



*Coca-Cola*

BOTTLERS JAPAN HOLDINGS INC.

# Integrated Report 2022





# **Paint it RED!**

## **未来を塗りかえろ。**

### **Mission**

*Deliver happy moments to everyone  
while creating value*

### **Vision**

- We are the preferred partner for our customers
- We win in the market through sustainable growth
- We lead a learning culture with commitment to grow
- We are the best place to work with pride for Coca-Cola

### **Values**

- Learning
- Agility
- Result-orientation
- Integrity







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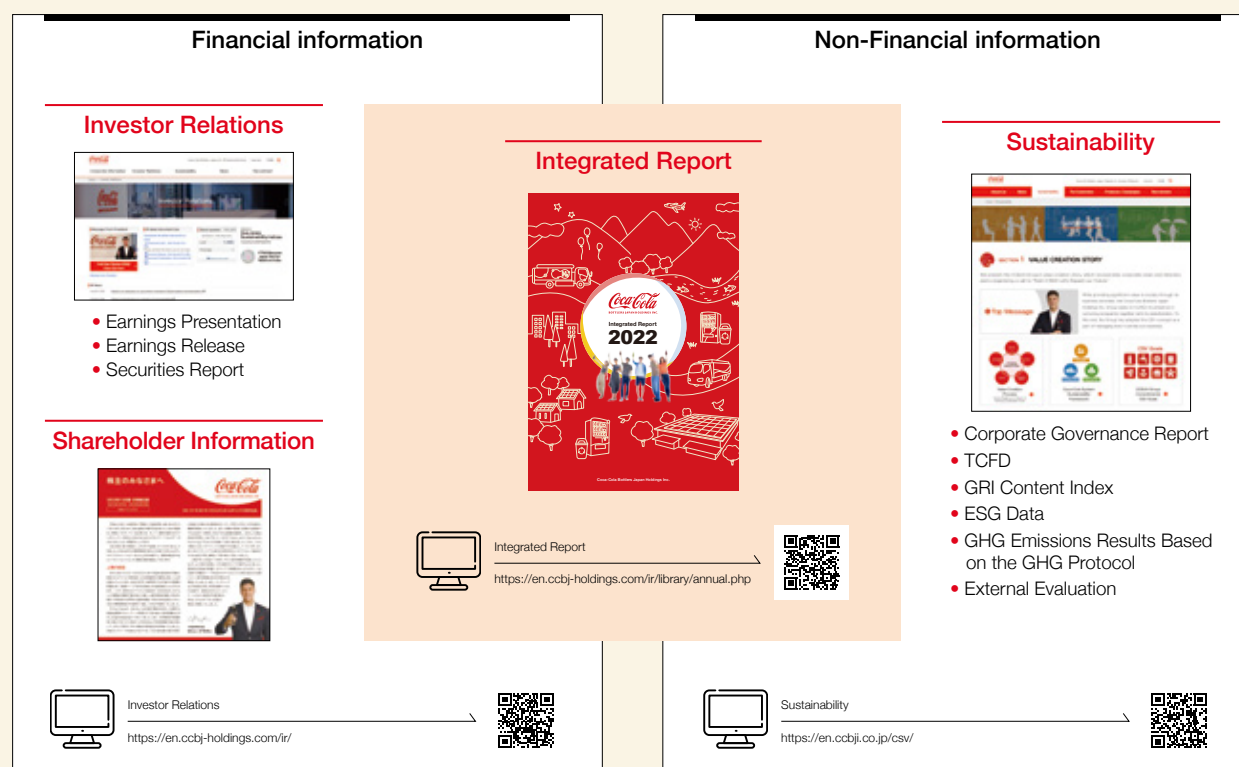


# Information Disclosure System / Editorial Policy

## CCBJH Group's Information Disclosure

We disclose information in a timely and appropriate manner to enable stakeholders to better understand our business and to place their trust in the CCBJH Group. This Integrated Report is produced to broadly communicate financial and non-financial information to

our stakeholders. Comprehensive information on investor relations and our environmental, social and governance (ESG) initiatives are available on our website.



## Editorial Policy

This document is provided as a report related to value creation at CCBJH based on the IFRS Foundation's International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation. For sustainability information, we have referred to the GRI Sustainability Reporting Standards of the Global Reporting Initiative and the final report of the Task Force on Climate-related Financial Disclosures (TCFD).

<b>Period covered</b>	This report covers activities from January 2022 to the end of December 2022. (Including some activities reported in 2023) Numerical data is also for the period from January 2022 to the end of December 2022.
<b>Scope of the report</b>	Information presented in this report was collected from Coca-Cola Bottlers Japan Holdings Inc., Coca-Cola Bottlers Japan Inc., and the Coca-Cola Bottlers Japan Group companies* (Details on page 85 Our Group Companies).
<b>Date of issue</b>	June 2023
<b>Company names</b>	<b>CCBJH Group (we)</b> Coca-Cola Bottlers Japan Holdings Inc. and eight consolidated subsidiaries (Coca-Cola Bottlers Japan Inc., and the Coca-Cola Bottlers Japan Group companies). (As of December 31, 2022)
	<b>CCBJI</b> Coca-Cola Bottlers Japan Inc.
	<b>CCBJI Group</b> Coca-Cola Bottlers Japan Inc. and its Group companies

\* 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., Bannai Saketen Inc.

### Forward-Looking Statements

The plans, forecasts, business strategies, and other statements described in this document contain forecasts based on our judgment in light of the information available at the time the materials were prepared.

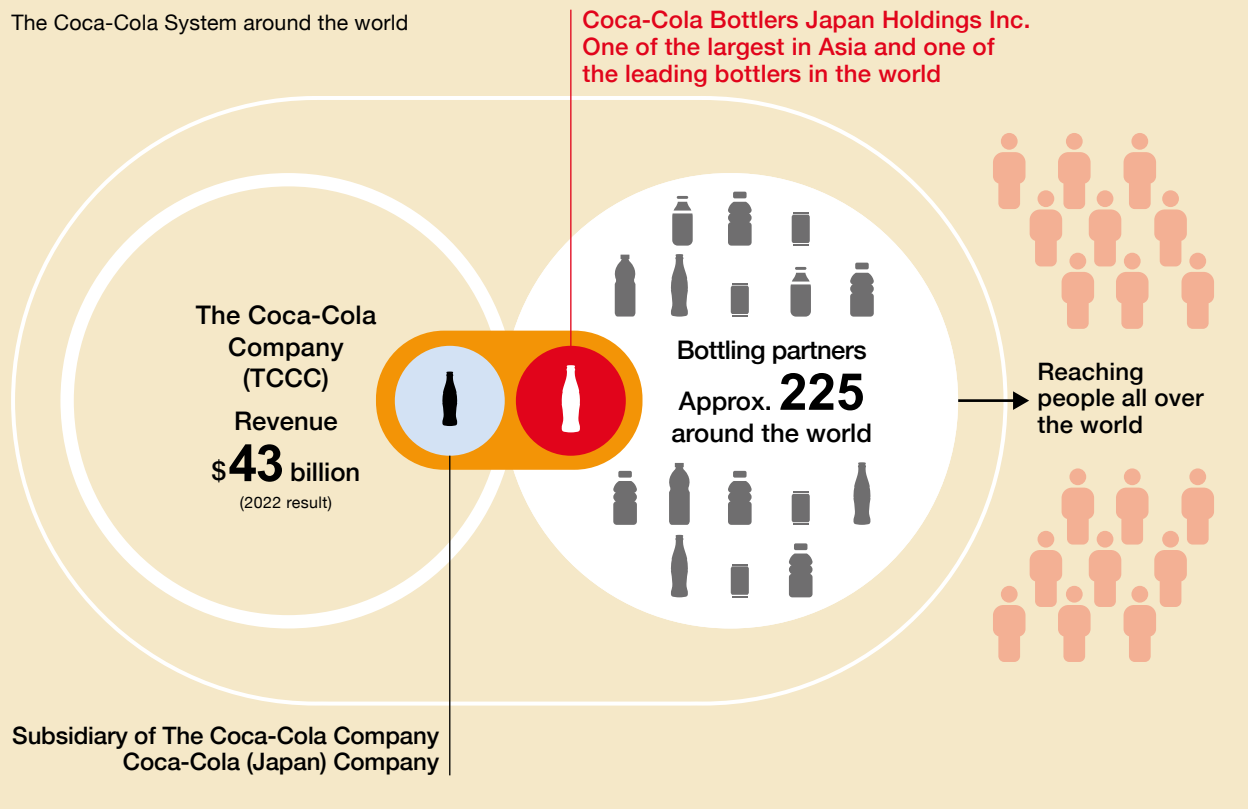
Note that these forecasts may differ materially from actual results due to various risks and uncertainties.

Please refer to the 2022 Full-Year Earnings Presentation for the assumptions used for earnings forecasts and precautions regarding their use.

## Coca-Cola Bottlers Japan Holdings in the World

### Member of the Global Coca-Cola System

The Coca-Cola System around the world



### Coca-Cola Bottlers Japan Holdings Inc. (CCBJH) and the Coca-Cola System around the world

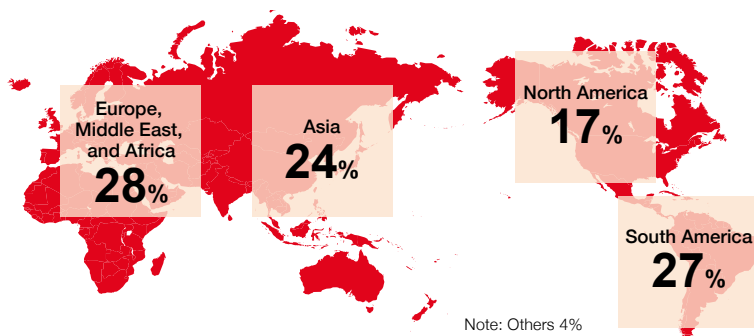
In 1886, Coca-Cola was born in Atlanta, Georgia. The franchise system established by The Coca-Cola Company allowed other companies to bottle and distribute Coca-Cola, which facilitated its expansion across the United States. In time, franchise businesses established bottling plants in every continent, leading to the worldwide distribution of Coca-Cola.

The Coca-Cola Company distributes beverage base to authorized bottling partners in specific economic regions. These bottling partners, also known as “bottlers,” mix the beverage base with carbonated or distilled water and

sweeteners to create a finished beverage. The finished product is then packaged and sold. The Coca-Cola System today sells Coca-Cola and various other products in more than 200 countries and territories.

The CCBJH Group is one such bottler that has entered into a franchise agreement with Coca-Cola (Japan) Company, which is the Japanese subsidiary of The Coca-Cola Company. Our business operations encompass Tokyo, Osaka, Kyoto, and a further 35 Japanese prefectures.

Global sales ratio by region in the Coca-Cola System



Employees supporting the Coca-Cola business

More than **700,000** around the world

Coca-Cola product sales area

More than **200** countries and territories

Source: 2022 Business & Sustainability Report of The Coca-Cola Company



## Leveraging our strengths as a part of the global Coca-Cola System

The Coca-Cola System consists of The Coca-Cola Company and around 225 Coca-Cola bottling partners worldwide. It sells Coca-Cola and various other beverages in more than 200 countries and territories. This worldwide network has allowed us to accumulate tremendous knowledge and experience and is one of the key sources of our sustainable growth and

competitiveness. In particular, close collaboration in terms of product development, the introduction of global standard core systems, participation in global operations, and exchange of human resources has led to the creation of synergy throughout the Coca-Cola System.

### Collaboration on product development

Within the global Coca-Cola System, Japan launches the largest number of new products each year. It also plays a leading role in driving innovation throughout the Coca-Cola System. The Coca-Cola System's global product development, nurturing structure and access to powerful global brands are among our strengths. One recent example of collaboration is the global planning and development of alcoholic beverages, starting with the Coca-Cola System's first alcoholic beverage, Lemon-dou, in Japan. This was followed by the launch of Jack Daniel's & Coca-Cola in Mexico in 2022 and in Japan in April 2023. We are also working to enhance our market competitiveness by leveraging our strengths on a global scale. This includes the introduction of Costa Coffee, the No. 1\* café brand in Europe, to the Japanese market.

\* According to Allegra's 2021 World Coffee Portal

### Global standard operations

We introduced an ERP system called CokeOne+ that covers back-office and customer service. CokeOne+ is a template of Enterprise Resource Planning (ERP) system developed by the global Coca-Cola System that enables complex business processes to be carried out on a common platform, centered on the centralized management and visualization of a wide range of information. It is helpful in strengthening management analysis capabilities, improving business quality and processes, and promoting efficiency. In addition, in the area of procurement, we are working with the Cross Enterprise Procurement Group (CEPG), the Coca-Cola system's global procurement network, to take advantage of a global procurement scale and prepare transaction guidelines based on global standards.

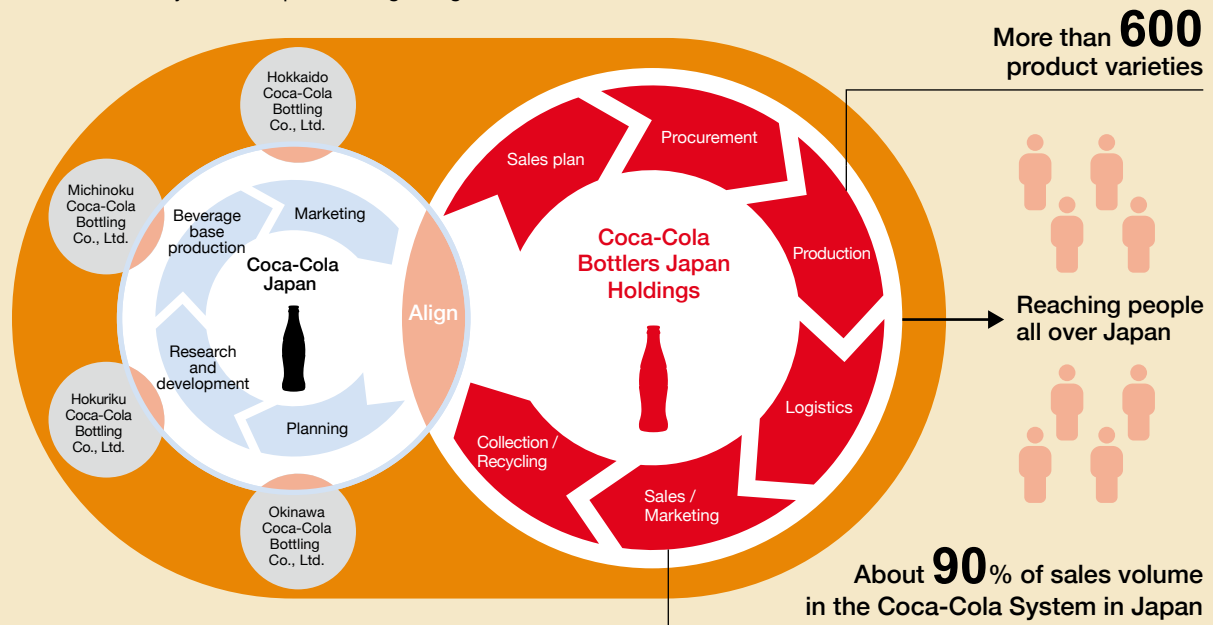
### Exchange of human resources

We engage in human resource exchanges with Coca-Cola bottlers around the world, including Coca-Cola Hellenic (a bottler that does business primarily in Central and Eastern Europe), Coca-Cola FEMSA (bottler in Latin America), and Coca-Cola Beverages Philippines (a bottler that does business primarily in Southeast and Southwest Asia and India). These exchanges involve short-term appointments to share success stories and build long-term collaborative relationships. We also actively engage in intra-company communication in our daily operations, holding regular meetings at the division level with the participation of representatives from bottlers. We use these opportunities for human resource exchange to promote transformation based on global business experience, knowledge, and success stories, as well as to develop global human resources internally.

## Coca-Cola Bottlers Japan Holdings in Japan

### Largest Bottler in Japan

The Coca-Cola System in Japan working in alignment



### Strengthening the business foundation in Japan

The Coca-Cola System in Japan comprises The Coca-Cola (Japan) Company, Limited, which is The Coca-Cola Company's Japanese subsidiary responsible for supplying beverage bases, planning and developing products, and conducting marketing activities. Bottlers and affiliates manufacture and sell the products. These companies work in close partnership to grow the Coca-Cola business by improving production efficiency, maintaining a consumer-oriented approach, responding quickly to market

needs, enhancing customer service, and ensuring quality control.

The first Japan bottler was established in 1956, and that number grew to 17 across the country. In the 1990s, bottler consolidations began and in April 2017, Coca-Cola East Company, Limited (CCEJ) and Coca-Cola West Company, Limited (CCW) merged to form Coca-Cola Bottlers Japan Inc\*. Currently, ourselves and four other bottlers sell Coca-Cola and other beverages throughout Japan.

1956–1999

Expansion of manufacturing and sales area

17 bottlers

Tokyo	Tone
Mikuni	Sendai
Chukyo	Fuji
Kitakyushu	Sanyo
Mikasa	Kinki
Minami Kyushu	Shikoku
Hokkaido	Michinoku
Hokuriku	Nagano
Okinawa	

2001–2015

Corporate restructure

2015

Improved competitiveness through streamlining

6 bottlers

CCEJ
CCW

1999–2015

Corporate restructure

1984

Merger of two companies

2017

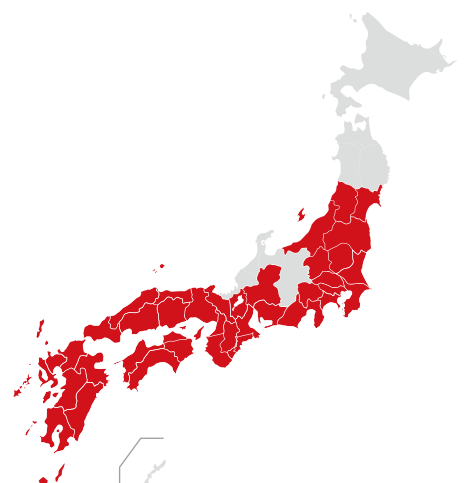
Scaling up for greater business strength

5 bottlers

CCBJI*
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Hokkaido Michinoku

Hokuriku Okinawa



\* Trade name changed to Coca-Cola Bottlers Japan Holdings Inc. (CCBJH) on January 1, 2018



## Accumulated capital and strengths

The CCBJH Group is the largest Coca-Cola bottler in Japan, responsible for approximately 90% of the sales volume of the Coca-Cola System in Japan. Among about 225 bottling partners worldwide, we are one of the largest in Asia in terms of revenue and one of the leading bottlers in the world.

We deliver safe and high-quality Coca-Cola products to customers and business partners and provide attentive service with the aim of achieving our mission to deliver happy moments to everyone while creating value.



Manufacturing & Commercial capital

Plants

17

Sales/distribution centers

About 300

Vending machines

About 700,000



Intellectual capital

Brands in Japan

About 40

Bottling partners worldwide

About 225



Human capital

Number of employees

About 14,500



Social capital

Sales area

Tokyo, Osaka, Kyoto and 35 prefectures

Consumers in sales area

About 111 million  
(53 million households)



Natural capital

Water usage

13,287,000 m<sup>3</sup>

Water replenishment rate

420%



Financial capital

Total assets

Approx. 830 billion yen

Rating

A+(R&I)/AA-(JCR)

As of December 31, 2022



## Part 1

# Value Creation Story

- 11 Message From the President
- 15 Value Creation Process
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Tsunoshima Bridge, Shimonoseki City  
in Yamaguchi Prefecture

Photo by Yuji Yoshizu  
West Japan Operation Division  
Coca-Cola Bottlers Japan Vending Inc.



## Message From the President



**Calin Dragan**

Representative Director, President

A stylized, handwritten signature in black ink, which appears to read "Dragan".





## Prioritizing structural profitability for future growth and profitability

### On the publication of the 2022 Integrated Report

The Coca-Cola Bottlers Japan Holdings Group (CCBJH Group) has consolidated its previous Annual Review and CSV Report into a single document, the 2022 Integrated Report. This comprehensive report aims to provide valuable information to our stakeholders, including shareholders and investors, to foster a better understanding of our long-term value creation strategy. Our goal is to promote transparency and facilitate a deeper insight into our processes of generating sustainable medium- to long-term value.

Our corporate philosophy, “Paint it RED! Let’s Repaint Our Future,” guides our mission to “Deliver happy moments to everyone while creating value.” It serves as the basis of our daily business operations. As the beverage industry in

Japan experiences significant change at an accelerating pace, we remain agile in adapting to these environmental changes. Concurrently, we are committed to pursuing business growth and creating shared value with society through our unique value creation process.

Within this integrated report, we provide an overview of our initiatives as a total beverage company. These include actions focused on ensuring the safety and reliability of our products, as well as our commitment to creating shared value (CSV). Furthermore, we outline strategies for implementing a medium- to long-term value value creation approach and attaining sustainable growth.

### Achieving steady results: Outcomes of 2022 transformation initiatives

In 2022, the impact of COVID-19 began to subside. Nevertheless, we were forced to steer our business through difficult circumstances created in part by a substantial increase in costs arising from external factors. Against this backdrop, we had to address rising raw material, supplies, and energy prices and the impact of foreign exchange rates, as well as strengthen our revenue base. As part of our pricing strategy, we revised our product prices ahead of others in the industry. We implemented price revisions for large PET bottle products in May 2022 and for small packaged products in October 2022. Through management decisions based on strong determination and thorough execution in the market, we are already seeing results such as an improvement in revenue per case. I believe these structural profitability improvement initiatives are vital for the future of the beverage industry and our business. Moreover, from a growth standpoint, we leveraged the growth foundation we built and implemented effective sales

activities to maximize opportunities for increased demand from the recovery in social activities and the heat wave. As a result, we were able to achieve growth in both sales volume and value share. We also revamped our Sales and Operations Planning (S&OP) process to ensure a stable product supply. This has significantly improved the service level associated with product supply in times of sudden changes in demand, which had previously been an issue, in turn contributing to volume growth. In addition, we continued to push forward with transformations that will lead to future growth. This included the launch of operations at the Akashi Mega Distribution Center (DC), the second of our automated distribution centers in Japan. Furthermore, we continued to work on optimizing our balance sheet. The key measures for future growth that we have been working on in each field are steadily producing results. This proves to me that we are headed in the right direction in terms of strategy.

## Message From the President

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### 2023 to be a year of focusing on profits and prioritizing improved profitability

In 2023, we expect the price of raw materials, supplies, and energy to continue to rise. This, combined with the impact of foreign exchange rates, will require us to address further cost increases. In addition to utilizing the results and lessons learned to date, we will promote initiatives to achieve a stable and low-cost supply of products and a thorough sales strategy that emphasizes investment efficiency. We will do this by placing the highest priority on improving profitability in this year of focusing on profits.

In our commercial activities, we will further improve revenue per case through an appropriate pricing strategy centered on price revisions. Our aim is to achieve a steady recovery in revenue and establish a profit structure for sustainable growth. In terms of volume, we are executing core category-focused strategies, expanding our product portfolio based on innovation, and executing marketing investments emphasizing effectiveness and efficiency.

In manufacturing and logistics, we are working to build

a supply chain network to realize high quality, low costs, and stable supply. Specifically, on the manufacturing side, we will work to promote efficiency in manufacturing processes and build a flexible manufacturing system. Meanwhile, on the logistics side, we will optimize our distribution network by such means as ensuring stable operations at the Akashi Mega DC, which was opened in 2022. We will also focus on ensuring stability in our S&OP process, which was revamped in 2022. Moreover, we will continue to work on achieving a timely and low-cost supply of products in response to changes in the environment.

As for the overall business foundation, we will further accelerate the standardization of business processes and improvement of efficiency through DX. Our goal is to establish a robust cost structure that will allow us to respond flexibly to any changes in the environment. Cost pressure remains severe, but we will improve profitability by steadily moving forward on initiatives in each area.

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### Identifying unique material issues amid accelerating changes in the business environment

In 2019, the Coca-Cola System in Japan formulated a Sustainability Framework that identified three platforms of Inclusion, Communities, and Resources, and nine priority issues to be addressed to achieve our unique non-financial CSV Goals.

However, since establishing this Sustainability Framework, the macro environment surrounding our company has changed significantly. In addition, the change is accelerating and heavily impacting consumer behavior and business operations. Because of this and other factors, the business environment remains challenging and uncertain. In order to realize our mission to “Deliver happy moments to everyone while creating value,” we have reviewed our existing material issues identified when

establishing the Sustainability Framework and reidentified material issues unique to our company. By separating the identified issues into the categories of Key Themes in Sustainable Value Provision, Key Themes in Sustainable Society, and Key Themes in Sustainable Organizational Management and linking them to our Value Creation Process, we have expressed our vision in the form of a Value Creation Story.

To address Mitigation of and Adaptation to Climate Change, a material issue categorized as one of the Key Themes in Sustainable Value Provision, we will establish a new Sustainability Committee in 2023. Our aim is to strengthen the system for establishing policies and strategies on climate change and other issues and to

promote information disclosure based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations and participation in climate change initiatives. In addition, we hold diverse discussions at Sustainability Committee meetings among leadership-level employees from each division. Feedback from these

discussions is promptly shared internally. These become the guidelines that facilitate our sustainability activities.

We also continue to promote various horizontal recycling initiatives, including “bottle-to-bottle”<sup>\*1</sup>, “CAN to CAN”<sup>\*2</sup>, and packaging recycling initiatives, “pallet-to-pallet”<sup>\*3</sup> and “shell-to-shell”<sup>\*4</sup>, to effectively utilize resources.

<sup>\*1</sup> Collection, processing, and recycling of used PET bottles, which are then regenerated as PET bottles and used as beverage containers

<sup>\*2</sup> Horizontal recycling of aluminum cans

<sup>\*3</sup> Light blue or black platforms used for transporting and storing products

<sup>\*4</sup> Cases for bottle products

### Promoting human capital management by strengthening our human capital strategy

I am certain that people and organizational strength constitute the principal foundations of our business. Through integration, we have become a company where human resources and cultures espousing various values coexist. We consider this a strength and are implementing various measures to maximize human resources value and achieve sustainable growth while leveraging our diversity. In addition, we actively provide learning opportunities, such as our human resources development programs for leaders who are driving change, thereby improving the capabilities of the entire organization. Moreover, to enable employees to reach their full potential, we have introduced compensation systems that emphasize results and have established a commendation system. We are working on various other measures as well, such as strengthening Diversity, Equity & Inclusion (DE&I) and promoting diverse work styles.

We will continue to actively invest in human resources development to enhance human resources value, which is one of our strengths and essential for the future growth of our company.

We will continue to maintain high quality standards to provide safe and secure products and services to meet the needs of everyone. In addition, by providing value to various stakeholders through our business activities, we will create a virtuous cycle for society as a whole. No matter how

challenging the business environment, our driving force is the desire to create value for our stakeholders and to continue as the preferred partner for decades to come. We are committed to making great strides forward toward sustainable growth and improved corporate value by delivering happy moments to everyone while creating value. Thank you in advance for your continued understanding of and support for the CCBJH Group.





## Value Creation Process

Coca-Cola Bottlers Japan Holdings aims to realize our mission by continuously providing value for all stakeholders through our unique value creation process.

