



May 12, 2023

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## Notice on introduction of "Stock-granting ESOP Trust"

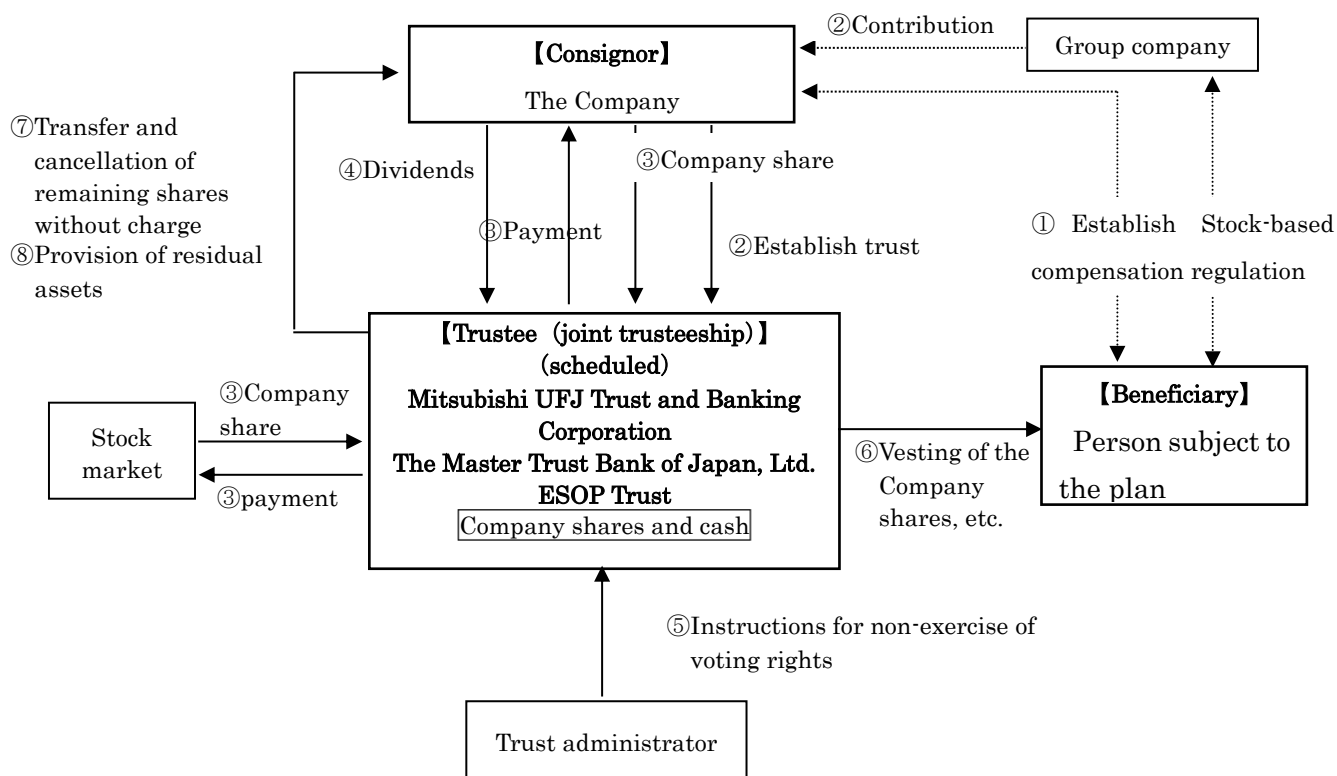
At the Board of directors meeting held on May 12, 2023, the Company resolved to introduce of the "Stock-granting ESOP Trust" (hereinafter referred to as "the Plan"), an employee incentive plan for the Company's Executive Officers, Employees recognized by the Company, and Executive Officers and Employees of Group subsidiaries determined by the Company (hereinafter referred to as "Executive Officers, etc.")

### 1. Introduction of the Plan

- (1) The Company introduces the plan with aiming to increase the motivation of Executive Officers, etc. to contribute to the medium- to long-term improvement of corporate value and the rise in stock prices of Group companies, to strengthen the competitiveness of acquisition and retention of talent rich in diversity from the perspectives of nationality and experience, and to further enhance incentives for sharing profit awareness with shareholders and improving corporate value. (\*)
- (2) The plan adopts a mechanism called an Employee Stock Ownership Plan (ESOP) Trust (hereinafter referred to as "the ESOP Trust").  
The ESOP Trust is an incentive plan for employees based on the ESOP plan in the U.S., under which the Company's shares acquired by the ESOP Trust are vested to Executive Officers, etc. who fulfill certain requirements in accordance with predetermined Stock-based compensation regulations.
- (3) The Company will introduce the Plan as a new Long-term incentive (Stock-based compensation) plan to replace the current Long-term incentive (Stock-based compensation) plan ("the Former stock-based compensation plan").  
Subject to the commencement of the Plan, points equivalent to the standard amount calculated under the Former stock-based compensation plan or the number of common shares scheduled to be vested will be granted under the Plan as a transitional measure from the Former stock-based compensation plan, and shares will be vested from the Plan.

