



*Coca-Cola*

BOTTLERS JAPAN HOLDINGS INC.

**CSV REPORT 2019**  
DIGEST EDITION

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# Toward 2020 and Beyond

## What kind of future can we create?

The Sustainable Development Goals (SDGs), which were adopted by the United Nations in 2015, identify corporations as key actors in solving global social issues. The continued expansion of the CCBJH Group's business comes with a duty to respond to social issues. Now more than ever, we must confront the impact our activities have on those around us, and how we should engage with the problems our communities face.

What should the CCBJH Group do?  
And what can we do? When we think  
about the future, we know  
the time to act is now.

### Terminology

The "CCBJH Group" ("we") refers to Coca-Cola Bottlers Japan Holdings Inc. and its eight Group companies (Coca-Cola Bottlers Japan Inc., the CCBJI Group's other companies\*, and Q'SAI CO., LTD.) as well as QSAI Analysis and Research Center Co., Ltd., QSAI FARM SHIMANE Co., Ltd., and CQ Ventures Co., Ltd., while "CCBJI" refers solely to Coca-Cola Bottlers Japan Inc. "CCBJI Group" refers to Coca-Cola Bottlers Japan Inc. and its Group 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 Customer Marketing Co., Ltd., Coca-Cola Bottlers Japan Vending Inc., FV Japan Co., Ltd., Kadiac Co., Ltd., Coca-Cola Bottlers Japan Business Services Inc., and Coca-Cola Bottlers Japan Benefit Inc.

Check /



For the full version of CSV Report 2019 (PDF),  
please check our website.

<http://en.ccbji.co.jp/csv/doc.php>



# THE ROUTE

Our philosophy that supports value creation

## Mission

What we should do for society  
(meaning of existence)

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

## Corporate Identity

What employees should  
always consider in the course  
of operations

### 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.

### 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

What we value and how we  
act in order to be a company  
that supports society

- 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.



CCBJH Group philosophy

<https://en.ccbji.co.jp/vision/about.php>

# As society changes, our company must as well. How we transform is up to us.

## A year in which the CCBJH Group achieved results while also recognizing new challenges

The Coca-Cola Bottlers Japan Holdings Group (CCBJH Group), created from the management integration of Coca-Cola West and Coca-Cola East Japan bottling companies, consists of two business segments: the Coca-Cola beverage business and the healthcare and skincare business. Among more than 250 Coca-Cola bottlers worldwide, the CCBJH Group is the largest Coca-Cola bottler in Asia, and the Group's beverage business is one of the largest in the world in terms of revenue.

Our corporate identity consists of four ideals to which all CCBJH Group employees should aspire in their daily business activities: community-based and customer-centric values, *hinkaku* (corporate dignity), and diversity. Our standard for being community-based is to realize the concept of Creating Shared Value (CSV) by placing importance on connections with local communities and the environment that we have nurtured over many years. We suffered a major blow in July 2018, when the Hongo

Plant in Mihara, Hiroshima Prefecture, sustained severe damage from torrential rains and flooding in western Japan and suspended all operations. Spurred to action by our commitment to being community-based and customer-centric, we quickly decided on an appropriate relocation site in the local Mihara area and are now steadily working to rebuild and restart operations in the spring of 2020 at the new site.

Although our business integration has created many benefits in terms of scale and operational synergies, we face the challenge of how to respond to a rapidly changing market environment and diversifying customer needs. To help address this challenge, we implemented a reorganization in March 2019, shifting to an organizational structure that enables faster and more efficient decision-making, a renewed growth mindset, and a reenergized commitment to creating shared value.

On a personal note, I am excited to be back in Japan, a place that is like a second





# The outcome of creating shared value is where our true results lie.

home to me, and I feel a great sense of purpose in having this opportunity to shape the future development of the CCBJH Group. I take very seriously the social responsibilities that the Group must fulfill as a leader in the Japanese beverage market and will devote myself wholeheartedly to rebuilding a foundation for future growth under the new corporate structure.

## Engaging with the SDGs and reinforcing our ESG-focused initiatives

The Sustainable Development Goals (SDGs), comprising 17 goals to be achieved by 2030, were adopted at a United Nations Summit in 2015, and Japan's Corporate Governance Code went into effect the same year. In 2018, Japan's Ministry of Economy, Trade and Industry endorsed and signed a statement of commitment to the purpose of the Task Force on Climate-related Financial Disclosures (TCFD), instituted by the Financial Stability Board in accordance with the instructions of the

G20 Finance Ministers and Central Bank Governors Meeting. It is clear that corporate environmental, social, and governance (ESG) performance is only becoming more important.

Since before the business integration, the CCBJH Group had established CSR priorities in accordance with ISO 26000, the international standard for social responsibility, and managed its businesses with a strong focus on ESG. The Group continues to place the concept of Creating Shared Value (CSV), a further refinement of CSR, at the core of management, and all of the Group's employees and business divisions will concentrate their efforts on realization of CSV in their own work.

In addition to the priorities of customer satisfaction, quality assurance, ethics and compliance, risk management, human rights, and job satisfaction, we will consider what new added value we can deliver by leveraging the power of the Coca-Cola brand and how we can help solve problems facing local communities through our business. We will focus on our priority issues of health, the environment, and community while further reinforcing

initiatives aimed at creating shared value.

In the area of health, we will promote healthy lifestyles through the provision of safe, high-quality products and services suited to the needs and preferences of people of all ages. In addressing the environment, we aim to be on the cutting edge and leverage innovation to simultaneously grow our business and reduce our environmental impact through programs focused on packaging and water—which is essential to our business—as well as other natural resources. To benefit communities, we will make real the concept of CSV by further boosting collaboration and engaging in activities that contribute to community revitalization.

Sustainable growth is not possible for a company that believes business expansion can only come at the expense of the environment and society. The CCBJH Group is not simply interested in the short-term pursuit of profits. Rather, we want to maintain a wide perspective and farsighted outlook to ensure close alignment between the future needs of society and the communities in which we operate, and our vision for the long-term health of our

business. As we embrace new challenges with corporate dignity and become a place in which every employee understands that business results can contribute to shared value with society, we look forward to earning and maintaining the continued trust of our many stakeholders.

**Calin Dragan**  
Representative Director and President  
Coca-Cola Bottlers Japan Inc.



# WHO WE ARE

Among the world's 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

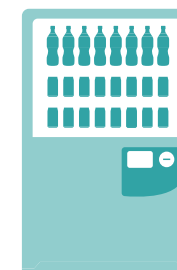


Brands offered  
in Japan

Over **50**

Plants\*  
**17**

\* Includes the Hongo Plant, Hiroshima, which is currently inactive



Vending machines  
About  
**700,000**

Sales and  
distribution  
centers

About  
**350**



Customer outlets  
**240,000**



Consumers  
(Households and consumers in sales areas)

About **112 million**  
(51 million households)

Data as of the end of December 2018

# CREATING SHARED VALUE

While providing significant value to society through its business activities, the CCBJH Group seeks to further its presence in nurturing prosperity together with its stakeholders. To this end, the Group has adopted the CSV concept as a part of managing how it carries out business.

