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Company report review

Coca Cola

Citizenship Report 2004

Presented by: the Ethical Insight team at  
Maplecroft

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### Note

This review is based on information contained in the electronic version of Coca-Cola's Citizenship Report 2004. An electronic version of the report is available at <http://www.coca-cola.com>. This review is intended as a summary only and does not provide full and complete discussion of all the issues contained in the report.

## 1 Company background

The Coca-Cola Company is the world's largest non-alcoholic beverage company. It markets four of the world's top five soft drinks – Coke, Diet Coke, Fanta and Sprite and has sales in more than 200 countries.

The production and distribution network (the Coca-Cola system) began in 1899 with the first franchised bottling company in Tennessee. At the end of 2004 the Coca-Cola system owned, leased or operated 867 production facilities around the world and has a workforce of approximately 50,000.

Coca-Cola recently developed a 'Manifesto for Growth', based on the understanding that ensuring a sustainable future for business means doing what it can to help ensure a sustainable future for the planet. The manifesto lays out a vision for sustainable growth with goals in five areas: people, portfolio, partners, profit and planet. In 2002 Coca-Cola and its largest bottling partners launched a framework for conducting business responsibly throughout the system by establishing shared commitments and principles. This program, called 'Citizenship@Coca-Cola' is used to evaluate operational performance against commitments and put in place processes for improvement.

The 2004 Citizenship Report is Coca-Cola's first comprehensive non-financial report and is accompanied by a stand alone Environmental Report.

## 2 Reporting practices

### 2.1 Materiality

The report outlines Coca-Cola's vision for sustainable growth. Three key challenges for CSR are identified as water, health and wellness and HIV/AIDS in Africa. Context and relevance to the company are provided for each of these issues. Although environmental sustainability is not defined as a key CSR challenge, it is given significant importance in the separate Environmental Report. Human rights and labour standards are not identified as a key challenge but do feature to some extent in the report.

Coca-Cola's key initiatives in response to the three main challenges are outlined in its Citizenship report. The remainder of the report is then structured into 4 key areas: market place, work place, environment and community.

The report emphasises the importance of stakeholder engagement and dialogue in building trust and contains a page outlining work in this area. In 2004 Coca-Cola's first ever Stakeholder Forum was held and in 2005 a global director of Stakeholder Engagement was appointed. Examples of stakeholder engagement are provided with employees, bottling partners, suppliers, customers, shareholders, consumers, governments, unions and NGOs.

### 2.2 Transparency

765 out of the 867 plants in the Coca-Cola system were included in the research for the Environmental Report. The report displays a high level of transparency with very good use of quantified data and graphics. Some negative issues are touched upon (for example a reduction in fuel efficiency). However the report is primarily focused on positive issues and achievements with little detail given to failures and challenges. Transparency would be further increased in the future with the inclusion of all of the plants in the system and further negative disclosures.

Coca-Cola's Citizenship Report is significantly less transparent than its Environmental Report. It is primarily discursive, backed up by a relatively small amount of quantified data. It has a very heavy bias towards positive achievements with little negative disclosure. The report does, however, address three occasions where there have been allegations of corporate malpractice including the use of child labour, being complicit in the assassination of trade union members and the excessive withdrawal of ground water in India. These allegations are all denied, with some factual basis provided.

There is an opportunity for Coca-Cola to increase the transparency of its Citizenship Report by using more systematic and quantified disclosures. It could, for example, consider providing quantified summaries of stakeholder dialogue, findings from supplier audits, breaches of the code of ethics and the nature of such breaches, number of work related serious accidents or fatalities and details of remuneration (for example as a percentage of the minimum wage in each geographic location). There is some disclosure as to the number of women and ethnic minorities in leadership roles in the report. This could be increased to cover those employees with disabilities and, in light of child labour concerns in many countries in which Coca-Cola operates, the age range of employees.

