

**APPENDIX A: CORRESPONDENCE BETWEEN HUMAN RIGHTS  
WATCH AND THE COCA-COLA COMPANY**



**HUMAN RIGHTS WATCH**

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October 14, 2003

Douglas N. Daft  
Chairman and Chief Executive Officer  
The Coca-Cola Company  
One Coca-Cola Plaza  
Atlanta, Georgia 30313



By certified mail and fax: (404) 676 6792

Dear Mr. Daft:

I am writing on behalf of Human Rights Watch, an independent nongovernmental organization that conducts investigations of human rights abuses throughout the world. Human Rights Watch began in 1978 with the founding of its Europe and Central Asia division, then known as Helsinki Watch. Today it also includes divisions that cover Africa, the Americas, Asia, and the Middle East, and it has three thematic divisions on arms transfers, women's rights, and children's rights. Human Rights Watch is supported by contributions from private individuals and foundations worldwide. It accepts no government funds, directly or indirectly.

We are preparing a report on child labor in El Salvador, with a specific focus on the use of child labor in sugar cultivation. To assist us with this report, we welcome any information on the issues specifically raised below and any additional information you wish to provide on this matter. In the interest of balanced and fair reporting, we strive to reflect all perspectives in our research and look forward to your response.

We have attached questions regarding The Coca-Cola Company's contractual relationship with a sugar mill in El Salvador and questions regarding Coca-Cola's general labor policies with regard to Salvadoran suppliers of the ingredients used in its product. Your response will be taken into account in our forthcoming report. In light of our publishing schedule, we would be grateful to receive your response within one month's time.

Thank you very much. I look forward to hearing from you.

Sincerely,  
*Michael Bochenek*

Michael Bochenek  
Counsel  
Children's Rights Division

To: The Coca-Cola Company  
From: Human Rights Watch  
Date: October 14, 2003  
Subject: Sugar mills in El Salvador producing ingredients for Coca-Cola

#### A. Coca-Cola and Contractual Relationships

Human Rights Watch has received information that in 2003, Coca-Cola purchased ingredients used in its product from Compañía Azucarera Salvadoreña, S.A. de C.V. We would be grateful if you would confirm this information. If so, please indicate the months and years during which purchases were made. We also request that you specify in each case whether purchases were made directly from Compañía Azucarera Salvadoreña or through an intermediary enterprise and, if the latter, that you identify the intermediary.

#### B. Coca-Cola Labor Practices

We would appreciate information about the policies Coca-Cola has adopted regarding respect for workers' human rights by the suppliers from which it purchases ingredients used in its product.

Specifically, we would welcome your responses to the following questions:

1. Does Coca-Cola have any policies regarding the use of child labor in facilities producing ingredients used in its product?
2. Does Coca-Cola monitor on an ongoing basis labor rights conditions in the Salvadoran facilities from which it purchases ingredients used in its product? Did Coca-Cola conduct any labor rights monitoring or inspections of Compañía Azucarera Salvadoreña during the time period indicated above?
3. What steps does Coca-Cola take to ensure that facilities producing ingredients used in its product do not employ children under the age of fifteen?
4. What steps does Coca-Cola take to ensure that facilities producing ingredients used in its product do not employ children under the age of eighteen in hazardous labor?
5. What steps does Coca-Cola take to ensure that all payments legally due workers under the laws of the countries in which facilities producing ingredients used in its product operate are made in full and without delay?

# The Coca-Cola Company

COCA-COLA PLAZA  
ATLANTA, GEORGIA

CAROL M. MARTEL  
DIRECTOR, PUBLIC AFFAIRS

November 18, 20003

ADDRESS REPLY TO  
P.O. BOX 1734  
ATLANTA, GA 30301  
404 676-4152  
FAX: 404 515-1254

Michael Bochenek  
Children's Rights Division  
Human Rights Watch  
350 Fifth Avenue, 34th floor  
New York, NY 10118-3299 USA

Dear Mr. Bochenek:

Thank you for your letter to our chairman informing us that you are preparing a report about child labor as it may relate to sugar cane cultivation in El Salvador. I have been asked to respond to you with information provided by our group and regional operating units. As I am sure you are aware, the sugar industry has been working closely with the International Labor Organization to help address the issue of child labor in El Salvador. A foundation has been established and has been very active with a special focus on the needs of young people.

