

Responsible Investment in Myanmar

The Coca-Cola Company

December 12, 2013

The Coca-Cola Company

Responsible Investment in Myanmar 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 an integral part of making its investment decision, the Company completed a rigorous and in-depth due diligence process. This due diligence is and will be ongoing as the Company brings new bottling plants online and builds a supply chain in the country. The Company’s intention is to establish a bottling entity in Myanmar that combines global expertise with local business talent and capabilities. The inauguration in June 2013 of the first plant is a reflection of TCCC’s planned \$200 million investment over the next five years. The capital investment will increase production capacity, grow logistics including sales and distribution operations, and improve marketing and people capabilities.

Through its local presence, the Company will contribute to Myanmar’s economic and social success by investing in local manufacturing, employing local people, engaging local suppliers and distributors and supporting community investment programs. This investment is expected to stimulate job creation and TCCC estimates that it will create more than 22,000 job opportunities across the entire value chain over the next five years. In addition to operational investments, The Coca-Cola Foundation has already awarded a \$3 million grant to support women’s economic empowerment and job creation initiatives throughout the country.

In anticipation of the country opening up, initial due diligence began in 2009 with a broad review of the political and economic landscape including market potential and key risks. A Project Group for a potential Myanmar entry, along with an overall due diligence work plan was established in early 2012 following an initial fact finding trip to Myanmar in January 2012. The human rights due diligence process (hereinafter referred to as “due diligence”) related to Myanmar was very comprehensive in view of our lack of knowledge of Myanmar’s commercial landscape and the country’s human rights history. In addition to commercial and legal issues, the due diligence process included, among other things, a thorough review of human and workplace rights, and environmental issues to assess the nature of actual and potential adverse human rights impacts related to future business operations. The scope of the process included assessments of production and distribution operations, land leases, and complicity issues.

The country level human rights assessment drew upon the State Department Human Rights reports, work from the Institute for Human Rights and Business, and contracted reports by external consultants. The country level assessment provided a foundation for the Company’s in-depth due diligence efforts, including:

- Business and community stakeholder engagement
- Human rights investigations by multiple third party experts on potential and selected partners
- Commercial and Legal due diligence on potential and selected partners
- Human and Workplace Rights third party audits of the selected business partner and supply chain
- Financial due diligence of the selected partner
- Environmental due diligence of the selected partner

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- Quality & Food Safety due diligence of the selected partner
- Human Resources due diligence of the selected partner
- Information Systems due diligence of the selected partner
- Sales and Distribution due diligence of the selected partner
- Marketing & Brand due diligence of the selected partner

This report describes the due diligence process followed by the Company in line with the United Nations Business and Human Rights Guiding Principles. It also describes the compliance risk assessment and compliance management action plan for promoting compliance with anti-corruption laws and Company policy in Myanmar.

Submitter

The Coca-Cola Company

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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 Coca-Cola Ltd.
 - The Coca-Cola Company
- 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 Pinya Beverages, Ltd.	50 Myoe Shaung Road Hmawbi Township Yangon, Myanmar

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Coca-Cola Pinya Beverages 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 Toeche 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.
Mawlamyaing	38/43, Kyaikkhami Street, Zayarmaing Quarter, Zaygyo nal myae, Mawlamyine Township, Mon State.
Magway	A-22, Taungtwin Street, Aung Zayya Quarter(Ahtoo), Magway Township, Magway Division.
Nyaung Oo	Ka/1, Anawyahtar Street, Aung Myae Tha Quarter, Nyaung Oo Township, Mandalay Division.
Pyinmana	Pa159-160, Bawgathiri High Way complex, Pyinmana Township, Naypyitaw Division.
Thahton	343, Natsin Street, Theingone Quarter, Thahton Township, Mon State.
Pyay	Yangon-Mandalay Road, Pha Aung Village, Nyaung Lay Pin Township, Bago Division.
Taunggyi	60/61, Pyihtaungsu Street, Aye Thar Yar, Taungyi Township, Shan State.

- 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, Ltd. (CCPBM) has 1083 Full Time Equivalent employees including 11 employees of non-Myanmar descent.

Myanmar Due Diligence Process, Risk Prevention and Mitigation

Due Diligence Overview

Myanmar Cross-Functional Working Group: The Company set up a dedicated Myanmar due diligence working group. This working group consisted of 20 TCCC executives from various functions. One member of the due diligence team had more than 20 years of experience

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related to the human rights issues in Myanmar. External experts were also used to conduct specialized due diligence. The internal team consisted of representatives from the following departments:

- Environment
- Ethics & Compliance
- Finance
- Global Workplace Rights
- Human Resources
- Legal
- Marketing & Sales
- Mergers & Acquisitions
- Quality
- Tax
- Technical & Supply Chain
- Treasury

Early Due Diligence: The local business unit performed an initial fact finding and mapping exercise in 2009 which included an assessment of the market size and key beverage players. In addition to assessing market potential, the exploratory phase also mapped risks associated with entering the country. A plan was developed which would be implemented once U.S. sanctions were removed and investment in the country was permitted.

Country due diligence visits to Myanmar began in January 2012. Extensive stakeholder engagement took place throughout the due diligence process and is discussed below. Overall, the regulatory and business environment was deemed to be complicated and challenging, with regulations changing frequently and without advanced notice. Having a local partner to help navigate was seen as very important, but just as critical was ensuring that the local partner was credible, ethical and not associated with any person or organization on the Specially Designated Nationals (SDN) list. Potential partners were identified and background due diligence began on potential partners in order to make sure we didn't engage with parties sanctioned by the US Department of Treasury. Preliminary discussions with the US Embassy highlighted issues related to government involvement, ingredient supply and quality, and retaining local talent.

The State Department Human Rights report and the Institute for Business and Human Rights country report were important in providing an initial risk assessment. We also used a social compliance audit firm to conduct research on potential human and workplace rights risks in the country. The findings from the independent report were consistent with the other publications, but helped focus on the rights associated with our operational impact. Research at this initial phase identified potential risks related to:

- Land rights
- Environmental degradation
- Discrimination against women and ethnic minorities
- Poor wages and excessive hours of work
- Health and safety
- Forced labor
- Abuses by military forces
- Presence of child labor
- Limitations on freedom of association

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Anti-Corruption Policies and Procedures

Code of Business Conduct

The Company's Code of Business Conduct and Anti-Bribery Policy are two primary pillars of the high ethical standards of The Coca-Cola Company. These policies provide guidance on how to conduct business in a fair, ethical and legal manner. Our Code of Business Conduct serves to guide the actions of our employees consistent with our Company values and helps employees do the right thing, play by the rules, and obey the law wherever we operate around the world.

