

# *Coca-Cola East Japan*

## Sustainability Report



# One with Our Stakeholders



We set our sights higher than the status quo. As the leader in Japan's beverage industry, Coca-Cola East Japan is a company that innovates and challenges itself. This shows in everything that we do, from manufacturing to customer service. We strive to create a refreshing world, and generate value for our customers, consumers, employees, business partners and shareholders. In addition to working to ensure the sustainability of our business, we engage our stakeholders through initiatives that strengthen communities and contribute to a sustainable society.



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## Coca-Cola East Japan Sustainability Report 2015-2016

### Editorial policy

This report explains the main sustainability activities and initiatives of Coca-Cola East Japan Co., Ltd. and the affiliates that make up Coca-Cola East Japan Group in an easy-to-understand manner.

We will highlight our activities and progress over the course of the year based on our Vision within our Corporate Philosophy to be “Number One in the Beverage Industry,” “The Only One for the Community” and “The Best One as a Workplace.”

#### •Referenced guidelines

Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines* Version 3.1 FC

#### •Period covered

As a general rule, this report covers activities between January 2015 and the end of April 2016.

Data is for the period from January 1, 2015 to December 31, 2015.

#### •Scope of the report

Data presented in this report relating to production, distribution and transportation, sales, and collection and recycling was collected from Coca-Cola East Japan Co., Ltd. and its affiliated companies.

#### •Date of issue

October 2016

#### •Terminology

“Coca-Cola East Japan Co., Ltd.” (CCEJ) refers to the company itself, while the “Coca-Cola East Japan Group” (CCEJ Group) refers to “Coca-Cola East Japan Co., Ltd.” and all its affiliates (Coca-Cola East Japan Products Co., Ltd., FV East Japan Co., Ltd. and Mikuni Service Co., Ltd.). “Bottlers” refers to all bottling partners throughout Japan, as designated by Coca-Cola (Japan) Company, Limited. “Coca-Cola system” comprises “Coca-Cola (Japan) Company, Limited,” its bottling partners and other affiliated companies.

CCEJ Facebook



CCEJ Website



## Message from the President

# Our Sustainability

It has been just over three years since Coca-Cola East Japan (CCEJ) was born. In 2013, we combined four Coca-Cola bottlers to bring more value to our stakeholders – to the business partners who sell our products, the people who buy and enjoy them, the shareholders who invest in our growth, and those who we live and work alongside.

We evolved further when Sendai Coca-Cola Bottling Company joined us on our journey last year. And in the short period of time that we have been One CCEJ, we have transformed our business, incorporating learnings from best-in-class Coca-Cola bottlers around the world, with the goal of becoming a world-class Japanese Coca-Cola bottling company ourselves.

Our journey to become world class is inextricably linked to our sustainability journey. To us, sustainability means upholding the commitments we make to our stakeholders on a daily basis, but also working to create a bright future for all of us. This starts with responding to the needs of the local communities we serve and ensuring that as our business grows stronger so do they.

We are part of a global system, but we operate on a local scale. We make investments in people, processes and systems that benefit local economies. We employ over 11,000 members of the community, and are committed to protecting their safety, respecting their opinions and furthering their careers. We use



# Journey

water responsibly and work to protect the natural environment that surrounds us through our actions and partnerships. And we try to use our resources and expertise to solve local challenges, particularly in the unfortunate event of natural disaster.

In this report, you will learn more about this work and our activities over the past year. You will find success stories, as told from the perspective of our partners and employees. And you will also see that our journey is just getting started.

We have an ambitious vision of being Number One in the Beverage Industry, the Only One for the Community and the Best One as a Workplace. We are very proud of what we have achieved over the past year, but must continue to work hard to become number one in everything we do.

Our One+ Roadmap for Growth underpins this work and keeps us on track to deliver sustainable growth. We continue to pursue the transformation and integration initiatives we identified at the beginning of this journey and are seeing progress in the development of our people, processes and systems, as well as in our business results.

I am confident that success for CCEJ will translate into success for all of our stakeholders. In recent years our investments in our plants, in environmental protection, social contribution programs and workforce development have delivered value to the communities we serve. But we must continue to work closely with communities and listen to their needs. That is the key to ensuring a sustainable future for all.



**Calin Dragan**

Representative Director,  
President and CEO  
Coca-Cola East Japan, Co. Ltd.

## One+ Roadmap for Growth



\*ERP: Enterprise Resource Planning



# Philosophy

## Corporate Philosophy

Mission

- Challenge and Innovation -  
**Create a new world of beverages**

Vision

**We contribute to all stakeholders  
through sustainable growth, being:**



**We strive to be:**



**Number One**

**in the Beverage Industry**

Be number one in everything we do (brand, market share, customer satisfaction, quality, sales capabilities)



**The Only One**

**for the Community**

Create mutually beneficial relationships with our communities; protect the environment as we grow together



**The Best One**

**as a Workplace**

Be the best place to work; create a safe and supportive environment to nurture personal development and help the company grow

# Environmental Policy

## **“Basic Philosophy”**

The Coca-Cola East Japan Group will contribute to building communities that are rich in nature. We commit to being a responsible corporate citizen, paying careful attention to the environmental impacts of our business, while simultaneously working with local communities and stakeholders to promote environmental protection.

## **“Guiding Principles”**

To achieve the Basic Philosophy, the Guiding Principles are defined as follows.

- 1 Compliance**  
We comply with the laws and regulations, ordinances, conventions and voluntary guidelines in relation to the environment.
- 2 Alleviating impact on the environment**  
We try to reduce the use of energy and our impact on the environment, prevent pollution, and give thoughtful consideration to the environment.
- 3 Investing in the environment**  
We invest appropriate management resources to promote the 3Rs, or the “Reduce, Reuse and Recycle” policy.
- 4 Communications**  
We embrace communication with our communities, and play an active role in helping people understand the importance of environmental protection.
- 5 Implementing environmental education**  
We provide educational programs to enhance the environmental awareness of those who are involved in the business activities of the Coca-Cola East Japan Group, as well as the members of the communities we serve.
- 6 Revising the framework**  
We review our environment-related goals and management systems regularly and on an as-needed basis to continuously make them better.

~This Environmental Policy is communicated to all the Coca-Cola East Japan Group employees as well as to the public.~

October 1, 2015

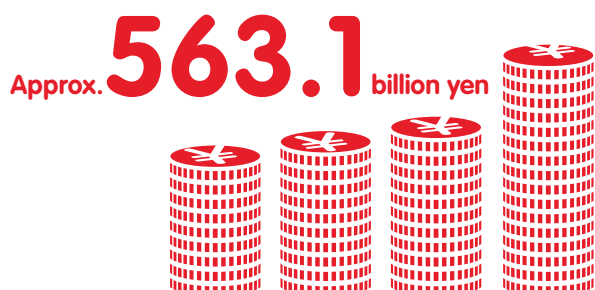
**Calin Dragan**

Representative Director,  
President and CEO  
Coca-Cola East Japan Co., Ltd.

# About Coca-Cola East Japan Group

CCEJ Group accounts for roughly half the Coca-Cola system's annual sales volume in Japan, making it Japan's largest Coca-Cola bottler. Through rapid integration and investments in people, processes and systems, CCEJ Group is transforming its business to become a world-class Japanese bottler.

## ● Sales



## ● Number of beverage brands



## ● Annual sales volume (BAPC)



Half of the sales volume  
for the Coca-Cola system in Japan

## ● Number of customer outlets



## ● Serving 1 metropolitan area and 15 prefectures

Tokyo, Kanagawa, Shizuoka, Yamanashi, Aichi, Gifu, Mie, Saitama, Gunma, Niigata, Chiba, Ibaraki, Tochigi, Miyagi, Fukushima, Yamagata

## ● Number of installed vending machines, coolers and dispensers

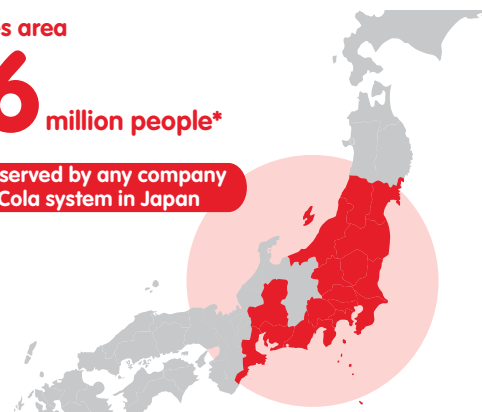
over **550,000** units



## ● Population of sales area

Approx. **66** million people\*

Largest population served by any company  
within the Coca-Cola system in Japan



## ● Number of employees (full-time, temporary and contract employees)



Approx. **11,000**

## ● Plants and logistics centers/sales centers



After two years of integration

Introduced **10** new or upgraded lines



\*Population calculations are based on "Population Estimates" released by the Statistics Bureau, Ministry of Internal Affairs and Communications in April 2015

As of December 31, 2015



## ■ Company Overview

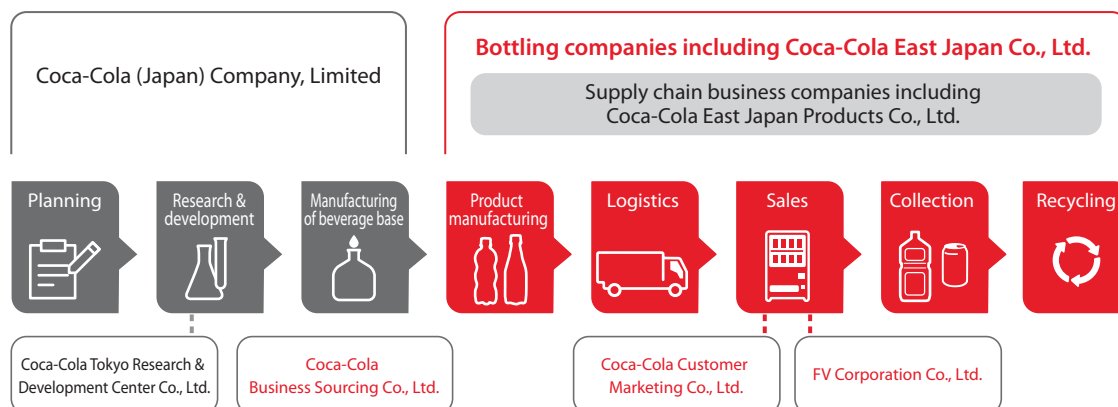
Trade name	Coca-Cola East Japan Co., Ltd.
Group Companies	Coca-Cola East Japan Products Co., Ltd. FV East Japan Co., Ltd. Mikuni Service Co., Ltd
Headquarters address	Kokusai Shin-Akasaka West Building, 6-1-20 Akasaka, Minato-ku, Tokyo 107-0052
Representative	Calin Dragan, Representative Director, President and CEO
Number of employees	11,269 people (as of December 31, 2015) (full-time, temporary and contract employees)
Business activities	Production, processing and sale of soft drinks
Date of establishment	June 29, 2001 (Trade name changed to Coca-Cola East Japan Co., Ltd. on July 1, 2013)
Sales	563,162 million yen (FY2015)
Capital	6,499 million yen (as of December 31, 2015)
Stock market listings	Tokyo Stock Exchange (First Section), Code No. 2580

