

Corporate Governance Report

Coca-Cola Bottlers Japan Holdings Inc.

Last Updated on March 30, 2023

Coca-Cola Bottlers Japan Holdings Inc.

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Securities code: 2579

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

The status of corporate governance of Coca-Cola Bottlers Japan Holdings Inc. (the “Company”) is as described below.

I. Basic Principles on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

A. Basic Principles

The Company’s basic principles on corporate governance are to strive toward enhancing the Company’s corporate value and increasing shareholder value over the medium to long term by improving management soundness, transparency and efficiency.

The Company has taken the form of a company with an Audit and Supervisory Committee, with the aim of further strengthening the governance system. The Audit and Supervisory Committee, which takes the role as the Company’s auditor, has members consisting of more than one (1) Independent Outside Director, and the management supervisory function is further strengthened by the Audit and Supervisory Committee members, who are Outside Directors, having voting rights at Board of Directors meetings and the right to state their opinions concerning the nomination of and compensation, etc. for Directors at General Meetings of Shareholders.

In addition, the Company has adopted an executive officer system to separate decision-making and management supervisory functions from business execution functions. Certain decisions on important business execution are delegated to Directors, so that the Board of Directors can deliberate more fully on matters of particular importance. For other matters, the Company is seeking to expedite the decision-making by the Management.

Please refer to the “Corporate Governance Regulations” on the Company website for the Company’s corporate governance initiatives.

Corporate Governance Regulations: <https://www.ccbj-holdings.com/corporate/governance/>

[Reasons for Not Implementing Specific Principles of the Corporate Governance Code]

*The following is stated based on the Corporate Governance Code revised in June 2021.

The definitions for the terms used hereinafter shall be as follows:

Senior Management: Executive Directors

Management: Executive Officers

[Principle 4-10. Use of Optional Approach]

Supplementary Principle 4-10-1. Use of Optional Advisory Committee

The Company has no optional advisory committee in place to consider matters of particular importance such as the nomination of and compensation for the Senior Management and Directors. Instead, the Company has established a policy of respecting the report of the Audit and Supervisory Committee (that has members consisting of more than one (1) Independent Outside Director) prior to deliberation by the Board of Directors, and to have such matters of particular importance decided upon by the Board of Directors (that has more than one third of its members constituted by Independent Outside Directors) in order to strengthen the independence and objectivity of the function of the Board of Directors and its accountability. The current Audit and Supervisory Committee consists of only Outside Directors, half of whom are Independent Outside Directors, and a majority of the Board of Directors is constituted by Independent Outside Directors. Thus, the Company believes that this further strengthens the independence and objectivity of the function of the Board of Directors and its accountability.

[Disclosure Based on the Principles of the Corporate Governance Code]

Updated

[Principle 1-3. Basic Strategy for Capital Policy]

The Company’s capital policy is available on the Company website (<https://en.ccbj-holdings.com/ir/stockholder/dividend.php>) as well as in the Company’s Annual Securities Reports and Earnings Release for reference.

[Principle 1-4. Cross-Shareholdings]

(Policy on Cross-Shareholdings)

Please refer to Article 7 of the Corporate Governance Regulations on the Company website for the Company’s policy on Cross-Shareholdings.

- Corporate Governance Regulations: <https://www.ccbj-holdings.com/corporate/governance/>

In 2022, the Company has reduced 20 stock names held as cross-shareholdings and approximately 2.4 billion yen (as of December 31, 2022).

[Principle 1-7. Related Party Transactions]

Decisions on conflict-of-interest transactions and competitive transactions between the Company and its Directors, Management or major shareholders, etc. are subject to the approval of the Board of Directors in accordance with the laws and regulations as well as the “Board of Directors Regulations” stipulated by the Board of Directors. The Company strives to ensure appropriate operation by, for example, not allowing the Director involved in such transactions to participate in the resolution for approval at the Board of Directors. In addition, in the event of any conflict-of-interest transactions or competitive transactions between the Company and its Directors, Management or major shareholders, etc., the material facts thereof are reported at the Board of Directors meeting.

[Principle 2-4. Ensuring Diversity in the Company, including Promotion of Women’s Active Participation]

Supplementary Principle 2-4-1. Principles for Ensuring Diversity, such as in the Promotion of Core Human Resources, and Setting Voluntary and Measurable Goals

(1) Basic Principles

The Company sets medium to long term, measurable goals toward increasing the ratio of women in managerial positions. In addition, in order to foster a corporate culture where every employee can independently build a career where they can shine, the Company proactively promotes initiatives, such as improving the workplace environment and support systems, and discloses the progress thereof in Annual Reviews and CSV Reports, etc.

However, the Company has decided not to set any goals for recruiting “non-Japanese” or “mid-career employees,” since the Company already proactively employs “non-Japanese” and “mid-career employees” and believes that a diverse range of perspectives and sense of values reflecting different experiences, skills and attributes exist in the Company.

(2) Promotion of Women to Managerial Positions

Please refer to [Platform: Inclusion] under Section 2 [Value Creation Initiatives] of the CSV Report on the Company website for its principles, goals and progress on promotion of women to managerial positions.

- CSV Report: <https://en.ccbji.co.jp/csv/>

(3) Promotion of Non-Japanese to Managerial Positions

The Company does not set any “numerical goals,” etc. for the promotion of non-Japanese to managerial positions since employees with various backgrounds work together without any distinction of nationality, and the Company makes no distinction between “non-Japanese / Japanese” in recruiting employees or promoting employees to managerial positions.

