

**Go**  
for  
**Growth**

CSV Report  
**2018**

*Coca-Cola*

BOTTLERS JAPAN HOLDINGS INC.

# Contents



- 1 Prologue
- 6 Message from the President
- 8 The SDGs and the CCBJH Group
- 9 2017 Progress Report—Priority 1: Supporting healthy living
  - 10 Feature Story: Supporting consumer health through a diverse product line-up
  - 12 Open communication and correct information
  - 13 Striving to alleviate food poverty
  - 14 Providing consumers with safety and peace of mind
  - 16 Listening to customer feedback
- 17 2017 Progress Report—Priority 2: Becoming an environmental leader
  - 18 Feature Story: Water resource conservation initiatives
  - 21 Environmental management initiatives
  - 22 Working to mitigate climate change
  - 23 Building a recycling-oriented society
  - 24 CCBJI Group's CO<sub>2</sub> emissions results
- 26 2017 Progress Report—Priority 3: Strengthening our relationships
  - 28 Embracing communication with stakeholders
  - 30 Community activities in 2017
- 32 Employee management systems / Stakeholder opinions
  - 32 Contributing to our employees' health and job satisfaction
  - 34 Roundtable Discussion—Considering the life and career of every individual
  - 36 Occupational safety and health initiatives / Work style reform
  - 37 Stakeholder opinions
- 38 About the CCBJH Group—Management that supports progress
  - 38 Corporate governance system
  - 39 Ethics and compliance / Information security / Risk management
  - 40 Consolidated financial highlights
  - 41 Main product line-up
  - 42 ESG data update
  - 43 CCBJH Group profile
  - 44 CCBJH Group by the numbers
  - 45 Corporate communication tools
  - 46 Plant tours

## ● Editorial policy

The Coca-Cola Bottlers Japan Holdings Group (CCBJH Group) believes we can help build a more sustainable society through our beverage business. In this report, our aim is to communicate the CCBJH Group philosophy of Creating Shared Value (CSV) and introduce some of our specific CSV initiatives to our stakeholders, namely our local communities, NPOs & municipal groups, consumers, business partners, suppliers, investors and fellow employees.

## ● Referenced guidelines

Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016

## ● Period covered

In principle, this report covers activities from January 2017 to the end of April 2018. Numerical data is for the period from January 1, 2017 to December 31, 2017.

## ● Scope of the report

In principle, information presented in this report was collected from Coca-Cola Bottlers Japan Inc. and the group's core companies\*. (Please see page 42 for the group structure.)

## ● Date of issue

May 2018

## ● Terminology

The CCBJH Group ("we") refers to "Coca-Cola Bottlers Japan Holdings Inc." and its nine group companies, while CCBJI refers solely to "Coca-Cola Bottlers Japan Inc." CCBJI Group refers to "Coca-Cola Bottlers Japan Inc." and the group's core companies\*. "Bottlers" refers to all bottling partners throughout Japan, as designated by Coca-Cola (Japan) Company, Limited. The "Coca-Cola system" comprises "Coca-Cola (Japan) Company, Limited," its bottling partners and other affiliated companies. "Customers" generally refers to both "consumers" (primarily product end-users) and "business partners" (primarily those who sell our products.)

\*Coca-Cola Bottlers Japan Vending Inc., FV Japan Co., Ltd., Kadiac Co., Ltd., Coca-Cola Customer Marketing Co., Ltd., Coca-Cola Bottlers Japan Sales Support Inc., and Coca-Cola Bottlers Japan Benefit Inc.

# Finding opportunities in uncertainty.

In the world we face, what kind of company should we become?

By 2065, the percentage of working-age people in Japan is projected to drop to

**51.4%**

(National Institute of Population and Social Security Research, 2017)

In 2015, the percentage of children in Japan living under the poverty level was

**13.9%**

(Ministry of Health, Labour and Welfare, 2016)

By 2100, the global average temperature is forecasted to increase by

**4.8°C max**

(Compared to the 1986-2005 average, IPCC, 2014)

By 2050, global water demand is projected to increase by

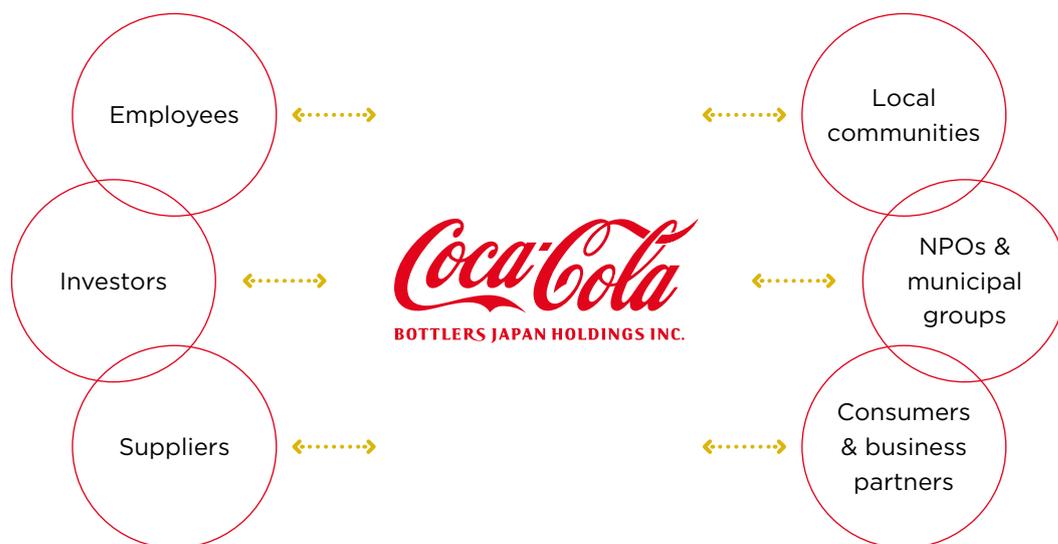
**About 55%**

(As compared to 2000, OECD 2012)



# Creating Shared Value

**CSV: One concept, many iterations**



**The stakeholders with which  
we create shared value**

# 共創 價值

The CCBJH  
Group's  
sustainable  
growth

Realization of  
a sustainable  
society

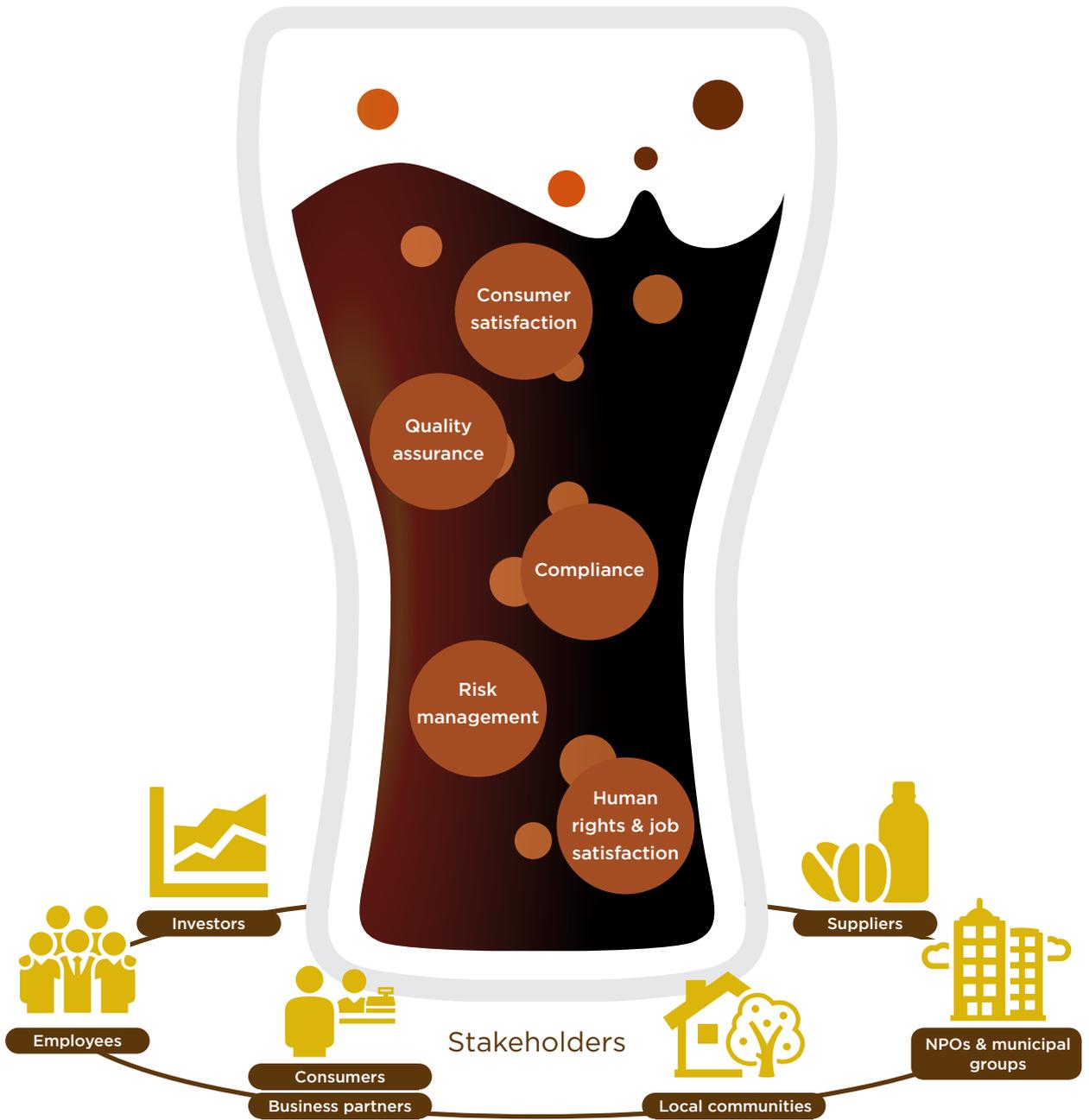
Pursuing value together

**It's time for a new challenge.**



# The CSV concept

CSV priorities

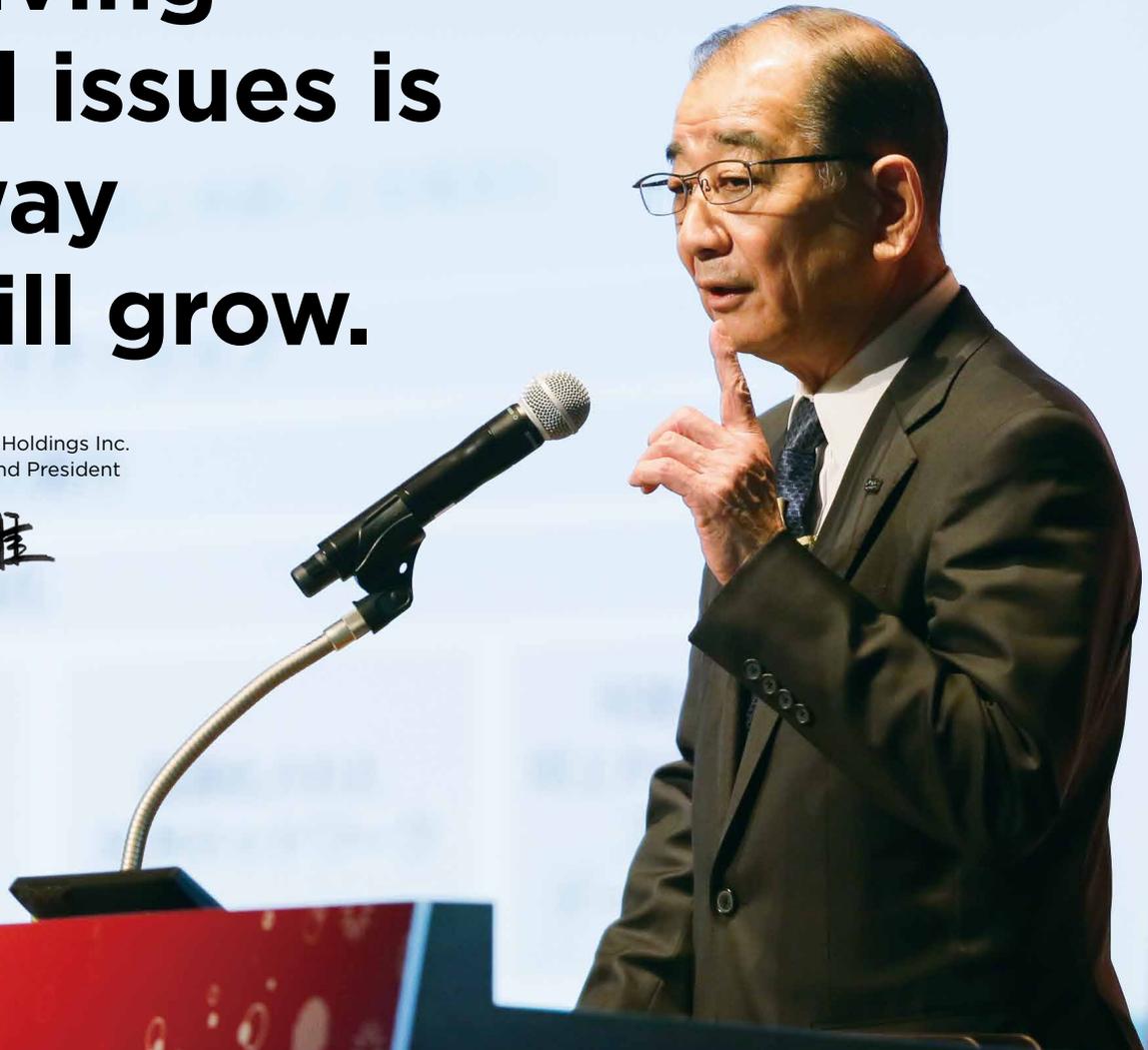


# Resolving social issues is the way we will grow.

Coca-Cola Bottlers Japan Holdings Inc.  
Representative Director and President

吉松民雄

Tamio Yoshimatsu



## Mission

Deliver happy, refreshing moments to everyone in the community, every day.

