

KnowTheChain: Questions regarding forced labour risks in your company's sugar cane supply chain

In answering these questions, **please indicate where your companies' policies and practices specifically apply to sugar cane sourcing or processing countries at risk of forced labour or human trafficking** such as Bolivia, Brazil, Dominican Republic, Guatemala, India, Malawi, Myanmar, and Pakistan¹ or other countries where you might have identified forced labour risks.

Please note the following questions focus on sourcing of sugar cane (not sugar beets). Where available, please include URLs to existing disclosure.

Please note the information in blue indicates relevant existing information identified for your company.

GENERAL FEEDBACK COMMENT:

At FEMSA, we operate the largest Coca-Cola bottler in the world by sales volume: Coca-Cola FEMSA.

As a bottler from the Coca-Cola System, all strategic raw material purchased must comply with all Supplier Principles from The Coca-Cola Company including, but not exclusively, the Supplier Guiding Principles, the Sustainable Agriculture Guiding Principles, The Human Rights Policy, among others.

Thus, the answers in this questionnaire include the relevant actions that impact Coca-Cola FEMSA's direct supply chain.

About Coca-Cola FEMSA

Mexican Stock Exchange, Ticker: KOFL | NYSE (ADR), Ticker: KOF | KOF L to KOF ratio = 10:1 Coca-Cola FEMSA, S.A.B. de C.V. is the largest franchise bottler in the world by sales volume. The company produces and distributes trademark beverages of The Coca-Cola Company, offering a wide portfolio of 154 brands to more than 375 million consumers daily. With over 100 thousand employees, the company markets and sells approximately 4 billion unit cases through 2.8 million points of sale a year. Operating 66 manufacturing plants and 328 distribution centers, Coca-Cola FEMSA is committed to generating economic, social, and environmental value for all of its stakeholders across the value chain. The company is a member of the Dow Jones Sustainability Emerging Markets Index, FTSE4Good Emerging Index, and the Mexican Stock Exchange's IPC and Social Responsibility and Sustainability Indices, among other indexes. Its operations encompass franchise territories in Mexico, Brazil, Colombia, Argentina, and Guatemala and, nationwide, in the Philippines, Venezuela, Nicaragua, Costa Rica, and Panama. For more information, please visit www.coca-colafemsa.com

¹ Sugar sourced from Dominican Republic, Bolivia, Brazil, Myanmar, Pakistan has been identified as being at risk of forced labour by the [US Department of Labor](#). [Verite](#) has collected reports in forced child labour in Malawi, and debt bondage of sugar workers in India. [Coca-Cola](#) identified forced labour incidents at sugar farms and mills in Guatemala. For further information on forced labour risks in sugar sourcing, please see [Verite's Responsible Sourcing Tool](#).

Traceability:

1. Which countries does your company and/or your suppliers source sugar cane from (option to indicate percentage or volume of supply from each country)?
2. What are the names and addresses of your company's sugar mills and/or sugar suppliers? Please indicate the nature of suppliers, e.g. traders or mills, and your relationship to them, e.g. direct owned or purchasing only (option to indicate workforce data you deem relevant, such as workforce composition or rate of unionisation).

Purchases sugar from the Mexican companies: Promotora Industrial Azucarera, S.A. de C.V. (Holding company with interests in sugar cane cultivation and the sugar refining industry of which Femsa owns 36%), Beta San Miguel, Promotora Mexicana de Embotelladores

2015 Annual Report:

http://files.shareholder.com/downloads/FEMSA/3779094782x0x879992/392CC9A2-D921-4A15-B464-997C9D7E8E93/FEMSA_Anuar_Report_2015_Eng_.pdf

FEEDBACK:**In reference to Question 1 regarding sugar supply**

At Coca-Cola FEMSA, we use locally sourced sugar in the countries where we are located. Our operations encompass franchise territories in Mexico, Brazil, Colombia, Argentina, and Guatemala and, nationwide, in the Philippines, Venezuela, Nicaragua, Costa Rica, and Panama

Risk assessment:

3. How does your company assess risks related to forced labour in sugar cane sourcing at mill and farm level?
4. What risks has your company identified, and what actions has your company taken to address these risks?