Regarding your specific questions about The Coca-Cola Company's relationship with Compañía Azucarera Salvadoreña, S.A. de C.V. ("CASSA"), I would like to provide of the following information:

- Our local bottler in El Salvador buys its sugar from a large distributor, which purchases its supply from CASSA. CASSA is an authorized supplier of sugar for our business and, as such, is required to comply with the requirements set forth in the Company's Supplier Guiding Principles Program ("SGP"). The SGP strictly prohibits the use of child labor.
- Our SGP program was established to ensure that our direct suppliers are aware of our expectations and minimum requirements and comply with them. Audits are performed on an on-going basis to assess compliance and address any issues identified through corrective action. A copy of the Company's SGP is attached for your review.
- An assessment of the CASSA sugar mill was conducted less than one year ago. No indications of child labor were found. We have also been advised that the facility is sending you copies of their specific policies against employment of children. Another assessment of the facility will be completed before year end.

If you have reason to believe that this particular company is not upholding child labor employment standards in its facility, we urgently request that you share such information with us, so that we can immediately investigate and initiate corrective action if appropriate.

We hope the information provided will be helpful to you in your review of sugar in the Salvadoran economy.

Sincerely,



Attachments

## To our suppliers:

We welcome your participation in our Supplier Guiding Principles Program.

The reputation of The Coca-Cola Company is built on trust. Those who do business with us around the world know we are committed to managing our business with a consistent set of values that represent the highest standards of quality, integrity, excellence, compliance with the law and respect for the unique customs and cultures in communities where we operate. We seek to develop relationships with suppliers that share similar values and conduct business in an ethical manner.

As part of our ongoing effort to develop and strengthen our relationships with suppliers, we are introducing the Supplier Guiding Principles Program for direct suppliers to The Coca-Cola Company. The Supplier Guiding Principles Program is based on the belief that good corporate citizenship is essential to our long-term business success and must be reflected in our relationships and actions in the marketplace, the workplace, the environment and the community. We have included our "Principles of Citizenship" to assist in your understanding of our core values.

Recognizing there are differences in laws, customs and economic conditions that affect business practices in various parts of the world, we believe that shared values must serve as the foundation for relationships between The Coca-Cola Company and our suppliers. The Supplier Guiding Principles restate our requirements and emphasize good workplace policies that comply with applicable environmental laws and with local labor laws and regulations.

We look forward to working with you to ensure understanding of and compliance with the requirements set forth in the program for you and all direct suppliers to The Coca-Cola Company.

## Guiding Principles for Suppliers to The Coca-Cola Company

### Workplace Practices

At The Coca-Cola Company, we support fair employment practices in our relationships with our employees consistent with a commitment to human rights in our workplace, and we seek to provide a safe environment in which to work. We abide by all applicable labor laws in the countries in which we do business including local laws addressing working hours, compensation, employees' rights to choose whether to be represented by third parties and to bargain collectively, working conditions and other such workplace practices. We seek to create a workplace where individuals are treated with dignity, fairness and respect. We recognize, value, respect and celebrate the cultural differences and diversity of background and thought of our employees.

We expect our suppliers to follow applicable laws, and similar standards and principles in the countries in which they operate.

#### ■ Work Environment

We expect our suppliers to judge their employees and contractors based upon their ability to do their jobs and not upon their physical and/or personal characteristics or beliefs, affirming the principle of no unlawful discrimination based on race, color, gender, religion, national origin or sexual orientation.

#### ■ Health and Safety

We expect our suppliers to provide a safe workplace with policies and practices in place to minimize the risk of accidents, injury, and exposure to health risks.

#### ■ Child and Forced Labor; Abuse of Labor

We expect our suppliers not to employ anyone under the legal working age nor to condone physical or other unlawful abuse or harassment, or the use of forced or other compulsory labor in any of their operations.

#### ■ Wages and Benefits

We expect our suppliers to compensate their employees fairly and competitively relative to their industry in full compliance with applicable local and national wage and hour laws, and to offer opportunities for employees to develop their skills and capabilities.

#### ■ Collective Bargaining

In the event their employees have lawfully chosen to be represented by third parties, we expect our suppliers to bargain in good faith and not to retaliate against employees for their lawful participation in labor organization activities.