## Corporate Identity

### Community-based

We help build and support sustainable communities, foster strong connections with them, and help protect the environment, Creating Shared Value.

### Hinkaku (Corporate Dignity)

We respect human rights, honor community principles, and strive to maintain the highest ethical standards.

# THE ROUTE

# Creating shared value on our largest scale yet

The Coca-Cola Bottlers Japan Holdings Group (CCBJH Group) was newly established in January 2018 as part of a further integration of the management and operations of the Coca-Cola West Group and the Coca-Cola East Japan Group. The CCBJH Group is Japan's largest Coca-Cola bottler, with an area including Tokyo, Osaka, Kyoto and 35 other prefectures, close to 90% of the sales volume for the Coca-Cola system in Japan, and the third largest revenue\* from among more than 250 Coca-Cola bottlers worldwide.

In addition to ensuring the growth of our business, we believe it is our corporate duty to respond to social issues. We believe that when we utilize CCBJH Group strengths to bring about an ever more sustainable society, it leads to greater trust and support from our many stakeholders. We have adopted the concept of Creating Shared Value (CSV) as a guide to how our business can be part of the solution to society's problems.

Together with the birth of the CCBJH Group, we announced our group corporate philosophy, "THE ROUTE," which combines years of corporate experience and know-how. We aim to become a company that functions with excellence and dignity, while maintaining our long-held values of being community-based and customer-centric.

As a total beverage company that adapts to the everyday lives of its consumers, we will provide extra value in everything we do while working alongside our consumers, business partners, investors, local communities, and employees to contribute to their happiness. This is our vision of CSV. We aim to be a company that is always held in high esteem by the local community and our customers, so we publicize our CSV philosophy throughout our many business initiatives.

We have chosen "Supporting healthy living," "Becoming an environmental leader," and "Strengthening our relationships" as priority issues that are closely connected to our business activities. Building upon our previous corporate social responsibility philosophy, we will move forward with initiatives that present solutions to the social issues that are the most material to our business.

Finally, this report is intended to review our progress to date, while also communicating our direction for further growth. To realize a sustainable future, we will link our growth to the development of our local communities and promise to deliver happy, refreshing moments to all our consumers.

\*As of 2017

## Customer-centric

We focus on all our consumers and customers to become their trusted partner.

## Diversity

We respect the individuality of our employees, actively incorporating diverse values and ideas so all can achieve their full potential.

## Culture

- 1 Build on our **HERITAGE** as we shape our **FUTURE**.
- 2 Fuel life and work with commitment and **PASSION**.
- 3 Base judgments on **ETHICS**.
- 4 Think independently, take **RESPONSIBILITY**.
- 5 Enjoy life and welcome **CHALLENGE**.
- 6 Act with **RESPECT**, inspire **RESPECT**.
- 7 Value **COOPERATION**.
- 8 Pursue "**SIMPLE AND SPEEDY**" solutions.

## The SDGs and the CCBJH Group

### Working together to change the world: The CCBJH Group will contribute to realizing the SDGs

In September 2015, over 150 representatives of United Nations member countries participated in the UN Sustainable Development Summit held at the New York UN Headquarters. Together, they adopted a new agenda known as “Transforming our world: the 2030 Agenda for Sustainable Development.” At the heart of this agenda are the Sustainable Development Goals (SDGs), comprising 17 goals and 169 targets. We have set the SDGs as new indicators of our own progress and have committed to achieving them as a vital part of our efforts to realize CSV.

#### About the Sustainable Development Goals (SDGs)

The SDGs are a set of shared global priorities to be achieved through the efforts of the international community by 2030 in order to realize a world in which no one is left behind. The SDGs are universal goals that broadly encompass economic, social, and environmental topics and demand global action from governments, companies, and civil society.

#### Promoting understanding of CSV and the SDGs

As a first step, we have confirmed that our three priorities for Creating Shared Value, and the Group’s various initiatives based on them, fit within the SDGs framework. Thus, we were able to concretely ascertain where we can make significant accomplishments toward the SDGs and where we may need to strengthen our initiatives.

Looking ahead, the CCBJH Group will continue internal discussion, identify areas of materiality\* and use the SDGs to shed light on our value chain. (Further information about the three priorities and which SDGs relate to what activities can be found on the gate pages to each section of this report: pages 9, 17, and 27.)

\*Materiality refers to a set of topics determined by a company to be important from a social and corporate standpoint, and which the company should work to address.

#### Three priorities for realizing CSV

Supporting healthy living

Becoming an environmental leader

Strengthening our relationships



2017  
Progress  
Report



Priority 1

# Supporting healthy living



## Areas of focus:

Contributing to  
healthier lifestyles

Providing safe,  
trustworthy products

Delivering products  
and services that meet  
consumer expectations

## What we are doing:

- We promote healthier living through contributing to the elimination of food poverty and the reduction of lifestyle diseases, and through raising awareness of proper hydration.
- We comply with international standards and local laws and regulations within our value chain, which extends from the procurement of raw materials to when a beverage reaches the consumer, so that we can safely deliver high-quality products and services.
- We listen to stakeholder opinions and develop a widely varied product line-up so that consumers can choose the products or services that best match their lifestyle needs.

## Feature Story

# Supporting consumer health through a diverse product line-up

As a company that adapts to the lives of its consumers, we offer a wide product range to meet current needs while providing delicious and refreshing moments. In recent years, the line-up of Foods for Specified Health Uses (FOSHU) and Foods with Function Claims has expanded in response to increased health awareness, and in 2017 the *Coca-Cola* brand's first FOSHU arrived in stores. We will support our consumers' lives and lifestyles by providing products that people enjoy drinking and by helping to promote better health.



### Balancing functionality and delicious taste: *Coca-Cola Plus*

*Coca-Cola Plus*, the first ever FOSHU *Coca-Cola* product, was born from the ambition to meet two important consumer needs: health awareness and a desire for classic flavor. The beverage retains the signature flavor of *Coca-Cola*, while containing zero sugar and zero calories, and contains an added functionality for regulating the level of triglycerides in the blood. This delicious FOSHU *Coca-Cola* can be enjoyed with meals and has garnered support from people of all ages.

- NEWS

## First fruit juice with the benefits of kale

In addition to FOSHU and Food with Function Claims beverages, we offer consumers a range of products that support healthy lifestyles. One of these is *Minute Maid Oishii Fruit Aojiru*.

Launched in collaboration with our group company Q'SAI CO., LTD., this is the CCBJH Group's first fruit blend drink with added kale juice (*aojiru*). The high-quality kale used in the juice is grown in Japan without the use of any pesticides or chemical fertilizers. The product, a blend made with *Minute Maid's* high-quality fruit juice, achieves a flavor that appeals not only to the strongly health-conscious senior segment, but also to younger consumers in their 20s to 30s who have tended to avoid kale due to its strong taste.



### What are FOSHU and Foods with Function Claims?

FOSHU refers to food and beverage products containing ingredients whose health effects have been recognized on the basis of scientific evidence. Use of the label requires the permission of the Japanese Consumer Affairs Agency. Foods with Function Claims refers to food or beverage products containing ingredients that the manufacturer states have science-based health functions. These products require a notification to the Japanese Consumer Affairs Agency.

*Sprite Extra* was launched in 2017 as a FOSHU carbonated beverage. It includes a compound that

helps to slow the increase in triglycerides present in the bloodstream after a meal by suppressing the absorption of fats from food. *Aquarius S-Body* is the first beverage in the *Aquarius* brand line-up with the Food with Function Claims label. It contains tiliroside, a flavonoid derived from rose hips, which has been reported to help decrease body fat.

Please refer to the link below for details on label permissions and notifications regarding these FOSHU and Foods with Function Claims beverages (in Japanese only).

<https://www.cocacola.co.jp/inryoguide/lineup>

## Open communication and correct information

As a beverage products company, we take steps to promote the spread of good dietary habits. We work to provide health and nutrition information on our packaging, our websites and other places, as well as actively running health programs aimed at preventing heatstroke and lifestyle diseases. In addition to promoting the spread of correct knowledge, we also advocate active and healthy lifestyles to the wider public.

Number of hydration seminars



33

### Hydration seminars

We have held seminars for schools and various organizations and companies in each region about the correct amount of hydration necessary during daily life and sports.

Furthermore, we use seminars and panel displays to clearly communicate the importance of hydration to participants at various events within our area of business. In 2017, we held 33 hydration seminars, which were attended by around 5,000 people. Participants gave positive feedback on being reminded of the importance of a well-regulated lifestyle, learning about the importance of minerals in hydration, and figuring out when to effectively hydrate. We will continue to spread correct knowledge about our beverages and initiate new programs.



- NEWS

### The rebirth of Qoo!

*Minute Maid Qoo* is a juice drink made from high-quality fruit juice and water. It is prepared without preservatives or synthetic coloring agents to create a taste that children enjoy. In September 2017, a partial revision to food product labeling standards under the Food Labeling Act made it obligatory to display the country of origin for all ingredients in processed foods. Within the Coca-Cola system, we agree with this revision to the standard\* to provide the fullest country of origin information in order to help ensure that consumers have the opportunity to make autonomous and rational selections. Therefore, in September, we renewed the *Minute Maid Qoo* brand to make use of domestically produced extracts. We also changed the packaging to clearly display the country of origin for the ingredients.

\* Consumer Affairs Agency "Food Labeling Standard (March 30, 2015) Consumer Food Labeling No. 139" 10th revision.

Mandarin orange extract from **Ehime Prefecture**  
Apple and grape extracts from **Nagano Prefecture**



## Striving to alleviate food poverty

We observe international human rights principles such as the Universal Declaration of Human Rights by the United Nations, while also working to resolve human rights issues in Japan and thoroughly ensure respect for human rights. Recently, people living in hardship and food poverty among children have become issues in Japanese society. We are cooperating with local stakeholders and implementing a range of measures to fulfill our responsibilities as a beverage products company.

Amount of beverages donated to food banks



Approx. 26,000 cases

to be thrown away—to people or organizations in need of it. CCBJI donates food products through partnerships with food banks such as Second Harvest Japan (2HJ) and the Food Bank All Japan Association. In 2017, we donated approximately 26,000 cases of beverages.

The donated products were provided to social welfare institutions and other organizations through the food banks. Donating products also helps to reduce the volume of wasted stock, which contributes to decreased food disposal losses.

### Donating products through food banks

A food bank is an initiative or group that provides food—still fit for consumption but otherwise destined

## Expanding the possibilities of vending machines

What if it were possible to make a donation with every purchase of a vending machine beverage? This thought gave rise to the donation-type beverage vending machines known as *Yubi Bokin*. CCBJI has been cooperating with the Approved Specified NPO Japan Kindness Association since its foundation, providing support through donation-type beverage vending machines. In 2017, CCBJI donated around ¥17 million to the organization. The funds go to public NPO groups tackling social issues related to the environment, welfare, and support for children.

For every beverage purchased, the *Yubi Bokin* system makes a donation of a few yen. There is strong compatibility to be found in matching

(Left)  
**Yukiko Aoki**  
Approved Specified NPO  
The Japan Kindness  
Association

(Right)  
**Naoki Sato**  
Sales Section 2  
Wide Area Dept. 3  
Commercial  
Coca-Cola Bottlers Japan Inc.



social causes that require ongoing support to the ever-present vending machine business within communities. CCBJI will continue to support the Japan Kindness Association's aspiration to firmly establish a giving culture in Japan.



*Yubi Bokin* system



Vending machine owner

Beverage manufacturer



# Providing consumers with safety and peace of mind

We seek to provide all consumers with safe products and high-quality services. This goal motivates us throughout our operations. During the entire process from the procurement of materials, through manufacturing, logistics, transportation, sales and service, we work tirelessly to secure and improve customer-centric quality.

## Quality policy

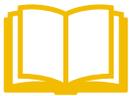
We will offer safe, trustworthy, fresh and refreshing products and services to all of our consumers, anytime and anywhere. To this end, we will work to ensure and improve quality in all operational processes by considering quality our top priority.

Our basic approach to maintaining quality involves not only complying with domestic standards, but operating under the same global management standards as all Coca-Cola system companies around the world, namely *KORE (Coca-Cola Operating Requirements)*.

*KORE* covers a range of criteria in the areas of quality, food safety, the environment, and industrial safety & health, and it is implemented throughout the entire process beginning from procurement of raw materials to manufacturing, logistics, and sales to the consumer. In addition to meeting the requirements of international standards such as those from ISO and various laws and regulations, *KORE* imposes even more rigorous standards.\*

\* Concerning quality, we comply with ISO 9001; concerning food safety, we comply with FSSC 22000; concerning the environment, we comply with ISO 14001; and concerning industrial safety and health, we comply with OHSAS 18001.