While Coca-Cola does site health and wellness to be one of its key CSR challenges, it does not display a high level of transparency regarding the alleged adverse health effects of some of the drinks in its portfolio and this issue is not directly confronted in the report.

## 2.3 Comparability

Coca-Cola has been guided by the Global Reporting Initiative (GRI) in the preparation of its reports, aiding comparability. The reports are not, however, produced in accordance with the GRI and no GRI index is provided. Coca-Cola might consider fully integrating the GRI framework into its future reporting for ease of reference and comparability.

The Environmental report clearly presents appropriate key indicators and some quantified targets with timescales. Data is presented for the years 2002 – 2004 for ease of comparison. Environmental Governance and management systems within the Coca-Cola system appear to be well structured with procedures in place for audit and data collection. This will be further improved with the involvement of more of the plants in the reporting process.

While the Citizenship Report does quantify some key indicators such as Trade Union membership, it fails to present a thorough and systematic approach to measuring performance. However, it has expressed the desire to codify its Global Human Rights Policy which is a step in this direction. While there are many qualitative targets outlined in the report, the majority of these are not quantified or set to timescales, making comparability difficult (those that are, are primarily environmental). The use of more systematic, quantified indicators and targets would greatly aid future comparability.

## 2.4 Assurance and verification

The data and claims presented in the Environmental Report have been externally verified by URS Verification Ltd. This process involved reviewing the accuracy of the information reported and the effectiveness of data collection, collation and validation systems.

It was found that in general the data collection and collation processes are effective and when aggregated provide data which is expected to be representative of performance at company level. Potential improvement in the accuracy of future data sets and minor data collation issues were identified and it was observed that the report focuses primarily on positive areas of performance. According to URSVL 'the text in the report reflects the company's significant environmental impacts and covers key significant initiatives associated with environmental management and performance'.

Data within the citizenship report have been verified internally. However there has not been any external, third party verification. For future reports this would be recommended. Coca-Cola does state that it is working to expand the data that it verifies externally.

### 3 Management structure

At Board level, progress towards sustainability is primarily reported to the Public Issues and Diversity Review Committee. This committee is also responsible for significant issues of concern to external stakeholders.

The audit committee is responsible for overseeing risk assessment and management policies and procedures. The most significant risks are reported to the board. Coca-Cola has implemented an Incident Management and Crisis Resolution Programme to formalise management reporting of potential and actual social, economic and environmental risks. A summary of such risks is provided regularly to senior management.

At Board level the audit committee is responsible for overseeing the company's ethics programmes, including its code of business conduct. The Ethics and Compliance Office is responsible for administration of the code. Training on the code is given to all directors, officers and employees (however it is not stated whether this is across the whole Coca-Cola system) and it is available in multiple languages on Coca-Cola's web site. Employees are required to report any suspected code violations to the Ethics and Compliance office. This can be done directly or anonymously via a free phone hotline or the company's intranet. Translation services are available for non English speakers. There is an opportunity to increase transparency in future reports by disclosing details of the number and nature of reported breaches of the code and any evidence of the consequence of non compliance such as staff dismissals.

A Sustainability Management Team was appointed in 2004. This team comprises senior level representatives from key corporate functions, geographic groups and major bottling partners. Due to the high risk of certain geographical areas in which Coca-Cola operates, it is appropriate that all these locations are represented on this team. However the report does not state which geographic locations are represented or how many representatives there are from each location. While the report provides detail of CSR management structures at a fairly centralised level, it does not provide detail of CSR management structures which are in place at regional levels.

Coca-Cola's management structure could be further explained in future reports with the use of an organisational diagram, clearly demonstrating responsibility and accountability.

### 4 Review of core issues

The review of core issues covers those identified in Coca-Cola's Citizenship Report: water scarcity, health and wellness and HIV/AIDS in Africa, along with the environmental issues detailed in its Environmental Report.

