

Corporate Governance

Coca-Cola West's fundamental stance on corporate governance is to maximize "shareholders value" by improving management efficiency and transparency.

(1) Corporate Governance System

1) Status of Related Internal Bodies

a. Corporate Auditor System

Coca-Cola West adopted corporate auditor system in accordance with its decision to separate decision-making and management oversight from business execution through a restructuring of the Board of Directors and the adoption of the corporate executive officer system in March 1999. In April 2007, the corporate executive officer system was extended across the Group in the interest of increasing the efficiency of Group management and speeding up decisionmaking.

Furthermore, in March 2006, in order to clarify the roles and responsibilities of directors in each fiscal year and to establish a management structure capable of rapid responses to changes in business conditions, the Group shortened the term of office of directors from two years to one year.

b. Number of Directors

The Company's articles of incorporation stipulate that there shall be a maximum of 15 directors.

c. Requirements for Electing Directors

The Company's articles of incorporation stipulate that election of directors shall be by a majority of votes, where shareholders holding at least one-third of the voting rights of shareholders that can exercise voting rights are in attendance. Resolution for election of directors shall not be made by cumulative voting.

d. Outside Directors and Corporate Auditors

At present, two of Coca-Cola West's ten directors and three of its five corporate auditors are from outside the Group.

The Company has concluded with one outside director and three outside corporate auditors agreements limiting liability in case of neglect of duty, based on the provisions of Article 427, Paragraph 1 of the Company Law. Under these agreements, liability is limited to the minimum amount permissible under the law.

e. Acquisition of Treasury Stocks

The Company's articles of incorporation stipulate that the Company may, by a resolution of the Board of Directors and without seeking shareholder approval, repurchase its own shares on the market, pursuant to the provisions of Article 165, Paragraph 2 of the Company Law. The Board of Directors has been authorized to repurchase Company shares with the aim of allowing them to execute a flexible capital structure policy according to changes in the business environment and in the interest of raising capital efficiency.

f. Determination of Interim Dividends

The Company's articles of incorporation stipulate that the Company may, by a resolution of the Board of Directors and without seeking shareholder approval, determine interim dividends, as pre-

scribed by Article 454, Paragraph 5 of the Company Law. The Board of Directors has been authorized to determine interim dividends so that profits can be returned to shareholders when considered appropriate.

g. Special Resolutions of the General Meeting of Shareholders

The Company's articles of incorporation stipulate that special resolutions of a general meeting of shareholders, provided for in Article 309, Paragraph 2 of the Company Law, shall be adopted by an affirmative vote of at least two-thirds of votes, where shareholders holding not less than one-third of the voting rights of shareholders that can exercise voting rights are in attendance.

This is to ensure the smooth running of general meetings of shareholders by enabling a quorum to pass special resolutions.

h. Overview of Committees

In July 2006, the Company established the Management Advisory Committee as an internal body of the Board of Directors. This committee solicits the advice of experts with the goals of improving the efficiency and transparency of management and increasing shareholder value. The committee is responsible for advising on matters concerning important strategies for the general management of the Group, as well as candidacy for director and corporate auditor positions, and remuneration of officers.

i. Support for Outside Appointments

Outside directors are supported by the General Affairs Department, while outside Corporate auditors are supported by the Audit Office.

j. Business Execution and Management Oversight

Outside appointments comprise more than half the members of the Board of Corporate Auditors. This enables the Company the capacity to sufficiently monitor the performance of duties by directors and also allows it to draw on independent third-party advice from external experts appointed as outside directors. Directors and corporate auditors also fully monitor how corporate officers execute business operations. This includes participating in meetings of the executive committee, which is made up of corporate officers, as well as other key management meetings. When questions arise during the course of business execution, the Company consults attorneys, CPAs and other specialists for advice on determining the best way to proceed.

2) Progress of the Internal Control System

The Board of Directors resolved at a meeting held on July 1, 2006, to strengthen internal control systems for the purpose of ensuring that Coca-Cola West and its Group companies conduct business appropriately. At a meeting held on February 7, 2008, the Board reviewed certain aspects of these systems, the results of which are explained below.

a. Systems for ensuring that the duties of officers and employees comply with laws and Company rules

Internal rules concerning compliance systems and a code of conduct have been established to encourage officers and all employees

at Coca-Cola West and its Group companies to observe laws and ordinances as well as Company rules, and to act in line with accepted social norms. They were especially intended to establish a systematically firm policy against any involvement whatsoever with organized crime and other anti-social forces. Furthermore, to implement thorough compliance systems, a department responsible for CSR will be established at Coca-Cola West to unify compliance efforts across the Group and conduct educational activities for officers and employees.

