

# *The Coca-Cola Company*

## **Responsible Investment in Myanmar**

**2016 Update**

July 1st, 2016



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## Executive Summary

This year, The Coca-Cola Company (“TCCC”) celebrates three years since the inauguration in June 2013 of a bottling plant in Yangon, Myanmar. We also celebrate this momentous time for the country, having held the first contested democratic national elections at the end of 2015. Our initial and ongoing investments in local bottling operations affirm the Company’s long-term commitment to the country. A fundamental aspect of that commitment is conducting our business in a responsible manner and upholding high standards in terms of company policies, practices and sustainability. Prior to our re-entry into Myanmar, we conducted in-depth due diligence and this 2016 Responsible Investment Report provides an update on our ongoing due diligence efforts, progress to date as well as ongoing challenges and opportunities since the last report submission. This report is The Coca-Cola Company’s fourth submission since announcing plans in June 2012 to re-enter Myanmar. Initial and subsequent due diligence efforts are outlined in our previous reports:

- [2013 Responsible Investment Report](#)
- [2014 Responsible Investment Report](#)
- [2015 Responsible Investment Report](#)

Progress made since the June 2015 report submission includes:

- Focus on workplace safety through awareness raising efforts, training programs, safety recognition awards and the hiring of a new environment, health and safety manager.
- Continued implementation of a gender diversity plan which included a Pledge for Parity among senior leaders. Skills and leadership training programs provided to enhance the role of women within the operations.
- Anti-corruption, bribery and Code of Business Conduct training delivered for employees and service suppliers.
- Comprehensive labor rights training workshops held in partnership with the organization Building Markets for more than 40 local suppliers. Initial training for route-to-market staff to support implementation of workplace rights standards among local distribution partners.
- Addressed findings from the 2015 human and workplace rights audit including ongoing efforts to limit overtime.
- In partnership with the NGO Pact, implemented a Water Access, Sanitation and Hygiene (WASH) program in four villages surrounding our bottling plant in Hmawbi Township, positively impacting more than 12,500 people.

- Our Swan Yi program, which is funded by The Coca-Cola Foundation and implemented by Pact, concluded a successful initial three-year phase in mid-2015. Due to the success of the program, a second three-year phase was initiated expanding the program to an additional 12,000 women and two new regions, Shan State and Mon State. The next phase of Swan Yi also incorporates newly developed advocacy curriculum, increasing the women’s confidence on issues such as labor laws, domestic violence, divorce and inheritance laws, child labor and land rights. Overall achievements to date include training and empowering 31,492 women in 1,247 savings groups.

Key challenges remain attracting and retaining talent in the competitive labor market, delays in construction and infrastructure gaps. Slow construction has implications on completing renovations and upgrades to our facilities, such as wastewater treatment plants, and infrastructure gaps on production and accurate forecasting.

Our initial due diligence highlighted a number of salient human rights and environmental risks in Myanmar which remain relevant. These include: low awareness on health and safety, excessive hours of work, child labor in downstream and upstream entities, bribery and corruption, land rights, environment and gender inequality. This 2016 update outlines our efforts in these and other areas since the June 2015 report.

In January 2016, the U.S. State Department opened a public comment period on the Reporting Requirements for Responsible Investment in Myanmar. The Coca-Cola Company submitted a public comment expressing our support for the continuation of the reporting requirements, as they have helped guide our due diligence efforts from the outset and remain an important vehicle to transparently communicate our efforts to operate a responsible, safe and vibrant local business that respects human rights. The requirements have also helped to drive internal connections on human rights and environmental impacts for our business in Myanmar. As Myanmar continues to transition politically and economically, tools such as the reporting requirements facilitate open conversations with stakeholders, furthering trust and understanding, as well as promoting responsible business practice within the private sector.