### Environmental Practices

We expect our suppliers to conduct business in ways that protect and preserve the environment. At a minimum, we expect our suppliers to meet applicable environmental laws, rules and regulations in their operations in the countries in which they do business.

### Communication

We expect suppliers to communicate these "Guiding Principles for Suppliers to The Coca-Cola Company" to their employees. These principles should be provided in the local language and posted in an accessible place. We also expect suppliers to develop and implement appropriate business mechanisms to monitor compliance with these Guiding Principles.

### Compliance with Applicable Laws and Standards

At a minimum, suppliers to The Coca-Cola Company and suppliers authorized by The Coca-Cola Company will be required to meet the following standards with respect to their operations as a whole:

- **Laws and Regulations** Supplier will comply with all applicable laws, rules, regulations and requirements in the manufacture and distribution of our products and supplies and in providing services to the company
- **Child Labor** Supplier will not use child labor as defined by local law
- **Forced Labor** Supplier will not use forced or compulsory labor
- **Abuse of Labor** Supplier will not physically abuse labor
- **Collective Bargaining** Supplier will respect employees' rights to choose whether to be represented by third parties and to bargain collectively in accordance with local law
- **Wages and Benefits** Wages and benefits will comply with local law
- **Working Hours & Overtime** Working hours and overtime will comply with local law
- **Health and Safety** Working conditions will comply with local regulations
- **Environment** Supplier will comply with all applicable environmental laws

These minimum requirements will become part of all new or renewed commercial agreements between The Coca-Cola Company and its direct suppliers. Suppliers must be able to demonstrate their compliance with these requirements at the request of and to the satisfaction of The Coca-Cola Company.

The Coca-Cola Company has the right to inspect any site involved in work for The Coca-Cola Company, and any supplier that fails to satisfy The Coca-Cola Company of its compliance is subject to termination of any agreements between it and The Coca-Cola Company.

## Keeping The Promise: Principles of Citizenship

Our reputation is built on trust. Through good citizenship we will nurture our relationships and continue to build that trust. That is the essence of the Coca-Cola Promise - to benefit and refresh everyone who is touched by our business.

Wherever Coca-Cola does business, we strive to be trusted partners and good citizens. We are committed to managing our business around the world with a consistent set of values that represent the highest standards of integrity and excellence. We share these values with our bottlers, making our system stronger.

These core values are essential to our long-term business success and will be reflected in all of our relationships and actions - in the marketplace, the workplace, the environment and the community.

### Marketplace

We will adhere to the highest ethical standards, knowing that the quality of our products, the integrity of our brands and the dedication of our people build trust and strengthen relationships. We will serve the people who enjoy our brands through innovation, superb customer service, and respect for the unique customs and cultures in the communities where we do business.

### Workplace

We will treat each other with dignity, fairness and respect. We will foster an inclusive environment that encourages all employees to develop and perform to their fullest potential, consistent with a commitment to human rights in our workplace. The Coca-Cola workplace will be a place where everyone's ideas and contributions are valued, and where responsibility and accountability are encouraged and rewarded.

### Environment

We will conduct our business in ways that protect and preserve the environment. We will integrate principles of environmental stewardship and sustainable development into our business decisions and processes.

### Community

We will contribute our time, expertise and resources to help develop sustainable communities in partnership with local leaders. We will seek to improve the quality of life through locally relevant initiatives wherever we do business.

Responsible corporate citizenship is at the heart of the Coca-Cola Promise. We believe that what is best for our employees, for the community and for the environment is also best for our business.

## Guiding Principles

for Suppliers to The Coca-Cola Company



For more information,  
please visit our website at  
[www.coca-cola.com](http://www.coca-cola.com)

*The Coca-Cola Company*

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## HUMAN RIGHTS WATCH

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April 7, 2004

Deval L. Patrick, Esq.  
Executive Vice President, General Counsel, and  
Corporate Secretary  
The Coca-Cola Company  
P.O. Box 1734  
Atlanta, Georgia 30301

Dear Mr. Patrick,

I am writing to let you know that Human Rights Watch is preparing a report on child labor in El Salvador, with a specific focus on the use of child labor in sugarcane cultivation and harvesting. In the course of our investigation, we have determined that hazardous child labor is commonly used on El Salvador's sugar plantations, including those that provide sugarcane to The Coca-Cola Company's Salvadoran supplier. This letter outlines our findings and suggests several remedial steps that Coca-Cola should undertake to avoid complicity in these human rights abuses.

