

# Pepsi-Cola Products Philippines, Inc.

## Partnering with Suppliers

### Suppliers' Code of Conduct

At Pepsi-Cola Products Philippines, Inc. ("PCPPI" or the "Company") we believe that acting ethically and responsibly is the right thing to do for our business. PCPPI has worked towards building a positive reputation in the fast moving consumer goods (FMCG) industry as a company driven by professionalism and integrity in pursuit of being the premier beverage company in the Philippines. PCPPI's commitment to adhere to the highest legal and ethical standards of business conduct is fundamental to that reputation. Adherence to these standards protects the consumers, as well as the Company and its business partners.

PCPPI has developed a Suppliers' Code of Conduct ("Supplier Code") to clarify the expectations in the areas of business integrity and ethical standards, human rights and labor standards, health and safety standards and environmental management. This Supplier Code is intended to complement PCPPI's Code of Conduct and the Company's other relevant policies and standards.

Respecting human rights, minimizing environmental impacts, providing safe places to work, and ensuring the sustainability of business operations – these are highly considered when we choose and work with Suppliers. By working together on these issues we can create strong business relationship and ensure we have a positive impact on the people and communities we work with and depend upon. We believe it also strengthens both PCPPI and our partners' businesses.

All Suppliers, vendors, contractors, consultants, agents, business partners, and other providers of goods and services, except customers, who do business with PCPPI (collectively referred to as "Suppliers") are governed by and are expected to follow this Supplier Code.

It is the responsibility of every supplier to be knowledgeable about and comply with this Supplier Code. In addition to the standards described herein, the Suppliers are expected to comply with all applicable laws, regulations and contractual terms. The Company takes violations seriously, so it is important to know the applicable requirements, and comply accordingly.

This Supplier Code provides a brief summary of PCPPI's policies which all Suppliers should be aware of and adhere to. If you have any question regarding the rules, practices and activities described herein, please feel free to contact your primary PCPPI contact, or the Legal, Labor, Corporate and Government Affairs Department of the Company. Please take time to read these standards and understand your responsibilities so that together, we can move our business forward in the spirit of these rules, and build a strong partnership for the future.



**Atty. Lope R. Manuel, Jr.**  
Chief Compliance Officer  
Vice-President for Legal, Labor,  
Corporate and Government Affairs



**Samuel M. Dalisay, Jr.**  
Vice-President for Supply Chain

We developed these standards to help drive higher standards in conducting business operations with our Suppliers. It sets out our Suppliers' sustainability and responsibility aspiration, and the minimum standards we expect of our Suppliers.

Our four focus areas of engagement with our Suppliers are:

**BUSINESS INTEGRITY  
AND ETHICAL  
STANDARDS**

**HUMAN RIGHTS  
AND LABOUR  
STANDARDS**

**HEALTH AND  
SAFETY, AND QUALITY  
AND FOOD SAFETY**

**ENVIRONMENTAL  
IMPACT**

End-to-end responsibility

We expect our Suppliers to promote the principles in the Standards, and to have appropriate processes in place to verify and demonstrate applicable compliance standards. We reserve the right to access and review our Suppliers' processes, standards and records.

## **I. BUSINESS INTEGRITY AND ETHICAL STANDARDS**

**PCPPI acts with integrity and demonstrates good citizenship in its business dealings, and it demands the highest standards of conduct from its people. In line with this, we expect our Suppliers to adopt clear commitments on ethical business.**

### **a. Laws, regulations and trade controls**

We expect our Suppliers to maintain awareness and comply with all applicable laws and regulations in the country. Our Suppliers must comply with trade sanctions and restrictions issued by recognized authorities, including the United Nations, the European Union and the United States, which are designed to prevent or limit trading with certain countries or their nationals.

### **b. Bribery and corruption**

Our Suppliers must have zero tolerance approach to bribery and corruption in any form, wherever they operate. A bribe is the offer or receipt of anything of value or other advantage to work from any person to encourage someone to do something which is dishonest, illegal or a breach of trust in the performance of their role. Corruption is the abuse of entrusted power for private gain, which can take many forms that vary from the minor use of influence to institutionalized bribery.

As a minimum, we expect our Suppliers to:

- Comply with the Philippines' Anti-Graft and Corrupt Practices Act and its related laws, U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and the relevant and applicable laws, regulations and industries standards;
- Never offer or accept anything of value where there is an intention of improperly influencing a business decision, or where the person may not be permitted by his/her employer or local law to receive it;
- Disclose to PCPPI where their or their associates may have connections with Government officials;
- Never bribe government officials of any kind;
- Report immediately concerns in regard to bribery or corruption to your PCPPI Contact, or confidentially through SpeakUp.

### **c. Tax evasion**

Our Suppliers must take a zero tolerance approach to the criminal evasion of all taxes wherever they operate, and to the knowing facilitation of another's tax evasion. As a minimum, we expect our Suppliers to have reasonable and proportionate procedures in place to prevent the criminal facilitation of tax evasion by their employees or by those they transact with in connection with PCPPI's business, and to also immediately report any concern regarding the above to their PCPPI contact or through PCPPI's SpeakUp service.

