CREATING A SUSTAINABLE FUTURE

• 2010 •

CCS Coca-Cola Sabco

Sustainabilty
Review 2010

Message from the CEO

" … sustainability at CCS is more than just a strategy – it is a mindset and philosophy that drives our actions and is woven into our corporate DNA "

Our 2010 Created Future objectives were underpinned by the statement that they would be achieved whilst operating as a highly respected corporate citizen. We are extremely proud of our performance against our 2010 Created Future objectives and know that we have made significant progress in our quest for responsible corporate citizenship.
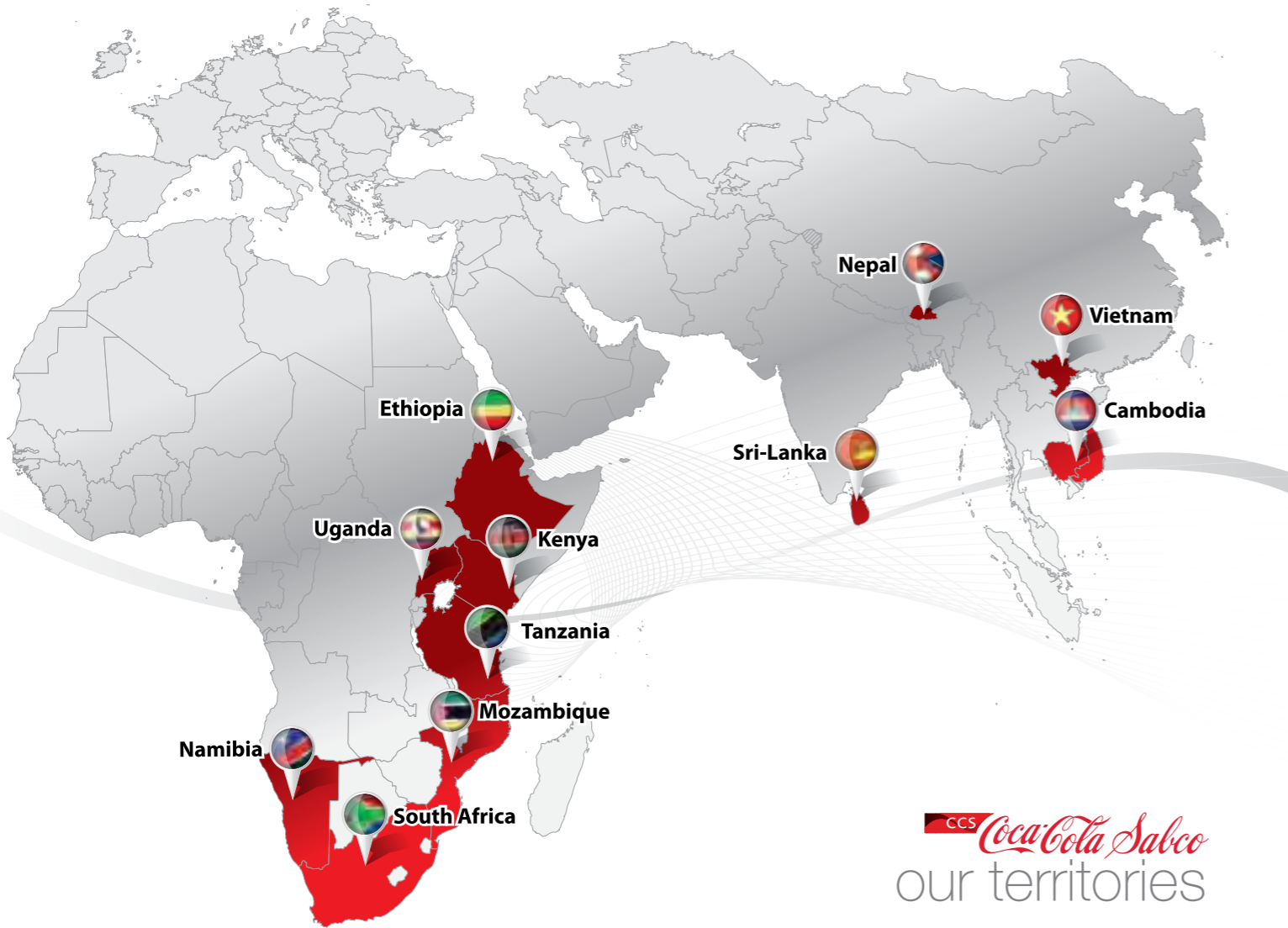
As we set our sights on our 2014 Created Future, we have set ourselves another set of ambitious targets which we are already pursuing with the relentless passion and drive that is characteristic of the people of Coca-Cola Sabco. Key to the achievement of these and future objectives is our clear and measured focus on Sustainability. We have adopted a new Sustainability framework which focuses on three key pillars namely Economic, Social and Environmental Sustainability and it is these pillars that underpin our 2014 Created Future. Within each of these pillars are specific focus areas with clear KPI's and targets which we monitor and track on an ongoing basis. Our framework is aligned to The Coca-Cola Company's Live for a Difference platform and will reinforce our continued work in this area.