## ■ Corporate History

<b>July 2013</b>	Coca-Cola East Japan Co., Ltd. was established by integrating Coca-Cola Central Japan Co., Ltd., Mikuni Coca-Cola Bottling Co., Ltd., Tokyo Coca-Cola Bottling Co., Ltd. and Tone Coca-Cola Bottling Co., Ltd.
<b>January 2014</b>	Coca-Cola Central Japan Products Co., Ltd., Hakushu Health Inryo Co., Ltd. and Mikuni Aseptic Co., Ltd. were merged with Coca-Cola East Japan Products Co., Ltd. as the surviving company.
<b>July 2014</b>	Coca-Cola East Japan Products Co., Ltd. merged Central Japan Logistics Co., Ltd., Mikuni Logistics Operation Co., Ltd., Tone Logistics Service Co., Ltd., Central Japan Techno Service Co., Ltd., Mikuni Vending Machine Service Co., Ltd., Machine Maintenance Network Co., Ltd. and Tone Vending Machine Service Co., Ltd..
<b>April 2015</b>	Business integration with Sendai Coca-Cola Bottling Co., Ltd. Mikuni Foods Co., Ltd., FV Central Co., Ltd., Urban Vend-X Network Co., Ltd., Wex Tokyo Co., Ltd., Fresh Vendor Service Co., Ltd., EX-Service Co., Ltd., TX Campus Co., Ltd. and Nitto Pacific Vending Co., Ltd. were integrated into one company and the surviving company changed its name to FV East Japan Co., Ltd.

## Coca-Cola system in Japan

The Coca-Cola system in Japan consists of Coca-Cola (Japan) Company, Limited (CCJC), bottlers and other related companies. CCJC, as the franchise owner, is responsible for supplying concentrate for all of Coca-Cola's brands, as well as R&D, innovation, and marketing and brand development. The bottlers, including CCEJ, as franchisees, are responsible for manufacturing, distributing and selling the products.





### Special Feature

# Supporting Our Business Partners

We are constantly looking for innovative ways to deliver value to our business partners who sell our beverages, also known as our customers. We bring our customers new ideas, sometimes based on successful cases from other regions and the Coca-Cola system around the world. One of the reasons businesses choose CCEJ as their trusted partner is because we are committed to continuously improving our customer service and working collaboratively to solve challenges.

## A customer-centric "Route to Market"

CCEJ introduced a new *Route to Market (RTM)* strategy in 2015. The idea behind our *RTM* is to grow together with our business partners by implementing customer-centric sales activities.

Through this *RTM*, we are increasing contact with customers to enhance service.

For example, in 2016 we evolved our Customer Contact Center so that representatives not only take incoming product orders but make outgoing sales calls to proactively anticipate customers' needs.



## Route To Market

### Employee Perspective



**Hazuki Masuzaki**

Commercial  
Field Sales Operation  
Coca-Cola East Japan Co., Ltd.

### Selling style has changed significantly with *RTM*

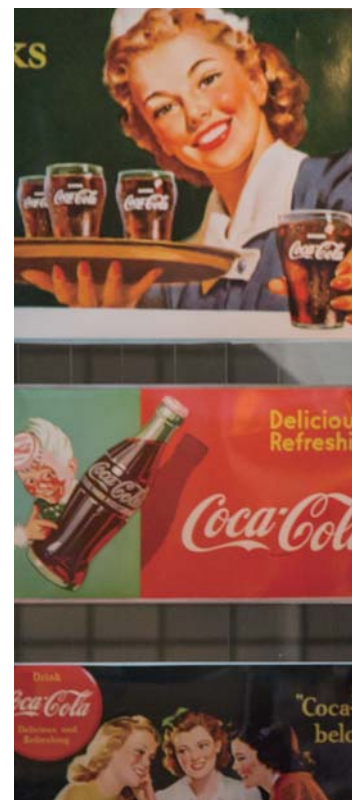
"As a sales representative for chain stores, I visit supermarkets, drugstores and discount stores to offer our business partners new products and propose selling space using promotions.

The style of selling has changed significantly with the introduction of *RTM*. First, it has become easier to explain different options to our customers using a tablet device. In addition, I don't miss any regular store visits since the store schedule comes up automatically on the tablet.



One other change is that I now go straight from my home to our customers' stores, which means I can spend even more time with them and help ensure they have the products consumers love.

We recently evolved our *RTM*, and I am hopeful that it will contribute to more innovative sales activities in the future. I am confident we can deepen customer relationships and expand sales for both sides."







Inside the No. 6 store, which is full of Coca-Cola goods and posters



**Takashi Marui**

Commercial  
Field Sales Operation  
Coca-Cola East Japan Co., Ltd.

“Our customers know the consumers who visit their outlets best. By developing deeper relationships with our customers through our *RTM* strategy, we learn more about what does and doesn’t work for a particular outlet and can make informed recommendations to enhance the consumer experience.

For example, for our customer “No.6,” we have proposed different cocktails using *Coca-Cola*, *Canada Dry* and other Coca-Cola beverages. We also supply goods designed by Coca-Cola, recommend sales methods and events unique to a store or region, and create the opportunity for as many people as possible to enjoy Coca-Cola products.”

## Serving a smile with our meals

“We opened our store around a year and a half ago based on a concept of casual dining featuring meat-based cuisine like hamburgers, as if in a roadside diner in the United States.

Coca-Cola is indispensable for our store. Not only does it match our meat dishes, it’s the perfect item to use on posters representing the good old United States of America.

CCEJ supports the concept of our store and comes up with suggestions to help us live up to our commitment to provide a great customer experience and high-quality service. We welcome CCEJ’s suggestions for merchandising and events that bring smiles to our customers’ faces.”



**Tatsuo Nagakura**

Store Manager, No. 6  
Akasaka, Tokyo



## Prioritizing Product Safety and Quality

We hold ourselves to the highest standards for product safety and quality. We have an inspection framework that consumers can count on, so they can enjoy great-tasting beverages anytime, anywhere.

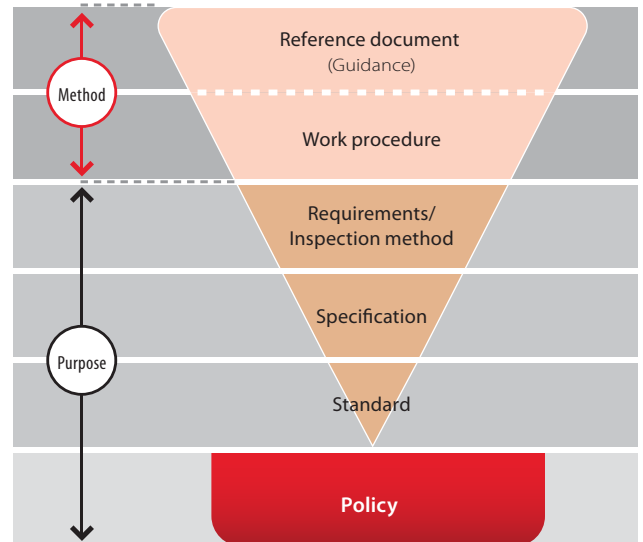
### **K**ORE management system

To achieve consistent safety and quality, members of the Coca-Cola system participate in an integrated quality management program called *KORE*\* (*KO Operating Requirements*). *KORE* is a system that covers standards concerning quality, food safety, environmental protection and occupational health and safety. These standards are upheld at every step in the process, including the procurement of raw materials, production, distribution, transportation, sales and product delivery. Our stringent *KORE* standards meet and even exceed the requirements of international standards, laws and ordinances.

For our plants, an audit is operated without notice from The Coca-Cola Company's Atlanta head office to ensure we are adhering to *KORE* standards at any point in time.

Note: "KO" is the ticker symbol used at New York Stock Exchange to represent The Coca-Cola Company.

### ■ KORE Framework Chart



### **C**ompliance with international standards

CCEJ complies with the requirements of international standards such as ISO. We hold ourselves accountable to these high standards by having an independent assessment agency provide an objective evaluation of our performance.

**Quality management system**  
**"ISO 9001"**

**Environmental management system**  
**"ISO 14001"**

**Food safety management system**  
**"FSSC 22000"**

**Occupational health and safety management system**  
**"OHSAS 18001"**

### **E**nhancement of quality assurance inspection framework

In May 2016, we set up a quality assurance laboratory inside the Ebina office to uniformly manage and further improve the quality of products shipped from the plant and sold in the market. We have introduced state-of-the-art inspection equipment and a system that enables us to present inspection results to customers and consumers quickly and accurately.



Inside Ebina office's "Ebina Lab"

# Responding to Consumer & Customer Needs

The Coca-Cola system in Japan works to develop beverages that reflect the preferences of consumers and meet the needs of our customers. We value feedback and have established a system to respond to opinions and inquiries about our products and services quickly and effectively.

## Products to reflect a variety of tastes and preferences

We manufacture and sell a wide range of products that are specially designed to accommodate the preferences of consumers, including desires for calorie- and caffeine-free products.

### ■ Main product line-up

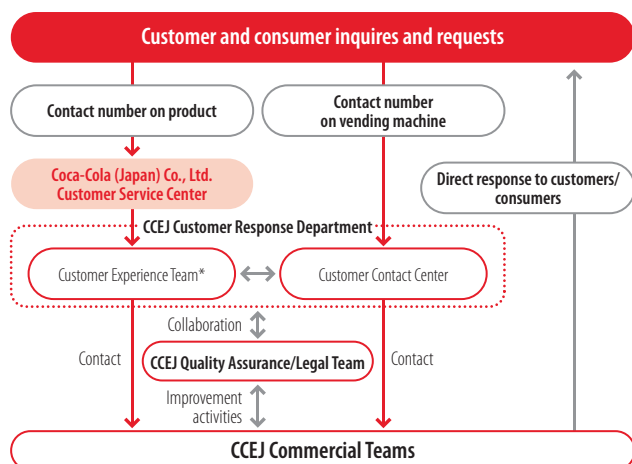


Key product      Calorie-free drink      Caffeine-free drink      Food for Specified Health Use  
\* P.33-34 for additional products

## Strengthening our customer response framework

In 2015, we created a framework and procedures in compliance with ISO 10002 (JIS Q 10002), an international standard for managing customer complaints that companies are required to self monitor. Based on audit results, we have made a self-declaration of conformity. We aim to continuously improve the quality of customer response to enhance customer satisfaction.