The Ethics & Compliance Office is led by Sharon Zealey, Chief Ethics & Compliance Officer, a former U.S. Attorney. She reports directly to Bernhard Goepelt, Senior Vice President, General Counsel, and Chief Legal Counsel, and reports on a dotted line to the Audit Committee of the Board of Directors. The Ethics and Compliance Program is overseen by the Audit Committee of the Board of Directors, the General Counsel, the Chief Financial Officer, and the Ethics and Compliance Committee.

The Code of Business Conduct includes a prohibition against corruption in a section called "Dealing with Governments." This guides employees in how to deal with governments and states "In general, do not offer anything to a government official—directly or indirectly—in return for favorable treatment."

- The Code of Business Conduct is available in more than 30 languages, most of which are posted on the website, including Burmese language: <http://www.coca-colacompany.com/investors/code-of-business-conduct>.

Supplier Code of Business Conduct

In addition to The Code of Business Conduct for employees, there is a Code of Business Conduct for Suppliers to The Coca-Cola Company which establishes similar requirements for our supplier partners. The Company expects all of its supplier partners to comply with law and act ethically in all matters. All new contracts and revisions and/or renewals of existing contracts for all suppliers of goods require a provision related to compliance with the Code. The Code of Business Conduct for Suppliers is available on our website in 14 languages, including the Burmese language, and outlines our policy on bribery, gifts, business records, protecting confidential information, conflicts of interest and the expectation that any misconduct is reported. In particular, the Code of Business Conduct for Suppliers states that our partners must not transfer anything of value, directly or indirectly, to any government official, employee of a government-controlled company, or political party, in order to obtain any improper benefit or advantage.

We conducted initial training with some of our suppliers and distributors in local language in July 2013 with follow-up training, assessments and audits planned for early 2014.

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- Our Code of Business Conduct for Suppliers is available in 14 languages, including Burmese language, all of which are posted on the website: <http://www.coca-colacompany.com/our-company/suppliers/supplier-code-of-business-conduct>.

Training and Awareness

Proactive education and training is conducted to build awareness, engagement and to prevent misconduct among employees and suppliers. The Coca-Cola Company's team of eight Compliance Managers and Local Ethics Officers (95 worldwide) spend most of their time on compliance awareness and prevention. Training is required on the Code of Business Conduct and Anti-Bribery Compliance via courses available online and in person, where possible. Other important compliance training is available in person from the Ethics & Compliance Managers and Local Ethics Officers.

Reporting of Misconduct

Myanmar Employees and external parties are encouraged to raise concerns and there is assurance of no retaliation to anyone reporting misconduct. The Company receives questions and concerns regarding the Code of Business Conduct and ethics and compliance matters through many mechanisms, including our hotline service, EthicsLine, which is available 24 hours a day and 7 days a week globally toll-free via the phone and Internet. EthicsLine reports can be made anonymously. The website is available in 30 languages, including Myanmar, and interpretation services are available for phone calls to support local language needs. In addition, the Ethics & Compliance Office maintains phone and email boxes to accept reports of concerns.

We also have resources embedded in our local operations, such as Local Ethics Officers, to support compliance and governance requirements.. The Company has a very centralized process to review potential violations of our Code of Business Conduct and ensure consistent application of our policies globally. The Ethics & Compliance Office reviews all Ethicsline reports and will typically assign responsibility for investigation of potential violations of our Code of Business Conduct (COBC) to the head of the Corporate Audit COBC Investigations Team.

Investigation of Misconduct

The Coca-Cola Company Ethics & Compliance Committee was formed in October 2005 and has operational responsibility for the Company's administration of the Code of Business Conduct. These responsibilities include:

- Ensuring fair and consistent administration of the Code of Business Conduct
- Management of Code of Business Conduct Matters
- Overseeing the Ethics & Compliance Office (E&CO) as it provides education, consultation, monitoring and assessment related to the Code of Business Conduct and Anti-Bribery Compliance.

Investigations into allegations of misconduct are conducted by Code of Business Conduct Investigators who are Certified Fraud Examiners. When necessary, legal counsel leads

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investigations into significant key matters. Investigations are supported by Local Ethics Officers (LEOs), a network of senior lawyers, finance managers, and other professionals within the Company. Investigations and decisions of the Ethics & Compliance Committee result in an independent and fair process that respects applicable laws and regulations. The committee is comprised of senior leaders in governance functions including audit, legal, security, and workplace rights. In addition, there are two members who are senior leaders from operations.

Centralization & Consistency

The Ethics & Compliance Committee considers facts discovered through investigation, mitigating/aggravating factors, management recommendation, and precedent. Terminated employees can request reconsideration by presenting new evidence to the Ethics & Compliance Committee. Accountability, centralization and consistency are the foundation of our compliance process that ensures that the Audit Committee of the Board of Directors is aware of all significant matters.

Anti-Bribery Policy and Compliance Program

Our Company's long-standing commitment to doing business with integrity prohibits corruption in any form, including bribery, and requires employees to comply with the anti-corruption laws of every country in which we operate. The U.S. Foreign Corrupt Practices Act likewise applies to all Company operations worldwide and all employees no matter where they work or their nationalities.

The Company has an Anti-Bribery Policy that is translated into 21 languages. In addition, online training on Anti-Bribery is mandatory for most computer-based employees based upon their level/role in the organization. In person training is conducted multiple times each year in many of our highest risk markets.

Our Anti-Bribery Policy was updated in 2012 to incorporate key prohibitions of the U.K Bribery Act, primarily a prohibition on payment of facilitating payments. The Company's Anti-Bribery Compliance program encompasses numerous controls including:

- Screening of intermediaries who will interact with government on our behalf,
- Developing awareness and training of employees and suppliers
- Confidential mechanisms for reporting of concerns to independent governance function via EthicsLine, (the Company's hotline), anonymously if reporter prefers
- Periodic monitoring, assessment and auditing of compliance
- Annual certification by employees of compliance with Company Code and anti-bribery procedural requirements

Mitigation Efforts: Implementation of the Anti-Bribery Compliance Program in Myanmar

The Anti-Bribery Compliance program is in the process of being embedded in our Myanmar operations. The mitigation efforts began with risk assessments that were conducted to determine which potential business partner was more aligned with the Company on commercial and compliance matters. The risk assessment was a positive factor in the Company's decision to

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negotiate a letter of intent with Pinya Manufacturing Co., Ltd. In April of 2013, the Company's Chief Ethics & Compliance Officer traveled to Myanmar and met with all shareowners and senior management of Pinya Manufacturing Co., Ltd, jointly and individually. She informed them of key provisions of the Company's Code of Business Conduct, Anti-Bribery Policy, and began the process to personally assess the risk of corruption.