FEEDBACK:**In reference to Question 3 regarding Risk Assessment,**

At Coca-Cola FEMSA, we aim to facilitate the sustainable development of our suppliers by making sure the applicable social, environmental, and ethical guidelines permeate into their processes and, in particular, that their operations are adequate for the people, the environment, and the community. We design action and work plans to develop these aspects continuously. To this end, and in order to guarantee quality, integrity, excellence, as well as respecting the different customs of the people with whom we relate when doing business, we incorporate in our operations a series of principles, including

- **Supplier Guiding Principles** - Established by The Coca-Cola Company and in line with their Human Rights Policy to ensure work places where human rights are respected, as are the laws, standards, and requirements with a focus on strategic input categories throughout the value chain.
- **Sustainable Agriculture Guiding Principles** - Established by The Coca-Cola Company for those locations where agricultural inputs are obtained, to protect labour rights of the people working the land, and also make a contribution to building a sustainable supply chain, from its very origin.

At Coca-Cola FEMSA we ensure, for all of our strategic input categories, including sweeteners as sugar cane, the implementation of The Coca-Cola Company's Supplier Guiding Principles and

Sustainable Agriculture Guiding Principles, in which forced labour and human trafficking are directly addressed across our supply chain. The Coca-Cola Company is undertaking additional due diligence on our sugar supply chain via Sugar Country Studies on child labour, forced labour and land rights.

The Coca-Cola Company is actively engaged in dialogue with stakeholders regarding risk assessments related to human rights and forced labour in the sugar supply chain. Affected and potentially affected stakeholders are consulted and views are represented in the sugar studies. Please see the Country Studies applicable to the countries where Coca-Cola FEMSA, operates:

- a. Brazil: <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/TCCC-Brazil-Report.pdf>
- Colombia: <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/colombia-sugar-industry-situational-analysis.pdf>
- b. Guatemala: <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/review-on-child-and-forced-labor-and-land-rights-in-guatemalas-sugar-industry.pdf>

In reference to Question 4 regarding Addressing the results of Risk Assessments, Coca-Cola FEMSA along with The Coca-Cola Company integrate the assessment findings internally and take appropriate actions. For further information please refer to a recent report on our Sugar Studies:

- The Path Forward on Coca-Cola's Sugar Studies Update: <http://www.coca-colacompany.com/coca-cola-unbottled/land-rights-the-path-forward-on-coca-cola-s-sugar-studies>

In addition, please refer to:

- The Addressing Global Issues page of The Coca-Cola Company's website: <http://www.coca-colacompany.com/our-company/addressing-global-issues>
- The Coca-Cola Company's Progress regarding the goal to sustainably source key agricultural ingredients by 2020: <http://www.coca-colacompany.com/sustainable-agriculture/our-progress>
- Coca-Cola FEMSA's 2016 Sustainability Report, Sustainable Sourcing section at page 46: <http://img.coca-colafemsa.com/assets/files/en/Sustainability/Coca-Cola-FEMSA-Sustainability-Report-2016.pdf>

For more information on efforts carried out in Brazil visit: <http://www.coca-colacompany.com/coca-cola-unbottled/on-the-road-to-sustainable-sugar-in-brazil>

Worker voice:

5. Grievance mechanisms: Does your company ensure workers on sugar farms and mills, as well as local stakeholders have access to effective grievance mechanisms? If yes, please explain what mechanisms are available for local stakeholders and workers in both owned and third party sugar farms and mills. Please also explain how you ensure those mechanisms fulfil the [effectiveness criteria under the UN Guiding Principles for Business & Human Rights](#), in particular how you ensure mechanisms are communicated to, as well as trusted and used by both formal and informal sugar farm and mill workers.
6. Worker engagement and empowerment: How does your company ensure that workers at sugar farms and mills you source from are made aware of their rights, and empowered to exercise their rights (e.g. freedom of association or, where there are regulatory constraints to freedom of association, alternative means of organising)?

FEEDBACK

In reference to Question 5 regarding Grievance Mechanisms, In case of non-compliance with our policies, and to avoid practices that go against the respect for human rights, such as child labour, forced labour, or impeding free association, our associates and suppliers can make a confidential and anonymous report through our DILO System, by telephone, e-mail, or instant messaging. These reports are handled by the Human Resources division, and they follow-up and resolve all reports. Complementing this system, we offer a global EthicsLine stemming from The Coca-Cola Company and made available to the whole Coca-Cola System, which is managed by Global Compliance.