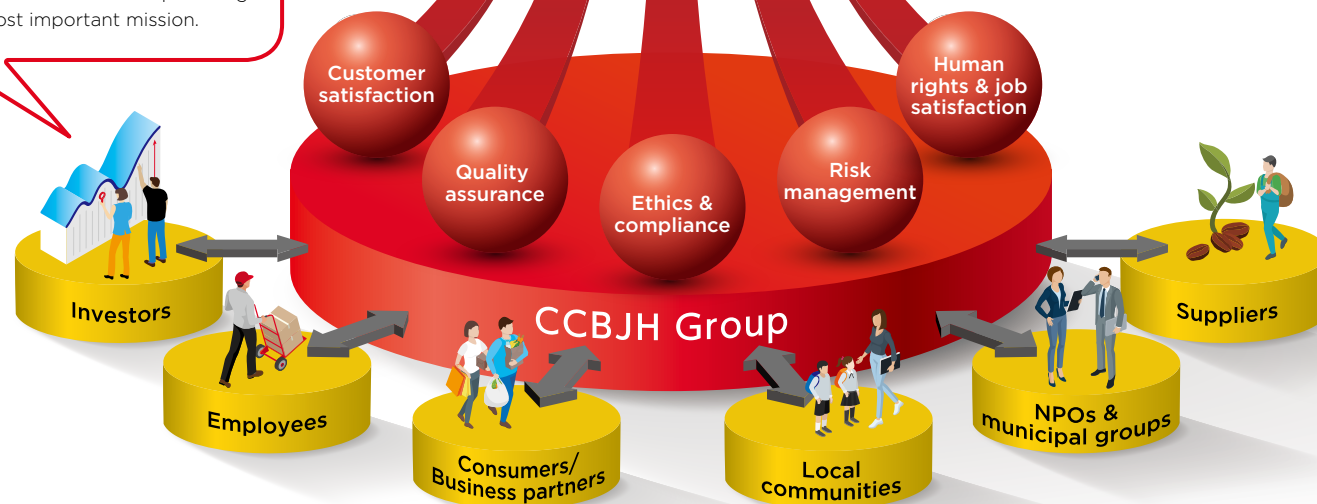
## Conducting business together with stakeholders

The stakeholders with which the CCBJH Group creates shared value include local communities, various associations and organizations, consumers, business partners, suppliers, investors, and the employees that work as part of the Group. As the issues that society faces become more diverse and complex, the participation of our stakeholders is crucial. Listening to our stakeholders' needs and providing value to society is the Group's most important mission.



## CSV focal points

Since the CCBJH Group recognizes that addressing social issues in areas closely related to its business activities is key to realizing CSV, the Group has decided to focus on the three priority issues of health, the environment, and community. We believe that using the strengths of the CCBJH Group to contribute to the development of a sustainable society will help cultivate the support and trust of many stakeholders. Building on the main topics of customer satisfaction, quality assurance, ethics and compliance, risk management, respect for human rights, and employee job satisfaction, we have set goals and guidelines for all employees to carry out their daily tasks.



# 2018 AT A GLANCE

## Revenue

¥927,307  
million

## Business income

¥23,276  
million

## Operating profit

¥14,682  
million

## Net profit for the year attributable to owners of the parent

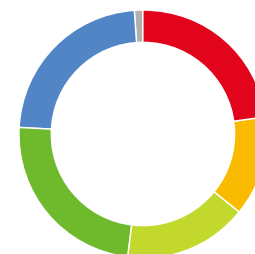
¥10,117  
million

## Earnings per share (EPS)

¥52.68

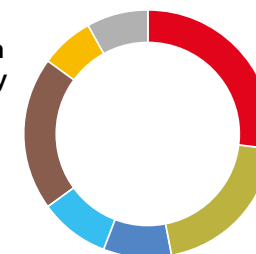
Beginning from the full-year fiscal 2018 results, we have reported financial information according to International Financial Reporting Standards (IFRS). "Business income" has also been introduced as a measure of recurring business performance since the adoption of IFRS.

## Volume comparison by channel



- Supermarket ..... 23%
- Drug store & discount store ..... 13%
- Convenience store ..... 16%
- Vending machine ..... 24%
- Retail & food service ..... 23%
- Other ..... 1%

## Volume comparison by category



- Sparkling soft drink ..... 27%
- Non-sugar tea ..... 20%
- Sports drink ..... 9%
- Water ..... 9%
- Coffee ..... 20%
- Juice ..... 7%
- Other ..... 8%

Sales volume does not include alcoholic beverages.

## 2019 Key Metrics\*

Revenue growth	Revenue unchanged year on year, volume -1%
Value share	Value ahead of volume
CAPEX	¥99.8 billion
Business income (BI)	¥15.4 billion
Dividend	Full-year ¥50/share

\*Based on the "Revision of Full-Year 2019 Forecast" released on May 15, 2019

# 2018 CSV HIGHLIGHTS



Hydration seminar and  
Drink Education seminar participants

Approx. **8,600**  
(approx. +3,600 year on year)



Brands and products offered in Japan

Over **50** brands and Over **800** beverage products



FOSHU\* and Food with  
Function Claims products sold in Japan

**11.5** million cases  
(-800,000 year on year)



Water used for manufacturing

**14,071** thousand m<sup>3</sup>  
(-7.30% year on year)



Recycling rate of waste from plants

Approx. **99.11** %  
(approx. -0.83% year on year)



CFC-free vending machine ratio

Approx. **78** %  
(approx. +10% year on year)



Sports clinic and class participants

**4,415**  
(-608 year on year)



Plant tour visitors

Approx. **167,000**  
(approx. -6,000 year on year)



Disaster agreements with local governments

**586**  
(+2 year on year)

\*Foods for Specified Health Uses

# FOR A HEALTHIER WORLD

The Sustainable Development Goals (SDGs), adopted at the United Nations Sustainable Development Summit held in September 2015, are a set of shared global priorities to be achieved by 2030. The CCBJH Group aims to contribute to the SDGs through its business activities, and is developing specific action plans in collaboration with Coca-Cola Japan and other stakeholders.

Using the model on the right to examine the SDGs overall, while also referring to the standards from the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board, we have formulated goals and initiatives that are interconnected with our business activities. We will next consider and proactively address the risks and opportunities to be found in our value chain structure.