Why these three pillars? Firstly, we recognise that true ongoing sustainability is only possible through continued Economic performance driven by volume, revenue and profit growth achieved in the context of strong financial and corporate governance and a culture of integrity and unquestionable business ethics. Secondly, we have a Social responsibility to our employees to provide fair workplaces in which they can develop and grow, to our consumers to provide safe, quality products and to the societies in which we operate to invest in social development. Third, but certainly not least is our commitment to our Environment through focused effort and investment in the areas of water stewardship, carbon footprint reduction, responsible packaging and waste management.

In this report we introduce you to our Sustainability framework, the KPI's we have set for each area and we highlight selected initiatives and programmes. I trust that as you read it you will see how sustainability at CCS is more than just a strategy – it is a mindset and philosophy that drives our actions and is woven into our corporate DNA.

Fanus Nothnagel
Chief Executive Officer

our territories

CCS Coca-Cola Sabco

(Map of Africa and Asia showing territories: Nepal, Vietnam, Ethiopia, Cambodia, Sri-Lanka, Uganda, Kenya, Tanzania, Mozambique, Namibia, South Africa)

Contents

About Coca-Cola Sabco

Coca-Cola Sabco: Proud of our heritage, excited about our future

A privately owned, family business distinguished as an emerging market specialist

Coca-Cola Sabco is a dynamic and innovative privately owned Anchor Bottler of The Coca-Cola Company's products that serves 11 territories across Africa and Asia. Led by experienced industry professionals and driven by a passionate team of employees, Coca-Cola Sabco strives to give customers and consumers the best possible refreshment experience all year round.

Coca-Cola Sabco adopts a winning spirit driven by the desire and need to consistently outperform our "best". Together with a committed focus on financial performance and growth, Coca-Cola Sabco builds its future through the principles of **respect** for employees, consumers, customers and our communities, **pride** in what we do and the brands we represent and a **passion** for improving the future of our business and the communities in which we operate.

We are committed to the long term prosperity of our organisation, our employees, the communities in which we operate and our environment. Sustainability is woven into our corporate DNA. We conduct our business activities with the aim to grow our economic strength through sustained business performance, but remain vigilant and watchful of how our operations impact our community and environment. We are passionate about our role in the wellbeing of our communities and environment and contribute to local economic development and community social upliftment programmes. Our impact on the environment is consistently reviewed and we strive for innovation on the front of proactive water management, responsible packaging and reducing our carbon footprint.

We are here for the long haul - our grandchildren, great grandchildren and successive generations will know this company as a powerful driving force in our local economies.

Creating a Winning Future for 2014

At Coca-Cola Sabco we believe the best way to predict the future is to create it, and this forward-thinking approach is guided by a set of ambitious goals that map our path.

The Created Future 2014 will be reached with a sense of constructive discontent – an inherent approach of creative problem solving and an ambition to improve on already high standards. Our passion and desire to solve challenges guide our performance in financial growth and stability, our role in the community, the spirit in our workplace, and the way we approach our employees.

On route to 2014:

- We will be celebrated as a Company where we treat each other with dignity and respect at all times "Hard Headed on Results, Soft Hearted on People"
- CCS will rank in the Top 50 companies in South Africa by turnover, whilst enhancing ROE within a balanced and geographically diverse footprint
- We will grow our business through commercial excellence to over 500 million unit cases
- We will deliver NIBT in excess of US$ 500 million
- Every plant will feature in the Top 100 in the Coca-Cola System on Product and Package Quality
- Executed in an Economic, Social and Environmentally sustainable way

Towards The Created Future 2014

# Our framework for a sustainable business

Over the past 70 years, Coca-Cola Sabco has played an active role in the communities in which we operate and has taken its commitment to responsible corporate citizenship very seriously. This commitment extends not only to our corporate social responsibility programmes, but also to all facets of how we do business.