### Main Capital / Strengths

#### Input



#### Manufacturing & Commercial capital

Supply chain and sales foundation for the stable supply of a varied product line

Plants **17**

Sales/distribution centers **About 300**

Vending machines **About 700,000**



#### Intellectual capital

The globally shared Coca-Cola brand and the innovation capabilities of the global Coca-Cola system

Brands in Japan **About 40**

Bottling partners worldwide **About 225**



#### Human capital

Diverse human resources supporting sustainable growth and an organizational culture that maximizes ability

Number of employees **About 14,500**



#### Social capital

Collaboration and engagement with stakeholders, including local communities and customers, to solve social issues

Sales area **Tokyo, Osaka, Kyoto and 35 prefectures**

Consumers in sales area **About 111 million**



#### Natural capital

Sustainable securing of biological resources, raw materials, and supplies through conservation of natural capital

Water usage **13,287,000 m³**

Water replenishment rate **420%**



#### Financial capital

A sound and stable financial foundation and a decisive financial structure to realize strategic investment measures

Total assets **Approx. 830 billion yen**

Rating **A+ (R&I) / AA- (JCR)**

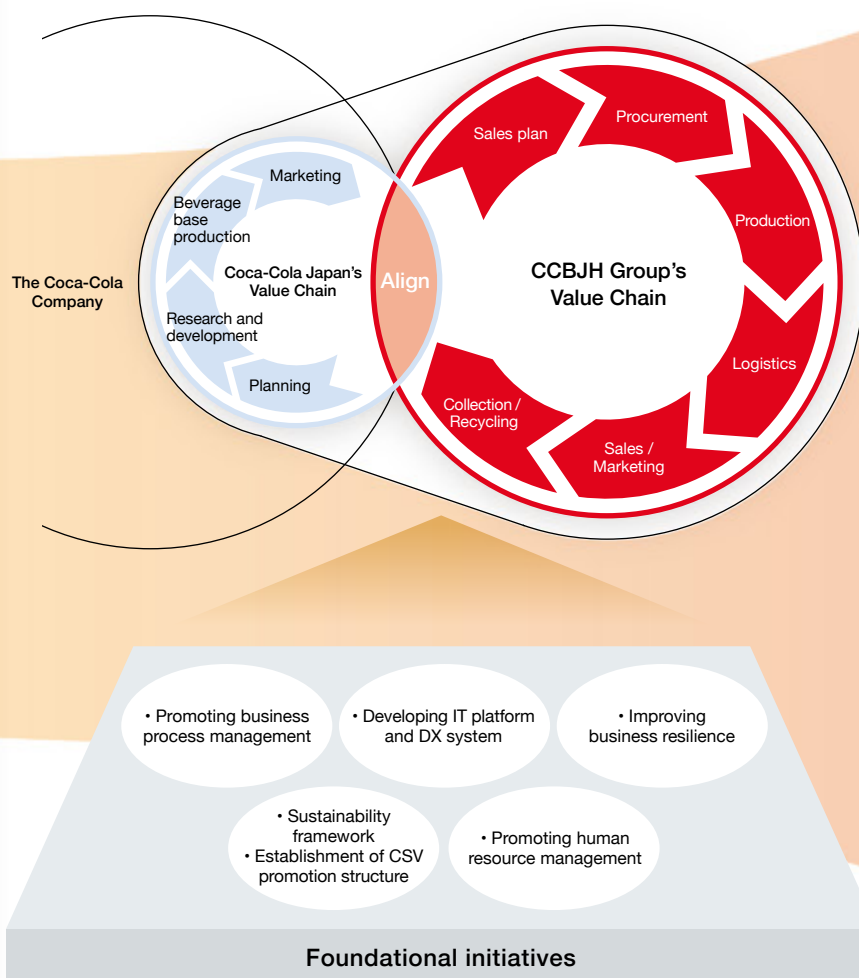
As of December 31, 2022

**CCBJH Group's Material Issues**  
(Go to page 20)

### Business Model and Output

#### Business Model

#### Partnership with The Coca-Cola Company and Coca-Cola (Japan) Company



#### Key Themes in Sustainable Organizational Management

- Product Quality and Safety
- Resilience to Natural Disasters
- Corporate Governance
- Sustainable Supply Chain
- Responsible Commercial Practices

## Value to Stakeholders

## Ideal Image

## Output

## Beverages for Life

Beverages in tune with people's life and daily living

Lineup of about 40 brands and more than 600 products



## Innovation for Society

Measures to address issues such as recycling, water conservation, and open innovation



## Platform for Sustainable Growth

Growth platform for employees, customers, suppliers, and other stakeholders



## Outcomes

## Customers (Consumers)

Fostering wellness by providing high-quality products and services that enrich daily life along with new occasions to enjoy beverages and refreshments

## Business partners

Contributing to the creation of economic, social, and environmental value for customers through expansion of business opportunities and collaboration

## Employees

Improving engagement through systems and work environments that facilitate employee growth to reach their full potential, as well as through the formation of autonomous organizations

## Suppliers

Achieving sustainable business growth through constructive relationship building

## Communities

Achieving sustainable development of local communities through collaboration for regional economic growth and community building

## Natural environment

Mitigating environmental impact by raising consumer awareness and forming a responsible recycling/circular society

## Shareholders / Investors

Increasing share value through profit growth, enhanced shareholder returns, and thorough implementation of corporate social responsibility

## Impact

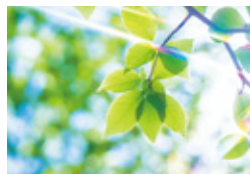
## Impact on society

Contributing as a partner to all stakeholders



## Impact on the environment

Creating a sustainable global environment for future generations



## Impact on operations

Achieving stable and sustainable growth in the market



## Mission

Deliver happy moments to everyone while creating value



## Key Themes in Sustainable Value Provision

- Packaging and Recycling (Circular Economy)
- Mitigation of and Adaptation to Climate Change
- Employee Development & Wellbeing

## Key Themes in Sustainable Society

- Water Stewardship
- Healthy Products / Services
- Contribution to Local Community Development
- Sustainable Conservation of Biological Resources
- Diversity, Equity and Inclusion

## Process for Identifying Material Issues

As part of Coca-Cola System in Japan's Sustainability Framework, we are committed to pursuing activities that address social issues through creating shared value (CSV). To further advance our efforts and fulfill our mission, we have identified our material issues for 2023.

### STEP 1 Recognizing the current status

Further adaptation is required to changes in the social environment while promoting the Sustainability Framework

In 2019, the Coca-Cola System in Japan established its Sustainability Framework, which outlines three platforms - Inclusion, Communities, and Resources - and nine key issues to be addressed. Despite our ongoing efforts to promote activities based on this framework, it has been four years since its formulation and the macro environment continues to evolve. These include changes to the global economy, geopolitical risks, a declining birthrate and aging population, and climate change. Additionally, the recent COVID-19 pandemic, rising

raw material and energy prices, and the weak yen have had a major impact on consumer behavior and business. This has led to sustained uncertainty and challenges in the business environment, making forecasting increasingly difficult.

To fulfill our mission of delivering happy moments to everyone while creating value, we have established a group-wide, cross-divisional project team to identify our material issues in response to these changes.

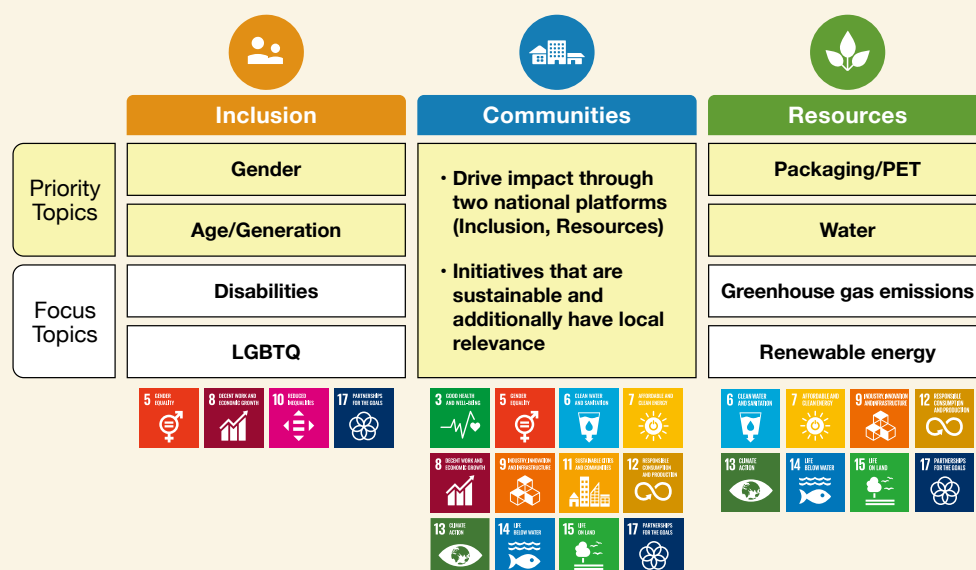
### The Sustainability Framework for the Coca-Cola System in Japan

The Coca-Cola System in Japan has identified 189 issues from various sources such as SDG-related reports and guidelines, benchmark surveys by outside consultants, stakeholder interviews with consumer groups, retailers, NPOs, academic groups, and ESG investors, ISO 26000, and government agency reports. These issues were then narrowed down to 33 based on common shared categories such as renewable energy and aging society. We then

specified 15 issues that were highly relevant to both society and our business.

Through interviews and workshops with management and employees of Coca-Cola Japan and Coca-Cola Bottlers Japan, four key issues were identified. Further discussions on the 19 total key issues led to a common framework that specified three platforms - Inclusion, Communities, and Resources - and nine key issues.

### Three platforms and nine priority issues





## STEP 2 Identifying material issues

### Gaining New Perspectives: Identifying material issues through analysis, surveys, and evaluation

In identifying material issues, we first revisited the agreed Coca-Cola System Sustainability Framework for Japan. We then conducted a social axis evaluation based on ESG reports, NGO reports, industry reports, media analyses, etc. This evaluation was used to identify topics of social attention and importance, from which a list was made of items to be added as material issues.

The listed items were surveyed for their degree of importance. Based on the results of this survey, they were grouped and organized, social axis evaluation was conducted, and we drafted a proposal of what our material issues should be. The project team conducted an internal evaluation by

analyzing documents such as the Annual Review and the CSV Report. This evaluation checked the materiality proposal for comprehensiveness and appropriateness, and the team then discussed the proposed definition of material issues. Based on these discussions, we have identified and defined 13 material issues unique to our Group, covering three categories of “environmental,” “social,” and “governance.”

The importance of the 13 material issues was scored by interviewing ESG-related investors, NGOs, local governments, and our management team, including the CEO, as well as by conducting employee surveys. This information was used to plot a materiality map of importance levels.

#### 1 Organization and identification of issue items

- Confirming and organizing existing issues being addressed by the Coca-Cola System in Japan
- Identifying topics of social and industry attention and importance
- Listing of items to be added as material issues

#### 2 Drafting of a proposal for material issues

- Conducting importance surveys on existing and additional issues
- Grouping issues and reorganizing the issue list based on issue granularity
- Conducting social axis evaluation in accordance with issue granularity, drafting a proposal for material issues

#### 3 Selection and definition of 13 material issues

- Organizing and preparing a proposal for material issues and their proposed definitions through internal evaluations, including analysis of our data
- Discussing issue granularity and definition within the project team
- Selecting 13 key material issues across three categories: Environmental, Social and Governance

#### 4 Scoring of material issue importance

- Conducting interviews with stakeholders
- Conducting interviews with management including the CEO and employee surveys
- Scoring importance for the preparation of the proposed map of material issues

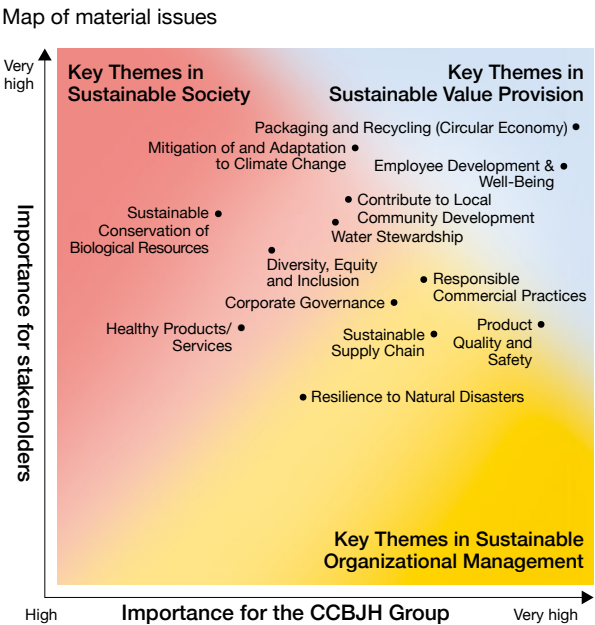
Process for Identifying Material Issues

STEP 3

Organizing material issues

Mapping material issues based on importance to stakeholders and the CCBJH Group





In mapping our material issues, for the social axis we scored importance for stakeholders based on factors such as interviews with outside experts and analysis of various reports. For the business axis, we scored importance for the CCBJH Group based on interviews with management and employee surveys. The resulting scores were plotted along the axis of importance for stakeholders and for the CCBJH Group to create a map of material issues. We then classified the material issues in the upper right of the map as Key Themes in Sustainable Value Provision, those in the upper left as Key Themes in Sustainable Society, and those in the lower right as Key Themes in Sustainable Organizational Management.



Relationship between the Sustainability Framework and our own material issues

Our own material issues are based on the key issues identified in the Sustainability Framework and the 19 key issues selected during the framework's formulation process, to which topics to be added as material issues were also incorporated. These were evaluated and material issues were identified, then classified in connection to three platforms: Inclusion, Communities, and Resources. This enables us to ensure consistency between our sustainability

activities and the key issues of the Coca-Cola System in Japan, as well as our own material issue areas—Key Themes in Sustainable Value Provision and Key Themes in Sustainable Society. Furthermore, the Key Themes in Sustainable Organizational Management, common to all three platforms, have been established as the foundation for our organization's management.

		 Inclusion	 Communities	 Resources
The Coca-Cola System in Japan	Priority Topics	Gender	• Drive impact through two national platforms (Inclusion, Resources)	Packaging/PET
		Age/Generation		Water
	Focus Topics	Disabilities	• Initiatives that are sustainable and additionally have local relevance	Greenhouse gas emissions
		LGBTQ		Renewable energy
				
The CCBJH Group's material issues	Key Themes in Sustainable Value Provision	Employee Development & Well-Being	—	Packaging and Recycling (Circular Economy) / Mitigation of and Adaptation to Climate Change
	Key Themes in Sustainable Society	Diversity, Equity and Inclusion	Healthy Products and Services / Contribute to Local Community Development	Water Stewardship / Sustainable Conservation of Biological Resources
	Key Themes in Sustainable Organizational Management	Product Quality and Safety / Resilience to Natural Disasters / Corporate Governance Sustainable Supply Chain / Responsible Commercial Practices		

## Material Issues

### The CCBJH Group's material issues and definitions

#### Key Themes in Sustainable Value Provision

Packaging and Recycling (Circular Economy)	To achieve the Coca-Cola Company's 2030 Global Vision World Without Waste, we will work on activities such as light-weighting, horizontal recycling, and waste reduction through the three pillars of design, collection, and partnerships. By doing so, we contribute to the promotion of recycling of plastic and other materials in Japan.	Go to page 51
Mitigation of and Adaptation to Climate Change	To mitigate and adapt to climate change, we aim to reduce our environmental impact through initiatives throughout the value chain, including the reduction of our greenhouse gas emissions.	Go to page 53
Employee Development & Wellbeing	We believe that employees are important assets in conducting sustainable business. Therefore, in our human resource development system, we work to create a workplace environment that maximizes and develops the potential of each employee. We focus on our employee's safety and their physical and mental well-being by measures such as enhancing their work-life balance.	Go to page 35

#### Key Themes in Sustainable Society

Water Stewardship	As a company whose main product ingredient is water, we strive to reduce, reuse, and properly treat water used in manufacturing. We also work with local communities to conserve water resources in a sustainable manner to pass on abundant water resources to future generations.	Go to page 53
Sustainable Conservation of Biological Resources	We conserve biodiversity and achieve sustainable business by recognizing and reducing the impact on the natural environment and ecosystems whilst making business decisions.	Go to page 48
Healthy Products/Services	We contribute to consumer wellness by providing high value-added products and services that contribute to the maintenance and promotion of health and nutrition.	Go to page 61
Diversity, Equity and Inclusion	We foster a culture that respects human rights, diversity, and fairness, and create an environment where each individual can maximize their abilities regardless of gender, age, disability, race, nationality, sexual orientation, gender identity or expression, or other attributes throughout the value chain.	Go to page 43
Contribution to Local Community Development	Based on collaboration and communication with local communities and other stakeholders, we engage in activities aimed at developing sustainable local communities and solving social issues. Through our business, we contribute to the revitalization of local economies.	Go to page 47

#### Key Themes in Sustainable Organizational Management

Product Quality and Safety	In order to provide safe, high-quality, fresh, and refreshing products and services to our consumers, we implement strict quality systems and processes in all business processes, from raw material procurement, manufacturing, distribution and transportation, to sales and service. In this way, we guarantee and improve the safety and quality of our products.	Go to page 63
Resilience to Natural Disasters	We strive to build a system and structure that is safe and robust enough to minimize the impact on our business in the event of any injury to employees and damage to facilities for manufacturing, logistics, sales operations, and business sites caused by large-scale natural disasters such as earthquakes and typhoons.	Go to page 62
Corporate Governance	We strive to build and maintain a strong corporate governance structure to improve management soundness and maximize corporate and shareholder value. In accordance with the intent of the Corporate Governance Code, we strive to improve the skill sets of our directors and all employees, pursue an optimal organizational design for our company, and further strengthen our governance.	Go to page 69
Sustainable Supply Chain	We build a sustainable supply chain through the stable procurement of materials and raw materials, addressing human rights and environmental issues in the supply chain, conducting appropriate transactions and responsible procurement.	Go to page 33
Responsible Commercial Practices	We build our relationships with our consumers by ensuring responsible marketing of our full beverage portfolio, including alcohol, ensuring compliance with all commercial activities in line with laws and regulations. We provide our stakeholders with access to useful and sufficient information on the health and nutrition of our products through easy-to-understand communications.	Go to page 25







## Part 2

# Financial & Non-Financial Strategy

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Kokura Castle, Kitakyushu City  
in Fukuoka Prefecture

Photo by Wataru Tanigawa  
West Japan Operation Division  
Coca-Cola Bottlers Japan Vending Inc.

## Message From the CFO

### Enhancing corporate value: Building a stronger business foundation and improving profitability

**Bjorn Ivar Ulgenes**

Representative Director and Vice President, CFO



#### **Initiatives for building our revenue base and achieving low-cost operations are yielding results**

In 2022, although there were increased demand opportunities with the recovery in traffic and the hot summer, the business environment remained challenging. This was because of external factors, mainly a significant increase in the cost environment. In such circumstances, we positioned 2022 as a year to build a foundation for sustainable growth. We focused efforts on strengthening our earnings foundation and achieving low-cost operations.

For commercial activities, we launched new products and strengthened our response to diversifying consumer needs. While we implemented measures to grow volume, we also worked to improve profitability. As part of our profitability-focused pricing strategies, we revised the shipping prices of large PET bottle products in May and the suggested retail prices of small package products in October.

In the areas of manufacturing and logistics, we have been working to establish a system that can flexibly respond to sudden changes in demand to realize a stable product supply. To achieve this, we revamped our Sales and Operations Planning (S&OP) process. Additionally, in July 2022 operations started at our new automated Akashi Mega Distribution Center (DC), which has one of the largest storage and shipment capacities of the Coca-Cola System in Japan. Together with the Saitama Mega DC, which began operations in 2021, it will focus on stable operations to improve our logistic network, which is a basis for our sustainable growth. We also worked on initiatives to develop a supply chain organization that can ensure high-quality products at the lowest cost.

Despite short-term volume declines due to the price revisions, our sales volume in 2022 grew strongly, increasing by 3% from the previous year. This was a result of our effective commercial activities that captured growth opportunities from the recovering traffic. Revenue increased by 2.7% year-on-year to 807.4 billion yen owing to volume growth and improved wholesale revenue per case through the



price revisions. Although profitability benefited from increased sales revenues and cost reductions through transformation and other measures, external factors such as rising commodity and energy prices as well as the impact of foreign exchange rate fluctuations increased the cost burden by 19.9 billion yen and put significant pressure on profits. As a result, our business income loss was 14.4 billion yen, an improvement of

just 200 million yen over the previous year. Despite the challenging circumstances, our initiatives aimed at building a strong learnings foundation and achieving low-cost operations produced steady results. For the areas under our control, we were able to achieve a roughly 20 billion yen improvement in profit, which is a noteworthy achievement.

### Placing the highest priority on improving profitability as we pursue a thorough commercial strategy and achievement of a stable, low-cost product supply in 2023

In 2023, we anticipate the continued pressure from rising costs due to external factors. However, we will leverage the achievements and learnings from 2022 and place top priority on improving profitability. Our key measures include additional price revisions in May for can and large PET bottle products, implementing a comprehensive commercial strategy focused on profitability and investment efficiency, and further transformation to achieve stable, low-cost operations.

Although price revisions are expected to have a negative impact on sales volume, we are targeting a 4.9% year-on-year revenue increase to reach 847.1 billion yen. We will accomplish this by capturing increased demand opportunities from traffic recovery, as well as implementing the third price revisions since 2022. Business income, although we are implementing various initiatives, including price revisions, we expect a loss of 5 billion yen due to rising commodity and energy prices as well as foreign exchange rate fluctuations.

However, we target about a 10 billion yen improvement in business income, that will be supported by the earnings improvement through revenue growth.

In 2023, we can expect a certain level of growth in the beverage market in terms of value, including the effect of our price revisions and those of other companies. Based on these assumptions, we will implement various measures to provide value to customers. While we will make efforts to thoroughly capture demand and carry out commercial activities with an emphasis on profitability and investment efficiency, including price revisions. We will closely monitor market trends after implementing price revisions and respond as necessary to ensure the success of our initiatives. On the cost side, we will continue to move forward with transformation initiatives in manufacturing and logistics area to achieve 3.3 billion yen in cost savings. We will continue to review our cost structure to ensure sustainable growth over the medium to long term.

### Strengthening our business foundation emphasizing investment for growth and good stewardship of capital

We are focused on investments that will promote growth and good stewardship of capital to create shareholder value. To achieve growth, we will continue to invest in key transformation initiatives that will drive growth in the medium to long term. At the same time, we will carefully manage the total capital investment amount to reflect the current business environment and cash levels. In 2023, we plan to reduce our capital investment by 1.9 billion yen from the previous year to a total of 37 billion yen.

We are committed to being good steward of capital, which has led us to divest non-essential assets that emerge in the process of transformation. Additionally, we have been gradually reducing cross-held shares in accordance with the Corporate Governance Code. In 2023, our commitment to sound capital management will remain a top priority. This will entail maintaining a strong financial structure, prioritizing capital allocations, ensuring appropriate cash flows, executing capital investment with an ROI focus, and stable dividends.

To achieve sustainable growth, we believe that investing in marketing efforts to build a strong foundation for market share growth is essential. Additionally, we aim to establish a

flexible cost structure that enables to quickly adapt to changes in the business environment. We plan to further standardize business processes and leverage DX as the improvement of the balance sheet is important from the perspective of good stewardship of capital.

We will strive to maintain stable dividends and in the future, aim to improve shareholder value in line with growth. We will explore all options that will lead to an increase in shareholder returns. In 2023, we plan to pay an annual dividend of 50 yen per share, which is the same as the previous year.

Since our integration in 2017, we have undertaken various financial initiatives, including stable dividend payments, share buybacks, and corporate bond issuance, with the goal of improving shareholder value. We continue to optimize the balance sheet to achieve this objective. Although the difficult business environment is expected to continue in 2023, we are committed to further transform our business. We will work to strengthen the agile and resilient business foundation and continue our efforts to improve profitability that will lead to enhance corporate value.

Commercial Strategy

Promoting  
a profitability-focused strategy  
with four pillars

Costin Mandrea

Executive Officer and CCO (Chief Commercial Officer)  
Coca-Cola Bottlers Japan Inc.



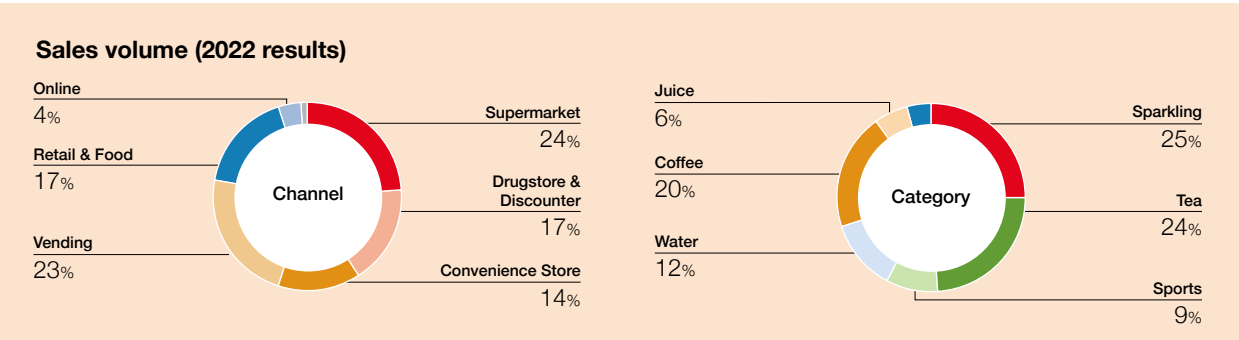
Transformation and initiatives to strengthen the growth foundation produce revenue growth and an increase in value share

In 2022, as the beverage industry as a whole benefited from a recovery in social activities, we steadily implemented key transformation measures to maximize sales, improve efficiency, and reduce costs while rebuilding our foundation for growth. In addition, we continued to promote DX, develop the skills of sales representatives, and transform commercial operations, actively investing while considering effectiveness and efficiency. Furthermore, by deepening cooperation between the commercial and supply chain divisions, we worked to build a process to ensure a stable supply even in the face of rapid growth in demand. The effects of revamping our Sales and Operations Planning (S&OP) process, which has been a particular focus, have begun to manifest. We were remarkably successful in capturing demand. As social activities resumed, we responded to the surge in demand by working closely with our business partners during the scorching peak summer season. We also minimized lost sales opportunities resulting from product shortages.

On the product side, we have continued to strengthen our brand and introduce new targeted products. We worked on

implementing appealing campaigns and strengthening in-store promotional activities for brands such as Coca-Cola, Aquarius, I LOHAS, Georgia, Costa Coffee, and Yakan no Mugicha from Hajime. As a result, we achieved sales growth that exceeded our initial plan. In addition, the new Georgia ZERO series and Yowanai Lemon-dou achieved their sales volume targets.

Overall, we implemented win-win collaborative measures with major business partners across channels to strengthen relationships. In the vending channel, we increased the number of vending machines in operation by more than 10,000 units from the previous year, and we grew Coke ON, the official Coca-Cola app, into a solid platform that has been downloaded more than 45 million times (as of March 2023). These efforts have all contributed to ongoing value share growth. In the OTC channel, such as supermarkets, we have been working to revitalize sales floors and strengthen product distribution to mitigate the impact of lower sales volumes following price revisions. In the retail and food service channel, we achieved a strong recovery by seizing the increasing opportunities in restaurants created by the resumption of social activities



through strategic growth partnerships with our business partners. We achieved the most significant sales growth in the online channel. This was due in part to the expansion of labelless products lineup against the backdrop of changing consumer behavior amid the COVID-19 pandemic.

In addition, we revised the prices of large PET bottle products in May, ahead of others in the industry, and of small packaged products in October the same year. We did this in

order to strengthen our revenue base, as well as address rising raw material and energy prices along with the adverse impact of foreign exchange rates. It was a difficult decision to make in a severely competitive environment. However, decisive management based on strong determination and thorough execution in the market have produced results, contributing significantly to increased revenue per case and higher profitability.

### Aiming to restore revenue and establish a sustainable profit structure based on the four pillars

In 2023, we are promoting commercial activities based on the four pillars of our commercial strategy: Expand Portfolio,

Growth Through Vending Channel, Profitability-Focused Pricing, and Strong Market Execution.

#### Four pillars of the 2023 commercial strategy

##### Expand Portfolio

- Focus on core categories of sparkling, coffee, tea, and water to increase presence in each category
- Introduce sustainable innovation to the market
- Capture changing consumer needs for different occasions

##### Growth Through Vending Channel

- Maximize sales per machine by leveraging Coke ON and strengthened the product lineup
- Increase the number of units in operation by installing in high-quality locations
- Improve operational efficiency further through DX

##### Profitability-Focused Pricing

- Implement the May 2023 price revisions
- Ensure profitability-focused commercial activities, and monitor efficient use of marketing investments

##### Strong Market Execution

- Cross-functional commercial structure to strengthen customer engagement
- Further advance S&OP process to achieve higher service levels
- Collaboration with Coca-Cola Japan to leverage our strength as Japan's Coca-Cola System

### Focusing on seizing opportunities for further growth and executing a profitability-focused commercial strategy

In 2023, we are implementing a profitability-focused commercial strategy based on the results and lessons learned from 2022. To expand our portfolio, we are focusing on the core categories of sparkling, coffee, tea, and water. We are also developing appealing new products, utilizing our proprietary technology, such as Aquarius New Water and Kocha Kaden Dessert Torokeru Peach Tea, along with Jack Daniel's & Coca-Cola in the alcohol category. In addition to marketing activities at the time of launch, we are focusing our attention on product proposals tailored to new drinking habits. These proposals are designed to seize opportunities presented by the resumption of social activities.

As social activities resume, the vending channel will become an increasingly important commercial channel. In 2023, we are leveraging the growth foundation we have built to engage in new installation activities, enhance product lineups. Moreover, we are working on further DX projects and improving the user experience through Coke ON as well as increasing efficiency by

performing sales person operations online.

As part of our profitability-focused pricing strategy, we implemented price revisions in May of this year. This was on the heels of revisions carried out last year. The revisions were carried out in response to cost increases arising from external factors and to strengthen our revenue base. We will also strive to thoroughly implement profitability-focused commercial activities and marketing investments emphasizing effectiveness and efficiency.

As for market execution measures, we will strengthen relationships with our business partners by conducting multifaceted customer management through a cross-functional commercial system. We will also work to further enhance our S&OP process to meet the needs of our customers and business partners through the stable supply of products and improvement of service quality.

Aiming to become a healthier and more profitable company, we will execute profitability-focused commercial activities as we continue to deliver happy moments to customers and business partners.



## Initiatives by Channel

We deliver our products to customers through various commercial channels. In each commercial channel, we conduct fine-tuned sales activities, including thorough lineup consideration and sales methods tailored to the specific sales spaces.

### Vending (Vending Machines)

The vending channel is a retail channel through which we sell products directly to consumers through our approximately 700,000 vending machines.

We are working daily to improve the vending experience by installing new machines according to the ever-changing flow of people, effectively introducing new and core products, as well as exclusive drinks. This ensures an assortment that reflects the character of the installation location. We also implement effective marketing using the official Coca-Cola app “Coke ON.”

Furthermore, we are engaged in commercial activities leveraging artificial intelligence (AI) and big data as part of our efforts to grow sales and streamline vending operations. On top of this, we are executing measures such as taking vending machines online to help improve the frequency of visits to vending machines.



### Providing an appealing buying experience through Coke ON—Now downloaded more than 45 million times

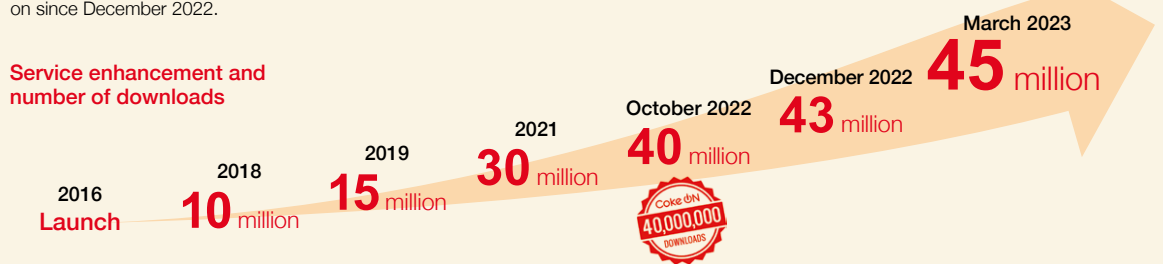


“Coke ON” is an official Coca-Cola smartphone app that is both great value and convenient. Users can earn free drinks by collecting stamps through the app. Since its launch in April 2016, the app has added functionality while meeting changing consumer needs.