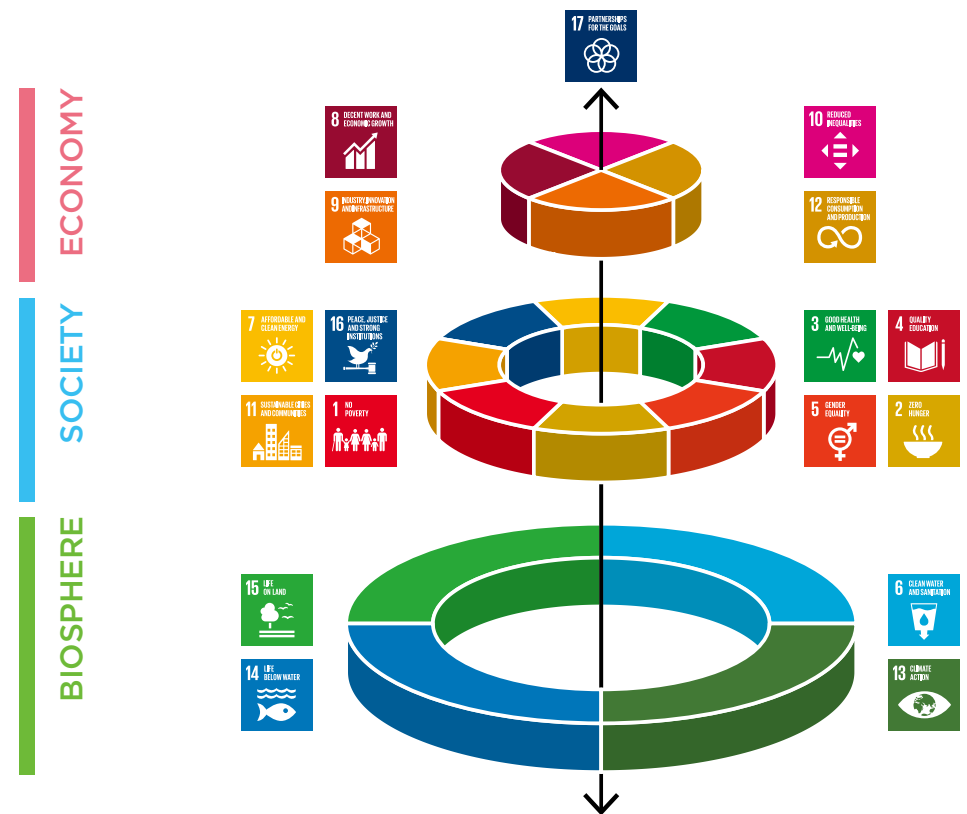


What are the SDGs?



The SDGs are common global goals to be achieved by 2030.

The Sustainable Development Goals (SDGs), adopted at the United Nations Sustainable Development Summit held in September 2015, are a set of shared global priorities to be achieved by 2030 through the efforts of the international community 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.



Based on the SDG "wedding cake" illustration presented by Johan Rockström and Pavan Sukhdev (Image credit: Azote for Stockholm Resilience Centre, Stockholm University)



## SDG-related Initiatives



- Supporting consumers' health with an extensive product line-up (Foods for Specified Health Uses, Foods with Function Claims)
- Healthcare and skincare business
- Health support initiatives (Coke ON Walk, mocktails, and "Enjoy Walking until 100 Project")
- Hydration seminars, Drink Education seminars



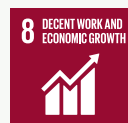
- Sports clinics by company sports teams
- Plant tours
- Environmental education programs



- Diversity and inclusion initiatives
- Initiatives for expanding women's roles in the workplace



- Water resource conservation
- Returning to nature the water used for manufacturing
- Forest preservation activities (Coca-Cola "Learn from the Forest" project)



- Human resources development (career advancement and performance evaluation)
- Human rights initiatives
- Occupational safety and health initiatives
- Work-style reform initiatives



- Welcoming consumers from overseas (multilingual POP communication materials, visitor-friendly vending machines)
- Customer Contact Center
- Compliance education
- Ethics & Compliance Reporting Hotline



- Open communication and correct information
- Bins for sorting recycling and consumer awareness stickers
- 2030 Packaging Vision
- Compliance with ISO 14001 and other international regulations
- Recycling waste from plants (zero emissions)
- Agreements with local governments and installation of disaster-response emergency vending machines
- Quality assurance system (KORE)



- Production department initiatives
- Increased efficiency and use of modal shift by the logistics and transportation department
- Eco-driving and use of hybrid vehicles
- Use of energy-saving, non-chlorofluorocarbon equipment by sales department



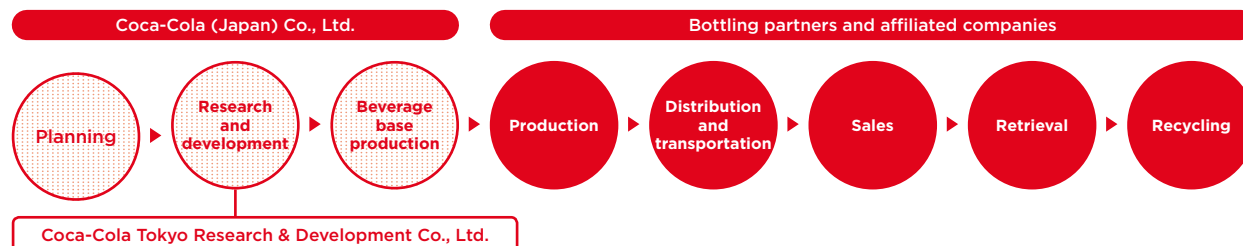
- Collaborating with members of the beverage industry and other stakeholders on recycling initiatives
- Participation in community cleanup campaigns



- Risk management systems
- Corporate governance

### The Coca-Cola system in Japan

The Coca-Cola system in Japan is composed of Coca-Cola (Japan) Co., Ltd.—which supplies beverage bases, plans and develops new products, and conducts marketing activities—as well as five bottling partners and other affiliated companies that manufacture or sell products and retrieve their containers.



## Supporting Consumers' Health with an Extensive Product Line-up

We offer a wide product line-up adapted to diverse needs. We have responded to growing health consciousness with products such as mineral water, non-sugar tea, and no-calorie beverages, and in recent years we have also expanded our line-up to include Foods for Specified Health Uses (FOSHU) and Foods with Function Claims. We support our consumers' lifestyles through products that provide overall refreshment and contribute to improving health.

1993  
debut



### Sokenbicha

Since its launch in 1993, as a unique non-sugar tea that provides refreshment while aiding health and beauty, *Sokenbicha* has become a leader in the non-sugar tea category because of its clean aroma and is loved by a wide range of people.

2009  
debut



### I LOHAS Natural Mineral Water

*I LOHAS* is a brand of Japanese mineral water developed out of a love for great-tasting water and the environment. *I LOHAS* mineral water is drawn from carefully selected water sources and locally produced for a delicious taste that can be enjoyed at any time.