Two of our researchers visited El Salvador for three weeks in February 2003 to conduct research on the use of child labor in sugarcane production. During their investigation, they spoke with thirty-two children and youths between the ages of twelve and twenty-two, all of whom planted or cut sugarcane while they were under the age of eighteen. Our researchers also conducted over fifty other interviews, speaking to parents, teachers, activists, academics, lawyers, government officials, representatives of the Salvadoran Sugar Association, and representatives of the Central Izalco sugar mill. The researchers visited nine of El Salvador's fourteen departments, traveling to Ahuachapán, Cabañas, Cuscatlán, La Libertad, San Miguel, San Salvador, Santa Ana, Sonsonate, and Usulután.

About five thousand boys and girls are directly employed in the cultivation and harvest of sugarcane in El Salvador, according to a study by the International Labour Organization's International Programme on the Elimination of Child Labour (IPEC). The study characterizes another 25,000 as "indirectly involved," meaning those who "accompany their parents or family members and help them with the different tasks involved in the harvest." Combining these figures, some 30,000 children under the age of eighteen work in some capacity on El Salvador's sugar plantations. Harvesting cane is dangerous and backbreaking work. It requires children to use machetes and other sharp knives to cut sugarcane and strip the leaves off the stalks, work they perform for up to six hours each day in the hot sun. Nearly every child we spoke with told us that he or she had suffered gashes on hands or legs while cutting cane, and every child had seen other workers suffer such injuries.

BRUSSELS GENEVA LONDON LOS ANGELES MOSCOW NEW YORK SAN FRANCISCO WASHINGTON



Medical care is often not available on the plantations, and children must frequently pay for the cost of their medical treatment. They are not reimbursed by their employers despite a provision in the Salvadoran labor code that makes employers responsible for medical expenses resulting from on-the-job injuries.

Children who work on sugarcane plantations, particularly those who cut cane, often miss the first several weeks or months of class. For example, a teacher in a rural community north of San Salvador estimated that about 20 percent of her class did not attend school during the harvest.

Our investigation found that the use of hazardous child labor is rampant on El Salvador's sugar plantations. The country's sugar mills and the businesses that purchase refined sugar for resale or use in their products thus indirectly benefit from hazardous work by children.

The Coca-Cola Company is one such business. In El Salvador, we learned that Coca-Cola's local bottler purchases sugar refined in El Salvador's largest mill, Central Izalco. We spoke with children between the ages of twelve and sixteen who cut cane on four plantations that supply sugarcane to Central Izalco. Their testimonies and the accounts of several adults who also work on those plantations confirmed that those plantations regularly use child labor and that Central Izalco is complicit in this use of child labor.

Coca-Cola verified that it purchases sugar that is refined at Central Izalco. "Our local bottler in El Salvador buys its sugar from a large distributor, which purchases its supply from CASSA [Compania Azucarera Salvadoreña, S.A. de C.V., the parent company of Central Izalco]," Coca-Cola's director of public affairs wrote to Human Rights Watch. "CASSA is an authorized supplier of sugar for our business and, as such, is required to comply with the requirements set forth in the Company's Supplier Guiding Principles Program ('SGP'). The SGP strictly prohibits the use of child labor." (Letter from Carol M. Martel to Michael Bochenek, November 18, 2003.)

With respect to child labor, Coca-Cola's Guiding Principles for Suppliers to The Coca-Cola Company, which outline Coca-Cola's requirements for participation in its SGP, state: "We expect our suppliers not to employ anyone under the legal working age nor to condone physical or other unlawful abuse or harassment, or the use of forced or other compulsory labor in any of their operations." (Guiding Principles for Suppliers to The Coca-Cola Company at 1.) These guiding principles also provide:

*At a minimum*, suppliers to The Coca-Cola Company and suppliers authorized by The Coca-Cola Company will be required to meet the following standards with respect to their operations as a whole:

....

*Child Labor.* Supplier will not use child labor as defined by local law.

(*Id.*)

Coca-Cola's guiding principles apply only to its direct suppliers, who must not "employ" or "use" child labor. (*Id.*) The guiding principles do not address the possibility that Coca-Cola may benefit indirectly from human rights abuses. In particular, they do not address its suppliers' responsibility to ensure that their own suppliers do not use hazardous child labor.