***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 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
<b>Coca-Cola Limited</b>	16th Floor, Centrepoin Towers, No. 65, Corner of Sule Pagoda Road and Merchant Road, Kyauktada Township, Yangon, Myanmar
<b>Coca-Cola Pinya Beverages Myanmar Limited</b>	50 Myoe Shaung Road, Hmawbi Township, Yangon, Myanmar
<b>Coca-Cola Pinya Beverages Myanmar Limited (head office)</b>	No. 37/38 Bamaw Atwin Wun Street, Zone (3), City of Industry Hlaing Thar Township, Yangon, Myanmar
<b>Mandalay</b>	H-252,U Paing 34,I Quarter, Pyigyitakhun Township, Mandalay Division
<b>Meikhtila</b>	Nal Myae(8),Yangon-Mandalay Road, Onetawpyae Toeche Quarter, Meikhtila Twonship, Mandalay Division
<b>Pathein</b>	Kune No (163.B),Yayaka (15) Nan Myae, Htan Kone, Pathein-Monywa-Yay Oo Road, Pathein Township, Ayeyarwaddy Division
<b>Mawlamyaing</b>	38/43, Kyaikkhami Street, Zayarmyaing Quarter, Zaygyo Nal Myae, Mawlamyine Township, Mon State
<b>Magway</b>	A-22,Taungtwin Street, Aung Zayya Quarter (Ahtoo), Magway Township, Magway Division
<b>Monywar</b>	No 74, Zizawar Road, Zone 1, Monywar
<b>Nyaung Oo</b>	Ka/1, Anawahtar Street, Aung Myae Tha Quarter, Nyaung Oo Township, Mandalay Division
<b>Pyinmana</b>	Pa159-160, Bawgathiri High Way complex, Pyinmana Township, Naypyitaw Division
<b>Shwe Per Thar</b>	No 55, U Tun Nyo Street, Industrial Zone 2, Shwe Per Thar Township, Yangon
<b>Taunggyi</b>	60/61,Pyihtaungsu Street, Aye Thar Yar, Taunggyi 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 Limited (CCPBM) and Coca-Cola Limited have 1452 employees and 20 employees of non-Myanmar descent.

**Coca-Cola Pinya Beverages Myanmar Directors:**

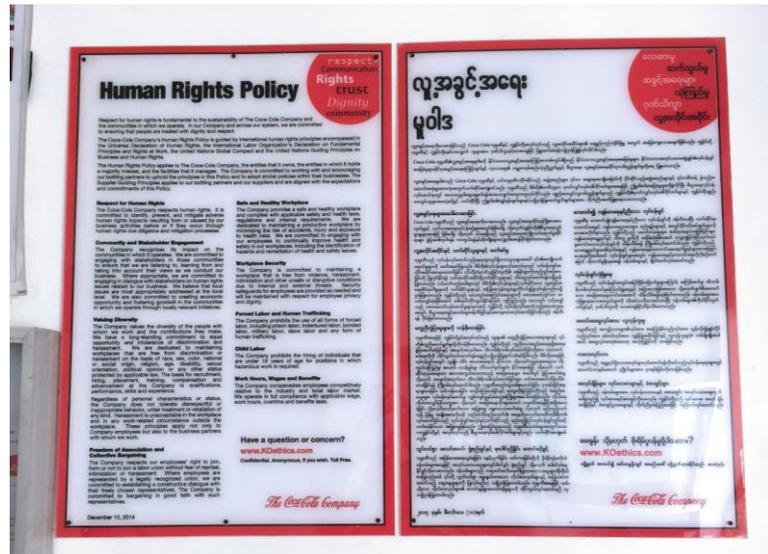
- Sanjeev Khanna (General Manager, Coca-Cola Pinya Beverages Myanmar)
- Daw Shwe Cynn (Director, Pinya Manufacturing)
- Huy Ngo Chung (Chief Financial Officer, Coca-Cola Pinya Beverages Myanmar)
- Ronald Asuncion (Procurement Director, Coca-Cola Pinya Beverages Myanmar)

**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 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, and training is conducted to communicate the expectation of ethical behavior globally.



TCCC Human Rights Policy in bottling plant in Hmawbi Township, Myanmar

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 19,000 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 four audits and the results of the most recent audit are outlined in the Human Rights and Due Diligence Update below.

## 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 2015 report submission include:

- Local Ethics & Compliance Committee formed and meets on a regular basis to review all Code of Business Conduct (COBC) related matters.