Our customer response department accepts phone calls from both CCEJ customers with business inquiries – such as order requests – and consumers. Calls related to our products are routed to CCEJ's Customer Experience Team by Coca-Cola (Japan) Company's Customer Service Center, whereas calls related to our equipment and vending machines come directly to

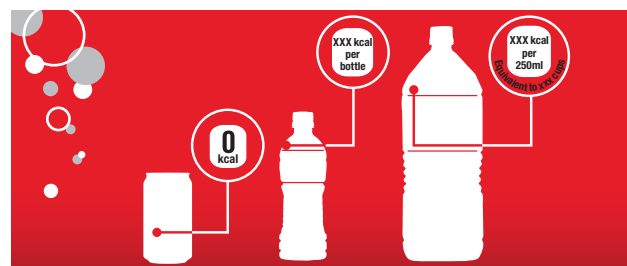


\* In 2015, the Customer Experience Team was called the Customer Satisfaction Team

## Providing clear nutritional information

The Coca-Cola system in Japan displays calorie information on the front of almost all Coca-Cola product packages to help consumers make nutritional choices that are right for them.

### ■ Calorie information displayed on the front of product packages



\* Fountain (including cup vending, dispensers), returnable bottles, powder products, diluted products, water (non-sugar, flavorless) are excluded from the display of calorie information on the front of the package.

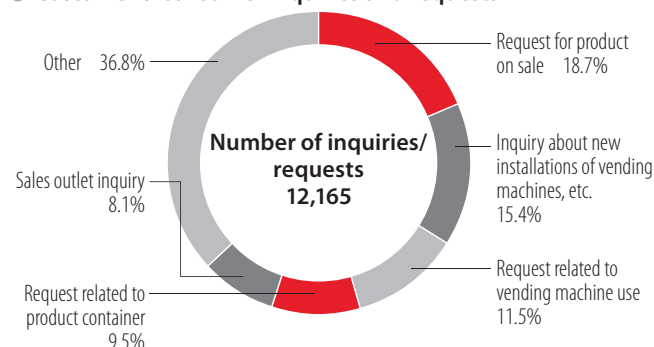
\* Calories are displayed in terms of positive numbers (decimal points are rounded off).

\* For big packages, volume is converted with 250ml counted as 1 cup (the second decimal point is rounded off).

CCEJ's Customer Contact Center. For both cases, we have set a target follow-up rate as a management indicator for whether or not our response to a call was completed appropriately and swiftly. In 2015, we achieved a follow-up rate of 97%. We will continue to strive for a 100% follow-up rate. At the end of 2015, we brought on additional support from specialized subcontractors to further strengthen our ability to address customer and consumer inquiries and requests. These subcontractors sit side-by-side with our CCEJ employees.

Future initiatives include strengthening in-house training for responding to inquiries, introducing a customer questionnaire using smartphones, reinforcing sales calls and bringing in advisors on equipment repairs.

### ● Customer & consumer inquiries and requests



\*Customer and consumer inquiries and requests to the Coca-Cola (Japan) Company, Customer Service Center pertaining to the Coca-Cola East Japan Co., Ltd. sales area in 2015 (including Sendai Coca-Cola Bottling Co., Ltd. starting in Apr. 2015). Starting in 2016, we have implemented a system to track customer and consumer inquiries that come directly to CCEJ Customer Contact Center.





# Ensuring High Standards in Our Supply Chain

Our suppliers play an important role in our efforts to ensure the sustainability of our business and the communities we serve. We require them to adhere to The Coca-Cola Company's global standards ranging from workplace safety to environmental protection.

## Supplier Guiding Principles

CCEJ Group expects all of its employees to comply with the law and company policies and act ethically in all matters. We have the same expectations of our suppliers and have established Supplier Guiding Principles to ensure these

expectations are met. We are holding our suppliers to the global Coca-Cola standards to comply with the following Supplier Guiding Principles.

### Coca-Cola East Japan Supplier Guiding Principles

#### 1 Legal Compliance

Supplier will comply with all applicable local and national laws, rules, regulations and requirements in the manufacturing and distribution of our products and supplies and in the provision of services.

#### 2 Freedom of Association and Collective Bargaining

Respect employees' right to comply with the laws, and join, form, or not to join a labor union without fear of reprisal, intimidation or harassment. Where employees are represented by a legally recognized union, establish a constructive dialogue with their freely chosen representatives and bargain in good faith with such representatives.

#### 3 Prohibit Child Labor

Adhere to minimum age provisions of applicable laws and regulations.

#### 4 Prohibit Forced Labor and Abuse of Labor

Prohibit physical abuse of employees and prohibit the use of all forms of forced labor or any form of human trafficking.

#### 5 Eliminate Discrimination

Eliminate employment discrimination, and maintain workplaces free of physical or verbal harassment. Efforts are to be made to realize equal opportunities and fair treatment at the workplaces, too.

#### 6 Work Hours and Wages

Operate in compliance with applicable wage, work hours, overtime and benefits laws.

#### 7 Provide a Safe and Healthy Workplace

Provide a secure, safe and healthy workplace. Maintain a productive workplace by minimizing the risk of accidents, injury, and exposure to health risks.

#### 8 Protect the Environment

Conduct business in ways which protect and preserve the environment. Meet all applicable local and national environmental laws.

#### 9 Business Integrity

Supplier will comply with all applicable local and national laws and will not use fraudulent practices.

##### •Prohibit Acts that Conflict Interests

Supplier should have no relationship with any CCEJ employee that might conflict, or appear to conflict, with the obligation to act in the best interest of CCEJ.

##### •Bribery

Provisioning / receiving of any gift or entertainment for any business relationship whose purpose is to gain inappropriate benefit is prohibited.

##### •Accurate Records

All matters for all business transactions shall have accurate records prepared, be appropriately processed from the accounting and other perspectives, and have accurate invoices submitted.

##### •Protecting Information

Suppliers should protect the confidential information gained as part of the business relationship. Suppliers also should adequately control / protect personal information.

##### •Fair Trade

No act that impedes fair, transparent, or free trade shall be implemented.

##### •Protection of Intellectual Property Rights

Respect intellectual property rights, and do not violate a third party's intellectual property right.

##### •Product Quality

In order to provide safe products and services, the quality requirements which had been agreed upon within the contracts, etc. are to be met.

#### 10 Complaints Handling and Salvation

Provide a mechanism for the workers where the workers are guaranteed of being able to hold discussions or make complaints without any fear of being revenged and then of being able to have such concerns appropriately addressed at an appropriate timing.

#### 11 Demonstration of Compliance

Supplier must be able to demonstrate compliance with the Supplier Guiding Principles at the request and satisfaction of CCEJ.

•CCEJ or a third party organization designated by CCEJ holds the right to implement an audit for the supplier's status of compliance to the Supplier Guiding Principles.

•In case the supplier fails to comply with the Supplier Guiding Principles, such supplier will be requested to implement correction actions.

•CCEJ reserves the right to terminate an agreement with any supplier that cannot demonstrate that they are upholding the SGP requirements.

Note: If the eight Core Conventions of the International Labor Organization establish higher standards than local law, the ILO standards need to be met by the supplier.

Note: In case the supplier is the outsourcing company separately specified by CCEJ, the supplier is required to comply with the separately specified "Code of Business Conduct for Suppliers to Coca-Cola East Japan" additionally to these principles.

Note: CCEJ Supplier Guiding Principles is subject to change without notice according to the revision of the laws and regulations.



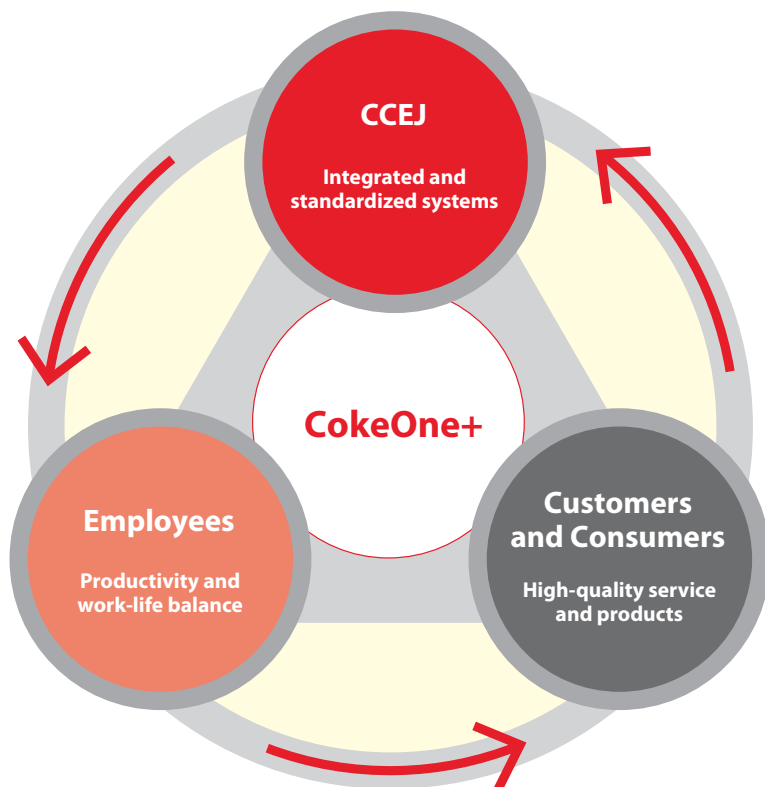
# Becoming Best in Class

We have invested time and resources in adapting business processes from best-in-class bottlers around the Coca-Cola system and built out our production capacity to continue to meet the needs of customers and consumers.

## S tandardizing our business processes

The *CokeOne* Enterprise Resource Planning (ERP) system was developed by the Coca-Cola system to support the adoption of common processes among Coca-Cola bottlers. In 2015, CCEJ Group implemented our own CokeOne+ ERP system and successfully resolved differences between our original bottlers' plant, logistics, finance, equipment management and personnel systems.

CokeOne+ provides the foundation for the growth of our business by integrating and standardizing systems and providing better data visibility. This not only helps CCEJ Group employees do their jobs more efficiently, but enables us to deliver high-quality service to our customers and meet their evolving demands.



## T ransformation in manufacturing

Since 2014, CCEJ Group has commissioned 10 new or upgraded production lines in our Iwatsuki, Ebina, Hakushu, Tokai and Ibaraki plants to insource more production and drive efficiency in our manufacturing operations. We now have some of the largest and fastest bottling lines in the world, which allows us to uphold our commitment to deliver the products consumers want to drink anytime and anywhere.