This omission is significant because it means that a supplier such as Central Izalco can comply with Coca-Cola's guiding principles even though it is aware or should be aware that it benefits indirectly from hazardous child labor. We found no evidence that Central Izalco employs children at its refining plant, but we were able to confirm that at least four of Central Izalco's supplier plantations routinely use child labor.

We understand that Coca-Cola is by no means the only multinational corporation that benefits indirectly from hazardous child labor in El Salvador's sugar sector. For example, Central Izalco alone sold sugar and molasses to at least ten international enterprises from 2000 to 2003. We have examined the connection to Coca-Cola in detail because sugar is a principal ingredient in Coca-Cola's products, because a representative of Central Izalco specifically highlighted Coca-Cola as a user of the mill's sugar and described the extensive renovations the mill undertook to become an authorized supplier to Coca-Cola, and because it is the only one of the international enterprises that we could confirm uses the mill's sugar in its product (we could not determine the final use of the product by the others, some of which may be commodity traders). The fact that we found more details on the connection to Coca-Cola than to any other international enterprise does not absolve those other companies of responsibility.

International law establishes rights and standards that states are required to uphold. If states fulfilled their obligations completely, they would demand that corporations also respect these rights and standards. Corporations are not themselves directly regulated by international law, but there is an international consensus that corporations have a duty to support workers' human rights in their facilities, including the rights of children to protection from hazardous labor. For example, Principles 1 and 2 of the United Nations Global Compact call upon businesses to "support and respect the protection of internationally proclaimed human rights within their sphere of influence" and "make sure they are not complicit in human rights abuses." Principle 5 calls upon businesses to uphold "the effective abolition of child labor."

There is an emerging consensus that corporations have a responsibility to take steps to ensure that human rights are respected in their supply chains as well as their directly owned corporate facilities. This consensus is reflected in public initiatives, such as the Guidelines for Multinational Enterprises of the Organisation for Economic Development and Cooperation (OECD), and private codes, such as the Ethical Trading Initiative Base Code and Principles of Implementation, Social Accountability International's SA8000 standard, and the Fair Labor Association's Workplace Code of Conduct. The OECD Guidelines, for example, state that enterprises should "[e]ncourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the *Guidelines*." Consistent with this consensus, the U.N. Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with regard to Human Rights call upon "[e]ach transnational corporation or other business enterprise" to "apply and incorporate these Norms in their contracts or other arrangements and dealings with contractors, subcontractors, suppliers, licensees, distributors, or natural or other legal persons that enter into any agreement with the transnational corporation or business enterprise in order to ensure respect for and implementation of the Norms."

Both Central Izalco and Coca-Cola know or should know of the use of hazardous child labor by the plantations that supply the raw sugar that is refined by Central Izalco and ultimately used in Coca-Cola products. Under the norms set forth above, Coca-Cola's responsibility extends to its suppliers, licensees, distributors, and business partners, including its local bottler in El Salvador. These norms clarify that both Coca-Cola and Central Izalco have a responsibility to use due diligence to ensure respect for human rights, including the prohibition on the worst forms of child labor, throughout their supply chains. In this case, neither has.

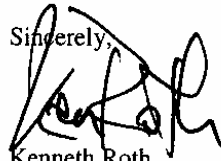
We believe that Coca-Cola can begin to address its responsibility by taking, at a minimum, the following steps.

First, Coca-Cola should adopt effective monitoring systems to verify that labor conditions on sugarcane plantations comply with international standards and relevant national labor laws. In cases where plantations fall short of such standards, Coca-Cola should provide the economic and technical assistance necessary to bring plantations into compliance. In particular, Coca-Cola should support programs and services that offer children and their families alternatives to child labor, publicly reporting the status of such efforts at least on an annual basis.

Second, Coca-Cola should revise its guiding principles to reflect the U.N. Norms and other international standards. In particular, Coca-Cola should incorporate the U.N. Norms in its contractual arrangements with suppliers and should require its suppliers to do the same throughout their supply chains.

We invite you to review these issues and, in particular, to consider the remedial steps we outline above. We welcome your response to these issues and our proposals, as well as any additional information you wish to provide on this matter. In the interest of fair and balanced reporting, we strive to reflect all perspectives in our research. Your response will be taken into account in our forthcoming report if we receive it within one month's time.

