

Responsible Investment in Myanmar 2015 Update

June 30th, 2015

The Coca-Cola Company
Myanmar Investment Due Diligence 2014 Annual Update Report

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Executive Summary

In June 2012, The Coca-Cola Company (“TCCC”) announced plans to re-enter Myanmar after more than 60 years. As part of the re-entry, the Company completed a rigorous and in-depth due diligence process which is described in detail in the [2013 Responsible Investment Report](#). The first plant was inaugurated in June 2013 and the business in Myanmar has just completed its second year of operations. This is the third report (second annual update) and continues to focus on mitigation, as well as new challenges and engagement efforts, since the [June 30th, 2014 report](#) submission.

Progress made since the June 2014 report submission includes:

- Extensive training to build a culture of safety within the Company. Trainings are designed for roles within the facility as well as for delivery drivers and, along with a focus on workplace safety, include modules on personal health and hygiene.
- Skills and leadership training opportunities to enhance the role of women within the operations.
- A childcare facility at one plant has been established and is expected to be fully operational in Q3 of 2015.
- The construction of one wastewater treatment system is completed and the wastewater treatment at the second plant is in the final stages of construction.
- Ongoing efforts to limit overtime, including the creation of more than 200 new positions in the last 12 months and a system to flag when employees are close to reaching overtime limits.
- Wages were reassessed and increased across the board in line with an independent assessment of market pay rates amongst peer companies across sectors.
- The second plant, Hmawbi, unionized so both plants now have unions which meet regularly with management. Issues discussed include compensation and benefits, overtime and safety.
- Operational level grievance mechanisms are functional with grievances raised and addressed via Ethicsline. Worker Committees continue to meet bimonthly with management to discuss workplace issues.
- Comprehensive anti-corruption training workshops held in partnership with a not-for-profit organization, Emerging Markets, for more than 40 local suppliers.
- Conducted additional due diligence after engagement with the NGO Global Witness. While our original assessment was based on the best information at the time, additional Myanmar company records have become public since that time and warranted further investigation. Our findings were consistent with our original due diligence and neither Pinya or its shareholders were deemed Specially Designated Nationals (SDNs), as identified by the Office of Foreign Assets Control (OFAC).
- Air quality testing and SWPPs (source water protection plans) completed and being implemented.

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- The Swan Yi project, which is funded by The Coca-Cola Company Foundation and implemented by PACT, is on track to meet targets for 2015. The program, which aims to empower women and older girls to increase household income through livelihoods development and community based banking, has reached 25,409 women and has led to \$1,865,797 USD in total savings by participating women and \$6,945,154 USD in loans.

One key challenge continues to be attracting, training and retaining talent in the competitive labor market. Another challenge has been the slow construction progress in completing renovations at one plant and the implications this has had on completing the wastewater treatment plant at that plant.

Many of the key human rights risks identified in our initial report remain relevant and, as such, require ongoing due diligence and engagement. In particular these include: environment, excessive hours of work, lack of awareness about health and safety, child labor in downstream and upstream entities, bribery and corruption, land rights and gender inequality. This update addresses our efforts in these and other areas since the June 2014 report. As Myanmar continues to open up and our business develops, our due diligence will remain ongoing and we will continue to report publically on our findings and mitigation actions.

Submitter

The Coca-Cola Company

Point of Contact

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Overview of Operations in Myanmar

- a. Name(s) of companies, including all subsidiaries, operating in Myanmar covered by this report.
- Coca-Cola Pinya Beverages Myanmar Limited
 - Coca-Cola Limited
- b. Nature of business in Myanmar;
- Non-alcoholic packaged beverage production and distribution. Location(s) of operations in Myanmar:

