

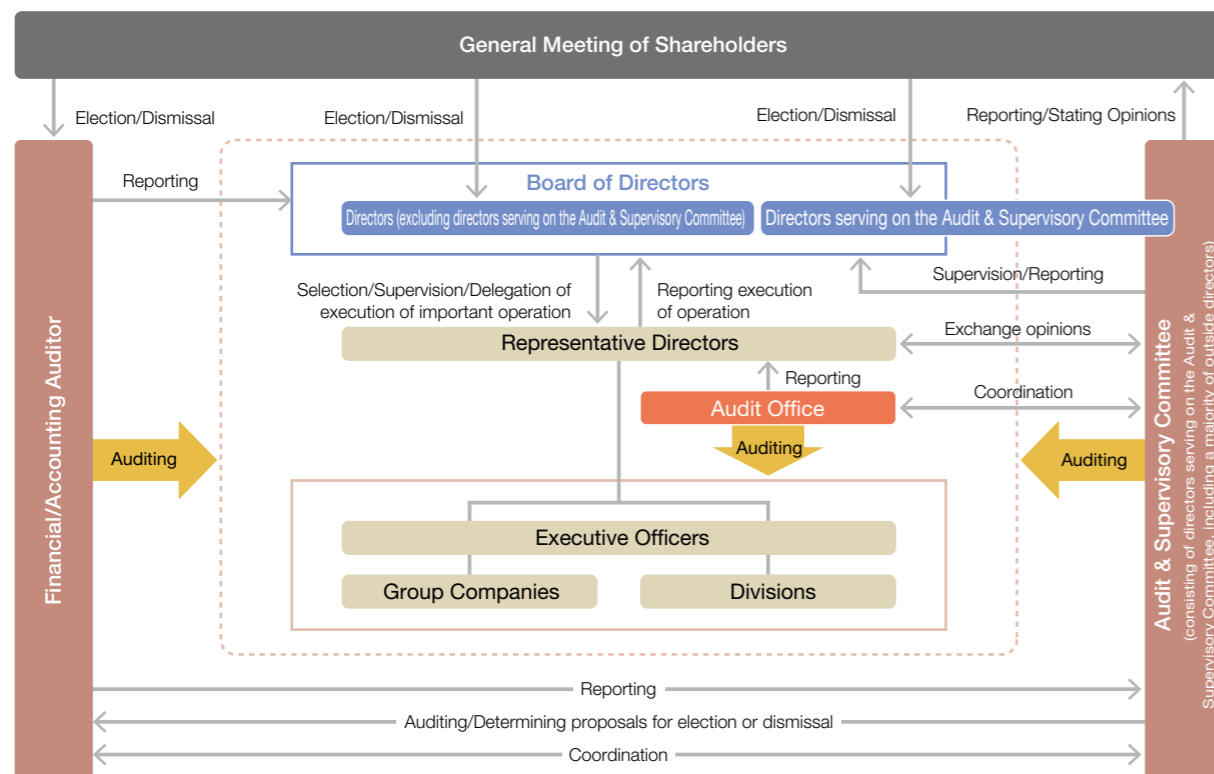
## Corporate Governance Basic Policy

The Company's basic policy for corporate governance is to increase management efficiency and transparency, thus raising shareholder value.

With the aim of further strengthening our governance structure, the Company has put in place an Audit & Supervisory Committee. The Company's Audit & Supervisory Committee consists of all outside directors including some independent directors. The management oversight function of the Audit & Supervisory Committee is further enhanced by its members having voting rights at Board of Directors' meetings and the right to state opinions on matters such as the nomination and remuneration of directors at General Meetings of Shareholders.

In addition, we have adopted the executive officer system in an effort to separate decision-making and supervisory functions from the execution of operations of the corporation. By delegating some of the decisions on important business execution to Directors, the Company can enrich discussions on matters of special importance at the Board of Directors' meetings, while further expediting business judgments on other matters by management under the Representative Director (the management team).

