

Part 2

Financial &
Non-Financial Strategy

- 23 Message From the CFO
- 25 Commercial Strategy
- 27 Initiatives by Channel
- 29 Initiatives by Category
- 31 SCM Strategy
- 33 Procurement Strategy
- 35 People Strategy

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.



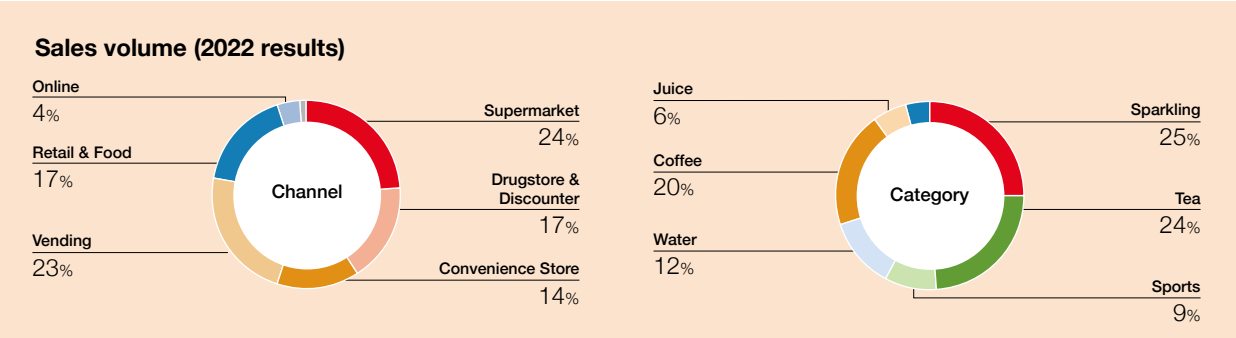
Transformation and initiatives to strengthen the growth foundation produce revenue growth and an increase in value share

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 Kocho 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

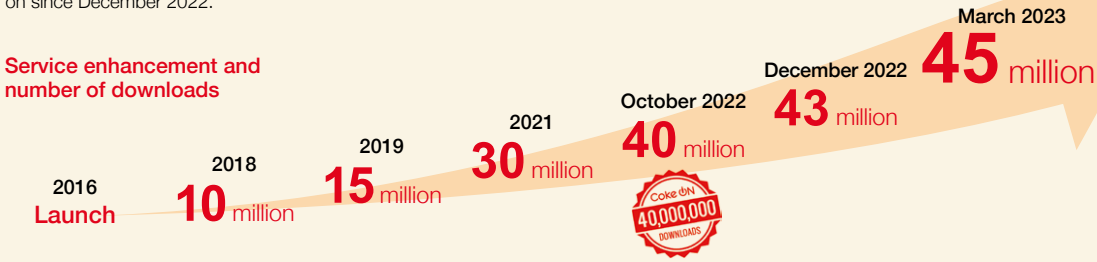


“Coke ON” is an official Coca-Cola smartphone app that is both great value and convenient. Users can earn free drinks by collecting stamps through the app. Since its launch in April 2016, the app has added functionality while meeting changing consumer needs.

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/>



2022
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 CO₂ 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 CSCO (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.

Customer Back

Commercial Collaboration

Agile Logistics

Flexible Manufacturing

End to End Integration

Optimized Sourcing

Future Products

SAFETY & CAPABILITY

Active Quality

Balanced Kaizen

Vending RTM

Order Management

Direct RTM

Distribution Cost Reduced

Warehouse/SC Optimized

Shinsei Mega DC Network

Flexible Manufacturing

Lean Manufacturing

Capacity Growth

Lean Inventory

Replenishment Planning

Integration Control Tower

Optimized Procurement

Package Cost Reduced

1 Active Quality

2 Safety & Capability

3 Collaboration with Commercial Division

4 Agile Logistics

5 Flexible Manufacturing

6 End to End Integration

7 Optimized Sourcing

8 Future Products

We will implement thorough risk management routines and deliver improvements in quality.

We will carry out Kaizen based on the OE Certificate Program* for the safety of each individual and enhancement of their capabilities.

We will work closely with Commercial Division and flexibly respond to the market.

We will create agile and flexible logistics through the full operations of Mega DCs, reduced logistics costs, and optimized business sites.

We will build flexible manufacturing by strengthening productivity and production capacity.