Plant/Office/ Branch	Address
Coca-Cola Limited	16th Floor, Centrepoint Towers, No. 65, Corner of Sule Pagoda Road and Merchant Road, Kyauktada Township, Yangon, Myanmar
Coca-Cola Pinya Beverages Myanmar Limited	50 Myoe Shaung Road Hmawbi Township Yangon, Myanmar
Coca-Cola Pinya Beverages Myanmar Limited (head office)	No. 37/38 Bamaw Atwin Wun Street, Zone (3), City of Industry Hlaing Thar Township Yangon, Myanmar
Hlaing Thar Yar	37/38 Bamaw Atwin Wun Street, Zone 3, Hlaing Thar Yar Township, Yangon.
Hmawbi	No. 50, Myoe Shaung Road, Hmawbi Township, Yangon.
Mandalay	H-252,U Paing 34,I Quarter,Pyigyitakhun Township, Mandalay Division.
Nyaunglaypin	Yangon-Mandalay Road, Pha Aung Village, Nyaung Lay Pin Township, Bago Division.
Taungngu	Electronic Engineer Military,19-Quarter,Yangon-Mandalay Road, Taungngu Township, Bago Division.
Meikhtila	Nal Myae(8),Yangon-Mandalay Road,Onetawpyae Toechnae Quarter, Meikhtila Twonship, Mandalay Division.
Pathein	Kune No (163.B),Yayaka (15) Nan Myae, htan Kone, Pathein- Monywa-Yay Oo Road, Pathein Township, Ayeyarwaddy Division.
Mawlmyaing	38/43, Kyaikkhami Street, Zayarmyaing Quarter, Zaygyo nal myae, Mawlmyaine Township, Mon State.
Magway	A-22,Taungtwin Street, Aung Zayya Quarter(Ahtoo), Magway Township, Magway Division.

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Monywar	No 74, Zizawar Road, Zone 1, Monywar
Nyaung Oo	Ka/1, Anawyahtar Street, Aung Myae Tha Quarter, Nyaung Oo Township, Mandalay Division.
Pyay	Yangon-Mandalay Road, Pha Aung Village, Nyaung Lay Pin Township, Bago Division.
Pyinmana	Pa159-160, Bawgathiri High Way complex, Pyinmana Township, Naypyitaw Division.
Shwe Per Thar	No 55, U Tun Nyo Street, Industrial Zone 2, Shwe Per Thar Township, Yangon
Taunggyi	60/61, Pyihtaungsu Street, Aye Thar Yar, Taunggyi Township, Shan State.
Thahton	343, Natsin Street, Theingone Quarter, Thahton Township, Mon State.
Thar Ke Ta	No (24) Between Seinkyaw St & MinNandar St., MweAye, DawPone Township, Yangon
Taung Goke	No (339) Toe Pwar Yay Street, Kan Paing Quarter, Taung Goke

- c. Approximate maximum number of employees in Myanmar during the reporting period (broken down by Myanmar and non-Myanmar employees).
- Coca-Cola Pinya Beverages Myanmar Limited (CCPBM) and Coca-Cola Limited have 1376 employees and 17 employees of non-Myanmar descent.

Coca-Cola Pinya Beverages Myanmar Directors:

- Sanjeev Khanna (General Manager, Coca-Cola Pinya Beverages Myanmar)
- Daw Shwe Cynn (Director, Pinya Manufacturing)
- Huy Ngo Chung (Chief Financial Officer, Coca-Cola Pinya Beverages Myanmar)
- Ronald Asuncion (Procurement Director, Coca-Cola Pinya Beverages Myanmar)

Coca-Cola Pinya Beverages Myanmar Shareholders:

1. Coca-Cola Myanmar Overseas Holding Pte. Ltd, 9 Battery Road #15-01 Straits Trading Building Singapore 049910
2. Pinya Manufacturing, No. 32 Kone Myint Yeik Thar Street, 7 Miles, 6 Ward, Mayangone Township, Yangon, Myanmar.

Policy Commitment and Embedding Respect for Human Rights

The foundation of our corporate commitment to respect human rights is grounded in two overarching policies that apply to our operations in Myanmar: our Human Rights Policy and our Supplier Guiding Principles. These policies provide a consistent approach to human and workplace rights across our system and embed the expectation as an integral part of our culture, strategy and day-to-day operations. The Human Rights Policy and Supplier Guiding

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Principles are translated and shared on our [public website](#) as well as with company-owned operations and supplier partners. Additionally the Code of Business Conduct is translated and shared [online](#) and with all employees; training is conducted to communicate the expectation of ethical behavior globally.

To help our Company, our bottling partners and our direct suppliers meet these standards, third party auditors conduct regular human and workplace rights assessments. Where there are gaps in compliance, corrective actions plans are put in place with follow-up assessments to check on whether our standards are being met. Each year, over 2,000 independent assessments are conducted and over 18,000 assessments have been conducted since the program began. The results of these assessments are included in quarterly and annual scorecards. In Myanmar we have completed three audits and the results of the most recent audit are outlined in the Human Rights and Due Diligence Update on page 8.