The Company has a Board of Directors consisting of members from six (6) countries, and half the members of the Senior Management and Management which take the role of executing business are non-Japanese.

(4) Promotion of Mid-Career Employees to Managerial Positions

The Company does not set any “numerical goals” for the promotion of “mid-career employees” to managerial positions since mid-career employees constitute at least 30% of the managerial positions in the Company, and the Company believes that a diverse range of perspectives and sense of values reflecting different experiences, skills and attributes already exist in the Company.

(5) Other Matters (Including General Principles on Ensuring Diversity)

Please refer to [Platform: Inclusion] under Section 2 [Value Creation Initiatives] of the CSV Report on the Company website for other matters such as principles for ensuring diversity.

- CSV Report: <https://en.ccbji.co.jp/csv/doc.php>

[Principle 2-6. Roles of Corporate Pension Funds as Asset Owners]

The Company’s corporate pension fund is managed by way of the Asset Management Committee in charge of examining and planning the pension asset management confirming the appropriateness of such a plan by going through proposals and deliberations with more than one (1) meeting structure, including the Council or the Board of Representatives, and the Corporate Pension Fund of the Company’s group (the “Group”) carrying out such plan or monitoring the entity outsourced with the pension asset management thereof.

In addition, any important matters with regard to the management of the corporate pension fund are resolved by the Board of Representatives, half of whose members are selected from employees who are also the beneficiaries, and any conflict of interest that may arise between the Company and the beneficiaries are appropriately handled under the Corporate Pension Fund Rules.

Furthermore, the Company shall work to enhance its function as an asset owner of corporate pension funds by assigning to the Secretariat appropriately qualified persons who have knowledge and experience related to corporate pensions to serve as dedicated secretariat members for the corporate pension fund, and by continually providing support, etc. to further improve their knowledge.

[Principle 3-1. Full Disclosure]

(1) Company Objectives, Business Strategies and Business Plans

Please refer to the Company website for the Company’s mission, vision and values that are summed up by the Company’s corporate philosophy “Paint it RED! Let’s Repaint our Future.” The business strategies and plans are also described in the Company’s earnings announcements and earnings presentations, etc. Please refer to the Company website for materials relating thereto.

- The Company objectives of “Mission” “Vision” and “Values”: <https://en.ccbj-holdings.com/corporate/mvv/>

- Business strategies and business plans (materials for the Company’s explanatory meetings, including mid-term plans):

https://en.ccbj-holdings.com/pdf/irinfo/73_1.pdf<https://en.ccbj-holdings.com/ir/library/presentation.php>

(2) Basic Principles on Corporate Governance

The Company’s basic principles on corporate governance are as stated in the “A. Basic Principles” section at the beginning of this Report.

(3) Policy and Procedures in Determining Compensation for Senior Management and Directors

With respect to the compensation for the Company’s Senior Management and Directors: (i) the compensation levels and composition shall be such that they enable the Company to hire and retain talented personnel varying in nationality and experience, etc.; (ii) the composition ratio of compensation shall be such that they emphasize performance-linked compensation in order to provide sufficient incentives for achieving profitable growth; and (iii) the compensation structure shall be such that they enable the Company to promote the enhancement of corporate value over the medium to long term, and reinforce the alignment of interests with shareholders.

Please refer to “(4) [Details and procedures on compensation of Directors and Executive Officers]” under “4. Corporate governance” of the Annual Securities Report on the Company website for other matters such as procedures for determining compensation of the Senior Management and Directors.

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

(4) Policies and Procedures for Appointing or Dismissing Senior Management and Nominating Director Candidates

In appointing or dismissing Senior Management and nominating Internal Director candidates for the Company, the Company’s Board of Directors

makes decisions by appropriately evaluating the degree of their contribution and future potential, etc. based on the Company's evaluation system from an independent and objective perspective.

In nominating Outside Director candidates, the Company's Board of Directors nominates those who are deemed likely to make a significant contribution to enhancing the Company's corporate value from an independent and objective perspective.

In addition, in nominating candidates for Directors who will be Audit and Supervisory Committee members, the Company makes sure that it nominates at least one (1) candidate who has appropriate knowledge of finance and accounting.

As for the current procedures for appointing or dismissing Senior Management and nominating Director candidates, the report of the Audit and Supervisory Committee that consists of only Outside Directors, half of whom are Independent Outside Directors, is respected, and decisions are made by the Board of Directors, the majority of whom are constituted by Independent Outside Directors. Thus, the Company believes that transparency and fairness are ensured.

(5) Explanation of Each Appointment, Dismissal and Nomination When Appointing or Dismissing Senior Management and Nominating Director Candidates in Light of (4) Above

When the Company's Board of Directors appoints or dismisses Senior Management, it shall promptly make such fact public.

In addition, when the Company's Board of Directors appoints Director candidates, it shall state the reason for the appointment of each candidate in the Notice of the General Meeting of Shareholders. Please refer to the Company website for the Notice of the General Meeting of Shareholders.

- Notice of the General Meeting of Shareholders: <https://en.ccbj-holdings.com/ir/stockholder/meeting.php>

Supplementary Principle 3-1-3. Initiatives on Sustainability, etc.

The Company has specified and disclosed three (3) core elements (platforms): "Inclusion" "Communities" and "Resources" as its "Sustainability Framework," as well as nine (9) priority issues (material issues) for the Company to tackle in the immediate future in order to achieve its Sustainable Development Goals (SDGs).