### **d. Conflicts of interest**

Conflict of interest can arise when an employees' personal, family, financial, political, or other interests interfere or conflict with their loyalty to their employers, or their ability to make the right decisions on behalf of their employers. Our Suppliers should not cause any conflict of interest for PCPPI employees, and should avoid situations where a conflict of interest may occur. We expect our Suppliers to disclose in full any potential conflicts of interest they may have as soon as they have been identified, so that they can be properly considered and the right action be taken.

### **e. Gifts and entertainment**

Giving and receiving gifts and entertainment has a role to play in building external business relationship and generating goodwill. However, gifts and entertainment should never create a feeling of obligation or the impression of an obligation because this should be perceived as a bribe. We expect our Suppliers to respect that PCPPI employees must not provide or accept excessive or inappropriate entertainment, and may only offer or accept non-cash gifts of modest value occasionally. We expect Suppliers to ensure they have appropriate controls in place so that gifts, sponsorship or entertainment of government officials are not bribes or perceived as such.

### **f. Competition and anti-trust**

We expect our Suppliers to comply with competition and anti-trust laws which apply to their business and to ours.

**g. Marketing and innovation**

Our brands must be advertised and marketed responsibly. Suppliers which are engaged in marketing and promotional activities on PCPPI's behalf, such as advertising and digital agencies, must know, understand and apply our marketing policies.

**h. Business records and confidential information**

We expect our Suppliers to keep accurate and up-to-date records of matters related to their business with PCPPI and to demonstrate compliance with applicable laws and regulations. Our Suppliers should maintain accurate financial books and business records in accordance with all applicable legal and regulatory requirements, and accepted accounting principles.

We expect our Suppliers to ensure appropriate technical and organizational security measures to safeguard PCPPI's confidential and personal information, and to meet the requirements of applicable data privacy laws and regulations to ensure there is no disclosure of our confidential information to third parties without our prior authorization. We also expect them to inform PCPPI immediately in the event of a potential or actual data breach, or if our information is released to any third party without authorization.

**II. HUMAN RIGHTS AND LABOR STANDARDS**

**PCPPI is committed to promoting and respecting human rights and we expect our Suppliers to act in accordance with these principles and commitment.**

**a. Child labor**

PCPPI Suppliers must adhere to the minimum employment age limit defined by national law or regulation, and comply with relevant International Labor Organization (ILO) standards. In no instance shall a Supplier permit children to perform work that exposes them to undue physical risks that can harm physical, mental or emotional development or improperly interfere with their schooling needs.

**b. Forced labor**

PCPPI Suppliers shall maintain and promote fundamental human rights. We expect our Suppliers to strictly prohibit the use of forced labor. Employment decisions will be based on free choice and there may be no coerced or prison labor, and no use of physical punishment or threats of violence or other forms of physical, sexual, psychological or verbal abuse as a method of discipline or control.

**c. Abuse and harassment of labor**

We expect our Suppliers to strictly prohibit any kind of harassment, intimidation, bullying or abuse of any employee, including the threat of physical punishment or disciplinary action, or through physical, sexual, racial, psychological, or verbal means. These shall not be tolerated.

**d. Freedom of association and collective bargaining**

We expect our Suppliers to allow employees the freedom of association and collective bargaining in accordance with applicable laws and regulations.

**e. Discrimination**

We expect our Suppliers to treat employees fairly and not discriminate (in any aspect of employment) on factors such as race, gender, color, religion, ethnicity, sexual orientation, disability, age, marital status, health, pregnancy, union membership, political affiliation, or national origin. Supplier shall create a work environment in which employees and business partners feel valued and respected for their contributions. Employment decisions must be based on qualifications, skills, performance, and experience.

**f. Wages and benefits**

PCPPI Suppliers shall comply with all applicable legal and regulatory requirements and will generally apply sound employee relations practices. Wages and benefits must be consistent with laws and industry standards, including those pertaining to minimum wages, overtime, other elements of compensation, and legally-mandated benefits.

**g. Working hours**

We expect our Suppliers to ensure employees do not work excessive hours, in accordance with national laws, collective agreements and the provisions of the relevant International Labor Organization (ILO) standards on working time, in the absence of applicable laws or collective agreements.

**h. Land rights**

We expect our Suppliers to respect the land rights of communities, including indigenous peoples.

**i. Access to remedies**

We expect our Suppliers to provide a right to remedies for their employees through an accessible, trusted and fair grievance process.

### III. HEALTH AND SAFETY, AND QUALITY AND FOOD SAFETY STANDARDS

PCPPI is committed to maintaining safe and secure working conditions for its employees and we expect our Suppliers to have the same commitment.

#### a. Laws and regulations

PCPPI Suppliers should comply with all applicable local and national laws and regulations related to health and safety in order to protect its employees, and quality and food safety to protect the eventual consumers.