The Company acquired management control via the newly formed joint venture entity Coca-Cola Pinya Beverages Myanmar (CCPBM) in June of 2013. In the five months to end-November, the comprehensive initial phases of the Anti-Bribery Compliance program were rolled out.

Recognizing the challenges of doing business in Myanmar, the Company wanted to ensure that policies and procedures were established and/or implemented from the outset to comply with U.S. Trade Sanctions requirements. So immediately following the formation of CCPBM, a Senior Compliance Manager traveled to Myanmar and met with senior managers of CCPBM for awareness building and initial training.

Other elements of the Anti-Bribery Program in Myanmar include:

- A management training program was established which will be delivered in Myanmar and English on an ongoing basis to build understanding and managerial capacity around anti-corruption. The first in-person awareness training took place in the second quarter of 2013 with the then Pinya Manufacturing Co. Ltd leadership team and management staff who will act as train the trainers in CCPBM going forward.
- A senior management committee was set up to specifically monitor, manage and ensure action on Code of Business Conduct, Anti-Bribery and Workplace Rights challenges.
- A Local Ethics Officer was appointed in July 2013. Their role is to work with the Ethics & Compliance Office to promote compliance with all applicable regulations.
- A copy of the Code of Business Conduct and the Anti-Bribery Policy was provided to all employees via the CCPBM Employee Handbook.
- Ongoing communication from the Managing Director of CCPBM to all employees on the importance of the Code of Business Conduct and the Anti-Bribery Policy. This is continually emphasized with all senior managers.
- Both web-based and in-person training is underway with a majority of employees having undergone initial training August – October 2013. Further training for remaining staff is planned.
- Translation of relevant materials into the Burmese language including Code of Business Conduct, Supplier Code, Company's Anti-Bribery Policy and supporting communication materials including Due Diligence Questionnaire
- Code of Business Conduct and Anti-Bribery Policy posters displayed in highly visible areas of all 14 of the CCPBM facilities in Myanmar.

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- Establishing the EthicsLine for Myanmar employees and encouraging them to utilize this confidential free service for support or to register concerns.
- New grievance procedure implemented to proactively address concerns. This includes details of the ‘Complaints Process’ in the employee handbook, forms and receptacle boxes for employees to make confidential or anonymous complaints. Both oral and written complaints can be made. The process clearly sets out that each complaint will be investigated, an understanding or agreement is made or remediation implemented.
- Screening of third-parties in line with Company policy. The Company has a robust global process that requires screening and background checks of third-parties who will interact with government officials on the Company’s behalf to identify any corruption risks. This includes Myanmar. In addition, the Company established protocols to screen potential customers and suppliers in Myanmar to ensure that we did not enter into business with any parties that have been classified as Specially Designated Nationals by the U.S. Office of Foreign Assets Control (OFAC).
- Training for suppliers who will interact with the government on the Company’s behalf.

Facilitation Payments

The Transparency International Corruption Perception Index (CPI) is one of the many indicators The Coca-Cola Company considers in understanding corruption risk. According to the 2012 CPI, Myanmar is ranked 172 among 176 nations with a score of 15. Therefore, the Company recognizes that Myanmar poses significant challenges. For example, facilitating payments are known to be common in Myanmar. Therefore the Company has made the prevention and elimination (if found) of facilitation payments a high priority. It is repeatedly emphasized to all employees that the use of facilitation payments to government officials or others is neither responsible nor acceptable business practice.

To address this key risk area, Legal counsel has been assigned to support the local operation, including ongoing risk assessment and corruption mitigation efforts.

The Ethics and Compliance department has developed a robust compliance management action plan to broaden the distribution of the Code of Business Conduct, conduct training of employees on ways to eliminate such prohibited payments, and to encourage reporting of any violations. The intention is to develop an open culture where employees, are comfortable to refuse such requests (even from their own pockets) and to proactively report such incidents to the Company for appropriate action.

Prior to the formation of the joint venture CCPBM, awareness sessions were conducted with Pinya Manufacturing Co. management in March and April of 2013 with additional training in July 2013. The awareness sessions and subsequent communication to staff focused on encouraging employees to share any and all situations where staff may be faced with payment requests or demands.

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The Company also looks to best practice mitigation measures in other markets to reapply in Myanmar. One such example are simple ‘Wallet Cards’ recently deployed in the local language that drivers can show to external parties that might ask for facilitation payments. The card advises the receiver that the driver cannot offer payments of any kind as it is against his company policy and that he/she will have to report any request for such payment to the Company.

Human and Workplace Rights Policies and Procedures

Human and Workplace Rights Policies: The foundation of our corporate commitment to respect human rights is grounded in four key human rights policies. These policies, and the environment policy and procedures described below, apply to all our operations in Myanmar: our Human Rights Statement, our Global Mutual Respect Policy, our Workplace Rights Policy and our Supplier Guiding Principles. The Public Issues and Diversity Review Committee of The Coca-Cola Company Board of Directors has oversight responsibility for these policies and their implementation in practice.

These policies and statements are guided by the Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and related international covenants. Together, they reflect our high standards and expectations regarding workplace rights and the 30 articles contained in the Universal Declaration of Human Rights. We require all associates of the Company to know our workplace standards and human rights principles and to apply them in their work. Managers receive specific training and every workplace is required to prominently post and communicate these requirements.

Our Human Rights Statement is our overarching commitment to respecting human rights and is supported by our Workplace Rights Policy, which applies to company operations, and our Supplier Guiding Principles, which applies to our authorized suppliers. The Global Mutual Respect policy builds on these policies by emphasizing expectations for how employees treat each other and everyone they interact with on behalf of the Company, specifically related to valuing diversity and creating an environment free from discrimination and harassment. Complaints can be submitted under these policies.

These policies are available on our public website in more than a dozen languages and are shared with all company operations and authorized suppliers. The Workplace Rights Policy and Supplier Guiding Principles Policy have been translated into the Burmese language.