During the past year, we identified the need to bring together the various activities impacting sustainability across our value chain into a formalised, integrated sustainability framework that is specifically tailored to meet the needs of our business and its stakeholders. Drawing from The Coca-Cola Company's Live for a Difference platform, we have identified three key pillars namely Economic, Social and Environmental sustainability which we believe provide a balanced approach to managing the sustainability of our business, our communities and our environments over the long term. This framework cuts across functional areas and is fully aligned to new and existing business strategy.

Our sustainability projects across all our territories are evaluated according to the pillars and focus areas and are closely aligned with the business operations in each operation. The progress of projects in each country is reviewed regularly and best practices are identified to be shared with the Group. Key learnings from each project are fed into the overall strategic business plan of each country and challenges are addressed and prioritised for future growth.

This sustainability report aims to provide an overview of the sustainability focus areas and KPI's that we have identified as well as a clear direction forward for the initiatives. Wherever possible we have strived to provide tangible examples of the implementation of projects to meet our goals.

" Over the past 70 years, Coca-Cola Sabco has played an active role in the communities in which we operate … "
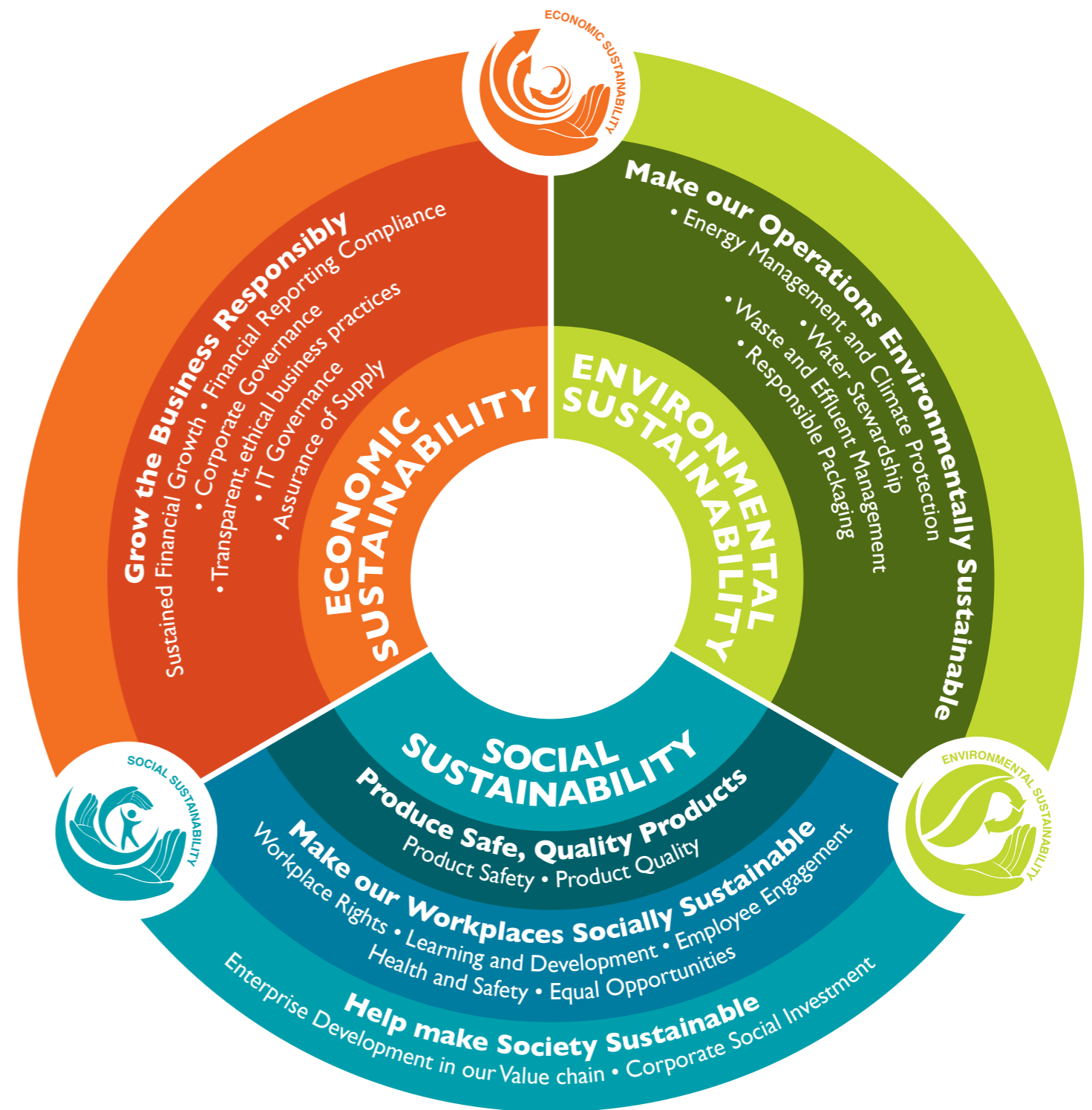
" We have identified three key pillars namely Economic, Social and Environmental sustainability which we believe provide a balanced approach to managing the sustainability of our business, our communities and our environments over the long term. "