### [Chart of Corporate Governance Structure]

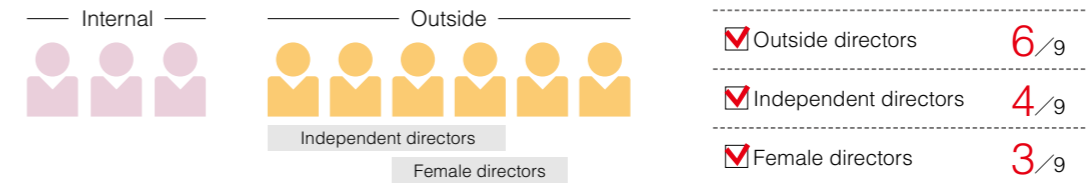


## Board of Directors

The Board of Directors consists of up to 10 directors (the number specified in the Articles of Incorporation, excluding directors serving as Audit & Supervisory Committee members) and up to 7 directors serving as Audit & Supervisory Committee members. The composition reflects an appropriate balance of deep knowledge concerning the business of our Company's Group, along with diverse knowledge and expertise of company management, financial strategy, risk management, legal compliance, and other matters. In addition, in light of the important role of outside directors in corporate governance, we have elected several independent outside directors based on the Company's standards for independence.

In order to determine candidates for director, the Company judges candidates' future potential and degree of contribution in accordance with the Company's evaluation system for the internal directors. In the nomination of outside directors, the Company nominates persons who are considered to contribute significantly to increasing the corporate value of the Company.

### [Overview of Board of Directors]



	Gender	Assumption of office	Term of office (Year)	Outside Director	Audit & Supervisory Committee members	Independent directors	Attendance in 2018	
							Board of Directors meetings (9 times)	Audit & Supervisory Committee meetings (6 times)
Calin Dragan	Male	March 2019	1	—	—	—	—	—
Bjorn Ulgenes	Male	March 2019	1	—	—	—	—	—
Tamio Yoshimatsu	Male	April 2017	1	—	—	—	9	—
Hiroshi Yoshioka	Male	April 2017	1	○	—	○	9	—
Hiroko Wada	Female	March 2019	1	○	—	○	—	—
Irial Finan	Male	April 2017	2	○	○	—	9	6
Jennifer Mann	Female	March 2019	2	○	○	—	—	—
Celso Guiotoko	Male	March 2019	2	○	○	○	—	—
Nami Hamada	Female	March 2019	2	○	○	○	—	—

《Reference : Directors who retired as of March 26, 2019》

Vikas Tiku	Male	April 2017	1	—	—	—	9	—
Yasunori Koga	Male	April 2017	1	—	—	—	9	—
Costin Mandrea	Male	April 2017	1	—	—	—	9	—
Tadanori Taguchi	Male	April 2017	2	—	○	—	9	6
Zenji Miura	Male	April 2017	2	○	○	○	9	6
John Murphy	Male	April 2017	2	○	○	—	8	5

## Audit & Supervisory Committee

The Company has adopted an Audit & Supervisory Committee (ASC) system. The ASC, which is composed of only outside directors including some independent directors, discuss and deliberate important issues such as nomination and compensation of executive management and Directors prior to the discussion and deliberation by the Board of Directors. Then, based on the counsel and advice by ASC, the Board of Directors, which consists of multiple independent outside directors, resolve the issues. Through this process, we have been strengthening the independence, objectivity and accountability of the Board of Directors. The tenure of ASC members continue until the conclusion of the annual shareholders meeting for the last business year which ends within two years from the time of their election, as stipulated in Companies Act in Japan.

## Appointment of outside directors

In the nomination of outside directors, the Company nominates persons who are considered to contribute significantly to increasing the corporate value of the Company. Also, the Company deems that outside directors possess sufficient independence from the Company if the outside director or candidate does NOT fall under any of the following requirements through investigation by the Company.