#### 4.1 Water

Coca-Cola is dependent on water, both in its manufacturing process and as the main ingredient in all the beverages it produces. Water scarcity is therefore identified as a 'major risk to the sustainable growth of the business, potentially increasing costs and jeopardising its ability to operate'. Coca-Cola acknowledges that water is a limited natural resource facing unprecedented challenges from over exploitation, increasing pollution and poor management. In 2004 the Coca-Cola system used an estimated 283 billion litres of water to produce approximately 92 billion litres of product. The report identifies that the main challenges to the business concern water usage and waste water effluent, as well as preserving water reserves in the community.

### 4.1.1 Policy

Coca-Cola has a policy of addressing water management in a holistic manner, reducing water consumption through water efficiency programmes while partnering with local communities to help protect local water resources. Coca-Cola is committed to the following:

- Being the most efficient industrial water user among peer companies
- Helping to enable access to clean drinking water in underserved communities where it operates
- Supporting the protection of watersheds in water-stressed communities where it operates
- Helping mobilise the international community around water challenges

### 4.1.2 Programme

The Coca-Cola Global Water Initiative was launched in 2004. This is a collaboration project between Coca-Cola and its bottling partners to establish a clear road map for water resource management. Three water solutions have been devised based on a global water risk assessment and are graphically presented in the Environmental Report:

- Operational excellence in managing water resources throughout the manufacturing life cycle
- Technological innovation to identify and implement breakthrough water technologies
- Community and watershed partnerships to work together with other stakeholders to address pressing local water resource challenges

The report provides programme information relating to water use and waste water effluent:

**Water Use:** The programme to minimise water use has involved assigning water conservation teams in many plants, employing new technologies and improving water use and reuse practices in all manufacturing operations. The report contains no more detail of these initiatives, such as the number of plants that now have conservation teams or the type of new technology employed.

**Waste Water Effluent:** The report states the necessity that waste water be appropriately treated before it is discharged into the environment, consistent with applicable law and the company's own internal policies. Where municipal or external treatment facilities are not able to meet the required standard of waste water treatment, Coca-Cola requires the construction and use of effluent treatment systems on site. Routine laboratory tests are carried out to demonstrate that water treated on site complies with company standards before being discharged.

### 4.1.3 Performance

The Environmental Report contains quantified data on the performance of water use and waste water effluent:

**Water use:** Figures for water use are given from 2002 - 2004. Average water use in 2004 was 2.72 litres per litre of product. This is a decrease of 6% from 2003 (partly due to an increase in the number of plants providing data). Estimated total water usage of 283 billion litres in 2004 represented a reduction of 14 billion from 2003. Water use figures are also given specifically for concentrate plants. In 2004 this was 26.51 litres per standard unit of concentrate, below the target set of 27.69 litres. The target for 2005 is 25.66litres/SU.

**Waste Water Effluent:** By the end of 2004 approximately 81% of Coca-Cola's systems facilities met the company's effluent standard, an increase from 78% in 2003. A target has been set of achieving 100% compliance by 2010. The report does not indicate to what extent the failing 19% have fallen below standard.

The report provides case studies of four water initiatives Coca-Cola has undertaken in some of the communities in which it operates, for example, partnering with the United Nations Development Programme to provide water tanks to households in Vietnam.

## 4.2 Health and Wellness

Coca-Cola does not directly address the alleged link between its products and poor health in its Citizenship Report. It does, however, acknowledge the problem of growing obesity rates in general which contribute to chronic diseases such as cardiovascular disease, type 2 diabetes and hypertension.

### 4.2.1 Policy

Coca-Cola's policy in this area is to offer a broad range of beverages to suit consumers' differing lifestyles and needs, to provide information and opportunities for nutrition education and to commit its skills and expertise to multi-sector partnerships which address obesity and promote healthy lifestyles. Coca-Cola states that it has a policy of responsible marketing in which the advertising of carbonated soft drinks on television programmes, targeted at children under 12 is prohibited.