Economic Sustainability

FOCUS AREA	OUR MISSION	MEASURES
Grow our business responsibly		
Sustained Financial Growth	We will continue to grow our business through ongoing year on year Volume, Revenue and NIBT growth supported by necessary capital investment.	• Volume growth • NIBT growth
Group Governance	CCS has a governance framework, which enables the Company to manage and report on the important aspects of our business. The framework comprises six pillars and operates at Country, Division and Group level. The six pillars are: Internal Controls, Internal Audit, Authorisation Framework, Governance Routines, Business Risk Review and Statutory Compliance.	• Internal and external audit findings
Financial Reporting Compliance	Financial Reporting Compliance provides assurance of the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability for the assets. Compliance is assured through External Audit, Internal Audit and Group Compliance Reporting.	• Fraud and Ethics line
Transparent, Ethical Business Practices	All directors and employees are expected to espouse the highest moral and ethical principles, values and standards of conduct as set out in the Group Policy Guidelines. The Group has the Honest and Bona Fide Policy, and the Fraud and Ethics Hotline to provide guidelines and assist with reporting of any problems.	• IT Governance Framework
IT Governance	Facilitate the achievement of the CCS objectives and manage IT-related risk by providing effective and efficient decision making around the utilisation of IT resources.	• IT Governance Scorecard • TCCC IT Security Dashboard
Assurance of Supply	Ensure uninterrupted supply of critical goods/services through efficient procurement procedures.	• On time in full • Critical Material Stock Outs

Social Sustainability

FOCUS AREA	OUR MISSION	MEASURES
Make our workplaces socially sustainable		
Employee Engagement	We will create a vibrant environment where we are all passionate and excited about our jobs.	• Employee Engagement Scores
Learning and Development	We will achieve our Created Future through dedication to providing world-class individual and organisational capability development and growth opportunities for leaders and employees at all levels in the organisation and to fully unlock people potential through driving a high performance learning culture. We will also support our future business requirements through filling the talent pipeline through internal development and succession and sourcing of talent.	• Training spend as a % of NSR • Quality of training (ROI) • % of key roles with successors ready within 2 years
Workplace rights	We respect the rights of all of our employees through rigorous adherence to Coca-Cola's Workplace Rights Policy which is guided by international human rights standards, including the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact.	• Workplace Rights Scores
Equal Opportunities	We will foster an inclusive workplace in which all members of the community have equal opportunities for employment and development regardless of race, gender, religion or disability. In South Africa, we will actively pursue the objectives of Broad Based Economic Empowerment.	• BBBEE Rating (SA only)
Health and Safety	We will ensure that our workplaces are safe for all our employees and take proactive steps to mitigate any safety risks.	• Lost time incident rate
Make society sustainable		
Corporate Social Investment	We will make significant contributions to the societies in which we operate through focused investment of our finances, time and expertise in meaningful community upliftment programmes.	• CSR spend as % of EBIT
Enterprise Development	We will continue to stimulate local economic development through partnerships with local small and medium enterprises specifically in the areas of our distribution network and in our retail base.	• Number of retail outlets served
Produce Safe, Quality Products		
Produce Quality Products	Product and Package Quality is one of the fundamental aspects of the Coca-Cola brand. We invest in new production technologies and testing technologies not only to improve our efficiencies, but also to improve our product and package quality.	• Product Quality % • Package Quality % • KO World rankings
Produce Safe Products	We will ensure that every product that is produced in our manufacturing facilities, distributed in our network and sold to the consumer is safe to consume for the shelf life of the product.	• Number of food safety related incidents