- Our Human Rights Statement is available for download in 14 languages: <http://www.coca-colacompany.com/our-company/human-rights-statement>
- Our Workplace Rights Policy is available for download in 14 languages on our website: <http://www.coca-colacompany.com/our-company/workplace-rights-policy>
- Our Supplier Guiding Principles is available for download in 12 languages on our website: <http://www.coca-colacompany.com/our-company/supplier-guiding-principles>

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- Our Global Mutual Respect Policy is available for download in 13 languages on our website: <http://www.coca-colacompany.com/our-company/global-mutual-respect-policy>

These policies provide a consistent approach to human and workplace rights worldwide and embed the expectation as an integral part of our culture, strategy and day-to-day operations. To help our Company, our bottling partners and our direct suppliers meet these standards, third-party auditors trained on these standards 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. Assessments are then conducted on a regular basis to confirm ongoing compliance at bottling, office and supplier sites. Each year we conduct over 2000 independent third party audits and have conducted over 15,700 assessments since the program began. When issues are identified, we work with the site and the audit firm to develop a corrective action plan that addresses the root causes of the performance gaps. Follow-ups are completed on a routine basis to ensure that gaps in compliance have been addressed.

Metric and impact reporting help the Company track progress overtime and ensure accountability within our organization. We maintain and circulate a quarterly scorecard report which tracks compliance performance globally. We have set a goal that 98 percent of our Company-owned and -managed facilities would meet our human and workplace rights standards by 2020. Our Myanmar operations fall under this compliance goal.

The Human Rights Statement, Global Mutual Respect policy, the Workplace Rights Policy and Supplier Guiding Principles constitute one of the bases for our comprehensive due diligence process in Myanmar.

Community and Stakeholder Engagement: Community and stakeholder engagement is fundamental and a cornerstone of our business. We believe that dialogue with a wide-range of external stakeholders— from indigenous peoples to governments, unions, human rights groups, socially responsible investors and others—is critical to respecting human and workplace rights within our business system and supply chain. Continuous dialogue enables us to identify and address potential issues proactively and collaboratively. By combining our experience with the expertise, passion and knowledge of our stakeholders and partners we develop robust approaches to respect human and workplace rights. Furthermore, by working with other relevant parties from various sectors including private, public and non-profit and labor, we believe we can have a greater and more sustainable impact than by working alone.

The Human Rights Statement acknowledges that stakeholder engagement is consistent and critical to our stated commitment of respecting human rights. The Human Rights Statement states: “Our acknowledgment of these international principles is consistent with our dedication to enriching the workplace, preserving the environment, strengthening the communities where we operate and engaging with stakeholders to pursue progress toward these goals.” Furthermore Community and Stakeholder Engagement is an important component of our Workplace Rights Policy. The Policy states:

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The Company recognizes its impact on the communities in which it operates. We are committed to engaging with stakeholders in those communities to ensure that we are listening to, learning from and taking into account their views as we conduct our business. Where appropriate, we are committed to engaging in dialogue with stakeholders on workplace rights issues related to our business and within our sphere of influence. We believe that local issues are most appropriately addressed at the local level. We are also committed to creating economic opportunity and fostering goodwill in the communities in which we operate through locally relevant initiatives.

Additional information on ongoing stakeholder engagement with regards to human and workplace rights is available on our website: <http://www.coca-colacompany.com/our-company/stakeholder-engagement>.

As part of our due diligence efforts related to Myanmar, the Company engaged with a wide range of stakeholders. A summary of this engagement as well as a list of stakeholders consulted is included in the Community and Stakeholder Engagement section of this report.

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. Our human rights policies provide grievance mechanisms that are and will be applicable in Myanmar. All employees may report potential Human Rights Statement or Workplace Rights Policy or Global Mutual Respect Policy violations to local Management, Human Resources, Legal or Security. Myanmar employees can also make complaints through the EthicsLine secure Internet website at www.koethics.com or by calling the appropriate toll-free number for their location. The website has been translated into the Burmese language and interpretation services are available for phone calls to support local language needs. We also have resources embedded in our local operations to support compliance and governance requirements. For example, in Myanmar a local Ethics Officer was appointed. Complaints that are part of an ethics claims, letters or e-mails on rights issues to senior Company officials, and those brought to our attention by individuals and stakeholders by formal or informal means are also investigated.

We also expect our suppliers to have grievance mechanisms. The Supplier Guiding Principles state:

Grievance Procedure and Remedy: Provide workers with a mechanism to express grievances without fear of reprisal and ensure concerns are appropriately addressed in a timely manner.

Auditors conducting Supplier Guiding Principles assessments are asked to identify the existence of grievance mechanisms through record review and worker interviews. Additionally auditors need to determine if the mechanism is actually being implemented. In addition to operational

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level grievance mechanisms, the human and workplace rights assessments themselves provide an important avenue for grievances to be raised and addressed.

Human and Workplace Rights Due Diligence

Overview and Work Plan: The Coca-Cola Company recognizes that while governments must protect human rights, businesses have an important role in respecting all human rights. Starting in 2005, we worked to support the mandate of Professor John Ruggie, the former UN Special Representative for Business and Human Rights in development of the “Protect, Respect and Remedy” framework for respecting human rights in a business context. In May 2011, we formally endorsed the then draft Guiding Principles, which were subsequently adopted by the UN Human Rights Council in June 2011. As part of this commitment, we expect our Company, our bottling partners and our suppliers to avoid causing, or contributing to, adverse human rights impacts as a result of business actions. Furthermore, our Company, bottling partners and suppliers are also responsible for preventing or mitigating adverse human rights impacts directly linked to their operations, products or services by their business relationships. The Guiding Principles are now a key touchstone for our policies and programs related to workplace and human rights and formed the basis of our human rights due diligence work plan in Myanmar.

Our workplace and human rights due diligence work plan incorporated the following components:

- Understand the overall human rights landscape through country level research and stakeholder engagement
- Assess actual and potential human rights impacts through workplace and community due diligence
- Develop remediation to act upon findings and track progress
- Develop local level capacity to integrate prevention over time
- Adapt Company grievance mechanisms to meet local customs

Due Diligence Conducted: As discussed above, an initial risk assessment at the country level was completed through existing publications as well as contracted research. Human rights reports and research from the State Department, the Institute for Business and Human Rights, and the International Labor Organization provided a baseline landscape of human rights risks. The Company contracted additional research to better understand the potential human rights risks linked to our future business activities.

In order to bring the high level risk assessment to an operational level, human and workplace rights assessments were organized in October 2012. Follow-up audits were conducted in April and November 2013. For the October 2012 assessments, a team was assembled to conduct an enhanced Supplier Guiding Principles (SGP) review of the two bottling plants in Yangon, Myanmar that later became part of CCPBM. The team consisted of two independent auditors, two local translators and two representatives from Coca-Cola Global Workplace Rights. The team spent nearly two weeks in the two bottling plants, surveying the community bordering the

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plants as well as two independent distributors. In total, the team invested approximately 450 hours in the field during this field assessment

For the October, April and November assessments, the 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 October plant assessments scored in the bottom quartile of bottler SGP assessments within the global Coca-Cola system. Issues identified included gender and age based discrimination and poor wastewater treatment. Violations of current and in-process Myanmar workplace laws were also detected. However, other areas identified as potential risks during initial research were not found. For instance, there was no indication of forced or child labor.