In addition, with respect to human resources strategy, the Company has developed a personnel system based on the core element of "Human Rights and Employee Job Satisfaction." In particular, in this system, the Company has incorporated: (i) implementation of diversity equity and inclusion regarding recruitment and promotion; (ii) provision of educational opportunities; and (iii) a compensation system for rewarding employees who produce results.

The Company shall disclose information through IR-related materials, including CSV Reports and Annual Reviews, and the Company website for the Company's Sustainability Framework and the Company's initiatives based thereon.

- CSV Report: <https://en.ccbj.co.jp/csv/doc.php>
- Annual Review: <https://en.ccbj-holdings.com/ir/library/annualreview.php>

[Principle 4-1. Roles and Responsibilities of the Board (1)]

Supplementary Principle 4-1-1. Scope of Delegation to the Management

The Company has taken the form of a company with an Audit and Supervisory Committee with the aim of further strengthening the governance system. The Company has adopted an executive officer system to separate decision-making and management supervisory functions from business execution functions. Certain decisions on important business execution are delegated to Directors, so that the Board of Directors can deliberate more fully on matters of particular importance. For other matters, the Company is seeking to expedite the decision-making by the Management.

The Company has set out matters to be resolved at the Board of Directors under the "Rules and Regulations on Board of Directors." For the main matters, please refer to Article 17, Paragraph 2 of the Corporate Governance Regulations on the Company website.

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

Other decisions regarding business execution are delegated to the Directors, whose authority is further transferred to Management and department heads, etc. The details are clearly stated in the Company's internal regulations.

[Principle 4-9. Independence Standards and Qualification for Independent Directors]

Please refer to Article 20, Paragraph 2 of the Corporate Governance Regulations on the Company website for the independence standards and qualification for those who become the Company's Independent Outside Directors.

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

[Principle 4-11. Preconditions for Board Effectiveness]

Supplementary Principle 4-11-1. Principles on Balance between Knowledge, Experience and Skills, and on the Diversity and Appropriate Size of the Board of Directors as a Whole

In order to enhance the management efficiency and transparency and increase the Company's shareholder value, the Company's Board of Directors sets out its principles on the balance between knowledge, experience and skills, and on the diversity and appropriate size of the Board of Directors as a whole, as described below:

The Company's Board of Directors consists of no more than ten (10) Directors (excluding Directors who are Audit and Supervisory Committee members) and no more than seven (7) Directors who are Audit and Supervisory Committee members, which are the limits set as the number of respective members under the Articles of Incorporation.

The Board of Directors, as a whole, consists of an appropriate balance of members with a wide range of knowledge and expertise on corporate management, financial strategies, risk management and legal compliance, etc. In light of the importance of the function of Outside Directors in corporate governance, the Company shall appoint, for the Directors, Outside Directors who are independent based on the Company's independence standards and qualification, in a number that constitutes at least one third of the Directors and which shall include at least one (1) person who has management experience at another company.

When deciding on Internal Director candidates, the Board of Directors shall make decisions from an independent and objective perspective by appropriately evaluating the degree of their contribution and future potential, etc. based on the Company's evaluation system. For nomination of Outside Directors, the Board of Directors shall nominate those who it deems likely to make significant contributions to enhancing the Company's corporate value from an independent and objective perspective.

As for the procedures for nominating Director candidates, the report of the Audit and Supervisory Committee, including more than one (1) Independent

Outside Director, shall be respected, and decisions shall be made by the Board of Directors.

The Company has taken the form of a company with an Audit and Supervisory Committee that has members consisting of more than one (1) Independent Outside Director and more than one third of the members of the Board of Directors consist of Independent Outside Directors. Thus, the Company believes that transparency and fairness are ensured.

The Company has prepared a Skill Matrix in which the above-mentioned knowledge, experience and skills, etc. are listed. The Skill Matrix is described in the Notice of the General Meeting of Shareholders as well as on the Company website. Please refer to the link below.

- Notice of the General Meeting of Shareholders: <https://en.ccbj-holdings.com/ir/stockholder/meeting.php>

Supplementary Principle 4-11-2. State of Directors who Concurrently Serve as Officers at Other Listed Companies

The status of the Company's Directors who concurrently serve as officers at other listed companies is described each year in the "Status of the Company's Officers" under the "Current Status of the Company" section in the Business Report contained in the Notice of the Ordinary General Meeting of Shareholders, as well as in the "Brief Personal Profile, Position and Responsibility in the Company" and "Significant Concurrent Positions" and other sections described in the reference materials for the General Meeting of Shareholders. Please refer to: <https://en.ccbj-holdings.com/ir/stockholder/meeting.php>

Supplementary Principle 4-11-3. Outline of Analysis and Evaluation Results on the Effectiveness of the Board of Directors as a Whole

Each year, the Company's Board of Directors conducts an effectiveness evaluation and analysis at the Board of Directors meetings based on self-evaluations by the Directors regarding the Board of Directors' operation, support system and composition, etc. The outline of the results is as stated below:

Based on the Directors' self-evaluations conducted with advice from outside third-party organizations, the Company has received mostly positive evaluations on the Company's efforts to provide business updates on the main departments and prior explanations on deliberations, with a focus on the issues confirmed in the immediately preceding year. Therefore, the Company considers that the effectiveness of the Board of Directors, as a whole, is being improved.

It is also acknowledged that the Company shall promote proactive and continuous efforts in the future to improve the operations in order to further enrich and deepen the discussions at the Board of Directors meetings in response to changes in the business environment, with the aim of further stimulating discussions at the Board of Directors meetings.