## Basic principles for quality



- (1) Each of our departments is aware of its roles and responsibilities and implements customer-driven quality control.
- (2) We will perform our daily work with the top priority on "quality."
- (3) Each one of us keeps in mind and thinks about "quality" at all times and acts to enhance our brand value.



## 1 Procurement

Supplier cooperation is an essential part of delivering safe, trustworthy and fresh products to our consumers. We ask our suppliers to provide high-quality goods and services and require that all of their operational activities be legal and ethical. We have formulated the Coca-Cola Bottlers Japan Holdings Group Basic Policy for Suppliers, as a guideline, with which we ask all suppliers to comply.

Our raw materials are sourced only from suppliers who have agreed to this Basic Policy and, after procurement, we conduct rigorous checks based on domestic standards and *KORE* quality standards. The materials are used only after properly confirming that they are safe.

Number of tests on procured materials conducted each week



Over  
**600**



Basic Policy for Suppliers



<https://en.ccbj-holdings.com/corporate/governance/>



## 2 Production



Thorough daily hygiene controls are observed in our manufacturing plants, with every care taken to ensure the safety of our products. In particular, PET bottle products such as tea and coffee are manufactured in an aseptic line to eliminate any microbes in the filling and sealing process.

We maintain quality control by conducting inspections at every step in the production process. On the manufacturing line, humans and machines work together to ensure quality control. An inspection machine is used to check items such as the filling level, status of seams on caps, label positions and printing quality of expiry dates, and operators follow an inspection procedure to perform routine checks in a double-check system.

In terms of food safety initiatives, all of our plants have obtained the FSSC 22000 international standard for food safety management systems. Key control points are defined and monitored for each manufacturing process.

In addition, through continuous OE (Operational Excellence) activities, we identify and eliminate flaws, waste and inefficiencies, while working to realize the most efficient manufacturing processes possible.

**FSSC 22000\***  
acquisition rate



100%

\*International standard for food safety management systems



## 3 Storage and Transportation

We ensure careful handling of the products manufactured at our plants so that they are delivered in excellent condition. The commercial department and supply chain management (SCM) work together to build a supply and distribution system that can flexibly accommodate consumer needs. The system tracks when and where a product was produced, as well as where and how much of it was stocked, which allows us to cut back on excessive production and to control inventory. As a result, we are able to deliver fresh products to our customers at all times.



## 4 Sales

In cooperation with our business partners, we check product storage, sales space, and inventory for effective product management. For our vending machines, each bottle is handled with care, and the expiry dates are meticulously monitored. Also, because our post-mix dispensers and cup vending machines mix syrup and powder to sell beverages directly to consumers, we hold independent quality assurance and hygiene maintenance training and only those employees certified in-house for quality and hygiene maintenance are responsible for servicing those machines.

In terms of traceability, we ensure strict quality management using a distribution system that allows us to ascertain history data that includes a record for tracking raw materials, a process management record and a distribution management record.



# Listening to customer feedback

An overall customer-centric approach is part of the CCBJH Group's corporate identity. We respond sincerely to the many opinions and requests that we receive daily from customers via telephone, email and other methods, while making sure to share that feedback with relevant departments. We are strengthening our initiatives to provide even better products and services in order to always meet customer expectations.

## Easy-to-reach customer service



95.7%

Customer inquiry response rate



## Realizing customer satisfaction

The Customer Contact Center is an important point of direct contact between customers and the CCBJI Group. Rather than simply providing consultation and guidance, this department is responsible for converting people into fans of the CCBJI Group, and operates under the slogan of "Good customer contact makes everyone happier." The center receives opinions and requests from customers, and is structured so that when it is necessary to meet them in person, details can be quickly relayed to a regional representative who can then respond swiftly. In 2018, the Voice of Customer (VOC) section has been established within the center to reflect customer feedback even more effectively in corporate activities.

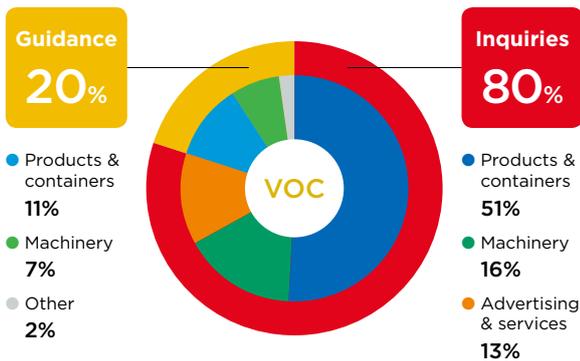
## Customer Contact Center initiatives

The customer service representatives who answer calls strive to compensate for not being able to view facial cues

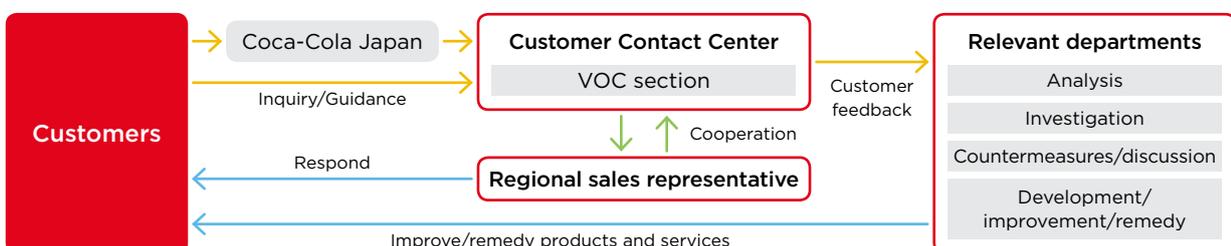


by listening more attentively, and work day by day to improve the quality of their telephone responses. In addition to thoroughly knowing the products, the representatives also need to have the ability to grasp how the customers feel. At the Customer Contact Center, there is a schedule of annual training for representatives to improve their response quality.

## Customer consultation by topic



## Customer response process



2017  
Progress  
Report



Priority **2**

# Becoming an environmental leader



## What we are doing:

- We use water, one of our most precious resources, in a responsible manner throughout our business activities, and work to conserve our sustainable water resources.
- As part of our efforts to help mitigate climate change, we monitor the environmental impact of our corporate resources in order to help realize a sustainable society.
- We plan to reduce product packaging, as well as continue recycling efforts for items such as empty containers and vending machines.

## Areas of focus:

Replenishing 100%  
of our water sources

Reducing  
greenhouse gas emissions

Realizing  
a recycling-oriented society

## Feature Story

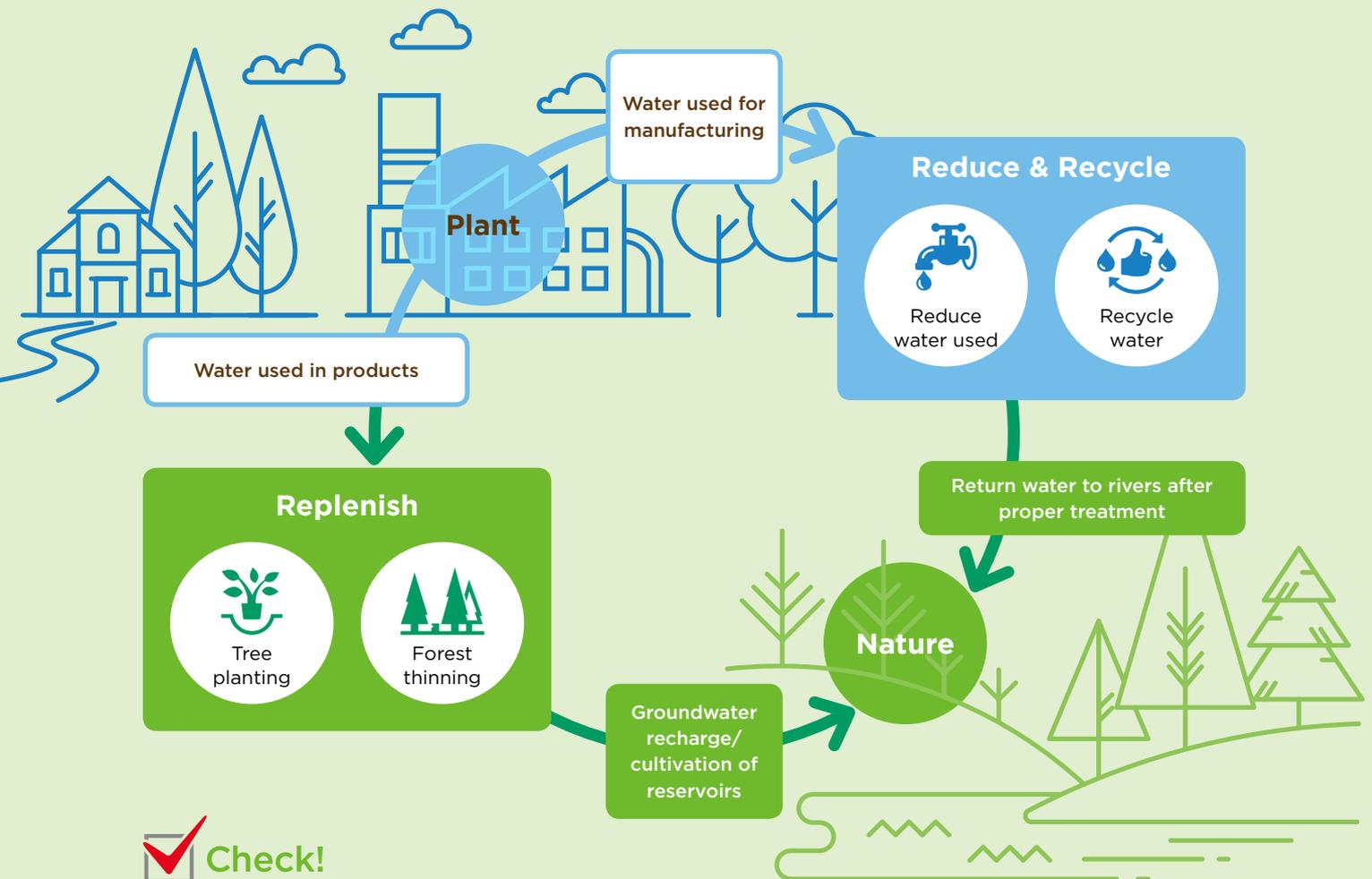
# Water resource conservation initiatives

Since our business relies on the use of water, an indispensable natural resource, we are engaged in initiatives that allow us to return to nature the same volume of water as we use in our products. Through reducing the amount of water used in the manufacturing process, recycling what water is used in manufacturing, and replenishing regional water resources, we have achieved essentially zero net water use since 2016.

### The Coca-Cola system's approach to sustainable water use

The water we use is divided into two main categories: water used for manufacturing and water used in products. The water used in the manufacturing process is specifically used for rinsing and cooling, after which it is collected and processed so it can be reused. Eventually, it is returned to nature after proper

treatment. Meanwhile, the water used in products is returned to nature through our forest preservation activities, which involve planting trees and thinning forest undergrowth with the cooperation of local communities. These activities enhance the ability of forests to help recharge groundwater and cultivate rich reservoirs underground.



2017 WUR: Water Use Ratio (amount of water used per 1L of product): 3.64 L/L  
 2017 EUR: Energy Use Ratio (amount of energy used per 1L of product): 0.97 MJ/L

## Environmental program initiatives and achievement of 100% replenishment—Now what's next?

Under agreements with local governments and forestry cooperatives, and together with local communities, we engage in water resource conservation activities around each of our plants. We focus on forest preservation activities, as well as protecting and regenerating grasslands, and flooding rice fields, which are highly effective for groundwater recharge. In addition, we regularly hold environmental program events for children in order to help the next generation deepen their understanding of the importance of water resource conservation.

Our original goal for 2017 was an overall replenishment rate\* of more than 100%, meaning we would return to nature more than 100% of the water used in our products. We achieved that goal with a final replenishment rate of 275%. For our next goal, we will aim for each individual plant to attain a replenishment rate of 100%.

\*Replenishment rate = Amount replenished (KL) ÷ production output (KL) x 100



### Production plants

### Replenishment area

- 1 Zao Plant — A 235 ha
- 2 Saitama Plant — B 1,545 ha
- 3 Iwatsuki Plant — B 1,545 ha
- 4 Ibaraki Plant — C 1,000 ha
- 5 Ebina Plant — D 1,476 ha
- 6 Tama Plant — E
- 7 Hakushu Plant — F



# Our local water source activities!

## Action! 01 Zao Plant

### Proactive collaboration for water resource conservation

In March 2017, the Zao Plant concluded a comprehensive agreement regarding cooperation and collaboration on water source conservation with Zao, Miyagi Prefecture; the Shiroishi Zao Forestry Cooperative; and the Enda Forestry Cooperative. The purpose of the agreement is to protect and revitalize the forests and farmland that nurture Zao's abundant water resources and to create an area rich with water. We will also continue tree planting through the Coca-Cola "Learn from the Forest" project, which has provided a venue for forest resource protection and learning about nature since 2006. At present we have helped to plant 10,200 broad-leaf tree seedlings.

Masato Takahashi of the Shiroishi Zao Forestry Cooperative commented, "We are proud to be able to contribute to the local community by nurturing the vibrant forests and abundant water of Zao through forestry preservation activities in



(Top) Mr. Hideto Murakami, the mayor of Zao, planting trees together with children on the "Learn from the Forest" project held in June 2017.