Assessment Findings and Mitigation: The October 2012 bottling plant assessment findings included:

- **Discrimination:** There was an indication of discriminatory hiring and payment practices. At the time of the assessment women were paid approximately 11% less than male colleagues.
- **Hours of Work:** Overtime above legal limits was observed and rest days as well as annual leave were not properly provided
- **Wages and Benefits:** Overtime payment were either not provided or improperly calculated
- **Health and Safety:** Improvements were required in areas such emergency exit signage, handrails and seating for workers. Potable water was available, but access could have been expanded through an increase in water stations.
- **Clinic & childcare facilities:** Despite applicable regulation there was no clinic or childcare facility at either plant site
- **Environment:** Issues related to environmental degradation were discovered. At the time of the October 2012 assessment, water for use in plant operations was extracted without a permit and wastewater was being discharged without treatment.

Audits of a sample of distributors reflected similar issues. Distribution facilities visited generally employ approximately 20 people and consist of a few buildings which include space for a residence for workers who do not live nearby. Due to the small scale nature of the facilities poor record keeping raised issues related to age documentation, minimum wage and overtime wages as well as lack of benefits. Gender discrimination was also apparent. There are poor health and safety practices such as lack of fire extinguishers and fire alarms. Living quarters provide minimal provisions such as a mat for sleeping and bag for personal item storage. Minimalist restrooms and showering facilities are available. These issues will be mitigated through corrective action, capacity building and training.

Mitigation Efforts: Bottling plant assessment reports were completed and the team worked out a plan to address the issues. The plan incorporated corrective action for the issues found as well as capacity building and ongoing training to support a shift in the culture and operational

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mindset. The remediation strategy includes detailed steps for corrective action to be taken within 3 months of the assessment, medium term (3-15 months) and long term (15+ months) plans to ensure continual capacity building.

The issue of age and gender discrimination exemplifies how the tiered remediation planning works. Age and gender was removed as a criterion from job requirements and vacancy advertising as an immediate corrective action; in the medium term, workplace rights training in August – October focused on discrimination and diversity, with ongoing training at set intervals in 2014 onwards to ensure this is embedded in the culture and day to day business practices.

Follow-up audits in April and November 2013 revealed improvements had been made however gaps requiring capital investments remained in-progress as did the systemic hours of work findings. Further improvements were documented during the November assessment. Below are some of the improvements noted in the April and November follow-up assessments:

- **Discrimination:** Eliminated pay discrimination against women by moving pay to same level as men in the same job grade/ classification; as well as the elimination of age and gender as a job criteria (as above)
- **Wages and Benefits:** Improved record of piece rate worker payments to ensure proper payment, including overtime, although there are still a few piece rate worker payments to be remediated.
- The onsite medical clinics required at each plant remained an open issue during the April 2013 follow-up, but was rectified ahead of the November 2013 assessment
- High awareness among employees of the Code of Business Conduct and Anti-Bribery Policy
- Health and Safety gaps identified in the October assessment were addressed by the April and November assessments.
- **Environment:** Obtained all relevant permits by the April 2013 assessment

The wastewater treatment at both plants and child care facilities remained an open issue during the April and November 2013 follow-up assessments, but CCPBM has a solid plan in place to address in the medium term.

The April assessment also identified that further steps were needed to fully comply with hours of work requirements. To address this, shift patterns have been changed in some functional areas, a third shift was added, and additional staff have been hired. This has led to an overall downward trend of staff working in excess of the maximum overtime law and working on their rest days. However, during the month of October, there was a slight increase in hours of overtime worked in a few operational areas. CCPBM has refocused efforts to ensure that this is one-off occurrence rather than an ongoing issue.

Follow-up assessments will be scheduled every six months until all standard gaps are corrected and annually thereafter until the sites can demonstrate sustained compliance over time.

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Thereafter, the sites will be placed on our cycle assessment timeline of every 1-3 years depending on compliance performance.

Capacity building and follow-up human and workplace rights assessments will be iterative and ongoing to support a culture of compliance. We are partnering with local organizations and exploring collaboration with other companies to develop and deliver training on workplace standards. A pre-audit awareness session for CCPBM-only distributors and suppliers was held in June, 2013. The training was sponsored by The Coca-Cola Company and hosted and delivered by the British Council in conjunction with the International Labor Organization. The intention was to build a culture of workplace rights from the beginning among suppliers, potential suppliers and distributors. By working with other companies, we hope to establish this expectation as an industry-wide practice.

To develop compliance throughout the local supply chain, there was a formal communication from CCPBM in June to all suppliers and distributors outlining CCPBM's requirements for compliance. This was then followed with the awareness session in July and further training and audits will commence at supplier locations in early 2014. Supplier Guiding Principles details are included in all CCPBM contracts.

Supplier and distributor training took place on July 31. The content of the training included:

- Basic labor rights concepts and international standards presented by the Myanmar Office of the ILO
- Basic human rights concepts and the journey for Myanmar presented by the Myanmar Center for Business and Human Rights and the British Council
- TCCC Supplier Guiding Principles presented by TCCC Global Workplace Rights
- TCCC Business Ethics presented by TCCC Ethics and Compliance

Phase 2 of the supplier and distributor training is planned for April, 2014.

As issues arise in the future, the Company expects a new operational level grievance mechanism will help identify any potential non-compliances or adverse human rights impacts and enable the facility to address issues early to prevent further escalation. In addition to facility specific grievance procedures, there will be ongoing compliance audits during which confidential employee interviews enable workers to raise concerns. Furthermore, CCPBM employees can report potential Human Rights Statement or Workplace Rights Policy violations to their Human Resources department, through the EthicsLine secured Internet website at www.koethics.com or by calling the appropriate toll-free number for their location. The Company treats all inquiries confidentially and investigates all concerns.

In addition, an elected joint employee/management Workplace Coordinating Committee (WCC) was recently formed for employees to channel their suggestions, raise issues and make recommendations to management. The forum considers such topics as conditions of employment, occupational health and safety, welfare and productivity

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In September 2013, a Women's Council and Network was formed at CCPBM to help empower women in the workplace and support the objective of having more women in management and senior management positions.