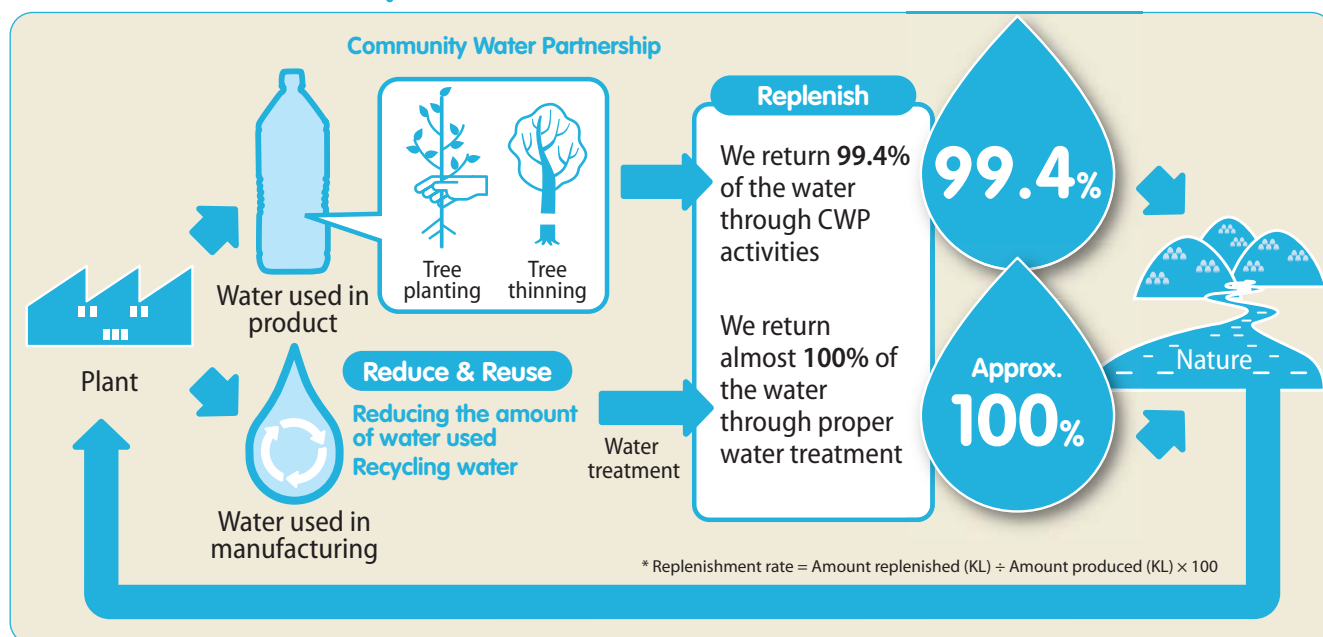
# Returning the Water We Use

Water is a precious natural resource on which all members of the community rely. The success and sustainability of CCEJ's business relies on an abundant and reliable water supply. It is the primary ingredient in our products and plays a critical role in our manufacturing processes. As a large consumer of water, it is both our responsibility and in our best interest to use water efficiently, treat and recycle wastewater and protect watersheds. Through these activities we are striving to meet the Coca-Cola system's goal of returning to nature the same amount of water we use in our products and manufacturing processes by 2020.

コカ・コーライーストジャパン

Rice planting at Ena City, Gifu

## Water Neutrality



We replenish the water we use in two ways – by treating water used in manufacturing and returning it to nature and by forming Community Water Partnerships with other businesses,

governments and community organizations to protect watersheds.

## Community Water Partnerships (CWP)

Once an area has been identified as being a water source area for one of our plants, a water resource protection program is formulated for that particular location. As part of this program, we form CWP's and engage in activities that ensure a sustainable water supply, such as rice planting and harvesting and tree thinning. We invite members of the community, including children – our future leaders – to participate in these activities to impress upon them the importance of protecting water resources.



We then calculate the amount of water returned to nature as a result of these activities, with the goal of balancing 100% of the water used in our products and manufacturing processes by 2020. In 2015, we replenished 99.4% of the water we used.

## Wastewater management

The water that is used in our manufacturing processes is treated and returned to nature in compliance with local regulations. Additionally, we meet the Coca-Cola system's

internal requirements for treated wastewater quality under the KORE management system, which ensures that water is returned to nature at a level that supports aquatic life.

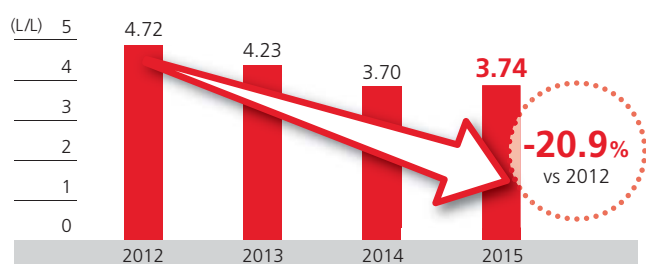
## Reduce

CCEJ is working hard to reduce the amount of water we use in our production processes, while also abiding by the stringent quality control standards of the KORE management system.

Compared to 2012, we have reduced our water use ratio (WUR) – the amount of water used to make one liter of product – by 20.9%. In 2015, our WUR was 3.74 liters per liter of product, which is just slightly higher than our WUR in 2014. We remain committed to using water efficiently to deliver business savings and ensure a sufficient water supply for everyone.

CCEJ will continue to pursue projects across all eight plants to improve our WUR. We have invested in new equipment and systems, such as air rinsers that clean containers with air instead of water, and are sharing best practices across our manufacturing operations. We expect these projects to improve our WUR significantly in 2016.

### WUR (Amount of water used/per 1L of product)



\* Environmental calculations reflect performance data from plants and other initiatives undertaken in the current CCEJ business area for each year starting with 2012. Pre-integration data was factored into the above calculations.

## Reuse

We are also able to treat and reuse some of the water from our production processes. In 2015, we reused approximately 27 percent of the water we used in the production process (for cooling and cleaning, for example).



### Amount of water percentage reused within production process



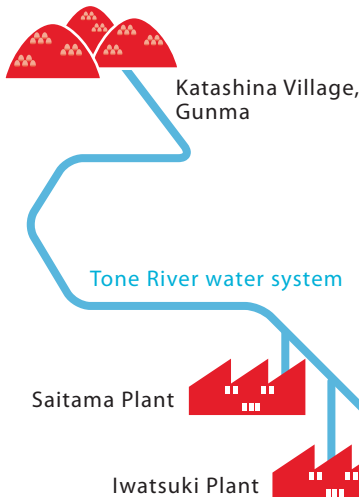




## Special Feature

## Protecting Forests to Conserve

—Katashina Village Project Ensures Abundant Natural Resources



After we have treated and returned the water we use in our manufacturing processes to nature, we go a step further and strive to replenish the same amount of water that goes into each of our products. To do this, we partner with government, business and civil society, all of whom bring unique expertise and perspectives on water conservation to our initiatives. Our partnership with Nippon Paper Group to protect water resources in Katashina Village, Gunma, is just one example of how we work collaboratively to ensure a reliable water supply for future generations.



Tree thinning helps protect water source areas

***"We have high expectations in CCEJ's extensive knowledge related to water resources."***

**Yasuhiro Yoshida**

Executive Managing Director and Division Director  
Nippon Paper Development Co., Ltd.

### Giving back to CCEJ water source areas

In the Coca-Cola system, we conduct research on our plants' water source areas and, with the cooperation of local communities and experts, develop community water partnerships.

Since 2013 we have been working to protect the forest in Katashina Village, Gunma, one of the water source areas for CCEJ's Saitama and Iwatsuki Plants, in conjunction with the Nippon Paper Group.

### Preserving an abundant, beautiful forest to pass on to generations to come

We spoke with Yasuhiro Yoshida, Executive Managing Director and Division Director of Nippon Paper Development Co., Ltd. about these joint activities.

**Yoshida:** The company-owned Sugenuma forest in this region measures 4,915 hectares, around 57% of which has been designated as part of Nikko National Park. We are working to preserve the public benefits that the forest offers, including watershed conservation and protection of biodiversity. With forest management, it is important to take good care of the wooded area through such means as thinning the trees and cutting the underbrush. In preparation for disaster such as a forest fire, we have built a road that emergency vehicles can pass along. We also continuously wind tape around each standing tree to ensure protection against damage from animals such as deer. By doing so, we can preserve an abundant, beautiful forest that can be passed on for generations to come.

If a forest is left to deteriorate, the watershed conservation capability of the land declines significantly, which has a negative impact on water resources.



Part of the proceeds from vending machine sales are donated to support the preservation of the forest and water resources



Trying out snowshoeing



# Water for the Future—



Every year, roughly 350,000 people visit the Marunuma Kogen ski resort, which is managed by the Nippon Paper Group.

Through collaboration with CCEJ, who has extensive knowledge of water resources protection, we hope to expand our forest protection activities in a variety of areas.

## **I**nvolving the community

CCEJ is implementing water resource protection activities with the cooperation of local people. CCEJ's Environmental Expert Kuriko Matsuo had the following to say.

**Matsuo:** Based on a desire to support and partner with the local community, we have joined a program that donates part of the proceeds from sales at Nippon Paper Group's Marunuma Kogen ski resort, as well as from restaurants, cafes and vending machines inside Katashina Village, to water resources protection activities. The donations are used for activities that protect the natural environment and are undertaken primarily by local residents.

In addition, we have created an environmental education program for children and families in which members of the community have the opportunity to experience snowshoeing and practice woodworking using naturally fallen trees. Going forward, we hope to expand this program to involve more people and deepen the community's appreciation for nature.

## **L**ooking 50 and 100 years into the future

The collaborative actions of the two companies will continue until 2021, but that will just be a passing point.

**Yoshida:** The trees that were planted and cared for by those that came before us are cut down and new trees are planted and cared for before being passed on to the next generation. Forest management means being face to face with nature and face to face with the local community.

**Matsuo:** The water we use travels a long way from source to plant. By pointing out this journey in easy-to-understand terms, we hope to build appreciation for water conservation among a large number of people.

The joint activities are conducted with a view to 50 and 100 years into the future. This is just the starting point on our journey toward a beautiful tomorrow.

***"We will develop  
a program that promotes  
understanding  
of the importance  
of protecting  
water resources."***

### **Kuriko Matsuo**

Corporate Communications  
Sustainability Management  
Coca-Cola East Japan Co., Ltd.



Experiencing woodwork using naturally fallen trees



# Conserving Energy and Protecting the Environment

Energy efficiency is not only good for our business, it's good for the environment and helps secure a reliable energy supply. Through energy-saving initiatives in our plants and the market, as well as waste and packaging recycling programs, we are reducing business energy costs and CO<sub>2</sub> emissions at the same time.