The department responsible for internal audits shall examine the level of cooperation with the department responsible for CSR and the status of compliance across the Group, and then report these activities regularly to the Board of Directors and the Board of Corporate Auditors. In addition, an internal whistleblower hotline will be set up as a means for officers or employees to directly provide information on conduct that may violate laws and ordinances.

b. Storage of information related to performance of directors' duties

In accordance with established rules for documentation management, documents and electronic files containing information related to the performance of directors' duties are to be recorded and stored, thereby allowing directors and corporate auditors to examine such documents and files at any time.

c. Rules and other systems related to managing the risk of loss

The department responsible for CSR will examine risks across organizations and companies within the Group, working with each division responsible for handling risks related to compliance, the environment, disasters, product quality, information security, etc., to create rules and guidelines, conduct training, and produce and distribute manuals. The department will also promptly appoint employees to take charge of measures to deal with new risks that arise.

d. System for ensuring that directors perform their duties effectively

The Board of Directors will determine Group goals shared by corporate officers and employees as well as the allocation of authority. Representative directors will set specific targets for each Group company and department aimed at achieving these goals, as well as the methods for effectively working toward the goals, which encompass authority allocation based on Group rules for decision making.

e. System for ensuring proper business conduct as a corporate group made up of the Company and its subsidiaries

A department responsible for internal controls for the entire Group will be established at Coca-Cola West. Along with this, a structure will be set up comprising systems for effectively conducting deliberations related to internal controls at Coca-Cola West and every Group company, as well as for facilitating information sharing and communicating instructions and requests.

f. Arrangements for employees whose assistance is requested by the Board of Corporate Auditors, and independence of such employees from directors

In matters necessary for auditing duties, corporate auditors may direct members of divisions in charge of items related to internal auditing. While employees may receive directives from corporate auditors when required for auditing purposes, directors and other executives are barred from issuing such directives to employees involved in auditing duties.

Furthermore, if corporate auditors request that employees be designated to assist them, proper arrangements must be made for those employees.

g. System for corporate officers and employees to report to the Board of Corporate Auditors

Directors will set up a system for corporate officers and employees at Coca-Cola West and its Group companies to promptly report to the Board of Corporate Auditors on legal matters, as well as on matters that have a significant impact on the Group, the performance of internal auditing, and the status and details of reports from the internal whistleblower hotline. The method for reporting, including who is responsible for submitting and receiving reports as well as the time frames for reporting, will be determined through deliberations between directors and the Board of Corporate Auditors.

h. System for ensuring that other auditing by the Board of Corporate Auditors is conducted effectively

Regular meetings will be organized for corporate auditors and representative directors to exchange views.

3) Risk Management System

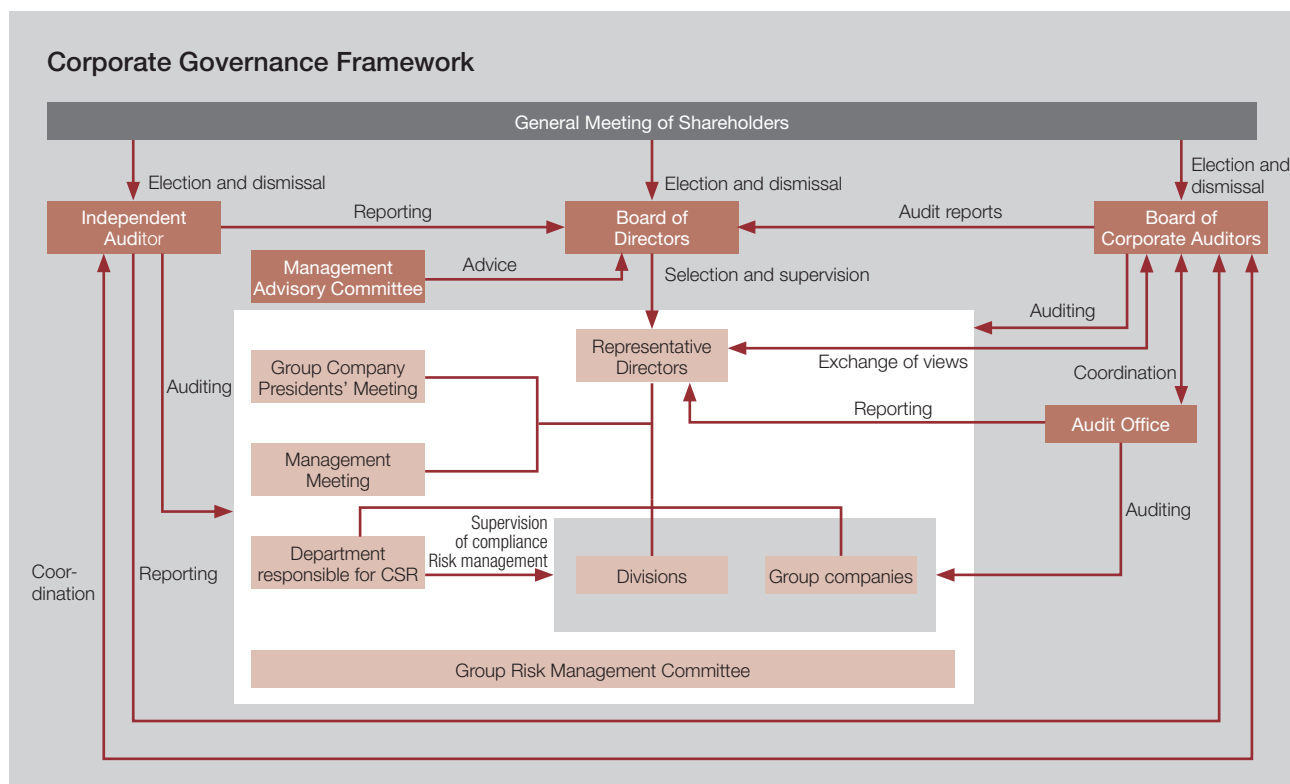
Coca-Cola West has established the Coca-Cola West Group Risk Management Committee. The objective of this body is to minimize damage in the event of a crisis by preventing confusion within the Group and ensuring a rapid and appropriate response. The Group recognizes that the only way to realize its management principles is to comply with all laws and ordinances and observe the norms of society, thereby gaining the trust of all of its stakeholders. This conviction is enshrined in its Code of Conduct, which is designed to encourage a compliance mindset among all Group corporate officers and employees.