### 4.2.2 Programme

Key initiatives include:

- Expanding its beverage portfolio to meet changing nutritional and lifestyle needs
- Collaborating with stakeholders to ensure it has responsible policies for its business, particularly in schools
- Partnering with governments, scientific experts and educators to promote nutrition education and physical activity

### 4.2.3 Performance

The Health and Wellness section of the Citizenship report is mainly discursive with few figures or targets to assess performance.

The report highlights that Coca-Cola now offers nearly 400 brands and more than 2,100 products. In addition to soft drinks, these include low and no calorie alternatives, juices and juice drinks, sports and energy drinks, teas, coffees, soya based drinks and fortified beverages with nutritional benefits. Coca-Cola also offers an increasing variety of package sizes to facilitate portion control. Nutritional information is displayed on packages, web sites, leaflets and through consumer information centres.

Coca-Cola introduced the 'Model Guidelines for School Beverage Partnerships' in 2003 which addresses the issues of financial agreements, beverage availability, logos and signage in school grounds and promotions. The guidelines also ensure that a broad range of beverages are offered to students. There is nothing in the report to indicate the impact of these guidelines or any changes that might have resulted from them.

The report highlights two case studies where Coca-Cola has been involved in initiatives to promote healthy lifestyles and physical activity among young people in various countries.

## 4.3 HIV/AIDS in Africa

Coca-Cola and its bottling partners are the largest private employers in Africa, employing approximately 60,000 people across the continent. In 2004 AIDS claimed more than 3 million lives and nearly 5 million people acquired the HIV/AIDS virus. More than 70% of those infected live in Africa. For Coca-Cola this reduces productivity and threatens economic prosperity.

### 4.3.1 Policy

Coca-Cola is committed to reducing the impact of HIV/AIDS on its employees and the community.

### 4.3.2 Programme

The report highlights initiatives in three main areas, driven by The Coca-Cola Africa Foundation in Swaziland:

#### *Awareness*

- A prevention awareness course for employees in Africa
- A widely distributed HIV and AIDS Associates Fact Book
- Regular education and information sessions
- Each year condoms and education materials are supplied on World AIDS Day

#### *Voluntary Testing and Counselling*

- Voluntary testing is encouraged and counselling is provided

#### *Care and Treatment*

- Full antiretroviral treatment is available to all system employees in Africa, their spouses and children

#### *Addressing HIV/AIDS in the community*

- Forming partnerships with governments and local and international organisations, contributing both financially and in other ways, for example, making use of its distribution network or marketing capabilities.

### 4.3.3 Performance

The report indicates that the programmes are available to 60,000 employees, reaching 300,000 people. More detail in this regard would be advisable. The report offers little data regarding the performance and outcome of its HIV/AIDS programmes. It does not indicate, for example, how many employees are involved in the information courses provided by Coca-Cola or how many households are reached by its information booklet. The report does not state how many employees and their families are receiving treatment and counselling from Coca-Cola. It does, however, state that thus far a limited number are taking advantage of treatment and that this is expected to increase as voluntary testing becomes more widespread and the social stigma associated with the illness decreases.

The report highlights that in 2004 Coca-Cola supported a regional World Bank HIV/AIDS Awareness Campaign which reached an estimated 50 million people. Additionally an HIV/AIDS awareness campaign launched by Coca-Cola Egypt won the Award for Business Excellence in the Community from the Global Business Coalition on HIV/AIDS.

## 4.4 Environment

Coca-Cola produces an externally verified, stand alone Environmental Report (41 pages). Figures for key indicators are clearly provided for the years 2002, 2003 and 2004.

### 4.4.1 Policy

Coca-Cola expresses its commitment to environmental stewardship which extends beyond company owned production plants and includes setting standards and providing leadership for its system. The company's environmental policy is clearly displayed in the environmental report, encompassing five values:

#### *Commitment to lead*

- Environmental commitment extends throughout the system, and members of staff assume the responsibility for day to day implementation of the Environmental Management System

#### *Compliance and beyond*

- Determination to integrate sound environmental practices even if there is an absence of specific regulatory requirements.