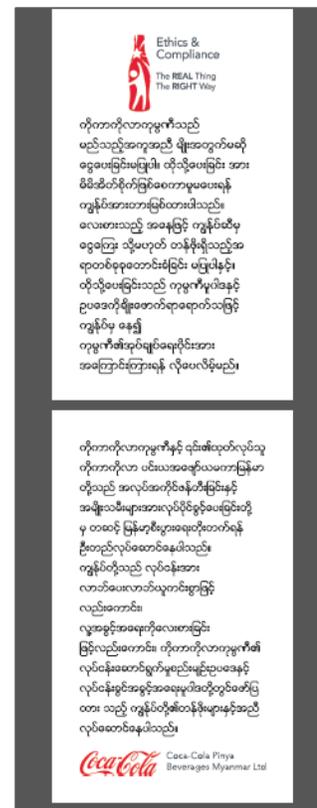
- An internal audit team formed to conduct any investigations and report back to the Committee on any COBC matters.
- The Coca-Cola Company's Chief Compliance Officer delivered in-person trainings in October 2015 to the leadership team as well as procurement and finance functions.
- The Coca-Cola Company's ASEAN Business Unit Legal Director conducted trainings with staff, suppliers and service providers on anti-corruption, bribery and sanctions compliance in May 2016.

As outlined in previous reports, our continued efforts in this area include:

- Ongoing training on the [Code of Business Conduct](#) and [Anti-Bribery Policy](#) and a module on these topics for onboarding new employees.
- Regular communication about the COBC in monthly newsletters to employees and consistent outreach about our hotline and EthicsLine in all Company facilities via posters translated in Myanmar language.
- Continued awareness training on Trade Sanctions related developments, including the U.S. Department of Treasury's amendments to the Burmese Sanctions Regulations, and the various General Licenses that were issued.
- Continued screening of potential third-party business partners regarding their possible status as sanctioned parties with a robust multi-step due diligence process.

Our [Code of Business Conduct](#) underpins our ethics and compliance program globally. To ensure an ongoing commitment to and understanding of the COBC, we offer online training and in-person training focused on topics related to ethics and compliance, including our *Anti-Bribery Policy*. Associates, suppliers, customers and consumers can ask questions about our Code and other ethics and compliance issues, or report potential violations, through [EthicsLine](#), a global, internet- and phone-based information and reporting service with Burmese translation provided. The high standards of integrity also guide our relationship with partners. Our Supplier Code of Business Conduct articulates our expectations for suppliers globally. In Myanmar, prior to conducting business with any vendors or suppliers, our procedure is to conduct a multi-step due diligence process on the organization and key individuals to determine any affiliation with the Specially Designated Nationals (SDN) list and identify any other potential red flags. Any potential risks arising from the initial screening or higher levels of investment triggers additional due diligence measures.

Over the past few years, we have instituted a number of mitigation measures to address the issue of facilitation payments. In addition to employee training, we upgraded the Company fleet and conducted



driver training to reduce the risk of trucks getting stopped for routine traffic violations which may prompt payment requests. We also created simple wallet cards for drivers (pictured) to share if stopped, outlining Company policy and our commitment to economic development in Myanmar through investment, job creation and community programs. Through the recent government transition, we are encouraged by an increased commitment and prioritization of combatting corruption in Myanmar.

## Human and Workplace Rights Update

As part of the initial due diligence process, the Company organized third-party human and workplace rights assessments at the two bottling plants in Myanmar. The assessments are aligned with our global process and include 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 excessive overtime. The majority of findings from that audit have been resolved and the corrective actions were reported in the [2014 report](#) and [2015 report](#). The most recent human and workplace rights audit in June 2016 identified continued progress, as well as areas for improvement.

The chart on the next page outlines at a summary level the progress made on issues raised in the initial human and workplace rights audit.