Environmental Sustainability

Make our Operations Environmentally Sustainable

FOCUS AREA	OUR MISSION	MEASURES
Water Stewardship	We will continuously strive to reduce our water usage ratio in all our manufacturing sites by proper design and maintenance of our equipment and facilities and awareness by our people.	• Water usage ratio (Litres per Litre produced)
Energy Consumption and Climate Protection	We will measure our Carbon Footprint and understand the impact of our operations on our Carbon Footprint. The focus areas for our actions will be the reduction of total energy, reduction in diesel consumption and the reduction of fleet and cooler emissions.	• Energy ratio (MJ per L) • Manufacturing Plant Carbon Emissions (grams CO_2 per Unit Case produced)
Responsible Packaging	We will constantly work on reducing the impact of our packaging on the environment through the lightweighting of our packaging material, having no heavy metal content in our material, supporting recycling efforts and increasing the recycled content of our packaging.	• PET (annual Gram reduction) • Glass - % glass sourced at its lightest weight • Heavy Metal content in new packaging • Recycled Material Content for crates
Waste and Waste Water Treatment	We will focus on reducing the impact of our waste on the environment through a reduction in our waste and increasing recycling activities. We will ensure that the waste water of our facilities complies with applicable local regulatory and TCCC requirement.	• Solid Waste Generated (g/l) • Percentage Waste recycled • % compliance of Total Waste Water discharged

˝ We are strongly committed to managing the impact that our company has on the environment and we have therefore identified four cornerstones as part of our environmental sustainability strategy. ˝

˝ We will continuously strive to reduce our water usage ratio in all our manufacturing sites by proper design and maintenance of our equipment and facilities and awareness by our people.

We will measure our Carbon Footprint and understand the impact of our operations on our Carbon Footprint. ˝

ECONOMIC SUSTAINABILITY

Growing our business responsibly

Coca-Cola Sabco operates in developing countries which have a myriad of socio-economic challenges. This brings with it a number of responsibilities. Firstly it is our responsibility to focus our efforts and our resources on the areas where we can have a significant impact. Secondly, we have a responsibility not only to our shareholders and other internal stakeholders, but also to the societies in which we operate to grow, be profitable and to prosper in order to have a positive impact on local economies.

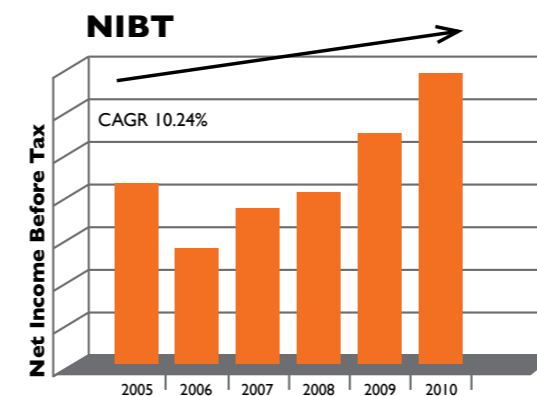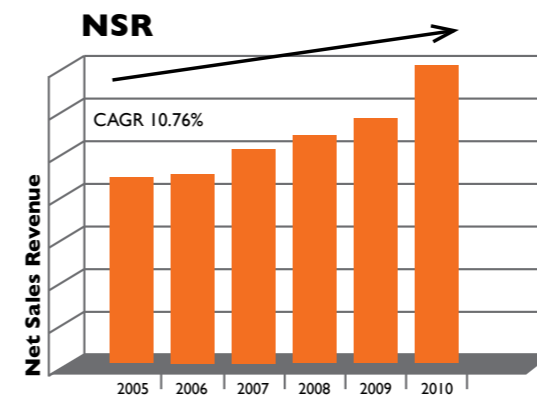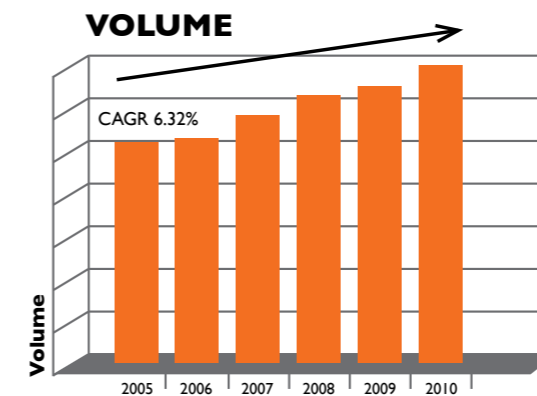We are pleased to report that over the past three years, Coca-Cola Sabco has seen a dramatic increase in growth and volume turnover despite a harsh economic environment. The company recorded a volume growth increase of 26.4 million unit cases from 2009 to 2010 which brought the total volume to over 343.5 million unit cases in 2010. Net Income Before Tax (NIBT) increased by US$12.9 million from 2009 to 2010 bringing the NIBT total to US$79.9 million.

The importance of continued economic growth cannot be underestimated since the sustained growth of the company enables us to direct resources to all of our other sustainability strategic areas.