*Minimizing impact, Maximising Opportunity*

- Commitment to using the results of research and new technology to minimise the environmental impacts of operations, equipment, products and packages, taking into account the associated cost or profit for each environmental benefit.

*Accountability*

- Commitment to carrying out audits of its environmental and safety performance and practices, documenting the findings and taking necessary actions to improve.

*Citizenship*

- Undertaking to cooperate with public, private and governmental organisations in identifying solutions to environmental challenges.

#### 4.4.2 Programme

Membership of the Coca-Cola Environment Council is made up of senior environmental managers from the company and six of its largest bottling partners. Meetings are held twice a year and provide system wide views of the environmental impacts of operations. Additionally, an Environmental Advisory Board meets twice a year to discuss topics such as water and climate change.

Coca-Cola's environmental programme addresses four key environmental concerns: water use, energy consumption, solid waste and recycling rates. There are clearly defined indicators and targets for each.

**Water use:** The Coca-Cola Global Water Initiative was launched in 2004. Please see section 4.1.2 for details.

**Energy Use and climate change:** Since 1995 company policy has required that Coca-Cola no longer purchases equipment containing or made with chlorofluorocarbons (CFCs). CFC equipment that is presently in the system is expected to be completely phased out by 2007. Work has begun to build capacity for large scale production of CO<sub>2</sub> based refrigerant equipment (this has a global warming potential of 1, whereas HFC based equipment currently used has a global warming potential of 1300). The report does not detail an overarching system-wide programme to reduce energy usage by the company. It does, however, provide two case studies about the use of alternative fuel in Brazil and green energy certificates in the US.

**Solid Waste:** Coca-Cola has addressed the issue of packaging on a market by market basis which has limited its ability to share innovations globally or to provide meaningful measures of total global environmental packaging performance and impact. In 2004 it launched a worldwide framework for managing packaging issues. It is examining the environmental impacts of its packages throughout their entire life-cycle. The report states that Coca-Cola systematically integrates environmental criteria into its packaging development and commercialisation process to improve environmental performance of a package throughout its life cycle. Coca-Cola is also investigating more dramatic technological innovations such as renewable plastic resins made from plant starch and it is working with foodservice providers to pilot renewable plastic cup technology.

**Recycling rates:** The report indicates a commitment to reducing waste through recycling programmes. Coca-Cola states that it is actively working to advance public policies and practices in countries around the world to encourage greater and more efficient use of local recovery programmes. It supports recycling initiatives and waste recovery efforts. The system has played a leading role in the development and commercialisation of recycled PET plastic technology globally, for bottle to bottle use.

### 4.4.3 Performance

Environmental targets and performance indicators are clearly laid out in the Environmental Report. Figures are provided for the years 2002, 2003 and 2004.

**Water Use:** System-wide water usage in 2004 (283 billion litres) represented a reduction of 14 billion litres from 2003. Please see section 4.1.3 for more detail.

**Energy Use and climate change:** System-wide energy use was an estimated 54 billion megajoules, a reduction of 1bnMJ from 2003. Average energy use per litre of product was 0.53MJ in 2004 representing a 2% improvement on 2003. It is estimated that energy consumption led to direct and indirect emissions of 5.5 million metric tons of Carbon Dioxide in 2004 (a decrease of approximately 200,000 metric tons compared with 2003).

While the report acknowledges the implications of energy usage and emissions from distribution and marketing, no data is provided on these matters. The only information present is an estimate that the greenhouse gas emissions relating to sales and marketing equipment are almost three times those from system plants, while the emissions from distribution are approximately one half of those generated in system plants. Coca-Cola has announced the intention for its equipment to be 40-50% more energy efficient by 2010 than its equipment in 2000.