2018  
debut

### Canada Dry The Tansan Strong

*Canada Dry The Tansan Strong* is highly carbonated water with zero calories, zero sugar, and zero caffeine created to provide an invigorating feel and crisp flavor. Both the water and gas used for carbonation are filtered in the uncompromising pursuit of delicious taste.



### Ayataka Tokusencha

This product is a FOSHU green tea that contains indigestible dextrin, a plant-derived dietary fiber. The product provides two health benefits by suppressing fat absorption and slowing sugar absorption.

### Aquarius S-Body

*Aquarius S-Body* is the first beverage with the Food with Function Claims label offered under the *Aquarius* brand. It contains tilioside, a flavonoid derived from rose hips that has been reported to help decrease body fat. It has all the great taste of original *Aquarius* with zero calories.

### Coca-Cola Zero

Since its launch in 2007, *Coca-Cola Zero* has delivered the delicious signature taste of *Coca-Cola* with zero calories, zero preservatives, and zero artificial flavorings. This product provides all the powerful, refreshing sensation and rich flavor of regular *Coca-Cola*.

2007  
debut



### Background: Key Societal Issues



### Demographic changes and lifestyle diversification in Japan

In recent years, major changes in Japan's population demographics, such as declining birthrate and aging population, have increased in severity. The lifestyles of individuals are also likely to become even more diverse in the coming years due to the increasing number of nuclear families and single-person households.

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

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



## Healthcare and Skincare Business

Q'SAI's mission is to enhance value in consumers' lives and lifestyles through the healthcare and skincare business. Q'SAI provides kale juice and other high-quality, safe, and trustworthy products that contribute to the achievement of consumer health and happiness with the aim of helping consumers remain energetic, active, beautiful, and able to enjoy life.

### Contributing to consumer health and happiness with healthcare and skincare products

Although the environments in which we live will continue to change in the years ahead, the importance of considering health in everyday living will remain constant. Q'SAI's signature product, *Kale Aojiru* (kale juice), contributes to improving consumer quality of life because it is full of nutrients that are often missing in the modern diet. The kale used in this product is grown with absolutely no pesticides or chemical fertilizers. Q'SAI is committed to making products that people can use with peace of mind, and applies its own rigorous management and control systems to ensure product quality.

We will continue to provide a broad range of healthcare and skincare products to help people lead energetic and enjoyable lives at any age. These products include *Kale Aojiru* to promote health, *Knee-support Collagen* to help consumers walk energetically, and *cola-rich* collagen skincare products to make consumers look and feel young and beautiful so they enjoy going out and socializing.

### Main products from Q'SAI



#### Background: Key Societal Issues



#### Longer lifespans and escalating health needs in Japan

In postwar Japan, cases of illness decreased dramatically and the average life expectancy increased substantially. However, lifestyle diseases associated with aging have increased and this, together with rising medical costs, has become a major social issue. As people continue to live longer, it is becoming more important to maintain health and the ability to live on one's own, with emphasis now being placed on not just extending the average lifespan but on attaining a prolonged healthy life expectancy.

#### Rigorous quality control

Since Q'SAI makes products for people to use in their daily lives, we make absolutely sure that consumers can use any of our products with true peace of mind. We strive to maintain high product quality through strict inspection and control.

Q'SAI Analysis and Research Center, a specialized food product analysis institution that focuses on residual agricultural chemicals, engages in every aspect of food product testing and analysis on behalf of major food product companies, including testing for residual agricultural chemicals, antibiotic substances, nutrient levels, and foreign substances. Because it constantly pursues improved technologies, in December 2004 the center became the first private-sector institution financed by a food products company to be registered as a Ministry of Health, Labour and Welfare-certified laboratory. The center's policy is to provide food safety and security in Japan and abroad through analysis and testing.





## Environment

Featured  
Topic **1**

## Aiming to Realize a “World Without Waste”

The CCBJH Group considers empty bottles an important resource, not waste, and promotes their collection and recycling. In recent years, the Coca-Cola system has used its role as a beverage industry leader to engage in initiatives to help solve social issues, such as the problem of plastic waste in oceans and rivers.

## 2030 Packaging Vision

In January 2018, the Coca-Cola system in Japan announced its 2030 Packaging Vision, based on the global initiative to realize a “World Without Waste” announced by The Coca-Cola Company in 2018. As a member of the Coca-Cola system, the CCBJH Group will further accelerate its initiatives to realize the 2030 Packaging Vision.

## Three core elements of the 2030 Packaging Vision

- 1 Whenever possible, avoid using non-renewable, petroleum-based raw materials for PET bottles. Promote the use of recycled PET resin or plant-based raw materials, aiming for, on average, 50% or more of either in each PET bottle.
- 2 Help achieve even further improvements to recycling rates and PET bottle/aluminum can collection in Japan by collaborating with national and local governments, the beverage industry, and local communities to build and maintain a more robust packaging collection and recycling scheme. Aim to collect and recycle an amount of packaging equivalent to the volume used for Coca-Cola products sold in Japan.
- 3 Help keep communities looking beautiful through cleanup campaigns and actively participate in awareness activities related to plastic waste in oceans and rivers.

## Collaborative initiatives with the beverage industry and other stakeholders

CCBJI endorses the Soft Drink Business Plastic Resource Reclamation Declaration, announced in November 2018 by the Japan Soft Drink Association with the goal of achieving the 100% effective utilization of PET bottles by fiscal 2030, and is cooperating on initiatives with others in the industry. For one such initiative, as of May 2019, CCBJI had attached approximately 100,000 industry-designed consumer awareness stickers to vending machine recycling bins in the Tokyo metropolitan and Keihanshin areas.



## Beach cleanup in Suma

In April 2018, employees and their families participated in a cleanup at Suma Beach as part of addressing the problem of plastics in oceans and rivers. It was an excellent opportunity for the participants to learn that beaches are littered with trash that has drifted ashore or been tossed there, and to think about this social problem as personal and closely connected to their own well-being.



## Background: Key Societal Issues



## Global focus on plastic waste in oceans and rivers

Large quantities of improperly disposed plastic waste and other trash are flowing from rivers into the world's oceans and having an enormous impact on marine ecosystems. PET bottles, when properly handled, are a recyclable resource, so the CCBJH Group supports recycling initiatives aimed at keeping the environment healthy.



## Collaborating with students

Members of the Coca-Cola system are always looking to engage in various projects in cooperation with students and private organizations. One such project is the design and development of recycling bins that will increase the accuracy of sorting collected recyclables. Before the demonstration of these new bins, we met with Mr. Ryobun Santo from the NPO, Think the Earth.

Mr. Santo commented, “I hope that something like this new initiative, which brings together corporations and classrooms, will become a catalyst to change the world and contribute to student motivation and confidence.”