### Reasons for appointment of outside directors

Category/Name	Reasons for appointment (Positions etc. are at the time of appointment)	Independent Director
Outside Director Hiroshi Yoshioka	Appointed to leverage his extensive managerial experience and global insights, cultivated through experience as a Coca-Cola bottler outside director and at Sony Corporation, on behalf of our Group's management.	○
Outside Director Hiroko Wada	Appointed to leverage her extensive management experience and global insights, cultivated as director of The Procter & Gamble Company and representative director of Dyson and of Toys "R" Us-Japan.	○
Outside director (Audit & Supervisory Committee member) Irial Finan	Appointed for his extensive experience and global insights as a corporate manager, with many years of involvement in the Coca-Cola business as an outside director of a Coca-Cola bottler in Japan, as part of management of The Coca-Cola Company, and as representative of the Bottling Investments Group supervising Coca-Cola bottlers worldwide, and for auditing experiencing as a Director and Audit & Supervisory Committee member of the Company.	○
Outside director (Audit & Supervisory Committee member) Jennifer Mann	Currently serves as The Coca-Cola Company Senior Vice President and Global Ventures President. Appointed for extensive experience and global insights from many years of involvement in the Coca-Cola business and on the Company's management team.	○
Outside director (Audit & Supervisory Committee member) Celso Guiotoko	Appointed for abundant management experience and global insights cultivated at Nissan Motor Co., Ltd., and auditing experience as a corporate auditor at that company.	○
Outside director (Audit & Supervisory Committee member) Nami Hamada	Appointed for extensive experience in finance and accounting, including managing a finance-related consulting company herself, and for abundant experience and global insights cultivated on the corporate management team of Lehman Brothers Japan.	○

**The Company considers the directors have sufficient independence if the directors shall NOT fall in any of the criteria listed below;**

- Employee and/or executive of the Company and/or subsidiary within past 10 years
  - Person and/or executive who have significant business relationship with the Company within past 1 year\*1
  - Employee and/or executive of the company which have significant business relationship with the Company within past 1 year\*1
  - Consultant, certified public accountant, attorney, etc. receiving significant compensation from the Company other than executive compensation within past 1 year \*2
  - Person. employee and/or executive who receive significant donation from the Company within past 1 year \*2
  - Close relatives corresponding to the above \*3
- \*1 Transaction between the Company and the person and/or the company exceed 2% of the Company's revenue of the latest fiscal year  
\*2 Annual compensation exceeds JPY 10 million  
\*3 Within second-degree of relationship

## Evaluation of the effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors based on self-evaluation by Directors concerning operation of the Board of Directors, its support structure, composition, etc. In the 2018 evaluation of effectiveness, the following issues were identified.

- Securing of time for thorough deliberation on important matters.
- Early provision of information to Directors for purpose of thorough deliberation.
- Enhancement of provision of information to outside directors.
- Promotion of diversity in Board of Directors.
- Continuation of investigation into optimal governance models.

Based on the results of this evaluation of effectiveness, we will actively and continuously work toward the improvement of management aspects to enhance and deepen discussions at Board of Directors meetings and toward the securing of diversity in members of the Board, as we also work toward further sustainable growth and improvement of medium- to long-term corporate value.

## Compensation for Directors

Compensation for Directors is determined by the Representative Director, with the consent of the Board of Directors in accordance with criteria stipulated by the Board of Directors. To reflect Directors' responsibilities and contributions to the Company's business performance, the compensation consists of a fixed based compensation and performance-based compensation.

We implemented a Performance-based stock compensation program for executive directors and executive officers following approval of the proposal at the General Meeting of Shareholders in March 2018. This program awards compensation in the form of money and shares of the company's stock in line with the achievement of targets for consolidated ROE and consolidated revenue growth rate for three consecutive fiscal years. Although the Company does not impose the requirement that Directors hold stock, under the program, executive directors share the risks and benefits of stock price fluctuations with shareholders, for the purpose of improving medium- to long-term corporate value and further enhancing motivation to contribute to an increased stock price.