**Solid Waste:** During 2004 1.22 million metric tons of solid waste was generated, a decrease of 2% on 2003 figures. On average 11.67 grams of waste per litre of product was created from manufacturing, a decrease from the 12.22 grams in 2003. The report estimates that 1,220 kilotons of waste was produced in 2004, a reduction of approximately 34 kilotons from 2003.

**Recycling rates:** 931,000 metric tons were recycled by Coca-Cola's plants in 2004, an increase of 6,000 metric tons from 2003. However 77% of waste was recycled, against a target of 80%. The target set for 2005 is only 81%. In 1991 the Coca-Cola system and a supplier were the first in the beverage industry to commercialise a PET beverage container made with post-consumer recycled content. The company leads the industry with its use of recycled resin for bottles in 12 markets and expects to have broadened this to 17 markets around the world by the end of 2005. The report highlights a recycling initiative in Japan and Australia.

## 5 Certification

The reports do not clearly list Coca-Cola's external certifications or the company's listing on sustainability indices, such as the FTSE4Good index. The following conclusions can however be made.

- Coca-Cola's Code of Business Conduct meets the requirements of the Sarbanes-Oxley Act of 2002 and the listing standards of the New York Stock Exchange.
- Coca-Cola's quality management system (TCCQS) has been found to meet the requirements of International Standards ISO9001:2000 (quality), ISO14001:1996 (environment) and OHSAS 18001:1999 (Occupational health and safety) by Societe Generale de Surveillance-International Certification Standards and Lloyd's Register Quality Assurance. TCCQS also incorporates the Hazard Analysis and Critical Control Point system.
- Coca-Cola's Environmental Policy (eKOsysteM) is consistent with International Standards ISO14001 and in some instances exceeds it.
- 52 out of 53 European Carbonated soft-drink plants have been independently certified as complying with ISO14001. The company states the intention of having all 78 plants achieving this by 2006.
- Europe's Coca-Cola Hellenic Bottling Company is listed on the FTSE-4-Good index of environmentally and socially responsible companies.

Coca-Cola's Citizenship Report lists various awards it has won over the year as follows:

- Top 10 of 'Most Respected Companies in India', *Business World*, India
- First place in Food and Beverages segment of 'World's most Respected Companies Survey 2004', *Financial Times*, PricewaterhouseCoopers
- 'Corporation of the Year', United States Hispanic Chamber of Commerce;
- '2004 Diversity Achievement Corporate Award, District 2,' American Advertising Federation;
- '50 Best Companies for Minorities,' *Fortune Magazine*
- 'Top 50 Companies for Diversity,' *DiversityInc*
- 'Most Prestigious company of the Decade' in Argentina and Uruguay, Center for Public Opinion Research.

## 6 Ethical Insight's comment

3½ Star Rating: ★ ★ ★★

### Reporting Practices

Coca-Cola has produced a strong 41 page Environmental Report. However the overall assessment of its reporting practices is reduced somewhat by a relatively weaker 40 page Citizenship Report. The GRI guidelines have been used in the preparation of the reports. However, the reports are not produced in accordance with the GRI. It is evident that the company engages in structured and frequent stakeholder dialogue. However, there is room for future reports to present the findings of such dialogue and how this has shaped CSR policy and practice. The reports present a clear CSR and environmental vision and identify key CSR challenges. All material issues are addressed to varying extents. However, human rights and labour standards are not identified as key CSR issues.

Coca-Cola has developed appropriate key environmental indicators and many targets, which are presented in the Environmental Report over three years. Comparability is therefore of a high standard. Transparency will be further enhanced as more of Coca-Cola's plants become involved in the reporting process. The company's Citizenship report is primarily discursive with relatively few statements backed up with quantified data. It would be advisable for Coca-Cola to develop a coding system for qualitative information, along with a systematic presentation of social data over time to promote transparency and comparability. Both the reports are heavily biased towards positive disclosure. Future reports would be significantly improved by a more balanced approach with transparent negative disclosures. Coca-Cola's Environmental report has been externally verified. It would be advisable, for this to be extended to cover the Citizenship Report.