## Mr. Ryobun Santo

Nitobe Bunka Academy and NPO Think the Earth



# Environment

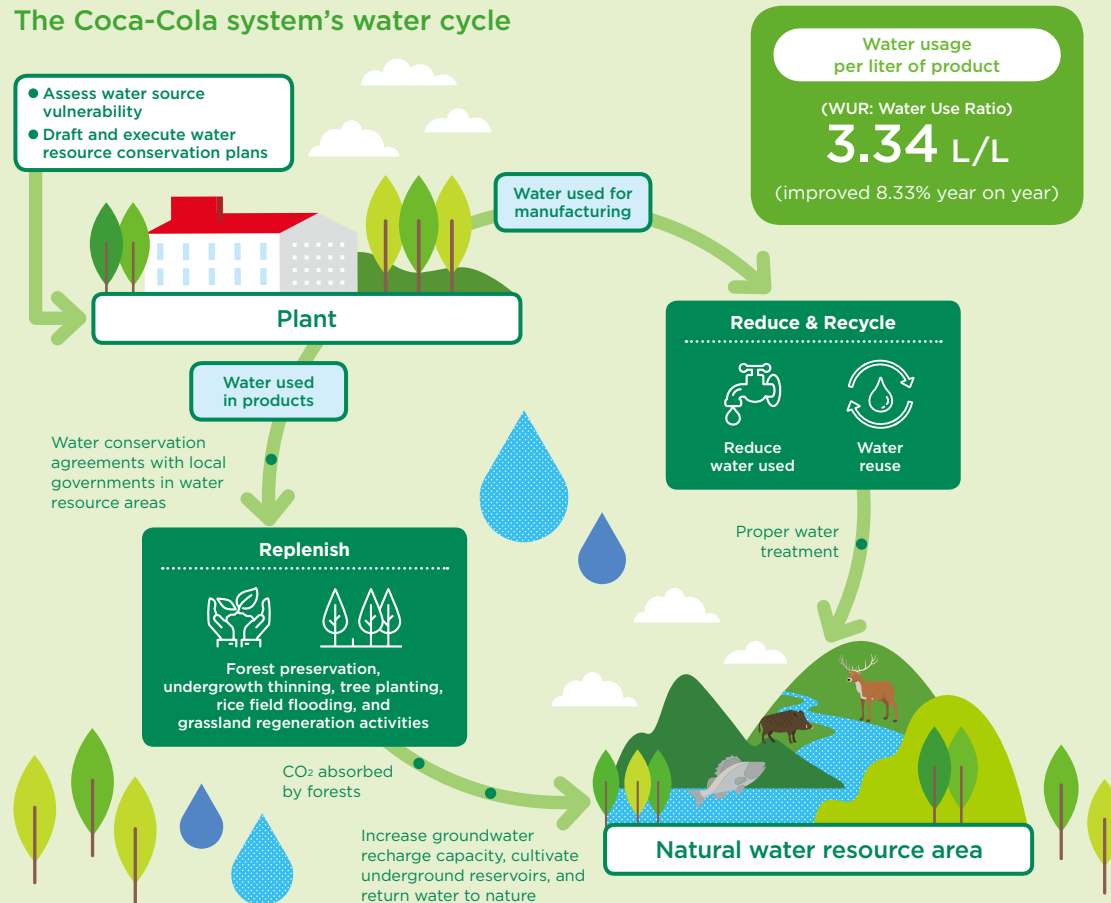
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Topic

2

## Water Resource Conservation

Since our business relies on the use of water, an indispensable natural resource, we engage in initiatives to return to nature the volume of water equivalent to what we use in the manufacturing of our products. In 2016, we achieved our original goal of returning to nature an amount of water equivalent to 100% of that used at our plants (total plant amount). In 2018, we increased that amount to 277%.

### The Coca-Cola system's water cycle



### Background: Key Societal Issues



### World water demand will rise significantly by 2030

Population increase and climate change in recent years has led to emerging global water risk. The Organisation for Economic Co-operation and Development concluded in an investigative report that there will be a large increase in global water demand and severe water scarcity by 2030. Water issues on this scale require international cooperation and swift action to be solved.

### Aiming for 100% replenishment at each plant

At each plant, we have made long-term agreements with regional bodies, including forest cooperatives and landowners, and are carrying out activities to conserve water resource areas in order to achieve a 100% replenishment rate\* for the water used in our products.

Replenishment rate

**277%**

(+2% year on year)

Production plants	Replenishment rate	Production plants	Replenishment rate
1 Zao Plant	117%	9 Kyoto Plant	281%
2 Saitama Plant	158%	10 Akashi Plant	
3 Iwatsuki Plant		11 Daisen Plant	1,011%
4 Ibaraki Plant	366%	12 Hongo Plant	1,125%
5 Ebina Plant	670%	13 Komatsu Plant	400%
6 Tama Plant		14 Tosu Plant	192%
7 Hakushu Plant		15 Kiyama Plant	
8 Tokai Plant	100%	16 Kumamoto Plant	363%
		17 Ebino Plant	506%

In October 2018, we signed a new agreement for forest conservation with Saga Prefecture, Tosu, and Kiyama (cities in Saga Prefecture) and the Saga Eastern Forestry Association.



\* Replenishment rate (%) =  $\frac{\text{Replenishment area (ha)} \times 10,000 \times \text{Precipitation (m)} \times \text{Recharge}}{\text{Production output (kL)}} \times 100$

## Welcoming Consumers from Overseas

As the number of tourists and foreign residents in Japan has increased in recent years, the CCBJH Group has been taking part in business initiatives for the development of regional areas. We are also promoting the Olympic Movement in advance of the Olympic Games Tokyo 2020. This currently includes measures to help international customers conveniently purchase products they trust.

### Providing multilingual POP communication materials

We have prepared multilingual POP materials (in-store supplementary materials) to help consumers from many nations conveniently purchase products they trust. Coordinating with our business partners, we will offer materials at restaurants so that consumers from overseas can easily order and enjoy Coca-Cola products. On our vending machines, information is also displayed in multiple languages and, with the help of a smartphone, product information can be accessed in up to 15 languages. We aim to expand the number of multilingual vending machines by 2020.



### Development of visitor-friendly vending machines

Previous vending machines were not designed in a way that took the needs of non-Japanese consumers into consideration, even in locations with many tourists. Accordingly, we developed a vending machine that makes it easy for consumers from overseas to select and purchase beverages. We installed the first such machine in Asakusa, a historic district that attracts many overseas visitors.

These vending machines are covered in appealing, original Japanese-style art and display information in multiple languages. The product line-up includes Coca-Cola and Fanta, brands familiar to overseas consumers from many countries, as well as beverage flavors that are exclusive to Japan. Information can also be viewed on local tourist attractions by scanning a QR code, which was added to help consumers have an even more satisfying experience.