We are endeavoring to provide an appealing buying experience. This includes Coke ON Pay which supports various payment services, campaigns where customers can get additional drink tickets, and a collaboration with a popular game that has been going on since December 2022.

Just a year after surpassing 30 million downloads in 2021, the number of downloads increased by more than 10 million to reach 43 million in 2022 and 45 million as of March 2023. This growth is helping to increase customer engagement with our products and vending machines. Looking ahead, we will continue to provide appealing services and expand functionality.

#### Service enhancement and number of downloads



**2016**  
Savings and convenience with Coke ON  
▶ <https://c.cocacola.co.jp/app/>



**2018**  
Walk and get drinks with Coke ON Walk  
▶ <https://c.cocacola.co.jp/app/walk/>



**Coke ON Pay**  
Pay easily without cash with Coke ON Pay  
▶ <https://c.cocacola.co.jp/app/pay/>



**2019**  
Collect stamps for e-money transactions with Coke ON IC  
▶ <https://c.cocacola.co.jp/app/ic/>



**2021**  
Drink subscription service Coke ON Pass  
▶ <https://c.cocacola.co.jp/app/pass/>



**2022**  
e-money for vending machines Coke ON Wallet  
▶ <https://c.cocacola.co.jp/app/wallet/>



Details of the Coke ON app  
▶ <https://c.cocacola.co.jp/app/>



## Supermarkets, Drugstores, and Discounters

Our wholesale channel delivers products to consumers through product sales in-store and the creation of appealing sales spaces.

We are working on proposing optimal product lineups and sales spaces in stores based on consumer insights and developing promotions that go along with different seasons and events.

In 2022, we worked with our business partners to revitalize their sales floors through sales floor development and rolling out campaigns tied to Soccer World Cup. In addition, in an effort to grow demand, we developed 350ml PET and 700ml PET bottle products for different customer drinking opportunities and worked on strengthening sales by the case for the growing demand for home consumption.

In 2023, in addition to 350ml and 700ml PET bottles, which are selling well, we are strengthening sales of small cans (160ml cans) and other products. At the same time, we are strengthening the development of labelless products, which are being expanded through the online channel. These efforts are a part of our attempts to enhance our sustainability initiatives.



## Convenience Stores

Convenience stores are a wholesale channel that allows us to deliver goods to consumers through sales to partner stores and sales floor development to help increase consumer demand.

In 2022, we captured new demand by strengthening the development of 900ml PET products for drinking occasions and expanding sales of the Costa Coffee and Ayataka Café series of high value-added products.

In 2023, we are strengthening strategic planning activities based on analysis of customer purchasing behavior, our aim being to return to a growth trajectory. We will do this by rolling out new products that meet diverse needs and products exclusive to partner chains as well as by implementing cross-channel digital promotions where customers can collect stamps by scanning the barcodes of products purchased at convenience stores with the Coke ON app.



## Retail and Food Service

Retail and food service is a wholesale channel in which we sell products to business partners such as operating stores, restaurants, liquor shops, and other stores, and offer consumers products and opportunities for enjoying consumptions of our products.

Against the backdrop of a recovering restaurant market, in addition to strengthening collaboration with our business partners, we are striving to conduct effective commercial activities by developing dispensers\* and packaged products according to their business types and stores. We are also working to capture new demand by collaborating with food delivery companies and developing various digital promotions.

\* Machine for mixing syrup and other raw materials to make products



## Online

Online serve as a channel through which we deliver products directly to consumers, while marketing efforts are conducted through our customers' websites.

In 2022, online achieved a high sales growth rate. As the online shopping market grew rapidly amid the COVID-19 pandemic, our efforts to improve the operations included adjusting the number of products manufactured exclusively online and optimizing warehouse inventory for our business partners to eliminate out of stock products. This was in addition to stepping up efforts to develop labelless and other products.

In 2023, we aim to build a highly profitable business model together with our business partners. This will entail maximizing promotional activities linked to advertisements on online shopping websites and creating optimal sales spaces with rich content\* that will lead to increased consumer demand. Moreover, as part of our efforts to strengthen sustainability initiatives, we will further expand labelless products with the aim of reducing plastic waste. We will also work on reducing CO<sub>2</sub> emissions by strengthening sales of products with higher delivery efficiency.

\* Images that evoke drinking scenes



## Initiatives by Category

We aim to deliver value to our customers and grow our sales by creating optimal portfolios in our various categories, such as sparkling, tea, and coffee, as well as in the alcohol segment.

### Sparkling

In the sparkling category, we are working to increase revenue by developing packaging sizes that address the needs of the increasing number of small households, senior citizens, and singles in addition to introducing new products.

During 2023, in the Coca-Cola brand, we will be

revitalizing the brand with the introduction of the new Coca-Cola Zero Peach, the Coke & Meat! campaign, and music-based promotions. We are also expanding the Fanta Premier series product lineup, which is manufactured using our proprietary aseptic filling technology.



### Tea

In the tea category, Yakan no Mugicha brand, which we introduced in 2021, has performed particularly well and has grown into a key product contributing to increased sales.

In 2023, we are focusing on strengthening our existing core brands and introducing innovative new products to provide new value to our customers. In addition, we enhanced the product lineup in the Ayataka Café series with the introduction of Ayataka Café Teapot Coffee Latte

with a hint of hojicha and Ayataka Café Teapot Coffee Black with a hint of matcha. In the black tea category, we will introduce Kochakaden Dessert Torokeru Peach Tea, a gelatin-like product made with our proprietary aseptic filling technology, to establish a new genre in the black tea market and improve profitability by launching high value-added products.





## Coffee

We aim to increase our sales and market share with a two-brand strategy centering on Georgia and Costa Coffee.

In March 2023, we revamped the Georgia brand. In particular, in the Georgia Japan Craftsman series, we introduced new products Georgia The Black, Georgia The Latte, Georgia The Bito, and Georgia The Zero with improved taste and fragrance to revitalize the packaged coffee drink market and have improved sales.

In addition, in Costa Coffee, our premium products

that allow you to easily enjoy a hand-brewed taste affordable premium product, we launched the new Costa Coffee Flat White in March and revamped Costa Coffee Premium Latte and Costa Coffee Premium Black to take the product to the next level in terms of authentic café quality taste. We are also developing products for various drinking occasions, including the introduction of concentrated drinks and carton packages for at-home consumption demand.



## Alcohol

We are enhancing our lineup by introducing new products corresponding to changing consumer needs and are stepping up our efforts to acquire sales floor space in preparation for the demand season.

In 2023, which marked the fourth year since its nationwide launch, we strengthened sales of the premium lemon sour Lemon-dou by conducting a promotional campaign as the official partner of the Japanese National Baseball Team. In April, we launched new flavor Sukkiri

Lemon for Lemon-dou and non-alcoholic beverage Yowanai Lemon-dou to acquire sales floor space and expand sales.

We are also expanding our portfolio with the launch of Jack Daniel's & Coca-Cola, the first alcoholic product to bear the Coca-Cola brand. With Lemon-dou and Jack Daniel's & Coca-Cola, we will ramp up our sales activities year-round.



## SCM Strategy

### Accelerating supply chain reform to promote stable, low-cost product supply

#### Andrew Ferrett

Executive Officer and CSO (Chief Supply Chain Officer)  
Coca-Cola Bottlers Japan Inc.



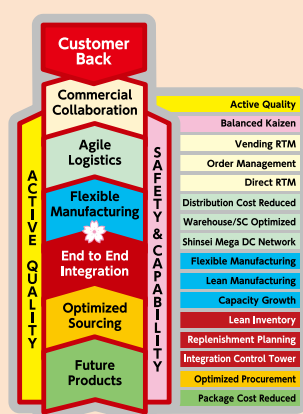
### Striving to improve all kinds of productivity, based on the eight core elements of the SCM strategy

The Supply Chain Management Division is responsible for formulating and executing strategies for the CCBJH Group's supply chain. We manufacture, distribute and sell products, and the supply chain represents an important foundation of our business.

At the SCM Division, we have set forth eight core elements within our strategy and are building a lean and efficient supply chain system to deliver safe and high-quality products to customers and business partners at low cost. We will continue to place the eight core elements of our strategy at the center of our activities. Our focus will be on the five key points of developing

human resources through improvement activities and promoting diversity; consolidating inventories by utilizing automated distribution centers (mega DCs) and improving our supply network; facilitating the flow of delivering products to customers and suppliers; rapid reporting and decision-making through the use of a common core system; and thoroughly reducing costs by further evolving our improvement activities. We will improve productivity of all kinds and steadily generate results from our past activities, tying that into growth accompanied by profits.

#### Eight core elements of SCM strategy



- |  |   |
|--|---|
| 1 Active Quality                         | We will implement thorough risk management routines and deliver improvements in quality.  |
| 2 Safety & Capability                    | We will carry out Kaizen based on the OE Certificate Program* for the safety of each individual and enhancement of their capabilities.      |
| 3 Collaboration with Commercial Division | We will work closely with Commercial Division and flexibly respond to the market.   |
| 4 Agile Logistics                        | We will create agile and flexible logistics through the full operations of Mega DCs, reduced logistics costs, and optimized business sites. |
| 5 Flexible Manufacturing                 | We will build flexible manufacturing by strengthening productivity and production capacity.   |
| 6 End to End Integration                 | We will leverage digital technologies for the end-to-end integration and realize lean inventory and replenishment planning.                 |
| 7 Optimized Sourcing                     | We will optimize the procurement of various essential resources necessary for our business operations.                                      |
| 8 Future Products                        | We will provide added value through new technological solutions and optimized packing.  |

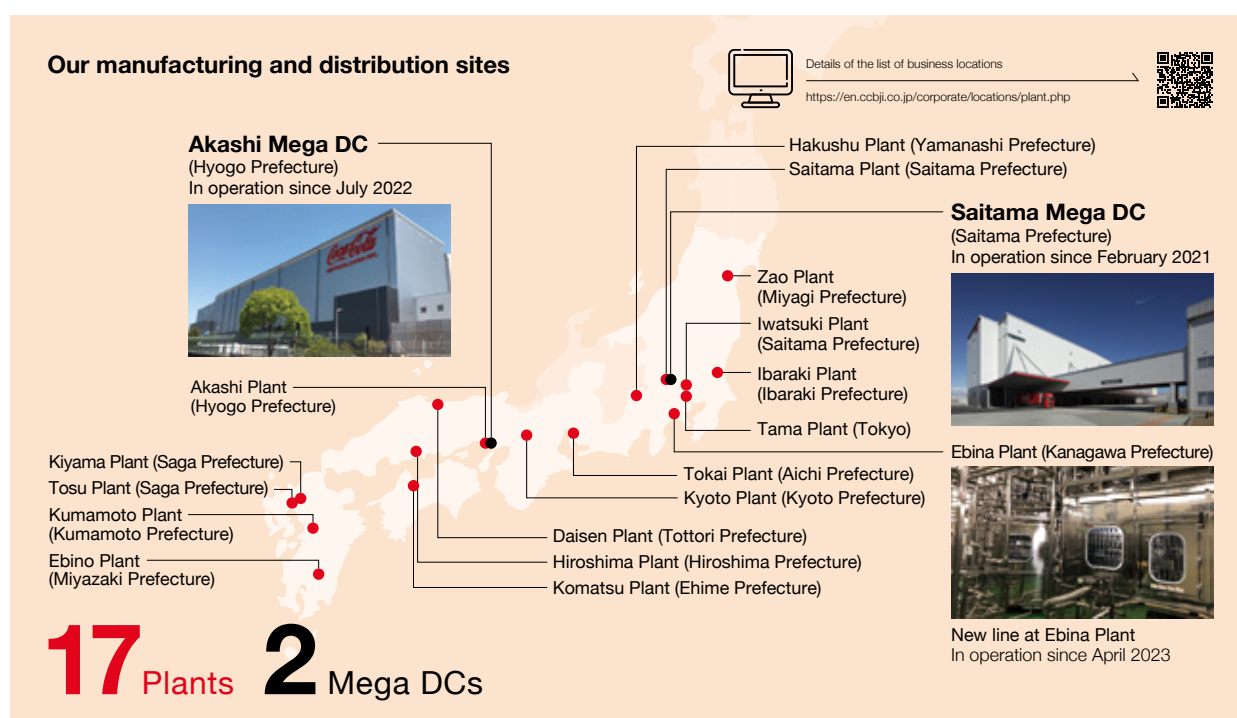
\* An abbreviation for Operational Excellence (OE) Certification Program: A program for developing human resources while promoting improvement activities and creating new value

## Addressing the diverse needs of our customers and business partners by coordinating with the Commercial Division

We are working to ensure a stable supply of high-quality products at low costs in every area of our supply chain. As for supply planning, we have developed a new Sales and Operations Planning (S&OP) process in collaboration with the Commercial Division to improve demand forecasting accuracy, accelerate decision-making based on scenario planning, and optimize costs throughout the supply chain. In manufacturing, we are working to increase production capacity through maintaining high quality, flexible, high-mix manufacturing in

small lots, the launch of a new line equipped with cutting-edge technology at the Ebina Plant, and improvement activities, all of which we are tying into maintaining a stable supply.

Moreover, in our DX initiatives, we effectively utilize our core systems for rapid analysis, reporting, and decision-making based on timely and accurate data. We will work on further DX projects to promote automation and to build systems and processes that allow us to supply safe and high-quality products in a stable manner and at a low cost.



## Promoting cost reductions by simplifying our logistics network

We are working on improving productivity by implementing a simple and efficient structure for our logistics network, including all processes up to the delivery of products to our customers and business partners. In 2021, we launched operations at our Saitama Mega DC, followed by our Akashi Mega DC in 2022. We are building a system capable of efficient and stable product supply by consolidating inventories stored at sales centers into mega DCs to give us greater flexibility in product supply, promoting optimal allocation of product inventories, and consolidating distribution centers. While restructuring our distribution network, we are also working on improving transportation efficiency by reducing transport distances through local production for local consumption initiatives and

reducing truck waiting times through the use of digital tools and system management.

Going forward, we will optimize our distribution network further and investigate new means of transportation, as we seek broad-ranging improvements in distribution efficiency, including effectively utilizing our assets and coordinating with partner companies.

We are also working on improvement activities throughout the supply chain to enhance productivity. Systematically rolling out improvement activities has presented us with meaningful opportunities not only to increase efficiency and reduce costs but also to develop human resources. We will continue to level up and carry out these activities.



## Procurement Strategy

### Creating value and optimizing performance as a world-class procurement organization

#### Yoichi Nishiguchi

Executive Officer and CPO (Chief Procurement Officer)  
Coca-Cola Bottlers Japan Inc.



#### Coordinating with suppliers to realize sustainability

We are working towards a World Without Waste by developing a new collection model for empty PET bottles and cans. We are reducing container weight and packaging volume while increasing the use of sustainable materials. These efforts are aligned with our CSV goals, which include creating a zero-waste society.

To address climate change, we are promoting renewable energy use by installing solar panels in our plants, introducing fuel-efficient vehicles, and developing sales equipment with lower power consumption and GHG emissions. We are also

enhancing the process of sustainable procurement of raw materials and commodities, in line with the greenhouse gas reduction targets of the Coca-Cola System in Japan. Through our procurement activities, we are contributing both directly and indirectly to achieving these targets.

We believe in building strong partnerships with our suppliers by fostering fair and equal trade. To achieve this, we expect our suppliers to comply with our Supplier Guiding Principles, which reflect our values on human rights, the environment, and labor.

#### Carrying out procurement activities with compliance and governance in mind

Our business has been significantly impacted by sudden and unavoidable changes in global macro environment, such as the rising raw material, supplies, and energy prices and the adverse fluctuations of foreign exchange rates. To stabilize our business in this uncertain environment, we implement risk hedging measures for commodities and foreign exchange in cooperation with the Finance Division, when appropriate.

We have experienced longer delivery times for purchased products due to supply shortages of key components, particularly semiconductors used in vending machines. Additionally, global supply risks emerged in 2022 due to dependence on China and the lockdowns in Shanghai in response to the spread of COVID-19. To manage these risks,

we identify potential risks and update countermeasures as necessary, including those related to natural disasters and cyberterrorism. In this way, we are working closely with our suppliers to build a stable supply system.

We prioritize legal compliance in our procurement activities by ensuring adherence to regulations such as the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. We conduct all procurement activities with compliance, governance, and fair and transparent trade in mind. To ensure that all relevant divisions are informed and equipped to maintain these standards, we provide in-house training sessions, not only for Procurement Division but all relevant divisions.

## Leveraging digital technology to identify latent needs

As part of our efforts to address the labor shortage due to the declining birthrate and aging population and reforming work styles, we are promoting DX in the area of procurement. The introduction of SAP Ariba<sup>\*1</sup> as an operational tool for purchasing indirect materials is an example of this. We are promoting higher operational quality and efficiency by standardizing the procurement process.

We are leveraging RPA<sup>\*2</sup> to improve operational efficiency. By integrating, redefining, and standardizing our processes, we

are building a system that enables us to focus our resources on the core operation of strategic procurement.

In promoting strategic procurement, we are actively working to create new opportunities to provide value by utilizing business intelligence (BI) tools to analyze vast amounts of expenditure data from multiple perspectives. This approach allows us to identify latent procurement needs and opportunities to further reduce costs.

\*1 SAP Ariba: A cloud-based B2B transaction system

\*2 An abbreviation for robotic process automation. Software robot technology that automatically performs routine tasks in place of humans

## Coordinating with Cross Enterprise Procurement Group (CEPG) and overseas bottlers to ensure efficient global procurement

We are committed to transforming the Procurement Division into a world-class procurement organization. We work to achieve this by sharing information and best practices with CEPG<sup>\*3</sup>, the global procurement network of the Coca-Cola System, and collaborating more closely than ever before with overseas bottlers. We will also boost coordination with domestic bottlers to implement joint procurement<sup>\*4</sup>. We are developing a program to improve procurement capabilities,

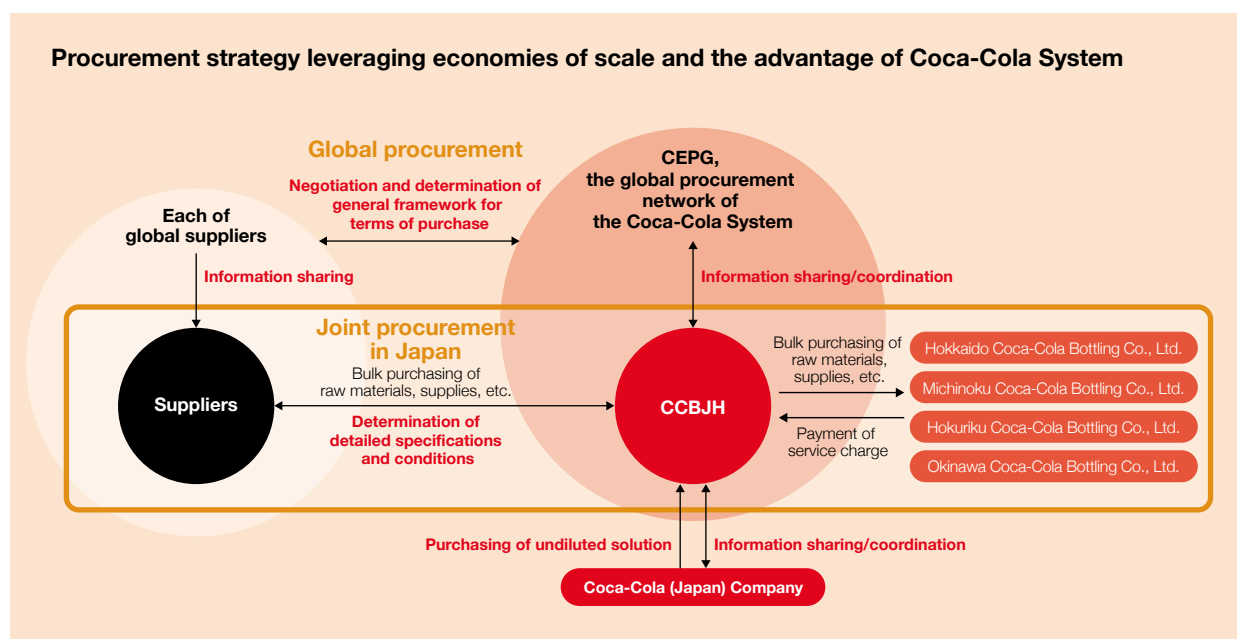
which will include training and leveling up the skills of our team and preparing the next generation of leaders.

We actively work to improve our capabilities, and one such specific effort is to develop human resources that can increase the organization's productivity and create value through Operational Excellence (OE) activities using Lean Six Sigma<sup>\*5</sup>. We will also roll out training to enhance procurement skills for every position and division linked to the company-wide training plan.

\*3 A global procurement network of the Coca-Cola System aiming to optimize costs and qualities by leveraging its global procurement scale

\*4 An initiative to centralize procurement at CCBJH, including negotiations with suppliers, to source items that are common requirements of domestic bottlers, such as sugar and other raw materials, PET bottles and other supplies, and vending machines.

\*5 A method of increasing operational efficiency by removing waste and reducing variation



## People Strategy

### Executing People Strategy aimed at maximizing the value of our human resources

#### Narihiko Uemura

Executive Officer and CHRO (Chief Human Resource Officer)  
Coca-Cola Bottlers Japan Inc.

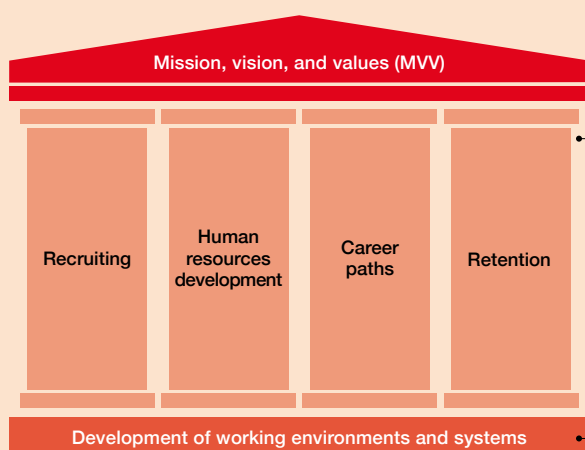


### Implementing our People Strategy to bring out the full value of our human resources

The CCBJH Group established our People Strategy based on our mission, vision, and values (MVV) to maximize the value of our human resources. Our People Strategy consists of the four pillars of recruiting, human resources development, career paths, and retention, as well as the underlying development of working environments and systems.

Thanks to the integration and other developments, we are a company where human resources and cultures espousing various values coexist. To fully leverage these strengths, we are planning and implementing various measures. Our aim is to create a comfortable working environment for our employees and develop our human resources to deliver sustainable growth.

#### Structure of our People Strategy



Recruiting	<ul style="list-style-type: none"> <li>Acquire the best people to enhance our corporate value</li> </ul>
Human resources development	<ul style="list-style-type: none"> <li>Develop the overall capabilities of employees and leaders promoting transformation</li> </ul>
Career path	<ul style="list-style-type: none"> <li>Develop human resources by presenting clear career paths to employees</li> </ul>
Retention	<ul style="list-style-type: none"> <li>Endeavor to retain the human resources that support our company</li> </ul>
Development of working environments and systems	<ul style="list-style-type: none"> <li>Promote diversity, equity, and inclusion (DE&amp;I), as well as well-being, health and productivity management, and safety</li> <li>Develop an environment and systems that enable flexible work styles</li> </ul>

## The importance of leaders who promote transformation

In these times of increasing diversity among people and values and upheavals in the business environment, implementing management strategies swiftly and flexibly to promote transformation is vital. For that to be possible, it is essential to have leaders (key people) who promote change. We are building a pipeline to secure key people as a part of the human resources development and career paths elements which are the core of our People Strategy. The pipeline consists of the key

people who will lead the execution of management strategies and the next-generation leaders who are candidates to succeed them. We have established Coca-Cola University Japan (CCUJ), an in-house university, as a means of continuously producing key people in each generation and position, strengthening the pipeline. In so doing, we are strengthening the development of human resources who will lead transformation based on management strategies (Details on pages 43-46 Inclusion).

## Initiatives to improve organizational capabilities

We are working to improve the capabilities of the entire organization in order for our key people to take the lead in initiatives and further the transformation. We have implemented a Career Journey program that clarifies career paths for the Commercial, Logistics, and Manufacturing divisions to which most of our employees belong. It is designed to make employees aware of their own career plans and give them more

opportunities to experience growth. In addition, in order to help employees develop the skills to realize their career plans, we offer a program called "Knowledge Mall." This self-development support program enables employees to learn various content in a variety of ways, fostering a culture in which each employee can learn independently.

## Fostering corporate culture and increasing employee engagement through the development of working environments and systems

We are strengthening our initiatives to retain the people that support our company. By introducing a new compensation system that emphasizes results, developing a commendation system, and introducing a Thank You Badge program, an internal system in which employees give each other badges expressing their gratitude and admiration, we are fostering a culture of mutual praise. As for the development of working environments and systems, we are promoting work styles that increase productivity by combining office work, telecommuting, and satellite office work. Additionally, our Commercial Division is working to improve operational efficiency by conducting remote business talks and allowing team members to go directly home

after business meetings. We are also developing office environments featuring an Activity Based Working\* design. It is also important to maintain and improve the health of our employees, and we are working to foster a health-first corporate culture where employees can work with peace of mind and enjoyment. In this way, we are promoting Best Place to Work measures to improve employee engagement.

\* A work style that allows employees to choose the most productive time and place to work according to the nature of what they are doing



Details of our health management initiatives

<https://en.ccbji.co.jp/csv/humanrights/health.php>



## Strengthening human capital management by improving our People Strategy

We have been promoting initiatives based on the Plan-Do-Check-Act (PDCA) cycle, such as checking the effectiveness of measures by conducting surveys to ascertain changes in employee engagement and awareness, and implementing improvement measures. Along the way, we have added and flexibly updated measures depending on business circumstances. To further strengthen the PDCA cycle, we will enhance the effectiveness of our People Strategy. This includes further improving the environment for visualization of HR data,

setting KPIs for each measure, and using DX tools to efficiently and effectively implement monitoring and provide analysis and insights. It is our people that will come up with and execute strategies. Promoting a People Strategy that maximizes the value of our human resources is the very essence of human capital management. To achieve sustainable growth, we will come together as a company and keep improving the initiatives of our People Strategy.







## Part 3

## Sustainability

39 Sustainability Strategy

41 Initiatives Based on CSV Goals

43  Inclusion47  Communities51  Resources

Tomonoura, Setonaikai National Park,  
Fukuyama City in Hiroshima Prefecture

Photo by Osamu Izumi  
West Japan Operation Division  
Coca-Cola Bottlers Japan Vending Inc.

## Sustainability Strategy

### Promoting sustainability management based on the concept of “ownership”

#### Maki Kado

Executive Officer, Chief Business Management & Sustainability Officer  
Coca-Cola Bottlers Japan Inc.




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#### Our sustainability strategy makes CSV the cornerstone of management

The mission of the CCBJH Group is to deliver happy moments to everyone while creating value. These words convey our strong desire to create value that brings happiness and special moments to people’s everyday lives and a better future through our employees, products, and services. To achieve this, we

have made creating shared value (CSV) a cornerstone of management. This means enhancing both economic value through business growth and social value through the resolution of social issues. This is the basis of our sustainability strategy.

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#### Achieving the CSV Goals to realize our mission

In 2019, the Coca-Cola System in Japan announced its sustainability framework, which identifies three platforms - Inclusion, Communities, and Resources - and nine priority issues.

We established non-financial CSV Goals as numerical

targets not only to identify but also to solve priority issues. We are steadily making progress toward achieving our goals by implementing the PDCA cycle throughout the value chain and monitoring the progress each year.

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#### New Sustainability Committee

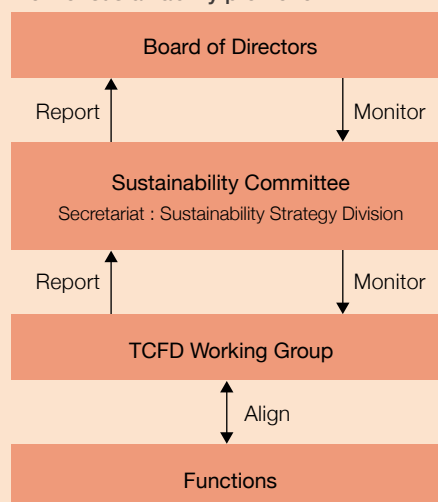
In 2023, we established a Sustainability Committee to strengthen the system for developing policies and strategies related to various issues including climate change and biodiversity, in line with our CSV Goals. On this committee, the Executive Leadership Team (ELT) discuss sustainability issues then communicate the decided direction and strategies to ensure all divisions carry out sustainable activities efficiently and

comprehensively. In addition, measures to address sustainability-related risks, such as climate change and biodiversity conservation, are an important priority for our Board of Directors, and we take risk selection and growth potential discussed by the Sustainability Committee into account when establishing management policies.