I look forward to hearing from you.

Sincerely,  


Kenneth Roth  
Executive Director

# *The Coca-Cola Company*

COCA COLA PLAZA  
ATLANTA, GEORGIA

DEVA L. PATRICK  
EXECUTIVE VICE PRESIDENT,  
GENERAL COUNSEL, AND CORPORATE SECRETARY

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April 16, 2004

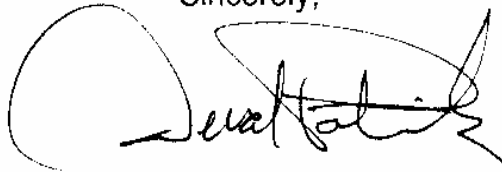
Kenneth Roth  
Executive Director  
Human Rights Watch  
350 Fifth Ave, 34<sup>th</sup> Floor  
New York, NY 10118

Dear Ken:

Thanks for your letter of April 7, 2004 concerning child labor in El Salvador. I am not familiar with the facts, but I will follow up with Carol.

Thanks also for your suggestions on how to address these concerns. In light of my resignation, I will refer your letter to Clyde Tuggle in public affairs.

Sincerely,

A handwritten signature in black ink, appearing to read "Deva Patrick", with a large, stylized initial "D" on the left.

/mea

C: Clyde Tuggle

## HUMAN RIGHTS WATCH

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Weidly Keys  
Robert Kissane  
Bruce Klatsky  
Joanne Leedom-Ackerman  
Josh Mailman  
Kati Marton  
Barry Meyer  
Joel Motley  
Sarnael K. Murumba  
Peter Osnos  
Kathleen Peratis  
Catherine Powell  
Sigrid Rausing  
Victoria Riskin  
Nancy Rubin  
Orville Schell  
Donna Stanton  
Shibley Telhami  
Maya Wiley

Robert L. Bernstein  
*(Founding Chair, 1979-1997)*



April 30, 2004

Carol Martel  
Clyde Tuggle  
Office of Public Affairs  
The Coca-Cola Company  
1 Coca-Cola Plaza  
Atlanta, Georgia 30310

Dear Ms. Martel and Mr. Tuggle,

Thank you for your response to my letter of April 7, 2004, concerning the use of child labor on El Salvador's sugarcane plantations. Among other things, you asked us to provide the names of plantations that supply sugarcane to Central Izalco, the mill that in turn supplies refined sugar to Coca-Cola's Salvadoran bottler. You told us that this information would help Coca-Cola fulfill its responsibility to use due diligence to ensure respect for human rights throughout its supply chain.

We welcome Coca-Cola's interest in working with us on this important issue and its desire to undertake its own investigation of the extent to which labor conditions on sugarcane plantations comply with international standards and relevant national law laws. To assist Coca-Cola with these efforts, we are providing the information you requested. At the same time, your request raises several concerns that we hope you will be able to satisfy.

First, we would like your assurance that the result of sharing this information will not be the firing of or other detrimental action against child laborers or their parents. There is broad consensus that simply firing children who are found to be working in hazardous occupations is not an effective strategy to address child labor; indeed, such an approach is likely to do far more harm than good. Efforts to achieve compliance with labor laws should be complemented by programs and services that give children realistic alternatives to hazardous labor. In this regard, the commentary to the U.N. Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with regard to Human Rights, calls upon business enterprises using child labor to "create and implement a plan to eliminate child labour." The commentary continues:

BRUSSELS GENEVA LONDON LOS ANGELES MOSCOW NEW YORK SAN FRANCISCO WASHINGTON

Such a plan shall assess what will happen to children when they are no longer employed in the business and include measures such as withdrawing children from the workplace in tandem with the provision of suitable opportunities for schooling, vocational training and other social protection for the children and their families, for example by employing the parents or older siblings or engaging in other measures consistent with ILO Recommendations Nos. 146 and 190.

Second, we ask you to select members of the investigation team that will conduct Coca-Cola's investigation with particular care. The members of this team should have an educational background, appropriate professional training, and experience with issues relating to child labor.