Only a fixed compensation shall be paid for part-time directors and outside directors. Compensation for Directors who are Audit & Supervisory Committee members is determined through deliberation by said Directors.

### Directors' Compensation (2018 results)

Category	Total amount of compensation, etc. (Million yen)	Total amount by type of compensation, etc. (Million yen)			Number of eligible directors
		Basic compensation	Bonus	Performance-based stock compensation	
Directors	487	375	85	27	5
Of which, paid to outside directors	13	13	—	—	1
Directors (Audit & Supervisory Committee members)	87	87	—	—	4
Of which, paid to outside directors	50	50	—	—	3
Total	575	463	85	27	9
Of which, paid to outside directors	63	63	—	—	4

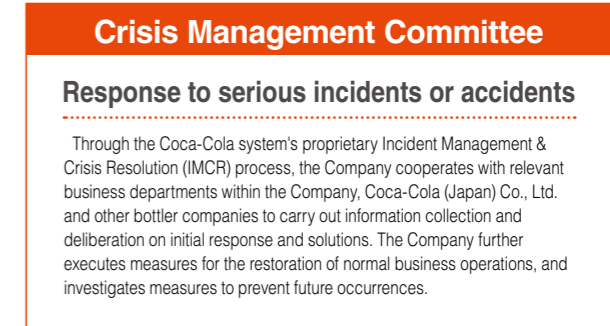
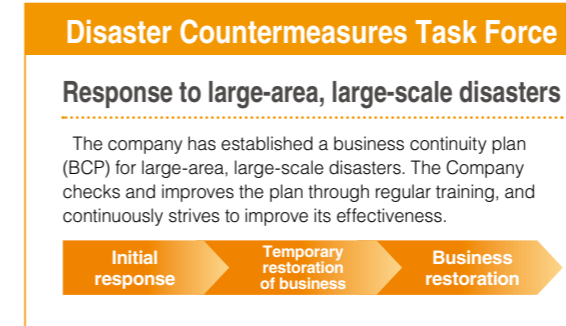
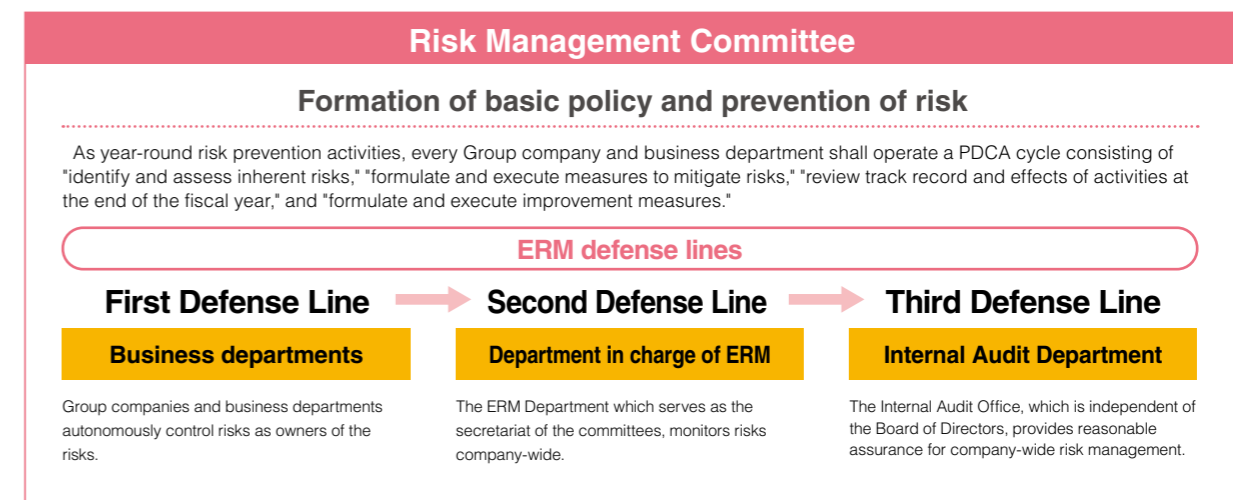
### Executive compensation system