### Sustainability Committee promotion system

#### Flow of sustainability promotion



#### Sustainability Committee operations

Chairperson	Representative Director, President and CEO
Member	Primarily composed of ELT* members and, depending on the agenda, related executives may also participate
Agenda	Policies and strategies on various sustainability-related issues, particularly climate change areas and biodiversity conservation
Frequency	Quarterly (January/April/July/October)
Reporting	<ul style="list-style-type: none"> <li>Details of implementation are reported to the Board of Directors in the Business Execution Report.</li> <li>Agenda items requiring resolution are referred to the Board of Directors</li> </ul>

\* An abbreviation for Executive Leadership Team. Management organization in CCBJI Group including CEO and function heads

### Enhancing information disclosure outside the Company and fostering a sense of ownership inside the Company

We identified Mitigation of and Adaptation to Climate Change as one of our material issues. In 2022, we disclosed information in accordance with the TCFD recommendations, participated in climate change initiatives, and conducted other activities such as forest conservation and water source replenishment across our territory in cooperation with local residents and employees. We also continue to promote various horizontal recycling initiatives, including “bottle-to-bottle,” “CAN to CAN”<sup>1</sup>, “pallet-to-pallet”<sup>2</sup>, and “shell-to-shell”<sup>3</sup>, to effectively utilize resources.

We hold regular online study sessions and e-learning programs so that employees can understand and agree with the CSV Goals and take action in respect of our CSV goals. We are also training internal instructors to communicate our sustainability initiatives to external stakeholders.

\*1 Horizontal recycling of aluminum cans

\*2 Light blue or black platforms used for transporting and storing products

\*3 Cases for bottle products

### Keeping up sustainability initiatives will lead to the delivery of happy moments and the creation of values

As a company that uses the irreplaceable resource of water for business, we are working to ensure its sustainability and mitigate environmental impacts to conserve the natural environment. Accordingly, we have conducted water replenishment activities, including tree-planting activities, to preserve water for decades. As a part of this, our employees actively participate in clean-up activities for water sources to

conserve and return to nature the same amount of water we use at our plants. The things we have regarded with importance and continued to do have ultimately led to solutions to social issues. We will continue striving to create values and realize a world where the air and water are clean and where everyone can enjoy happy moments and a fulfilling life by actively and continually working to address various social issues.



## Initiatives Based on CSV Goals

### CSV Goals: The CCBJH Group's non-financial targets

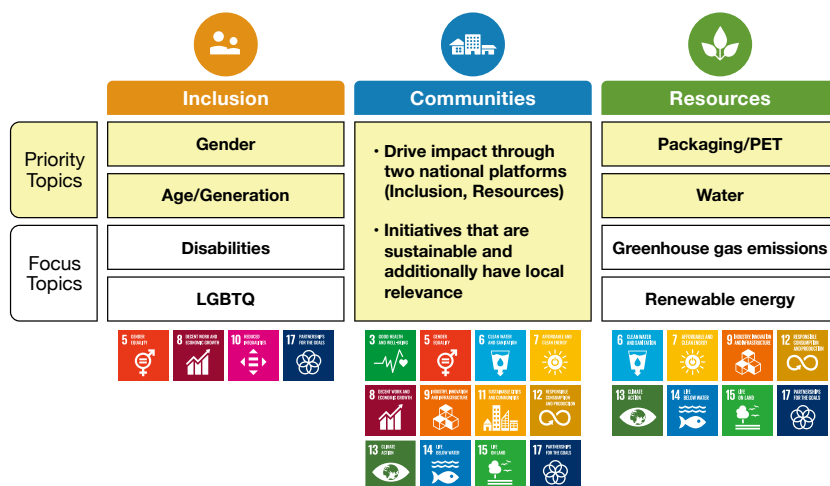
Based on the Sustainability Framework of the Coca-Cola System in Japan, the CCBJH Group established CSV Goals as non-financial targets in an effort to create a sustainable business and society while achieving our Mission. To achieve each of the CSV Goals, we are implementing initiatives throughout the value chain, checking progress, and making steady progress toward achievement.

In terms of our sustainable material\* usage rate for PET bottles, we have made strong progress in initiatives such as “bottle-to-bottle” and achieved a usage rate of 50% in 2022. We have also strengthened our partnership with local communities by concluding water source conservation agreements with forest conservation groups and local governments in water source areas of all 17 of our plants. As a result, the water replenishment rates in 2022 were well above our target.




A future area that we will focus on is Mitigation of and Adaptation to Climate Change, which we have identified as a material issue. As part of our efforts to reduce greenhouse gas (GHG) emissions, we aim to reduce Scope 1 (direct GHG emissions) and Scope 2 (indirect GHG emissions) emissions by 50% versus 2015 levels and to reduce Scope 3 (other indirect GHG emissions) by 30% versus 2015 levels by 2030, net zero in greenhouse gas emissions by 2050 across our entire value chain. We are also working to achieve our GHG reduction targets by focusing on aiding the introduction of renewable energy.

\* The total of bottle-to-bottle recycled PET materials and plant-derived PET materials

#### The Sustainability Framework for the Coca-Cola System in Japan



### CSV Goals and status of achievement

Sustainability framework	Key issues
 Inclusion	Diversity & Inclusion
 Communities	<b>Products</b> (Tailored product development/health support)  <b>Society</b> (Contributions to the local community)
 Resources	<b>World Without Waste</b> (Zero-Waste Society)  <b>Water</b>  <b>Climate change</b>
	Procurement / Human Resources (Strengthening of business foundation)

■■■■ At least 80%   ■■■ 50%–79%   ■■■ Less than 50%

\* Baseline year is 2015 and target year is 2025 unless otherwise stated

	Category	Target	2021 results	2022 results	Progress
on	Female managers by 2025	10%	6.3%	6.6%	■■■
	Female managers by 2030	20%			■■■
	Low and no calorie options for core brands	100%	100%	100%	■■■■
	FOSHU/functional product growth (compared to 2016)	300%	177%	146%	■■■
	Front-of-pack calorie label and straightforward nutritional information	100%	100%	100%	■■■■
	Observation of The Coca-Cola Company Responsible Marketing Policy	100%	100%	100%	■■■■
y)	Employee volunteers	10%	3.7%	20.0%	■■■■
	Participants in community programs	1,000,000	900,000	910,000	■■■■
ste y)	Sustainable materials usage <sup>*1</sup> by 2022	50%	40%	50%	■■■■
	Sustainable materials usage <sup>*1</sup> by 2030	100%			■■■
	Ratio of products using sustainable materials <sup>*1</sup> by 2025 (number of bottles sold)	100%	About 90%	About 90%	■■■■
	Further lightweight PET packaging by 2030 (compared to 2004)	35%	30%+	30%+	■■■■
	Collection percentage compared to sales volume by 2030	100%	94.0% <sup>*2</sup>	—	■■■■
	Extensive partnerships across industry and environmental organizations by 2030				
	Replenishment rate, focusing on watersheds near our plants	200%	353%	420%	■■■■
	Water usage reduction by 2030	30%	19%	19%	■■■
	Scope 1 and 2 reduction in greenhouse gas emissions by 2030	50%	21%	20%	■■■
	Scope 3 reduction in greenhouse gas emissions by 2030	30%	24%	25%	■■■■
	Net zero in greenhouse gas emissions by 2050				
	Promotion of renewable energy				
rights n)	Sustainable sourcing	100%	100%	100%	■■■■
	Adherence to Supplier Guiding Principles across the CCBJH Group value chain	100%	100%	100%	■■■■

<sup>\*1</sup> The total of bottle-to-bottle recycled PET materials and plant-derived PET materials

<sup>\*2</sup> PET bottle collection rate (Source: The Council for PET Bottle Recycling "2022 Annual Report of PET Bottle Recycling")



# Inclusion

To address the different needs of our stakeholders and ensure sustainable growth, we are focused on developing diversified human resources. In addition, we are continuing to create a working environment in which every employee can fully demonstrate their strengths, regardless of their background or values.

## Diversity, Equity and Inclusion (DE&I)

The CCBJH Group has identified DE&I as a material issue. We recognize the value of diversity in meeting the varied needs of our business environment, customers and partners, and in driving the sustainable growth of our Group. We aim to create an inclusive workplace where every employee, regardless of their background, can demonstrate their abilities and fulfill their aspirations.

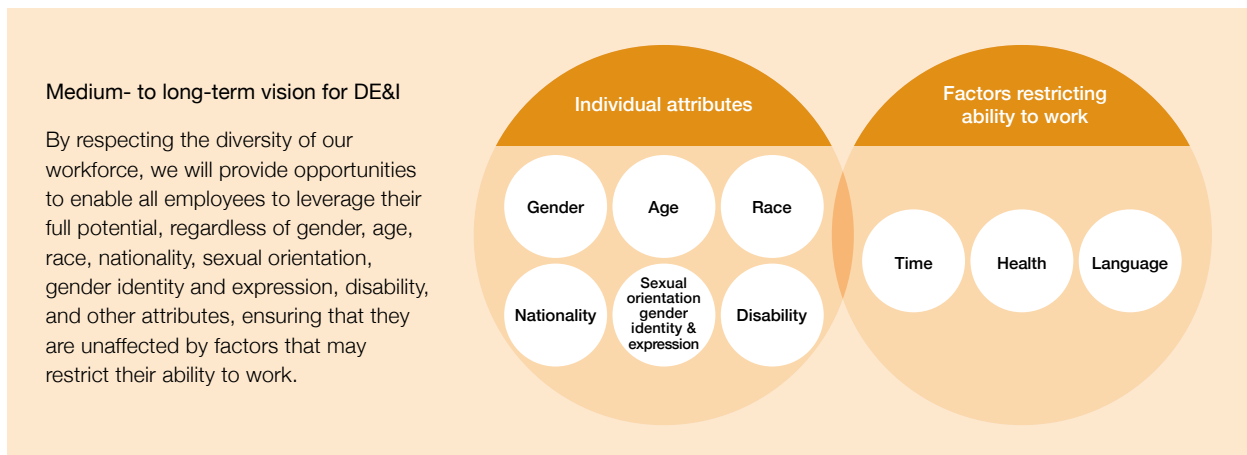
Our management structure places a high value on diversity in all aspects, including nationality, gender, age, and background. We are committed to promoting diversity management through discussions, decision-making processes, and other related activities based on a wide range of perspectives.

Our DE&I section is a dedicated unit leading the planning and promotion of Group-wide measures related to diversity. It holds bimonthly diversity forums, where ambassadors selected

from each division and HR personnel share best practices and issues, resolve problems in a timely manner, and help build a better work environment.

### • Group-Wide Measures for Raising DE&I Awareness

Achieving DE&I requires all employees to have mutual respect for differences in background, values, and thinking. Our company places great emphasis on creating a workplace free of discrimination and harassment, with strict rules against such behavior. We also provide regular practical harassment prevention training tailored to each division, in addition to training for new hires and managers. To foster an organizational culture that values and respects diversity, we offer Unconscious Bias Training and Inclusive Leadership Training.



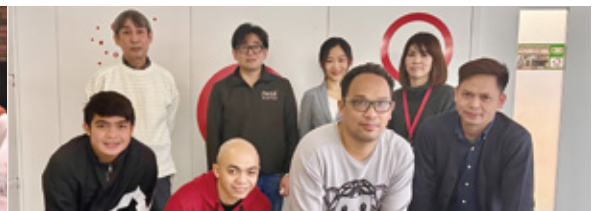
## Nationality

Our company is committed to diversity based on the idea that diversity is a driving force for growth, and we hire talented non-Japanese resources both as new graduates and mid-career hires. For non-Japanese employees, we provide training on the Japanese language, as well as support on the

culture and lifestyle, to help them fully strengthen their skills and abilities. In addition, through personnel exchange programs within the global Coca-Cola System, we are learning from best practices overseas and advancing operational reforms that will lead to business growth.



One event attended by international talent, designed to encourage and invigorate communication among employees



Employees from Coca-Cola Beverages Philippines Inc. attending a personnel exchange program held at Kiyama Plant

## Gender

We are focused on creating an environment where women can play an active role. In addition to being an adopter of flexible work and remote work systems, we are taking a holistic approach to empowering women, including expanding the spousal maternity leave system and encouraging higher leave utilization rates.

To further cultivate female managers and manager candidates, we have established a system providing women the opportunity to systematically learn the perspectives and skills required of women as leaders by establishing training programs according to position and rank.

- Sponsorship Program**  
**(training for female director candidates)**

This is a program for division heads aimed at cultivating female director candidates. Eligible female division heads are provided with opportunities to learn the perspectives and viewpoints necessary for management through regular individual meetings with their sponsoring officers.

- Accelerate Her (for Female Managers)**

We have a program designed to cultivate female division heads, which targets section heads. The program selects participants from various divisions to join a six-month cross-division project. This project aims to equip participants with advanced conflict management, communication, and leadership skills necessary for division head positions. By running this project long-term, we encourage networking among section heads, creating a platform where female leaders can consult with each other without feeling isolated.

- Female Leadership Program (for Female Non-Managers)**

This program is for general employees and aimed at cultivating female section heads. Eligible employees learn the mindset and necessary skills through approximately six months of leadership training. The goal is for each participant to identify their strengths and opportunities, and to take steps toward developing their career. Supervisor training is also provided, which builds an inclusive corporate culture that encourages the promotion of women.

Female managers (As of end of February 2023)

**7.2%** **Target** **10%** by 2025  
**20%** by 2030

- Initiatives To Encourage Male Employees To Take Parental Leave**

To make it easier for male employees to take advantage of childcare leave system, we are working to encourage the use of male parental leave. In 2018, to promote awareness of male parental leave, we launched a project called "Papa Apron." Our managers actively present the apron to male employees who have become fathers, congratulating them and encouraging them to take leave. We are not only focusing on creating systems, but also on implementing various strategies and measures to enable their use.



## International Women's Day

Since 2023, the week including International Women's Day on March 8th is designated as an International Women's Week. We hold a panel discussion inviting external speakers and sessions to learn how to build a career from in-house female managers. This helps all employees to learn and address issues in achieving gender equality from an individual and organizational perspective as well as to create opportunities to encourage specific actions.





## Inclusion

### Next-generation development programs

#### • Coca-Cola University Japan In-House University

In 2020, we established Coca-Cola University Japan (CCUJ) as an internal university to cultivate the next generation of leaders who will drive transformation and future growth of the Coca-Cola System and create new value in the beverage market. CCUJ comprises three leadership levels: division heads, section heads, and general staff. Participants from each division will undertake a six-month program to enhance their strengths in the five key capabilities essential to our growth: innovation, strategic thinking, people management, effective communication, and growth mindsets. They will also work to address real-world issues. By collaborating on projects and

engaging in discussions with members from different divisions, participants will gain a broader perspective and grow as leaders for the next generation.

#### • Global English Transformation(GET) proficiency program

We provide the (GET) proficiency program for employees in their 20s and 30s to more proactively communicate CCBJH Group's initiatives overseas while also absorbing knowledge from outside Japan, applying it to our daily activities, and creating business growth. Participants compete and encourage each other to progress throughout the six-month intensive program, steadily strengthening their English language skills.



### Disabilities

In 2019 we established a special-purpose subsidiary to create a work environment where individuals with disabilities can demonstrate their strengths. The subsidiary offers a variety of work positions, including laundry, clerical, and sales equipment parts washing, to allow each person to demonstrate their unique qualities and abilities. We also support the activities of para-athletes and deaf athletes. In addition to participating in athletic activities, our athletes make a wide range of community contributions by giving lectures on disabilities and diversity to schools and community groups.

#### Employment rate of persons with disabilities\*

# 2.48%

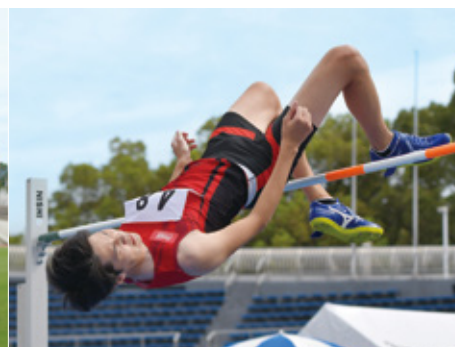
\* "Report on the Employment Status of People with Disabilities" submitted to the Director of the Public Employment Security Office with jurisdiction.



Uniform laundry duties,  
one of major tasks at  
the special-purpose subsidiary



Haruki Masanari  
A para-athlete during his qualifying attempt  
for the 2024 Paris Paralympics javelin throw



Kazuhiro Takai  
A dual decathlon and deaf track &  
field high jump competitor

## LGBTQ

### • Internal Awareness-Raising Efforts

We are actively working on raising awareness, establishing systems and mechanisms, and building an ally\* network to ensure that all employees have accurate knowledge of LGBTQ issues to foster an environment where diversity is respected and discrimination is avoided, both inside and outside the company.

We have amended the definition of a spouse in our internal regulations to allow all employees to take advantage of welfare benefits, such as childcare leave and family care leave, regardless of the gender of their partners or their marital status. We also amended our Human Rights Policy to include gender identity and expression, setting forth policies not just in terms of physical traits, but also in a manner that is consistent with the diversity of “mind” and “character.” Furthermore, in 2021, we launched an LGBTQ consultation service, where not only employees but their managers can anonymously seek help and guidance on LGBTQ related topics.

\* Ally is a person who proactively understands and supports LGBTQ regardless of whether or not they are sexual minorities

### • External Activities

We operated an exhibit booth at Tokyo Rainbow Pride 2023 jointly with Coca-Cola Japan. At this multi-day event, our employees at the booth sold a set of Coca-Cola wrapped in rainbow wristbands commemorating the event, and displayed DE&I initiatives from CCBJH and Coca-Cola Japan.

### • Formulated the LGBTQ + ALLY HANDBOOK

We have introduced throughout the Coca-Cola System in Japan the “LGBTQ + ALLY HANDBOOK” that provides an easy-to-understand overview of the fundamentals regarding LGBTQ and allies, including a glossary of terms, history and current conditions. This handbook has been made available to all employees and offers free usage by any company or organization considering promoting understanding of LGBTQ issues.



Collaborative participation in Tokyo Rainbow Pride with Coca-Cola Japan (2023)



Wristbands commemorating Tokyo Rainbow Pride 2023



The LGBTQ + ALLY HANDBOOK



## Communities

Our aim is to develop solutions for social issues, foster sustainable communities and maintain ongoing communication with them.

### Local seminars on Sustainable Development Goals

With the momentum for Sustainable Development Goals (SDGs) gaining pace, the CCBJH Group is dedicated to taking new initiatives towards achieving these goals. As part of this commitment, we have designed a series of lectures and presentations about our CSV activities, delivered by our trained employee lecturers at schools across Japan. Moving forward, we will continue to prioritize creating communication opportunities with local communities and adopt new approaches like this to our objectives.

Number of SDG seminars held in 2022

Number of seminars: **38**

Number of participants: **7,033**

### Joint community projects between industry, academia, government, and the private sector

We partner with local governments, educational institutions, private organizations, and industries to support initiatives aimed at addressing local issues and achieving SDGs. Here are a few examples of our collaborations:

- **The Sendai Youth Award (Miyagi Prefecture)**

Since 2017, we have collaborated with Sendai City and offered the Sendai Youth Award to recognize outstanding efforts by youth organizations that contribute to achieving a sustainable society and resolving social issues.

In the sixth award held in 2022, the target area was expanded to all of Miyagi Prefecture with the aim of creating an environment in which more young people can play an active role. Eight finalist teams that passed the preliminary screening presented their efforts in November.

- **SDGs Workshop, Mie Mirai (Mie Prefecture)**

This workshop is held as a collaborative effort among Mie Prefecture, Dr. Masao Aoki's research lab, Recurrent Education Center at Mie University, the nonprofit organization MBridge and CCBJH. In this event, participants exchange ideas to increase Mie Prefecture's attractiveness and solve its problems through dialogue.

- **Challenge Internship Project (Fukushima Prefecture)**

Since 2016, we have partnered with Fukushima Prefecture's Challenge Internship Project in cooperation with Saposen, a support center for organizations active in Fukushima. Through internships we support learning and other experiences for young people. We promote future city planning by helping educate young people about issues facing the region and the attractiveness of Fukushima.

- **MIYAZAKI SDGs ACTION (Miyazaki Prefecture)**

This project brings together high school students, university students, and companies to learn and consider what a sustainable economy and society should look like. In 2022, CCBJH employees from our Ebino plant worked alongside local students to recycle coffee beans and tea dregs.



In April 2022, at the Asia-Pacific Water Summit in Kumamoto Prefecture, Ryuichiro Maruyama, Head of CCBJH's CSV Department, delivered a keynote lecture on the Coca-Cola System's efforts to conserve water resources.



In June 2022, our employees presented a lecture to students at Nagoya City University in Aichi Prefecture. The lecture covered the current status and issues regarding PET bottles, as well as our bottle-to-bottle initiatives. The students are conducting daily research to solve the problem of marine plastic waste.



The Sendai Youth Award's award ceremony (Miyagi Prefecture)



## Cooperation with local governments and organizations for the SDGs

We have entered into agreements on the promotion of SDGs and broader comprehensive partnership agreements with local governments and organizations in its sales areas. The aim is to create value for communities through its beverage business and work with stakeholders to address local issues.

### • Signed a Partnership Agreement on SDGs Promotion with Oyama City (Tochigi Prefecture)

In December 2022, CCBJI and Oyama City signed an agreement to promote and disseminate SDG information as well as collaborate on SDG-related efforts. As a first step a vending machine was installed at the Watarase Yusuichi Stork Community

Center to support environmental conservation activities that help people coexist with endangered Oriental storks.

### • SDG Partnerships with Saitama Prefecture

CCBJH became a registered SDG partner with Saitama Prefecture in July 2022 and endorses its unique SDG activities. In August 2022 we launched a joint project called Saitama SDGs Promotional Vending Machines. In December, we entered into an agreement with Saitama Prefecture and Saitama International Association to collaborate in the development of global human resources and donated a portion of sales to the Saitama Global Human Resources Fund.

## Replenishing local water sources and preserving local biodiversity

Water is an essential resource for our business, and we take actions to promote water replenishment around our 17 plants.

The water resource areas around our plants serve multiple functions. Not only do they store water, but also serve as habitats and nurturing grounds for plants and animals. Through Coca-Cola's "Learn from the Forest" project, we aim to educate local residents and our employees on the importance of preserving these irreplaceable water resources and biodiversity in local areas. In 2022, due to COVID-19 restrictions, we could only hold these programs in six regions: Miyagi, Ibaraki, Tokyo, Hyogo, Hiroshima, and Miyazaki Prefectures.

### Locations of watershed conservation activities

Manufacturing plants	Locations of watershed conservation activities
Zao Plant	Zao-machi, Katta-gun, Miyagi Prefecture
Saitama Plant Iwatsuki Plant	Katashina, Tone-gun, Gunma Prefecture
Ibaraki Plant	Ishioka, Ibaraki Prefecture
Tama Plant	Higashi-Kurume, Tokyo
Ebina Plant	Atsugi and Ebina, Kanagawa Prefecture
Hakushu Plant	Hokuto, Yamanashi Prefecture
Tokai Plant	Ena, Gifu Prefecture
Kyoto Plant	Ujitawara-cho, Tsuzuki-gun, Kyoto Prefecture
Akashi Plant	Tamba-Sasayama, Hyogo Prefecture
Oyama Plant	Houki-cho, Saihaku-gun, Tottori Prefecture
Hiroshima Plant	Mihara, Hiroshima Prefecture
Komatsu Plant	Saijo, Ehime Prefecture
Tosu Plant Kiyama Plant	Tosu, Sage Prefecture / Kiyama-cho, Miyaki-gun, Saga Prefecture
Kumamoto Plant	Aso, Kumamoto Prefecture / Ozu-machi, Kikuchi-gun, Kumamoto Prefecture
Ebino Plant	Ebino, Miyazaki Prefecture

### • Held the First "Learn from the Forest" Programs in the Water Resource Area Around the Tama and Akashi Plants

In April 2022, we signed an agreement on natural environment preservation with the Tokyo Metropolitan Government and the Regional Partnership Support Center. Based on this agreement,



Participants installing protective fences to protect rare plants from deer (Tamba-Sasayama, a water resource forest for Coca-Cola Bottlers Japan)

46 of our employees and affiliates participated in the inaugural Coca-Cola "Learn from the Forest" Project at the Minamisawa Green Conservation Area in Higashi-Kurume, Tokyo. This area is a vital water resource for our Tama Plant. We worked together to maintain the promenade, contributing to the preservation of a diverse natural environment since rare plants such as the *Anemone nikoensis* grow in the area.

In December, we hosted another Coca-Cola "Learn from the Forest" Project in Tamba-Sasayama, Hyogo, at the Akashi Plant water resource area forest. This was our first such event since signing the agreement in 2019.

During the event, about 50 participants, including employees and their families, learned about the importance of preserving woodland areas near human habitats and maintaining forests through activities like tree clearing. They also helped protect endangered golden orchids, listed as a Class II endangered species by the Ministry of the Environment, by installing protective fences and restoring vegetation.

## Support for local communities

### • Donating Beverage Products to Food Banks\*

We have been partnering with Second Harvest Japan, the country's first food bank, and the National Food Bank Association since 2016 to donate beverages to institutions that provide meals for children and social welfare institutions. In 2022, we donated 38,713 cases (937,852 bottles) of beverages to 24 organizations in 17 prefectures.

\* Organizations and programs that collect discarded food that is still of good quality and receive donations from companies. They then deliver the food to social welfare institutions and people who are in need.

### • Scholarship Program

Coca-Cola System's scholarship aid program date back to 1966. As an affiliate of The Coca-Cola Foundation, we support grant-based scholarships to foster the development of top-caliber young people who can contribute to the local community. In addition to prospective undergraduate students, students who plan to enter graduate school to work on sustainability and SDGs are also eligible for scholarships.

### • Support for the Zenshiren

As part of the Coca-Cola System's commitment to social participation for disabled people, including children and adults, we donate a portion of the proceeds from vending machines with the Zenshiren sticker to Zenshiren, an organization that promotes greater social participation for disabled people and increases facilities for them. This program began in 1980 and has continued for over 40 years.

### • Cooperation with Education Reform at Ichimura Nature School in Kyushu

We have also contributed to children's education reform by

helping to establish Ichimura Nature School in Kyushu. The school provides a natural setting where children can develop independence, social skills, proactiveness, and creativity through activities such as cultivating and harvesting crops and working together as a team. The school is located near the city of Tosu in Saga Prefecture, and students spend eight months between the end of March and the beginning of December with their peers and staff members.

Donations of products to food banks in 2022

**38,713** cases  
**937,852** bottles



Donating beverage products to the NPO eWork Ehime (Ehime Prefecture)

## Promoting employee volunteering

Based on the idea that employees are members of their local communities, we encourage employees to volunteer in ways that contribute to local communities. These ways include social welfare activities, cleanup activities, forest preservation activities, and grassland regeneration activities, and we facilitate these by providing a volunteer activity leave system.

Employee volunteers in 2022

**20.0%**



Cleanup activities by upcoming new hires for 2023 (Tokyo)



Participation in Love Earth Clean Up (Fukuoka)



Forest preservation activities (Hiroshima)

Sports clinics and  
hockey clinics held in 2022

Number of programs: **19**

Number of participants: **5,160**



The Coca-Cola Red Sparks Hockey Team, winners of the Prince Takamado Cup 2022 Hockey Japan League

## Community support through sports

### • The Coca-Cola Red Sparks Field Hockey Team: Firmly Rooted in the Community

Administered by the Group the Coca-Cola Red Sparks field hockey team is based in Hiroshima City, Hiroshima Prefecture and is a member of the Hockey Japan League (HJL).

In 2022, the team participated in three major national hockey competitions, finishing second in each. They won first place in the Prince Takamado Cup 2022 Hockey Japan League and regained the championship in the season finals after two years.

In 2022, the team also resumed holding sports clinics and participating in community events, which had been limited due to the COVID-19 pandemic. The team also participated in the Hiroshima Sports Academy Qualifying Competition, which aims to develop athletes who can compete on the international

stage. It also held a hockey clinic in Kurihara, Miyagi Prefecture, for the first time in two years, and sent instructors to the Human Rights Sports Clinic, held at Taisho Elementary School in Taito, Tokyo. Through these activities, we contributed to the creation of a bright and vibrant community and a society where everyone can be active and healthy. In recognition of these activities, the team received the Hiroshima Prefectural Sports Association Sports Award in December 2022.

### • Mission and Support Activities of the Company Ambassador

We have appointed Shotaro Tsuoka as Company Ambassador. Tsuoka aspires to join the 7-man rugby team that will represent Japan. With CCBJH's support, Tsuoka will be able to concentrate on competitions as a member of the national team.

## Communication through plant tours

We value plant tours as a way to directly communicate with customers, clients, and other stakeholders. We have tour facilities at six of its 17 domestic plants: Zao Plant (Miyagi Prefecture), Tama Plant (Tokyo), Tokai Plant (Aichi Prefecture), Kyoto Plant (Kyoto Prefecture), Hiroshima Plant (Hiroshima Prefecture), and Ebino Plant (Miyazaki Prefecture).

### • Plant Tours for New Lifestyles

Online plant tours were launched in June 2021 to cover live tours suspended to prevent the spread of COVID-19. These tours are available remotely from anywhere, whether at home, school, or otherwise. Online tours were enjoyed by approximately 5,000 customers in 2022.

### • Held the First Online Summer School

In addition to regular plant tours, the Group held the first

summer school online in 2022. In this school, families enjoy learning about our initiatives for the SDGs, which can be used as an independent study topic. Approximately 1,000 participants joined this four-day program.

### • Reopened In-Person Plant Tours

In December 2022, the Ebino Plant in Miyazaki Prefecture reopened for tours ahead of the six other plants in the area, bringing a liveliness back to the plants for the first time in two years and nine months.

For the time being, tours will be gradually resumed, though on a limited scale and with infection control measures in place to create opportunities for face-to-face communication with customers while maintaining a hybrid structure offering online tours as well.



The first online summer school



Ebino Plant returns to holding lively tours after nearly three years





## Resources

In order to make effective use of valuable resources in a sustainable manner, we will continuously devise and improve ways to contribute to the protection of the environment.