Coca-Cola FEMSA's Code of Ethics establishes that *"We encourage in our suppliers the best practices regarding human rights, the environment, the community, ethics and values, through our Principles Guide for COCA-COLA FEMSA Suppliers. [...] Every year we request suppliers to sign a letter corroborating their knowledge and compliance with the provisions of the Principles Guide Suppliers in all of their operations with COCA-COLA FEMSA and the observance thereof by the personnel with which they may interact."*

- **DILO Website:** <https://www.sel-denuncias.com/Publica/en/>
- **Coca-Cola FEMSA's Code of Ethics:** http://img.coca-colafemsa.com/assets/files/en/Investor_Information/Code%20of%20Ethics/kof-code-of-ethics-english-2017.pdf
- **Coca-Cola Ethical Business Conduct Website:** <http://www.coca-colacompany.com/stories/ethical-business-conduct>
- **Ethics Line Website:** <https://koethics.alertline.com/gcs/welcome>

These resources are referenced in Coca-Cola FEMSA's 2016 Sustainability Report available at: <http://img.coca-colafemsa.com/assets/files/en/Sustainability/Coca-Cola-FEMSA-Sustainability-Report-2016.pdf>

In reference to Question 6 regarding Worker engagement and empowerment, through a series of [Human Rights training Brochures for All Employees](#), [Leaders](#), and [Managers](#) we describe how day-to-day responsibility, resources and decision-making process are allocated across the range of relevant functions of The Coca-Cola Company.

In addition, Human Rights Due Diligence Checklists for a range of functions and operational settings have been established. All of these apply to the entire Coca-Cola System, including ourselves as a bottler, Coca-Cola FEMSA.

- Human Rights Due Diligence Checklist - Background and Guidance
 - <http://coke-journey.s3.amazonaws.com/ae/0b/a56c2d2646f88a09b749da959d5e/human-rights-self-assessment-checklists.10.2014.pdf>
- Human Rights Due Diligence Checklist for Plant Siting
 - <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2015/02/plant-siting-due-diligence-checklist.8.13.pdf>
- Human Rights Due Diligence Checklist for Micro-Distribution Centers
 - <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2015/02/mdc-human-rights-checklist.8.13.pdf>
- Human Rights Due Diligence Checklist for Migrant Works
 - <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2015/02/migrant-worker-human-rights-checklist.8.13.pdf>
- Human Rights Due Diligence Checklist for Contract Labour
 - <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2015/02/contract-labor-human-rights-checklist.8.13.pdf>
- Human Rights Due Diligence Checklist for Pre-sourcing Design
 - <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2015/02/pre-sourcing-human-rights-checklist.9.13.pdf>
- Human Rights Due Diligence Checklist for Child Labour in Agriculture
 - <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2015/02/child-labor-rights-checklist.pdf>
- Human Rights Due Diligence Checklist for Non-trademark Activation
 - <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2015/02/non-trademark-activation-due-diligence-checklist.pdf>

Finally, The Coca-Cola Company's Human and Workplace Rights Issue Guidance, Supplier Guiding Principles and Sustainable Agriculture Guiding Principles outline how we extend this work across supply chain. Please see links below.

- Forced Labour Section of the Human and Workplace Rights Issue Guidance:
 - <http://assets.coca-colacompany.com/35/0e/62529fc346efbdb5dee0b9e4c581/issuance-guidance.pdf>
- Supplier Guiding Principles
 - <http://www.coca-colacompany.com/our-company/supplier-guiding-principles/>
 - http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/unknown/unknown/SGP_Brochure_ENG.pdf

- **Supplier Requirements**
 - <http://www.coca-colacompany.com/our-company/suppliers/supplier-requirements/>
- **Sustainable Agriculture Guiding Principles with Criteria**
 - <http://assets.coca-colacompany.com/30/fb/c98f5720411990545de2ea248360/sagp-with-criteria-final-12-10-13.pdf>

Monitoring / certification:

7. How does your company monitor the labour performance of its sugar suppliers / farmers?
8. If you undertake sustainable sugar sourcing, how does the certification or verification programme consider forced labour risks at mill and farm level?

In reference to Question 7 regarding Monitoring, please refer to the 2015/16 Sustainability Report from The Coca-Cola Company's updated numbers on the latest progress on the Supplier Guiding Principles. <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2016/2015-2016-Sustainability-Update.pdf>

Detail on Coca-Cola FEMSA's progress can be found at our 2016 Sustainability Report, Sustainable Sourcing Section in page 46 available at: <http://img.coca-colafemsa.com/assets/files/en/Sustainability/Coca-Cola-FEMSA-Sustainability-Report-2016.pdf>

More information on progress regarding Sustainable Agriculture Guiding Principles and Commitments: <http://www.coca-colacompany.com/sustainable-agriculture/our-progress>

In reference to Question 8 regarding Certification at the farm or mill level, please refer to The Coca-Cola Company's Human and Workplace Rights Issue Guidance, Supplier Guiding Principles and Sustainable Agriculture Guiding Principles, which outline how forced labour risks are addressed across our supply chain. This work is fully incorporated into the Coca-Cola System's Audit protocols. Please see links below.