### Background: Key Societal Issues



#### Toward a future of multicultural coexistence

Given the outlook for long-term population decline in Japan, the Japanese government has strengthened policies that support the acceptance of foreign nationals in society. In addition, an increase in the number of foreign visitors to Japan is expected ahead of the Rugby World Cup 2019 and the Olympic Games Tokyo 2020. Multilingual support on vending machines and elsewhere is necessary to eliminate inconvenience for people whose native language is not Japanese.

#### Popularization of JOC Olympic support vending machines

As part of providing support for athletes aspiring to compete in the Olympic Games Tokyo 2020 and as another way to promote the Olympic Movement, the Coca-Cola system members are working to install and popularize Japan Olympic Committee (JOC) support vending machines. A portion of the proceeds from JOC Olympic support vending machines is donated to assist athletes through the JOC. By the end of 2018, 2,068 machines had been installed in our sales area.





## Energizing Communities through Sports



### Background: Key Societal Issues



### Concern over children's decreasing health and fitness in Japan

In a time of significant change to how children live and form lasting habits, opportunities for daily physical activity, through playing outside or sports, are decreasing, and it is said that physical fitness and athletic ability in younger generations is declining. Decreased physical fitness in today's children could eventually mean a decline in the fitness of the entire population and there is concern regarding the effect of that on Japan in the future.

The CCBJH Group aims 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. In particular, we manage two corporate sports teams, the Coca-Cola Red Sparks men's rugby team and the Coca-Cola Red Sparks women's field hockey team, who not only deliver game-day thrills to a large number of local fans but also create opportunities for kids to be active and improve their skills in a safe way through educational sports clinics. Both teams are also proactive participants in local events as part of building vibrant communities and a society in which everyone can live healthy and active lives.

### Principal community activities in 2018

#### Coca-Cola Red Sparks rugby team



- Held 12 sports clinics with a total attendance of 1,280 participants
- Held 16 rugby classes with a total attendance of 2,440 participants
- Participated in the Love Earth Cleanup 2018 in Fukuoka City
- Participated in the FOR CHILDREN Japan Rugby Top League charity activity (Fukuoka Children's Hospital visit)
- Participated in the 2018 Hokkaido Eastern Iburi Earthquake charity *mochi*-pounding event

#### Coca-Cola Red Sparks field hockey team



- Held 4 sports clinics with a total attendance of 220 participants (Aichi, Kanagawa, Kyoto, and Nagasaki Prefectures)
- Held 6 field hockey classes with a total attendance of 475 participants
- Participated in LECT sports event (talk show, field hockey experience) (Joint event with the Hiroshima Izumi Maple Reds handball team in a shopping center)
- Participated in the Hiroshima Zero Litter & Clean Walk Campaign
- Participated in the 38th Hiroshima International Peace Marathon

# Customer Satisfaction

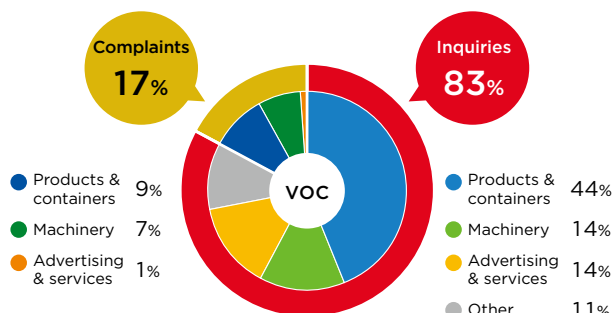


Customer satisfaction initiatives  
<https://en.ccbji.co.jp/csv/customer/>

## For our customers

In accordance with our corporate philosophy, THE ROUTE, at CCBJH Group we focus on all our consumers and customers to become their trusted partner. The Customer Contact Center plays a central role in developing processes with which to meet the expectations of our customers.

## Customer consultation by topic



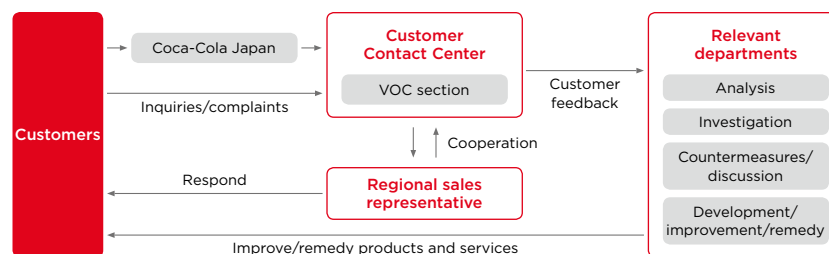
## Realizing customer satisfaction

The Customer Contact Center, which operates under the slogan “Good customer contact makes everyone happier,” is the point of contact for all customers of the CCBJH Group. We have put in place a system by which the center receives opinions and requests from customers and promptly relays their content to regional representatives, who can respond swiftly. The center’s Voice of Customer (VOC) section shares opinions, requests, complaints, and other feedback received from customers within the Group to inform initiatives aimed at improving products and services. We comply with ISO 10002 (JIS Q 10002)\*, which covers the handling of customer complaints, throughout our customer response processes and management system.



\*A standard issued by the International Organization for Standardization (ISO) that provides guidance on the process of handling complaints related to products and service quality. ISO 10002 does not involve third-party certification. While any organization can self-evaluate its compliance, Coca-Cola system members in Japan declare their compliance after receiving an independent compliance audit.

## Customer response process



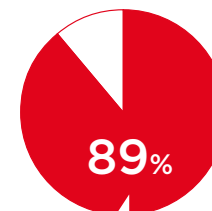
## Customer Contact Center initiatives

To ensure customer satisfaction, the customer service representatives who answer telephone calls take care to provide responses that are accurate and attuned to customer needs. To increase response quality, the Customer Contact Center has introduced response quality assessment by an external organization, and each customer service representative is constantly working on skills improvement.

## Effective response to customer complaints

We conduct questionnaires for consumers who have lodged complaints, and provide surveys to evaluate the quality of our customer response and consumers’ intention to purchase Coca-Cola products in the future. For many consumers whose complaints have been addressed, their interest in purchasing Coca-Cola products remains unchanged or even increases according to our survey.

## Consumer willingness to repurchase Coca-Cola products



Combines those who answered that their desire to repurchase was unchanged, had increased, and was unchanged plus they would recommend the products to others

Survey method: A questionnaire via SMS text message sent to consumers who had lodged complaints (Survey period: March to December 2018)



## Customer inquiry response rate

94%

# Quality Assurance



Quality assurance initiatives  
<https://en.ccbji.co.jp/csv/assurance/>

## Quality assurance policy

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.