Compensation item	Fixed compensation	Variable compensation	
	Basic compensation	Bonus	Performance-based stock compensation(Long-term incentives)
Provision timing	Monthly	Annually	After 3 years
Details	<ul style="list-style-type: none"> <li>● Determination of annual amount provided as fixed compensation portion.</li> <li>● Monthly provision of 1/12 of determined annual amount.</li> </ul>	<ul style="list-style-type: none"> <li>● Provision 1 time/year as compensation reflecting business performance every year.</li> <li>● Varies within range of 0 to 225% of the basic compensation in accordance with yearly company business performance and individual evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>● Stock compensation with varying number of shares receivable, based on evaluation of 3-year business performance.</li> <li>● Granting of right to receive, as compensation for execution of business for 3 years.</li> <li>● Number of shares received varies within range of 0 to 150%.</li> </ul>
Ratio of fixed to variable portion (example)	Position		

## Risk management system

In order to earn the trust of society and stakeholders and to enable sound and sustainable management, the Group is working to construct and operate an effective risk management system that is integrated with internal controls.

The risk management system of the Company consists of a Risk Management Committee that performs deliberation and decision-making on company-wide basic risk management policies and risk prevention activities on regular basis; Crisis Management Committee that performs decision-making and instruction for crisis management response in the event of serious incidents or accidents; and Disaster Countermeasures Task Force that performs deliberation and decision-making on the invoking of business continuity plans (BCP) in the event of a large-area, large-scale disaster that has a significant impact on our business activities.



- List of risks the Company identifies**
1. Risks related to changes in assets
  2. Risks related to retirement benefit obligations
  3. Risks related to increased costs of raw materials, etc.
  4. Risks related to competition and changes in markets
  5. Risks related to changes in consumer preferences and health concerns
  6. Risks related to economic conditions
  7. Risks related to infrastructure investment
  8. Risks related to the supply chain
  9. Risks related to changes in the retail environment
  10. Risks related to water resources
  11. Risks related to trademarks and trust in brand
  12. Risks related to relevant laws and regulations
  13. Risks related to alcoholic beverages
  14. Risks related to tax reform
  15. Risks related to product safety and quality
  16. Risks related to business integration
  17. Risks related to litigation
  18. Risks related to the business of affiliated companies
  19. Risks accompanying dependence on The Coca-Cola Company
  20. Risks related to weather
  21. Risks related to natural disasters
  22. Risks related to information security
  23. Risks related to securing and developing human resources

## Status of Internal Control System

We have established an internal control system for ensuring the appropriate performance of the Company and Group companies.

### ● System to ensure that the execution of duties of Directors and employees of the Group conforms to laws and ordinances and to the Articles of Incorporation

- The code of conduct shall be established in order to ensure that all the Directors, Executive Officers, and employees of the Company's group comply with laws and regulations and the Articles of Incorporation to act in conformity with social norms. The Ethics and Compliance Committee shall be convened periodically in order to reinforce the compliance system and to prevent non-compliance.
- An internal whistle-blowing system against non-compliance, namely, a reporting and consultation contact separate from the reporting line to immediate managers, shall be set up.
- The Company shall strengthen the supervisory functions of the Board of Directors by adopting a system with an Audit & Supervisory Committee, where audits are conducted by an Audit and Supervisory Committee consisting entirely of outside directors.
- The department in charge of internal auditing shall be established in order to audit whether business activities are conducted appropriately and effectively in conformity with laws and regulations, the Articles of Incorporation, Company Rules and Regulations, etc.
- The Company clearly identifies the firm stance against anti-social forces and organizations that cause threats to the orders and safety of civil society and that the Company never ties with such entities. The Company shall never accede to any illegal request and deal with any such request in cooperation with the police, attorneys, etc.