#### b. Health and safety policy

PCPPI expects its Suppliers to proactively manage health and safety risks to provide an incident-free environment where occupational injuries and illnesses are prevented. Suppliers should maintain a clear, publicly-available health and safety policy statement in place and must implement management systems and controls that identify hazards and assess and control risk related to their specific industry.

#### c. Quality and food safety standards

PCPPI is committed to producing high quality and safe products across all our brands. Suppliers involved in any aspect of developing, handling, packaging or storing our products are expected, among others, to:

- Know and comply with the product quality standards, policies, specifications, and procedures that apply to the products produced at your location;
- Follow and adhere to good manufacturing practices and processing protocols;
- Comply with all applicable federal, state, and local food safety laws and regulations; and
- Report issues immediately to PCPPI that could negatively affect the quality or public perception of a PCPPI products.

#### d. Safe working environment

PCPPI expects its Suppliers to maintain a safe and secure working environment. Suppliers should provide access to safe drinking water, sanitation and hygiene, adequate restrooms and handwashing facilities; ventilation, adequate lighting and temperature, fire exits and essential fire safety equipment; emergency aid kits, access to emergency response services including environmental, fire and medical, personal protective equipment, and health and safety training to mitigate known hazards or potential risks.

#### e. Emergency preparedness

PCPPI Suppliers should maintain adequate emergency preparedness procedures, including evacuation measures, emergency drills, appropriate first-aid supplies, necessary safety equipment and adequate exit facilities.

#### f. Risk assessment and Continuous improvement

PCPPI Suppliers should have proactive risk assessment programs in order to identify emerging risks; adopt industry good practices, and take appropriate action for mitigation. Suppliers should gradually improve health and safety standards and measures and adopt health and safety management system that can be verified and certified externally.

#### g. Raising concerns

PCPPI Suppliers should provide an appropriate and effective mechanism that will enable its employees to discuss and settle with the management concerns about health and safety.

### IV. ENVIRONMENTAL IMPACT

The potential environmental impacts of daily business decision-making processes should be considered along with opportunities for conservation of natural resources, source reduction, material recycling, and pollution control to ensure cleaner air and water, and reduction of landfill wastes.

PCPPI encourages its Suppliers to identify, set targets and implement action plans for reducing environmental impacts in the areas of water, wastewater, energy, greenhouse gas emissions, waste and packaging.

#### a. Environmental regulations

PCPPI Suppliers should comply with applicable environmental laws and regulations. PCPPI expects its Suppliers to manage their environmental impact responsibly, in pursuit of legitimate businesses.

#### b. Environmental policy

PCPPI Suppliers should have a clear and publicly-available environmental policy statement that addresses the key impacts from their operations and commits to improvement and development. Suppliers must also have proactive education campaigns to its employees, promoting environmental awareness and the importance of conducting sustainable business.

**c. Reduce environmental impacts**

PCPPI expects its Suppliers to continually strive to reduce their environmental impacts and manage their natural resources efficiently that lead to responsible use of water and energy sources, prevention of pollution, and reduction of waste.

**V. PCPPI PARTNERING WITH SUPPLIERS**

**a. Demonstrating compliance**

PCPPI is entitled to request information from its Suppliers in order to confirm their compliance with these standards and, if considered necessary, may require a Supplier to provide proof of compliance through a third-party audit. We reserve the right to undertake unannounced audits where we determine it is necessary.

**b. Raising a concern**

We believe knowing about potential breaches early means we can deal with them quickly and appropriately. We take every report seriously and we will not tolerate any reprisal by a PCPPI employee against a Supplier who has reported a concern in good faith or assisted us with the investigation.

We encourage our Suppliers to raise any concern about our business conduct, or a potential breach of this standard, directly with their contact in PCPPI. If a Supplier prefers, a concern can also be raised through our SpeakUp service. SpeakUp is a confidential service for employees and third parties (including our Suppliers) that is managed by an external company, independent of PCPPI, with trained staff able to deal with calls in local languages. SpeakUp is available via phone, email or internet, 24 hours a day, 7 days a week.

**Contact details for SpeakUp are as follows.**

GLOBE : 0917 71 – SPEAK (77325)  
SMART : 0949 99 – SPEAK (77325)  
EMAIL : [speakup.pcppl@gmail.com](mailto:speakup.pcppl@gmail.com)

**c. Further information and support**

For further information please visit our website [www.pepsiphilippines.com](http://www.pepsiphilippines.com) to access copies of our Code of Conduct, this Code of Conduct, our policies and our annual sustainability and responsibility reporting.

If you have any queries on the content of this standard, or to get support from PCPPI to help build your capabilities in relation to any of the areas detailed in this standard, please speak with your PCPPI contact.

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**ACKNOWLEDGMENT**

This is to acknowledge the receipt of Pepsi-Cola Products Philippines, Inc.'s Suppliers' Code of Conduct ("Code").

I confirm that I have completely read and understood, and will fully comply with the provisions of the Code. Also, I understand that the contents of the Code are strictly privileged and confidential.

Name & Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name of Company: \_\_\_\_\_