(Bottom) Mr. Masato Takahashi of the Shiroishi Zao Forestry Cooperative

cooperation with CCBJI. We plan to continue these activities regularly with the goal of passing on this beautiful nature to the next generation."

CCBJI's engagement in water resource and forest preservation activities in the Zao Plant area, along with the conclusion of this agreement, will enable the forging of deeper ties with the local community and enhance activities to protect Zao's water and pass it on to those to come.

## Action! 02 Kumamoto Plant

### Supporting a controlled burn project in the Aso Grassland water resource area

The Aso Grassland, which functions as the Kumamoto Plant's water area, is one of Japan's largest grasslands, with an area of 22,000 ha, and is a significant natural resource. To protect this vital resource, a controlled burn is held every year in early spring. Burning off the withered grass makes the soil conducive to new growth and assists in maintaining and regenerating the grassland, while helping to increase its groundwater cultivation capacity. The project is also very significant for biodiversity.

Recently, an aging and declining population has led to a volunteer shortage, and the controlled burn area has shrunk year by year. The grassland is also decreasing as a result. Because of this, CCBJI is supporting the NPO Aso Green Stock, which gathers volunteers to conduct controlled burns and provides training for beginners.

"We are extremely grateful for the support of



(Top) Mr. Akira Kirihara of the NPO Aso Green Stock

(Bottom) The controlled burn conducted in March 2018.

our activities. We hope to continue this project, along with activities like raising public awareness, to prevent the grasslands from shrinking any further," comments Aso Green Stock managing director, Akira Kirihara. "Together, we will protect the natural environment of Aso and ensure its future." Sharing that aspiration, and planning ahead for the next hundred years, CCBJI will continue to support these efforts.

# Environmental management initiatives

The CCBJH Group has established the following Basic Principle on the Environment and Policy on the Environment, and pursues environmental management under them as a group.

## Basic Principle on the Environment

Because we consider it our vital mission to hand over the global environment in a sustainable form to the next generations, we effectively leverage our natural resources, including water, which are indispensable for our businesses. To this end, we drive global environmental stewardship through

innovations that achieve both mitigation of our environmental burden and growth of business.

We also realize CSV (Creating Shared Value) with local communities through preserving the natural environment and raising environmental awareness.

## Policy on the Environment

We operate our business along with the following environmental policy.

### 1. Mitigation of environmental burden

We seek to mitigate the environmental burden of our product life cycle, namely throughout the processes of procurement of materials, production, logistics, storage, sales, recovery and recycling. We also consider the environmental burden in developing new products, implementing services, selecting suppliers and so on.

### 2. Water resource conservation

We strive to reduce water to be used for manufacturing and treat it properly. Moreover, we work on conserving water resources through collaborations with local communities in order to hand over rich water resources to the next generations.

### 3. Mitigation of climate change

In addition to making contributions to mitigate climate change, we engage in initiatives to reduce greenhouse gas emissions at all business areas for sustainable growth of our businesses.

### 4. Efficient use of resources

We invest appropriate corporate resources to establish a sustainable society with a circular economy and to efficiently use resources such as water and energy.

### 5. Communications

We focus on communications with stakeholders, including local communities, and act as a trusted

company exceeding their expectations, aiming for meeting each of their needs.

### 6. Environmental awareness-raising

We offer various opportunities and activities of enlightenment to raise awareness on the environment for those in local communities and all who are involved in our business. We also play an active role in community activities on the environment.

### 7. Improvement of environmental performance

We work on continuous improvement of environmental performance by regularly reviewing our environmental targets proactively and as needed.

### 8. Compliance with laws and regulations

We set up and adhere to more stringent voluntary standards according to *KORE*\* as requirements of The Coca-Cola Company, not to mention our compliance to laws and regulations, ordinances and various agreements.

\**KORE* is a unique management system on the four aspects of "quality," "food safety," "environment" and "occupational health and safety" over the entire life cycle of Coca-Cola products.

### 9. Supplementary provision

The policy is enacted and enforced effective January 1, 2018.

## Working to mitigate climate change

We believe that sustainable growth requires balancing the reduction of environmental impact with business growth. We aim to contribute to the mitigation of climate change by reducing greenhouse gas emissions across our entire business, including in the procurement of materials, production, logistics/transportation, and sales.

### CFC-free vending machine ratio



68%

### Developing environment-friendly vending machines

To reduce the energy consumption and CO<sub>2</sub> emissions of our vending machines (including coolers and drink dispensers), we are moving forward on the development and introduction of equipment and materials to decrease their environmental impact.

Our “peak shift” vending machines, which we have been deploying since 2013, shift electricity consumption used for cooling to nighttime to reduce power consumption during peak daytime hours by a maximum of 95%. The energy-saving specifications of these machines allow them to provide cold products 24 hours a day, even if the power for cooling is completely stopped for as long as 16 hours.

Moreover, eliminating chlorofluorocarbon refrigerants from the machines deployed by the CCBJI Group is an important element of mitigating climate change. The CCBJI Group is progressing with its plan to eliminate the use of chlorofluorocarbons in all of its vending machines by 2020.

### Production initiatives

At our plants, we are actively adopting new processes and the latest technology for improving energy efficiency. We are striving to reduce the greenhouse gases produced in our manufacturing processes through measures such as introducing cogeneration systems that can create both electric power and heat from a single energy source, installing insulation and heat exchange systems that can effectively keep energy losses to a minimum, and converting from the use of fuel oil to natural gas.



“Peak shift” vending machine

### Logistics initiatives

In transportation involving our plants and warehouses, we are making our operations more efficient by accelerating the use of larger vehicles with improved loading ratios and making use of modal shift.

In addition, at field sales offices, we are implementing eco-driving and, when replacing vehicles, switching to smaller models or fuel-efficient cars, such as hybrids. Through actions such as these, we will reduce fuel use and the related CO<sub>2</sub> emissions across the CCBJI Group.



## Building a recycling-oriented society

We strive to reduce environmental impact throughout the product life cycle, including in the procurement of materials, production, logistics, storage, sales, recovery and recycling. Through various initiatives such as reducing waste generated by production, using strict inventory controls to reduce product disposal, making containers easier to recycle, and using environment-friendly containers, we are contributing to the development of a sustainable society.

### Recycling rate of waste from plants



99.94%

### Recycling waste material

At all of our plants, we sort and recycle waste materials generated by production to continuously achieve zero waste emissions (waste material recycling rate of over 99%). Coffee grounds and tea leaves constitute the bulk of our generated waste materials, and we have achieved a 100% recycle rate for them as fertilizer or animal feed. For example, used tea leaves from the production of *Sokenbicha* at our Zao Plant can be combined with byproducts such as leftover whey from

the manufacturing of cheese at the Zao Dairy Center and used as “eco-feed”<sup>\*</sup> for Zao Sosei beef cattle.

<sup>\*</sup>Food scraps that become feedstuff for animals. The Japanese Ministry of Agriculture, Forestry and Fisheries is actively promoting eco-feed to increase the self-sufficiency rate for feedstuff.

### Recycling empty containers and vending machines

Steel cans, aluminum cans, glass bottles, PET bottles, and other containers collected from recycle bins are sorted and recycled according to package type. Vending machines that must be taken out of service are dismantled, pieces are sorted according to waste material type, and the chlorofluorocarbon compounds are appropriately disposed.

In January 2018, Coca-Cola (Japan) Co., Ltd. announced the 2030 Vision for Packaging. As a member of the Coca-Cola system, we will adhere to this vision and bolster initiatives aimed at a “World Without Waste.”

### 2030 vision for packaging



A new vision for packaging, targeting the year 2030, was announced in the U.S. by The Coca-Cola Company in January 2018. As part of a global plan to realize a “World Without Waste,” it relies on three main initiatives consisting of more recycled PET plastics and plant-based PET in packaging, the promotion of reusing and recycling, and the cleanup of local communities.

### Increasing sustainable packaging

Under the shared global concept of sustainable packaging, we develop and use packaging within the Coca-Cola system that is specifically designed to be environment-friendly and also easy to use.

The *ecoru shiboru* bottle, which is easy to twist and flatten after drinking, and the *Peko Raku* bottle, which is a large, easy-to-pour PET bottle that is also easy to crush, were introduced to reduce both environmental impact and energy use. By the year 2020, we aim to use PET bottles containing plant-based materials or recycled PET resins for all Coca-Cola Company products.

Twist and  
recycle!



*Ecoru shiboru*  
bottle

Easy to crush!  
Easy to pour!

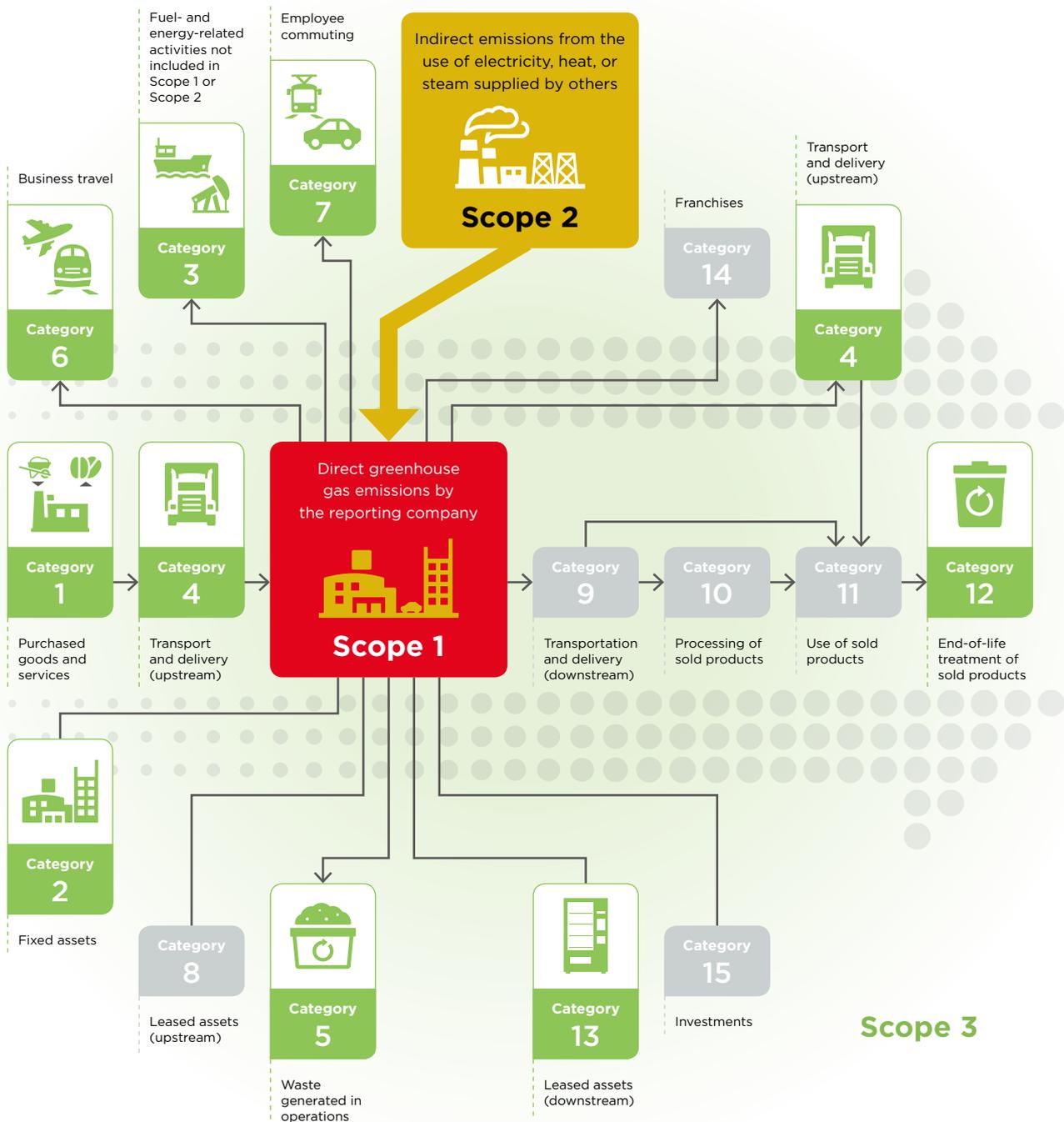


*Peko Raku* bottle

# CCBJI Group's CO<sub>2</sub> emissions results

We consider the mitigation of climate change a crucial issue to address throughout the course of our business activities. As such, we transparently disclose corporate greenhouse gas emissions, of which CO<sub>2</sub> is a primary example, and share information with our many stakeholders about the overall state of greenhouse gas emissions, potential countermeasures, and other topics in the hope that this will lead to further emissions reduction.