We ask for these assurances because children who work in the sugarcane harvest and other hazardous occupations are in a particularly vulnerable position. Lacking other options, they and their families are dependant on the income they receive from hazardous labor—income that they and their parents use to pay for their school fees and very often for basic necessities such as food, clothing, and medications.

We were able to identify at least four plantations—[names redacted]—that supply Central Izalco and routinely use child labor in the sugarcane harvest. Children and adults who work on these plantations confirm that child labor is common. We emphasize that these are by no means the only plantations that use child labor; we found that child labor is endemic on sugarcane plantations throughout the country. Indeed, the International Labour Organization's International Programme on the Elimination of Child Labour estimates that some 30,000 children under the age of eighteen work in some capacity on El Salvador's sugar plantations. And Central Izalco officials all but conceded that some portion of the sugar processed by the mill is cut by child labor, notwithstanding the mill's official policies. "[T]here's a cultural issue," one mill official told us. "We're not responsible for the cooperatives."

As a final matter, we note that the sugarcane harvest in El Salvador runs from November to mid-April, meaning that an investigation undertaken after the end of the harvest will not effectively capture the prevalence of child labor in the sugarcane sector. We recommend that Coca-Cola time its monitoring efforts to coincide with the harvest season, particularly the months of January and February, the time that the harvest is well underway.

We emphasize that it is very unusual for us to release the findings of our investigations in such detail prior to publication. We have done so in this case because we are hopeful that your early engagement on these issues will improve the lives of working youths and will bolster efforts already underway to provide children and their families realistic alternatives to hazardous child labor.

My letter of April 7, 2004, suggested several specific remedial steps that Coca-Cola should undertake to avoid complicity in the human rights abuses we identified. For your convenience, this letter reiterates these minimum steps.

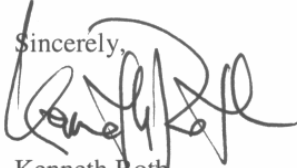
First, Coca-Cola should adopt effective monitoring systems to verify that labor conditions on sugarcane plantations comply with international standards and relevant national labor laws. In cases where plantations fall short of such standards, Coca-Cola should provide the economic and technical assistance necessary to bring plantations into compliance. In particular, Coca-Cola should support programs and services that offer children and their families alternatives to child labor, publicly reporting the status of such efforts at least on an annual basis.

Second, Coca-Cola should revise its guiding principles to reflect the U.N. Norms and other international standards. In particular, Coca-Cola should incorporate the U.N. Norms in its contractual arrangements with suppliers and should require its suppliers to do the same throughout their supply chains.

Once again, please know that we welcome your response to these issues and our proposals, as well as any additional information you wish to provide. Your response will be taken into account in our forthcoming report if we receive it by May 20.

I look forward to hearing from you again.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kenneth Roth', written over the word 'Sincerely,'.

Kenneth Roth  
Executive Director

# *The Coca-Cola Company*

COCA-COLA PLAZA  
ATLANTA, GEORGIA

CAROL M. MARTEL  
DIRECTOR, PUBLIC AFFAIRS

May 20, 2004

ADDRESS REPLY TO  
P. O. BOX 1734  
ATLANTA, GA 3030  
404 676-4152  
FAX: 404 515-1254

Mr. Kenneth Roth  
Executive Director  
Human Rights Watch  
350 Fifth Avenue, 34th floor  
New York, NY 10118-3299 USA

Dear Mr. Roth:

This letter responds to your letter of April 7<sup>th</sup> to The Coca-Cola Company (“TCCC”) regarding your research in early 2003 of the use of child labor in harvesting sugarcane in El Salvador. Your letter indicates that through interviews in 2003 you were told of child labor on four family-owned farm cooperatives that you believe supply the sugar mill which in turn supplies the sugar refiner authorized by TCCC. Our review has revealed that none of the four cooperatives identified in the letter supplied any products directly to The Coca-Cola Company, and that neither TCCC nor the Salvadoran bottler have any commercial contracts with these farm cooperatives.

Accordingly, in response to the serious allegations in your letter that the Company “may have benefited” from the alleged behavior, we reiterate that The Coca-Cola Company does not condone child labor in El Salvador or anywhere else. We reconfirm that the information from HRW visits in El Salvador as well as our own review, show that no child labor is used either in the mill, or in the refinery plant of the entity CASSA, which is an authorized supplier and subject to TCCC’s supplier guiding principles program. As acknowledged by HRW in your April 7<sup>th</sup> letter, HRW is aware of the Company’s requirements through this supplier program prohibiting such behavior by direct suppliers.