- (\*) Currently, compensation for the Company's Executive Officers consists of base salary, annual bonus, reserved retirement payment, Long-term incentives (Stock-based compensation) (Performance Share Unit plan (hereinafter referred to as the "PSU") and Restrictive Stock Unit plan (hereinafter referred to as the "RSU"). This resolution changes the content of "Long-term incentives (Stock-based compensation)" to use the ESOP Trust.

## 2. Outline of the Plan



- ① The Company and its group companies will establish Stock-based compensation regulations at the time of the introduction of the Plan.
- ② The Company will establish the ESOP Trust, in which money contributed by the Group companies will be placed in trust, and Executive Officers, etc. who satisfy the requirements for beneficiaries will be the beneficiaries.
- ③ ESOP Trust will acquire from the Company (the Treasury stock disposal) the number of the Company's shares expected to be vested to the beneficiaries during the trust period, using the money contributed in ② above as the source of funds, in accordance with the instructions of the Trust Manager.
- ④ Dividends are paid to the Company's shares in the ESOP Trust in the same manner as other Company shares.
- ⑤ The Company's shares in the ESOP Trust shall not exercise voting rights throughout the trust period.
- ⑥ As a transitional measure from the Former stock-based compensation plan, Executive Officers, etc. who were subject to the Former stock-based compensation plan will be granted, without delay after the establishment of the ESOP Trust, points equivalent to the base amount calculated under the Former stock-based compensation plan or the number of our common shares to be granted.  
In addition, in accordance with Stock-based compensation regulations, Executive Officers, etc. who fulfill certain requirements are to be vested and pay out shares of the Company's stock in proportion to the number of points they have earned and an amount equivalent to the cash proceeds from the conversion of the Company's stock.

In principle, the Company shares corresponding to a certain percentage of the points (rounded up to the nearest unit) will be vested, and the remaining shares will be converted into the ESOP Trust's shares and paid out in an amount equivalent to the cash proceeds from the conversion.

- ⑦ In the event that residual shares remain at the end of the trust period, the ESOP Trust will either continue to be used as a new stock compensation plan by amending the trust agreement and adding an additional trust, or the ESOP Trust will transfer such residual shares to the Company without compensation and cancel them by a resolution of the Board of Directors.
- ⑧ The remainder of the dividends on the Company's shares in the ESOP Trust that arise at the expiration of the trust period will be used as funds to acquire shares if the ESOP Trust is used continuously, but if the ESOP Trust is terminated due to the expiration of the trust period, the excess over the trust expense reserve will be donated to the Company and to disinterested organizations.

(Note) During the trust period, if there is a possibility that the number of shares in the ESOP Trust may fall short of the number of shares corresponding to the accumulated points granted to Executive Officers, etc., or that the money in the trust assets may be insufficient to pay trust fees and trust expenses, additional money may be placed in the ESOP Trust.

(Reference)

#### Contents of trust agreement

(1) Types of trusts	Monetary trusts other than specified solely managed monetary trusts (other-benefit trusts)
(2) Purpose of the trust	Provision of incentives for Executive Officers, etc. of the Company and the Company's group companies
(3) Consignor	the Company
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-Trustee: Japan Master Trust Bank, Ltd.)
(5) Beneficiary	Executive Officers, etc. who meet the requirements for beneficiaries
(6) Trust administrator	Third parties who have no interest in the Company
(7) Trust agreement date	May 2023 (planned)
(8) Duration of the trust	May 2023 ~ May 2026 (planned) *The term of the trust may be extended by amendment of the trust agreement.
(9) System start date	May 31, 2023 (Planned)
(10) Exercise of voting rights	shall not be exercised
(11) Type of acquiring stock	Common stock of the Company
(12) Total amount of acquiring stock	2,798 JPY
(13) Method of acquiring stock	Acquire from market or the Company (the Treasury stock disposal)

End