## CCBJI Group's scope 1, 2, 3 emissions by source



Source: "Supply-chain emissions in Japan," Ministry of the Environment, 2015  
[www.env.go.jp/earth/ondanka/supply\\_chain/gvc/en/files/supply\\_chain\\_en.pdf](http://www.env.go.jp/earth/ondanka/supply_chain/gvc/en/files/supply_chain_en.pdf)

## 2017 CO<sub>2</sub> emissions and accounting methods

Scope		Emissions (t-CO <sub>2</sub> )	Accounting method	
			Activity data	Emission factor
<b>Scope 1</b>	Direct greenhouse gas emissions by the reporting company	<b>378,273</b>	Amount of fuel used in offices, sales locations, plants, and deliveries, etc.	Accounting method and emissions factors from the Ministry of the Environment's Accounting and Reporting System based on the Global Warming Countermeasures Act
	Indirect emissions from the use of electricity, heat, or steam supplied by others	<b>188,746</b>	Amount of electricity or heat used in offices, sales locations and plants, etc.	Accounting method and emissions factors from the Ministry of the Environment's Accounting and Reporting System based on the Global Warming Countermeasures Act, except for electricity, with a uniform emission factor of 0.491 kg-CO <sub>2</sub> /kWh
Scope		Emissions (t-CO <sub>2</sub> )	Accounting method	
			Activity data	Emission factor
<b>Scope 3</b>	1 Purchased goods and services	<b>1,138,621</b>	Procured raw materials (based on weight)	The Coca-Cola Company's emissions factors
	2 Fixed assets	<b>78,742</b>	Fiscal year increase in amount of fixed assets (net price)	Emission factor according to price of fixed assets from the Ministry of the Environment's emission factor database (Ver. 2.4) for use with the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain
	3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	<b>168,651</b>	Amount of fuel, electricity, heat used	Emission factor for fuel procurement from the Ministry of the Environment's emission factor database (Ver. 2.4) for use with the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain
	4 Transport and delivery (upstream)	<b>28,810</b>	Amount of fuel used for outsourced transportation	Accounting method and emissions factors from the Ministry of the Environment's Accounting and Reporting System based on the Global Warming Countermeasures Act
	5 Waste generated in operations	<b>18,061</b>	Waste by weight or disposal fee	Emission factors for waste by type and treatment method from the Ministry of the Environment's emission factor database (Ver. 2.4) for use with the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain
	6 Business travel	<b>4,601</b>	Employee transportation expenses paid	Emission factors for transportation expenses from the Ministry of the Environment's emission factor database (Ver. 2.4) for use with the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain
	7 Employee commuting	<b>6,075</b>	Employee commuter expenses paid	Emission factors for transportation expenses from the Ministry of the Environment's emission factor database (Ver. 2.4) for use with the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain
	8 Leased assets (upstream)	N/A	—	—
	9 Transportation and delivery (downstream)	N/A	—	—
	10 Processing of sold products	N/A	—	—
	11 Use of sold products	N/A	—	—
	12 End-of-life treatment of sold products	<b>6,661</b>	Reported amount by weight of containers and packaging recycled, according to the Recycling of Containers and Packaging Act	Emission factors for waste by type and treatment method from the Ministry of the Environment's emission factor database (Ver. 2.4) for use with the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain
	13 Leased assets (downstream)	<b>294,184</b>	Amount of electricity consumed by the company's sales equipment (such as vending machines)	Accounting method and emissions factors from the Ministry of the Environment's Accounting and Reporting System based on the Global Warming Countermeasures Act, except for electricity, with a uniform emission factor of 0.491 kg-CO <sub>2</sub> /kWh
	14 Franchises	N/A	—	—
	15 Investments	N/A	—	—
<b>Scope 3 total amount</b>		<b>1,744,405</b>		



2017  
Progress  
Report



Priority 3

# Strengthening our relationships

## Enlivening local communities with the power of sports

As a company that grows alongside its local communities, we aim to create shared value by contributing to the revitalization of regional economies through business, while also staying mindful of community issues and undertaking a wide variety of specific support activities.

One type of community support is through sports activities. In particular, we are encouraging interest in rugby and field hockey through the Coca-Cola Red Sparks men's rugby team in the Japan Rugby Top League, and the Coca-Cola Red Sparks women's field hockey team in the Hockey Japan League.

Participating actively in Japan's top-level leagues,

both teams deliver thrills to a large number of fans. In addition, through holding sports clinics and active participation in events at a variety of locations, the teams play roles in building vibrant communities and a society in which everyone can live healthy and active lives.

Sports foster not only a sound mind and body, but also generate excitement, boldness, an energetic spirit, and ambition. Another one of the countless benefits of sports is the connections people can make through them. Building upon the power of sports, we will expand opportunities and places for social interaction and bring happiness to local communities.



### Areas of focus:

Energizing local communities through various activities

Maintaining direct communication through plant tours

Contributing to local communities via company sports

### What we are doing:

- We help address local community issues through encouraging interest in sports and the arts and through supporting the healthy development of young people.
- We strive to be a trustworthy partner to stakeholders of all generations by conveying information about our production processes and food safety initiatives in an easy-to-understand manner through our plant tour programs.
- Along with creating emotional connections through our company sports teams, we develop activities specific to local regions, and contribute to the healthy development of children and vibrant local communities.

## Embracing communication with stakeholders

CCBJI considers plant tours a method of direct communication with all types of stakeholders, especially our consumers and business partners, so we continue to strengthen how we communicate information on our tours. We want to be considered a trustworthy partner to all our stakeholders, and through plant tours we aim to publicize the initiatives of Coca-Cola Bottlers Japan Inc.

Number of plant tour participants



Around  
**170,000**  
people

### Plant tours

Embracing opportunities for valuable communication with all stakeholders, CCBJI offers plant tours at six locations: Zao (Miyagi Prefecture), Tama (Tokyo), Tokai (Aichi Prefecture), Kyoto (Kyoto Prefecture), Komatsu (Ehime Prefecture), and Ebino\* (Miyazaki Prefecture).

While viewing the actual production line, guides provide easy-to-understand explanations to visitors about the production process up to the final product. Through the tour, they convey the rigorous standards in place for preserving the high quality of The Coca-Cola Company's products, and explain initiatives for reducing environmental impact, and those relating to the local community. In order to help even more consumers become familiar with The Coca-Cola Company's products, the guides also introduce visitors to the history of Coca-Cola and the main product line-up, including new offerings. In 2017, around 170,000 people visited CCBJI's plants. (For information on individual plant tours, please see page 45.)

\*The tours at the Ebino Plant are self-guided.

## Action! 01

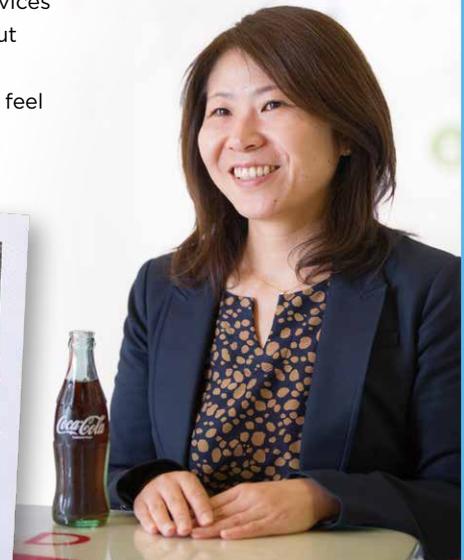
### A Tour of Charming Higashi-Kurume!

On July 9, 2017, we collaborated with the city of Higashi-Kurume, within the larger Tokyo metropolitan area, on the "Second Tour of Charming Higashi-Kurume," which focused on a tour of the Tama Plant and a chance to experience harvesting produce at a farm. The tour started with welcoming remarks by Katsumi Namiki, the mayor of Higashi-Kurume. After the Coca-Cola plant tour, participants followed the guidance of Higashi-Kurume farmers to help harvest local specialty produce (tomatoes and corn) from farm fields. Blessed with good weather that day, the 70 participants enjoyed the various attractions of Higashi-Kurume.



## Increasing opportunities for dialogue through plant tours

So that members of all generations can enjoy learning about The Coca-Cola Company's products and CCBJI's initiatives, we have started incorporating hands-on content via electronic tablets and other devices into plant tours. We will continue to communicate information about The Coca-Cola Company's production processes and food safety initiatives in an easy-to-understand manner, so that consumers can feel confident in choosing these products.



**Kyoko Muramatsu**

Community Relations Section  
CSV Promotion Department  
Corporate Communications, Administration  
Coca-Cola Bottlers Japan Inc.

## Action! 02

### Let's Enjoy the Environment in English 2017

On March 25, 2017, with the help of students from the Kyoto University of Foreign Studies, we held the "Let's Enjoy the Environment in English 2017" event at the Kyoto Plant (Kuse District, Kyoto Prefecture). The students themselves decided on the activities and created a program in which participants could become more familiar with using English while learning about environmental problems in various countries. In a morning and an afternoon session—each with 50 participants—children and their parents enjoyed learning about the environment through activities including quizzes, crossword puzzles, and card games.



# Community activities in 2017

We are engaged in a wide range of activities for the promotion of sports, the revitalization of local communities, the healthy development of young people, and education on the environment. In addressing the social issues facing local communities, we are working with society to create shared value.



## Coca-Cola Red Sparks Sports Clinic

In order to create opportunities for children to get outside and play, while also helping them improve their sports skills and safety, the Red Sparks teams hold rugby and field hockey clinics. In 2017, the teams brought the enjoyment of sports to children in local communities through 8 events.

**957**  
participants



## Classical Concerts

To contribute to the creation of a vibrant society through music, CCBJI has been sponsoring classical music concerts. In 2017, CCBJI held a concert in Fukuoka, which was attended by an audience spanning a wide range of ages who came to listen to the masterful classical performances.

**1,743**  
attendees

## Family Musicals

To foster the healthy development of those who will lead the next generations, CCBJI has been sponsoring Family Musicals for parents and children to enjoy together during summer vacation. In 2017, focusing on the current issues of food hardship and the decline in families eating together, CCBJI sponsored performances of "Jiji no Fushigina Resutoran" (Grandpa's fantastical restaurant) in three locations in Osaka, Hiroshima, and Fukuoka Prefectures. Attendees from the local communities enjoyed the event.



**4,763**  
attendees

©Hitoshi Hidaka



**610**  
participants

### Baseball Classrooms

CCBJI works with athletes and coaches from the Shikoku Island League Plus to conduct Coca-Cola Baseball Classrooms for little league baseball teams in various areas of Shikoku. The classes not only teach the basic skills and techniques of baseball (such as how to hold the ball, pitching form and how to hold the bat), but also emphasize the importance of teamwork and sportsmanship in a manner that is easy for young children to understand.

### Local community cleanup activities

Since preserving the global environment is an important issue, CCBJI's offices hold cleanup campaigns on a regular basis for roads and public places. In 2017, office employees were involved in cleanup activities in 17 locations, including some events organized by local municipalities. During the cleanups, employees beautified the towns in which they worked, while keeping in touch with local residents and nearby businesses.



**17**  
locations

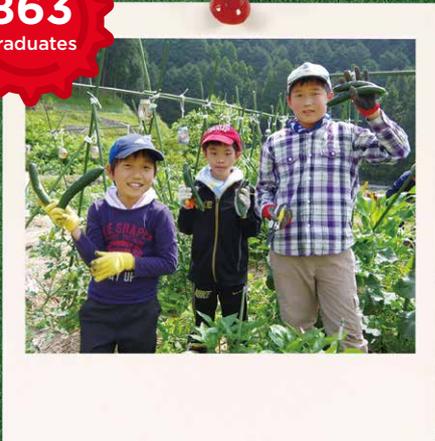
### Summer School

During summer vacation, CCBJI holds a summer school program for local children and their parents. In 2017, these programs were held at four plants at Zao, Tama, Tokai, and Ebino. Attendees were able to tour the plants' production lines and learn about the forests that help replenish water, an indispensable natural resource. At the Ebino Plant, surrounded by abundant nature, students participated in hands-on learning through a variety of activities.



**1,786**  
participants

**863**  
graduates



### Ichimura Nature School in Kyushu

CCBJI supports the healthy development of today's youth under the basic philosophy of "Learning about the power to live from Mother Nature." Through offering a chance to experience farming, harvesting produce and communal living, the program provides a place for children to learn independence and social skills. During an eight-month period, elementary students (from 4th grade) and middle school students (up to 2nd grade) spend weekends with their peers and guardians participating in a wide array of activities in a nature-abundant location in Tosu, Saga Prefecture.

# Employee management systems / Stakeholder opinions

## Contributing to our employees' health and job satisfaction

We aim for employees to be able to enjoy sustainable growth alongside the company. Since we consider people the company's most important asset, we are advancing various human resource initiatives. Specifically, we strive to foster the type of environment in which employees find work to be fulfilling. To achieve this, we must have a fair and equitable human resource management system that nurtures individual development and an environment in which a diverse and multi-faceted group of people can play active roles.

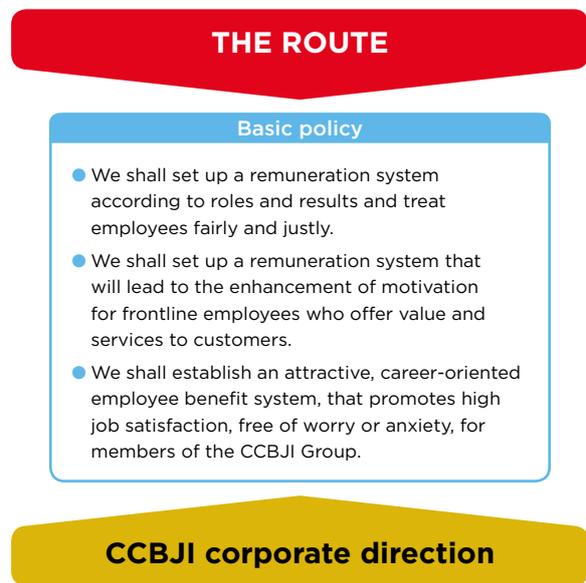
### Our HR system

To foster a consistently fair and equitable system that builds a sense of unity, and to maintain and secure people who can promote overall sustainable growth, in April 2018, the CCBJI Group introduced an HR system that is integrated across the Group in terms of job grades, performance evaluations, compensation, and benefits.