Anti-Bribery and Anti-Corruption Update

The Company's Code of Business Conduct, Trade Sanctions Compliance Policy, and Anti-Bribery Policy continue to serve as primary pillars of our strong commitment to doing business in an ethical and transparent manner. Our Myanmar employees are held to the same high integrity standards as the rest of our global associates. As noted previously, we implemented these important policies as a part of integrating the Myanmar bottling operations into our Company.

Progress made since the June 2014 report submission include:

- Implemented a certification process for our Code of Business Conduct for employees enrolled in online training.
- Conducted a confidential anti-bribery survey to understand local interactions with government for employees who have such interactions as a part of their role.
- Translated online anti-corruption and bribery training course into local language.
- Comprehensive anti-bribery and corruption training workshops held in partnership with non-government organisation, Emerging Markets, for more than 40 local Coca-Cola Pinya Beverages Myanmar suppliers. The training covered Coca-Cola's Supplier Guiding Principles, its Anti-Bribery Policy and Code of Business Conduct for Suppliers, local and international laws as well as case studies, roles play and group discussion.
- Upgraded fleet thereby reducing the risk of drivers being stopped for routine violations and facing potential bribery requests or excessive fees.
- Refresher anti-bribery and corruption training course with specific and applicable examples including facilitating payments, was implemented for all Company drivers.

As outlined previously, our continued efforts in this area include:

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- Ongoing training on the Code of Business Conduct and Anti-Bribery Policy and a module on the topics has been included in the onboarding for new employees.
- Consistent communication of our hotline, EthicsLine, in all Company facilities via posters translated in Myanmar language.
- Continued screening of potential third-party business partners regarding their possible status as sanctioned parties.

Human and Workplace Rights Update

In October 2012, a human and workplace rights audit was conducted at the bottling plants in Myanmar. During the assessment, the third party auditors completed a document review, a facility walk-through, confidential employee interviews and an opening and closing meeting with the management to discuss the process and findings. The initial audit in 2012 identified a variety of issues, including gender- and age-based discrimination and poor wastewater treatment. The majority of findings from that audit have been resolved and the corrective actions were reported in the [June 2014 report](#). The most recent human and workplace rights audit in May 2015 identified some continued gaps as well as a few new findings.

Progress made to close non-compliances identified in the human and workplace rights audit since the June 2014 report submission include:

- Wages and Benefits: The initial audit indicated that overtime payments were either not provided or improperly calculated. To address this issue, the facility moved piece rate workers into prescribed shifts to eliminate excessive overtime. The follow-up audits in 2013 and 2014 confirmed the process was ongoing. The 2015 audit validated that the overtime compensation and mandated leave for piece rate workers has been corrected.
- Childcare Facilities: The initial audit in 2012 revealed that there were no onsite childcare facilities as required by local regulation. The 2015 audit indicated that the childcare facility has been established at one plant and is part of the renovations of other plant.
- Hours of Work: During the initial audit, overtime above legal limits was observed and rest days were not properly provided. The 2015 audit indicated improvements with regards to the rest day violation, but determined that hours of work remain an ongoing concern. The plant has identified some key causes for the overtime including staff turnover, shortage of required labor force skills, maintenance issues and production increases since 2012. Ongoing efforts to limit overtime have included the creation of more than 200 new positions and a system to flag when employees are close to reaching overtime limits. A focus has been on improving the tracking and reporting of work hours and monitoring overtime on a weekly basis to reschedule shifts if needed. We are looking to implement new software to track work hours in real time in Q4 2015. Better organization and more efficient use of resources have enabled us to achieve a 14% reduction in excessive overtime during peak season and nearly full compliance

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during off-peak season. Every Function Head gets a monthly report to review with leadership teams on work hours and they now have to sign off in advance on any overtime above normal monthly limits. The enhanced reporting and oversight requirements increase accountability and keeps a focus on the issue. Hiring also remains a priority to further reduce work hours.

Despite the progress there remains additional work to close all gaps identified in the human and workplace rights audit. Construction interruptions have led to a delay in the completion of the wastewater treatment and childcare facility at the one plant. Additionally, new health and safety issues were uncovered in the recent audit including some areas emergency lighting was not functioning and boilers were lacking a required certificate. As previously reported, follow-up assessments will continue to be conducted every six months until the sites demonstrate sustained compliance over time.