As part of its journey in Myanmar, the Company sees a unique opportunity to set a new standard not only for our local operations, but also for the fast moving consumer goods industry as a whole. We believe investing in employee development and engagement will be critical to growing our business and positively impacting the lives of people in Myanmar. To do this, the company has developed an employee engagement strategy with short, medium and long term milestones. The plan focuses on attracting and retaining talent, standardizing and improving the onboarding process, developing functional specializations and building leadership capabilities.

Since the transition occurred in June 2013:

- 100% of employees were offered and signed a new offer letter with terms equal to or better than previous employment terms.
- Each employee has undertaken competency assessments, upon which training and development programs have been implemented.
- Hundreds of hours of capability training have been undertaken across all functional areas.
- Staff engagement activities such as town halls, regular meetings, and a celebratory event for all CCPBM employees have been implemented

Over the five months since June 2013, staff attrition has dropped from 60% to 19%.

Environment Policies and Procedures

The Coca-Cola Company understands that our environmental performance is critical to our success and sustainability as a company. Consideration of the environment is increasingly built into everything we do. This is reflected in our water stewardship efforts, our procurement practices, our goal for reducing greenhouse gases, our promotion of sustainable agriculture, our packaging innovations and much more. At an overarching level, the Company has an established environmental policy built into our operating requirements. We strive to conduct our business in ways that protect and preserve the environment and reduce our environmental footprint. The policy requires that each organizational level within the Coca-Cola system (site/facility, bottler, business unit and corporate entity) must adhere to the following objectives:

- Implement environmental management systems;
- Ensure legal compliance;
- Identify, evaluate and address environmental risks and emerging trends;
- Engage and train employees;
- Establish and track environmental performance goals and objectives;

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- Incident Management and Crisis Resolution (IMCR) and
- Stakeholder engagement

In addition to the broad environmental policy, there are specific requirements governing areas such as wastewater treatment. We respect the human and ecological needs for water and hold ourselves and our suppliers accountable for adequate wastewater treatment, as required by local law. As a Company our stated goal is to return to the environment—at a level that supports aquatic life—the water we use in our system operations through comprehensive wastewater treatment. As of the end of 2012, we had achieved 98 percent global alignment with our wastewater treatment standards.

We also are engaged in internal and external discussions about what it means in practice to respect the human right to water and sanitation. Through our Water Resource Sustainability program, we have implemented a rights-based approach to water in requiring our operations to assess vulnerabilities to community sources of water, determine potential impacts from our use of water and discharge of wastewater, and then address issues in a Source Water Protection Plan.

Our global wastewater treatment standards and water resource sustainability requirements as well as our other environmental policies and performance requirements are applicable to Company operations in Myanmar.

Environment Due Diligence

Overview and Work Plan: The Coca-Cola Company strives to conduct business in ways that protect and preserve the environment and reduce our environmental footprint. Bottler sites must adhere to the following objectives: Implement environmental management systems; ensure legal compliance; Identify, evaluate and address environmental risks and emerging trends; engage and train employees; establish and track environmental performance goals and objectives; implement The Coca-Cola Company Incident Management and Crisis Resolution (IMCR) protocol, and undertake stakeholder engagement.

The key components of the environment due diligence plan included conducting a Phase I as well as Phase II environmental assessment at the site of selected partner. Phase I covered the following:

- Compliance of the Site with applicable local environmental regulations
- Hazardous material or waste management activities that have occurred at the site
- Identify recognized environmental conditions (or RECs) where soil and groundwater may be potentially impacted
- Emissions related to fuel, vehicle, chemicals and refrigerant use
- Water availability within the site facility
- Community issues within the immediate vicinity of the Site
- Existing occupational safety and health risks and issues at the Site

Phase II was based on the results of the Phase I assessment and would include testing.

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Due Diligence Conducted: The Coca-Cola Company retained an independent, external expert to conduct two phases of environmental due diligence on the operations of the potential partner in Myanmar to assess the potential environmental impacts of the past and current activities at the sites. The company also conducted observations of the host communities, including the local village around one plant and the residential and industrial areas near the other.

The initial phase of due diligence was completed in August 2012. Phase II of the environmental due diligence was conducted over two weeks in November 2012 and was based on the findings from the initial phase. Phase II included drilling of 20 borehole locations, installing of seven shallow monitoring wells, collecting 23 soil samples and nine primary groundwater samples at both sites for analytical testing.

Assessment Findings and Mitigation: In general, environmental law in Myanmar was deemed weak. There are not sufficient laws regulating pollution or environmental impact assessments and the government does not mandate much in the way of environmental permitting. Based on the reviewed documents, the site visit and interviews, both plants were determined to have existing standard operating procedures relevant to their beverage manufacturing operations. The operating procedures are well documented and implemented. Both plants have health and safety management systems, employees are sufficiently aware of them, and the rules are implemented and followed. Groundwater supply, quality and availability are considered currently stable. However, groundwater source was considered potentially vulnerable and sensitive in both plant sites as host communities rely on the same resource.

The primary improvement areas included:

- **Secondary Containment and Chemical Handling:** There were 3 Recognized Environmental Conditions (RECs) identified at one plant and 11 RECs at the other focused mainly on chemical storage and the need for secondary containment.
- **Wastewater Treatment System:** Neither plant had an effective wastewater treatment plant.
- **Water quality and sensitivity:** Both plant sites were historically selected in part for the local groundwater supply and quality. Both plants have a network of groundwater extraction wells extending over 100 meters in depth. One plant relies solely on extracted groundwater while the other is in an industrial zone and draws additional water supply (5-10%) from piped city supply.
 - The plant that only uses extracted groundwater is located in a village which depends on the ground and surface water for farming activities as well as potable water. Because of this, water sensitivity is a potential issue.
 - The other plant is located in an industrial zone with hundreds of other factories in the area which are using the same well waters. This competitive environment may, in the future, pose a challenge to water availability.

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- Lack of Monitoring: Air quality (including noise and dust) and emissions were not adequately monitored.
- Groundwater Extract Permit: No groundwater extract permit was available as the requirement had been waived for companies situated within the industrial zone

In addition to the above findings, there is the potential for community nuisances including noise from plant and equipment and increased traffic due to delivery trucks. As the area of one plant is an industrial park, residents in the adjacent residential area are migrants who mostly came to the place to be employed. Other residents have setup small business catering to the daily needs of the industrial park workers. For the other plant, a small village is the host community. No historical issues have been reported from host communities or adjacent establishments, but, at the time, there was no formal communication with the local village to manage complaints. The appointment of a communication manager at CCPBM is expected to formalize communications with local village.

Mitigation Efforts: In response to the environmental and technical due diligence a corrective action plan outlining priority areas and incorporating timelines and estimated capital expenditures was created. Issues are expected to be addressed anywhere from 30 days to 24 months depending on the type of issue and capital requirements.