[Principle 4-14. Director Training]

Supplementary Principle 4-14-2. Policy for Training Directors

Please refer to Article 27 of the Corporate Governance Regulations on the Company website for the Company's policy for training Directors.

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

[Principle 5-1. Policy on Improving the System and Efforts for Promoting Constructive Dialogue with Shareholders]

(Basic Principles)

Through constructive dialogue with the Company's shareholders, the Company shall promote its shareholders' understanding of the Company and contribute to sustainable growth and enhancement of the Company's corporate value over the medium to long term.

(General Manager and Department in Charge)

The department in charge of IR shall respond to requests for dialogue (interviews) from shareholders, and Senior Management, etc. in charge of the IR Department shall be appointed as the General Manager. In addition, Senior Management, etc. in charge of the IR Department, shall attend the interviews with shareholders as necessary, after confirming the purpose of the dialogue (interview) requested thereby, etc.

(Internal Coordination System for Dialogue (Interview) with Shareholders)

In holding the dialogue (interview) with shareholders, the department in charge of IR shall share information with related internal departments and make sure that it responds to the shareholders in a coordinated manner. At the same time, the department in charge of IR shall make efforts to resolve any issues by reporting the opinions received from the shareholders in the dialogue (interview) to the Senior Management and the Directors in a timely and appropriate manner.

(Other Forms of Dialogue Besides Individual Interviews)

The Company shall make efforts to have Senior Management and Directors disseminate information regularly through earnings presentations, etc. The Company shall also make efforts to deliver the image of the earnings presentations in both Japanese and English via a webcast and to attend investor conferences, etc. held within and outside of Japan.

(Preventing the Divulgence of Insider Information)

In accordance with internal regulations, the **Group** shall strive to ensure thorough insider information management to prevent any divulgence from occurring.

B. Capital Structure

Foreign Shareholding Ratio Updated	10% or more but less than 20%
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[Status of Major Shareholders] Updated

Name	Number of Shares Held	Ratio (%)
Coca-Cola (Japan) Company, Limited	27,956,199	15.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,404,300	10.82
Custody Bank of Japan, Ltd. (Trust Account)	5,755,300	3.21
Ichimura Foundation for New Technology	5,294,718	2.95
Satsuma Shuzo Co., Ltd.	4,736,100	2.64
Sensyusya Co., Ltd.	4,088,400	2.28
Coca-Cola Holdings West Japan Inc.	4,074,945	2.27
Mitsubishi Heavy Industries Machinery Systems, Ltd.	3,912,151	2.18
MCA Holdings, Co., Ltd.	3,407,516	1.90
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	3,191,700	1.78

Controlling Shareholders (Excluding the Parent Company)	----
Parent Company	N/A

Supplementary Explanation Updated
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The status of major shareholders stated above is the status as of December 31, 2022.

C. Corporate Attributes Updated

Listed Exchange and Market Segment	Prime Market of the Tokyo Stock Exchange
Fiscal Year End	December
Type of Industry	Food
Number of Employees (Consolidated) as of the End of Previous Fiscal Year	1000+
(Consolidated) Sales in the Previous Fiscal Year	100 billion yen or more but less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of Previous Fiscal Year	Less than 10 companies

D. Guidelines on Measures for Protection of Minority Shareholders in Conducting Transactions, Etc. with Controlling Shareholders

E. Other Special Circumstances Which May Have a Material Impact on Corporate Governance

II. Status of Business Management Organization and Other Corporate Governance Systems Pertaining to Managerial Decision-Making, Execution and Supervision

A. Matters Pertaining to Organizational Structure and Operation, Etc.

Organization Form	Company with Audit and Supervisory Committee
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[Directors]

Maximum Number of Directors Under the Articles of Incorporation	17
Term of Directors Under the Articles of Incorporation	1 year
Chair of the Board of Directors	President
Number of Directors	9
Appointment Status of Outside Directors	Appointed
Number of Outside Directors	7
Number of Outside Directors Designated as Independent Officers	5

Relationships with the Company (1) Updated

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k		
Hiroko Wada	From another company													
Hirokazu Yamura	From another company									o				
Celso Guiotoko	From another company													
Hiroshi Yoshioka	From another company													
Nami Hamada	From another company													
Sanket Ray	From another company						o		o					
Stacy Apter	From another company						o		o					

* Categories for "Relationship with the Company"

* "o" indicates that the person currently falls under or has recently fallen under the relevant category; and

"Δ" indicates that the person fell under the relevant category in the past.

* "●" indicates that the person's close relative currently falls under or has recently fallen under the relevant category; and

"▲" indicates that the person's close relative fell under the relevant category in the past.

- a. An executive member of the Company or its subsidiary.
- b. An executive member or a non-executive Director of the parent company of the Company.
- c. An executive member of a fellow subsidiary company of the Company.
- d. A person who has a significant business relationship with the Company or an executive member thereof.
- e. A person with whom the Company has a significant business relationship or an executive member thereof.
- f. A consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company other than executive compensation.
- g. A major shareholder of the Company (if such major shareholder is a legal entity, an executive member of such legal entity).
- h. An executive member of a person with whom the Company has a business relationship (which does not fall under items d, e, or f) (the person him/herself only).
- i. An executive member of an entity between which the Company's Outside Officers are mutually appointed (the person him/herself only).
- j. An executive member of an entity that receives donation from the Company (the person him/herself only).
- k. Others.