### Achieving a World Without Waste (Zero-Waste Society)

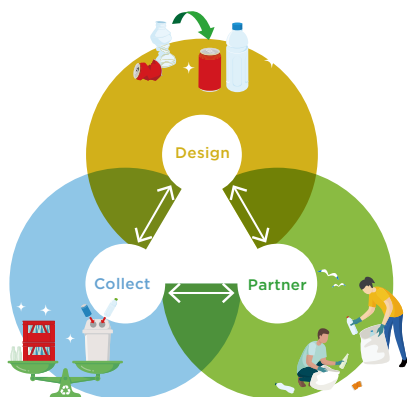
#### • 2030 Packaging Vision

In 2018, The Coca-Cola Company set a global target to reduce environmental impacts and achieve a World Without Waste. To support this goal, the Coca-Cola System in Japan established the 2030 Packaging Vision in January 2018, and updated it in July 2019 to be achieved ahead of schedule. Our aim is to reduce waste from product packagings and promote the recycling of plastic resources in Japan, in line with the vision of a World Without Waste.

#### • Three Core Elements and Roadmap

The 2030 Packaging Vision consists of three pillars: Design, Collect, and Partner. Specific targets have been set for each of the three pillars, and we are working to achieve these by 2030.

Three core elements of 2030 Packaging Vision



### 2030 Packaging Vision of the Coca-Cola System in Japan



### Activity Results

#### Design

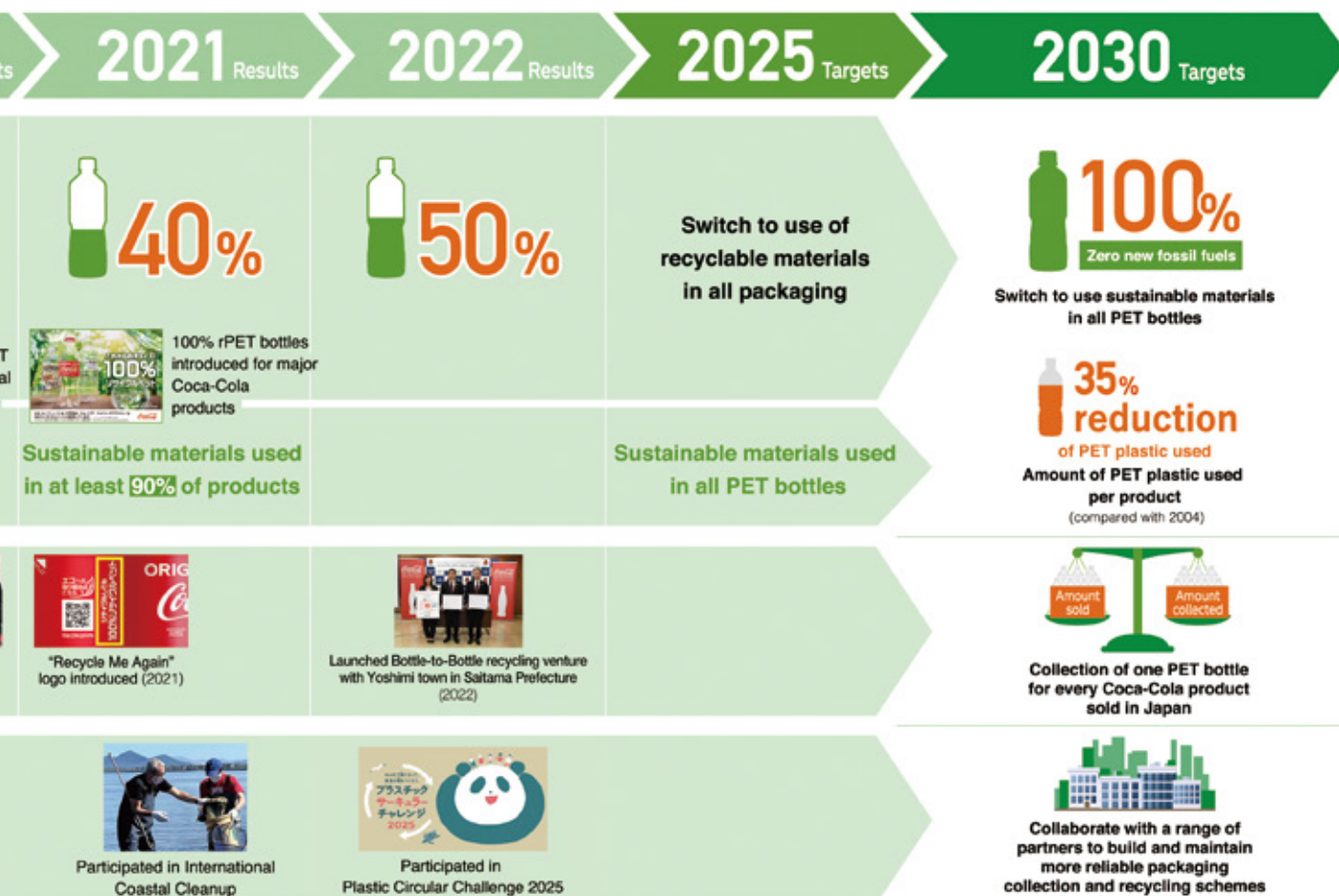
- Achieved 50% sustainable materials\* for domestic soft drink PET bottles in 2022.
- Utilize sustainable materials\* in approx. 90% of our PET bottle products sold in Japan (number of bottles sold).
- As of December 2022, have introduced 100% recycled PET bottles across four brands and 44 products including flagship products such as Coca-Cola.
- Starting with I LOHAS products released in April 2020, currently manufacture 21 labelless products across 10 brands, including Ayataka, Sokenbicha, THE TANSAN STRONG From Canada Dry, Aquarius, Coca-Cola, and Georgia. We plan to steadily expand our range of labelless products in the future.
- From 2021, reduced the weight of Coca-Cola 700ml PET bottles from 42g to 27g.
- In 2022, reduced the weight of Georgia Japan Craftsman 500ml PET bottles from 19.5g to 17g, and Costa Coffee 265ml PET bottles from 29.5g to 18.5g.

\* The total of bottle-to-bottle recycled PET materials and plant-derived PET materials





<https://en.ccbji.co.jp/csv/environment/>



### Activity Results

Collect

Partner

The goal of our Packaging Vision 2030 is to create a zero-waste society, and to help achieve this we are focusing on bottle-to-bottle recycling, which regenerates new PET bottles from used ones.

- **Cooperative bottle-to-bottle ventures with local governments**

We are working with local governments to collect and recycle product used PET bottles. These projects aim to bring together residents, businesses, and governments to make used PET bottles collection and recycling more reliable. We have been working on making agreements for horizontal recycling of PET bottles since 2022, and as of April 2023, have made the agreements with ten municipalities. In 2023, we made agreements with Moriyama City in Shiga Prefecture and the cities of Zama and Ebina in Kanagawa Prefecture in January, Numazu City in Shizuoka Prefecture in February, Nishinomiya City in Hyogo Prefecture in March, the cities of Fukuoka and Kitakyushu in Fukuoka Prefecture in April.



- **Cooperative bottle-to-bottle ventures with business partners**

We teamed up with Mitsubishi Estate Co., Ltd. in June 2022 to launch a bottle-to-bottle recycling program in the Marunouchi area of Tokyo. The scheme collects used PET bottles from the office shared area and turns them into new PET bottle products. Through our vending machines, we encourage office workers to recycle used PET bottles by separating them.

In April 2023, we launched a new bottle-to-bottle project that collects used PET bottles from select Sugi Pharmacy Co., Ltd. stores in Aichi and Mie Prefectures, and turns them as raw materials for our new products. We plan to gradually expand the collection area over time.

## New strategy for global water security and resource stewardship in plant areas

In March 2021, the Coca-Cola Company introduced a global framework for its water security strategy, which aims to conserve sustainable water resources by replenishing water in communities and advocating for responsible water use in our operations and communities. At the CCBJH Group, we recognize the importance of water as a vital resource in our business and are committed to reducing our water use by 30% by 2030 (compared to 2015). At the same time, we are targeting a 200% water replenishment rate by 2025, in support of water resource conservation.

In the Coca-Cola System in Japan, we follow resource conservation guidelines established by Coca-Cola Japan to regularly assess the vulnerability of our water sources. We

develop conservation plans for water usage at our plants that focus on reducing water used in the manufacturing process (Reduce), reusing water (Recycle), and restoring water resources in the source area (Replenish).

We have signed water resource conservation agreements in areas around all 17 plant locations to protect water resources. We are working with local communities and experts to protect water resources, all resulting in a replenishment rate of 420% in 2022.



Details of the global vision for the new water security strategy

<https://en.ccbji.co.jp/csv/environment/?id=tab2>



### Major water indicators and results

Water used for manufacturing  
**13,287,000 m<sup>3</sup>**  
**+2.3%** year on year

Replenishment area  
Approx. **8,136 ha**  
**+4.1 ha** year on year

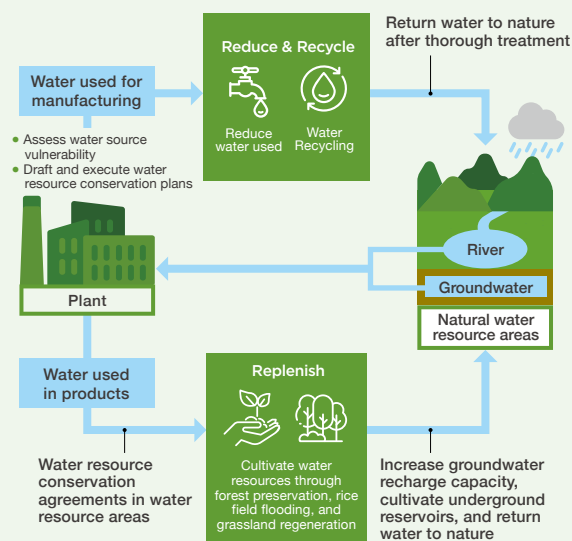
Water used in products  
**4,087,000 kL**  
**+1.9%** year on year

Replenishment rate  
**420%**  
**+67%** year on year

Water used per 1L of product (WUR: Water Use Ratio)  
**3.25 L/L**  
**+0.01** liters per product liter year on year

Water resource conservation agreements  
**17/17 plants**  
**+1 plant** year on year

### Coca-Cola System's concept of the water cycle



**Water used for manufacturing:** After being used for cleaning and cooling in the manufacturing process, water is collected, treated, and recycled. Before being discharged into rivers, the water undergoes thorough treatment.

**Water used in products:** We promote watershed conservation through activities such as planting trees, thinning forests, flooding rice fields, and regenerating grasslands. These activities help improve our ability to replenish water sources and nurture abundant groundwater, allowing us to return water to nature.

## Mitigation and adaptation to climate change by reducing greenhouse gas (GHG) emissions

The Coca-Cola System in Japan is committed to reducing greenhouse gas (GHG) emissions across our supply chains following in alignment with the Paris Agreement and scientific

evidence. Our ultimate goal is to achieve net zero GHG emissions by 2050. To help get there, we have set medium-term CSV Goals, which aim to reduce GHG emissions

across the entire Japan value chain by 50% in Scope 1 and 2, and by 30% in Scope 3 by 2030 (compared to 2015 levels). To achieve these targets, we are taking a range of actions.

Specifically, in July 2022, we launched the Akashi Mega DC, an automated distribution center with one of the largest storage and shipment capacities in the Coca-Cola System in Japan. Our goal is to create a highly efficient distribution network by gradually consolidating warehouse operations, such as sorting, picking and inventory storage, traditionally conducted at each sales center. This will help us to deliver products to business partners and vending machines while by reducing long-distance transportation and GHG emissions. We are also working to reduce plastic waste by replacing plastic with paper straws and cup lids. We have implemented recycling programs, such as CAN to CAN, horizontal recycling of collected aluminum cans from recycle boxes placed next to our vending machines to use as materials of side part of cans, pallet-to-pallet<sup>\*1</sup>, and shell-to-shell<sup>\*2</sup> programs. These programs actively collect used

aluminum cans and distribution materials for recycling. Together they help reduce GHG emissions by promoting the recycling of materials.

<sup>\*1</sup> Light blue or black platforms used for transporting and storing products

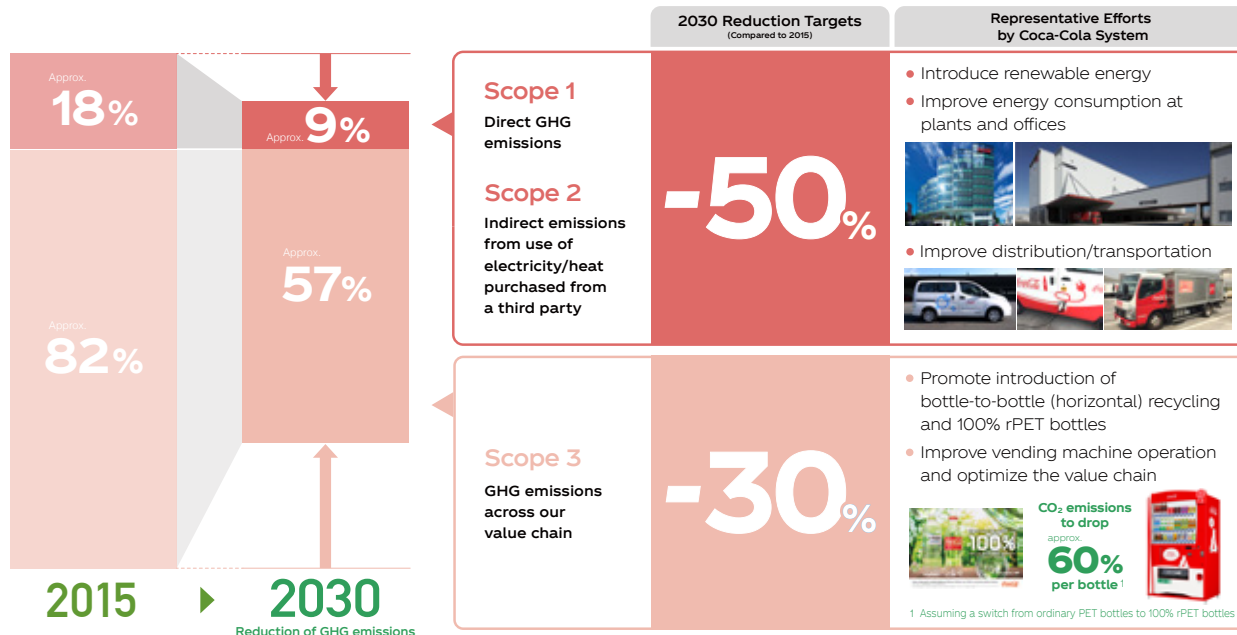
<sup>\*2</sup> Cases for bottle products

### • Renewable Energy

Our Hakushu Plant runs on hydroelectric power provided by Yamanashi Power Plus, jointly operated by TEPCO Energy Partner, Inc. and Yamanashi Prefecture.

At other plants, we use hydroelectric and other renewable energy sources plan offered by TEPCO Energy Partner, Inc. The electricity from hydroelectric energy purchased in this plan produces no CO<sub>2</sub> during generation. We also use the Tradeable Green Certificate system, which certifies that power used in plants is electricity generated from natural energy sources. Across our business we seek ways like these to promote and use green energy.

### Greenhouse gas reduction targets of the Coca-Cola System in Japan



### Aluminum CAN to CAN horizontal recycling





## Part 4

# Risk Management

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- 65 Disclosure Based on TCFD Recommendations





Kakogawa Parking, Akashi Truck Depot,  
Kakogawa City in Hyogo Prefecture

Photo by Mitsuo Tajima  
SCM Logistics Division  
Coca-Cola Bottlers Japan Inc.



## Business Resilience Strategy

### Taking smart risks for business resilience

#### Gerold Knight

Head of the Risk Management Senior Group  
Coca-Cola Bottlers Japan Inc.




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#### Creating growth opportunities through risk management

Resilience is a leadership orientation that forward-thinking companies like ours have embraced in response to a disruptive and volatile business environment. Our resilience orientation has moved us away from a narrow crisis-response reflex to agility and innovation, where we identify and respond to risks, absorb shocks, and pivot to respond to new growth opportunities.

We are focused on identifying both current and over the horizon risks with a focus on climate change; implementing

appropriate countermeasures and risk transfer strategies; maintaining agility to leverage opportunities, while having strong crisis response capabilities. To enhance our response, we have brought together several specialist resilience streams that enable us to leverage synergies to drive growth while protecting the business. Ultimately being business resilient is a competitive advantage.

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#### Adopting a “smart risk” approach according to the business environment

In business, risk management helps us to manage uncertainties and we are all risk managers. These uncertainties can have either positive or negative consequences and by making the most of the opportunities, while managing the downside, we become a resilient business.

We know the speed at which new risks emerge in our dynamic environment, so they and their potential impacts need to be discovered and responded to fast. At the same time, we take smart risks to grow as by being forward looking, aligning risk to strategy, and taking the right type of risk we set ourselves apart from our competitors.

Smart risk is linked to our growth mindset and is an evolution in the way that we manage risk. Traditionally, like other Japanese companies, we were focused on managing the downside of risks and being prepared for disasters. We know this is no longer enough, and as we innovate and grow, we need to develop more sophisticated over the horizon risk-identification processes while at the same time encouraging informed risk taking. Supporting this we have created solid risk management practices and procedures that we are embedding throughout the company.

### Actively pursuing opportunities by empowering leaders

The world is changing at a lightning pace, creating complexities that carry uncertainty and opportunity, and to grow we need to be agile and innovative, creating an environment that encourages our people to take informed risks. Our growth mindset and empowerment of our leaders to take smart risks,

enables us to actively chase opportunities. When we take smart risks, we need to accept that things may not always work out as planned, and when this happens, we need to embrace failure and learn an important lesson: how to grow without repeating the error.

### Aligning risk to strategy to enable rapid response in times of crisis

In a business world subject to constant disruption, superior risk management, embedded across our business, creates a competitive advantage. Our Risk Management Group has created a holistic resilience framework, embraced by our people, focused on anticipating changes in our business environment and with identifying emerging threats.

Our ongoing focus on traditional Coca-Cola system risks, such as product quality, combined with a focus on newer topics such as climate change, TCFD reporting, ESG, cyber, and geopolitical changes create potential first-mover

advantages for us. Of priority is identifying and responding to climate change risks, both physical and transitional, to ensure that we understand and disclose mitigation plans, proposed investments and the metrics and targets used to assess and manage these climate-related risks and opportunities.

By aligning risk to strategy, we can exploit valuable business insights. Supporting this are our strong response processes in crisis management and business continuity, which enable us in times of crisis, to find agile ways to make key moves early and then accelerate into the new realities.

### Fostering a culture in which we learn how to grow from failure

Most importantly, with smart risk taking we acknowledge that we might fail, and this is okay if we learn from it. A smart risk is based on sound risk evaluation, an understanding of market sensitivities, and transparency. Transparency is a key pillar and involves stakeholder engagement, continuous communication, and seeking endorsement when required. A smart risk always

has a backup plan so we can quickly recover and learn from a failure. Poor risk is the opposite and can be unlawful and as integrity is a core value at CCBJI we will not take risks that are either unlawful or could be seen as unlawful.

Together we are working together in an agile and innovative way to imbed resilience into our business.



# Managing Risk and Leveraging Opportunities

## Creating a resilient business

At CCBJH we have implemented an overarching business resilience program that integrates the ways in which we manage risk and opportunity to enable profitable growth; protect our people and assets; enhance our capabilities to respond in a crisis; and the way we transfer risk through insurance.

Our Board of Directors has overall responsibility for risk management and sets the risk appetite of the business. They are closely involved in overseeing risks and the strategic response to them, and monitoring management actions to achieve its strategic objectives.

In support, risk management is being firmly embedded within our everyday business activities and culture. Our Enterprise Risk Management (hereafter ERM) PDCA framework is based on COSO<sup>\*1</sup> and ISO 31000 and provides a framework

to drive profitable growth by leveraging opportunities and promoting appropriate risk-based decision-making, as well as strong capabilities in the identification and response to foreseeable risks. Our business resilience programs are led by our Head of the Risk Management Senior Group (HRM), who as a member of the ELT<sup>\*2</sup> works in close collaboration with the function heads and risk owners across our business on the response to specific business risks. The HRM is tasked with maintaining a wide-angled view of all business streams for emergent risks and opportunities and through regular reporting ensures that risk visibility is provided to the ELT and our Board.

<sup>\*1</sup> An abbreviation for Committee of Sponsoring Organizations of the Treadway Commission. An organization that issues global frameworks for internal control.  
<sup>\*2</sup> An abbreviation for Executive Leadership Team. Management organization in CCBJI Group including CEO and function heads.

### Business resilience program



## Enterprise risk management (ERM) systems and program

The ERM program incorporates a variety of elements that enable us to ensure alignment to our business strategies, objectives, and principles; drive integration in our strategic direction, ethics and values; link into the business planning cycle; continually monitor our internal and external environment for factors that may change our risk profile and create

opportunities; and an annual evaluation of the type and amount of insurance we should purchase. In a hardening insurance market, our approach to insurance risk transfer is influenced by the availability of insurance cover and cost, measured against the probability and magnitude of the relevant risks.

Our risks and the associated mitigation and response



Details of our risk management system  
<https://en.ccbji.co.jp/csw/risk/>

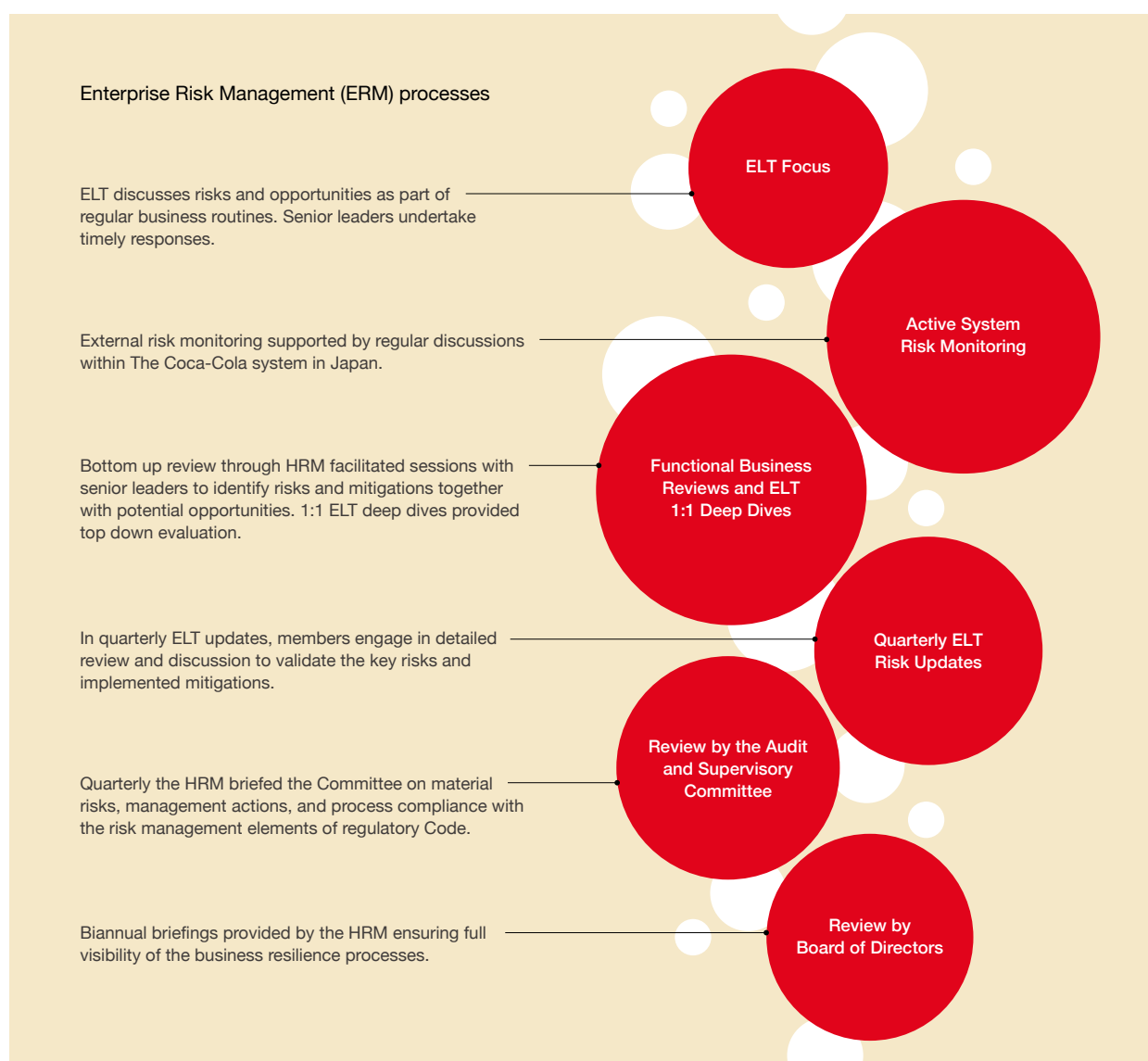


initiatives are constantly evaluated. The Audit and Supervisory Committee are provided quarterly updates on the full program with the Board of Directors receiving biannual updates. The program is annually audited by our Internal Audit team and external auditors against global best practice.

During 2022, we continued our focus on strengthening the integration of ERM and Smart Risk program into our corporate culture through the creation and delivery of training and awareness courses. We have maintained the visibility of risks

and opportunities through monthly ELT dialogue and senior manager participation in facilitated functional risk identification and review sessions.

A robust crisis management program with associated business continuity plans provides us with the capability to effectively respond to a crisis. These programs are subject to annual review with crisis training provided to our leadership teams who are tested through interactive crisis simulations.



## Managing Risk and Leveraging Opportunities

### Reportable risks

The cyclic review of our key risks involves an assessment of the likelihood of their occurrence and their potential consequences to confirm our level of exposure and evaluate the strategies to manage them. The list does not include all risks that can ultimately affect our Company as there are risks that are not yet known to us, and risks currently evaluated to be immaterial that could ultimately have an impact on our business or financial

performance. By leveraging our robust risk management program, which is integrated into business routines and evaluates risks against our business and strategic priorities, we remain vigilant to the uncertainty in our operating environment and can react with agility. The program enables us to proactively identify new risks and opportunities which enable us to understand threats to our business viability.