- **Forced Labour Section of the Human and Workplace Rights Issue Guidance:**
 - <http://assets.coca-colacompany.com/35/0e/62529fc346efbdb5dee0b9e4c581/issuance-guidance.pdf>
- **Supplier Guiding Principles**
 - <http://www.coca-colacompany.com/our-company/supplier-guiding-principles/>
 - http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/unknown/unknown/SGP_Brochure_ENG.pdf
- **Supplier Requirements**
 - <http://www.coca-colacompany.com/our-company/suppliers/supplier-requirements/>
- **Sustainable Agriculture Guiding Principles with Criteria**
 - <http://assets.coca-colacompany.com/30/fb/c98f5720411990545de2ea248360/sagp-with-criteria-final-12-10-13.pdf>

Remedy:

9. What steps does your company take to ensure workers are fairly compensated and provided remedy when labour abuses have been identified (e.g. during the recruitment process of workers, at farm level or mill level)?
10. Please provide examples of outcomes of this remedy process (e.g. support reintegration of victims in the labour market).

In reference to Question 9 on Remedy, The Coca-Cola Company has initiated conversation with AIM Progress peer companies focused on remediation of child labour in the Mexican sugar industry following preliminary results related to the company's sugar study on child labour, forced labour and land rights.

In addition, following the publication of the Colombia sugar study, The Coca-Cola Foundation provided a grant to the Colombian sugar association to address issues related to the informal collection of post-harvest sugarcane waste. For further information visit: <http://www.coca-colacompany.com/coca-cola-unbottled/building-a-framework-for-action-progress-on-coca-colas-country-studies>

Coca-Cola FEMSA is sourced by suppliers participating in these initiatives.

Additional information

Please provide any further information regarding your company's activities on forced labour risks in sugar sourcing or your supply chain structure which you think is relevant (e.g. related to local stakeholder engagement, recruitment, supplier training or purchasing practices). Country specific examples are welcome, e.g. in the example of Brazil, participating in initiatives like [Brazil's National Pact to Eradicate Slave Labour](#), or ensuring not to source from companies on Brazil's [Transparency List on Contemporary Slave Labour](#).

FEEDBACK

The Coca-Cola Company is actively engaged in efforts to increase transparency regarding forced labour risks in sugar sourcing. Affected and potentially affected stakeholders are consulted and views are represented in the sugar studies. Please see the Country Studies applicable to the countries where we, as Coca-Cola FEMSA, operate

- Brazil: <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/TCCC-Brazil-Report.pdf>
- Colombia: <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/colombia-sugar-industry-situational-analysis.pdf>
- Guatemala: <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/review-on-child-and-forced-labor-and-land-rights-in-guatemalas-sugar-industry.pdf>

In addition, please refer to the Addressing Global Issues page of The Coca-Cola Company's website: <http://www.coca-colacompany.com/our-company/addressing-global-issues>

Please also refer to The Coca-Cola Company's Progress regarding the goal to sustainably source key agricultural ingredients by 2020: <http://www.coca-colacompany.com/sustainable-agriculture/our-progress>

Regarding Brazil, in early 2017, The Coca-Cola Company reviewed the Transparency List on Contemporary Slave Labour and did not identify any farms related to our mills on the list. Further, we shared the list with our service providers to ensure their review before completing a Supplier Guiding Principles Audit for 2017.

In Guatemala, following the sugar study on Child, Forced Labour, and Land Rights, we initiated discussions with the sugar industry and supplying mills and there was a commitment to address issues and undertake appropriate recommended actions. The one mill with related findings to child and forced labour implemented immediate actions, and year to date is the first mill in the country receiving Bonsucro certification. There is continuous communication with industry partners.

Detail on Coca-Cola FEMSA's progress can be found at our 2016 Sustainability Report, Sustainable Sourcing Section in page 46 available at: <http://img.coca-colafemsa.com/assets/files/en/Sustainability/Coca-Cola-FEMSA-Sustainability-Report-2016.pdf>

Background information:

This questionnaire has been sent to the following companies:

- Beverage companies: Coca Cola, FEMSA, PepsiCo, Monster Beverages
- Chocolate and confectionary manufacturers: Hershey, Mondelez, Nestle
- Sugar producers: Archer Daniels Midland (ADM), Associated British Foods (ABF), Wilmar International,

Please note your responses will be made public on the [Business & Human Rights Resource Centre website](#). In addition, we will publish a short analysis paper which will seek to highlight better practices, as well as companies and areas where disclosure is limited. For an indication of the types of practices KnowTheChain generally regards as better practices, please review the [methodology](#) and the [findings report](#) of [KnowTheChain's food & beverage benchmark](#).