Below are some improvements to date:

- Secondary Containment and Chemical Handling – all issues identified were corrected in February 2013.
- Wastewater treatment plant at each plant- As of Q4 the project is in the final process of vendor & technology selection. The target completion of the WWTP project for both sites is within the first half of 2014, with full operation of the WCTPs expected end-July 2014.
- Water Quality and Sensitivity - The issues will be reviewed in more details through the comprehensive source water vulnerability assessments. The project is in the process of selecting third party expert consultant to conduct this work. The project will take around 8 months once the consultant is selected.
- Environment Monitoring - This will be included as part of the Coca-Cola Environment and Safety program implementation to kick off in Q4 2013 and Q1 2014.

Technical Due Diligence

Overview and Work Plan: Ensuring the safety and quality of our products has always been at the core of our business. We believe that respect for human rights encompasses food safety elements as well as plant safety for workers and the surrounding community. The Coca-Cola Company ensures consistent safety and quality through strong governance and compliance to applicable regulations and standards. We manufacture our products following strict policies, requirements and specifications provided through an integrated quality management program

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that measures all of our operations, system-wide, against the same global standards for production and distribution of our beverages. The program promotes the highest standards in product safety and quality, occupational safety, and health and environmental standards across the entire Coca-Cola system.

The technical due diligence in Myanmar covered regulations and TCCC requirements related to:

- Quality
- Food Safety
- Occupational Safety
- Procurement
- Scientific and Regulatory Affairs

Due Diligence Conducted: The due diligence included a desk-top audit of available documentation as well as a full technical assessment at the plants. The on-site technical due diligence spanned more than three months.

Assessment Findings and Mitigation: Generally both plants were considered capable and compliant to produce safe sparkling and packaged water beverages. Plants are certified to ISO 22000 and ISO9000, although improvements at the older plant are needed to reach meet PAS220 and be FSSC22000 certification. There were areas for investment to ensure compliance with TCCC standards in terms of Quality, Environment and Occupational Safety and Operational Effectiveness. The areas identified for improvement include:

- Implement Wastewater Treatment and drainage compliance,
- Good Manufacturing Practices design improvements at older plant water treatment facility, RGB and PET production areas to meet PAS220 and be FSSC22000 Certified.
- Upgrade laboratory testing capability to ensure consistently accurate results
- Improve traceability of ingredients, packaging, works-in-progress, and finished products for production purposes and for distribution as far as first consumer

Mitigation Efforts: The areas cited for improvement do not pose a risk to food safety but are required to meet strict Company standards and to minimize environmental impacts and occupational safety risks. A corrective action plan including timelines and necessary capital expenditures was developed to address the issues identified.

Below are some improvements to date:

- Good Manufacturing Practices (GMP) Design improvements at the syrup processing area
- New Reverse Osmosis water treatment equipment has been installed at the older facility to ensure treated water quality and safety has been completed.
- Multiple stage in-line CO2 filtration systems have been installed in both plant locations to ensure consistent CO2 quality and safety.

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- Additional laboratory equipment to upgrade testing capability has been purchased and is underway.
- About 78 modules of Technical Training Program on GMP, Manufacturing, Quality, Environment and Occupational Safety have been conducted since September 2012 to-date across plant personnel.
- To monitor the quality of products in the marketplace being produced by the plant, the Trade Sampling Program started in July.
- The Waste Water Treatment Plant (WWTP) project went through a process of vendor & technology selection. The target completion of the WWTP project is the first half of 2014, with full operation of the WCTPs expected end-July 2014..

The areas cited for improvement do not pose a risk to food safety but are required to meet strict Company standards and to minimize environmental impacts and occupational safety risks. A corrective action plan including timelines and necessary capital expenditures is being implemented to address any issues identified.

Community and Stakeholder Engagement

The Coca-Cola Company maintains ongoing dialogue with a wide-range of external stakeholders as we believe stakeholder engagement is critical to respecting human and workplace rights within our system. In the case of Myanmar, we recognized that stakeholder engagement was at the very center of our due diligence activities. Stakeholder engagement, especially with potentially affected stakeholders, was deemed critical to identify existing and potential human rights impacts. Due to the high risk of adverse human rights impacts in the country, we developed a tiered strategy to ensure we gathered a variety of perspectives from the international to the community level. In particular, this meant engaging in ongoing dialogue with international and multi-lateral organizations, socially responsible investors, credible human rights civil society at the national level, and community members and workers impacted by potential business operations.

The Coca-Cola Company also evaluated existing stakeholder engagement by the then potential local partner company. One plant is located in a small village and while no historical issues have been reported from the host community or adjacent establishments, there is currently no formal way to manage dialogue and/or complaints. Relations with the surrounding community are informal and the facility receives frequent requests for philanthropic assistance. Each of the last few years the facility has donated up to 1 million kyat (USD \$113,595) to support local community projects. Going forward a community engagement program is part of the CCPBM annual business plan. Furthermore, a new communications manager has been appointed at CCPBM and part of the role is the development and management of a formal community engagement program.

The stakeholders engaged as part of the due diligence process have and continue to provide important insight and confirmed findings found in the overall process. They have also provided a variety of suggestions to mitigate adverse human rights impacts. In addition to the

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organizations listed below, we engaged with local representatives and members of the community:

Organization/Company	Organization/Company
Institute for Human Rights and Business	United Nations, New York
International Labor Organization	Foreign and Commonwealth Office, London
United States Embassy	Department for International Development, London
Centre for Economic and Social Development	Myanmar Marketing Research & Development Research Services (MMRSRS), Yangon
British Council	A.P. Moller - Maersk, Copenhagen
UMFCCI	Clifford Chance LLP, London
Myanmar Government	Embassy of France, London
United Nations	Unilever
Mizzima News	BP, Washington DC
House of Lords, London	Myanmar Egress, Yangon
Department for International Development (DFID), London	Ministry of Foreign Affairs, Copenhagen
Head, UKTI Rangoon, London	Prospect Burma, London
International Trade Union Confederation (ITUC)	Danish Institute for Human Rights, Copenhagen
Macquarie University, Sydney	British Embassy Yangon
EcoDev, Yangon	Ministry of Foreign Affairs, The Hague
Director; Senior Research Fellow, Training and Communication, Myanmar Development Research Institute, Centre for Economic and Social Development, Yangon	Indian Council of World Affairs, New Delhi
University of Yangon, National Commission of Human Rights of Myanmar, Yangon	CDA, Cambridge MA
Foreign & Commonwealth Office, London	Council of Global Unions (CGU), Brussels
Standard Chartered Bank, Singapore	Ministry of Foreign Affairs, Oslo
Shell, Singapore	Spectrum, Yangon
Myanmar Journalists Association, Yangon	Chevron
UK Trade and Investment, London	Myanmar Vigour
International Committee of the Red Cross (ICRC), Geneva	Myan Shwe Puy Tractors
Christian Solidarity Worldwide, New Malden	MCM Pacific
University of Washington Law School, Seattle	Myanmar center for human rights

