports to sophisticated data analytics, rigorous compliance investigations, and grievance mechanisms open to a broad array of stakeholders. Each of these measures helps triangulate and validate information from our onsite assessments.

We also give great weight to ongoing engagement with stakeholders and experts who can offer regional nuance and practical insight to advance our human rights journey. As an example, when mapping human rights risks across our value chain, we worked closely with Shift, a leading non-profit on the meaning and implications of the Guiding Principles. We then engaged with over 180 experts from around the world to understand their perspectives and concerns. Finally, we consulted broadly with more than 57 civil society groups to establish our human rights priorities.¹¹ Such engagement is part of a continuous dialogue that enables us to identify and address potential issues proactively and collaboratively.

We are proud to count among our civil society partners some of the leading global advocates for human rights, including:

- **Oxfam**, with whom we engage primarily regarding human rights risks in the sugar sector, land rights, and environmental issues.¹²
- **Institute for Human Rights and Business**, with whom we have collaborated on various projects related to modern slavery and sport and human rights.¹³
- **Interfaith Center on Corporate Responsibility**, with whom we have worked on our human rights program for many years, including an onsite validation of our assessment method.¹⁴

⁹ The Coca-Cola Company, "[Workplace Rights Implementation Guide](#)."

¹⁰ The Coca-Cola Company, "[Business Toolkit](#)."

¹¹ The Coca-Cola Company, [Human Rights Report 2016-2017](#) at 19.

¹² *Id.* at 46.

¹³ *Id.*

¹⁴ *Id.* at 47.

These trusted stakeholder relationships, among many others, inform our program and constantly drive us to be better.

We extend that spirit of collaboration to peer businesses as well, particularly when facing systemic challenges that range far beyond our own value chain. Forced labor, for instance, is an endemic human rights issue that respects no borders; it is a serious risk in virtually every company's value chain. Unethical recruitment is a primary cause of this abuse. Collaborative action of the private sector is key to achieving the necessary scale and momentum to advance responsible recruitment practices. In 2016, we collaborated with four other companies to launch the [Leadership Group for Responsible Recruitment](#), a business group working closely with international organizations, NGOs and trade unions to eliminate all worker fees in recruitment, both in law and practice, by 2026. The group is supported by the Institute for Human Rights and Business, the Interfaith Center on Corporate Responsibility, the International Organization for Migration, and Verité, a non-profit trusted by the State Department to advise on modern slavery around the globe.¹⁵

We also value transparency to ensure that stakeholders can hold us accountable for our human rights commitments, which is why we regularly release reports disclosing information about our performance and challenges. Chief among these is our annual [Business & Environmental, Social and Governance Report](#), which demonstrates how critical making a difference is to our corporate mission by integrating our reporting on financial and sustainability performance. In our CEO's words: "Our environmental, social and governance (ESG) goals are embedded in how we operate as a business—they are part of our very foundation."¹⁶ In addition, we published a detailed, [standalone human rights report](#) in 2017¹⁷ and have also published [21 country reports](#) detailing human rights investigations of our sugar supply chain.¹⁸

There remains much still to be done. But our commitment has not wavered. We will continue to strive to make a practical and meaningful difference in the lives of everyone we affect across our value chain.

THE CENTRE FOR SPORTS AND HUMAN RIGHTS & OUR DRIVE FOR RESPECT IN SPORT

The Coca-Cola Company's commitment to human rights extends to our sponsorship of global sporting events. We have been at the forefront of the drive to deliver sustainable and socially responsible global sporting events and to tackle their inherent human rights risks. In the context of such events, the expectation—and challenge—for companies under the Guiding Principles is to exercise 'leverage', which is "a company's ability to influence the behavior of others."¹⁹ As Shift has noted, leverage "gets to the heart of what companies can realistically be expected to do in practice" when trying to address human rights risks caused by businesses or states in their value chain.²⁰

¹⁵ *Id.* at 27.

¹⁶ The Coca-Cola Company, [2020 Business & Environmental, Social and Governance Report](#) at 3.

¹⁷ The Coca-Cola Company, [Human Rights Report 2016-2017](#) at 27.

¹⁸ The Coca-Cola Company, "[Country Sugar Studies](#)."

¹⁹ Shift, "[Using Leverage in Business Relationships to Reduce Human Rights Risks](#)" at 11.

²⁰ *Id.*

As a sponsor of global sporting events, our influence is limited. In the case of the Olympics, for instance, The Coca-Cola Company is one of 14 companies in The Olympic Partners program. Those 14 companies together provide less than a fifth of the IOC's funding. By contrast, broadcasters contribute almost 75 percent.²¹ That governments are always intimately involved in bidding for and hosting any event only heightens the challenge. As Shift cautions, in such contexts "the role of the state as regulator—and sometimes as an arbiter of whether a company can do business in that country—makes the exercise of leverage particularly challenging."²² Further limiting our leverage is the fact that we commit to multi-year partnership agreements to sponsor events long before the host city is selected.

We have fought to overcome these limitations and advance respect for human rights in sport through innovative collaboration. The Coca-Cola Company is a founding member of [The Centre for Sports and Human Rights](#) and the sole funder of its precursor, the Mega-Sporting Events Platform. The Centre unites an unprecedented coalition of sports bodies, governments, international civil society, sponsors and, critically, broadcasters to "to advance a world of sport that fully respects and promotes human rights by generating awareness, building capacity and delivering impact."²³

The Centre's focus is practical progress. To that end, it does what no individual actor could. It serves as a credible intermediary to raise sensitive questions with the full array of sports stakeholders. It can press governments without risking regulatory retribution. It can engage broadcasters without seeming as if it is passing the buck. And it can offer practical guidance to sports bodies and unite the voices of sponsors to drive meaningful reform, often from behind the scenes.

The Centre is young. But it has already achieved meaningful gains. It has helped FIFA integrate human rights into the bidding requirements for the World Cup. It has helped the Tokyo Organising Committee of the Olympic and Paralympic Games with sustainable sourcing, grievance mechanisms, diversity and inclusion, and public health. And, in partnership with the government, it has advanced labor rights in Qatar.

Much work remains to be done. The international world of sport is vast and complex, with many stakeholders and interests. But the Centre's ability to galvanize a range of stakeholders provides a unique platform to drive meaningful progress in the ethical conduct of global sporting events. We remain more committed than ever to its success.

THE USA IS OUR HOME AND BEACON

As we strive for this progress, we will continue to follow the athletes. But the United States is our home and beacon. We will always follow US law. And if our government decides not to send US athletes to any sporting event for public policy reasons, we will treat that decision with respect. We will also continue to stand for human rights wherever we operate. As we do so, we will always seek to make a meaningful and practical difference on the ground.

²¹ International Olympic Committee, "[How the IOC Finances a Better World through Sport.](#)"

²² Shift, "[Using Leverage in Business Relationships to Reduce Human Rights Risks](#)" at 11.

²³ Centre for Sport & Human Rights, "[About Us.](#)"