4) Audit System

a. Participating Personnel and Organizations

Coca-Cola West aims to comply with corporate rules and regulations, carry out appropriate corporate activities and operational management, and protect its assets. To help it achieve these goals, the Company has established the Audit Office within the Internal Audit Department. The office has 13 members and reports directly to the president.

Corporate auditors attend meetings of the Board of Directors, executive committee and other important management meetings. They also meet a representative director on a regular basis and examine the results of audits performed by the Audit Office. Using these and other methods, corporate auditors monitor the executive actions of directors and executive officers in accordance with relevant laws and regulations, the Company's own articles of incorporation and internal auditing standards.



The Audit Office carries out prior discussions with corporate auditors concerning its auditing policy and plans for each fiscal year. Corporate auditors also receive reports about the results of audits of the Audit Office as needed. In addition, at the start of the fiscal year, the Company's independent auditor provides the corporate auditors with an explanation of its audit plans, and as needed, supplies information and reports to the auditors during and at the end of the audit process.

b. Independent Auditor and Related Personnel

Coca-Cola West has appointed KPMG AZSA & Co. as its independent auditor. The names of the firm's certified public accountants (engagement and management partners) that audit the Company's financial statements are listed as follows.

Name	Auditing Experience
Tetsuzo Hamashima	5 years
Takaki Okano	1 year
Junichi Adachi	2 years

The auditing team has twenty-eight additional members including eleven CPAs and one assistant CPA.

5) Director and Corporate Auditor Remuneration

Remuneration paid to directors and corporate auditors for the fiscal year under review was as follows.

Roles	Number of members	Total remuneration
Directors Notes 1 and 3 (Outside directors)	11 (2)	¥281 million (¥14 million)
Corporate auditors Notes 2 and 3 (External corporate auditors)	7 (4)	¥45 million (¥15 million)
Total members (Total outside appointments)	18 (6)	¥327 million (¥29 million)

Notes:

1. By a resolution of the General Meeting of Shareholders held on March 24, 2009, the maximum remuneration for directors was set at ¥500 million annually, and of that amount, the maximum remuneration for outside directors was set at ¥50 million annually.
2. By a resolution of the General Meeting of Shareholders held on March 24, 2009, the maximum remuneration for corporate auditors was set at ¥100 million annually.
3. The amounts above include remuneration paid to one director and two corporate auditors (one of which was an external corporate auditor) who retired from office as of the conclusion of the General Meeting of Shareholders held on March 24, 2009.

(2) Conflicts of Interest

One of the Company's two outside directors is a representative director at a business partner that the Company treats as an equity-method affiliate.

One of the Company's three outside corporate auditors is a representative of a partner financial institution. The remaining outside corporate auditors have no conflicts of interest with the Company.