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanations Concerning Relevant Categories	Reasons for Appointment
Hiroko Wada	—	○	----	<p>The Company has appointed Hiroko Wada as a Director (Outside Director) with the expectation that she will utilize, for the management of the Company, the considerable management experience and global knowledge she has gained thus far as by serving as an officer at The Procter & Gamble Company and as a Representative Director at Dyson Ltd. and Toys”R”Us-Japan Ltd.</p> <p>As there is no relationship of special interest between Wada and the Company, the Company has deemed that there will be no risk of conflict of interest between her and the general shareholders. Based on these grounds, the Company has designated Wada as an Independent Officer.</p>
Hirokazu Yamura	—	○	Hirokazu Yamura is the Representative Director & President of Michinoku Coca-Cola Bottling Co., Ltd. The Company has a transactional relationship in product trading, etc. with Michinoku Coca-Cola Bottling Co., Ltd. (Sales etc.: 0.4% of the Company’s consolidated sales revenue; Purchases etc.: 0.3% of the consolidated sales of Michinoku Coca-Cola Bottling Co., Ltd.)	<p>The Company has appointed Hirokazu Yamura, the Representative Director & President of Michinoku Coca-Cola Bottling Co., Ltd., as a Director (Outside Director) with the expectation that he will utilize, for the management of the Company, the considerable management experience and knowledge he has gained in management and as Representative Director & President at Michinoku Coca-Cola Bottling Co., Ltd.</p> <p>The Company also has a transactional relationship with the group companies of Michinoku Coca-Cola Bottling Co., Ltd. as described in the left column, but the transaction volume is very small. In addition, the trading prices and other terms and conditions applied to these transactions are appropriately set as in the case with the trading prices and other terms and conditions applied to transactions with other business partners. The Company therefore believes that these group companies of Michinoku Coca-Cola Bottling Co., Ltd. do not obstruct the Company’s free business activities.</p> <p>Therefore, as there is no risk for the Company to suffer significant impact from Michinoku Coca-Cola Bottling Co., Ltd., the Company has deemed that there will be no risk of conflict of interest between him and the general shareholders. Based on these grounds, the Company has designated Yamura as an Independent Officer.</p>
Celso Guiotoko	○	○	----	<p>The Company requests the election of Celso Guiotoko as a Director (Outside Director) in the expectation that he will utilize, for the management of the Company, the considerable experience and global knowledge he has gained thus far at Nissan Motor Co., Ltd. (“Nissan”) as well as Nishimoto Co., Ltd.</p> <p>As there is no relationship of special interest between Guiotoko and the Company, the Company has deemed that there shall be no risk of any conflict of interest between him and the general shareholders. Based on these grounds, the Company has designated Guiotoko as an Independent Officer.</p>

Hiroshi Yoshioka	—	○	----	<p>Hiroshi Yoshioka has considerable experiences and global expertise gained at the Coca-Cola bottling company in Japan and Sony Corporation. Based on his extensive experience as a corporate executive, he is expected to provide advice on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company has appointed Yoshioka as a Director serving on the Audit and Supervisory Committee (Outside Director).</p> <p>As there is no relationship of special interest between Yoshioka and the Company, the Company has deemed that there will be no risk of conflict of interest between him and the general shareholders. Based on these grounds, the Company has designated Yoshioka as an Independent Officer.</p>
Nami Hamada	○	○	----	<p>Nami Hamada has considerable experience on Finance and Accounting gained as a proprietor of her own finance consulting company and considerable experience and global knowledge gained as a corporate executive at Lehman Brothers Japan Inc. and possesses management supervisory experience as Statutory Auditor at Shimadzu Corporation and MetLife Insurance K.K. Based on her extensive experience as a corporate executive and her expertise in the field of finance, she is expected to provide advice as a Director of the Company who is an Audit and Supervisory Committee member in all areas, including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company has appointed Hamada as a Director serving on the Audit and Supervisory Committee (Outside Director).</p> <p>As there is no relationship of special interest between Hamada and the Company, the Company has deemed that there will be no risk of any conflict of interest between her and the general shareholders. Based on these grounds, the Company has designated Hamada as an Independent Officer.</p>
Sanket Ray	○	—	<p>Sanket Ray is the President of India and Southwest Asia Unit of The Coca-Cola Company.</p> <p>The Company has entered into contracts for manufacturing and sales of Coca-Cola and other products and use of trademarks, etc. with The Coca-Cola Company.</p>	<p>Sanket Ray is President of India and Southwest Asia Unit of The Coca-Cola Company, who has demonstrated strong leadership in mainly commercial at The Coca-Cola Company and has considerable management experiences as a manager at business units in the Asia region.</p> <p>Based on his extensive experience as a global corporate executive, he is expected to provide advices as a Director serving on the Audit and Supervisory Committee member on all areas, including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company has appointed Ray as a Director serving on the Audit and Supervisory Committee (Outside Director).</p>

Stacy Apter	o	—	<p>Stacy Apter is Vice President, Treasurer and Corporate Finance of The Coca-Cola Company.</p> <p>The Company has entered into contracts for manufacturing and sales of Coca-Cola and other products and use of trademarks, etc. with The Coca-Cola Company.</p>	<p>Stacy Apter is Vice President, Treasurer and Corporate Finance of The Coca-Cola Company, who has demonstrated strong leadership and support to the Board of Directors, particularly in a variety of fields such as global financial risk oversight and enterprise risk management at The Coca-Cola Company. Based on her extensive experience in the financial and risk management field, she is expected to provide advises as a Director serving on the Audit and Supervisory Committee on all areas including decision making related to important managerial decisions, handling of expected risks and the internal control system, and the Company has appointed Apter as a Director serving on the Audit and Supervisory Committee (Outside Director).</p>
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[Audit and Supervisory Committee]