\* Environmental calculations reflect performance data from plants and other initiatives undertaken in the current CCEJ business area for each year starting with 2012. Pre-integration data was factored into the below calculations.

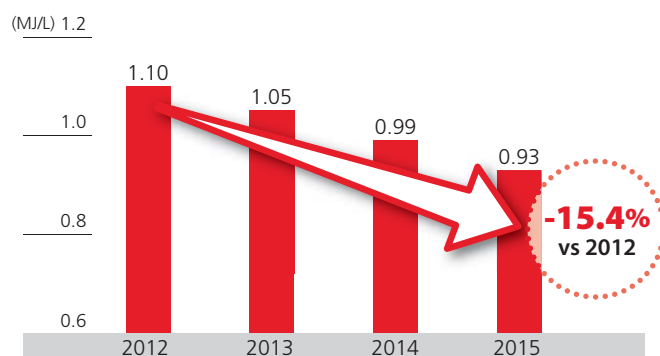
## Energy efficiency in our plants

CCEJ is investing in processes and energy-efficient technologies to continuously reduce the amount of energy we use in manufacturing. For example, we are installing cogeneration systems that generate electricity and useful heat simultaneously from a single energy source. Furthermore, our plants have insulation and heat exchange systems to minimize energy loss and maximize the benefits from energy recycling.

We measure energy efficiency in terms of megajoules (MJ) per liter of product produced, also known as our energy use ration (EUR). In 2015 our EUR was 0.93 MJ per liter, which is a 15.4% improvement compared to 2012. We are continuing to deliver strong improvements in EUR in 2016 as part of our plan to drive sustainable and meaningful business results. Energy

efficiency is a key strategy for contributing to a sustainable energy future and lowering carbon emissions.

### EUR (amount of energy used per 1L of product)



## Renewable energy in our plants

We have leased our Zao Plant's rooftop to a local business partner who has installed **8,820** solar panels. The solar panels supply **2,255,484** kWh of power per year, which is equivalent to the annual power consumption of **665** ordinary households. These solar panels are an emission-free, sustainable source of electricity.



## Energy efficiency in the market

We are reducing energy usage in our sales division by installing vending machines that only cool drinks at night, which allows us to turn off the cooling system for a maximum of 16 hours. Our "Peak Shift" vending machines, introduced in 2013, use up to 95% less energy than the average vending machine. As of the end of 2015, we had 64,122 "Peak Shift" vending machines in the market.

In our logistics division, we are achieving greater transportation efficiency by introducing electric vehicles and downsizing by 100 vehicles in the past two years. Additionally, by increasing the amount of product we load per truck (known as our cube rate) we have decreased the number of delivery trucks on the road, saving fuel and reducing emissions.

### Number of Peak Shift vending machine (2015)

# 64,122

(+30,764 vs 2014)



Cooling operation is stopped for

# 16

hours maximum during the day

Drinks are kept cold at any time for

# 24

hours

Electricity consumption is reduced by

# 95

% at the maximum



## Reducing our carbon footprint

Our energy efficiency initiatives deliver business savings while simultaneously reducing CO<sub>2</sub> emissions. Additionally, CCEJ strives to use the best mix of energy sources for the environment and is shifting from heavy oil to city gas and natural gas to further reduce carbon emissions from manufacturing. Together these actions have helped us reduce our CO<sub>2</sub> emissions by 13.4%, as compared to 2012.

Refrigeration is a large source of our carbon emission footprint, which is why we are working to phase out the use of hydrofluorocarbon (HFC) refrigerants in our cold-drink equipment – notably our vending machines – by 2020.

### CO<sub>2</sub> emission (2015)

**-13.4%** (vs 2012)

(503,356 tonnes\*)

\*CO<sub>2</sub> emissions reduced across all divisions (manufacturing, logistics, market, and office)

### Percentage of HFC-free vending machines in the market (2015)

**57.3%**

## Waste reduction

We try to reduce waste in all parts of our workplace. We work especially hard to prevent waste related to producing too much product and closely monitor our inventory levels to ensure we can meet customers' needs while limiting situations in which we have to dispose finished beverages.

We recycle waste material after the production process so that it can be put to other uses. For example, tea leaves discharged from the production process for *Sokenbicha* at the Zao Plant, together with cheese whey from Zao Dairy Center, are one of the main ingredients in eco-feed\* consumed by the area's cattle. In 2015, we recycled 99.1% of waste material from our manufacturing processes, with four out of eight plants recycling 100% of waste material.

\*This refers to food scraps that become feedstuff for animals. The Ministry of Agriculture, Forestry and Fisheries of Japan is actively promoting eco-feed to increase the self-sufficiency rate for feedstuff.



## Packaging recycling

CCEJ is an active participant in associations that strive to reduce environmental waste and improve recycling rates. In addition to working with these associations to educate consumers about the importance of recycling, we work collaboratively with the government, our customers and recycling partners to promote and comply with the Containers and Packaging Recycling Law.

CCEJ is responsible for collecting and recycling empty containers from the collection boxes beside vending machines.

Resource recovery is carried out either at our own waste treatment facilities or by local recycling companies. We conduct periodic site inspections of outsourced waste treatment facilities to make sure that containers are recovered from the marketplace and processed properly.

Thanks to these collective efforts, Japan has high recycling rates for beverage packages. We will continue to work with our stakeholders to prevent waste and ensure that limited resources can be recycled into new goods.

### National Recycling Rate by Package Sold within Japan for 2014\*



• PET bottle

**82.6%**

(Source: The Council for PET Bottle Recycling)



• Steel can

**92.0%**

(Source: Japan Steel Can Recycling Association)



• Aluminum can

**87.4%**

(Source: Japan Aluminum Can Recycling Association)



• Glass bottle

**69.8%**

(Source: Glass Bottle 3R Promotion Association)

\* most recent data available

# Supporting Community Well-being

We partner with organizations to enhance the well-being of the communities we serve by bringing people together for moments of fun, competition, volunteerism and learning.

## **V**olunteer cleanup activities



Together with the staff of “greenbird,” an NPO supported by the Coca-Cola system, our employees take part in volunteer neighborhood cleanup activities twice a month in Akasaka, Tokyo, where CCEJ’s headquarters is located. We collect trash and containers for recycling before work to make our community cleaner.

### Employee Perspective



**Miki Nagashima**

Corporate Communications  
Community Relations  
Coca-Cola East Japan Co., Ltd.

“Picking up trash is a fun and easy way to contribute to society. The added bonus is that you get to stroll through the town in the early morning and interact with people from companies nearby and the local community. It’s also a wonderful opportunity to build relationships with colleagues from other teams. The amount of trash we collect after each round is really quite amazing. It’s a simple task, but I hope the day will come when we can say that the streets are free of trash!”

## **A**ctivities to support children who represent the future

The Coca-Cola Educational and Environmental Foundation awards scholarships to support talented students who have difficulty advancing to the next stage of education due to financial reasons. This scholarship initiative was started in 1966, and since then more than 909 graduates have come from the CCEJ business area (as of Mar. 2016).

# 909 graduates



## **S**upporting sporting events

CCEJ believes that sporting events are great ways to bring members of the community together. In 12 prefectures we help provide mothers in the community with a fun activity and way to connect with one another by supporting “Mama-san volleyball tournaments”. Additionally, we use this opportunity to educate mothers about the importance of hydration, especially during physical activity.

We also sponsor marathons. Our longest standing partnership is with the Shizuoka Marathon\*, which we have sponsored since 1979. We encourage our employees to take part in this event both by volunteering and participating in the race. This builds a sense of team and unity, both within CCEJ and the community.

\*The event was called the Shizuoka Sunpu Marathon until 2013



Mama-san volleyball tournament

Shizuoka Marathon





# Plant Tour



CCEJ considers plant tours to be the perfect opportunity for the company to build relationships and connections with people in the local community, while educating them about how our beverages are made. We offer tours of Tama Plant (Tokyo), Tokai Plant (Aichi) and Zao Plant (Miyagi). Along with seeing the actual processes used to manufacture products, visitors learn about our systems to ensure product quality and safety, as well as our methods for returning the water we use in the production process back to nature.

People learn about Coca-Cola brands and the history of the Coca-Cola system and CCEJ in a fun, hands-on way, and get to sample some of our most popular products. A total of 56,000 people participated in plant tours in 2015.

## ● Number of plant tour participants in 2015

# 56,000 people

Please refer to the last page for detailed information on each plant tour.

### Tokai Plant



#### Innovating a program for fun, experience-based learning

We introduced a fun, experience-based learning program and plant tour in April 2016. It is our most interactive plant tour to date, and aims to engage visitors of all ages.



#### Japan's first pop-culture photo corner

The program includes a photo corner also popular at the World of Coca-Cola in Atlanta. The Tokai Plant is the only Coca-Cola plant in Japan to offer this experience.



#### Bubble booth

Visitors can picture themselves in the midst of the sparkling fizz of a carbonated beverage.



#### Bottle match

This quiz asks visitors to match bottles with dates in Coca-Cola history using tablets. This is the first time this feature has been incorporated into a Coca-Cola plant tour in Japan.



#### Virtual plant tour

Visitors can view the production process and areas that cannot be seen during the plant tour by way of video, which includes slow motion.



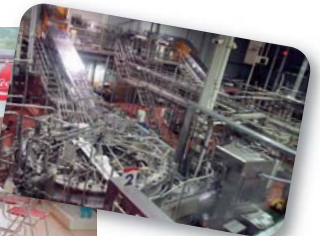
#### Environmental initiatives

We explain initiatives that minimize our environmental impact, such as water resources protection, reduction in CO<sub>2</sub> emissions and recycling empty beverage containers.

### Tama Plant



### Zao Plant



### Plant tour summer school held

In 2015, we held a special program just for the summer holidays for parents and their children. In addition to a tour of the production line, participants got to learn about the strict quality standards the Coca-Cola system employs worldwide, as well as brush up on their knowledge of Coca-Cola products. In 2015, some 700 family members took part.



## Special Feature

# Creating Social Value with Vending Machines

CCEJ is using vending machines to raise funds for environmental and social causes, supply communities with beverages in times of disaster, and provide information to Japanese and foreign consumers alike.

### **P**artnering with local governments to provide beverages in times of disaster

CCEJ concludes disaster agreements with local governments across our business areas in anticipation of a major disaster. These agreements help local governments provide those affected by a disaster with free beverages and information. Furthermore, we can install disaster response vending machines

that display disaster-related information on their electric bulletin boards and provide free beverages from the stock inside the machine through remote control and manual operations.