" … it is our responsibility to focus our efforts and our resources on the areas where we can have a significant impact. "

Financial Overview

2010 was again a record year for Coca-Cola Sabco with improvements in Volume and NIBT performance.

VOLUME

CAGR 6.32%

Volume

2005 2006 2007 2008 2009 2010

NSR

CAGR 10.76%

Net Sales Revenue

2005 2006 2007 2008 2009 2010

NIBT

CAGR 10.24%

Net Income Before Tax

2005 2006 2007 2008 2009 2010

Rigorous goals have been set in place to ensure the continued financial growth of the company in the coming years.

Corporate Governance

Corporate Governance is considered a key element to our financial success and therefore forms part of the Economic Sustainability pillar as per our Sustainability Framework. Coca-Cola Sabco's Board of Directors is committed to ensuring that the Group adheres to the highest standard of corporate governance in the conduct of its business.

Our governance framework enables the Company to manage and report on the important aspects of our business. The framework comprises six pillars and operates at Country, Division and Group level.

We are committed to an open policy of corporate governance which provides the shareholders and other stakeholders with the assurance that the Company is managed ethically and in compliance with the best governance practices. In this way, the framework protects our financial assets and human investments and assists in ensuring our economic sustainability.

" Coca-Cola Sabco's Board of Directors is committed to ensuring that the Group adheres to the highest standard of corporate governance in the conduct of its business. "

Corporate Governance Pillar 1: COUNTRY CAPABILITY (INTERNAL CONTROLS)

The Board of Directors acknowledges its responsibilities for the systems of internal control. The Group maintains the systems designed to provide reasonable assurance of the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability for the assets.

A variety of controls exists at a Country level in order to ensure that our country operations can be optimised. These controls are reviewed and reported on regularly in order to ensure that the Company is cognisant of any changes or risks within our business.

Corporate Governance Pillar 2: INTERNAL AUDIT

As of 2010, the Internal Audit function in Coca-Cola Sabco is outsourced to Deloitte & Touche. This has been key in ensuring the independence of the function and improving the transparency and sustainability of Internal Audits. Deloitte & Touche is responsible for monitoring the system of internal control at Country and Group level to ensure that it operates in accordance with its design. Weaknesses identified during the audit are reported to the Country and Group Audit Committees three times a year to help mitigate potential risks.

Corporate Governance Pillar 3: AUTHORISATION FRAMEWORK

The Group has established comprehensive management and reporting disciplines, which include the preparation of annual budgets by all operating units. Monthly results and profit forecasts are reviewed, as well as working capital and capital expenditure levels. The Group operates within an approved Chart of Authority, which is managed and monitored throughout the operations.

Corporate Governance Pillar 4: GOVERNANCE ROUTINES

The Board of Directors sets the strategic objectives of the Group and is responsible for the monitoring of the financial performance of the operating units and the Group. Consisting of two executive and five non-executive directors, the Coca-Cola Sabco Board of Directors meets three times yearly. Each subsidiary has a formally constituted Board of Directors who meet at least twice a year.

A series of critical oversight bodies is in place to ensure that there is effective governance throughout the Group. Well structured committees at Country and Group level oversee audit and finance, remuneration, and overall management of Coca-Cola Sabco.

The Audit and Finance committee operates under the mandate approved by the Board of Directors and meets at least three times a year with Management and the External Auditors. The role of the committee has been defined by 10 objectives, including, among others, approving financial policies, assisting directors in the discharge of their duties, reviewing internal audit operations and the annual financial statements, and complying with legislation and other regulatory requirements.

The Group Remuneration Committee meets three times a year. Mandated by the Board of Directors, it consists of five directors, four of whom are non-executive. A non-executive director chairs the committee and reports to the Board of Directors. It has five stated objectives that help Coca-Cola Sabco and its shareholders ensure that the directors and staff are fairly rewarded.

Ethics in the workplace

All directors and employees are expected to espouse the highest moral and ethical principles, values and standards of conduct set out in the Group Policy Guidelines.