### ● Matters related to the preservation and management of information involving the execution of duties by Directors

- The Company shall record information regarding minutes of General Shareholders meetings, minutes of Board of Directors meetings, documents and other materials related to important decision-makings and Directors' performance of their duties in documents or electronic media and retain it in accordance with the Rules of Documentation Handling and Information Security Policy in a manner similar to that for statutory documents.
- The Company's Directors may inspect such documents, etc. at any time.

### ● Regulations and other systems concerning management of the risk of losses to the Group

- In accordance with our group policy on responding to material business risks and from the viewpoint of management of other risks, significant items shall be reported to the Risk Management Committee, and the Risk Management Committee shall determine policies to accommodate the risks as required.
- The Company establishes rules/guidelines and maintains an organization to execute effective response to material risks, and ensure the matters to be passed down by establishing manuals and implementing training for the entire Group.
- The department in charge of risk management in the Company or its subsidiaries is to monitor the condition of company-wide risks, and take appropriate measures on a group-wide basis. The Company shall appoint a person responsible for prompt response to newly emerging risks.

### ● System for ensuring the efficient execution of duties by Directors of the Group

- The Board of Directors of the Company shall establish management policy and objectives for the Group to be shared among Directors, executive officers, and employees of the Group, and shall establish efficient methods for achieving the objectives, including the allocation of authority based on rules for decision-making in the Group.
- The Company shall organize and deliberate on appropriate meeting structures in its operating companies in addition to the Board of Directors of the Company to deliberate significant matters affecting the entire Company Group, thereby ensuring that decisions are reached based on considerations of multi-dimensional aspects.

### ● System to ensure the appropriateness of operations in a corporate group consists of the Company and its subsidiaries

The Company will ensure the unification of management through establishment of a corporate philosophy, management policy, code of business conduct and Chart of Authority shared across the Group, and supervise and manage the performance of the subsidiaries' operations.

### ● System concerning employees requested by the Audit & Supervisory Committee to assist with its duties, and matters concerning the independence of said employees from Directors and the ensuring of the effectiveness of instructions to said employees

The Company shall assign employees to assist the Audit & Supervisory Committee. These employees shall assist the execution of duties of the Audit & Supervisory Committee under the direction and command of the Audit & Supervisory Committee, and shall not accept instruction and command from Directors (excluding members of the Audit & Supervisory Committee).

### ● System for reporting to the Audit & Supervisory Committee by Directors and employees of the Group, and system for preventing disadvantageous treatment for reason of having reported

- Directors (excluding Directors who are members of the Audit & Supervisory Committee), executive officers, employees, etc. of the Group shall promptly report to the Audit & Supervisory Committee upon discovering any facts that may cause serious damage to the Group, such as violations of laws and ordinances.
- The department in charge of internal audits shall regularly report to the Audit & Supervisory Committee on the findings of internal audits and the status of other activities in the Group.
- The department in charge of compliance shall regularly report to the Audit & Supervisory Committee on the status of whistleblowing in the Group.
- The Company shall prohibit disadvantageous treatment of persons for reason of having reported to the Audit & Supervisory Committee, and shall make this prohibition known to Directors, executive officers, employees, etc. of the Group.

### ● Matters concerning procedures for the prepayment or reimbursement of expenses incurred in the execution of duties of Audit & Supervisory Committee members, and policies involving the handling of expenses or obligations incurred in the execution of other duties

Every year, the Company shall allocate necessary budget for the execution of duties by Directors who are Audit & Supervisory Committee members.