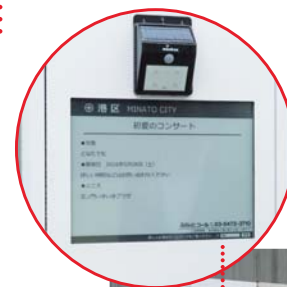
### Helping with information dissemination in local areas



**Koji Yoshida**

Commercial  
Vending Market Development  
Coca-Cola East Japan Co., Ltd.

"Several CCEJ vending machines in Minato Ward in Tokyo use e-paper signage to disseminate information in a timely manner, not only in times of disaster. Through this system information can be transmitted for 72 hours, even after the power supply has completely stopped. These vending machines can also provide beverages free of charge via remote control. After an experimental demonstration period lasting a few months, 12 vending machines are now in operation in the ward office and parks throughout the ward."



Digital signage with e-paper has been mounted on the trash box part of the vending machine

Vending machine installed in Shiba Park



**Hiroaki Shingu**

Director of Office of the Mayor,  
Planning and Management  
Department, Minato Ward



**Noriko Honjo**

Deputy Assistant Manager, Public Relations Officer,  
Office of the Mayor  
Planning and Management Department, Minato Ward

future initiatives to improve our disaster response infrastructure throughout the ward.

Towards 2020, we would like to expand initiatives such as these."



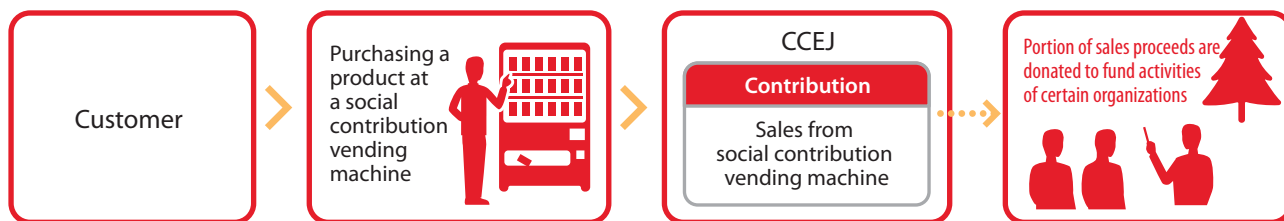


## Social contribution vending machines

In collaboration with our business partners who allow us to install vending machines, we developed an initiative to donate part of the proceeds from vending machine sales to

organizations that run social contribution and environmental conservation activities.

### ■ Social contribution vending machines



"Illustrations by people with intellectual disabilities are being used on vending machines installed at the Mokkulu Shinshiro store in Yatsukaho roadside station in Shinshiro, Aichi Prefecture. The architect who designed Mokkulu Shinshiro, Tetsuya Ukai, was the promoter of a nationwide project called 'dandanbox' that encourages the use of artwork by persons with disabilities in corporate advertising.

The illustrations were created by people ranging in age from their teens to their sixties who go to Rainbow House, a welfare service center for people with disabilities in Shinshiro. We asked them to draw animals for the project and they created illustrations of deer, wild boars, cows and more. The free expression, unique coloring and design have all received high praise.

Part of the proceeds from these vending machine sales is donated to Rainbow House. CCEJ believes that these vending machines do more than provide financial support to an organization that gives people with intellectual disabilities independence. They raise awareness for the talents of important members of the community and bring joy to all those who see their beautiful artwork."



**Akira Gunji**

Commercial  
Vending Market Development  
Coca-Cola East Japan Co., Ltd.

## Artwork of people with disabilities used for vending machine design



**Yoshinobu Yamashita**

Advisor  
General Incorporated Foundation  
dandanbox

"By viewing the vending machines at Mokkulu Shinshiro, I could see the huge potential for people with disabilities to gain self-dependence as artists. It really left an impression on me hearing how happy the artists, their families and friends were after seeing the vending machines. One family member said that the artist had never had much interaction with society before, and the vending machine project provided a new connection and offered hope for the future."

### Expanding multi-lingual vending machines

CCEJ has been actively placing multilingual vending machines in areas such as central Tokyo, stations, airports and tourist sites where many foreign visitors gather. By showing illustrations for how to purchase beverages in foreign languages, we are improving the experience of tourists who occasionally cite language as a barrier to visiting Japan.



Instruction sticker on how to purchase a beverage from a vending machine



One of the vending machines installed at Mokkulu Shinshiro

## Special Feature

# Five Years After the Earthquake –Toward the Rehabilitation of the Tohoku Region

As a bottler rooted in the local community, we have tried to provide support to the disaster zone and bring a little refreshment to those affected by the Great East Japan Earthquake. We reflected on the efforts of our employees and business on the 5th anniversary of the disaster.



### ● Removing debris

Over **380 employees** participated in clearing debris and water resources protection activities in Shichigahama, Miyagi, to mark the occasion of the former Sendai Coca-Cola Bottling Company's 50th anniversary.



In connection with International Coastal Cleanup activities being undertaken globally by The Coca-Cola Company, we helped remove debris from the seashore and fields in Shichigahama, Miyagi, together with Coca-Cola (Japan) Company.

### ● Providing beverages

In response to a request from the local government, we supplied a total of 75 tons of well water – the equivalent of **460,000 500 ml bottles of water** – from the Zao Plant in Zao, Miyagi, as drinking water for Zao firefighters and the Japan Self Defense Force.



### ● Supporting agricultural and fishing industries

Over a two-week period, **220 employees** from Miyagi participated in efforts to remove big stones that had been deposited onto farmland during the tsunami or following a landslide. They also removed, sliced and weighed thick wakame (seaweed) leaves to help out with manpower shortage.



## **D**onating part of sales to help with reconstruction

In collaboration with local governments and NPOs, we provide ongoing financial support to communities affected by disasters through donation programs.

### ● Yasashii Nansui (Soft Water) Aquabona donation program

We donate part of the proceeds from sales of *Yasashii Nansui (Soft Water) Aquabona* to the "Great East Japan Earthquake Miyagi Children's Scholarship Fund" and "Great East Japan Earthquake Fukushima Children's Scholarship Fund." *Yasashii Nansui (Soft Water) Aquabona* is produced at the Zao Plant and available in Miyagi, Fukushima and Yamagata prefectures.



Yasashii Nansui (Soft Water) Aquabona 2L pet bottle

### ● Vending machine donations

We also donate part of our sales from 32 vending machines in the Tohoku prefectures to earthquake reconstruction initiatives.





# 120 Volunteers from the Coca-Cola System Participated in Joso City, Ibaraki Prefecture Disaster Relief

Over 120 people volunteered to pick up trash in Joso City, Ibaraki Prefecture, which suffered immense damage caused by rain and flooding in November 2015. In addition to Coca-Cola (Japan) Company and CCEJ employees, personnel from NPOs and suppliers

related to the Coca-Cola system also took part. Participants went into rice fields yet to be harvested and picked up pieces of metal, plastic and wood lying on the ground and buried in the earth. Approximately 1.5 tons of rubbish were collected from fields.



## Participants' Comments

"I heard about this activity just when I was thinking that I'd like to do something to help. At CCEJ, we work hard to protect the natural environment, so cleaning up debris after the flooding was a logical way for us to support the community. After we finished cleaning, we participated in a presentation where people expressed their appreciation, which was very moving."

"It is not only important to donate to help with rehabilitation, but also meaningful to actually visit the devastated area. I was especially struck by the smiling faces of the people I met in the evacuation center. I was also struck by how many employees participated, including members of our management team, who weren't afraid to get covered in mud!"



## Our hearts are with the people of Kumamoto

We would like to send our deep condolences to the people who suffered as a result of the Kumamoto earthquake.

While we recognize that reconstruction is a long and difficult process, CCEJ took some immediate actions in the wake of the disaster to provide food to those affected.



Evacuation center staff  
loading emergency rice supplies from CCEJ

# Creating a Safe and Rewarding Workplace

CCEJ strives to provide a work environment that is safe, fair, rich in diversity and designed to help employees succeed in their jobs and careers.

## **P**ersonnel policy

CCEJ Group has established a clear personnel policy and processes that support that policy and the commitments we make to our employees in the areas of remuneration; job duties; employee benefits and welfare; evaluation; work environment; human resource management and skills training; and career development. Taking "Evaluation" as an example, we introduced a new system to guide how we evaluate the performance of all CCEJ Group employees. In this system, in addition to what an employee has achieved, he/she will also be evaluated in terms of the way in which he/she takes action to achieve the results. We will continue to promote initiatives that enable employees to be fairly evaluated and rewarded for their performance.



Please visit the website for Personnel Policy details.  
(Japanese only)  
<https://www.ccej.co.jp/sustainability/employee/policy.html>

## **H**ealthy labor-management relationship

It is important to have collaboration between the company and the labor union in order to become the Best One as a Workplace. We collaborate with the union through labor-management conferences and labor-management informal gatherings. We aim to build a healthy labor-management relationship and encourage growth on both sides.

## **B**uilding capabilities to strengthen individual performance

CCEJ is focused on building our employees' capabilities to help them take on more responsibility and leadership in their current positions and prepare for their long-term career aspirations. We are aiming for the 70-20-10 model, where 70% of capability building and learning happens through assignments on the job, 20% happens through mentoring and coaching from senior leaders, and 10% of skills are developed through formal training.

In terms of formal training, from 2015-2016 we continued our English-language education program known as "ACE" (Absolute Commitment to English).

In 2016, we began offering Knowledge Mall courses to strengthen employee skills in a number of areas. We provide around 150 courses that include online English conversation,

### ● Number of employees (consolidated) (as of December 31, 2015)

Number of employees*	Male	8,996
	Female	2,273
Average age	41.03 years old	
Average length of service	16.3 years	
Number of employees in managerial positions	1,120	
Number of female employees in managerial positions	45	
Number of female employees in general office positions	722	
Number of employees making use of childcare leave system (cumulative)	Male	3
	Female	51
Number of employees promoted from non-permanent employment (throughout 2015)	210	
Number of retirees rehired	60	
Number of employees who take nursing care leave	2	

\*The number of employees includes full-time, temporary, contract employees.



occupation-based programs and courses to help attain qualifications related to one's current or desired role in the company.

In 2016 we will also introduce career and development plans to help employees pursue their desired career paths.

## S Support for safe workplaces and efficient work styles

CCEJ Group has a Central Health and Safety Committee that promotes the establishment of zero-risk workplaces, a healthy mind and body, and the creation of a comfortable work environment. The committee works to build an understanding of workplace hazards to prevent accidents and ensure safety. At the same time, it urges employees to take paid holidays to enable a good work-life balance.

In addition to encouraging employees to take paid time off, we bolster education aimed at supporting mental health and provide opportunities for employees to reflect on their personal aspirations and well-being.