Moreover, there is no economic basis upon which it may be asserted that the TCCC or the Salvadoran bottler benefits from, condones or encourages child labor in El Salvador. The bottler in El Salvador purchases locally-harvested sugar produced by an authorized refiner from a large distributor. As we have confirmed and HRW has acknowledged, the minimum wage of every worker in the agricultural sector in El Salvador, including the sugarcane harvest, is set by the government. Thus, there would be no economic benefit to a purchaser of sugar (cane or refined) from the use of child labor.

As a result of our review of the situation in El Salvador, including discussions with the sugar industry association, we are convinced that the sugar industry’s initiatives to address the problem of child labor are serious, and we are encouraged by the progress made to date. Specifically, as you are aware, the sugar industry began actively addressing this problem well before the original



ILO report on child labor in El Salvador was issued. As a result, in 2000 the industry formed its own foundation, Fundazucar, which provides programs to help families who are involved in sugarcane farming and harvesting. Fundazucar also has partnered with the International Labor Organization (ILO) to fund a new program that began in January 2004.

In addition, the sugar industry has pledged to increase its efforts and continue to use a multi-faceted approach to addressing this important social problem starting with the 2004-2005 harvest. Their approach includes: compliance (enforcement of contractual provisions prohibiting the use of child labor); increased monitoring (with the help of local authorities); education for parents and community (on the importance and benefits of eradicating child labor in the cooperatives); and support (independently and in conjunction with the ILO), funding, and administration of programs that provide scholarships, school equipment, teachers and facilities. We believe that this approach is well conceived, organized and funded and is making a real difference in addressing this complex issue.

Specifically, the industry has pledged to increase its efforts in the following ways:

- Before the 2004/05 sugarcane harvest, meet with the cooperatives to 1) reemphasize to the cooperatives' leadership the industry's zero tolerance of child labor based on Salvadoran law and insist that the cooperatives take the policy seriously; and 2) encourage the cooperatives by providing incentives for them to become "model communities," i.e., lead by example (recognizing that the only way to ensure compliance is to convince the cooperatives that the use of child labor is not in their best interests in the long term);
- Increase monitoring and enforcement activities (including reporting offenders to local authorities) to ensure that the crop is harvested without the illegal use of child labor;
- Expand monitoring and ensure enforcement of mills' right to terminate a contract of (i.e. refuse to buy sugarcane from) any entity that illegally uses child labor;
- Continue community work to help provide increased educational opportunities for children from the farm cooperatives. (We have suggested that the specifics be communicated directly to HRW by FUNDAZUCAR.)

Ultimately, however, we all (The Coca-Cola Company, the sugar industry and HRW) recognize that it is the family-owned cooperatives, themselves the result of land reform to create economically viable local ownership of sugarcane production, which represent the greatest challenge to the eradication of the use of child labor. As recognized by the ILO and Save the Children reports, cultural norms observed for centuries include child labor as part of the family enterprise. While engagement in the slow process of changing ingrained cultural views is valuable, it is equally important, that in the meantime, there be some enforcement activity. More serious efforts of enforcement, coupled with the programs for parents about the importance of education and for school age children to attend and stay in school, will offer the best hope for meaningful change.

The Company's authorized supplier, mill suppliers and the farms from which they obtain more than 70% of their raw materials provide a good example of the progress made in this industry in seeking to conduct business without child labor. This progress is the result of attention to the issue, significant investment by local businesses, directly and through Fundazucar, and additional

funding through the new ILO program. We are hopeful that HRW will also acknowledge and encourage these programs, which are making a real difference and represent a commitment to addressing family working traditions of farm cooperatives in the sugar growing areas of El Salvador.

Going forward, TCCC will continue to encourage our supplier, CASSA, in its efforts against the use of child labor and to increase communications and outreach to the farm cooperatives. We are hopeful that HRW will work with industry, government and local organizations in El Salvador to ensure the success of these programs.

Sincerely,

A handwritten signature in cursive script that reads "Carol Martel".

Carol Martel

cc: Rosy de Calderon  
Deval Patrick  
Clyde Tuggle  
Stuart Kyle  
Olga Reyes