Committee Member Composition and Attribution of Chair

	All Members of the Committee	Full-Time Members	Internal Directors	Outside Directors	Chair
Audit and Supervisory Committee	4	0	0	4	Outside Director
Whether there are Directors and Employees to Assist with the Duties of the Audit and Supervisory Committee	Yes				

Matters Regarding Independence of Said Directors and Employees from Executive Directors

The Company shall assign assistant employees who assist the Audit and Supervisory Committee. Said assistant employees shall assist the duties of the Audit and Supervisory Committee under instruction from the Audit and Supervisory Committee, and shall not be subject to instruction from Directors (excluding Directors who are Audit and Supervisory Committee members).

Status of Coordination Among Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department

The Company has established an Internal Audit Office as an internal audit department for the purpose of ensuring compliance with the laws and regulations, appropriate activities and operations, protection of assets and reliability of financial activities of the Company.

The Directors who are Audit and Supervisory Committee members audit the execution of duties by Directors and Management in accordance with relevant laws and regulations, the Articles of Incorporation and the audit standards of the Company's Audit and Supervisory Committee, through periodic meetings with Representative Directors and report on the results of audits conducted by the Internal Audit Office, etc.

The annual audit policy and plans of the Internal Audit Office are discussed beforehand with the Audit and Supervisory Committee, which receives reports from time to time on the results of audits conducted by the Internal Audit Office.

In addition, the Audit and Supervisory Committee and the Internal Audit Office receive explanations on the audit plan from the accounting auditors at the beginning of the fiscal year, and request explanations and reports from time to time regarding the status of the audit during the fiscal year and the results of the fiscal year-end audit, etc.

[Optional Committees]

Optional Committees Equivalent to Nominating Committee or Compensation Committee	N/A
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[Independent Officers]

Number of Independent Officers	5
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Other Matters Regarding Independent Officers

Please refer to Article 20, Paragraph 2 of the Corporate Governance Regulations on the Company website for the independent standards and qualifications for those who become the Company's Independent Outside Directors.

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

[Incentives]

Implementation Status of Initiatives on Providing Incentives to Directors

Introduction of performance-linked compensation system

Supplementary Explanation

Compensation consists of bonuses and long-term incentives (stock-based compensation plans (Performance Share Unit (PSU) Plan and Restricted Stock Unit (RSU) Plan) based on basic compensation and performance.

Persons Eligible for Stock Options

Supplementary Explanation

[Directors' Compensation]

State of Disclosure (of each Directors' Compensation)

Partly, individually disclosed

Supplementary Explanation

For each Director's compensation, please refer to "(4) [Details and procedures on compensation of Directors and Executive Officers]" under "4. Corporate governance" of the Annual Securities Report on the Company website.

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

Whether there is a Policy for Determining the Amount of Compensation or Its Calculation Method

Yes

Disclosure regarding the Policy for Determining the Amount of Compensation or the Calculation Method thereof

For the details and procedures, etc. concerning compensation for Directors, please refer to [Principle 3-1] "(3) Policy and Procedures in Determining Compensation for Senior Management and Directors" under [Disclosure Based on the Principles of the Corporate Governance Code] herein, and "(4) [Details and procedures on compensation of Directors and Executive Officers]" under "4. Corporate governance" of the Annual Securities Report on the Company website.

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

[Support System for Outside Directors]

Support shall be provided to Outside Directors (excluding Directors who are Audit and Supervisory Committee members) by staff members from the Corporate Governance Department, and support shall be provided to Outside Directors who are Audit and Supervisory Committee members by the Secretariat of the Audit and Supervisory Committee (assistant employees).

B. Matters related to Functions such as Business Execution, Auditing/Supervision, Nomination and Compensation Determination, etc. (Outline of the Current Corporate Governance System)

- Management Auditing/Supervisory Function

The Company has taken the form of a company with an Audit and Supervisory Committee with the aim of further strengthening the governance system. The Audit and Supervisory Committee, which takes the role as the Company's auditor, consists of only Outside Directors (Audit and Supervisory Committee members), including more than one (1) Independent Outside Director, and the management supervisory function is strengthened by the Audit and Supervisory Committee members, who are Outside Directors, having voting rights at the Board of Directors meetings and the right to state their opinions concerning the nomination of and compensation, etc. for Directors at the General Meetings of Shareholders.

- Nomination and Compensation Determination Functions

Matters related to the nomination procedures for Director candidates and compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) shall be deliberated by the Audit and Supervisory Committee, consisting of only Outside Directors, in order to enhance the transparency and objectivity of the procedures for nomination and determination of compensation, and the nomination of candidates shall be submitted to the General Meeting of Shareholders through a resolution of the Board of Directors, and the compensation for each member of Senior Management, including performance-linked compensation, shall be determined by the Representative Director and President based on delegation by a resolution of the Board of Directors, within the total amount determined by a resolution of the General Meeting of Shareholders and in accordance with the Decision Policy for Director Compensation, etc. Compensation for Management shall also be determined through deliberation by the Audit and Supervisory Committee.