Additional steps taken with regards to human and workplace rights since the June 2014 report submission include:

- New and Updated Training: To support a culture of compliance, we have made significant investments in developing and implementing training over the past year and expect to deliver more than 120,000 hours of training in 2015. Each new hire participates in a 2 day onboarding process which covers the mission and values of the Company including modules on the Human Rights Policy and Supplier Guiding Principles, the Code of Business Conduct, EthicsLine and safety procedures. In addition to the classroom onboarding, we have a “buddy program” such that new employees are partnered with existing employees for their first 3 months on the job. The buddies offer advice, resources, and guidance regarding the day-to-day aspects of work. Operators participate in the Supply Chain Frontline Excellence training which goes more in-depth on workplace safety and also covers personal hygiene. Our frontline supervisor and manager leadership program, STEP, is a three part training focused on fostering a positive workplace through ensuring supervisors communicate effectively, provide positive feedback, motivate, coach and inspire workers around them. The latest STEP program occurred in late May 2015. An estimated 50% of our people leaders will have completed STEP by September 2015. At the leadership level our SUMMIT program is a two week program to support leaders in building trust and engagement in their organization and also includes a module on diversity and inclusion. Investing in people is an essential component to building a positive and safe workplace.
- Health and Safety: Extensive work was done in 2015 to support a safe workplace and increase awareness of safety as a priority. An executive plan with regards to workplace environment, health and safety was developed to highlight risks and develop mitigation and/or proactive strategies with an associated timeline. This plan is overseen by the EOSH committee which includes the General Manager and other members of the senior

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leadership team. A monthly report articulates statistics, activities and progress according to the executive plan. Reporting revealed that the plant renovation project involved more than 1 million hours of work with one minor safety incident and no serious incident.

Given the size of the Company truck fleet and the amount of time spent on the road by sales and delivery representatives, vehicular safety is a constant focus. In addition to updating the fleet, three trainings were held in the first half of 2015 to educate drivers and promote fleet safety and seven more are scheduled for the Q3 and Q4. Other training included forklift safety and competency training and fire-fighting equipment training. As part of the executive plan, an Incident Reporting Procedure was developed and implemented, the OHSAS18001 manual completed and a pedestrian walkway throughout the facility was constructed. In addition the Company has implemented a monthly 'Safety Heroes' reward program, which identifies and rewards employees demonstrating good safety practices.

- **Grievance Mechanisms:** The Coca-Cola Company believes that workplace issues are best resolved through open communication, and that early resolution of disagreements is the best way to maintain a positive, productive work environment. Company-wide grievance mechanisms were described in detail in the initial report and updates provided in the June 2014 report. Grievances are received via EthicsLine, all of which are investigated, tracked and addressed as appropriate. In addition to EthicsLine, the Company provides a number of means for the public and community to air and resolve grievances, including through consumer contact numbers and www.facebook.com/CocaColaMyanmar. We also have a paper form to receive complaints/feedback at the plant reception. The submitter receives a copy and a copy is lodged with management for resolution.
- **Gender Balance:** CCPBM has developed a three year gender diversity plan that covers recruitment, development and workplace equity. As part of this, basic gender metrics are monitored every month including the overall population, recruitment pipeline, hiring and turnover. In Q1 2015, 32% of new hires were female as opposed to 23% in 2014; the metrics demonstrate improvement, but also highlight the need for additional work. In order to further develop female employees, select workers are invited to join a 3-day training called "Achieve your Best Self" which focuses on strengthening the pipeline of female leaders. Two sessions are planned for 2015 to reach ~50 workers. Additionally, the "Leveraging and Inspiring Female Talent" (LIFT) training targets mid-level leaders. Three women have participated in the LIFT program so far this year and 4-6 more are scheduled to attend in the second half of 2015. At the workplace level, the plan includes a proposed policy review, ongoing pay review analysis for gender equity and a series of communications to educate managers and supervisors on the case for

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gender balance. The Women's Leadership Council remains active and submits suggestions to senior leaders on an ongoing basis.

Environmental Update

The Coca-Cola Company has a set of policies governing plant operating requirements, known as KORE. As described in the previous report, these policies are applicable across the Coca-Cola System, including Myanmar, and guide quality, safety and environmental performance.