### 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.

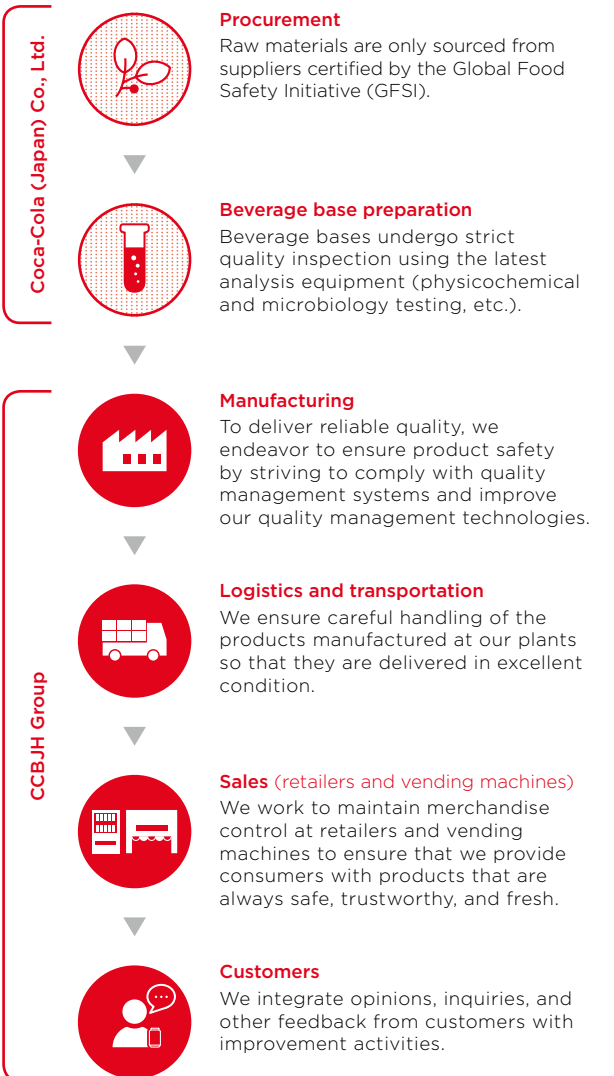
## The *KORE* management system for safeguarding quality

In the Coca-Cola system, we manage operations using *KORE* (Coca-Cola Operating Requirements), our globally integrated, unique management system, and manage product quality under rigorous standards imposed by *KORE*. *KORE* covers a comprehensive range of standards in the areas of quality, food safety, the environment, and industrial safety and health and is implemented in each process from procurement of raw materials to manufacturing, logistics and transportation, and sales, until our products are delivered to consumers. In addition to meeting the requirements of laws and regulations, and standards from the International Organization for Standardization (ISO), *KORE* includes even more rigorous standards.\*

We have a certification organization measure performance against various requirements at least once a year as a means of confirming the integrity of operations. Fair and honest management of operations within the Coca-Cola system is guaranteed by the addition of evaluation by an external third party. We rigorously incorporate *KORE* management standards in all business processes for which the CCBJH Group is responsible, and constantly strive to ensure and improve quality from a customer-centric perspective.

\* 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 (currently converting to ISO 45001). We have acquired these certifications at all our plants. We have also acquired ISO 14001 certification at all our sales centers and offices.

## KORE Quality Management System







Human Rights and Employee Job Satisfaction

Roundtable Discussion:

## Smart Work

The CCBJI Group is promoting “smart work,” a concept that takes advantage of employees’ diverse work styles and increases effectiveness and productivity, while also contributing to employee job satisfaction. The Group is also pursuing system reform and further implementation of information and communication technology (ICT). Employees from various departments gathered to discuss how smart work is being used, current utilization issues, and future developments.



Coca-Cola Bottlers Japan Inc.

### Seiya Ishii

Com. & KAM BP Section  
HR Business Partner  
Commercial Department  
HR Division  
HR & General Affairs

### Ariha Kawai

Commercialization Section  
Commercial Planning &  
Operation Division  
Commercial

### Makiko Akimoto

SCM Planning & Control Section  
Senior Group Division  
SCM Strategy Department  
Strategy Management  
SCM

### Teng Zhang

Inbound Planning Department  
Marketing Division  
Commercial

## A fulfilling career as part of a rewarding and fruitful life

**Zhang:** My team has been proactively making use of the flextime system, satellite offices, and the ability to work at home in a way that fits the schedule of each member. If team members stay at work late, then they adjust their responsibilities and come into the office later the next day, or when they are out of the office they may work at a nearby sales branch during free time. Because every project has a different workflow, it is vital to have an environment that promotes working remotely. Some people have mentioned that a change of location can be refreshing and good for motivation, which, I think, leads to higher productivity.

**Akimoto:** I have a young child, so if I get an emergency call from the pre-school, I make use of the hourly system for annual paid leave. Using that, I can solve the issue without taking a half day off, which is much more convenient. I also appreciate having childcare leave, because all my annual paid leave used to go toward taking care of my child, but thanks to this system I can use some days off for myself.



“Choosing a flexible work style is the first step. Something like telework can improve the productivity of an entire department.”

“

**We need to be realizing a work-life balance that fits every individual. By employing this system well, I have been able to secure time for myself even while raising a child.**”

”



**Kawai:** I have a lot of interaction with teams outside of the main office and most of my meetings are held via teleconferencing. As long as we are not speaking for the first time, we do not always have to meet face to face to make progress. And given how long it takes to travel, this is more efficient by far. Also, when I want to just focus on my work—I make more progress at home—I adjust my schedule to include working from home.

**Ishii:** Working from home can be better for some people than others, depending on someone's task and personality. But by using it well, it is definitely possible to work more effectively. It can lighten one's physical and mental burden too, so I think it can help contribute to better work-life balance.

## Not just a change in work style, but a new way of thinking

**Zhang:** I have always thought that work-style reform really means “mindset reform.” We have to change our way of thinking and build a structure in which we support each other, so that we can move away from the idea that working overtime is the best way to show dedication.

**Ishii:** Even if we are very aware of smart work, the concept will not take hold if those around us are not. And even if we have a good system, it will be pointless if no

one uses it. I am in a position where I can support people in sales from the HR side, but I feel that the system's usage differs by department.

**Kawai:** Sometimes it just depends on how a supervisor thinks, right? The concept will catch on if management takes the lead in influencing awareness and promoting work efficiency.

**Akimoto:** For those in bottling plant jobs, for example, working from home and shorter hours are difficult systems to implement. And while there is an increasing number of places where women can make full use of their talents, the challenge is to create an environment in which they can advance their careers while also becoming mothers and raising children.

**Kawai:** All sorts of things can occur in life. For instance, how does someone balance caring for family members, or just being available to look out for them, with job responsibilities? For situations that are not covered by the current employee support system, we need a work environment that allows flexibility and the ability to select what fits best.

**Zhang:** It can be hard to make changes all at once, but it is important that reforms never stop. Public initiatives, like “Jisa Biz,”\* that connect with businesses are great too.