High risks		
Risk category	Description and potential impacts	Key mitigations
Commodity pricing	<p>Risk of procurement costs increasing due to fluctuations in exchange rates, raw material shortages, and commodity prices.</p> <ul style="list-style-type: none"> <li>Increased cost base</li> <li>Reduced product supply</li> <li>Limitations to product portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Mitigate the impact of exchange rate and product price fluctuations through the uses of derivative transactions</li> <li>Procure raw materials at lower costs through collective multi system company purchases leveraging Coca-Cola system</li> </ul>
Macroeconomic	<p>Risk of volatile and challenging macro-economic conditions caused by key global events including conflict, inflation, and foreign currency fluctuations.</p> <ul style="list-style-type: none"> <li>Deterioration of financial conditions</li> <li>Reduced consumption spending</li> <li>Changes in consumer spending patterns</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced strategic and operational risk identification enabling the group to grasp the changes in macroeconomic landscape more quickly and prepare better for the future by improving the ability to predict the future demand and trends more accurately</li> <li>Monitoring and responding to changes in status to customers' business operations</li> <li>Strong crisis response practices that focus on employee, customer and consumer safety</li> </ul>
Cyber security and system availability	<p>Risk of business activities being suspended, and confidential information leaking caused by system failures or cyber incidents</p> <ul style="list-style-type: none"> <li>Losing trust from consumers and customers</li> <li>Deterioration of financial conditions</li> </ul>	<ul style="list-style-type: none"> <li>Prepare the response plans to mitigate the damages caused by system failures (such as, by setting up backup sites overseas)</li> <li>Improving and strengthening system security by proactive threat identification and conducting simulation tests of cyberattacks</li> <li>Complying with laws and regulations on information management</li> <li>Establishing internal regulations related to information security supported by related employee training programs</li> <li>Develop and maintain a system workforce with the ability to respond to cyber incidents</li> </ul>
Changing consumer mindset	<p>Risk of changes in consumer preferences caused by COVID-19, growing concerns over sugar consumption and increased health awareness</p> <ul style="list-style-type: none"> <li>Acquisition or loss of consumer base</li> <li>Winning or losing trust from consumer</li> <li>Discriminatory taxation</li> </ul>	<ul style="list-style-type: none"> <li>Focus on product innovation and portfolio expansion</li> <li>Strengthen range of low and no calorie beverages.</li> <li>Diversification in pack sizes</li> <li>Promote active lifestyles through consumer engagement program</li> </ul>



## High risks

Risk category	Description and potential impacts	Key mitigations
<b>People (attraction and retention)</b>	<p>Risk of not being able to secure, retain and develop enough human resources and build constructive relationships with labor unions due to poor business performance and a competitive employment environment.</p> <ul style="list-style-type: none"> <li>• Slowdown or suspension of business activities</li> <li>• Slowdown or suspension of supply chain operations</li> <li>• Inability to achieve growth plans</li> </ul>	<ul style="list-style-type: none"> <li>• Implement strategic people development plans and develop a new salary payment structure</li> <li>• Recruit diverse talent and commitment to people development (including overseas)</li> <li>• Implement unmanned plant operations, online transactions, and outsourcing of shipping operations</li> <li>• Enhance the workplace environment to improve employee satisfaction</li> <li>• Strengthen communication between top management and employees</li> </ul>
<b>Natural disasters</b>	<p>Risk of death and injury of employees and damage to business facilities for production, logistics and sales operations caused by severe natural disasters, such as earthquakes and floods</p> <ul style="list-style-type: none"> <li>• Slowdown or suspension of business activities</li> <li>• Slowdown or suspension of supply chain operations</li> <li>• Reduced sales opportunities</li> <li>• Additional costs required for recovery</li> </ul>	<ul style="list-style-type: none"> <li>• Strong Business Continuity Plan (BCP) and crisis response capabilities enabling structured and streamlined responses</li> <li>• Regular crisis and disaster response training and simulations</li> <li>• Identified alternative shipping locations and secure transportation capacity in preparation for a disaster that damages the logistics centers</li> <li>• Secure earthquake coverage</li> <li>• Redesign of Disaster Control Headquarter (DCHQ) model to enable enhanced regional response and speed of response</li> </ul>
<b>Evolving commercial and competitive landscape</b>	<p>Risk of changes in the retail market environment led by a surge in online ordering and a change in spending behavior driven by the external macro environment.</p> <ul style="list-style-type: none"> <li>• Acquisition or loss of consumer base</li> <li>• Winning or losing trust from consumers</li> <li>• Reduced sales profit</li> <li>• Reduced portfolio availability</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing the product portfolio and accelerated productivity further to deliver products that meet the needs of the retailers</li> <li>• Enhancing Right Execution Daily (RED) to drive operational excellence</li> <li>• Expanding the online channels to respond to the surge in Internet mail orders</li> </ul>
<b>Growth strategies</b>	<p>Risk of failing to implement measures to improve our competitive advantage and grow the business (through business integration, capital investments, product development, etc.).</p> <ul style="list-style-type: none"> <li>• Deterioration of financial conditions caused by loss due to impairment</li> <li>• Losing trust from shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Building a robust system that enables the group to respond readily and flexibly to various circumstances</li> <li>• Formulate business integration strategies that take multiple scenarios into consideration</li> <li>• Supervision by Board of Directors and Executive Officers</li> </ul>
<b>Financial risks</b>	<p>Risk of deterioration in financial conditions caused by an increase in funding costs and retirement benefit obligations.</p> <ul style="list-style-type: none"> <li>• Increased cost base</li> <li>• Loss of stakeholder trust</li> </ul>	<ul style="list-style-type: none"> <li>• Promote growth of cash flow through sales activities to maintain and improve creditworthiness</li> <li>• Establish Pension Governance Committee to strengthen the monitoring function of retirement benefit obligations</li> </ul>

## Managing Risk and Leveraging Opportunities

### Medium risks

Risk category	Description and potential impacts	Key mitigations
<b>Sustainability</b>	<p>Risk of increased stakeholder concerns caused by negative consumer sentiment over the use of plastics and the toughening of government regulations on plastics.</p> <ul style="list-style-type: none"> <li>• Acquisition or loss of consumer base</li> <li>• Winning or losing trust from shareholders</li> <li>• Increase of costs for responding to environmental and social issues</li> <li>• Discriminatory Taxation</li> </ul>	<ul style="list-style-type: none"> <li>• Achieving CSV goals contributing to the development of a sustainable society</li> <li>• “World Without Waste” initiatives including, increasing the use rate of recycled PET resin, developing more light-weighted packages and collecting used PET bottles more effectively</li> <li>• Proactive response in line with ESG and TCFD reporting requirements</li> </ul>
<b>Quality and food safety</b>	<p>The risk of product-related quality and food safety incidents.</p> <ul style="list-style-type: none"> <li>• Losing trust from consumers</li> <li>• Decline in earnings due to product recall or mass disposal of defective products</li> <li>• Loss of opportunities due to customer penalties</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier quality audits and quality certifications</li> <li>• Employee awareness of quality control in all processes from manufacturing to sales</li> <li>• Enhance the quality control and reporting system so that consumer/customer complaints receive a timely response</li> <li>• Robust identification and response programs that enable us to quickly and efficiently deal with quality/food safety issues</li> </ul>
<b>Regulatory compliance and ethics</b>	<p>Risk of violations of laws, internal regulations, and our code of ethical conduct.</p> <ul style="list-style-type: none"> <li>• Loss of customer and consumer trust</li> <li>• Damage to brand and corporate reputation</li> <li>• Regulatory penalties</li> <li>• Economic loss through fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Strong Tone from the Top and continued internal communication on corporate behaviors</li> <li>• Ethics &amp; Compliance Committee meetings held regularly</li> <li>• Minimizing employee fraud opportunities by rebuilding the business processes, organizational structure and IT systems</li> </ul>
<b>Manufacturing, logistics &amp; infrastructure</b>	<p>Risk of the stable supply of goods being impeded due to issues in production and logistics operations, or changes in weather and consumer behaviors</p> <ul style="list-style-type: none"> <li>• Drop in sales volume and revenue</li> <li>• Losing trust from customers</li> </ul>	<ul style="list-style-type: none"> <li>• Building a flexible supply system to respond to changes in the market environment</li> <li>• Investment in infrastructure (production lines, etc.) that will enable the group to respond to the increase in demand during the peak seasons more readily</li> <li>• Systems enhancements to enable timely sharing of inventory status</li> <li>• Strengthen supplier management and supervision</li> </ul>

## Medium risks

Risk category	Description and potential impacts	Key mitigations
Climate change	<p>Risk of raw material shortages including water and agricultural products or operational impacts due to adverse weather associated with climate change.</p> <ul style="list-style-type: none"> <li>• Reduced commodity availability and product supply</li> <li>• Increase of production costs</li> <li>• Limitations to product portfolio Impact to operations (e.g. damage to facilities)</li> <li>• Discriminatory taxation</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on sustainable procurement</li> <li>• Engagement with stakeholders</li> <li>• Sourcing alternative suppliers, and strengthening the selection of suppliers and their management by utilizing the performance data</li> <li>• Adjust the amount of raw materials that are difficult to procure, and shift to other raw materials when necessary</li> <li>• Crisis response and business continuity planning</li> <li>• Risk engineering in support of insurance coverage</li> </ul>
Health and safety	<p>The risk of serious work-related health and safety incidents (i.e. serious injury or death) including transportation accidents.</p> <ul style="list-style-type: none"> <li>• Death or serious Injury</li> <li>• Reputation damage</li> <li>• Prosecution and fines</li> </ul>	<ul style="list-style-type: none"> <li>• Continue ISO 45001 (Occupational Health and Safety) Certification/Internal Audit (Occupational Health and Safety) strategies</li> <li>• Continue implementing mental health survey</li> </ul>
Franchise relationships	<p>Risk related to our high dependency on, or changes to our relationship with The Coca-Cola Company and Coca-Cola Japan as trademark owners in respect to contract / relationship terms and renewals, concentrate pricing, support for product promotions.</p> <ul style="list-style-type: none"> <li>• Decrease in sales from any suspension in the use of TM rights and/or decline in product development capabilities and brand power.</li> <li>• Increased COGS due to concentrate price.</li> <li>• Increased sales promotion expenses in event of any decrease in sales support.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining and improving cooperative relationships with The Coca-Cola Company and Coca-Cola Japan</li> </ul>



## Disclosure Based on TCFD Recommendations

The CCBJH Group considers Mitigation of and Adaptation to Climate Change as a material issue and is carrying out initiatives based on the TCFD recommendations with reference to updated TCFD guidance released in October 2021.

### TCFD initiatives

In 2021, we published greenhouse gas (GHG) reduction targets in alignment with the Paris Agreement and scientific evidence. Our targets involve reducing Scope 1 and 2 emissions by 50% and Scope 3 emissions by 30% by 2030 (compared to 2015), while striving for carbon neutrality by 2050. In February 2022, we endorsed the Task Force on Climate-related Financial

Disclosures (TCFD) recommendations. Furthermore, we joined the TCFD Consortium and Climate Change Initiative, and implemented these measures to cut GHG emissions. We will continue to advance our initiatives and disclosure for climate change mitigation and adaptation through studies in line with the TCFD framework.

<b>Governance</b>	Our new Sustainability Committee, comprised of ELT* members discusses and formulates strategies on sustainability issues, including climate change. The final decisions on strategies are made after approval by the Board of Directors.	 Details on page 39 Sustainability Strategy
<b>Strategy</b>	We explore actions to address risks and opportunities revealed by scenario analysis.	 Details on this page TCFD Disclosure
<b>Risk Management</b>	The ELT meets weekly to discuss risks that arise in the course of business. Risks and opportunities are not only analyzed at the ELT's weekly discussions, but also at quarterly Risk Management Forums, where they are analyzed in detail with feedback provided back to the ELT and Audit and Supervisory Committee.	 Details on page 59 Managing Risk and Leveraging Opportunities
<b>Metrics &amp; Targets</b>	We have set our own medium- to long-term targets called CSV Goals, to reduce GHG emissions across the entire supply chain by 2030 and achieve net zero emissions by 2050. We take concrete actions toward achieving these targets while monitoring progress rates.	 Details on page 41 Initiatives Based on CSV Goals

\* An abbreviation for Executive Leadership Team. Management organization in CCBJI Group including CEO and function heads

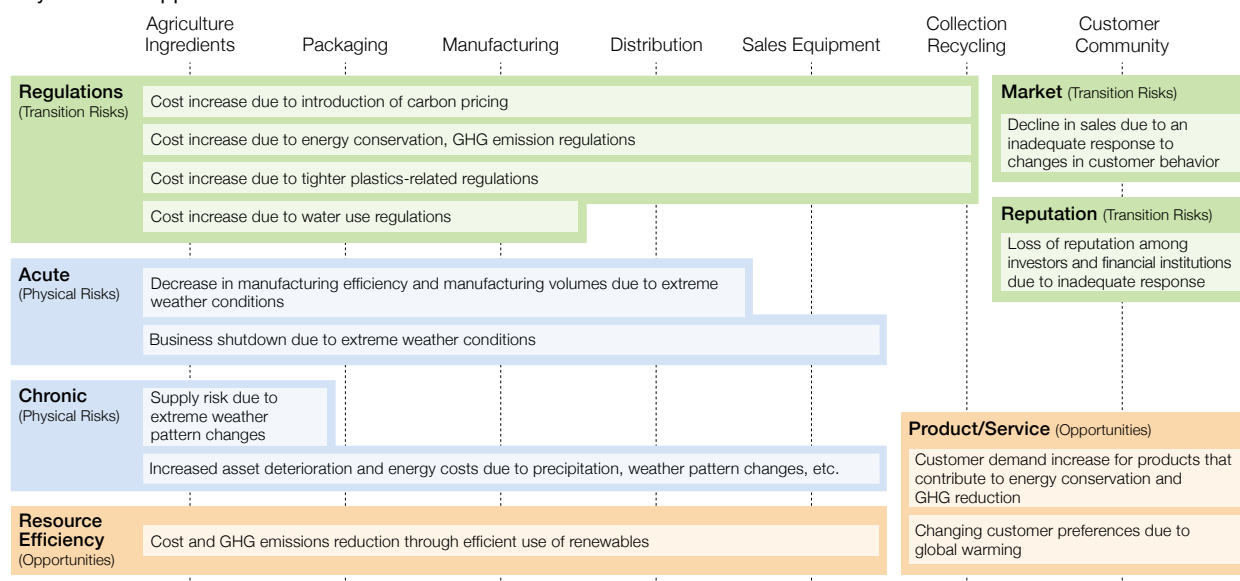
### Addressing climate change-related risks and opportunities

In 2021, our TCFD Working Group, collaborated with the Board of Directors and each division to conduct a scenario analysis for the year 2030, covering all regions. We considered both a 1.5°C/2°C and 4°C rise in global temperatures, respectively, and studied actions to address the risks and opportunities revealed by the analysis.

Our analysis considered that the 1.5/2°C scenario assumes a society where climate change response progresses,

intensifying transition risks including regulatory risks, and where social changes associated with the transition to a decarbonized society are likely to affect business. In contrast, the 4°C scenario assumes a society where climate change response is delayed, natural disasters and other physical risks intensify, and where rising temperatures and other climate changes are likely to significantly impact business.

#### Key risks and opportunities





Details of TCFD

<https://en.ccbji.co.jp/csw/tcfd/>


## Climate change-related risks and opportunities and major actions

## Transition Risks

Transition risks of high importance	Details	Main mitigation plans
Cost increase due to introduction of carbon pricing	<ul style="list-style-type: none"> <li>Cost increase due to introduction of carbon tax and strengthening of emissions trading system, etc.</li> <li>Increased costs due to price shifting of carbon tax at suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Active adoption of recycled materials, promotion of weight reduction</li> <li>Reduction of raw material consumption through lighter containers/packages, etc.</li> </ul>
Cost increase due to energy conservation and GHG emission regulations	<ul style="list-style-type: none"> <li>Cost increase due to capital investment for energy conservation and renewable energy, etc.</li> <li>Increased procurement costs due to increased production costs at suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Reduce dependence on external power supply by introducing renewable energy</li> <li>Shift to use of alternative raw materials (in collaboration with Coca-Cola Japan)</li> </ul>
Cost increase due to tighter plastics-related regulations	<ul style="list-style-type: none"> <li>Increase in procurement costs for recycled PET resin, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Shift to use of alternative materials active use of recycled materials</li> <li>Promote lighter containers</li> </ul>
Cost increase due to water use regulations	<ul style="list-style-type: none"> <li>Increase in procurement costs due to introduction of groundwater tax</li> </ul>	<ul style="list-style-type: none"> <li>Reduce water usage</li> <li>Strengthening cooperation with local governments</li> </ul>
Decline in sales due to an inadequate response to changes in customer behavior	<ul style="list-style-type: none"> <li>Decrease in sales due to shelf drop and customer defection from retailers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of products in accordance with sustainable procurement</li> <li>Promote environmentally friendly products (e.g., 100% recycled PET/labelless)</li> </ul>
Loss of reputation among investors and financial institutions due to inadequate response	<ul style="list-style-type: none"> <li>Decrease in stock price and increase in financing costs in case of inadequate response</li> </ul>	<ul style="list-style-type: none"> <li>SBT certification and participation in RE100 (TBC)</li> <li>Proactive and continuous disclosure and dissemination of information based on TCFD-related and other factors</li> </ul>

## Physical Risks

Physical risks of high importance	Details	Main mitigation plans
Decrease in manufacturing efficiency and manufacturing volumes due to extreme weather conditions	<ul style="list-style-type: none"> <li>Increased procurement costs of raw materials</li> <li>Increased response costs due to increased risk of infectious diseases</li> </ul>	<ul style="list-style-type: none"> <li>Diversification of procurement sources</li> <li>Strengthening of BCP response</li> </ul>
Business shutdown due to extreme weather conditions	<ul style="list-style-type: none"> <li>Impact of restoration cost and lost sales due to shutdown of factories and other company-owned facilities due to hazardous weather conditions</li> </ul>	<ul style="list-style-type: none"> <li>Identify and prioritize wind and flood risks in manufacturing sites, sales/distribution sites, and supply chain, and enhance mitigation plans</li> </ul>
Supply risk due to extreme weather pattern changes	<ul style="list-style-type: none"> <li>Increased procurement costs of raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Diversification of procurement sources</li> <li>Collaboration with suppliers (e.g., development of agricultural methods, TBC)</li> </ul>
Increased asset deterioration and energy costs due to extreme weather pattern changes occurring over time, etc.	<ul style="list-style-type: none"> <li>Increase in utility and other costs due to rising temperatures</li> </ul>	<ul style="list-style-type: none"> <li>Reduce dependence on external power supply by introducing renewable energy</li> </ul>

## Opportunities

Opportunities of high importance	Details	Main mitigation plans
Customer demand increase for products that contribute to energy conservation and GHG reduction	<ul style="list-style-type: none"> <li>Increase in sales due to environmentally friendly raw materials and packaging</li> </ul>	<ul style="list-style-type: none"> <li>Develop and expand environmentally friendly products (e.g., 100% recycled PET bottle, labelless, reusable, package-less)</li> </ul>
Changing customer preferences due to global warming	<ul style="list-style-type: none"> <li>Increase in sales of heat stroke prevention and healthy beverages</li> </ul>	<ul style="list-style-type: none"> <li>Develop and promote heat stroke prevention and healthy beverage products</li> </ul>
Cost and GHG emissions reduction through efficient use of renewables	<ul style="list-style-type: none"> <li>Reduction of electricity costs and GHG emissions by introducing renewable energy and energy-saving equipment (facilities, logistics, etc.)</li> <li>Cost reduction through enhanced water efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Installation of manufacturing equipment equipped with the latest technology, Continuous improvement of manufacturing processes and plant equipment through monitoring</li> <li>Further promotion of water source replenishment capacity improvement</li> </ul>







## Part 5

# Governance

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Tsuchiyu Kokeshi Doll, Tsuchiyu Hot Spring,  
Fukushima City, Fukushima Prefecture

Photo by Eiji Ueno  
East Japan Operation Division  
Coca-Cola Bottlers Japan Vending Inc.





## Corporate Governance Strategy

### Building a strong foundation as a trusted and honest company

#### Tomokazu Usagawa

Executive Officer and CLO (Chief Legal Officer)  
Coca-Cola Bottlers Japan Inc.



#### Building a strong corporate foundation for sustainable growth: The power of proactive legal support

Our vision is to continue to be the partner of choice for all customers. We strive to be an honest and trustworthy company for all our stakeholders, including customers, business partners, shareholders, local communities, and employees.

In order to achieve this, as a division that plays a crucial role in establishing a solid corporate foundation, our Legal Division has three functions: Corporate Governance, Ethics and Compliance, and so-called Legal Affairs, and promote various initiatives in a three-pronged manner.

Another part of our vision is to triumph in the market through sustainable growth. Recently, we have been facing

rapid changes in the business environment. To triumph and grow in today's market, we must continuously evolve as a company. This type of sustainable growth and evolution is only possible when there is a solid corporate foundation in place. To achieve this, we aim to be a proactive legal division that implements proactive corporate governance. This means not only acting as a guardian but also demonstrating creation and navigation skills to anticipate environmental changes and support appropriate risk-taking for bold strategies. We actively seek opportunities for dialogue with stakeholders to increase understanding and collaboration.

#### Stimulating discussion for sustainable growth through institutional design that emphasizes diversity and separation of functions

Our company as an Audit and Supervisory Committee, that as a Board Committee, strengthens corporate governance. Our goal is to increase management soundness, transparency, efficiency, and enhance medium- to long-term corporate value as well as shareholder value. Our Board of Directors and Audit & Supervisory Committee are diverse and include multiple independent outside directors who facilitate transparent, fair, swift, and bold decision-making. These outside directors also have voting rights and can state their opinions on director nominations, remuneration, and other such important matters at the General Meeting of Shareholders, further strengthening

management oversight. Additionally, we have introduced an executive officer system to separate decision making and management oversight functions from business execution function, allowing for swift execution while the Board focuses on critical management issues while at the same time ensuring appropriate collaboration between directors and executive officers. In this way, we have established a system that allows the Board of Directors to concentrate on deliberation and decision-making on critical management issues while executive officers make management decisions on other matters and engage in swift business execution.



Details of our corporate governance

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


## Boosting sustainable growth: Strengthening corporate governance through enhanced effectiveness of the Board of Directors

Since the business integration in 2017, we have implemented several initiatives to strengthen our corporate governance. As a company with an Audit & Supervisory Committee, we have focused on enhancing the effectiveness of the Board of Directors and reviewing the system for promoting active discussion. We have also improved the audit and supervisory functions while increasing operational flexibility. To align our directors' interests with

those of our shareholders, we introduced a performance-based stock incentive system in 2018. This will increase their motivation to contribute to medium- to long-term corporate value and stock price growth. We are also implementing measures and addressing revisions based on Japan's Corporate Governance Code. We will continue to promote initiatives to enhance our corporate governance system.

### Enhancing corporate governance: Key initiatives and progress made

2016	<ul style="list-style-type: none"> <li>Adopted a company with Audit &amp; Supervisory Committee structure</li> </ul>
2017	<ul style="list-style-type: none"> <li>Established a Board of Directors system and an executive officer system</li> </ul>
2018	<ul style="list-style-type: none"> <li>Reorganized the Group</li> <li>Examined the pros and cons of cross-shareholdings and clarified strategy</li> <li>Introduced a performance-linked stock-based incentive compensation system for executive officers</li> <li>Began analyzing and evaluating the effectiveness of the Board of Directors</li> </ul>
2019	<ul style="list-style-type: none"> <li>Reorganized the Group, and reviewed the executive officer system and reduced the number of officers</li> <li>Conducted a fundamental review of the Board of Directors Structure               <ul style="list-style-type: none"> <li>Reduced the number of executive directors from four to two</li> <li>Increased the number of outside directors from four to six</li> <li>Hired three female directors (outside director ratio: 67%, female director ratio: 33%)</li> </ul> </li> <li>Clarified dividend policy</li> </ul>
2020	<ul style="list-style-type: none"> <li>Conducted a review of Board of Directors Structure               <ul style="list-style-type: none"> <li>Increased the number of outside directors from six to seven (outside director ratio: 78%)</li> </ul> </li> </ul>
2021	<ul style="list-style-type: none"> <li>Revised internal Corporate Governance Regulations (Strengthened corporate governance for transition to Prime Market)</li> <li>Established a skills matrix for the Board of Directors</li> </ul>
2022	<ul style="list-style-type: none"> <li>Introduced a chief officer system</li> <li>Transitioned to the Tokyo Stock Exchange Prime Market</li> </ul>

## Driving corporate value: The power of stakeholder dialogue and collaboration

The cornerstone of our corporate governance is our commitment to honesty and trust, which we believe is essential to building a strong foundation for sustainable growth. By implementing a robust governance framework, our goal is to

foster open communication with our stakeholders, strengthen management practices, and enhance transparency to drive corporate value and increase shareholder value over the medium to long term.

# Corporate Governance (As of March 28, 2023)

## Fundamentals of corporate governance

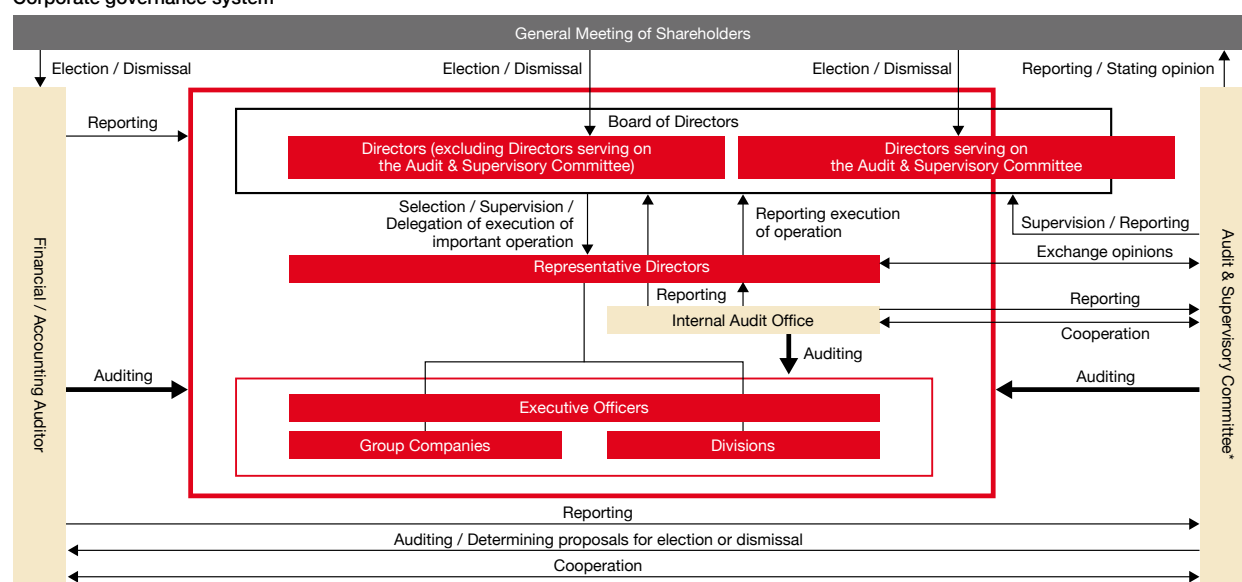
The basic policy of CCBJH is to increase management quality, transparency, and efficiency, while striving to enhance medium- and long-term corporate value.

To further strengthen the governance structure, the Company has put in place an audit and supervisory committee structure. The Audit & Supervisory Committee, which is responsible for the Company's auditing, consists of multiple independent outside directors. The Company's management oversight function is further strengthened by granting to these outside directors serving as Audit & Supervisory Committee members voting rights at meetings of the

Board of Directors and the right to state opinions at the General Meeting of Shareholders on matters such as the nomination and remuneration of directors.

In addition, the Company has adopted the executive officer system for the purpose of separating decision-making and management oversight from business execution. By delegating some important decisions on business execution to executive officers, the Company endeavors to enrich discussion of particularly important matters at meetings of the Board of Directors and expedite management decision-making by the management team.

## Corporate governance system



\* Consisting of outside directors serving on the Audit & Supervisory Committee, including independent outside directors

## Structure of major meetings attended by the management team

When making decisions on important matters of the Company, the President and the Vice President with representative rights, or either of these and heads of functions including executive officers, engage in deliberation within major meeting structures and connect this to prompt decision making.

## Examples of major meeting structures

ELT <sup>1</sup> Meeting	This meeting discusses major issues and strategic directions that span the entire company or multiple units. In addition, the meeting reviews material implied risks and evaluates ways to control and mitigate these risks.
Executive S&OP <sup>2</sup> Meeting	Medium- to long-term strategic business decisions are made based on a series of demand and supply planning and financial information to optimize the entire supply chain in conjunction with sales operations.
Capital Committee	This committee conducts deliberation and progress management concerning capital investment plans, deliberation and approval of capital investment projects, and post-execution verification, etc. of capital investments, for the purpose of appropriate capital investment management.
SPVR <sup>3</sup> Operational Meeting	This committee is established for a regular reporting to the management about the major activities and strategies of Coca-Cola Bottlers Japan Business Services Inc. Also, this committee evaluates the consistency of IT investment based on IT strategy and discusses IT policy and DX projects of the entire group.
Ethics and Compliance Committee	This committee engages in activities including awareness and education activities related to ethics and compliance, operation of consultation desks, handling of other compliance-related cases, and examination and implementation of measures to prevent recurrence of problems.
Sustainability Committee	This committee discusses and puts together policies and strategies related to various sustainability-related issues, particularly climate change.

<sup>1</sup> Executive Leadership Team

<sup>2</sup> Sales and Operations Planning

<sup>3</sup> Systems & Processes + Value Realization Steering





Details of our corporate governance

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

## Board of Directors

The Company's Board of Directors consists of nine directors, including multiple independent outside directors, and holds regular meetings once every three months in principle and extraordinary meetings as needed. The Board of Directors resolves matters concerning basic management policies and other important business issues, as well as matters prescribed by law and by the

Articles of Incorporation and receives reports on the execution of business from directors. The Company also delegates a part of decision-making on important matters of business execution to directors to further enhance deliberations on matters of special importance in the Board of Directors and to speed up decisions by the management team.

## Evaluation of the effectiveness of the Board of Directors

Each year, the Board of Directors of the Company evaluates and analyzes its effectiveness based on self-evaluation by directors regarding the operation, support system, composition, etc.

Based on the self-evaluation conducted by the directors with the advice of an external third-party organization, we have received generally positive evaluations on the issues identified in the previous year, such as business updates by major divisions and efforts to explain the contents of deliberations in advance, and we

recognize that the effectiveness of the Board of Directors as a whole is improving.

It has been confirmed that the Company will continue to promote ongoing efforts to further enhance discussions at the Board of Directors meetings, and to proactively improve operational aspects of the Board of Directors to further enhance and deepen discussions in line with changes in the business environment.

## Audit & Supervisory Committee

The Audit & Supervisory Committee, which is responsible for auditing the Company, consists of four members, all of whom are Outside Directors (Audit & Supervisory Committee members), including several independent directors, and meet once every three months in principle, with special meetings as needed. In accordance with the Audit & Supervisory Committee Standards for Audits based on relevant laws and the Articles of Incorporation, the Audit & Supervisory Committee audits the execution of duties by directors, executive officers, and employees by attending meetings of the Board of Directors and examining the results of audits conducted by the division in charge of internal audits and the accounting auditor.

### Audit Status

The Audit & Supervisory Committee's main concerns are the formulation of audit policy, preparation of internal system, and confirmation of its operation, audit report preparation,

reappointment of accounting auditors, agreement on remuneration for accounting auditors, and providing opinions for the determination of the appointment and remuneration of directors and others. The Audit & Supervisory Committee met five times in 2022.

The members of the Audit & Supervisory Committee convey their audit opinions objectively and neutrally using their broad expertise and abundant experience, and they communicate their forthright thoughts at the Board of Directors and the Audit & Supervisory Committee meetings. In addition, we believe that the members of the Audit & Supervisory Committee are fully exercising their supervisory and oversight function with respect to the Company's management by regularly exchanging perspectives on the content with the Representative Director. The Audit & Supervisory Committee includes a member who has abundant experience and knowledge in finance, accounting and accounting procedures, including management of a finance-related consulting company.

## Corporate Governance (As of March 28, 2023)

### Executive compensation system

#### Basic policy

CBBJH Group have designed our executive compensation system on the basis of the following policy. Executives subject to the system in 2022 are two executive directors, seven supervisory officers (directors who are Audit & Supervisory Committee members and outside directors who are not Audit and Supervisory Committee members), and 10 executive officers.