Progress made since the June 2014 report submission include:

- Hired Environment, Health and Safety managers.
- Hired external organization to conduct a baseline assessment of social or environmental impacts resulting from the brown field renovation project at one plant. Developed and implemented an environment and social management plan for the renovation project term.
- Source water protection plans completed for both plants. The source water protection plans were completed at the end of 2014 and helped identify vulnerabilities and associated mitigation strategies.
- Air quality testing completed.

As identified in the previous report, local community complaints related to construction works at one plant led to an immediate remediation plan. In addition, an environmental and social management plan was developed, to ensure a robust management system and monitoring plan that met or exceeded the requirements of the national environmental acts, laws, regulations and relevant international guidelines. The plan covered topics such as energy use, water use and waste management and included testing on air quality, groundwater, soil quality, noise levels as well as survey of the ecological setting. Whilst most testing levels were within normal parameters, the study flagged excessive noise from the facility operations as a risk, and this was addressed with louvres and silencers for the generators as well as through limiting generator use by connecting to city power supply. The plant renovation project has been completed and the wastewater treatment facility commissioned. The plant is now operating subject to Coca-Cola's KORE operating requirements and from June 2015 onwards will be subject to regular audits.

The external organization also surveyed the surrounding communities to assess potential community impacts associated with the plant renovation. A baseline socio-economic survey was conducted based on interviews with villagers, consultations with the village leaders and site observations. A public consultation process was undertaken to inform the neighboring community/stakeholders of the details of the renovation and to collect views on the perceived positive and negative impacts. Overwhelmingly the community saw job creation as a positive

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benefit of the construction project. The potential negative impacts perceived were more varied and included concerns about traffic, noise, waste treatment and water usage. All of these fed into the overall environment and social management plan and informed the establishment of regular quarterly meetings between the Company and leaders from villages surrounding the plant. A mutually beneficial outcome from the first of these meetings in 2014 is that villagers identified a need for soil for rebuilding works related to seasonal monsoon flooding. As a result CCPBM was able to supply more than 60 truckloads of soil from the plant construction works and deliver these to areas where it was needed. Quarterly meetings with the village leaders are ongoing and minutes and any agreed actions are shared after each meeting.

Water source vulnerability assessments (SVA) and protection plans (SWPP) were completed for both plants. These assessments inventory the social, environmental and political risks to the water sources supplying our facilities and the surrounding communities. A full description of what is included in the assessments can be found [here](#).

Because many issues identified in an SVA are concerns shared among many if not all water users in a given watershed, we use our findings to engage governments, local communities, businesses and civil society, and plan for collaborative action.

The assessments help us to identify and implement locally relevant projects that support the sustainability of local watersheds and communities while reducing risks to our business. One salient risk identified in the assessment was poor sanitation conditions in the rural areas surrounding one plant which present a public health risk from run off into surface water supplies as well as present a potential long term threat to groundwater quality. As a result of this finding and the community consultation described above, in 2015 the Company, with funding from The Coca-Cola Foundation will implement a WASH (water and sanitation for health) program in three local villages. The program aims include improving access to water and sanitation in the local community and educating the community on water management and sanitation for health. The program will be managed by Pact, an NGO that is currently working with us in these communities on the Swan Yi project. The WASH program is intended to be implemented in collaboration with the Township Authority, Yangon City Development Corporation, with solutions and implementation led by village steering committees including women volunteers from the existing Swan Yi groups. This program is in keeping with The Coca-Cola Company's [replenish goal](#), to safely return to communities and nature an amount of water equal to what we use in our finished beverages and their production by 2020.

The SVAs further identified that meteorological data was either difficult to obtain or insufficient to evaluate long term weather patterns which are linked with water availability in the watershed. As a result of this finding, piezometers and automatic weather stations will be installed at both plants in 2015.

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Air quality testing was also completed since the last report. Testing on Stack emission (boilers/generators), ambient air, hazardous air and vehicle emission was completed in Q2 2015 and demonstrated compliance with KORE limits. A plan was agreed to for annual testing on lighting, Audiometrics (hearing), boundary noise and also workplace noise level every two years. The next tests are due in Q4 2015.