As a result of the efforts of the Central Health and Safety Committee and workplace safety training programs, in 2015 we reduced the number of industrial accidents in our Supply Chain function by approximately 28% year-on-year. We are committed to continuously improving our safety infrastructure and programs.



In-house education poster encouraging work-life-balance

## W Workplace safety training programs and assessments

### ● Internal trainer education

We develop internal trainers who conduct manager trainings and special trainings designed to prevent industrial accidents in support of the Industrial Safety and Health Act.

- Manager training: training managers who oversee and give direct instructions to the field workers.
- Special training: safety education training based on the Industrial Safety and Health Act, conducted before an employee engages in operations that pose any risk of harm.

### ● Safety assessments

All sales center supervisors, plant managers and labor, safety & health personnel work together to create a safe work environment. They conduct safety assessments and create corrective actions plans to address safety risks.

## L Looking to our employees for innovative problem solving

CCEJ Group cultivates an environment in which employees feel empowered to review daily operations, make suggestions and pursue improvements that make us more efficient and productive.

*Operational Excellence (OE)* activities, which started in the Production Division of the Supply Chain function in 2013, are currently being deployed throughout the CCEJ Group. Through OE activities and process improvements that are suggested directly by employees, we seek to eliminate eight wasteful actions.

The results of the OE activities implemented in each division are shared as best practices at an annual meeting. This helps us standardize operations across the company, as well as recognize outstanding achievements.

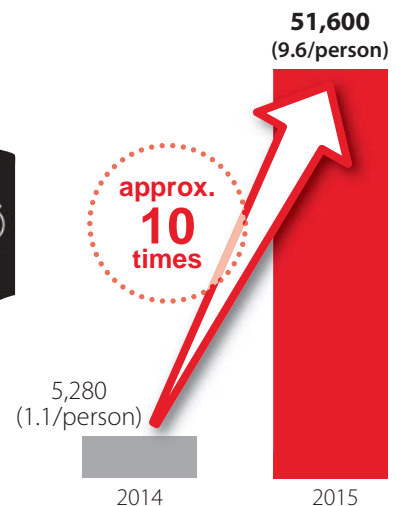
A key element of our OE activities is our "I-card" initiative, where employees submit improvement proposals for their individual areas of responsibility. I-cards not only lead to tangible improvements, but they create a record of the steps employees took to lead to those improvements

that can then be shared with others and applied as a best practice.

In 2015, our employees submitted 51,600 I-cards—approximately 10 times more than we submitted in 2014, our first year of the program. We also started formally recognizing the best improvement proposals to motivate employees and encourage further innovation.



### ● Number of I-cards submitted





## Letting Our Employees Shine

We believe our company is stronger and more successful when people who have different backgrounds and perspectives come together to solve a problem or pursue a goal.

### **D**irect communication between employees and management

CCEJ promotes direct dialogue between employees and management to ensure all employees understand business decisions and have an opportunity to share their opinions on those decisions. CCEJ holds town hall meetings for senior company leaders to help them understand the company's strategy. Additionally, members of CCEJ's Executive Leadership Team, including the President & CEO, visit different work locations to hold informal café conversations with staff at all levels.

Those who participate in these meetings are encouraged to speak openly about the issues they are facing and make suggestions for future improvements. Issues raised at these meetings are often shared across the company and escalated to find a sustainable solution.



Town hall meeting



Café meeting

### **E**mployee engagement surveys

CCEJ issues questionnaires and surveys to determine whether or not employees in all positions and work locations are receiving the information and support they need to do their jobs

well and feel connected to the company. We use the results of these surveys to measure and improve employee engagement.

## Developing new communication tools

In 2016 we launched a quarterly employee magazine highlighting individual employees, best practices from around the company and the Coca-Cola system, and outside perspectives on our business and industry. We also launched a monthly publication for department heads – “Monthly Topics” –, to help them cascade important company information to their teams. Finally, we have renewed our intranet site, “OnePress.” OnePress provides important information for all employees with one user-friendly portal. We believe transparent and frequent communication with employees at all levels and across all teams improves both employee happiness and performance.

### Employee Perspective

- Lots of interesting news and a great way to learn about best practices
- It is great to see many familiar faces and know what they are doing
- Very helpful to understand outside perspectives through guest articles



Employee magazine



Monthly Topics



Intranet site OnePress

## Diversity initiatives



CCEJ recognizes the importance of gender equality and has been taking action over the past three years to address this important social issue through our diversity program, Growing Opportunities by Leading in Diversity (GOLD). Through GOLD we are supporting the success of women in the workplace; changing awareness within the company; increasing the number of female employees; and developing and maintaining the

infrastructure needed for female employees to be successful.

In the past two years, around 1,500 employees participated in GOLD activities, which included the convening of a forum for female employees, a forum for female management and 10 workplace discussion meetings.

In 2016, in addition to supporting female employees, we will work with male employees to help them become “iku-men” role models and take childcare leave.



### Ideal state in 2020

#### Recruitment

At least 50% of recruitment candidates are women

#### Employment

20% of permanent employees are women

#### Talent development

100 female managers

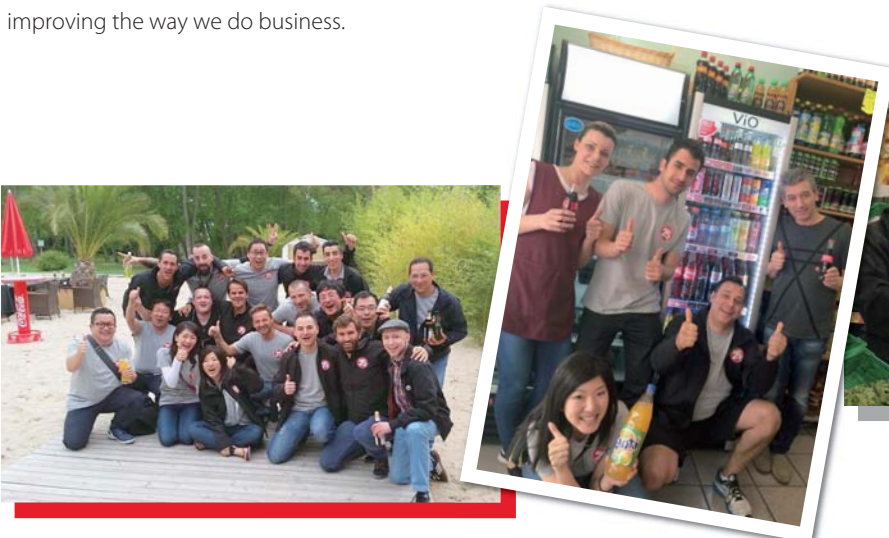
#### Work-life balance

All male employees expecting a child are taking childcare leave

## Interacting with colleagues around the world

CCEJ has been finding ways to exchange best practices and interact with colleagues in the global Coca-Cola system. Over the past two years, we have sent more than 40 employees to Germany to support and learn from the German Coca-Cola bottler. Our employees have worked side-by-side with sales representatives in the market and have come back with insights into market differences and similarities, as well as ideas for improving the way we do business.

In 2016, we sent our first employee overseas for a short-term assignment with another bottler. We view assignments like this as an opportunity for our employees to share their knowledge and skills with others in the Coca-Cola system and bring learnings and a different perspective back to CCEJ at the end of the assignment. We will continue to pursue learning and development opportunities like this for our employees.



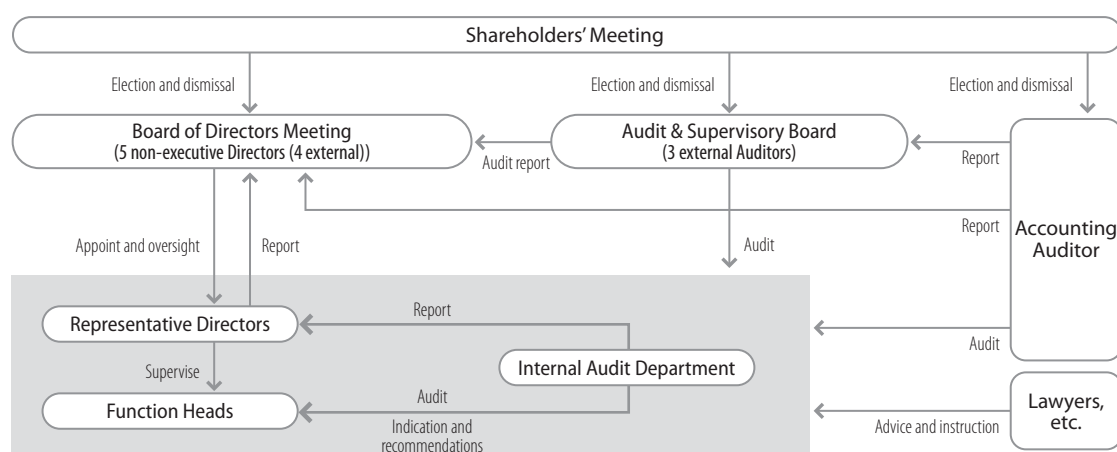
CCEJ members joined colleagues in Germany to form a Market Impact Team (MIT)

# Management Structure

## ■ Corporate governance

The Company recognizes strengthening corporate governance as the foundation for ensuring sound, transparent and efficient management. The Company has put in place an effective corporate governance system based on the Corporate Auditor Structure. This system strengthens management supervision by appointing external Directors and external Auditors and by establishing a Governance Committee, which is the advisory body to the Board of Directors and is composed of only non-executive Directors.

### ■ Corporate governance structure



## ■ Independence of external Directors and Auditors

The Company has four external Directors and three external Auditors, who are selected at the Shareholders' Meeting. Their role is to provide guidance for the Board of Directors' decisions relating to the Company's management from an independent and objective perspective. This guidance is based on extensive experience and professional insights. In addition, two of the external Directors and two of the external Auditors qualify as independent officers pursuant to provisions set forth by the Tokyo Stock Exchange.

## ■ Internal control structure

The Company's Board of Directors has set a basic policy for the Company's internal control system. Representative Directors are responsible for the establishment and operation of internal controls in compliance with this policy. Under the lead of Representative Directors, each business function is responsible for creating and upholding internal controls related to its respective business operations and the Company has created an organization, Internal Audit Department, to monitor and audit these operations.

Internal Audit Department is structured to provide an independent perspective, making reports and advice to the Representative Directors and the management, while also reporting to the Audit & Supervisory Board and Governance Committee.

Reports are also made to various other committees, depending on materiality, to ensure visibility and appropriate resolution of identified issues.

The Company also has an Accounting Auditor to identify and help resolve any accounting issues.