Based on the corporate philosophy of THE ROUTE and the elements that comprise the Group's direction—Growth-oriented; One Company under One Management; and Overall Optimization—the Group set forth a basic policy pertaining to the HR system (image on the right).

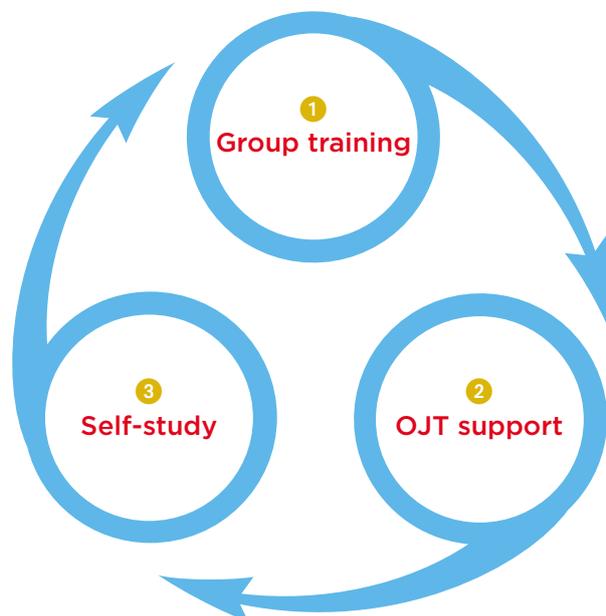
In accordance with role-based and results-oriented thinking, we increase the motivation of employees along with promoting the growth of the organization and individuals. Also, we offer employee benefit programs aimed at enabling employees to work continuously throughout their careers without worry or anxiety.

### HR system



### Human resources development —career advancement

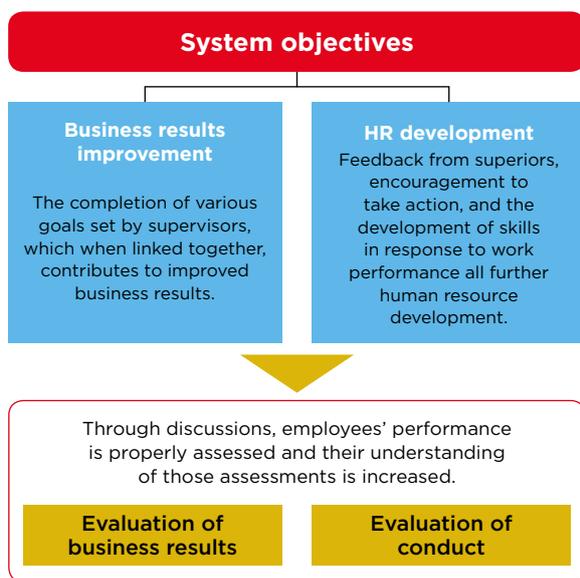
Largely dividing the nurturing of employees into cross-organizational training (obtaining skills and knowledge that fits the employee's growth and career steps) and specialized training (obtaining skills and knowledge for executing the respective department's work), each department plans and executes training programs aligned with the department's theme. In terms of educational methods, CCBJI Group provides 1) group training directed at improving the skills and knowledge of attendees; 2) on-the-job training (OJT) support for immediate supervisors who play a key part in nurturing employees; and 3) an environment for self-study (self-enlightenment) where individuals can study under their own conditions.



## Human resources development –performance evaluation system

The CCBJI Group performance evaluation system has the twin purposes of improving business results and developing employees. The system is built upon evaluating work-related results and assessing whether daily conduct matches what is expected of a CCBJI Group employee. In order to evaluate each employee's performance properly and to ensure that he or she understands that evaluation, each employee has discussions regularly with a supervisor throughout the year.

As employees consistently demonstrate skilled performance, the company will reward them appropriately.



## Human rights initiatives

Respect for human rights is a foundation of our business activities. Accordingly, we have established a human rights policy for realizing the sustainability of local communities where we conduct business. In order that respect for human rights is thoroughly and consistently put into practice, we are carrying out an aggressive awareness campaign on the variety of issues. This campaign consists of training at the individual level, e-learning, and information-sharing through the company's internal network, in order to deepen understanding toward respecting human rights. We aim to build a sound and dynamic work environment where employees are trained to think of human rights issues on a personal level, to be considerate of others, and to always think about other perspectives before taking any actions.

## Diversity (& inclusion) initiatives

The CCBJH Group respects every employee's human rights and individuality and places high importance on continuing to innovate by proactively including many

different kinds of values and ideas through aggressive initiatives that promote diversity.

### Basic philosophy

Through promoting diversity, while encouraging a variety of viewpoints and the constructive exchange of ideas, the CCBJH Group aims to become a company that functions with excellence and dignity.

### Medium- to long-term vision

The CCBJH Group respects the individuality of each and every employee. We offer opportunities for all employees to realize their full potential regardless of sex, age, the presence of disabilities, nationality or other attributes. This engenders innovation and reform, leads to the creation of value, and contributes to becoming a strongly competitive company that functions with excellence and dignity.

### Our policy for initiatives through 2020

Based on the respect for human rights, our activities will focus on expanding opportunities for women and people with disabilities.

### Women in active roles

One characteristic of our diversity initiatives is to encourage women to play active roles. Our aim is for women employees to be active in all areas in the company and that a diversity of values and perspectives be reflected in all of our business activity.

### People with disabilities in active roles

We encourage the employment of people with disabilities throughout the entire Group and accordingly have established an employment office for people with disabilities. We are proactively expanding activities in this area.

## CCBJH Group diversity initiatives



## Roundtable Discussion—

# Considering the life and career of every individual

CCBJH Group promotes diversity and inclusion, and is cultivating a shared corporate culture in which the human rights and individuality of all employees are mutually respected. Our greatest strength lies in the multifaceted and diverse group of employees we have nurtured in an environment where everyone can realize their full potential, regardless of gender, nationality, or any other difference. For this section, we asked employees from a variety of backgrounds to talk about their lives and careers.



Coca-Cola Bottlers Japan Inc. (from left)

### Thomas Molrot

Application Management  
Support Manager  
Application Management Support  
Department, Business Systems

### Kunie Kataoka

Manufacturing Section  
Akashi Plant  
SCM

### Katsuji Takashima

Disability Employment Section  
HR, Administration

### Azusa Iribe

Sales Section 1  
Wide Area Dept. 1  
Commercial

## Building a strong career for a fulfilling life

**Takashima** I am an athlete-employee aiming to compete in the Tokyo 2020 equestrian events. My primary responsibility is the management of employee data. I only spend a few days a week at the office since my work format takes my training time into account. Because of this, I make sure to proactively communicate with others and always confirm everything with other offices. I am busy every day with

work and training, but I like to recharge by spending my free time playing with my daughter. On days off, I love to go out to various places with my family.



“ I maintain close communication and confirm everything with other offices, while aiming to achieve a high standard of work. ”

**Iribe** I am responsible for developing new deals with major railroad groups. My children are still young, so I have currently opted for shorter working hours. I make a conscious effort to create time and use it well. I adjust my routine to avoid lost time, make sure to finish my work ahead of schedule, and strive to ask specific, efficient questions. In these ways, I work to produce results within my limited amount of time with the cooperation of my team members. Like Mr. Takashima, I focus on my children in my private time. I want to be there to see even their little achievements when I can, to make up for the time when I am at work and cannot be with them.



“**The key to producing results under time restrictions is to consciously make time and use it effectively. I use even small amounts of time to get work done.**”

**Kataoka** I am responsible for operating a blower machine that forms PET bottles at the Akashi Plant. My top priority is quality. We work under a rigorous quality management system, and with the motto “Do what is supposed to be done as a matter of course,” I always work to ensure none of what I produce is defective. Also, I have to take extra care of my health because I have irregular shifts. I always make sure to take in some sunlight in the mornings, and I am careful to get enough sleep after a night shift in an effort to establish a rhythm for my body. On my days off, I usually relax at home, but I started going to the gym a few months ago and would like to keep it up. It would also be nice to have a pet.

**Molrot** I manage in-house IT applications and overall IT system maintenance. I believe that a healthy mind and body are essential to doing a good job, so I make an effort to eat well every day and get up and move around regularly. Moreover, as a manager, I want to make sure my team is in good condition as well, so I respect their various work styles, abilities, and personalities when allocating responsibilities. My job is demanding, so I don't have a lot of private time on weekdays, but on my days off I try to refocus and completely throw myself into what I like. I revitalize with activities that let me enjoy nature, like motorcycling, scuba diving, and hiking, as well as visiting art museums and galleries.

## Further efforts and new goals

**Takashima** My goal now is to participate in the World Equestrian Games in 2018. Then comes Tokyo 2020. I will be entering a lot of competitions going forward, including overseas games, and I want to do my best to earn high scores. At the same time, naturally, I will still be doing my job well.

**Iribe** Since joining the company I have been building up experience in sales, but I still feel that my practical knowledge is insufficient. I want to become more skilled at conversing with all kinds of customers. As for my private life, when my children are a bit older and I have more time to myself, I would like to try running a marathon.

**Kataoka** The machine I am currently in charge of has always been operated by a man until now, so that makes me its first woman operator ever. In a way, I am a test case to see if my work can be assigned to women in the future – so it feels very worthwhile to me. I want to keep taking on challenges so my work can open up new paths for junior female employees.



“**I will continue taking on new challenges to become a role model for future generations of female employees.**”

**Molrot** “The first woman operator” has a good ring to it, doesn't it? The CCBJH Group is encouraging women to be more active in the workplace, but I think the scope of these efforts must be widened even further going forward. For example, there are still only a few women working in management positions. I would like to help create systems that enable talented female employees to step up into management.



“**I would like to widen our efforts to encourage women's full participation. I will support these kinds of initiatives in various ways.**”

## Occupational safety and health initiatives

Based on the philosophy that “health and safety come first,” the CCBJI Group believes that the backbone of its business continuity is to protect the safety and health of all employees and fulfill its corporate social responsibility. The Group will create and cultivate a corporate culture of safety based upon mutual trust and always putting principles into practice.

### Prevention of occupational injuries and vehicle accidents

In order to prevent emergencies and accidents, we will take actions based on the key phrases “eliminating unsafe behavior” and “eradicating unsafe situations.” We will improve overall safety awareness at the workplace and inform every employee of safe behaviors and safe driving practices, and work toward zero emergencies and zero accidents at each workplace.

### Health management

We put great effort into maintaining and advancing the health of our employees from both a physical and mental standpoint. Working with health insurance associations, we aim for the prevention of illness, the prevention of lasting complications from illness and the building of a sound mind and body.

## Employee data (as of December 31, 2017)

Number of employees*1	Male	17,021
	Female	3,613
Average age	42.4 years old	
Average length of service	17.7 years	
Number of employees in managerial positions	2,052	
Number of female employees in managerial positions	79	
Number of female employees in general office positions	1,627	
Number of employees making use of childcare leave system	Male	2
	Female	132
Number of employees promoted from non-permanent employment (throughout 2017)	327	
Number of retirees rehired	38	
Retention rate of entry level hires after 3 years*2	89.8%	
Number of employees who took family care leave	5	

\*1 This number includes employees at all levels, except temporary employees and interns, etc.

\*2 This percentage is obtained from the ratio of employees still employed at the end of 2017 out of all those newly hired in 2015.

\*3 The employment ratios for people with disabilities are for fiscal 2017 from each pre-merger company and based on each “Employment Status Report for Persons with Disabilities” (June 1, 2017) submitted to the Director of the Public Employment Security Office in the jurisdiction of each former company. The names of the former companies are as follows:

CCW: Coca-Cola West Co., Ltd.; CCEJ: Coca-Cola East Japan Co., Ltd.; Shikoku CCBC: Shikoku Coca-Cola Bottling Co., Ltd.; CCWV: Coca-Cola West Vending Co., Ltd.; CCWSS: Coca-Cola West Sales Support Co., Ltd.; FVEJ: FV East Japan Co., Ltd.; WEX: WEXX Co., Ltd.; NNB: Nishi-Nihon Beverage Co., Ltd.; FVC: FV Corporation Ltd.; CCWES: Coca-Cola West Sales Equipment Service Co., Ltd.; CCWP: Coca-Cola West Products Co., Ltd.; CCBSC: Coca-Cola Business Sourcing Co., Ltd.; CCCMC: Coca-Cola Customer Marketing Co., Ltd.

## Work style reform

The CCBJI Group seeks to increase the skills of its employees and, by raising productivity and the quality of work, help its employees realize work-life balance. In order to achieve a workplace where employees can thrive and stay healthy, we actively engage in work style reform. Specifically, we have put in place a flextime system for working hours and are introducing a variety of work styles that are not restricted by location, allowing employees to work at home or in a satellite office. This is combined with a work/break interval structure that ensures a certain amount of break time after a set amount of work is finished, as well as efforts to reform corporate culture across the Group to encourage employees to leave the office on time or to take annual leave.