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Serge Pun and Associates (Myanmar) Ltd,
Yangon

In May 2013, The Coca-Cola Company hosted its sixth annual human rights conference entitled “Engaging Business: Implementing Respect for Human Rights—Addressing the Hard Issues.” The luncheon speaker was Steve Marshall, the International Labor Organization Liaison Officer for Myanmar who also moderated the panel that attempted to answer the question: “business investment in Myanmar—how much due diligence is enough?” The panel on Myanmar included speakers from the Institute for Human Rights and Business, Conflict Risk Network and State Department. The next day over a three-hour period, Steve Marshall provided an in-depth overview of the human rights risks in the country.

The Company maintains ongoing engagement with various organizations and perspectives both within and outside of the country. CEO Muhtar Kent met with Aung San Suu Kyi in September 2012 when the Company resumed sales of imported Coca-Cola products in Myanmar. As a member of the International Board of the Special Olympics, Kent invited Aung San Suu Kyi to be the keynote speaker at the Special Olympics World Winter Games.

In addition to individual stakeholder engagement the Company, through the Coca-Cola Foundation’s \$3 million grant, is engaging with and supporting local communities. The Coca-Cola Foundation is partnering with PACT, a respected international non-governmental organization working to promote health, economic empowerment and food security in 26 developing countries, to support the development of a WORTH program in Myanmar. The WORTH program, 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.

PACT’s efforts in Myanmar are 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 an initiative known as 5 BY 20.

In addition to the PACT project, a wide stakeholder engagement program has been developed, which encourages open dialogue with stakeholders on our activities, areas for improvement etc. As such we are currently in the process of setting up a Myanmar Advisory Council comprised of leading and respected Myanmar individuals covering many sectors from health to women’s empowerment.

Security Providers

The only security utilized in Company operations in Myanmar is at the plant sites. These are full -time employees. No third party security firm is currently or will be utilized. The role of security personnel is to safe guard the facility as well as the workers.

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As part of our human and workplace rights assessment, third party auditors verified 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 reviewed 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 reviewed security workers are provided the same treatment and benefits as other Company employees.

In the case of Myanmar all security personnel are employed at the plants and were not found to be an intimidating presence. Nevertheless, as part of the capacity building efforts, the human and workplace rights training at the plants incorporates a module on security personnel conduct.

Property Acquisition

There were no land acquisitions during the reporting period for this report. The vast majority of the land utilized by the facility is Grant Land and is leased from the government on a 30-60 year agreement. Due to restrictions on foreign ownership, the local Company entity, Coca-Cola Pinya Beverages Myanmar, Ltd. (CCPBM), will not be allowed to acquire the land nor the leases. The land would thus be subleased in all instances to CCPBM. Both sites are located in Yangon; one plant is in Hmawbi Township and the other is in an industrial zone within Hlaing Thar Township.

We recognize that the issue of land rights is concerning in Myanmar given the numerous reports of confiscation. Nearly 70 percent of Myanmar's population lives in rural areas and many work in agriculture without secure land rights. Since the establishment of the Myanmar National Human Rights Commission in 2011 many of the complaints have been focused on tenure rights and land confiscation. Due to the high proportion of land owned by the government and that Grant Land subleases will be assumed, the Company cannot ensure distance from government owned property.

When planning new plant sites, we will strive to ensure that Free, Prior and Informed Consent is obtained. In the case of Myanmar, both plants are pre-existing and investigations could not clarify how the grant or garden lands were obtained by the government. We recognize the importance of land rights and are engaging in ongoing community engagement to ensure sensitivity to issues related to customary usage rights. .

Transparency

Not applicable.

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Military Contact

There have been no meetings or communications by any representative of The Coca-Cola Company with the armed forces of Myanmar or other armed groups related to our investment in Myanmar.

Conclusion

The Coca-Cola Company decided to re-enter Myanmar after more than 60 years and, as part of the market entrance, completed a due diligence process more in-depth than any completed by the Company in recent history. Understanding and addressing potential adverse human rights impacts was central to the overall due diligence process. Beginning in 2009, a thorough and methodical due diligence effort was initiated and which continued over nearly three years. A cross-functional steering group oversaw the efforts which included a review of key areas ranging from commercial topics to human rights issues. Nearly a dozen third parties were contracted to conduct due diligence research and a multitude of stakeholders were consulted. Extensive due diligence was conducted prior to the Company's announcement in June 2012 and will continue as substantial investments are made to expand local business operations over the next five years. This report reflects on the due diligence conducted to date with recognition that ongoing due diligence and remediation is important to ensure respect for human rights and continuous improvement.

The Coca-Cola Company has a strong commitment to respecting human rights, as affirmed in our policies and operationalized in our procedures for company and supplier sites. Through extensive upfront due diligence and ongoing capacity building, the Company intended to ensure that respect for human rights was established from the beginning in all business activities in Myanmar. The due diligence process identified various potential human rights impacts including:

- The 2012 Transparency International Corruption Perception Index (CPI) ranked Myanmar as 172 among 176 nations with a score of 15. Therefore, the Coca-Cola Company recognizes that the country poses significant challenges. The Company will require the local operation to adhere to the same high ethical standards and requirements that we have implemented consistently around world via our Code of Business Conduct and Anti-Bribery Policy.
- Workplace Rights Issues: A variety of workplace rights issues were identified during the third party human and workplace rights assessment including gender discrimination and hours of work. A corrective action plan to address the issues was implemented and will be verified every 6 months through in-person visits to ensure sustained compliance.
- Environmental Issues: External assessments revealed some environmental concerns, including wastewater treatment. The Coca-Cola Company has strict standards regarding water usage and wastewater management. A plan was developed to bring the plants into compliance with Company standards.

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- Land Rights Issues: The government owns most of the land in Myanmar and currently foreign ownership is prohibited. The local TCCC entity will not be allowed to own land or even directly lease the land. Nevertheless as the Company's presence expands in Myanmar and new plant sites are identified careful consideration of land rights will be ensured.

Remediation plans were implemented to address these and all identified issues. The Company recognizes that this is an ongoing process and one that will develop and evolve with the Company's investments over time and contribute to an industry wide culture of respect for human rights.