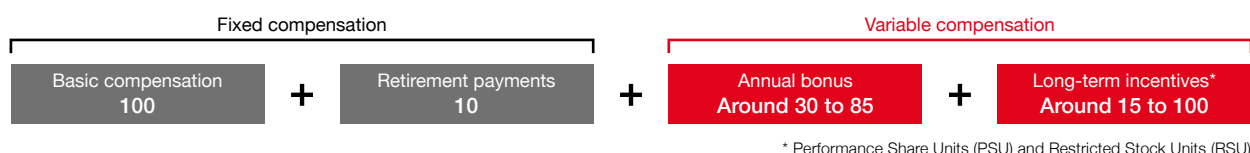
#### Overview of the executive compensation system

Targets	Basic policy	Decision-making process	Level
Executive directors Executive officers	<ul style="list-style-type: none"> <li>The Company sets the level and composition of compensation to enable the hiring and retention of talented human resources who are diverse in terms of nationality, experience, etc.</li> <li>The composition ratio will emphasize performance-based compensation to provide sufficient incentive to achieve profitable growth.</li> <li>The system will promote improvement in medium- to long-term corporate value and a shared awareness of profit with shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>In order to increase the transparency and objectivity in compensation decision procedures, the content of compensation is discussed by the Audit &amp; Supervisory Committee, composed of only outside directors, based on policies concerning the determination of compensation for directors and within the total amount determined at the General Meeting of Shareholders. Through resolution of the Board of Directors, the setting of compensation is delegated to the representative director, who determines the compensation for each executive director, including the amount of performance-based compensation.</li> </ul>	<ul style="list-style-type: none"> <li>Compensation is decided in accordance with scale of responsibilities, utilizing data from compensation surveys performed by external research organizations and taking into account the level of compensation provided at companies such as domestic and overseas similarly-sized companies in comparable industries, with the intent of providing a level of compensation that enables recruitment and retention of talented people who are highly diverse in terms of nationality, experience, etc.</li> </ul>
Supervisory officers	<ul style="list-style-type: none"> <li>Compensation level and structure based on role in management supervision and auditing.</li> </ul>	<ul style="list-style-type: none"> <li>Compensation for directors who are Audit &amp; Supervisory Committee members is proposed to the Audit &amp; Supervisory Committee and is determined through deliberation with directors who are Audit &amp; Supervisory Committee members, within the total amount determined at the General Meeting of Shareholders.</li> <li>Through resolution of the Board of Directors, compensation for outside directors who are not Audit &amp; Supervisory Committee members is deliberated by the Audit &amp; Supervisory Committee based on policies concerning the determination of compensation for directors. The setting of compensation is delegated to the representative director and president, who determines compensation within the total amount determined at the General Meeting of Shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>The Company makes use of compensation survey data from outside expert organizations, etc. with reference to compensation levels in domestic companies of similar scale, and sets levels in accordance with roles.</li> </ul>

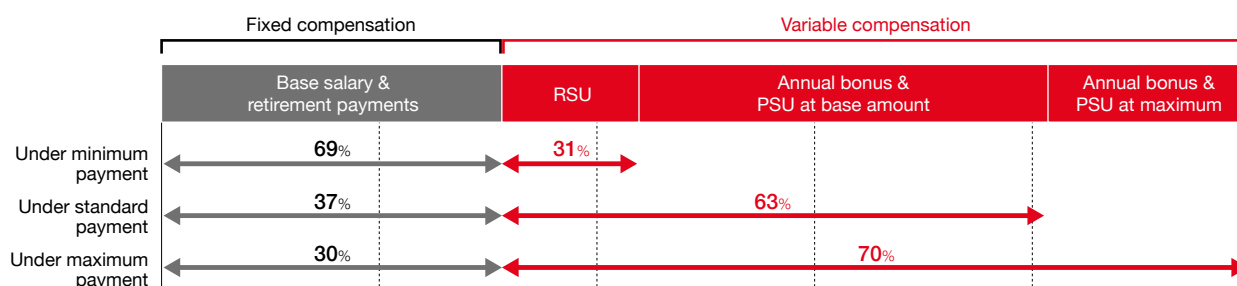
#### Compensation system for executive directors and executive officers

Compensation for executive directors and executive officers is composed of fixed compensation and variable compensation that varies with factors such as corporate performance, to reflect responsibilities and contribution to corporate performance. The standard amount of compensation is set according to the scale of responsibilities. The larger the responsibilities, the higher the percentage of variable compensation.

#### Range of standard amounts of compensation: Image when basic compensation is set to 100



#### Image of compensation structure (in case of Representative Director & President)



### Compensation structure for executive directors (or directors)

Fixed compensation		
Basic compensation	<ul style="list-style-type: none"> <li>Monthly payment of an amount determined based on responsibilities.</li> </ul>	<p>The following are upper limits for the compensation listed at left that is paid to directors.</p> <p>Limit on director compensation (excluding directors who are Audit &amp; Supervisory Committee members): 850 million yen/year (approved through resolution of Proposal No. 5 at the 2019 General Meeting of Shareholders of the Company). (Number of directors at the time of the resolution, excluding directors who are Audit &amp; Supervisory Committee members: 5)</p> <p>In case where the Audit &amp; Supervisory Committee has deliberated and deemed it necessary, housing allowances and other fringe benefits may be paid within the limit of 850 million yen<sup>1</sup>.</p>
Retirement payments	<ul style="list-style-type: none"> <li>An amount equal to 10% of basic compensation is accumulated every year, with the cumulative amount calculated and paid upon retirement.</li> <li>In the event that the individual has caused serious harm to the CCBJH Group or has been subjected to disciplinary measures, the Company may reduce the amount paid or withhold payment. In addition, a special increase may be made in recognition of particularly meritorious service. Reduction of amounts, non-payment, and special increases undergo approval by the Board of Directors based on deliberation by the Audit &amp; Supervisory Committee.</li> </ul>	
Variable compensation		
Annual bonus	<ul style="list-style-type: none"> <li>Provided as an incentive for achieving performance targets for each fiscal year at a certain time each year.</li> <li>The target amount is set more or less in the range of 30% to 85% of base salary depending on their responsibilities.</li> <li>The amount of payment varies in the range of 0% to 150% of the target amount depending on the achievement of performance targets in each fiscal year (company-wide performance and individual evaluations).</li> <li>Business income, sales volume, and revenue have been adopted as performance indicators to drive motivation for achieving profitable growth in accordance with the policy for determining officer compensation, etc.</li> </ul>	<p>The following are upper limits for the compensation listed at left that is paid to directors.</p> <p>Compensation framework for directors (excluding directors who are Audit &amp; Supervisory Committee members): Up to an amount limited to 1,800,000 shares per year multiplied by the market price at the time granted (approved through resolution of Proposal No.5 at the 2022 General Meeting of Shareholders of the Company). (Number of directors at the time of the resolution, excluding directors who are Audit &amp; Supervisory Committee members: 5)</p>
Long-term incentives <sup>2</sup>	<ul style="list-style-type: none"> <li>Two types of stock-based compensation systems, (1) PSU and (2) RSU, are adopted as long-term incentives.</li> <li>The standard amount for long-term incentives overall ((1)+(2)) is set more or less at 15% to 100% of basic compensation, according to the scale of responsibilities. The PSU standard amount is set to 50% and the RSU standard amount is set to 50% of the standard amount.</li> <li>With regard to (2) RSU, additional grants (special RSU) for the purpose of retention and other factors may be made for directors in addition to the above-mentioned basic RSU amount up to the compensation limit detailed on the right, if deemed necessary by the Audit &amp; Supervisory Committee.</li> </ul>	
(1) PSU	<ul style="list-style-type: none"> <li>Provided as an incentive for achieving medium- to long-term performance targets.</li> <li>The number of shares to be issued is determined within the range of 0% to 150% of the PSU standard amount depending on the achievement of performance targets (only considering company-wide performance) three years after the share units have been granted (with half of the shares to be issued paid in cash for the purpose of allocating funds for the payment of tax obligations).</li> <li>Consolidated ROE and growth rate of consolidated net revenue are used as metrics for creating motivation for medium- to long-term improvement of corporate value in accordance with the policy for determining directors' compensation, etc.</li> </ul>	
(2) RSU	<ul style="list-style-type: none"> <li>Provided for the purpose of aligning interests with shareholders, creating incentives to increase corporate value, and strengthening retention of talented people.</li> <li>A predetermined number of shares is issued at the time of retirement (with half of the shares to be issued paid in cash for the purpose of allocating funds for the payment of tax obligations).</li> </ul>	

<sup>\*1</sup> With regard to fringe benefits, the Company pays compensation for differences in tax rates between Japan and other countries, housing allowances, etc. based on CCBJH Group internal rules, deliberated by the Audit & Supervisory Committee and approved by the Board of Directors, to support international assignments.

<sup>\*2</sup> At the 2022 General Meeting of Shareholders (held on March 28, 2023, Proposal No. 5), the introduction of a new long-term incentive (stock-based compensation) system was approved. Under this system, the Company's shares are acquired through a trust funded by the money contributed by the Company, and these shares are issued to executive directors. The maximum amount is 2,880 million yen in total for three fiscal years, and the maximum number of shares is 1,800,000 shares for those three fiscal years. There were five directors (including two executive directors) as of the conclusion of the General Meeting of Shareholders, excluding directors who are Audit & Supervisory Committee Members.

### Payment of compensation to directors in 2022

#### Directors' Compensation

Executive category	Total amount of compensation, etc. (million yen)	Total amount by type of compensation, etc. (million yen)					Number of eligible directors
		Basic compensation <sup>3</sup>	Retirement payments	Annual bonus	Long-term incentives <sup>4</sup>	Other <sup>5</sup>	
Directors (except Audit & Supervisory Committee members) [of which, outside directors]	1,013 [43]	540 [43]	21 [—]	181 [—]	250 [—]	21 [—]	5 [3]
Directors (Audit & Supervisory Committee members) [of which, outside directors]	72 [72]	72 [72]	— [—]	— [—]	— [—]	— [—]	4 [4]
Total [of which, outside directors]	1,085 [115]	611 [115]	21 [—]	181 [—]	250 [—]	21 [—]	9 [7]

#### Total amount of compensation, etc. to persons for which total amount of compensation, etc. is 100 million yen or more

Name	Executive category	Total amount by type of compensation, etc. (million yen)					Total amount of compensation, etc. (million yen)
		Basic compensation <sup>3</sup>	Retirement payments	Annual bonus	Long-term incentives <sup>4</sup>	Other <sup>5</sup>	
Calin Dragan	Representative Directors	317	14	127	182	14	655
Bjorn Ivar Ulgenes	Representative Directors	179	7	53	68	7	315

<sup>\*3</sup> Basic compensation includes amount for fringe benefits (compensation for differences in tax rates between Japan and other countries, housing allowance, etc.), etc.

<sup>\*4</sup> Long-term incentives include PSU, RSU, and special RSU.

<sup>\*5</sup> Other refers to retention awards. Considering compensation levels in each country, rising prices, and the disadvantages caused by the differences between Japan and other countries arising from the rapid depreciation of the yen, we paid a total of 21 million yen in cash as a retention award for 2022 in March 2023 to maintain motivation to lead the transformation. The Audit and Supervisory Committee discussed and reviewed the appropriateness of the payment, and has deemed to be reasonable.



## Corporate Governance (As of March 28, 2023)

### Board Members

#### Directors



#### Calin Dragan

Representative Director, President

Calin Dragan has nearly three decades of experience working for Coca-Cola bottlers globally, including Japan. Previously, he served as President of The Coca-Cola Company Bottling Investments Group.



#### Bjorn Ivar Ulgenes

Representative Director and Vice President, CFO

Bjorn Ivar Ulgenes has considerable financial experience in Europe, the Middle East, Africa and the Coca-Cola System in Japan. Previously, he served as Deputy Finance Director, Central, East & West Africa Group, The Coca-Cola Company.

#### Outside Directors



#### Hiroko Wada

Outside Director  
Independent Director

Hiroko Wada has a wealth of experience in marketing, management, and organizational / HR development in the consumer goods industry. Previously, she has served as an executive officer for The Procter & Gamble Company (U.S.) as well as CEO of Dyson Ltd. and Toys "R" Us Japan, Ltd.

#### Outside Directors



#### Hirokazu Yamura

Outside Director  
Independent Director

Hirokazu Yamura has worked for Coca-Cola Bottlers Japan Inc. for around 15 years. Currently, he serves as President and CEO of Michinoku Coca-Cola Bottling Co., Ltd.



#### Celso Guiotoko

Outside Director  
Independent Director

Celso Guiotoko has experience in IT and supply chain with multinational corporations. He has abundant management experience and audit experience at Nissan Motor and Nishimoto.



#### Hiroshi Yoshioka

Outside Director (serving on the Audit & Supervisory Committee)  
Independent Director

Hiroshi Yoshioka developed management experience and global knowledge at Sony and previously served as an outside director of Coca-Cola East Japan.

#### Outside Directors



#### Nami Hamada

Outside Director (serving on the Audit & Supervisory Committee)  
Independent Director

Nami Hamada has a wealth of experience in finance and accounting, including leading her own financial consulting firm. She has served in management positions at Lehman Brothers Japan Inc. and as an outside director of Shimadzu Corporation and MetLife Insurance K.K.



#### Stacy Apter

Outside Director (serving on the Audit & Supervisory Committee)

Stacy Apter has displayed strong leadership, particularly in the areas of global financial risk supervision and corporate risk management, at the Coca-Cola Company and has global management experience, including in terms of providing support to the Board of Directors. She currently serves as Vice President, Treasurer and Corporate Finance at the Coca-Cola Company.



#### Sanket Ray

Outside Director (serving on the Audit & Supervisory Committee)

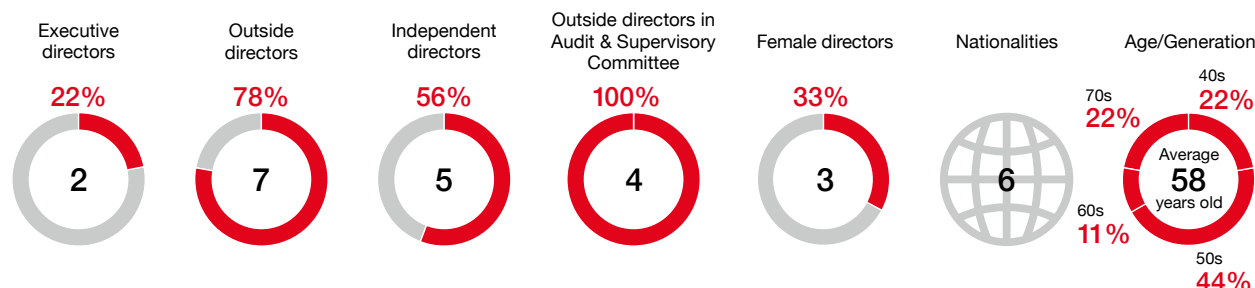
Sanket Ray has displayed strong leadership, particularly in commercial roles, at The Coca-Cola Company and has global management experience in the Asia region. He currently serves as president of the company's India and Southwest Asia Unit.



Details of our Management

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


### Attribution of Board members



Name	Assumption of office	Term of office (Year)	Outside directors	Audit & Supervisory Committee members	Independent directors	Skills				
						Corporate management	Global business	Food and beverage industry	Finance/Audit	Sustainability and CSV
Calin Dragan	March 2019	1	—	—	—	●	●	●		
Bjorn Ivar Ulgenes	March 2019	1	—	—	—		●	●	●	
Hiroko Wada	March 2019	1	●	—	●	●	●			●
Hirokazu Yamura	March 2020	1	●	—	●	●		●		●
Celso Guiotoko	March 2023	1	●	—	●		●	●	●	
Hiroshi Yoshioka	March 2023	2	●	●	●	●	●			●
Nami Hamada	March 2019	2	●	●	●	●	●		●	
Stacy Apter*	March 2023	2	●	●	—	●	●	●	●	
Sanket Ray*	March 2023	2	●	●	—	●	●	●		

\* Stacy Apter and Sanket Ray were appointed as Outside Directors serving on the Audit & Supervisory Committee at the 2022 Ordinary General Meeting of Shareholders held in March.  
Note: Irial Finan and Vamsi Mohan Thati resigned as Outside Directors serving on the Audit & Supervisory Committee at the 2022 Ordinary General Meeting of Shareholders held in March.

### Criteria for determining the necessary skills possessed by directors

The Company assesses the expertise and experience possessed by directors based on the following criteria.

Items	Criteria for ● (Applicable)
Corporate management	<ul style="list-style-type: none"> <li>● A person who has experience as a representative such as CEO or COO.</li> </ul>
Global business	<ul style="list-style-type: none"> <li>● A person who has global business or equivalent knowledge as a division director or above.</li> </ul>
Food and beverage industry	<ul style="list-style-type: none"> <li>● A person who has experience as a division director or above in a company handling beverages or food products, or who has equivalent knowledge.</li> </ul>
Finance/Audit	<ul style="list-style-type: none"> <li>● A person who has experience as a division director or above in a Finance / Accounting Division, or who has equivalent knowledge.</li> <li>● A person who has a national qualification in finance and accounting, such as a CPA.</li> </ul>
Sustainability and CSV	<ul style="list-style-type: none"> <li>● A person who has experience as a director or above in Sustainability / CSV Division, or who has equivalent knowledge.</li> </ul>

## Corporate Governance (As of March 28, 2023)

### Appointment of outside directors

Three of the Company's five directors (excluding directors who are Audit & Supervisory Committee members), and the four directors who are Audit & Supervisory Committee members, are outside directors.

As outside directors, the Company nominates persons who are considered to contribute significantly to increasing the corporate value of the Company. Moreover, if it has been determined through investigation by the Company within the scope of reason that none of the criteria apply to the Company's outside directors, the Company will deem outside directors to possess sufficient independence from the Company.

#### Standards for determination of independence of outside directors

If none of the criteria below apply, the Company considers the director to have sufficient independence.

- An employee and/or executive of the Company and/or a subsidiary within the past 10 years
- A person and/or executive who had a significant business relationship with the Company within the past one year<sup>1</sup>
- An employee and/or executive of the company who had a significant business relationship with the Company within the past one year<sup>1</sup>
- A consultant, certified public accountant, attorney, etc. who has received significant compensation from the Company other than executive compensation within the past one year<sup>2</sup>
- An entity or executive thereof who has received a significant donation from the Company within the past one year<sup>2</sup>
- A close relative of any of the above<sup>3</sup>

\*1 If the transaction between the Company and the person and/or the company exceeds 2% of the Company's consolidated revenue in the latest fiscal year, this will be considered significant

\*2 If the annual amount of compensation or donation to the person/entity exceeds JPY 10 million, this will be considered significant

\*3 Within the second degree of kinship

#### Reasons for appointment of outside directors

Category/Name	Independent outside directors	Reasons for appointment (Positions etc. are as of the time of appointment)
<b>Hiroko Wada</b> Outside Director Attendance Board meeting 7/7	●	The Company has appointed Hiroko Wada as a Director (Outside Director) in order for her to utilize, for the management of the Company, the considerable experiences and global knowledge she has gained thus far as officer at The Procter & Gamble Company and as Representative Director at Toys"R"Us Japan Ltd. As no special vested interest exists between the individual and the Company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director.
<b>Hirokazu Yamura</b> Outside Director Attendance Board meeting 7/7	●	The Company proposes to appoint Hirokazu Yamura as a director (outside director) with the expectation that he will apply his wealth of management expertise and global understanding obtained as Representative Director & President of Michinoku Coca-Cola Bottling Co., Ltd. While the Company has the business relationship noted below with the corporate group of said company, the transaction value is small and transaction prices and other conditions are conducted under appropriate conditions in the same manner as with other business partners. The Company believes that its free business activities will not be hindered by the corporate group of said company. Accordingly, as there is no risk of significant impact from said company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director. Relationship with the Company: The Company has a business relationship with Michinoku Coca-Cola Bottling Co., Ltd. that includes buying and selling of products. (Sales, etc.: 0.4% of the consolidated revenue of the Company; Purchasing, etc.: 0.3% of the consolidated revenue of said company)
<b>Celso Guiotoko</b> Outside Director Attendance Board meeting 7/7	●	The Company has appointed Celso Guiotoko as a director (outside director) in order for him to utilize, for the management of the Company, the considerable experiences and global knowledge he has gained thus far at Nissan Motor Co., Ltd. and Nishimoto Co., Ltd. As no special vested interest exists between the individual and the Company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director.
<b>Hiroshi Yoshioka</b> Outside Director (serving on the Audit & Supervisory Committee) Attendance Board meeting 7/7	●	Hiroshi Yoshioka has extensive management experience and global knowledge cultivated at Coca-Cola Bottler in Japan and at Sony Corporation. He is expected to offer advice based on his abundant experience as a company manager and his knowledge, in areas of important management decisions of the Company, response to foreseeable risks, internal control systems, etc. Accordingly, the Company has appointed him as an outside director who is an Audit & Supervisory Committee member. As no special vested interest exists between the individual and the Company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director.
<b>Nami Hamada</b> Outside Director (serving on the Audit & Supervisory Committee) Attendance Board meeting 7/7 Audit and Supervisory Committee meeting 5/5	●	Nami Hamada has extensive experience in finance and accounting, including managing a finance-related consulting company herself, and has abundant experience and global insights cultivated on the corporate management team of Lehman Brothers Japan as well as management oversight experience as an outside director of SHIMADZU CORPORATION and MetLife Insurance K.K. She is expected to offer advice based on her abundant experience as a company manager and her knowledge in the field of finance, in areas of important management decisions, response to foreseeable risks, internal control systems, etc. Accordingly, the Company has appointed her as an outside director who is an Audit & Supervisory Committee member. As no special vested interest exists between the individual and the Company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director.
<b>Stacy Apter</b> Outside Director (serving on the Audit & Supervisory Committee) New appointment	—	Stacy Apter is Vice President, Treasurer and Corporate Finance at The Coca-Cola Company. She has displayed strong leadership, particularly in the areas of global financial risk supervision and corporate risk management and has abundant management experience as part of the company's management team, including in terms of providing support to the Board of Directors. She is expected to offer advice based on her abundant experience in finance and risk management, in areas of important management decisions, response to foreseeable risks, internal control systems, etc. Accordingly, the Company has appointed her as an outside director who is an Audit & Supervisory Committee member. Relationship with the Company: The Company has concluded contracts concerning the production, sales, trademark usage, etc. of Coca-Cola, etc., with The Coca-Cola Company.
<b>Sanket Ray</b> Outside Director (serving on the Audit & Supervisory Committee) New appointment	—	Sanket Ray is president of the India and Southwest Asia Unit at The Coca-Cola Company. He has displayed strong leadership, particularly in commercial roles, at the company and has extensive management experience at the Company's business units in Asia. He is expected to offer advice based on his abundant experience as a global company manager, in areas of important management decisions, response to foreseeable risks, internal control systems, etc. Accordingly, the Company has appointed him as an outside director who is an Audit & Supervisory Committee member. Relationship with the Company: The Company has concluded contracts concerning the production, sales, trademark usage, etc. of Coca-Cola, etc., with The Coca-Cola Company.



## Policy regarding cross-shareholdings

In principle, it is the Company's policy to refrain from cross-shareholdings. However, there are cases in which the Company acquires and holds such shares to create business opportunities and maintain and strengthen its relationships with

business partners and local communities. The Company shall evaluate and report on the cost of holding major cross-shareholdings and the return on investment thereof in Board Meetings, and work on reducing the cross-shareholdings based on such evaluations.

### Number of companies and the amount recorded in the balance sheet

	Number of companies	Total book value of shares (million yen)
Unlisted stocks	105	2,909
Stocks other than unlisted stocks	45	8,358

### Brands that the Company increased the number of shares in 2022

	Number of companies	Total amount spent to increase the number of shares held (million yen)	Reason for increase in the number of shares
Unlisted stocks	—	—	—
Stocks other than unlisted stocks	13	17	The Company increased the number of shares of this company brand as it is a member of the shareholding association of the counterparty company.

### Brands that the Company increased the number of shares in 2022

	Number of companies	Total amount by selling and decreasing the number of shares (million yen)
Unlisted stocks	5	913
Stocks other than unlisted stocks	11	1,422



Securities Report  
<https://en.ccbj-holdings.com/ir/library/securities.php>



## Responsible dialogue with stakeholders through IR Activities

With the goal of timely and appropriate information disclosure and constructive dialog with shareholders and investors, we engage in a variety of Investor Relations (IR) activities in which we explain our business strategies, business activities, financial and non-financial information, and other information through quarterly earnings presentations and IR meetings.

### Main IR activities in 2022

Activity	2022 results	Details
Earnings Presentation	Four times	Quarterly earnings presentations were held by the President and CFO. The briefing content is available via Webcast on the Company's website. ( <a href="https://en.ccbj-holdings.com/ir/library/presentation.php">https://en.ccbj-holdings.com/ir/library/presentation.php</a> )
IR meetings with analysts and institutional investors	About 250 times; about 390 persons	Meetings and conference calls were held with analysts and institutional investors. Top management took part as required.
Participation in domestic and overseas conferences	Six times	Five times in Japan, and once overseas. Top management took part as required.
Other IR briefings	Four times	Held small meetings and IR briefings with participation by top management.
Delivery of video message from the President	Four times	Video messages from the President were delivered to investors. The latest video messages are available from the Investor Relations page of our website. ( <a href="https://en.ccbj-holdings.com/ir/">https://en.ccbj-holdings.com/ir/</a> )



## Financial / Corporate Information

## Overview of Full-Year 2022 Results

## Analysis of Operating Results

Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH,” the “Company,” or “we”) have announced full-year results for the fiscal year (January 1, 2022, to December 31, 2022). In this fiscal year, the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume has grown by 4% versus the previous fiscal year. This was due to demand being supported by recovery in the number of people returning to the streets of Japan with the easing of COVID-19 restrictions, revitalization of economic activity, and a record-breaking heat wave contributing to volume growth, while the price revisions implemented by various beverage companies impacted demand.

On the other hand, the business environment remained uncertain and challenging as the severe competitive environment continued and rising commodity and utility prices, as well as the rapid acceleration of the yen's depreciation impacted business and consumer behaviors. Under these circumstances, we positioned 2022 as “The year of building a foundation for sustainable growth” and built a foundation for steady and sustainable growth as well as to promote further transformation. In commercial activities, we worked to grow sales volume and sales revenue by introducing new products, responding to diversifying consumer needs, and executing effective campaigns to capture opportunities for the recovery in traffic. In addition, to respond to current cost pressures and to strengthen the earnings foundation for the future, we revised prices for our products ahead of the industry despite the continued severe competitive environment. For the price revisions, we carefully negotiated with customers and made efforts to reflect revised prices as soon as possible, particularly for vending machines. In manufacturing and supply chain fields, while faced with rising commodity and utility prices, we built a supply chain that can flexibly respond to sudden changes in demand by revamping our Sales and Operations Planning process and leveraging our Saitama and Akashi Mega Distribution Centers, two of the largest automated distribution centers in Japan by storage and shipping capacities. Although we experienced a surge in demand during the summer-the period of peak demand- coinciding with a recovery in traffic and the heat wave, our efforts resulted in a stable supply of products. We worked to reduce costs through efficient use of manufacturing facilities and reviewing our distribution network.

In addition, we realized ESG targets that are based on creating shared value with society. To achieve our 2030 Package Vision, which aims for a World Without Waste, we worked on the design aspects of product packaging, such as expanding the use of 100% recycled PET bottles and establishing a recycling scheme in collaboration with local governments and partner companies for the steady collection of high-quality packages. In addition, for further recycling of resources, we have established the CAN to CAN horizontal recycling system of aluminum cans and started manufacturing and selling products produced from recycled materials. To reduce greenhouse gas (GHG) emissions, we enhanced our climate-related financial disclosure and promoted activities based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). In other efforts to contribute to local communities through business, we implemented water source conservation activities, donated products to food banks, and placed vending machines to support local activities. As part of our efforts to promote diversity, we worked to raise understanding of LGBTQ through internal and external awareness-raising opportunities to create a

better working environment. Such ESG initiatives have been positively appraised, and for the fifth consecutive year we have been selected as a component of the DJSI Asia Pacific, a leading global ESG investment index. Details for the fiscal year earnings are as follows.

## Business Performance Summary

(Unit: millions of yen)

	2021	2022	Change (%)
Revenue	785,837	807,430	2.7
Business loss	(14,662)	(14,443)	—
Net loss attributable to owners of parent	(2,503)	(8,070)	—

\*1 “Business loss” is a measure of our underlying or recurring business performance. Business Loss deducts cost of goods and selling, general and administrative expenses from revenue, and includes other income and expenses which we believe are recurring in nature.

\*2 Net loss attributable to owners of parent for 2021 is a total of continuing operation and discontinued operation results.

Consolidated revenue was 807,430 million yen (2.7% increase of 21,594 million yen from the same period of the previous year). Although there was negative impact on sales volume following the price revisions, sales volume increased by 3% versus the previous year. This was due to the introduction of new products and channel-specific efforts to meet diversifying consumer needs, which supported capturing the opportunity of traffic recovery and increased demand due to the heat wave. Volume growth in the profitable vending channel and the improvement in wholesale revenue per case through price revisions contributed to the increase in revenue. In the fourth quarter (October 1, 2022 to December 31, 2022), with the price revisions implemented in October for small package products, wholesale revenue per case improved in all channels.

Consolidated business loss was 14,443 million yen (14,662 million yen loss in prior year period) and improved versus the previous year. We have achieved profit improvement of about 20 billion yen in areas that are under our control, such as volume growth, price revisions, and cost savings through improved manufacturing, logistics efficiency and acceleration of transformation. However, external factors such as commodities, yen depreciation and higher utility costs had significant impact on our business.

Consolidated operating loss was 11,513 million yen (20,971 million yen loss in prior year period). In addition to business income improved versus the previous year, operating income improved versus the previous year due to gains on sales of fixed assets and a decrease in temporary paid leave expenses. Other income (non-recurring) for the fiscal year included gains on sales of property, plant, and equipment of 4,561 million yen and 3,329 million yen in government subsidies for employment adjustment. Other expenses (non-recurring) included 2,168 million yen in temporary paid leave expenses, 1,298 million for transformation related expense, 1,104 million yen in special retirement allowances related to the voluntary employee retirement programs, and 812 million yen in losses on sales and disposals of property, plant, and equipment.

Net income attributable to owners of the parent was a loss of 8,070 million yen (2,503 million yen loss in prior year period). While operating income improved from the previous period, income attributable to owners of the parent company got worse due to the absence of a gain on transfer of shares of subsidiary Q'sai Co., Ltd. Recorded in discontinued operations in the previous year being recorded in discontinued operations.