Initial Audit Findings	Corrective Actions Taken & Ongoing Efforts	Status
<p><b>Discrimination: Hiring – age/gender included as job criteria for certain positions. Wages - At time of assessment, it was determined that women were paid on average 11% less than male colleagues</b></p>	<p>Eliminated age and gender as job criteria. Eliminated gender pay disparities by ensuring men and women in the same job grade/ classification receive the same base pay. Increased pay of female employees as needed to meet this goal.</p> <p>Actions Taken Since Last Report: Ongoing training, 'LIFT' and 'Achieve your Best Self' to develop female talent; Instituted a 'Pledge for Parity'</p>	<p>Corrective action validated during follow-up audits; ongoing work to improve gender balance in the workforce and management.</p>
<p><b>Hours of Work: Incidents of overtime exceeding legal limits and incidents of inadequate rest days and annual leave were observed</b></p>	<p>Shift patterns changed in select functional areas; a third shift was added; and additional staff have been hired. Creation of a system to flag when employees are close to reaching overtime limits.</p> <p>Additional Actions Taken Since Last Report: Monitoring system leveraged to significantly decrease overtime noncompliance.</p>	<p>While the 2015 audit indicated improvements with regards to the rest day violation, the 2016 determined that hours of work needs to remain an ongoing focus area for improvement.</p>
<p><b>Wages and Benefits: Observed incidents where overtime payments were either not provided or improperly calculated (piece rate)</b></p>	<p>Facility moved piece-rate workers into prescribed shifts.</p> <p>Wages reassessed and increased across the board in line with an independent assessment of market pay rates amongst peer companies across sectors.</p>	<p>2015 audit validated that the overtime compensation and mandated leave for piece-rate workers has been corrected</p>
<p><b>Health and Safety: Improvements were required in areas such emergency exit signage, handrails and seating for workers. Improvements needed to increase access potable water</b></p>	<p>Addressed health and safety non-compliance including expanded access to potable water through increased water stations.</p> <p>Additional Actions Taken Since Last Report: New environment, health and safety manager hired; ongoing Health and Safety training; consistent ongoing communications to employees on health and safety to reinforce behaviors; recognition awards including specific category for strong safety behavior.</p>	<p>Corrective action validated during follow-up audits.</p>
<p><b>Clinic &amp; Childcare Facilities: Despite applicable regulation there was no clinic or childcare facility at either plant site</b></p>	<p>Medical clinics at both sites installed and operational.</p> <p>Additional Actions Taken Since Last Report: Child care facilities constructed at one plant and included as part of renovations at the other plant; involvement of women's leadership council to inform management of childcare facility offerings.</p>	<p>2014 audit validated medical clinics were operational. 2015/2016 audits indicated that a childcare facility has been established.</p>
<p><b>Environment: Water for use in plant operations was extracted without a permit and wastewater was being discharged without treatment.</b></p>	<p>Obtained water permit; Constructed wastewater treatment plants.</p> <p>Additional Actions Taken Since Last Report: Wastewater treatment plants constructed at both plants with one commissioned and one in pre-commissioning phase.</p>	<p>2013 audit validated permits were obtained; 2014/2015 audits validated construction of wastewater treatment plant. 2016 audit validated one treatment plant was commissioned.</p>

The 2016 audit highlighted improvements, but also the need for a renewed focus on health and safety and additional scrutiny on contract firms. These new findings indicate how the business is maturing in terms of human and workplace rights. Findings have evolved from issues related to gender discrimination and lack of basic benefit provisions during initial due diligence to now more of an emphasis on ensuring contract agencies and suppliers also meet our Supplier Guiding Principles.

- **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 the 2016 audit highlighted that hours of work remain an ongoing concern. It should be noted that the audit was planned during peak season to evaluate how the plant operates in the busiest season when overtime is most likely to occur. Due to ongoing efforts, the plants have been able to achieve a significant reduction in excessive overtime during peak season from 2014 to 2016 and nearly full compliance during off-peak season. Continued focus has been on tracking and reporting of work hours and monitoring overtime on a weekly basis to reschedule shifts if needed. A vendor has been selected to implement a new software system to track work hours in real time. Every Function Head gets a monthly report to review with leadership teams on work hours and overtime. The enhanced reporting and oversight requirements increase accountability and keeps a focus on the issue. Hiring continues to remain a priority to further reduce work hours.
- **Health and Safety:** Additional findings related to Health and Safety were identified in the 2016 audit including a blocked exit, lack of recent fire drills at one plant and inoperable fire alarms in some areas. Taken together these findings highlight the need for ensuring that workplace safety and awareness are a top priority. Additional renovations at one plant include installing a new fire alarm system and remediation plans are being developed to address all health and safety concerns raised in the audit. A new environment, health and safety manager was hired recently to help implement our plan on workplace environment, health and safety. The plan was developed to highlight risks and develop mitigation and/or proactive strategies.
- **Contract Agencies:** The recent human and workplace audit also identified the need for improved oversight of contracted firms. Both plants utilize some subcontracted labor – examples include canteen workers, fleet maintenance workers and construction firms. One firm was found not to have paid social security benefits which was corrected as of June 2016. In another instance, workers from a construction firm were found to be in unsafe conditions while another firm had not provided adequate time records to demonstrate compliance to our standards. In all cases, greater scrutiny is required to ensure such firms meet our requirements.

