

Supplier Guiding Principles

The SGP establish the minimum requirements to which we expect our suppliers to adhere. Before we can contact a direct material or cooler supplier, it is obligatory to that the supplier goes under an SGP audit and complies with SGP standards.

Since 2002, the SGP has been included in our supplier agreements, valid for TCCC's direct and authorized suppliers, as well as direct suppliers to bottlers including CCI. Our suppliers are provided a copy of the SGP at the contraction stage and are expected to communicate it to their employees.

Alongside audits conducted by a team of TCCC's and CCI's own trained personnel, TCCC routinely utilizes independent third parties to assess supplier compliance with the SGP. These assessments include confidential interviews with employees and on-site contract workers. If a supplier fails to uphold any aspect of the SGP requirements, auditors develop an action plan including corrective actions that the suppliers are expected to implement. TCCC reserves the right to terminate an agreement with any supplier that cannot demonstrate that it is upholding the SGP requirements. In practice this means that, as CCI, we also stop purchasing from such suppliers.

The frequency of audits depends on a number of factors and they may vary from once a year to every three years. The findings of the audits, including non-conformities, are reported to TCCC's global audit team and are recorded and tracked on the global audit system. CCI closely monitors the audit results and organize training programs if necessary.

Of the 34 direct suppliers in Turkey, Jordan, Kazakhstan and Azerbaijan that were audited in 2015 for compliance with SGP, 68% of them passed without any major issues. Major findings of 2015 SGP audit were related to

working hours especially night shifts, rest day violation, overtime issues and health and safety in Turkey. In 2015, the overall SGP success rate for these four countries of operation has increased to 82% compared to last year's rate of 78%, however we could not achieve our goal of 91%. In Pakistan, 4 direct suppliers were audited in 2015, and 25% compliance was achieved. We are working with the suppliers to solve their issues and to become SGP compliant again. For issues that are identified for improvement, an action plan for remediation is sent to the supplier and follow-up visits are organized. In the last three years, TCCC has audited all of CCI's ingredients and packaging suppliers.

The full text of the SGP can be viewed on this link:

http://assets.coca-colacompany.com/1bd5/9c8554554fd29678c97791e27c83/SGP_Brochure_ENG.pdf

In our supply chain, we do not tolerate child labor, forced labor, abuse of labor and discrimination. We also expect our suppliers to fully support freedom of association and collective bargaining within their workforce and all comply with related laws and regulations.

Suppliers to TCCC and suppliers authorized by TCCC are required to meet the minimum standards on the following topics with respect to all their operations:

SGP Topics

• Laws and regulations	• Freedom of association and collective bargaining	• Health and safety
• Child labor	• Discrimination	• Environment
• Forced labor	• Wages and benefits	• Demonstration of compliance
• Abuse of labor	• Work hours and overtime	

Supplier Compliance with Standards

Our strategic suppliers are required to have one of the certificates recognized by the Global Food Safety Initiative (GFSI), a condition also valid for all of our plants. Therefore all of our authorized strategic suppliers possess a current food safety certificate such as the FSSC 22000. Suppliers that hold the FSSC 22000 certificate are also required to have ISO 9001 Quality Management Systems established.

Quality, Environmental, and Health and Safety Certificates of Our Suppliers



97%

of our strategic suppliers' plants hold a relevant and current certificate for the ISO 9001 Quality Management System and FSSC 22000 (or similar).



67%

of our strategic suppliers' plants hold a certificate for the ISO 14001 Environmental Management System.



52%

of our strategic suppliers' plants hold a certificate for the OHSAS 18001 Health and Safety Management System.



18%

of our strategic suppliers' plants hold a certificate for the ISO 50001 Energy Management System.

Note: This data refers to the 33 plants of our top 16 strategic suppliers that supply us with packaging materials and ingredients.