- Outline of the Terms of Limited Liability Agreement and Directors' and Officers' Liability Insurance Policy

The Company has entered into a limited liability agreement with the Directors (excluding Executive Directors, etc.), and has also obtained a Directors' and Officers' liability insurance policy from an insurance company under which the Directors (including those who are Audit and Supervisory Committee members) and the Group's Management are the insureds. For an outline of the terms of such agreement and policy, please refer to the "Status of the Company's Officers" section under the "Current Status of the Company" section in the Business Report contained in the Notice of the Ordinary General Meeting of Shareholders.

Notice of the General Meeting of Shareholders: <https://en.ccbj-holdings.com/ir/stockholder/meeting.php>

C. Reasons for Adopting the Current Corporate Governance System Updated

The Company has taken the form of a company with an Audit and Supervisory Committee with the aim of further strengthening the governance system. The Audit and Supervisory Committee, which takes the role as the Company's auditor, consists of only Outside Directors (Audit and Supervisory Committee members), including more than one (1) Independent Outside Director, and the management supervisory function is strengthened by the Audit and Supervisory Committee members, who are Outside Directors, having voting rights at the Board of Directors meetings and the right to state their opinions concerning the nomination of and compensation, etc. for Directors at the General Meetings of Shareholders.

The Company has adopted an executive officer system to separate decision-making and management supervisory functions from business execution functions. Certain decisions on important business execution are delegated to Directors, so that the Board of Directors can deliberate more fully on matters of particular importance. For other matters, the Company is seeking to expedite the decision-making by the Management. The Company has adopted such a system based on the belief that the efficiency and transparency of management can be enhanced thereby.

a. Board of Directors

The Board of Directors of the Company consists of nine (9) Directors, including more than one (1) Independent Outside Directors. Ordinary Board of Directors meetings are held once every three (3) months, in principle, with extraordinary meetings held whenever necessary. At the Board of Directors meetings, matters stipulated under the laws and regulations and the Articles of Incorporation, as well as matters related to important business such as the basic policy on management shall be resolved, and reports shall be made by Directors concerning business execution. Certain decisions on important business execution are delegated to Directors, so that the Board of Directors can deliberate more fully on matters of particular importance. For other matters, the Company is seeking to expedite the decision-making by the Management.

(1) Purpose and Authority:

- (a) Decision-making on matters stipulated under the laws and regulations and the Articles of Incorporation, as well as matters related to important business such as the basic policy on business management; and
- (b) Receiving reports from Directors concerning business execution.

(2) Chairperson:

- Calin Dragan, Representative Director and President

(3) Members:

- Calin Dragan, Bjorn Ivar Ulgenes, Hiroko Wada (Outside Director), Hirokazu Yamura (Outside Director), Celso Guiotoko (Outside Director), Hiroshi Yoshioka (Outside Director), Nami Hamada (Outside Director), Sanket Ray (Outside Director), and Stacy Apter (Outside Director)

b. Audit and Supervisory Committee

The Audit and Supervisory Committee of the Company consists of only four (4) Outside Directors, including more than one (1) independent outside director. Audit and Supervisory Committee meetings are held once every three (3) months in principle, with extraordinary meetings held whenever necessary. The Audit and Supervisory Committee audits the status of business execution by the Directors, Management and employees in accordance with relevant laws and regulations, the Articles of Incorporation and the Audit Standards of the Audit and Supervisory Committee through participation in the Board of Directors meetings and by referring to the results of audits by the department in charge of internal audits and the accounting auditors.

In addition, the Audit and Supervisory Committee members exchange opinions with the Representative Directors on a regular basis regarding such audits, and it is therefore considered that the Audit and Supervisory Committee conducts sufficient supervision of the management of the Company and fully serves its supervisory function.

(1) Purpose and Authority

- (a) Auditing of the execution of duties by Directors and preparation of audit reports
- (b) Determination of proposals regarding the appointment, dismissal and non-reappointment of accounting auditors;
- (c) Determination of the Audit and Supervisory Committee's opinion regarding the appointment and dismissal or resignation of Directors (excluding Directors who are Audit and Supervisory Committee members), as well as compensation, etc. for Directors; and
- (d) Determination of other matters provided for in other laws and regulations and the Articles of Incorporation, etc.

(2) Chairperson:

- Hiroshi Yoshioka (Outside Director)

(3) Members:

- Hitoshi Yoshioka (Outside Director), Nami Hamada (Outside Director), Sanket Ray (Outside Director) and Stacy Apter (Outside Director)

*For more details, please refer to the attached "Corporate Governance System."

III. Implementation Status of Initiatives regarding Shareholders and Other Stakeholders

A. Status of Efforts toward Revitalizing the General Meeting of Shareholders and Facilitating the Exercise of Voting Rights

Update

	Supplementary Explanations
Early Dispatch of Notices of the General Meetings of Shareholders	Notices are dispatched eighteen (18) days prior to the date on which the general meetings of shareholders are held.
Scheduling of the General Meeting of Shareholders to Avoid Concentration	The Ordinary General Meeting of Shareholders for FY 2022 (March 28, 2023) was held in the morning two (2) business days prior to the day on which meetings of many other companies were concentrated.
Exercise of Voting Rights via Electromagnetic Means	Voting rights may be exercised via the Internet using personal computers and smartphones, etc.
Participation in the Electronic Voting Platform and Other Efforts Toward Improving the Environment for Institutional Investors to Exercise their Voting Rights	Nominee shareholders, such as management trust banks, may use the electronic voting platform operated by ICJ, Inc., a company established by the Tokyo Stock Exchange, Inc.
Provision of the Notices of the General Meetings of Shareholders (Summary) in English	In order to contribute to revitalizing the General Meeting of Shareholders and facilitating the exercise of voting rights, English versions thereof are also prepared and the Notices of the General Meetings of Shareholders are available on the Company website.
Other	In order to receive a wide range of questions from shareholders, we accept advance questions. At the General Meetings of Shareholders, we answer questions that are of great interest to shareholders.

