



February 13, 2020

To All:

Name of Company: Coca-Cola Bottlers Japan Holdings Inc.  
Name of Representative: Calin Dragan, Representative Director and President  
(Code No.: 2579 1st Section, Tokyo Stock Exchange and  
Fukuoka Stock Exchange)  
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### **Introduction of New Stock-Based Compensation System**

This is to inform that a decision was reached during the Company's Board of Directors Meeting on February 13<sup>th</sup>, to introduce a restricted stock unit system (hereinafter called "RSU") to the directors (excluding members of the Audit and Supervisory Committee and outside directors, hereinafter called the "Executive Directors" ) will be submitting an agenda item related to the RSU to the Company's 2019 Annual General Meeting of shareholders (hereinafter called "AGM ") to be held on March 26, 2020.

Details are as follows:

1. Purpose of introduction of the RSU, etc.

(1) The purpose of introduction of the RSU

During the 2017 Annual General Meeting of shareholders held on March 27, 2018, to further enhance the motivation of Executive Directors to contribute to increases in the Company's stock price and corporate value in the mid to long term, a performance share unit system (hereinafter called "PSU") was approved and implemented. In addition to the PSU, with the purpose of strengthening recruitment competitiveness and retention of talented people who are highly diverse in terms of nationality, experience, etc. as well as aligning interests between Executive Directors and shareholders and improving incentives to increase corporate value as part of the Company's efforts to achieve further growth, the introduction of the RSU will be proposed.

(2) The condition of introduction of the RSU

The RSU will be provided to the Executive Directors as monetary compensation receivables for allotment of the Company's common shares, as well as cash necessary for the related tax payments. Thus, we will introduce the RSU on the condition that we gain approval by the shareholders on the AGM regarding the payment of the abovementioned compensation.

2. Content of the RSU

(1) Outline of the RSU

The RSU is a stock-based compensation system under which Executive Directors covered by the RSU (hereinafter called “Participants”), provided that their employment has been continuous throughout the period prescribed by the Company’s Board of Directors Meeting (hereinafter called the “Applicable Term”), shall be provided an amount of the Company’s common shares and cash which has been predetermined by the Company’s Board of Directors Meeting at the conclusion of each Applicable Term as compensation for that Applicable Term. The initial Applicable Term shall be from the fiscal year ending December 31, 2020 to the fiscal year ending December 31, 2022, and the Applicable Term for the years after the one ending December 31, 2020 onwards shall also be three consecutive years.

(2) Structure of the RSU

The specific structure of the RSU is as follows.

(a) The basic amount in accordance with the responsibilities of each Participant, as well as the number of share units to be provided to each Participant, will be decided within three months of the commencement of the Applicable Term, at the Company’s Board of Directors Meeting.

(b) Once the Applicable Term ends, the number of common shares and cash to be provided to each Participant will be determined at the Company’s Board of Directors Meeting based on the number of share units available.

(c) The Company will provide monetary compensation receivables, the amounts of which are determined in accordance with the number of common shares to be provided to each Participant as determined in the above (b), for each Participant for the purpose of contributing them in kind, and such Participant will receive the allotted common shares by contributing all the concerned monetary compensation receivables in kind. The paid-in amount for such common shares shall be based on the closing price of the Company’s common shares on the Tokyo Stock Exchange, Inc. on the business day before the date of the resolution of the Company’s Board of Directors Meeting on the issuance or disposal of shares (if transaction is not completed on the same day, the closing price of the most recent trading day before that).

(d) To secure the funds the Participants need for paying tax obligations in connection with the allotment of the Company’s common shares in the above (c), in addition to the monetary compensation receivables determined in accordance with the above (c), the Company will pay the amount of cash decided in accordance with the above (b).

(3) Calculation methods to determine the number of the Company’s common shares and cash amount to be provided to each Participant

The Company will calculate the number of the Company’s common shares and cash amount to be provided to each Participant using the following formula.

(a) Number of the Company’s common shares provided to each Participant

(Basic amount (\*1)÷stock price at the time of grant (\*2)) x 50%

Fractions less than 100 shares resulting from the calculation will be rounded up to 100 shares.

(b) Cash paid to each Participant

$\{(\text{Basic amount (*1)} \div \text{stock price at the time of grant (*2)}) - \text{No. of the Company's common shares calculated in the above (a)}\} \times \text{Stock price at the time of issue (*3)}$

Fractions less than 1 yen resulting from the calculation will be rounded up to 1 yen.

- \*1 The basic amount for each Participant is decided at the Company's Board of Directors Meeting in accordance with the responsibilities of each Participant.
- \*2 The stock price at the time of grant is the average of closing stock prices of the Company's common shares in Tokyo Stock Exchange, Inc. over the 1 month period preceding the AGM, counting from the day before the AGM.
- \*3 The stock prices at the time of issue shall be the closing price of the Company's common shares on the Tokyo Stock Exchange, Inc. on the business day before the date of the resolution of the Company's Board of Directors Meeting on issuance and disposal of the shares provided under the RSU (if transaction is not completed on the same day, the closing price of the most recent trading day before that).

The total amount of the above 2. (2) (c) monetary compensation receivables and above 2. (2) (d) cash shall be limited to a maximum of 200,000 shares of the Company's common shares per year multiplied by the stock price at the time of issue. However, if the total number of shares issued by the Company increases/decreases after the date of resolution of this agenda item due to reverse share split, share split, allocation of shares without contribution etc., the total amount of the monetary compensation receivables and cash to be provided to the Participants and the number of the Company's common shares provided to the Participants will be reasonably adjusted according to the percentage of such increase or decrease.

(4) Conditions for providing the Company's common shares to the Participants

Under the RSU, the Company's common shares and cash will be provided to the Participants if the following conditions are met after the Applicable Term ends.

- (a) Continuously served as a director or executive officer of the Company or any of its subsidiaries throughout the Applicable Term
- (b) No illegal acts, as defined by the Company's Board of Directors Meeting, were conducted
- (c) Other conditions that are determined by the Company's Board of Directors Meeting as necessary to achieve the objectives of the RSU are met

The Company's common shares will be provided to the Participants through the issuance of shares or the disposal of treasury stock. The Participants who will receive these common shares and the subscription requirements for such issuance of the shares or disposal of treasury stock will be decided by the Company's Board of Directors Meeting after the Applicable Term.

(5) Treatment in the case of resignation

Should a Participant lose his/her position as a director or executive officer of the Company or any of its subsidiaries during the Applicable Term only due to a certain reason which has been determined by the Company's Board of Directors Meeting in advance, such Participants will be provided with the Company's common shares and cash prorated based on a reasonable method prescribed by the Company's Board of Directors Meeting for each Participant's term of office during the Applicable Term up to such resignation.

<Reference>

The Company is planning to introduce an equivalent stock-based compensation system as abovementioned for the executive officers of the Company and its subsidiaries, on the condition that the agenda item will be approved.

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