



# Evaluating Social Compliance Risks in Sourcing Countries through Customized Field Research

*UL's Responsible Sourcing group offers in-depth assessments of country, industry, and issue-specific risks through customized field and desktop research combined with targeted stakeholder engagements.*

The Coca-Cola Company commissioned UL's Responsible Sourcing group to conduct a human rights due diligence study examining the incidence and impact of child labor, forced labor, and land rights in several Latin American countries.

## The Challenge

At The Coca-Cola Company, respect for human and workplace rights is engrained in the company culture and further guides their interactions with suppliers, customers, consumers, employees and the communities they serve. At the heart of their business is agriculture, which accounts for nearly 50% of The Coca-Cola Company's yearly procurement. Operating in over 200 countries and territories, a key challenge The Coca-Cola Company faces is the proactive identification and management of human rights issues in their global value chain.

As a first step towards understanding and addressing forced and migrant labor, child labor, and land rights issues affecting their supply chain, The Coca-Cola Company referenced the U.S. Department of Labor's List of Goods Produced by Child and Forced Labor. This U.S. Department of Labor report helped inform the company's 2020 strategy that includes conducting human rights due diligence studies of issue-specific risks found in 28 of their key sourcing countries.

## Solution

In 2013, The Coca-Cola Company commissioned UL's Responsible Sourcing group to conduct human rights due diligence studies focused on three Latin American sugarcane producing countries in which they buy sugar.

In contrast to a social compliance audit, a due diligence study gathers facts and perspectives through research, stakeholder engagement and field based investigations. The results are then summarized into a single report that identifies potential issues, possible needs for remediation, and any underlying knowledge gaps that might require capacity building.

To better examine incidences and impact of child and forced labor and land rights concerns at country, industry, and The Coca-Cola Company's supply chain level, UL conducted customized field assessments. This field work and research included visits to sugarcane mills and associated farms, as well as, interviews with stakeholders specifically working on the issues of interest in the region. UL also reviewed publicly available information on child labor, forced labor, and land rights in the sugar industry in various Latin American





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countries. The research included review of the legal framework in specific Latin American countries with regards to identification and prevalence of child and forced labor, land rights issues, as well as existing initiatives addressing these concerns and the types of actions being taken to protect or help victims.

### Results

Results of the human rights due diligence study conducted by UL's Responsible Sourcing group were published in a report used by The Coca-Cola Company to directly engage with industry, government and NGOs. The comprehensive report on the incidences and impact of child labor, forced labor, and land rights concerns gave The Coca-Cola Company a factual basis to mitigate human rights impacts with stakeholders, as needed, and achieve their long term strategy to address the impact of child and forced labor, and land rights concerns at country, industry, and supply chain level.

**The Coca-Cola Company** (NYSE: KO) is the world's largest beverage company, refreshing consumers with more than 500 sparkling and still brands. Through the world's largest beverage distribution system, consumers in more than 200 countries and territories enjoy our beverages at a rate of 1.9 billion servings a day. With an enduring commitment to building sustainable communities, our Company is focused on initiatives that reduce our environmental footprint, support active, healthy living, create a safe, inclusive work environment for our associates, and enhance the economic development of the communities where we operate. For more information, visit Coca-Cola Journey at [www.coca-colacompany.com](http://www.coca-colacompany.com).

**UL is a leading global provider of responsible sourcing auditing and advisory services, which include supply chain monitoring, research and program development, and training. UL's Responsible Sourcing team has the global footprint to provide services in several countries.**

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