“

**The ideal environment is one in which work styles can be chosen to fit the job or any kind of situation at any time.**”

”

**Ishii:** By listening to those in the workplace and reflecting their opinions in the system, it will become easier for others who use the system to voice their needs. We need more of those kinds of examples. Because CCBJI is a company that values people, I expect reform to progress further and I look forward to the day when our company is one where anyone is happy to work.

\*An initiative related to work-style reform from the Tokyo Metropolitan Government that encourages staggered work times in order to avoid the peak of commuter rush hour on public transit.

“

**I look forward to the day when our company is one where anyone is happy to work.**”

”



## Work-style reform at the CCBJI Group

### Major initiatives

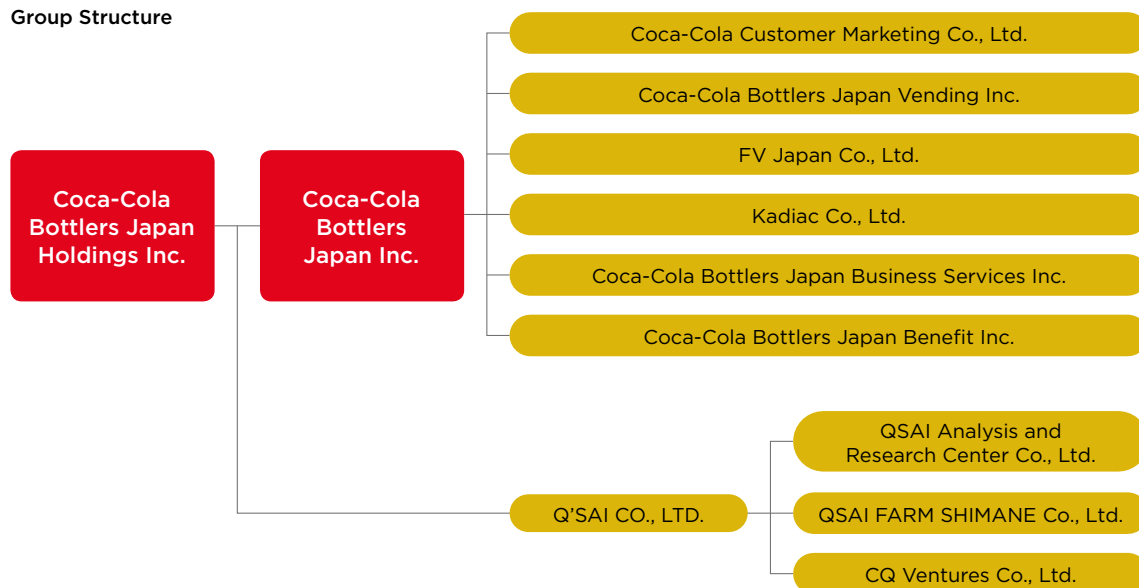
CCBJI is building a better work environment, with an emphasis on shortening working hours, and has become a special cooperative organization supporting “Telework Days,” which is sponsored by the national government and cooperates with the Jisa Biz initiative from the Tokyo Metropolitan Government. We promote coming straight to or returning home from a third-party location, working at home or at satellite offices, and using a work/break interval structure. We have also introduced a flextime system, an hourly system for annual paid leave, and company-mandated annual days off. In addition, we are proceeding with the introduction of ICT, such as a sales support system using tablets and smartphones, in order to improve work efficiency and productivity.

## CCBJH Group Profile

### Corporate Profile (As of March 26, 2019)

<b>Company name</b>	Coca-Cola Bottlers Japan Holdings Inc.
<b>Founded</b>	December 20, 1960 (Trade name changed to Coca-Cola Bottlers Japan Holdings Inc. on January 1, 2018)
<b>Fiscal year end</b>	December 31
<b>Capital</b>	¥15,232 million
<b>Representative</b>	Calin Dragan, Representative Director and President
<b>Stock market listings</b>	Tokyo Stock Exchange (First Section) Fukuoka Stock Exchange

### Group Structure



### Corporate History

**April 2017**

Coca-Cola West Co., Ltd. and Coca-Cola East Japan Co., Ltd. concluded a share exchange agreement in which Coca-Cola West became a wholly owning parent company and Coca-Cola East Japan became a wholly owned subsidiary.

Coca-Cola West Co., Ltd. changed its trade name to Coca-Cola Bottlers Japan Inc., and all of Coca-Cola West Co., Ltd.'s businesses other than its Group management and administration operations and asset management operations were transferred to a new wholly owned subsidiary named New CCW Establishment Preparation Co., Ltd. (whose trade name was subsequently changed to Coca-Cola West Company, Ltd.). In this way, the companies shifted to a holding company structure.

Coca-Cola West Co., Ltd. and Coca-Cola East Japan Co., Ltd. were placed under the control of Coca-Cola Bottlers Japan Inc.

**January 2018**

Coca-Cola Bottlers Japan Inc. changed its trade name to Coca-Cola Bottlers Japan Holdings Inc. to clearly indicate its role as a holding company.

### External Evaluations

In 2018, CCBJH was selected for inclusion in the regional department of the Dow Jones Sustainability Index (DJSI), the DJSI Asia Pacific. The DJSI is the representative index for environmental, social, and governance (ESG) investments worldwide. Each year, CCBJH responds to a climate change questionnaire administered by the CDP, an international NGO which operates a global information disclosure system for managing the environmental impacts by investors, companies, and cities. The CDP collects, analyzes, and then publishes information and scoring on climate change initiatives and environmental performance.

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM





# 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!

## Zao Plant

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



Tel. 0224-32-3505

Open: Monday through Friday and  
occasionally Saturday, including holidays  
(excluding certain holidays)

## Tama Plant

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



Tel. 042-471-0463

Open: Monday through Friday and  
occasionally Saturday, including holidays  
(excluding certain holidays)

## Tokai Plant

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



Tel. 052-602-0413

Open: Monday through Friday and  
occasionally Saturday, including holidays  
(excluding certain holidays)

## Kyoto Plant

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



Tel. 0774-43-5522

Open: Tuesday through Sunday, and  
Monday if it is a holiday  
(excluding certain holidays)

## Ebino Plant

1321-1 Aridome, Higashikawakita,  
Ebino, Miyazaki



Tel. 0984-25-4211

Open: Tuesday through Sunday, and  
Monday if it is a holiday  
(excluding certain holidays)



For more information on reservations,  
please check our website.

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





## Coca-Cola Bottlers Japan Holdings Inc.

Tokyo Midtown Tower, 9-7-1 Akasaka,  
Minato-ku, Tokyo 107-6211

### For inquiries:

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

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



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## CSV Report 2019 survey

This survey is to aid in the development of our future CSV initiatives and our next CSV Report. Please let us know your thoughts and opinions. The feedback you give us will play a role in improving our CSV activities and disclosures.



Please access the survey via the URL below or the QR code.

**[https://form.ccbji.co.jp/form/csv2019\\_en](https://form.ccbji.co.jp/form/csv2019_en)**