In addition, CCPBM is placing energy efficient and 100% HFC free coolers in retailer outlets. CCPBM is also actively lightweighting and reducing packaging and will introduce new lighter weight bottles and smaller closures for Max 2.0 water brand in 2015.

Community and Stakeholder Engagement

Stakeholder engagement continues to be an integral part of our work in Myanmar and the Company has continued to participate in multi-stakeholder forums and discussions in Myanmar on topics including responsible investment, transparency, child labor and workplace rights.

Additional work since the June 2014 report includes:

Tea Shop Study: In addition to our human and workplace audits, we initiated an evaluation of tea shops – venues serving tea and food as well as packaged beverages and snacks in - to better understand potential human rights impacts across the value chain, including among customers. These establishments are governed by Myanmar's local law, which cites 13 as the minimum working age. The study indicated the common practice of such young workers relocating from rural areas to the city to work at tea shops. We are actively pursuing opportunities to engage with peers and civil society to reduce this practice including collaborating with the ILO, US government and other governments on the *Initiative to Promote Fundamental Labor Rights and Practices in Myanmar*. Furthermore, we aim to address root causes through our support of the Swan Yi project (described below) and we are also exploring opportunities for vocational training support for affected young workers. We realise that any holistic solution requires strong government action and a multi-stakeholder approach.

Swan Yi Community Engagement: The Coca-Cola Foundation has partnered with Pact, a respected international non-governmental organization, to empower over 25,000 Myanmar women through village-based banking and microenterprise development. The project, called [Swan Yi](#), operates by gathering 20-25 women in small groups, across hundreds of villages, to undertake financial literacy training, and develop community banks that lend money to fund business start-ups and entrepreneurial efforts. Now in its third year of implementation, 25,409 women have participated in 1,098 groups in eight townships Yangon and Mandalay. Nearly all of the women have started saving, with an average of \$35 USD per woman and an average loan amount of \$137 USD. The total amount of savings by the women is \$1,865,797 USD and the total of loan value is \$6,945,154 USD. Due to the success of the program, we are looking to

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extend the partnership beyond the original three year plan and to include an advocacy curriculum based in empowerment principles, to increase participant's confidence on issues such as labor laws, child labor, domestic violence, divorce and inheritance laws and land ownership as they learn to navigate the changing Myanmar environment.

Although purely philanthropic, the Swan Yi project is consistent with The Coca-Cola Company's existing global commitment to enable the economic empowerment of five million women across its global value chain by 2020 through the 5by20 initiative. Furthermore, by enhancing economic strength of women in villages, we see a potential benefit for the entire family. This, in turn, may reduce the likelihood that their children enter the workforce to augment family income.

Shareholder Due Diligence: Between 2009 and 2012, before entering the market in Myanmar, The Coca-Cola Company conducted comprehensive due diligence based on the information available at that time. In addition to the due diligence that The Coca-Cola Company does as part of its normal acquisition process, including disclosure from the target, the Company conducted a search through independent firms on the reputation, background and trade sanction risks of the target business and its shareholders and officers. There were no findings that Pinya or its shareholders were deemed Specially Designated Nationals (SDNs), as identified by the Office of Foreign Assets Control (OFAC). This due diligence was repeated prior to closing in June 2013, as an extra precaution.

In 2015, we completed another level of due diligence after engaging with the NGO Global Witness, which brought to our attention information regarding a Director of Coca-Cola Pinya Beverages Myanmar (CCPBM), Daw Shwe Cynn who is also a shareholder of Pinya Manufacturing. The information from Global Witness showed that the CCPBM Director is also a Director and minority shareholder in Xie Family Company which reportedly operates jade mines in Myanmar.

Our original due diligence was based on the best information available at that time. A number of Directorate of Investment and Company Administration (DICA) records, including the records on Xie Family Company, were only made public in late 2014.

While the jade mining industry is unrelated to our business, we encouraged and facilitated engagement between Daw Shwe Cynn and Global Witness.

Our findings from the additional due diligence conducted in 2015 are in line with our earlier assessment and we remain confident that our investment is in compliance with applicable laws, and that our local business partners fully understand our expectations regarding human rights, workplace rights and ethical business conduct.

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Part of our long-term investment in and commitment to Myanmar is to continue working with all stakeholders - including government, business and civil society - to encourage transparency and foster greater respect for human rights in Myanmar.