We will leverage digital technologies for the end-to-end integration and realize lean inventory and replenishment planning.

We will optimize the procurement of various essential resources necessary for our business operations.

We will provide added value through new technological solutions and optimized packing.

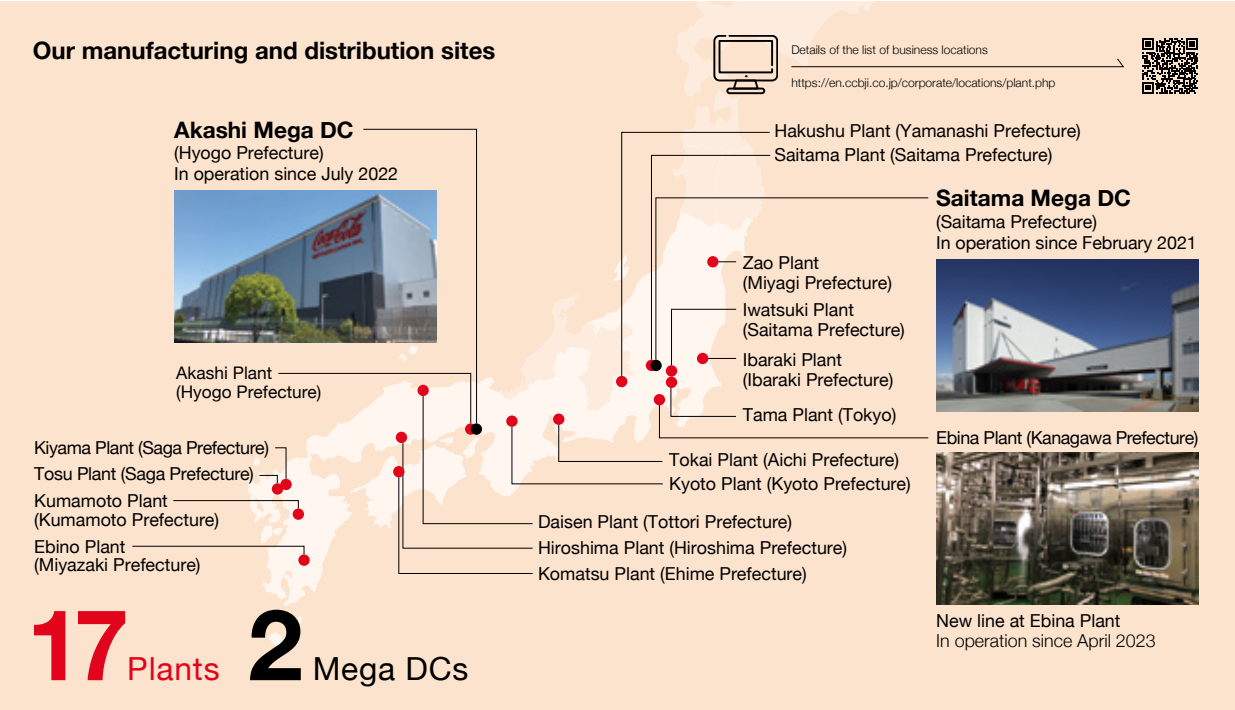
* An abbreviation for Operational Excellence (OE) Certification Program: A program for developing human resources while promoting improvement activities and creating new value

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.



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^{*1} 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^{*2} 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