Additional steps taken with regards to human and workplace rights since the June 2015 report submission include:

- **Ongoing Training:** Training remains a vital component of our efforts to create a safe workplace, to develop our people and to build an overall culture of compliance.

In early 2016, we worked with a not-for-profit organization, Building Markets, to deliver comprehensive labor compliance training workshops for more than 26 local service suppliers. The workshops, which spanned four-and-a-half days, aimed to promote responsible business practices as the Coca-Cola system in Myanmar develops its local supply chain. The sessions focused on educating local suppliers on our Supplier Guiding Principles requirements, local labor laws, occupational health and safety, as well as tools and resources for compliance.



*Workshop for Local Myanmar Suppliers (Mar. 2016)*

During the labor rights training Building Markets covered Coca-Cola's Supplier Guiding Principles, Myanmar labor laws and international conventions. Overall 44 participants from 26 companies attended the training sessions and 69 participants attended the half-day Occupational Health and Safety workshop. This labor rights training builds on an anti-corruption and bribery training held for local suppliers in June 2015.



*STEP Training Group (Sep. 2015)*

In 2015, we completed 61,871 hours of employee training. Improving the skills and capability of local employees is a key strategic priority and, as such, we have developed training programs in a variety of areas including safe driving, English language, stress management and leadership development. In September 2015, we graduated an additional group of employees from our 'Supervisory Training for Excellent Performance'

(STEP) training program and kicked off another STEP training for employees in March 2016. The STEP program 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. With the latest training, 65% of managerial level employees have gone through STEP training.

In 2015, we initiated the Supply Chain Frontline Excellence (SFX) training for Frontline supervisors and Frontline Machine Technicians. SFX is a multi-year training program designed to develop knowledge, skills and enable long-term professional development with a focus on occupational safety and health, food safety and performance management. To date, 75% of frontline leaders have completed or are currently participating in SCFX training.

- **Gender Balance:** CCPBM has strived to lead by example in terms for gender balance in the workplace with a three-year gender diversity plan which includes monthly monitoring of gender metrics and ongoing gender equity pay reviews. In March 2016, CCPBM initiated a 'Pledge for Parity' through which the senior leadership team affirmed their commitment to balancing the workforce through increased recruitment of female talent and each drafted and signed their own specific Pledge. The women's leadership council, which is made up of female talent from across the business, actively helps guide the company's gender strategy. Based on a recommendation from the council, a process was established in the onboarding of new female hires to pair them with a female buddy in the company. In 2015, over 50% more women were hired than in 2014, bringing over 120 new female employees into the organization. By the end of 2015, approximately one-third of the supply chain team was made up of women.

In addition to focusing on the hiring process, we have developed a training program to develop female talent. The training, called 'Achieve Your Best Self' (AYBS), is a three-day program that guides women to identify personal values and goals, develop a career plan and provides support to succeed in the workplace. In the first half of 2016, 57 female employees participated in AYBS and an additional 30 women will go through the program in the remainder of the year. The 'Leveraging and Inspiring Female Talent' (LIFT) is a regional program that cultivates future Coca-Cola senior leaders. In December 2015, CCPBM hosted a LIFT session in Yangon with twenty-five, mid-level female leaders, including seven female leaders from Myanmar and others from operations in Singapore, Malaysia, Vietnam, Cambodia, the Philippines and Japan. Details on the training as well as an outline of efforts to tackle the gender gap is published on our [website](#) in a piece by our local Human Resource Director.

- **Workplace Safety and Awareness:** Consistent communication with employees on health and safety has been a constructive way to reinforce messages and positive behaviors. Health and safety messages are included in monthly communications sent to all employees and cover topics such as: heatstroke and dehydration, driver safety and handwashing. In addition, the Company has implemented a monthly and annual reward program, called the STAR Awards, which identifies and rewards employees demonstrating leadership behaviors including keeping the workplace safe. Employees are encouraged to nominate colleagues who demonstrate these positive behaviors and recipients are awarded cash prizes, certificates and have their photo displayed on a Wall of Fame (see below).