### Management Structure

There is a CSR management structure in place at Coca-Cola with identification of responsibilities at board and management level. Frameworks have been established to incorporate policies and principles into practice and a code of business ethics is established, monitored and enforced by the Ethics and Compliance office. In 2004 a sustainability management team was appointed and is represented by managers from varying geographical locations. The report details fairly centralised management structures and could be further enhanced with details of regional management systems for the different countries in which Coca-Cola operates.

### Management Systems

This review has considered Coca-Cola's policy, programme and performance in relation to the management of four core issues:

- Water Scarcity

Water programmes cover water usage and wastewater treatment and there is also a commitment to address water resource challenges in the community. The report provides some limited programme information regarding water usage and highlights Coca-Cola's waste water treatment requirements. Quantified figures are presented for both areas with estimated total water usage in 2004 having fallen by 14 billion litres from 2003. 19 % of Coca-Cola's systems facilities did not meet the company's effluent standard. Transparency would be improved with detail as to in what way or how severely they fell short. A target has been set of achieving 100% compliance by 2010.

- HIV/AIDS in Africa

Coca-Cola understands the impact of HIV/AIDS on its workforce in Africa and is committed to reducing the impact of it on its employees and the community. The company has an impressive HIV/AIDS programme, covering awareness and education, voluntary testing and counselling, treatment and addressing AIDS within the community. There is little performance information declared in the report, such as the take up and reach of the programmes. More data should be considered for future reports.

- Health and Wellbeing

Coca-Cola's key policy in the area of health and wellbeing is to offer a diverse portfolio of beverages so that consumers can have a choice. The company now offers more than 2,100 products. However, programmes in this area do not appear to be extensive and the Health and Wellness section of the Citizenship report is mainly discursive with few figures or targets to assess performance.

- The Environment

The Environmental Report is clearly structured, appropriately identifying key environmental risks as water, energy and climate change, solid waste and recycling. Key indicators are clearly presented and quantified over three years and targets are set for 2005. Information regarding programmes in place to address these issues is not extensive or comprehensive and the inclusion of more information would further improve reporting.

**Certification**

Europe's Coca-Cola Hellenic Bottling Company is the only Coca-Cola Company listed on the FTSE-4-Good index. 52 out of 53 European CCHB carbonated soft drink plants are certified as complying with ISO14001. Coca-Cola has won numerous awards throughout the year.

## 7 Appendices

### 7.1 Maplecroft's Ethical Insight report review criteria

Maplecroft's Ethical Insight report reviews are based on a four-pillar framework, taking into account reporting practices, corporate responsibility management structure, management systems (policy, programme and performance), and certification. The review of management systems considers the company's core issues as identified by the company in its report and by Maplecroft on the basis of the company's industry sector. Maplecroft is currently developing a map of core issues by sector which will be available shortly. The report review criteria are not comprehensive, but are designed to highlight the most significant practices and performance within each company, as well as important omissions and areas for improvement in future reporting.

- **Reporting practices** are reviewed on the basis of four key reporting principles:
  - **Materiality:** Does the report cover all the key issues relevant to the sector? Does the report provide the context and relevance of each issue to the company? Has the company engaged with key stakeholders in identifying and exploring material issues?
  - **Transparency:** Does the report disclose regulatory non-compliance? Does the report make other sensitive or groundbreaking disclosures? Is there public reporting at the local level?
  - **Comparability:** Does the company report in accordance with the GRI guidelines or other external metrics? Have internal metrics and data collection/management systems been developed? Does the report clearly present key indicators and targets?
  - **Assurance and verification:** What type of assurance and verification are provided? What is the scope of assurance and verification? What are the feedback / results of the assurance and verification process?
- **Management structure** is assessed on the basis of three main criteria: Is there a board level CSR Committee (or equivalent) in place? Is there a dedicated CSR network in place? Has the company signed up to any best practice principles or external bodies?
- **Management systems** incorporate principles (governance level), policies (strategic level), procedure and guidance (executive level) and practise (operational level). For a selection of the company's core issues, Maplecroft reviews policy, programme and performance.
- **Certification** refers to the company's listing on sustainability indices, such as the FTSE4Good and Dow Jones; external certification such as SA8000 and ISO14001; and any external awards received during the reporting year.