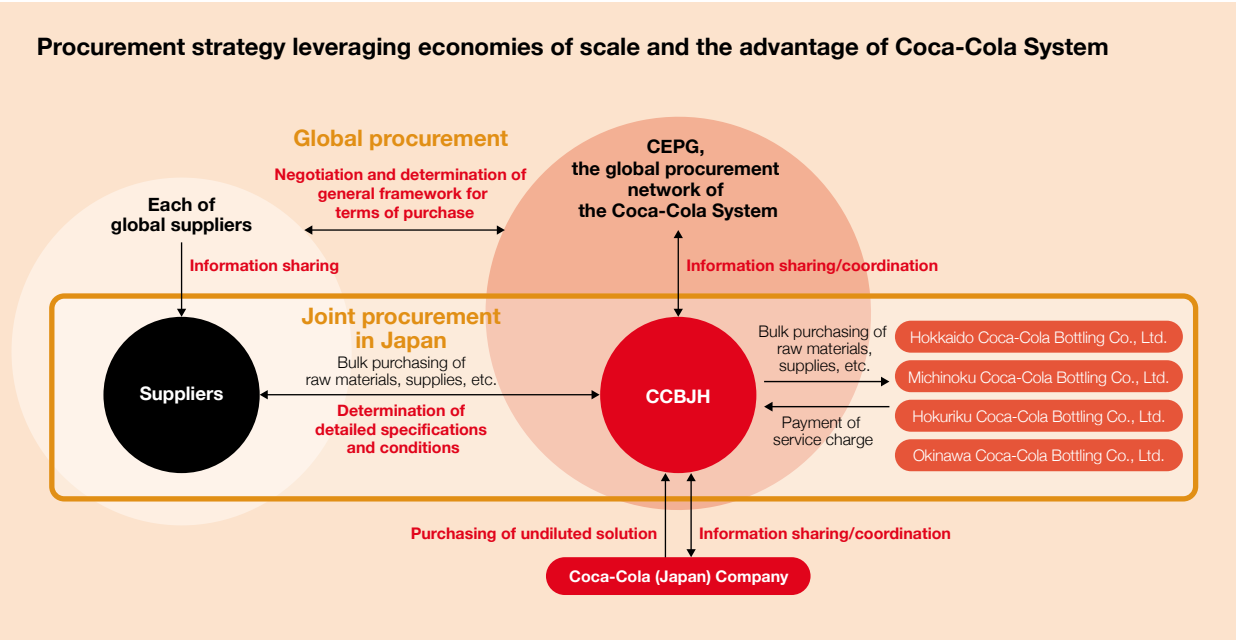
Coordinating with Cross Enterprise Procurement Group (CEPG) and overseas bottlers to ensure efficient global procurement

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^{*3}, 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^{*4}. 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^{*5}. 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

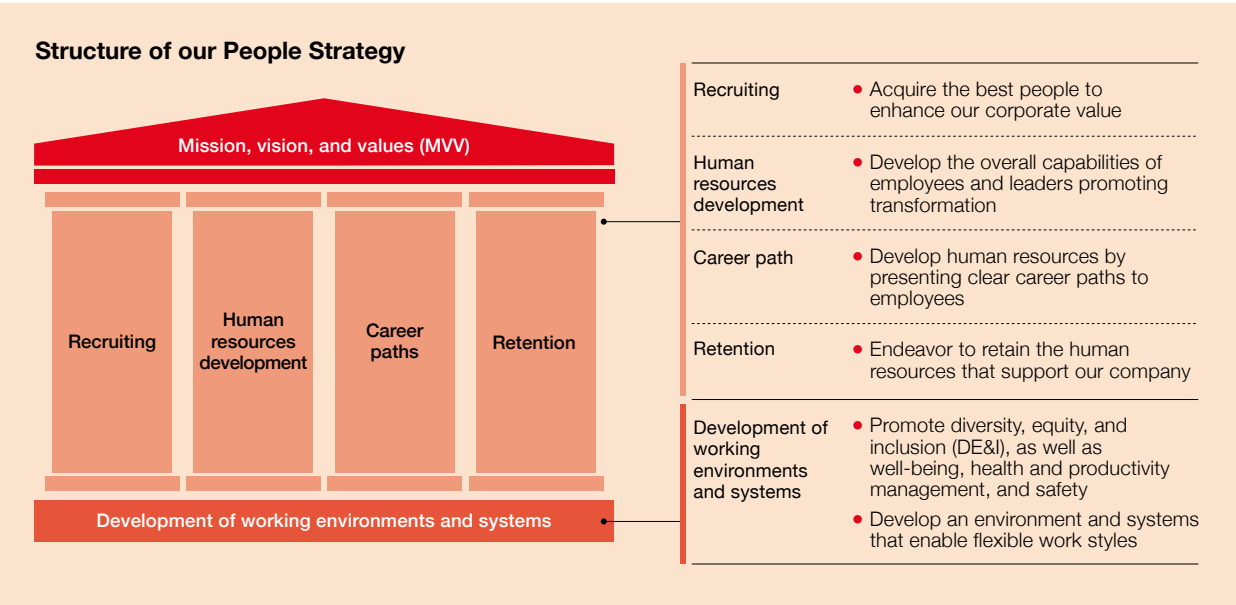
Executing People Strategy aimed at maximizing the value of our human resources

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.



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.