In 2010, the Company relaunched its Honest and Bona Fide Policy to which all employees have to sign their adherence. This policy sets out all guidelines of expected conduct as required by the Company and its shareholders.
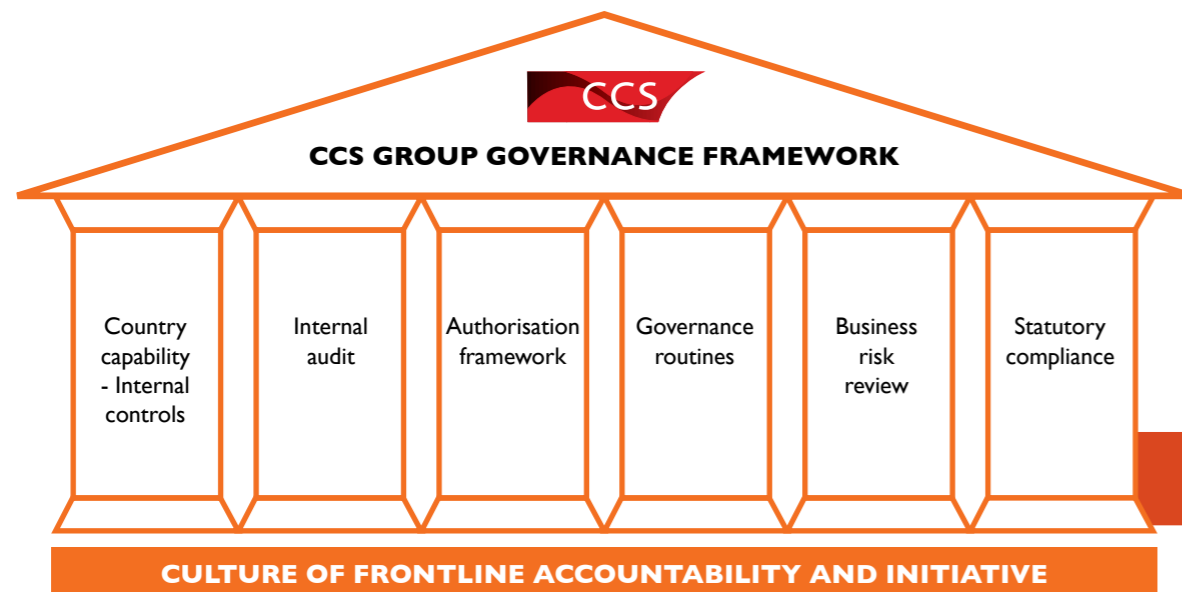
Coca-Cola Sabco has also launched the Fraud & Ethics line to help ensure honesty and integrity in the workplace. The "Tip-offs Anonymous" line allows callers to report confidentially on any violations of policies and procedures. All reports received are investigated and the outcomes of reports are communicated to the audit committee.

Corporate Governance Pillar 5: BUSINESS RISK REVIEW

There is regular review of Coca-Cola Sabco's strategic and operational risks. Although risk management is integrated into the daily operations and is not a periodic or stand-alone intervention, a specific business risk review was undertaken in 2010 that will continue into 2011. The review will document and formalise the risk review within the Group and ensure appropriate focus is given.

Corporate Governance Pillar 6: STATUTORY COMPLIANCE

The Group requires compliance of all its operations at legal, governance and legislative levels. This is managed at a Country level, with Group support, as required.

CCS

CCS GROUP GOVERNANCE FRAMEWORK

| Country capability - Internal controls | Internal audit | Authorisation framework | Governance routines | Business risk review | Statutory compliance |

CULTURE OF FRONTLINE ACCOUNTABILITY AND INITIATIVE

IT Governance

Technology has undoubtedly changed the face of business in modern times. In a multi-national organisation such as Coca-Cola Sabco, technology has become a crucial business enabler, allowing us to execute millions of transactions, reliably report on our results and facilitate communication between our colleagues, customers, suppliers and stakeholders, regardless of their location. Sound IT Governance is recognised as key to ensuring we safeguard this ability and continue to enhance our offering in support of our company objectives.

Measuring IT Governance

We have devised an IT Governance Scorecard based upon the principles set out in the King Report on Corporate Governance in South Africa 2009 (King III). The scorecard measures our status in five areas, namely:

- Business alignment: IT's alignment with the business in terms of vision, strategy, decision-making structures, accountability and reporting
- IT risks: The effective management of IT risks and the establishment and execution of a sound information security programme
- Enabled change: The effective identification and exploitation of emerging technologies to provide business benefit
- Service cost: Measuring and reporting on IT spend and the value derived from IT
- Service quality: This includes focusing on the use of performance metrics derived from the IT strategy and governance frameworks and ensuring effective project management

King III became effective in March 2010 and has provided a sound structure for IT Governance, which we are fully committed to further embedding in our daily management of IT in 2011.

TCCC IT Security Dashboard

The area of IT risk as referred to in King III is a vast and complex one. Advances in technology often also mean advances in the IT threats we are exposed to and these require an ever-increasing investment to counter them.

