



September 29, 2009

Business & Human Rights Resource Centre
Ms. Joanne Bauer, Senior Researcher and New York Representative
333 Seventh Avenue, 14th floor
New York, NY 10001

Dear Ms. Bauer:

Swire Beverages is aware of the investigative report released by a group of students to the public last year regarding labour practices at some of our bottling operations. We appreciate the opportunity to provide our perspective regarding the report and to share herewith information about our company's policies and practices.

Swire Beverages takes very seriously our commitment to our people. The vision of Swire Beverages China is to "build a valuable and profitable business that is widely admired and respected as being the best company to do business with and the best company to work for". A large part of this vision has to do with our employees – creating a workplace that is healthy and safe, and a company where employees feel valued, motivated and inspired. In this regard, we have made great strides over past years to improve the work lives and personal lives of all of our employees. We provide good jobs with competitive compensation and benefits throughout China. We believe we offer more training and development opportunities than many other companies in China. We also provide opportunities for our employees to be involved in service for their community and in environment protection projects. Each year we undertake an employee satisfaction survey for all of our employees in China – both permanent employees and contracted employees (nearly 15,000 people in all). From this survey, we have seen consistent improvement over the years in all areas surveyed including compensation and benefits, training and development, corporate culture and environment and in management and leadership.

Swire Beverages is also known as a leader in the area of Corporate Social Responsibility (CSR) in China. We have CSR policies and practices in place at all of our operations and our company is deeply committed to its CSR programmes. A large part of our CSR policy and practice has to do with Workplace Operating Principles, which include treating our employees with fairness, dignity and respect; and abiding by all local labour laws, including those that address working hours, compensation, discrimination and third party representation.

We also have published Workplace Accountability Practices in our CSR document, which state that “We will comply with all applicable laws, rules, regulations and requirements in the manufacture and distribution of our products and supplies and in providing services.” Our Workplace Accountability Practices document is guided by international human rights standards, including the Universal Declaration of Human Rights, the ILO’s Declaration on Fundamental Principles and Rights at Work and the UN Global Compact.

In addition, as part of the Coca-Cola System, we follow the Supplier Guiding Principles provided by The Coca-Cola Company and according to these principles; all of our suppliers in China are routinely audited by independent contractors for compliance with the laws and regulations of China.

To specifically address some of the concerns raised in the Student Report and in the China Labor News Translations article, we would like to comment as follows:

All contract labour practices in Swire Beverages are in full compliance with Chinese labour laws. Our bottling operations and our suppliers are regularly audited by Coca-Cola and by external third party Chinese auditing companies and if any potential violations of labour laws are discovered, we take action to correct these immediately.

- Salary – All contract/outsourced workers at our bottling operations are paid in accordance with national and local labour laws, and salaries are paid in a timely manner to all.

- Insurance – All contract/outsourced workers at our bottling operations are covered by insurance according to the labour laws, whether they are paid by our company or by labour agencies.
- Percentage of contract/outsourced employees – Like similar operations in the industry, a percentage of our staff is contract workers. This rises during the peak season. As we have stated above, these contract workers are treated with fairness, dignity and respect. All hiring of contract workers is in strict compliance with the Chinese labour laws.
- Training and Safety provisions – All our workers are given proper training and provided with relevant protective equipment before they commence their work.
- Meals – All contract/outsourced employees in our bottling plants are provided with either free meals or with meal subsidies – and enjoy the same meal benefits as permanent workers.
- Overtime – We are carefully monitoring the overtime at each plant and we have taken steps to ensure there is no overtime work exceeding legal limits. We have reduced the work week for many staff (while maintaining compensation), and we have added shifts in some areas of production to ensure that people do not work overtime beyond what is legal and safe.
- We continue to work with independent auditors to ensure legal compliance by all suppliers.

With regard to the recent dispute between a contract labour provider of our Hangzhou bottling operation and four students, the matter is under Police investigation and we can only state that we are actively cooperating with the police in strict compliance with local laws and regulations. We understand the contract labour agency has covered medical costs associated with the incident and has paid all the involved students their full salaries according to Chinese law.

Local labor authority Hangzhou Labor Protection and Monitoring Team which was involved in the investigation of the dispute has issued a report stating that the contract labor supplier and the Hangzhou bottling operation have handled

the labour contract and payment issue in full compliance with the law. We have also engaged an independent auditor to conduct a further audit of our Hangzhou bottling plant and their suppliers to ensure continued strict compliance with Chinese law.

We firmly believe that a corporation can only achieve business sustainability by getting things right and consistently enhancing them. Again, we thank you for the opportunity to provide our perspective.

Kind regards,



Kathy Ho
Public Affairs & Communications Director
Swire Beverages