Fleet safety is an ongoing focus given the size of the Company fleet and the amount of time spent on the road by sales and delivery representatives. In 2015, 235 employees attended training sessions on safe driving totaling 1,450 hours in the year. The fleet was updated in 2015 and vehicles were retrofitted to increase safety measures. Led by results of an internal audit, high-quality safety helmets are provided for any employees who drive a motorbike for work to replace any older models used. One common issue in Myanmar is that cars have the steering wheel on the right hand side but drive on the right side of the road. The fleet updates ensured that for all new vehicles the steering wheel is on the left hand side of the truck.



Star Awards 'Wall of Fame'

## 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 2015 report submission include:

- Hired a new Environment, Health and Safety manager.
- Hired a consultant to research and provide an overview of the waste management systems and recycling sector in Yangon and Mandalay.
- Wastewater treatment plants constructed at both plants with one commissioned and the other in the pre-commissioning phase.
- Continued placing energy efficient and 100% HFC free coolers in retailer outlets.
- Reduced PET packaging material by 15% in Max 20 bottles by lightweighting and packaging reductions.

As mentioned in the previous report, source water vulnerability assessments (SVA) were completed for both plants and helped us to identify 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 last year was poor sanitation conditions in the rural areas surrounding one plant which presents a public health risk from run off into surface water supplies as well as presenting a potential long term threat to groundwater quality. As a result of this finding,

we initiated a Water Access, Sanitation and Hygiene (WASH) program (described in more detail below). The result has been improved sanitation in schools and improved access to safe drinking water in four neighboring villages.

Packaging plays an important role in our business and sustainability goals. Through lightweighting our Max 20 bottled water packaging, we achieved an approximate 15% reduction in plastic material usage. As part of our global 2020 environmental goals we have set out to reach a 75% recovery rate of bottles and cans in developed markets. In developing markets like Myanmar, we have found that information about waste management systems and processes does not always exist. As an initial step, we have engaged a local organization to research and provide an overview of the waste management systems and recycling sector in Yangon and Mandalay, as well as potential opportunities to support the sector. The research will focus specifically on plastic bottles and aluminum cans, and cover waste management, collection centers and processing. The sector is informal, and largely undocumented, so the research will help the Company better understand opportunities to support recovery and recycling programs.

In terms of plant monitoring and improvements, the annual testing on lighting and biannual audiometrics (hearing), boundary and workplace noise levels were conducted in Q4 2015. The results demonstrated compliance with Company KORE requirements and safety communications were posted in designated areas with higher noise levels to ensure employees are informed and Personal Protective Equipment (PPE) requirements are followed. Plant renovations include the construction of wastewater treatment facilities at both plants, with one facility commissioned and the other in the pre-commissioning phase. There were delays in commissioning the wastewater treatment plants due to construction challenges and technical setbacks related to the upkeep of the aerobic and anaerobic bacteria cultures, which are integral to treating wastewater.

## **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.

The Coca-Cola Company places a major emphasis on engaging with stakeholders including civil society, NGOs, community members, government authorities and other businesses. This engagement is particularly important in the context of Myanmar and the risk areas identified in the initial due diligence. Throughout the past year, the Company has participated in and convened stakeholders around key issue areas relevant to our operational footprint in Myanmar. These have included topics such as anti-corruption and bribery, water stewardship, anti-corruption and bribery, good corporate governance practices, sustainable industrial development and land rights. In preparing this due diligence report, the Company undertook stakeholder consultation with civil society, government and other businesses in Myanmar to solicit feedback on past reports and discuss trends related to key risk areas.

Additional work since the June 2015 report includes:

- **Child Labor in Tea Shop:** In 2014, we initiated an evaluation of tea shops in Myanmar – venues serving tea and food as well as packaged beverages and snacks – to better understand potential human rights impacts across the value chain, including among customers. The study indicated that a common practice is young workers relocating from rural areas to the city to work in tea shops. As a follow-up to the study, we hosted a roundtable in February 2016 to bring together the private sector to share experiences and learn about ILO-IPEC’s program to address child labor in urban areas in Myanmar. ILO-IPEC presented results from the Knowledge, Attitudes and Practices Study that was conducted to determine how various stakeholders behave and act with regard to child labor as a societal issue in Myanmar. The Coca-Cola Company and a number of companies in attendance are members of ILO-IPEC’s Child Labor Platform, an initiative which brings together companies to discuss best practices to address child labor in supply chains, and agreed to support collaboration between the Platform and ongoing ILO-IPEC work in Myanmar.