Security Providers

As outlined in the previous reports, the only security utilized in Company operations in Myanmar is at the plant sites and all security guards are full-time employees. No third party security firm is currently or will be utilized in the near future. The role of security personnel is to safe guard the facility as well as the workers. Currently TCCC is not operating in known zones of conflict in Myanmar and, as such, the role of security employees is limited.

As part of our human and workplace rights assessments, third party auditors verify that security personnel employed by the Company do not infringe on the privacy and dignity of employees or conduct themselves in a way that is intimidating, threatening or which oversteps their authority. The assessment reviews whether policies and procedures are in place to ensure security guards undergo criminal background checks, receive training on the use of force, and that their duties are limited to protecting workers, the facility, and equipment only. The human and workplace rights assessments also review whether security workers are provided the same treatment and benefits as other Company employees. No non-compliances related to security guards were identified.

Property Acquisition

In 2013, The Coca-Cola Company announced a new set of commitments to protect the land rights of farmers and communities. Download the Company commitments [here](#). As part of these commitments, The Coca-Cola Company conducted a number of country level assessments which focused, in part, on land rights. Although focused on the top sugar-producing regions, the principles are upheld throughout the system.

No land acquisition has been made since the June 30th, 2014 report submission. The Company continues identifying potential areas for a new plant. Once these areas have been identified, a list of possible plant sites will be developed and land rights will be an important component of the plant siting due diligence process. One of the tools used in the process will be the Plant Siting Checklist, one of seven such checklists published on our [website](#), which is used internally as an early issue identification tool.

In addition, suppliers in Myanmar undergoing a Supplier Guiding Principles audit will be assessed against the land rights provisions, including Free, Prior and Informed Consent of any land acquisition [as outlined in our issue guidance on land rights](#).

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Payments to Government Entities

Not applicable.

Military Contact

There have been no meetings or communications by any representative of TCCC with the armed forces of Myanmar or other armed groups related to our investment in Myanmar. Furthermore, no third parties have been contracted to contact military. This has and will continue to be our consistent practice.

Conclusion

In December 2013, The Coca-Cola Company submitted our first Myanmar [Responsible Investment Report](#) outlining the Company's extensive due diligence efforts. This annual update reflects on the ongoing due diligence and mitigation efforts conducted since the initial and second report submission. Key efforts include:

- **Anti-corruption Issues:** Code of Conduct training is provided for every new hire and refresher training was rolled out for all existing employees. Fleet upgrade was completed to reduce risk of vehicles being stopped for routine violations and drivers then potentially confronting facilitation payment requests. A refresher training course was implemented for all Company drivers. Anti-corruption and bribery training implemented for 40 local suppliers. Additional due diligence was performed.
- **Workplace Rights Issues:** Findings from the human and workplace rights audit related to compensation have been addressed and a comprehensive plan to address the ongoing overtime issue was developed and is being implemented. Extensive training focusing on safety and building trust and engagement has been rolled out to operators and managers. Gender equity remains a focus with a three year plan focusing on recruitment, development and workplace discrimination. Childcare facilities at one plant have been completed.
- **Environmental Issues:** An environment and social management plan was implemented to manage impacts from the plant renovation project which is now complete. The wastewater treatment system is complete at one plant; construction delays at the other plant have delayed completion of the wastewater treatment system pushing the estimated operational date to Q3 2015. Independent source water assessments were completed and source water protection plans are in place and include planned implementation of a WASH (water and sanitation for health) program for local communities from August 2015.
- **Community and Stakeholder Engagement:** The Coca-Cola Company has continued to engage with local and international stakeholders on topics including responsible investment, transparency, child labor and workplace rights in Myanmar. At a local community level, quarterly meetings with village leaders are ongoing and engagement to date has been mutually beneficial, resulting, for example, in CCPBM delivering more than 60 truckloads of

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soil from the plant renovations to help the community rebuild after flooding during the monsoon season. Broader community engagement remains a focus and includes a proposed expansion of the successful Swan Yi program.

Work remains in some areas and new issues were identified in the recent human and workplace rights audit. As noted in the previous report, there continue to be challenges related to attracting and retaining talent in the increasingly competitive labor market. To address this, the Company has invested heavily in training and capacity building efforts for workers at all levels. Communicating our values and tracking performance will remain critical as we develop a local supply base and expand our market presence.