## Analysis of Financial Position

Assets at the end of the year were 826,737 million yen, a decrease of 40,375 million yen compared with the end of the prior fiscal year-end period. This is mainly due to a decrease in "cash and cash equivalents" resulting from redemption of bonds, and a decrease in "property, plant and equipment" because of balance sheet improvement through consolidation of sales centers, while the Akashi Mega DC was newly established.

Liabilities at the end of the year were 350,378 million yen which

decreased by 24,282 million yen from the end of the prior year period. This is mainly due to a decrease in "Bonds and debts" under current liabilities upon the redemption of bonds.

Equity at the end of the year was 476,358 million yen, a decrease of 16,093 million yen from the end of the prior year period. This is mainly due to a decrease in "Retained earnings" as a result of dividend payments.

## Analysis of Cash Flows

### The Cash Flows from Operation Activities

Net cash generated from operating activities was 41,717 million yen (35,982 million net cash generated in the previous year period). This results mainly from the 12,491 million yen net loss before tax, "Depreciation and amortization," "Increase in other liabilities," etc. alongside "Gain on sale of property, plant and equipment" and "Increase in other liabilities," etc.

### The Cash Flows from Investing Activities

Net cash used in from investing activities was 23,090 million yen (15,271 million yen outflow in the previous year period). This resulted mainly from "Acquisitions of property, plant and equipment and intangible assets" etc., as a result of strategic, investments that

serve as a foundation for growth, alongside "Proceeds from sales of property, plant and equipment and intangible assets" as part of the efforts to optimize the balance sheet.

### The Cash Flows from Financing Activities

Net cash used in financing activities was 46,050 million yen (67,134 million yen net cash used in the previous year period), driven by "Payments for bond redemption" and "Dividends paid."

As a result of these activities, cash, and cash equivalents at the end of the year was 84,074 million yen, a decrease of 26,422 million yen from the end of the prior fiscal year-end.

## Capital Expenditures

The Group implemented capital expenditure totaling 42,540 million yen in the fiscal year ended on December 31, 2022. The expenditures were mainly for the introduction of vending machines to the market with the aim of strengthening sales capabilities, improvement of manufacturing efficiency, acquisition of new product

support facilities, and investments in Akashi Mega DC for optimization of logistics networks in the Kansai area. Capital expenditures include tangible fixed assets, right-to-use assets, and intangible assets.

## Research and Development

No relevant matters apply.

## Policies for Profit Distribution and Dividends

We periodically review its capital structure and dividend payout ratio to maximize shareholder returns while maintaining flexibility to pursue growth opportunities. We seek to use retained earnings to fund investment for sustainable growth for our business and further enhancement of corporate value. We set a basic policy regarding dividends, which includes active redistribution of profits while placing the highest priority on paying dividends in a stable manner, by comprehensively reviewing the business performance and level of retained earnings. In addition, we have set a payout ratio target of

30% or more for net income attributable to owners of the parent. We pay interim and year-end dividends.

We paid an interim dividend of 25 yen per share and a year-end dividend of 25 yen per share for a total annual dividend of 50 yen per share in the fiscal year ending December 31, 2022.

On future shareholder returns, we stay committed by comprehensively reviewing its business performance trends and financial conditions, and examining the best approaches that could be taken by including the share repurchase program.



## Financial / Corporate Information

## Key Financial and Non-Financial Data

JGAAP		2012	2013	2014	2015	2016	2017
<b>Operating Results (Fiscal Year):</b>							
Revenue	(Millions of yen)	386,637	431,711	424,406	440,476	460,455	872,623
Gross Profit	(Millions of yen)	190,795	215,287	212,881	223,951	238,611	450,249
Gross Profit Margin	(%)	49.3	49.9	50.2	50.8	51.8	51.6
Operating Income	(Millions of yen)	13,463	15,927	11,008	14,262	21,143	40,579
Operating Income Margin	(%)	3.5	3.7	2.6	3.2	4.6	4.7
EBITDA	(Millions of yen)	—	—	—	—	—	—
Net Income Attributable to Owners of the Parent	(Millions of yen)	6,031	13,625	4,482	9,970	5,245	25,244
<b>Cash Flow Status (Fiscal Year):</b>							
Cash Flows from Operating Activities	(Millions of yen)	26,324	40,082	28,628	40,422	34,388	72,450
Cash Flows from Investing Activities	(Millions of yen)	(14,243)	(16,493)	(9,590)	(24,994)	(19,921)	(41,090)
Free Cash Flow	(Millions of yen)	12,080	23,588	19,037	15,427	14,467	31,359
Cash Flows from Financing Activities	(Millions of yen)	(7,149)	(8,286)	(37,498)	22,416	(7,546)	(26,159)
Cash and Cash Equivalents at End of Fiscal Year	(Millions of yen)	39,495	60,275	41,830	79,828	86,727	118,741
<b>Financial Position (End of Fiscal Year):</b>							
Total Assets	(Millions of yen)	337,348	374,418	337,260	378,105	377,468	883,918
Interest-Bearing Debt	(Millions of yen)	—	—	—	—	—	—
D/E Ratio	(Times)	—	—	—	—	—	—
Net Assets	(Millions of yen)	231,056	257,936	254,150	260,878	261,173	627,485
<b>Per-Share Information:</b>							
Net Profit per Share (EPS)	(Yen)	60.33	128.15	41.07	91.35	48.05	144.26
Net Assets per Share (BPS)	(Yen)	2,307.44	2,359.82	2,325.19	2,386.81	2,389.28	3,070.01
Annual Dividend per Share	(Yen)	41.00	41.00	41.00	41.00	46.00	44.00
Consolidated Dividend Payout Ratio	(%)	68.0	32.0	99.8	44.9	95.7	30.5
Stock Price at End of Year	(Yen)	1,333	2,227	1,661	2,457	3,445	4,115
<b>Other Financial Data:</b>							
Return on Equity (ROE)	(%)	2.6	5.6	1.8	3.9	2.0	5.7
Return on Assets (ROA)	(%)	4.1	4.7	3.0	3.8	5.5	6.3
Equity Ratio	(%)	68.4	68.8	75.2	68.9	69.1	70.9
Price Earnings Ratio (PER)	(Times)	22.1	17.4	40.4	26.9	71.7	28.5
Price Book Value Ratio (PBR)	(Times)	0.6	0.9	0.7	1.0	1.4	1.3
Capital Expenditure	(Millions of yen)	20,031	20,242	22,783	16,181	25,728	42,539
Depreciation	(Millions of yen)	20,643	23,758	22,943	24,048	17,491	37,352
<b>Non-Financial Data (End of Fiscal Year):</b>							
Outstanding Shares at End of Year	(1,000 shares)	111,126	111,126	111,126	111,126	111,126	206,269
Treasury Stock at End of Year	(1,000 shares)	11,155	1,982	1,984	1,987	1,989	2,016
Number of Employees at End of Year		7,877	9,650	8,324	8,837	8,616	17,197
Average number of temporary employees not included in the above		1,890	2,059	1,949	2,613	2,499	4,403
Number of Directors		10	11	12	11	14	9
Number of Outside Directors		2	2	2	2	4	4

Notes: 1. The data through 2016 represents results for Coca-Cola West Co., Ltd. prior to the business integration. The data for 2017 represents results for Coca-Cola Bottlers Japan Holdings Inc. from the second quarter.

2. Amounts are rounded down to the nearest unit under Japanese standards and rounded up or down to the nearest unit under IFRS. Percentages are rounded up or down to the nearest unit.

3. In December 2020, as a result of the decision to sell all shares in Q'sai held by the Company, the Healthcare and Skincare business has been classified as a discontinued operation and assets and liabilities of the Healthcare and Skincare business have been classified as the assets held for sale and liabilities directly related to assets held for sales. Therefore, these are excluded from the above major financial data for 2020 and 2021. This sale of shares was completed on February 1, 2021.

4. Figures for percentage of women in manager positions and women in manager and leader positions refer to the beverage business.

5. Water usage is the total amount of water used in the manufacture of products (excluding water in products) in the beverage business.

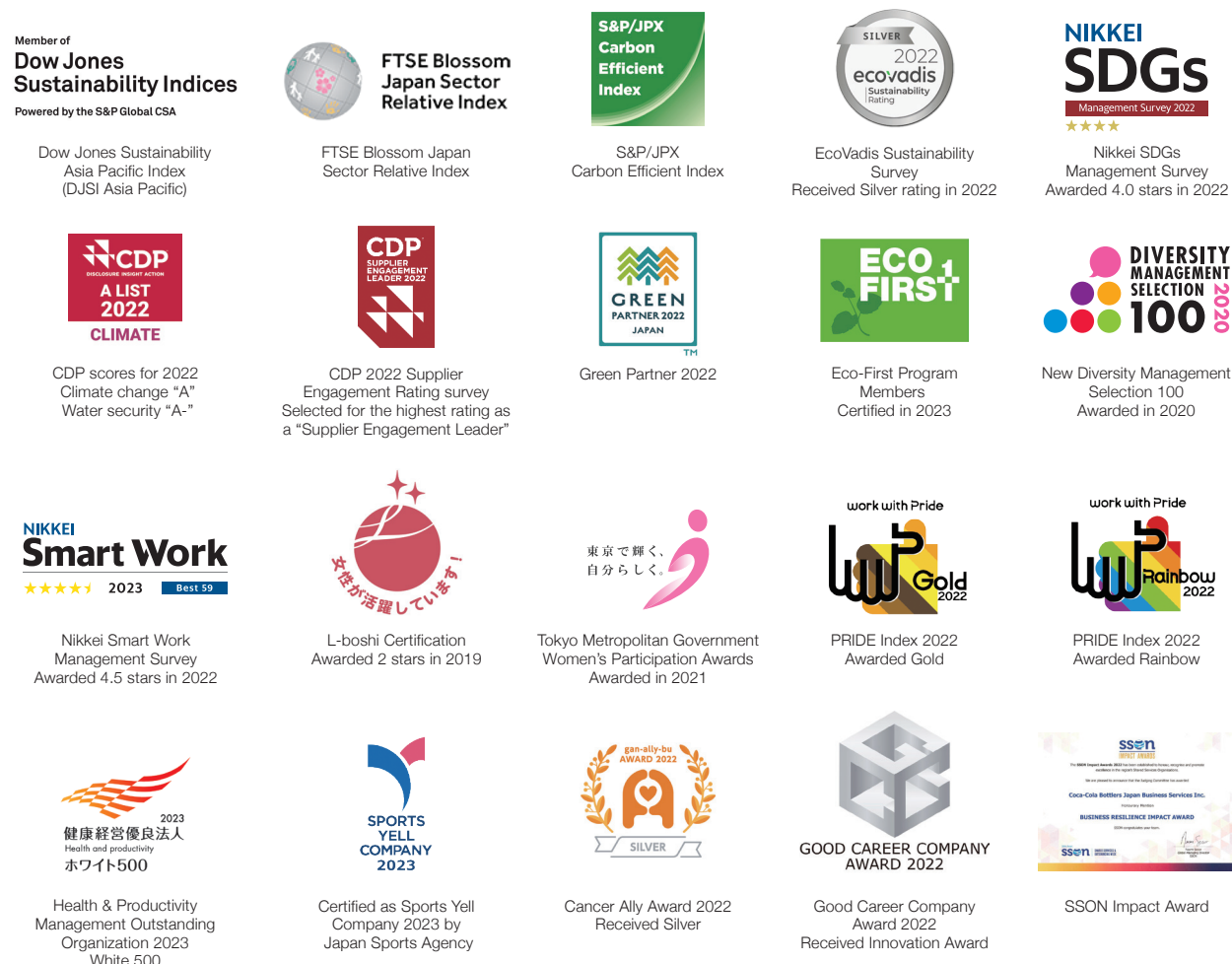
6. Greenhouse gas emissions refers to the supply chain emissions (Scope 1-3) in the beverage business. Some emission factors and the scope of data were revised from the 2021 results.

IFRS		2017	2018	2019	2020	2021	2022
<b>Operating Results (Fiscal Year):</b>							
Revenue	(Millions of yen)	837,069	927,307	914,783	791,956	785,837	807,430
Gross Profit	(Millions of yen)	412,782	452,151	441,060	362,916	350,505	351,755
Gross Profit Margin	(%)	49.3	48.8	48.2	45.8	44.6	43.6
Business Income	(Millions of yen)	40,177	23,276	15,042	169	(14,662)	(14,443)
Business Income Margin	(%)	4.8	2.5	1.6	0.0	—	—
EBITDA	(Millions of yen)	81,560	70,807	71,993	59,083	42,498	31,343
Net Income Attributable to Owners of the Parent	(Millions of yen)	21,967	10,117	(57,952)	(4,715)	(2,503)	(8,070)
<b>Cash Flow Status (Fiscal Year):</b>							
Cash Flows from Operating Activities	(Millions of yen)	73,014	51,244	42,629	43,716	35,982	42,717
Cash Flows from Investing Activities	(Millions of yen)	(14,299)	(48,628)	(68,308)	(52,076)	15,271	(23,090)
Free Cash Flow	(Millions of yen)	58,715	2,616	(25,679)	(8,360)	51,253	19,628
Cash Flows from Financing Activities	(Millions of yen)	(26,717)	(55,835)	(73,994)	20,912	(67,134)	(46,050)
Cash and Cash Equivalents at End of Fiscal Year	(Millions of yen)	118,742	65,510	113,825	126,378	110,497	84,074
<b>Financial Position (End of Fiscal Year):</b>							
Total Assets	(Millions of yen)	929,304	877,472	952,444	939,603	867,111	826,737
Interest-Bearing Debt	(Millions of yen)	81,385	102,814	246,521	271,233	214,124	179,970
D/E Ratio	(Times)	0.1	0.2	0.5	0.5	0.4	0.4
Total Equity	(Millions of yen)	655,038	580,906	506,491	502,093	492,451	476,358
<b>Per-Share Information:</b>							
Basic Earnings per Share (EPS)	(Yen)	125.53	52.68	(322.22)	(26.29)	(13.96)	(45.00)
Equity Attributable to Owners of the Parent per Share (BPS)	(Yen)	3,204.90	3,163.63	2,821.27	2,797.03	2,745.12	2,655.38
Annual Dividend per Share	(Yen)	44.00	50.00	50.00	25.00	50.00	50.00
Consolidated Dividend Payout Ratio	(%)	35.1	94.9	—	—	—	—
Stock Price at End of Year	(Yen)	4,115	3,285	2,791	1,609	1,320	1,437
<b>Other Financial Data:</b>							
Equity Income Margin Attributable to Owners of the Parent (ROE)	(%)	4.6	1.6	(10.7)	(0.9)	(0.5)	(1.7)
Total Assets / Pre-tax Profit Ratio (ROA)	(%)	5.6	1.6	(6.1)	(1.3)	(2.4)	(1.5)
Percentage of Equity Attributable to Owners of the Parent	(%)	70.4	66.2	53.1	53.4	56.8	57.6
Price Earnings Ratio (PER)	(Times)	32.8	62.4	(8.7)	(61.2)	(94.6)	(31.9)
Price Book Value Ratio (PBR)	(Times)	1.3	1.0	1.0	0.6	0.5	0.5
Capital Expenditure	(Millions of yen)	42,539	53,136	103,882	65,521	40,184	42,540
Depreciation and Amortization Expenses	(Millions of yen)	41,383	47,531	56,951	59,583	57,160	45,786
<b>Non-Financial Data (End of Fiscal Year):</b>							
Outstanding Shares at End of Year	(1,000 shares)	206,269	206,269	206,269	206,269	206,269	206,269
Treasury Stock at End of Year	(1,000 shares)	2,016	22,793	26,917	26,920	26,925	26,928
Number of Employees at End of Year		17,197	17,100	16,959	16,274	15,083	14,484
Average number of temporary employees not included in the above		4,403	3,957	3,578	4,008	3,777	3,416
Number of Directors		9	9	9	9	9	9
Number of Outside Directors		4	4	6	7	7	7
Women in Manager Positions	(%)	—	3.9	4.2	5.8	6.3	6.6
Women in Manager and Leader Positions	(%)	—	6.8	7.3	9.3	9.9	10.0
Water Usage	(1,000 m³)	—	13,998	13,316	12,560	12,993	13,287
Water Replenishment Rate	(%)	—	277	322	364	353	420
Greenhouse Gas Emissions	(1,000 tons-CO₂e)	—	—	2,347	2,076	2,366	2,339

## Financial / Corporate Information

## External Evaluations (As of May 2023)

Our initiatives to resolve social issues have been recognized by both the government and outside institutions.



Note: Awarded to CCBJH and some of its Group companies.

Also received the Director's Award for Excellence in Disability Hiring in 2019 from the Bureau of Industrial and Labor Affairs, and obtained ISO 14001 (Environmental Management System) certification and FSSC 22000 (Food Safety Management System) certification.

## Participation in External Initiatives (As of May 2023)

We are working to resolve social issues through participation in a number of external initiatives.



Note: In addition, we have endorsed the Leading Tenant Action Policy from the Ministry of the Environment, which summarizes companies' efforts at decarbonization. We have also formulated and published "Declaration of Partnership Building" in support of the aims of building a sustainable relationship where large corporations and small and medium-sized enterprises can grow together.

## Financial / Corporate Information

## Company Overview and Stock Information (As of December 31, 2022)

## Corporate Profile

Company name	Coca-Cola Bottlers Japan Holdings Inc.	Securities code	2579
Headquarters	Tokyo Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo 107-6211, Japan	Authorized shares	500,000 thousand shares
Founded	December 20, 1960	Outstanding shares	206,269 thousand shares (Common share)
Capital	15,232 million yen	Number of shareholders	77,268 (Shareholders with voting rights excluding treasury stock: 60,500)
Number of employees	14,484	Number of shares per trading unit	100 shares

Note: The Company has issued only common shares, and has not issued any class shares or preferred shares

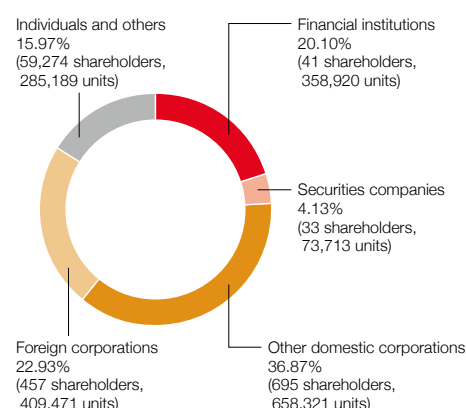
## Major shareholders

(As of December 31, 2022)

Shareholder	Number of shares owned (thousands)	Percentage of voting rights (%)
Coca-Cola (Japan) Company, Limited	27,956	15.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,404	10.82
Custody Bank of Japan, Ltd. (Trust Account)	5,755	3.21
Ichimura Foundation for New Technology	5,295	2.95
Satsuma Shuzo Co., Ltd.	4,736	2.64
Senshusha Co., Ltd.	4,088	2.28
Coca-Cola Holdings West Japan, Inc.	4,075	2.27
Mitsubishi Heavy Industries Machinery Systems, Ltd.	3,912	2.18
MCA Holdings Co., Ltd.	3,408	1.90
Bnymansvas Agent/Clients Lux Ucits Non Treaty 1	3,192	1.78

Note: Figures related to major shareholders, above, and composition of shareholders are calculated and presented excluding 26,928 thousand shares of treasury stock held by the Company.

## Composition of shareholders (1 unit: 100 shares)



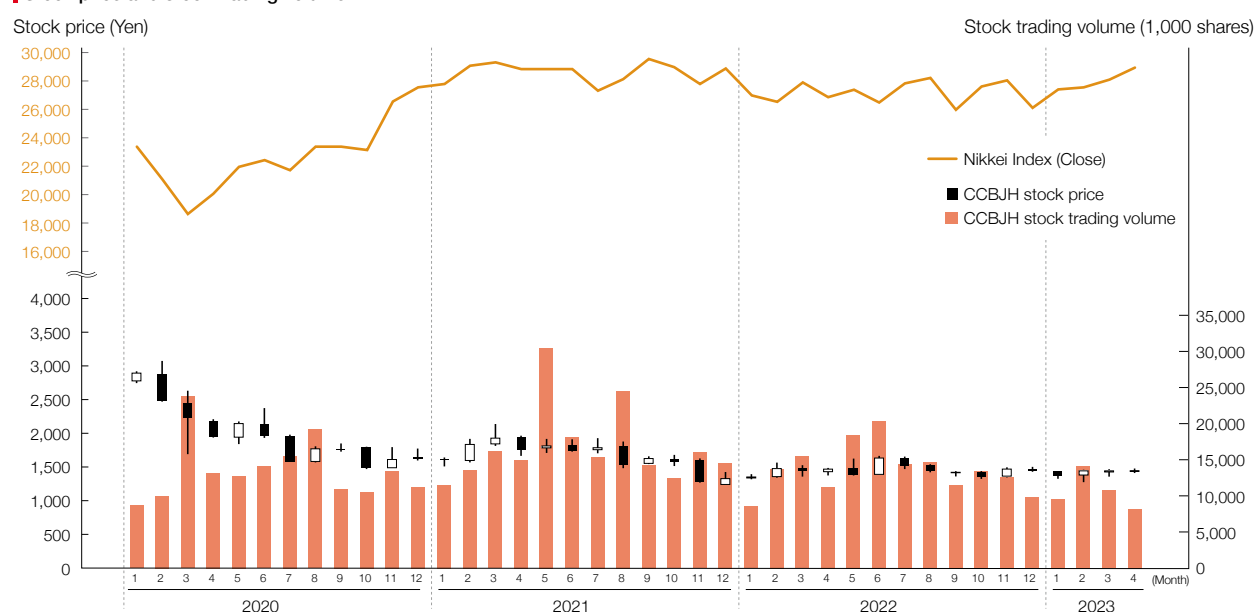
## Bond Information

	Total amount issued (Million yen)	Coupon rate (%)	Maturity date
CCBJH 1st Series of Unsecured Straight Bond	40,000	0.100	September 19, 2024
CCBJH 2nd Series of Unsecured Straight Bond	60,000	0.200	September 18, 2026
CCBJH 2nd Series of Unsecured Straight Bond	50,000	0.270	September 19, 2029

## Rating Information

	2020	2021	2022
Japan Credit Rating Agency, Ltd. (JCR) long-term issuer rating	AA-	AA-	AA-
Rating and Investment Information, Inc. (R&I) issuer rating	A+	A+	A+

## Stock price and stock trading volume





## Financial / Corporate Information

## Group Companies

## Coca-Cola Bottlers Japan Inc.

Principal business	Manufacturing, distribution, and sales of beverage products and alcoholic products
Head office	Tokyo Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo 107-6211, Japan
Representative	Calin Dragan, Representative Director, President and CEO

## Coca-Cola Customer Marketing Co., Ltd.

Principal business	Sales and export / import of beverage products, nonessential beverage products, and other beverage products
Head office	Roppongi Hills North Tower, 6-2-31, Roppongi, Minato-ku, Tokyo 106-0032, Japan
Representative	Maki Kado, Representative Director and President

## Coca-Cola Bottlers Japan Vending Inc.

Principal business	Operational business of vending machines
Head office	Sumitomo Fudosan Shinjuku Central Park Building, 6-18-1 Nishishinjuku, Shinjuku-ku, Tokyo 160-0023, Japan
Representative	Takahide Baba, Representative Director and President

## FV Japan Co., Ltd.

Principal business	Manufacturing, processing, and sales of beverage products and office coffee service business, etc.
Head office	Sunshine 60 Bldg., 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo 170-6018, Japan
Representative	Tatsuhiko Sano, Representative Director and President

## Kadiac Co., Ltd.

Principal business	Operational business of vending machines
Head office	1 Senshu Airport Minami, Sennan, Osaka 549-0021, Japan
Representative	Hisashi Terahara, Representative Director and President

## Coca-Cola Bottlers Japan Business Services Inc.

Principal business	Shared service business to support the sales of beverage, nonessential beverage, alcoholic beverage, dairy beverage, and food products, Management of beverage sales equipment
Head office	Tokyo Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo 107-6211, Japan
Representative	Bjorn Ivar Ulgenes, Representative Director and Chairman, President

## Coca-Cola Bottlers Japan Benefit Inc.

Principal business	Operation of Special subsidiary company, recruitment of persons with disabilities within the group, support for retention, and related office work operations, etc.
Head office	180, Kano, Okegawa-shi, Saitama 363-8601, Japan
Representative	Narihiko Uemura, Representative Director and President

## Bannai Saketen Inc.

Principal business	Distribution and sales of alcoholic products
Head office	5-2, Jyoto-cho 2, Maebashi City, Gunma 371-0016, Japan
Representative	Kengo Takenaka, Representative Director

## Glossary

ELT	An abbreviation for Executive Leadership Team. Management organization in CCBJI Group including CEO and function heads.
S&OP	An abbreviation for Sales and Operations Planning. S&OP is a method for optimizing the entire supply chain by sharing information among related divisions, such as manufacturing and sales, to accelerate decision-making.
CSV	An approach to resolving social problems through business and creating both economic value and social value.
DC	An abbreviation for distribution center.
Best practices	Refers to the most efficient techniques, methods, processes, or activities to achieve a certain result. It also refers to the idea that there is a single technique or method that is the most efficient way to do a job.
Bottle-to-bottle	Collection, processing, and recycling of used PET bottles, which are then regenerated as PET bottles and used as beverage containers.
SCM	An abbreviation for supply chain management. Refers to management methods that aim for total optimization of efficiency in the flow of goods from production to final demand, including material procurement, manufacturing, distribution, and sales. Can also refer to the overall mechanisms from production to final demand.
"Learn from the Forest" Project	A nationwide environment protection & education program implemented by the Coca-Cola System in 2006. The purpose is to have people experience different activities such as planting trees in the forest or in source water areas and nature programs to understand the importance of nature and water, the relationship between people and nature, and the significance of protecting the environment by coming in contact with the forest and living things. This project is also positioned as one of Coca-Cola's global source water protection activities.
Labelless products	Products sold without labels on containers. These products eliminate the effort required to remove labels, making garbage separation easier and reducing plastic waste, making it convenient to the home as well as friendly to the environment.
World Without Waste	The Coca-Cola Company announced in 2018 that it would work toward a "world without waste" by launching a global initiative to reduce its environmental impact.

## Third-Party Opinion

We asked Professor Ishikawa, Specially Appointed Professor of Eikei University of Hiroshima and Professor Emeritus of Kobe University, an expert in 3R (Reduce, Reuse, Recycle), waste policy and LCA (Life Cycle Assessment), for his opinion on the report.



### Masaki Ishikawa

Specially Appointed Professor and Assistant to the President, Eikei University of Hiroshima  
Professor Emeritus, Kobe University

Professor Ishikawa specializes in environmental economics/environmental systems analysis. Has served as an expert on the 3Rs, waste policy, and LCA at government and municipal councils. Specially Appointed Professor, Department of Social System Design, Eikei University of Hiroshima since 2019. Established the NPO Gomi-Japan in 2006 to reduce the generation of waste. Engaged in various initiatives as representative director of Gomi-Japan such as a program to reduce packaging. The program was awarded the Good Design Prize (New Area Design Division) in 2007, the 3Rs Distinguished Service Prize, Prime Minister's Award and the Kobe Youth Prize 2012, the Low Carbon Cup, Minister of the Environment Prize Gold Award (Community Activity Category) in 2015 and the 18th Green Purchasing Prize, Grand Award in 2017.

My impression after reading the integrated report was that CCBJH is making steady efforts to realize the goal of a "World Without Waste (Zero-Waste Society)" and is achieving results despite major external impacts to management, such as the COVID-19 disaster and the sharp rise in raw material prices.

Since the success of Coca-Cola's I LOHAS, reduced container weight has been promoted by many companies, and is now making even greater progress, since it offers both environmental benefits and reduced production costs. This is due to the fact that I LOHAS has changed consumer perception of extremely thin bottles from being difficult to use to a container that is easy to crush. In the Integrated Report, I learned that the fruits of this success are being harvested even more significantly with the increase in lightweight products.

In order to realize the goal of switching all PET bottles to sustainable materials by 2030, as set forth in the "2030 Packaging Vision," it is essential to collaborate and cooperate

with various stakeholders, including consumers, local governments, and distribution businesses. In this regard, the promotion of horizontal recycling, in which used PET bottles are collected and recycled into PET bottles in cooperation with Mitsubishi Estate Co., Ltd., Sugi Pharmacy Co., Ltd. and local governments around the country, is particularly highly regarded from the perspective of promoting voluntary collection by businesses and reducing CO<sub>2</sub> emissions over the life cycle.

In addition, the fact that activities aimed at horizontal recycling are not limited to "bottle-to-bottle" recycling of PET bottles, but have been expanded to "CAN to CAN" recycling of aluminum cans, pallets and shells used in logistics, and I think it is an activity that should be expanded not only to the beverage industry but also to other consumer goods in the future. In this respect, Coca-Cola Bottlers Japan Holdings, Inc. is a pioneer in expanding the scope of its activities to address the plastics issue for businesses, and is highly commendable.

### In response to the third-party opinion

We would like to express our sincere gratitude to Professor Ishikawa for his valuable feedback. As the first year of publication of the Integrated Report, this document clearly lays out our financial and non-financial strategies to achieve profitable growth for the CCBJH Group, placing the highest priority on improving structural profitability. We are grateful for the recognition we have received for our efforts based on these strategies, particularly the strengthening of our sustainability strategy promotion. Going forward, we will

steadily implement each of these strategies and, with regard to sustainability, we will work to achieve the non-financial goal of "CSV Goals" and creating shared value (CSV) with society, which is at the core of our management.

Our desire is to create value for our stakeholders and continue to be the preferred partner for decades to come. We will continue our journey toward sustainable growth and increased corporate value by delivering happy moments to everyone while creating value.



## 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/>