## 7.2 Previous Ethical Insight report reviews

Ethical Insight includes a review of a company sustainability report in each fortnight's edition. These reviews, together with the original report, can be accessed from the Maplecroft website at <http://www.maplecroft.net>.

Previous Maplecroft reviews are as follows:

- ABN Amro sustainability report 2003
- Alcan corporate sustainability report 2004
- Alcatel - Sustainable Development Report 2004
- Anglo American Report to Society 2004
- BAA annual report 2003/2004
- BAE Systems corporate responsibility report 2003
- BBC Corporate Sustainability Report 2004
- BHP Billiton Sustainability Report 2005
- BP Sustainability Review 2004
- Cadbury Schweppes Corporate and Social Responsibility Report 2004
- Citigroup Citizenship Report Review 2004
- Co-operative Group corporate responsibility report 2003
- HSBC Corporate Social Responsibility Report 2004
- Hydro corporate social responsibility annual report 2003
- Marks & Spencer Corporate Social Responsibility Report 2005
- NEC CSR Report 2005
- Nike Corporate Responsibility Report 2004
- Rio Tinto 2004 Sustainable Development Review
- Royal Bank of Scotland's Corporate Responsibility Report 2004
- Royal Mail corporate responsibility report 2004
- RWE corporate responsibility report 2003
- Shell Foundation 'Enterprise solutions to poverty' Report 2005
- Standard Chartered 2004 Corporate Responsibility Report
- TPG annual report 2003
- TPG Corporate Sustainability Report 2004
- Unilever Social and Environmental Reports 2004
- Vodafone corporate social responsibility report 2003/04
- WestLB Sustainability Report 2005
- Westpac Stakeholder Impact Report 2004

### 7.3 Ethical Insight's sustainability reporting services

The Ethical Insight team at Maplecroft works with global organisations across all sectors, providing a range of specialist corporate responsibility advisory services. Further details about the wider range of Maplecroft services and the Maplecroft team are available at <http://www.maplecroft.net>.

In the area of sustainability reporting, we have considerable expertise in the full range of management systems that underlie effective social and environmental reporting, including auditing, indicators, monitoring, impact assessment and performance management. Maplecroft is also experienced in report writing, verification and assurance, having contributed substantively to several award winning reports.

The Ethical Insight team is also able to provide independent assurance and verification services of the highest standard, including in accordance with GRI and AA10000 criteria.

Maplecroft has developed a number of proprietary tools to assist companies in the reporting process. Specifically, we have developed the *Principles-plus multi-audit etool*, a practical and comprehensive auditing method that brings together a host of social and environmental standards, international best practice principles and instruments of corporate citizenship in a set of worksheets. The tool is designed to help companies assess their conformance with best practice requirements and identify the specific areas in which performance can be improved. A corrective action request form assists in the performance management process.

Maplecroft has also developed a *Human rights monitoring mechanism*, a straightforward electronic human rights survey, which can be used and adapted by companies to provide a detailed picture of human rights risk in its operations around the world. The survey assesses the human rights situation and management systems in place at the country level which, together with external country and issue specific human rights research, allow for a detailed analysis of the company's risk of complicity in human rights violations, and specific recommended action points.

The Ethical Insight team comprise fully trained and experienced SA8000 and ISO14001 auditors.

Please call us or email to discuss how our award winning Ethical Insight team might help:

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