We actively collaborate with other Bottlers and The Coca-Cola Company (TCCC), through its Information Security and Regulatory Compliance (ISRC) forums, to measure and improve our information security. The standards used to measure this are embodied in a dashboard and they are aligned with international security standards and best practice. The dashboard has four pillars, namely:

- Strategy and Governance
- User Provisioning and Access Control
- Vulnerability and Threat Protection
- Incident Response

Each year, our IT management objectives include the achievement or further improvement of our ratings across the 31 components of the dashboard. This is continually assessed against changes in our operating environment and the availability of technologies to address these aspects at an acceptable level of cost.

2010 INITIATIVES

Our main risk reduction initiatives in 2010 were the establishment of our Disaster Recovery (DR) Data Centre and the further implementation of technologies that address IT security risks.

The DR Data Centre went live on 17 October 2010 and was set in place to provide the continued ability to transact on SAP ERP and associated key business systems in the event of a complete loss of our Primary Data Centre due to natural disaster or such other calamity. The DR Data Centre is a Tier 3 data centre with Tier 4 power supply. It is located in a physically secure facility with multiple power and cooling distribution paths, redundant components, and is concurrently maintainable. The Primary and DR Data Centres are connected by redundant fibre optic networks to ensure continuous data replication.

The technologies implemented to address IT security risks were largely focussed on protecting our laptop users whilst accessing the internet from outside our network, as well as increasing the level of protection of our server infrastructure.

Assurance of supply

Our company operates alongside and in partnership with a number of trusted suppliers. These suppliers are crucial to our success and the positive relationships with these suppliers are highly valued by the Company.

The supply of goods and services on time and in full is a key factor to our operations. It is our aim to ensure an uninterrupted supply of critical goods and services from our suppliers. In the recent past various supplier shortages such as CO_2 and glass out-of-stock situations caused significant financial losses to the soft drink industry, including Coca-Cola Sabco. The importance of minimising this risk of out-of-stock situations with suppliers cannot be stressed enough.

The majority of key commodities are sourced centrally by Group Procurement in close collaboration with country procurement. In order to ensure the uninterrupted supply of critical goods, Group Procurement have embarked on supplier partnerships with Key Suppliers in the form of long-term agreements. Thanks to the nature of our business, Group Procurement uses aggregation of demand and economies of scale to leverage suppliers and secure raw materials and production capacities based on demand requirements received. An integrated planning approach is embedded to ensure that suppliers have sufficient time to prepare for supply in line with agreed lead times. This is continuously reviewed along with the inventory to ensure sufficient stock coverage.

2010/2011 INITIATIVES

Currently, the level of assurance of supply in the organisation is being audited manually using performance reports. However, system configurations are underway to automate this process. The automated system will help to prevent critical stock failures and late or incomplete deliveries. The target for 2014 includes a 95% positive assurance of supply rating with stock and services delivered on time and in full at all times. In 2010 zero Critical Out-of-Stock situations were experienced – a target that we once again aim to repeat through to 2014.

Supply agreements for major commodities

In 2010, supply agreements for major commodities were set in place to ensure preferred supplier-preferred client operating environments for core essentials in our supply chain. This process will be continued in 2011 to build on the successful results of 2010.

Supplier Relationship Management

Supplier Relationship Management protocols are being applied to all key supplier accounts and is measured on a monthly basis.

The soft drink industry experienced a difficult year for the delivery of glass in 2008 due to several instances of furnace failures. Coca-Cola Sabco was also impacted during this period and the lack of supplier centralisation and back-up suppliers compromised the delivery of glass for bottling.

In 2009, glass sourcing was centralised and volumes were aggregated for the year. Several suppliers were identified as key suppliers and Coca-Cola Sabco took the opportunity to forge key supplier partnerships with glass suppliers. Together, Coca-Cola Sabco and the glass supplier worked together in identifying potential barriers to supply and developed a mutually beneficial strategy for glass supply in 2009 and 2010.

Coca-Cola Sabco subsequently received 100% of the original planned glass requirements in 2009 and also succeeded in requesting and receiving additional glass supplies from the supplier. 2010 also ended as a positive year with the strong supplier relationship leading to a successful delivery rate on glass requirements. Some quality issues were reported in 2010 and Coca-Cola Sabco is working closely with its key suppliers to eliminate reoccurrences. Coca-Cola Sabco will continue to explore suitable alternate cost-effective sources of supply in 2011.

Our strongly developed relationships with key suppliers thus saved us significant time and money and helped enhance our brand in the marketplace through full, on time delivery of product.

> " The supply of goods and services on time and in full is a key factor to our operations. "