### Various systems or policies put in place (or planned) by the CCBJI Group

- Flextime system
- Coming straight to or returning home from a third-party location
- Working at home or a satellite office
- No-overtime day
- Work/break interval structure
- Paid childcare leave/family care leave

Employment ratios for people with disabilities*3	CCW	2.13%
	CCEJ	1.83%
	Shikoku CCBC	2.56%
	CCWV	2.09%
	CCWSS	2.41%
	FVEJ	2.32%
	WEX	1.18%
	NNB	1.80%
	FVC	0.00%
	CCWES	2.97%
	CCWP	2.18%
CCBSC	1.48%	
CCCMC	1.60%	

## Stakeholder opinions

We take communication with all stakeholders seriously, and believe that Creating Shared Value is an indispensable part of responding to their respective needs. For this CSV Report 2018, we have received comments from two external stakeholders. We listen sincerely to outside views and will incorporate them into future activities.



### Masao Aoki

Associate Professor  
Mie University,  
Faculty of Humanities,  
Law and Economics

As a specialist in business administration, business history, and R&D management, I address what defines good management and explore the independent identities of corporations, including the roles that they fill in society, while I research how society can become better through its companies. Ritsumeikan University, Graduate School of Business Administration postdoctoral scholar, 2002 PhD (Business Administration). Current position since April 2007.

I originally encountered CCBJI at the U-29 brainstorming conference, "Mie Mirai," in Mie Prefecture. This project was created through the collaboration of CCBJI, the non-profit organization M Bridge and Mie Prefecture. Members of the U-29 (Under 29) generation imagined what a prosperous future could look like for Mie Prefecture, brainstorming ideas for improving its attractiveness and solving the challenges it faces. Working under three themes, including diversity and non-profit initiatives, the young people of Mie Prefecture discussed and came up with a total of 182 ideas. Moving beyond thinking about food, health and the global environment, I think CCBJI's efforts to nurture our future alongside the young generations who will be responsible for it is really forward thinking.

We had a guest speaker from CCBJI come to the course I teach, on general business theory, at the Mie University Faculty of Humanities, Law and Economics. The guest spoke passionately to my students about Creating Shared Value at CCBJI. As a next step, I think my university could consider partnering with CCBJI at the organizational level and collaborating on efforts for the future.



### Katsuhiro Sasada

Associate Professor  
Nihon University,  
College of  
Bioresource Sciences  
Department of  
Bioenvironmental and  
Agricultural Engineering

In the valuable wetlands that remain in agricultural regions, we have conducted environmental studies of aquatic environments and vegetation, and made assessments and recommendations for improvement based on these studies. We are also conducting research for the purpose of promoting agricultural and rural development, while incorporating the large themes of environmentally conscious farming methods and the use of abandoned agricultural fields.

These days, when many companies are monitored not only on whether they uphold compliance, but also on how they fulfill their responsibility to society through CSR activities, I was surprised at the diversity of CCBJI's social contribution activities. In particular, among environmental initiatives, I was impressed by the development of environment-friendly containers, including easy-to-crush containers and plant-based PET in packaging. I was also impressed by the independent initiatives in environmental education to nurture those in future generations who care about the environment and support for the organizations that carry out such programs.

In addition, while they continue water resource conservation activities, such as planting trees and thinning forest undergrowth, they have even taken an interest in my area of research, which is the winter flooding of rice fields.

In this support for a wide range of activities, I see the results of a company that does business on a global level and has also supported CSR and CSV initiatives for many years. Looking ahead, it would be wise to consider how to share the know-how that has been gathered so far with newly developing companies taking similar paths and how to support other companies.

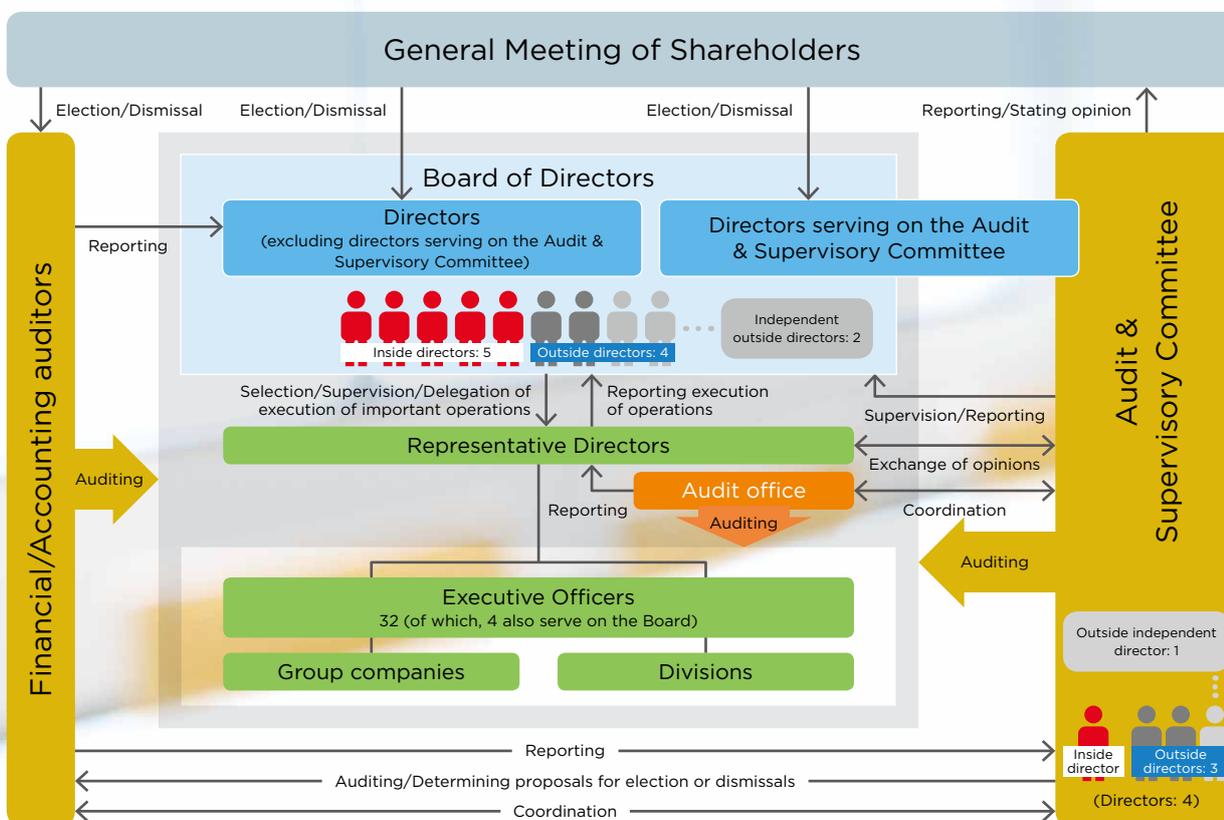
## About the CCBJH Group

# Management that supports progress

### Corporate governance system



Chart of corporate governance system (as of January 1, 2018)



Our basic policy for corporate governance is to increase management efficiency and transparency, thus raising shareholder value. With the aim of further strengthening our governance structure, we have put in place an Audit & Supervisory Committee. The Audit & Supervisory Committee consists of three outside directors in addition to one full-time director. In addition to a majority of its members serving as outside directors, the oversight function of the Audit & Supervisory Committee is further enhanced by having voting rights at Board of Directors' meetings and the right to state opinions on matters such as

the nomination and remuneration of directors at the General Meeting of Shareholders.

In addition, we have adopted the executive officer system in an effort to separate decision-making and supervisory functions from the execution of operations. By delegating some of the decisions on important business to Executive Officers, we can enrich discussions on matters of special importance at the Board of Directors' meetings, while further expediting business judgments on other matters by management under the Representative Directors (the management team).

## Ethics and compliance

In order to be a sustainable business, we must fulfill our social responsibilities and every individual employee should always act with dignity. As part of this, we have enacted the Code of Business Conduct and Ethics, and promote a corporate culture that emphasizes ethics and compliance.

In the past fiscal year (2017), through messages from the President and information sessions for employee supervisors, we have been working to ensure employees recognize the importance of upholding the Code of Business Conduct and Ethics and understand what it entails. We also distribute educational communications that deepen understanding of ethics and compliance. The CCBJH Group Ethics & Compliance Committee has also been established to make policy decisions related to our internal information system and employee awareness and education activities within the CCBJH Group. The committee met four times during the past fiscal year.

We have put in place systems so that matters that may involve violation of laws and regulations that arise in the course of business activities can be dealt with swiftly. For example, the Ethics & Compliance Reporting Hotline—in-house and at an external legal counsel's office—can be accessed directly by email and through a telephone hotline by those seeking advice.

## Information security

Under an established Information Security Policy, we continue to develop and strengthen information security frameworks while focusing on integrating the whole operation and information technology infrastructure into CCBJI. We are also working on concrete measures to counter cyber threats that are expected to increase related to our important responsibility of providing beverages during major international sporting events.

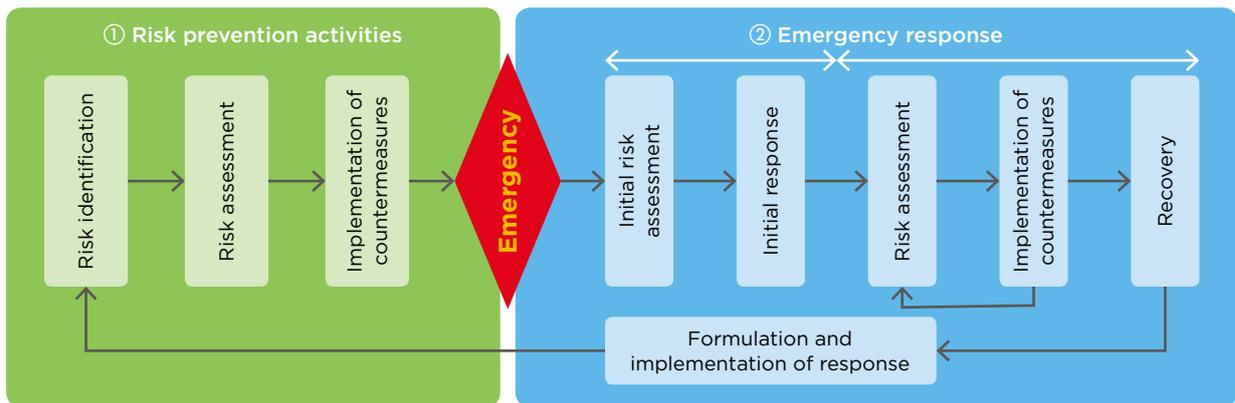
## Risk management

As the core elements of a company-wide risk management strategy, we have established and are operating the following systems:

- ① Risk prevention activities
- ② Emergency response
- ③ Emergency planning
- ④ Business continuity planning

For each system, we are planning and implementing communication and training programs, upgrading manuals/rules/standards, and investing in required management resources in conjunction with the Board of Directors, so that related departments, the management, employees and business partners can conduct risk management activities autonomously.

### Risk management

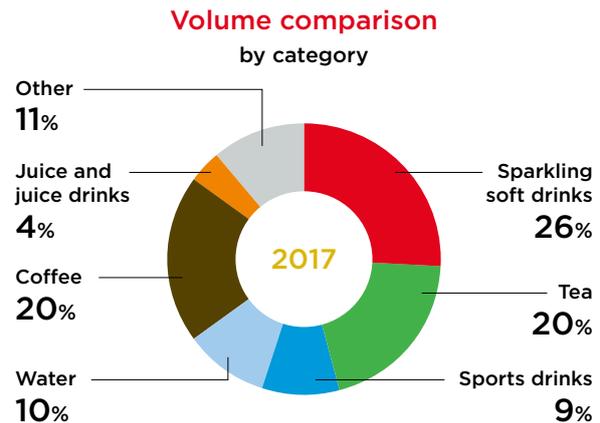
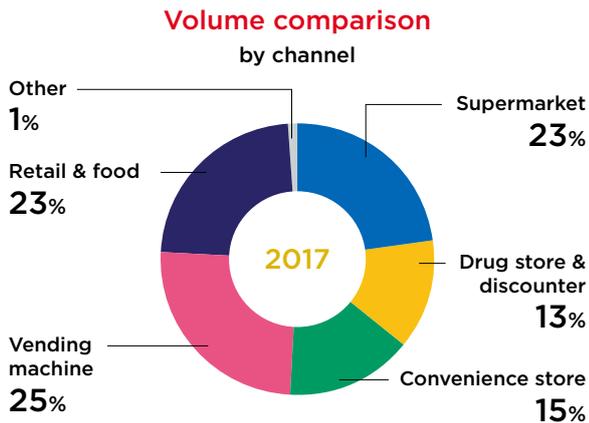


### Emergency planning and business continuity planning



## Consolidated financial highlights

2017 <b>Revenue</b>	<b>¥872,623</b> million	2017 <b>Operating income</b>	<b>¥40,579</b> million
2017 <b>Recurring income</b>	<b>¥39,859</b> million	2017 <b>Net profit attributable to shareholders of parent</b>	<b>¥25,244</b> million
2017 <b>Total assets</b>	<b>¥883,918</b> million	2017 <b>Net assets</b>	<b>¥627,485</b> million



Volume comparison based on sales numbers since commercial integration in Jan. 2017 and estimated results.