## ■ ■ Ethics and compliance

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In order to be a sustainable company, all employees must uphold the highest standards of ethical business conduct. The Company has established the "Code of Business Conduct" to outline the obligations and responsibilities of the Group employees and is implementing educational activities to raise awareness for the Code of Business Conduct and ensure compliance throughout the Group. For example, in FY2015, the Company provided an e-learning to all employees. The Ethics & Compliance Committee is convened periodically to determine measures for raising awareness of the Code of Business Conduct and to discuss and determine measures to prevent the recurrence of compliance issues. The Ethics & Compliance Committee met four times in FY2015.

The Company provides specialized education and training on antitrust law and prevention of bribery for its departmental heads in order to enhance the level of compliance throughout the Group. The Company has put in place systems so that matters arising in the course of business activities that may involve violation of laws and regulations or the Code of Business Conduct 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.

## ■ ■ Risk management

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As the core elements of the company-wide risk management strategy, the Company has established and is operating the following systems:

1. Enterprise Risk Management (ERM) that reduces the probability of actualization of potential risks in order to prevent risks.
2. Incident Management & Crisis Resolution (IMCR) that reduces the impact of actualized risks by swiftly dealing with the incidents.
3. Emergency Planning (EP) for the purpose of protecting the health and safety of employees and assets and properties of the Company based on the assumption of a disaster or an accident.
4. Business Continuity Planning (BCP) to deal with interruption of or hindrance to a critical business process and to facilitate recovery to a predetermined level.

For each system, the Company is 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.

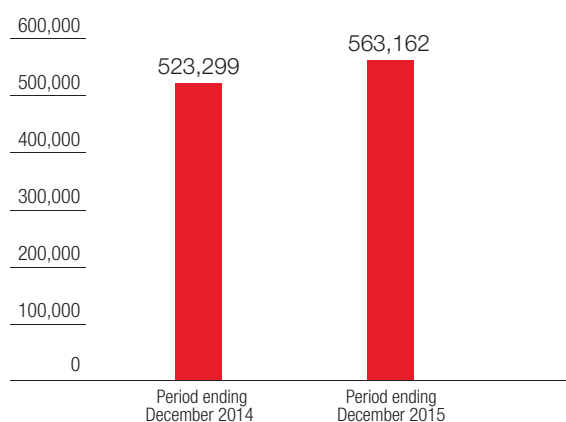
## ■ ■ Information security

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In response to the evolution of technology, the Company has defined an Information Security Policy and put in place a management structure for information-related crises. In addition to introducing security software, the Company has provided education and guidance through staff seminars and made efforts to implement measures to prevent the leakage of information. The Company has established regulations on personal information protection, provided education through seminars and made efforts to ensure the appropriate handling of personal information based on a privacy policy.

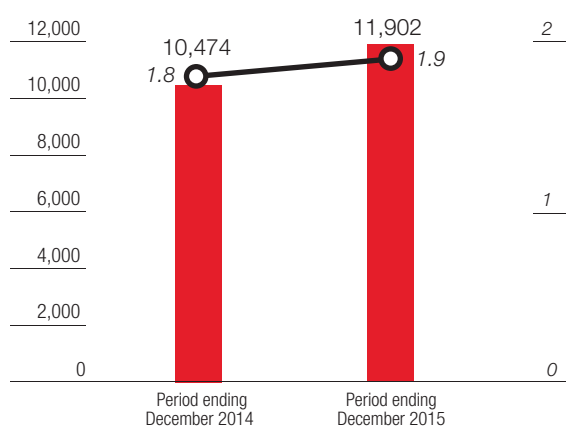
## Financial Information

### Revenue (million JPY)

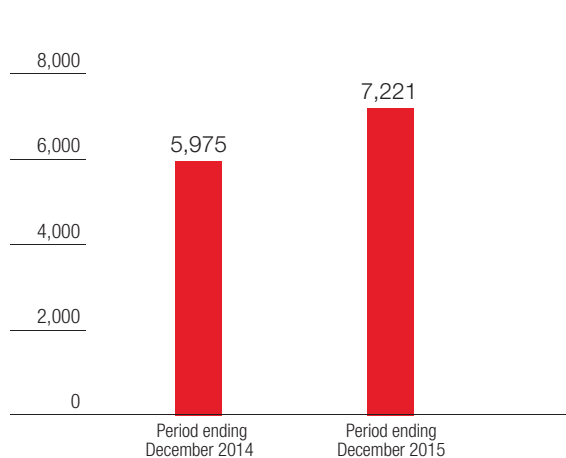


### Operating profit (million JPY)

\* comparable



### Net profit (million JPY)

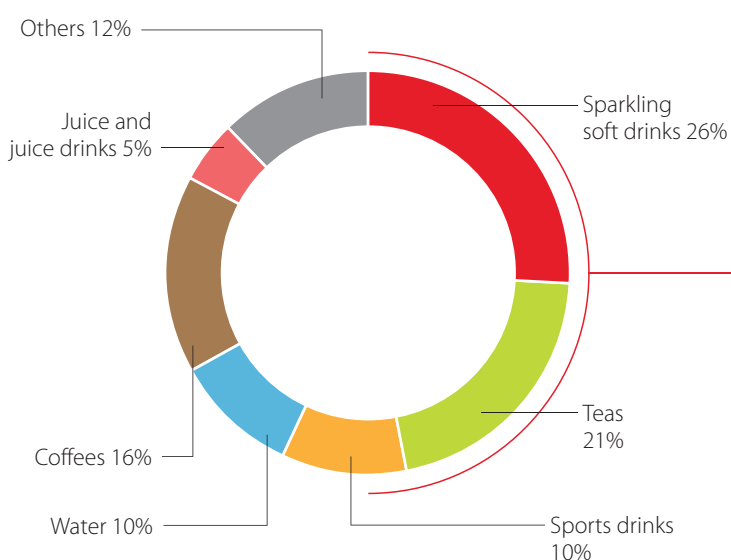


Please visit the Investor Relations website for details.  
<http://investor.ccej.co.jp/>

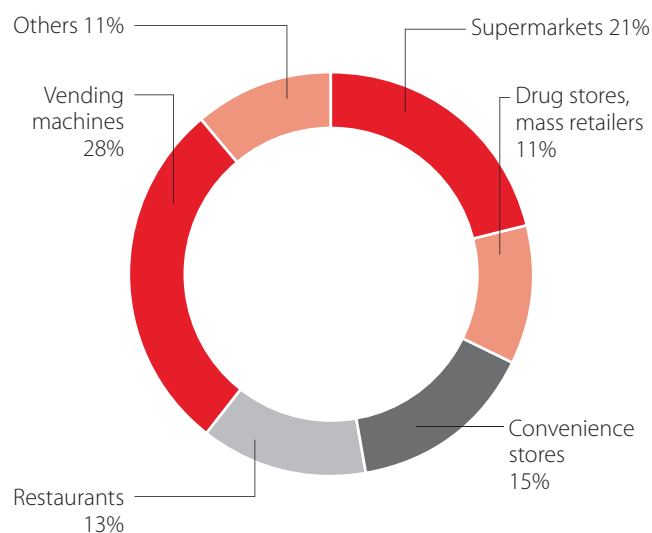
## Product Information

Coca-Cola East Japan produces and delivers more than 50 soft drink brands in a variety of packages. In addition to *Coca-Cola*, which is loved by people throughout the world, *Georgia*, *Aquarius*, *Fanta*, *Sokenbicha*, *Ayataka* and *I LOHAS* are especially popular brands with Japanese consumers. Two of the Coca-Cola system's billion dollar brands were born in Japan – *Georgia* and *Aquarius*.

### Sales volume ratio by category (2015)



### Sales volume ratio by channel (2015)



## Main product line-up

### ■ Sparkling soft drinks



### ■ Coffees



### ■ Sports drinks



### ■ Teas



### ■ Juice and juice drinks



### ■ Water



### ■ Flavored waters



### ■ Lactic drinks



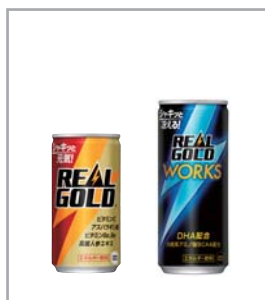
### ■ Active lifestyle drinks



### ■ Foods with Function Claims



### ■ Energy drinks



COCA-COLA, COCA-COLA ZERO, GEORGIA, SOKENBICHA, KARADA SUKOYAKA-CHA, AYATAKA, TSUMUGI, KOCHAKADEN, TAIYO NO MATECHA, AQUARIUS, AQUARIUS ZERO, FANTA, SPRITE, REAL GOLD, QOO, MINUTE MAID, I LOHAS, YOGUR STAND, and WORKS are registered trademarks of The Coca-Cola Company. CANADA DRY and SCHWEPES are registered trademarks of Atlantic Industries. GLACEAU is a registered trademark of Energy Brands Inc. ©The Coca-Cola Company



# Coca-Cola East Japan

## Notice regarding the plant tour

It's free!

We will introduce the history of Coca-Cola products and how Coca-Cola system was born, as well as our environmental efforts. You will also be able to see our production lines. Please call the plant for reservations. We look forward to your visit.



Prior reservation is required



### Tama Plant



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

- Get off at "Higashi Kurume Sogo Koko" bus stop (using the bus heading to Musashi Koganei Station via Maesawashuku), approx. 8 minutes by Seibu Bus from Kiyose Station south exit, Seibu Ikebukuro Line
- Get off at "Hachiman-cho 1-chome Station," approx. 8 minutes by Seibu Bus (using the bus heading to Musashi Koganei Station via Kinjo Koko) from Higashi Kurume Station west exit, Seibu Ikebukuro Line

Phone: 042-471-0463  
(9:00-17:00 excl. Sat/Sun/plant holidays)

### Tokai Plant



Address: 266-18 Tonowari, Minami Shibata-machi, Tokai, Aichi

- 20 minutes by walk from Nawa Station, Meitetsu Tokoname Line
- 200m west of Ninowari crossings, Route 247 (Nishichita Highway)
- Nearby interchange: Nagoya Highway Kasadera IC, Ise Wangan Highway Tokai IC

Phone: 052-602-0413  
(9:00-17:00 excl. Sat/Sun/plant holidays)

### Zao Plant



Address: 1-1, Aza-Minamikawazoi, Miya, Zao-machi, Katta-gun, Miyagi

- Approx. 15 minutes by taxi from Ogawara Station, JR Tohoku Line
- Approx. 20 minutes by taxi from Shiroishi Station, JR Tohoku Line
- Approx. 10 minutes from Shiroishi Interchange on Tohoku Expressway

Phone: 0224-32-3505  
(9:00-17:00 excl. Sat/Sun/plant holidays)

For inquiries regarding this report, contact:

## Coca-Cola East Japan Co., Ltd.

Sustainability Management

Corporate Communication Function

3-13-6, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa 221-0022 Japan Tel. 045-620-8187

<http://www.ccej.co.jp/>

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