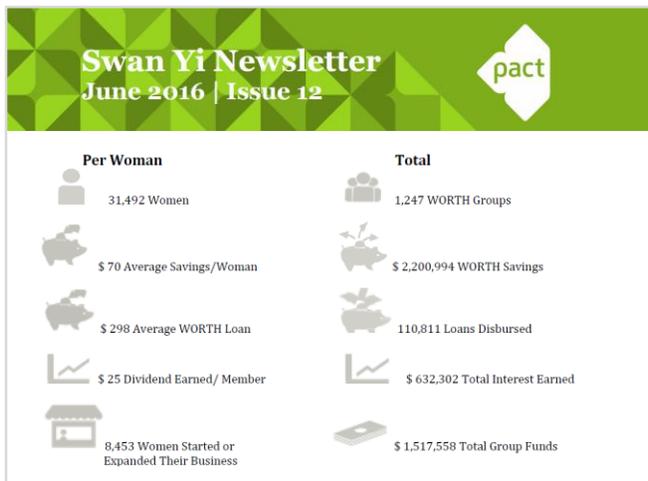
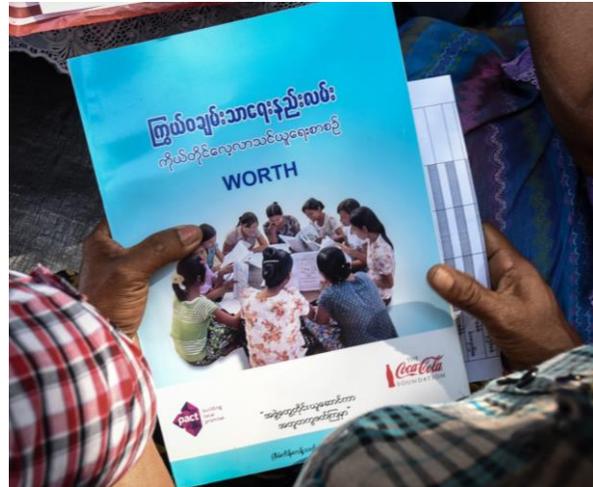
Following the initial study and ongoing consultation with stakeholders, we have worked to address upstream and downstream risks related to child labor. In terms of upstream risks, our Supplier Guiding Principles are built into our contracts and are communicated as our expectations for suppliers to uphold, including labor rights and prohibition of child labor. The labor rights training conducted with Building Markets for local Myanmar suppliers included a session specifically focused on child labor to discuss this issue in Myanmar, relevant local laws and mechanisms to proactively prohibit and mitigate against child labor in their operations.

In terms of downstream risks, we are working with the International Labour Organization’s (ILO) Entrepreneurship & SME Support team to develop a business skills training program for retailers in Myanmar. The training program will be based on best practices from Coca-Cola’s retailer training programs around the world and the ILO’s Start and Improve Your Business (SIYB) training materials. Initially, the program will focus on economic empowerment and SME development, but similar to the expansion of the Swan Yi program, will work to build in an advocacy curriculum as the program evolves to include issues such as labor rights. In terms of current status, the ILO and Coca-Cola team met with small-scale retailers in Hlaing Thar Yar to better understand their business training needs and are customizing the training based on a pilot training session.

Additionally, we aim to address root causes through our support of the Swan Yi project (described below) and continue to raise awareness through business roundtable discussions and communications with CCPBM employees. We realize that any holistic solution requires strong government action and a multi-stakeholder approach.

- **Swan Yi Community Engagement:** The Coca-Cola Foundation has partnered with the non-governmental organization Pact since mid-2012 to empower 31,492 Myanmar women through village-based banking and microenterprise development. Swan Yi, which translates to “capacity building,” organizes groups of 20-25 women, across hundreds of villages, to undertake financial literacy training, and develop community banks that lend money to fund business start-ups and entrepreneurial efforts.

Due to the success of the program, a second phase of Swan Yi was initiated in mid-2015 and will run through mid-2018, reaching an estimated 37,000 women as well as providing advocacy curriculum based in empowerment principles, increasing their confidence on issues like labor laws, domestic violence, divorce, child labor and land rights. In the approximately four years since the program launched, achievements have included reaching 31,492 women in 1,247 community WORTH groups, with the total amount of savings by the women of \$2,200,994 USD and an average loan amount of \$298 across 110,911 loans.