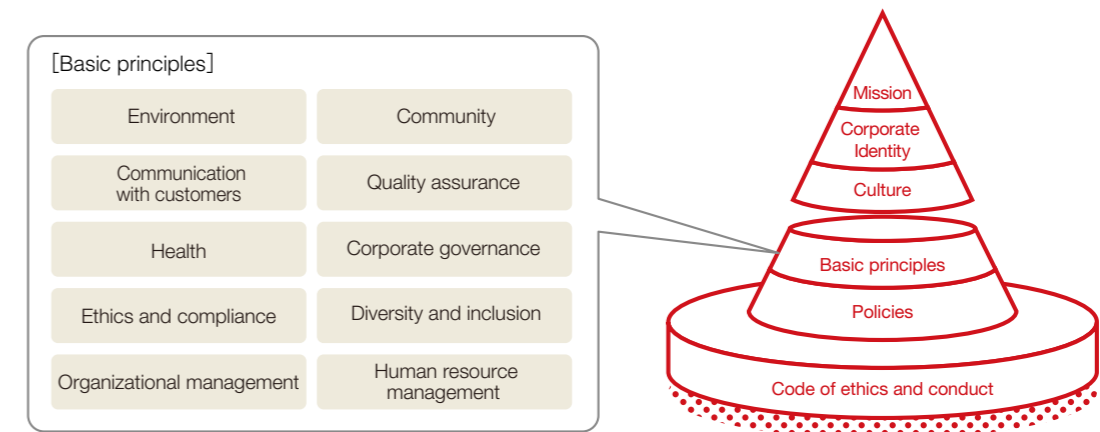
### ● Other systems to ensure that the Audit and Supervisory Committee's audit is conducted effectively

- The Representative Director & President and the Audit & Supervisory Committee members shall hold a meeting on a regular basis to exchange opinions in order to communicate with each other.
- The Representative Director & President shall prepare an environment to enable coordination with attorneys, certified public accountants, and other external experts when recognized as necessary by Audit & Supervisory Committee members for the execution of their duties.
- The Audit & Supervisory Committee shall establish opportunities for the exchange of opinions with the department in charge of internal audits and accounting auditors periodically.

## Basic principles, policies, and code of ethics and conduct, based on our corporate philosophy

In order to engage in business activities based on the corporate philosophy we call THE ROUTE, the Company has created basic principles and policies for matters involving operation of the company; has established a code of ethics and conduct as guidelines for the actions to be taken by group employees in order to realize our principles and policies; and works to ensure that these are made known to officers and employees.

Moreover, to further foster and instill awareness of ethics and compliance awareness in employees, and to promote a corporate culture that emphasizes ethics and compliance, we work primarily through the Ethics and Compliance Committee to promote activities including awareness and education activities, the operation of a consultation desk, response to other compliance cases, and examination and implementation of measures to prevent recurrence.



## Policy regarding cross-shareholdings

It is the Company's policy to refrain from cross-shareholdings in principle.

However, the Company does hold shares acquired for the purpose of creating business opportunities and establishing, maintaining, and strengthening relationships with customers and local communities. We evaluate and report on the cost of these major cross-shareholdings and the return on investment, and, based on those evaluations, are working to reduce them.

## Promotion of information disclosure and constructive dialog 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 IR activities in which we explain our business strategies, business activities, financial and non-financial information, and other information through quarterly earnings presentation and IR meetings.

IR team shares opinions and information received through dialog with relevant internal divisions, to reflect daily IR activities and business execution.

### ■ Main IR activities in 2018

Activity	Number of times	Details
Earnings Presentation	4 times	Held quarterly earnings presentation hosted by President and CFO. The 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 260 companies total	Held face-to-face and phone meetings with analysts and institutional investors.
Participation in domestic and overseas conferences	7 times	Domestic: 4 times; overseas: 3 times.
Presentation for individual investors	3 times	Held briefings by IR manager.
Other IR briefings	1 time	Held briefings by top management for analysts and institutional investors.