### Mid-term business plan

## Growth Roadmap for 2020 & Beyond

Key metrics	Picture of success (2020)
<b>Revenue Growth</b>	<b>+1.8% CAGR (2016-2020)</b> Revenue growth management initiatives, revenue-rich innovation
<b>Value Share</b>	<b>Value ahead of volume</b> Value share growth ahead of volume share growth
<b>Transactions</b>	<b>Growth in packaging for immediate consumption</b> Growth in smaller, immediate consumption packs
<b>EBITDA* Margin</b>	<b>EBITDA margin above 10%</b> Deliver strong cash flow from operations
<b>Return on Equity (ROE)</b>	<b>ROE above 6%</b> Optimize balance sheet to maximize shareholder returns

\*Earnings before interest, taxes, depreciation and amortization

## Main product line-up



Sparkling soft drinks



Coffee drinks

Sports drinks



Tea drinks

Juice and juice drinks



Yogurt drinks

Water

Flavored waters

Sparkling waters

Foods for Specified Health Uses



Foods with Function Claims

Energy drinks

COCA-COLA, COCA-COLA ZERO, COCA-COLA PLUS, GEORGIA, SOKENBICHA, KARADA MEGURI-CHA, ADVANCE, KARADA SUKOYAKA-CHA, AYATAKA, TSUMUGI, KOCHAKADEN, TAIYO NO MATECHA, AQUARIUS, AQUARIUS ZERO, FANTA, SPRITE, REAL GOLD, Qoo, MINUTE MAID, ILOHAS, MORI NO MIZU DAYORI, and YOGUR STAND, are registered trademarks of The Coca-Cola Company Limited.

CANADA DRY, Schweppes, and Dr Pepper are registered trademarks of Atlantic Industries.

Glaceau is a registered trademark of Energy Brands Inc.

©The Coca-Cola Company

## ESG data update

<b>Number of female directors</b>	0
<b>Specific shareholding requirement rules for CEO and other Executive Officers</b>	None
<b>CCBJH Group Code of Business Conduct &amp; Ethics</b>	<a href="https://en.ccbji.co.jp/vision/pdf/en/CCBJIgroup_Ethics_en.pdf">https://en.ccbji.co.jp/vision/pdf/en/CCBJIgroup_Ethics_en.pdf</a>
<b>Violations to the Code of Business Conduct &amp; Ethics</b>	None
<b>Customer Contact Center call response rate</b>	95.70%
<b>Political contributions</b> (donations or spending for political activities/ groups, lobbyists/lobbyist organizations, trade association or other tax-exempt groups)	None
<b>Basic Policy for Suppliers</b>	<a href="https://en.ccbj-holdings.com/corporate/governance/pdf/supplier_en.pdf">https://en.ccbj-holdings.com/corporate/governance/pdf/supplier_en.pdf</a>
<b>Payment of important environmental or ecological fines or penalties over the past 4 years</b>	None
<b>Total energy consumption</b>	4,046,503,174 MJ
<b>Total water consumption</b>	15,100,083 m <sup>3</sup>
<b>Total waste management cost</b>	¥2,372,463,217 <sup>1</sup>
<b>% of female employees (total)</b>	10.8%
<b>% of female senior managers</b>	3.8%
<b>% of female junior managers</b>	10.7%
<b>% of female senior executive officers</b>	9%
<b>% of female management among managers in profit-generating functions</b>	1.7%
<b>% of employees based on minority status, culture and similar items</b>	0.2%
<b>Union participation rate</b>	99.4%
<b>Turnover rate of all employees</b>	3.2%
<b>Voluntary turnover rate</b>	2.3%
<b>Job satisfaction survey results</b> (Coca-Cola West Co., Ltd. only)	683.2 points <sup>2</sup>
<b>Special training and/or measures to foster employees' health and well-being</b>	<ul style="list-style-type: none"> <li>• Annual stress check test at every office including those with fewer than 50 people</li> <li>• Stress management training and newsletter</li> <li>• Ergonomically designed working environment</li> <li>• Various fitness programs</li> <li>• Biweekly distribution of health and nutrition related newsletter</li> <li>• Flextime work system</li> <li>• System for working at home</li> <li>• Support for day care center</li> <li>• Childcare leave system (maternal/paternal)</li> </ul>
<b>Lost-Time Injury Frequency Rate (LTIFR)</b>	1.08

All data, except that related to payment of environmental or ecological fines or penalties, is for the period from January 1, 2017 to December 31, 2017.

<sup>1</sup> Excludes FV West area

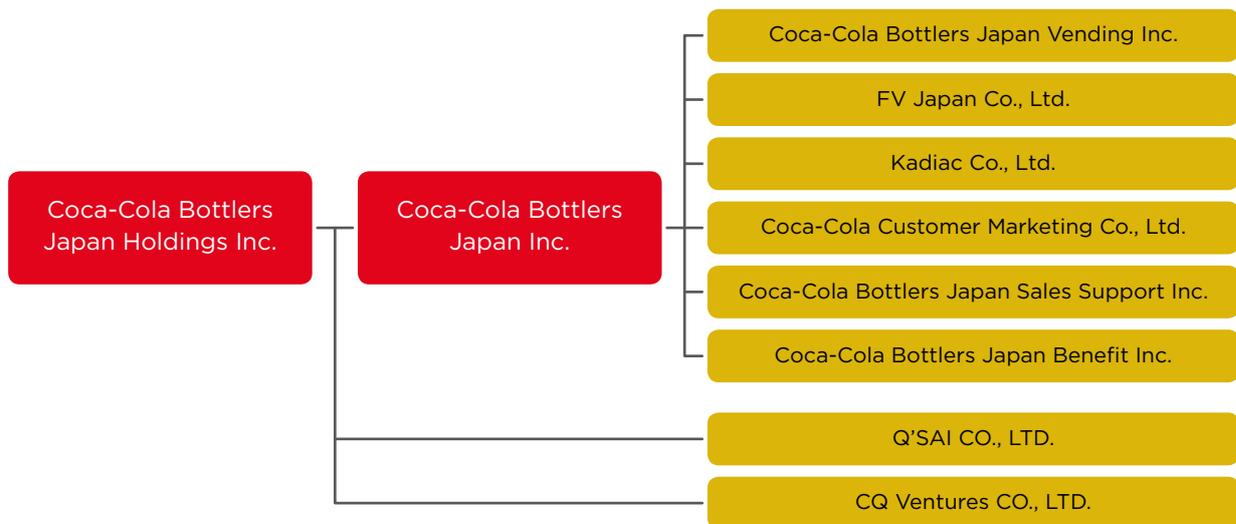
<sup>2</sup> Method of scoring: Tests are scored from 1000 points. Each question has four possible answers: "I strongly agree," "I agree," "I disagree," or "I strongly disagree" and each answer is weighted with a certain amount of points.

## CCBJH Group profile

### Corporate profile

<b>Company name</b>	Coca-Cola Bottlers Japan Holdings Inc.
<b>Business activities</b>	Group management and asset management
<b>Founded</b>	Dec. 20, 1960 (Trade name changed to Coca-Cola Bottlers Japan Holdings Inc. on Jan. 1, 2018)
<b>Fiscal year end</b>	Dec. 31
<b>Capital</b>	¥15,231 million
<b>Representative</b>	Tamio Yoshimatsu, Representative Director and President
<b>Stock market listings</b>	Tokyo Stock Exchange (First Section) Fukuoka Stock Exchange

### Group structure



### Board of Directors

<b>Representative Director &amp; President</b>	Tamio Yoshimatsu
<b>Representative Director &amp; Vice President, Chief Financial Officer</b>	Vikas Tiku
<b>Director</b>	Yasunori Koga
<b>Director</b>	Costin Mandrea
<b>Outside Independent Director</b>	Hiroshi Yoshioka
<b>Director, Audit &amp; Supervisory Committee Member</b>	Tadanori Taguchi
<b>Outside Independent Director, Audit &amp; Supervisory Committee Member</b>	Zenji Miura
<b>Outside Director, Audit &amp; Supervisory Committee Member</b>	Irial Finan
<b>Outside Director, Audit &amp; Supervisory Committee Member</b>	John Murphy

## CCBJH Group by the numbers

- **World's third largest** (by revenue)\* and **Asia's largest** independent Coca-Cola bottler
- Responsible for close to **90%** of the sales volume of the Coca-Cola system in Japan

\*As of 2017



Number of employees

About **25,000**

All employees of the CCBJH Group and associated companies



Annual revenue

About **¥870 billion**



Number of consumers  
(Households and consumers in sales areas)

About **50 million households**

About **112 million consumers**



Number of customer outlets  
(Stores and restaurants selling our products)

About **320,000**

As of end of 2017



Sales area

Tokyo, Kyoto, Osaka and

**35 prefectures**



Number of sales centers  
(Including distribution centers)

**351 locations**

As of Jan. 2017



Number of plants

**17**



Number of vending machines

Over **700,000**

As of end of 2017; Includes regular service vending machines



Annual sales volume

**520 million cases**



Number of vehicles

About **16,100**

As of end of 2017

## Corporate communication tools

To enable stakeholders to better understand our business and to place their trust in our company, we disclose appropriate information in a timely manner.

We primarily disclose investor relations' information in our various IR reports, while we include information on environmental, social, and governance (ESG) initiatives, which have been the subject of growing interest in recent years, in our CSV Report. In addition, more extensive corporate information can be found on our website.

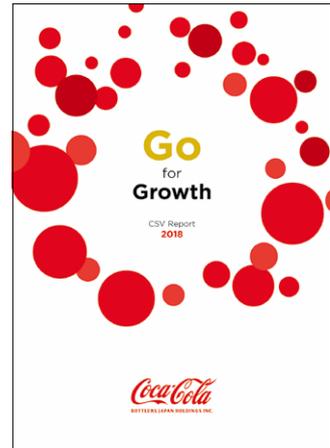


Annual Review

Primarily aimed at shareholders and investors, these publications mainly disclose our IR information.



Newsletter to Shareholders



CSV Report

This report focuses on ESG information and is aimed at all our stakeholders.



Coca-Cola Bottlers Japan Holdings Inc. website

We disclose information on our companies, our products, investor relations, ESG and more on our website.

<https://en.ccbj-holdings.com/>



### On the publication of our first CSV report

In issuing this CSV report, we wish to express our deep gratitude to the many stakeholders who support our company on a regular basis. This is our first CSV report (environmental and social report) since last year's business integration. While reviewing initiatives from 2017, this report also covers the major business-related initiatives that are an important part of further enhancing our activities from this year onward. In addition to making sure this report reaches a wide audience, we will continue to carry out even more activities that are uniquely appropriate to the CCBJH Group. Based on the philosophy of CSV (Creating Shared Value), when we respond to stakeholders' trust in us—through contributions to healthy lifestyles, environmental conservation, and strengthening our relationships with communities—those actions becomes the driving force for our growth.

We would appreciate your continued support in the years to come.



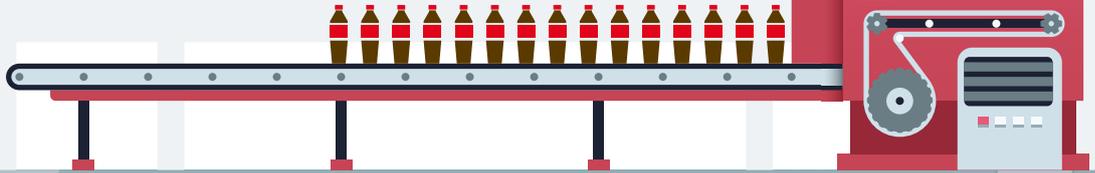
**Shigeki Okamoto**

Head of Corporate Communications  
Executive Officer  
Coca-Cola Bottlers Japan Inc.

# Plant tours



CCBJI offers plant tours to help customers become more familiar with The Coca-Cola Company's products. Guides will introduce the origin and history of Coca-Cola, as well as quality control and environmental efforts. You will also be able to see the plant's impressive production lines. Please come visit!



## Tama Plant

**042-471-0463**

1-2-9 Nobidome, Higashi-Kurume, Tokyo

**Open**

Mon. through Fri.  
including holidays.  
(Excluding plant holidays.)



## Zao Plant

**0224-32-3505**

1-1 Minamikawazoe, Miya, Zao-machi,  
Katta-gun, Miyagi

**Open**

Mon. through Fri.  
including holidays.  
(Excluding plant holidays.)



## Tokai Plant

**052-602-0413**

266-18 Tonowari, Minamishibata-machi,  
Tokai, Aichi

**Open**

Mon. through Fri.  
including holidays.  
(Excluding plant holidays.)



## Kyoto Plant

**0774-43-5522**

128 Tai Shinarami, Kumiyama-cho,  
Kuse-gun, Kyoto

**Open**

Tue. through Sun.  
(Excluding plant holidays.)



## Komatsu Plant

**0898-76-3030**

806-1 Myoguchiko, Komatsu-cho,  
Saijo, Ehime

**Open**

Mon., Wed., Fri.  
(Excluding plant holidays.)



## Ebino Plant

**0984-25-4211**

1321-1 Aridome, Higashikawakita,  
Ebino, Miyazaki

**Open**

Tue. through Sun.  
(Excluding plant holidays.)



For reservations, please check our website. (Japanese only)  
<https://en.ccbji.co.jp/plant/>





## **Coca-Cola Bottlers Japan Inc.**

Corporate Communications  
CSV Promotion Department

Kokusai Shin-Akasaka West Building,  
Akasaka 6-1-20, Minato-ku, Tokyo 107-0052

### **For inquiries:**

Please use the "Inquiries"  
form on the Coca-Cola Bottlers Japan Inc. website.



<https://en.ccbji.co.jp/inquiry/>