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, the program has a positive ripple effect within their families and communities. This, in turn, may reduce the likelihood that their children enter the workforce to augment family income.

- Water Access, Sanitation & Hygiene (WASH):** Resulting from of our Source Water Protection Plan, Environmental Impact Assessment and community engagement, the Company, with funding from The Coca-Cola Foundation, has partnered with Pact to implement a WASH program in four villages in Hmawbi Township near CCPBM's bottling plant. The partnership promotes access to safe water supplies and basic sanitation infrastructure at the household and school level. The three components of the project include: 1) Constructing community water and sanitation infrastructure; 2) Equipping communities to sustainably manage and maintain the water systems; and, 3) Leading hygiene promotion activities to communities and school children. This program is in line with The Coca-Cola Company's global water replenishment initiative, to safely return to communities and nature an amount of water equivalent to what we use in our finished beverages and their production by 2020. The WASH program is providing access to water for 12,631 individuals (2,779 households), as well as access to clean drinking water and sanitary latrines for 1,073 students from three schools.



*School latrine facilities in Ye Su, Hmawbi Township*



*Community member accessing water from newly constructed wells and water pumps*

- **Community Clean-Up Days:** CCPBM employees participated in Community Clean-up Days. The first was held in March 2016 in Ye Su North village close to our Hmawbi Plant in partnership with the NGO Pact. Clean-up days have been organized once a month to remove trash and debris from communities to help keep their village clean.



## 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 safeguard the facility as well as the workers. Expanded, comprehensive training for security personnel will be provided in Q3 2016 to build on core security training and capabilities. The additional training sessions will focus on health and safety, fire awareness, emergency procedures and communication protocols. Currently, The Coca-Cola Company 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.

## Property Acquisition

In 2013, The Coca-Cola Company announced a new set of commitments to protect the land rights of farmers and communities. The Company's commitments can be accessed [here](#). As part of these commitments, The Coca-Cola Company is conducting 28 country-level assessments which are 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 in Myanmar since the June 30, 2015, report submission. As possible sites are evaluated for any future bottling plants or facilities, land rights will be a fundamental component of the plant siting due diligence process. Through any land acquisition process, the Company will consult and engage with stakeholders and experts in this area. 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](#).

## Payments to Government Entities

Since the last reporting period The Coca-Cola Company has not made any payments to government entities other than those legally required as part of conducting business in Myanmar such as customs duties and taxes.

## 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 subsequent report submissions. Key efforts include:

- **Anti-corruption Issues:** Ongoing training, including in-person training by our Chief Ethics and Compliance Officer and regular communication about our Code of Business Conduct to ensure we lead by example.
- **Workplace Rights Issues:** The 2016 human and workplace rights audit demonstrated efforts to address past noncompliance and ongoing efforts to address hours of work and health and safety issues. A new issue identified is managing contracted labor agencies to our same strict standards.
- **Environmental Issues:** Commissioned research by local nonprofit on the waste management systems and recycling sector in Yangon and Mandalay. The research will focus on plastic and aluminum and will help the Company better understand opportunities to support recovery and recycling programs. As a result of water source vulnerability assessments, developed and implemented a Water Access, Sanitation and Hygiene (WASH) program with the NGO Pact. The program provided access to water for 12,631 individuals (2,779 households) as well as, access to clean drinking water and sanitary latrines for 1,073 students from three schools.
- **Community and Stakeholder Engagement:** Completed phase I of Swan Yi program which focused on financial literacy and organizing women into savings groups. Initiated a second phase which will reach an additional 12,000 women in 480 village savings groups as well as provide advocacy curriculum on issues like labor laws, domestic violence, divorce, and children's and land rights. As of June 2016, achievements include reaching approximately 31,492 women in 1,247 savings groups.

As with previous updates, this year's annual Responsible Investment Report demonstrates that while progress has been made, work remains in some areas and new challenges and opportunities can always arise. The strong foundation of training, management systems and stakeholder engagement built over the last three years enables the Company to address these new challenges and continually improve. As we establish and grow our business in Myanmar, our efforts must focus on constantly and consistently implementing, promoting and ensuring responsible business practices within our operations, through our supply chain and in the broader business community.