B. Status of IR-Related Activities

	Supplementary Explanations	Whether Explanations are Given by the Representatives Themselves
Regular Explanatory Meetings for Analysts and Institutional Investors	Explanatory meetings are held in concurrence with the quarterly settlements for the first, second and third quarters and the year-end settlement, wherein representatives of the Company participate and give explanations.	Yes
Availability of IR Materials on the Company Website	In addition to the Earnings Releases and Securities Reports, materials for the earnings presentations and explanatory meetings for individual investors, etc. are available on the Company website. English versions of the Earnings Releases, Securities Reports and materials for the earnings presentations are also made available on the Company website. Moreover, a dedicated website for individual investors has been launched, where IR news is delivered via email to those who are interested.	
Establishment (Appointment) of a Department (Person) in charge of IR	The IR Department has been established, which functions as the department in charge of IR.	
Other	Messages to Shareholders, annual reviews and CSV reports are also prepared and made available on the Company website.	

C. Status of Efforts Related to Respect of Stakeholders' Positions

	Supplementary Explanations
<p>Environmental Conservation and CSR Activities, etc.</p>	<p>The Group aims to resolve social issues and simultaneously develop the Group by incorporating the principle of CSV (Creating Shared Value) and advancing its existing CSR initiatives, and thereby contributing to local communities and environmental conservation and making efforts to reduce the use of energy and resources.</p>
<p>Development of Policies for Provision of Information to Stakeholders</p>	<p>The Group aims to be a company which is properly understood and trusted by all of its stakeholders, by disclosing information in a timely and appropriate manner.</p> <p>Therefore, the Group shall disclose information under the policy described below in order to ensure healthy and transparent communication and information disclosure in the course of its corporate activities.</p> <ol style="list-style-type: none"> 1. Basic Principles of Information Disclosure The Group aims to be a company which is trusted by society, by disclosing information in an accurate, easy-to-understand, timely and appropriate manner on the basis of transparency, fairness and continuity so that stakeholders within and outside Japan, including shareholders and investors, can properly understand the Group. Information shall be disclosed in accordance with various regulations, including the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations within and outside Japan, as well as the Rules on Timely Disclosure of Corporate Information stipulated in the "Securities Listing Regulations" of stock exchanges. Information not subject to the Timely Disclosure Rules, etc., including non-financial information, shall also be disclosed proactively if it is deemed useful for promoting investment decisions and understanding of the Group. 2. Methods of Information Disclosure Information subject to the Timely Disclosure Rules shall be made available on the Company website promptly after the disclosure thereof on the Timely Disclosure network (TDnet) provided by the Tokyo Stock Exchange in accordance with the said rules. Arrangements shall also be made to widely transmit information not subject to the Timely Disclosure Rules to stakeholders such as by making materials available on the Company website and distributing webcasts, if it is deemed useful for promoting investment decisions and understanding of the Group. 3. Handling of Earnings Forecasts and Future Information Any earnings forecasts, strategies and goals disclosed by the Group, which are not facts about the past, are based on the assumptions and decisions made by the Group's Management based on information available as at the date of preparation thereof. Therefore, these may differ materially from the actual performance, etc. due to various risks and uncertainties. Please refer to the securities reports, etc. for details of these risks and uncertainties. 4. Handling of Insider Information (Designation of Quiet Period) In order to prevent the divulgence of financial information and ensure fairness, the period from the day following the closing date until the announcement of financial results shall be designated as the "quiet period," during which the Group shall refrain from responding to questions or making comments on the financial results and earnings forecast; provided, however, that even during the quiet period, the Group shall respond to questions, etc. regarding information which is already disclosed or made public. If any fact subject to the Timely Disclosure Rules occurs during the quiet period, or if significant deviations are expected from the earnings forecast announced in advance, information shall be disclosed as necessary under the Timely Disclosure Rules.

IV. Matters Related to Internal Control System, etc.

A. Basic Principles and Development Status of the Internal Control System Update

The Company resolved at the Board of Directors meeting held on July 1, 2006 to develop a system (the "Internal Control System") to ensure that the business of the Company and Group companies are properly conducted. The system was partially revised at the Board of Directors meeting held on March 26, 2019.

For the outline, please refer to the Notice of the General Meeting of Shareholders on the Company website.

- Notice of the General Meeting of Shareholders: <https://en.ccbj-holdings.com/ir/stockholder/meeting.php>

*For more details, please refer to the attached "Corporate Governance System" and "Outline of Timely Disclosure System."

B. Basic Principle toward Elimination of Anti-Social Forces and Status of Developing the System therefor

The Company has definitized its stance of not having any relationship with anti-social forces and organizations which threaten the order and safety of civil society, assuming a firm attitude toward such anti-social forces and organizations, and is making efforts to eliminate anti-social forces by familiarizing all employees within the Group of the company's stance and maintaining close contact with the police and lawyers, etc.

V. **Others**

A. Whether Anti-Takeover Measures are Introduced

Whether Anti-Takeover Measures are Introduced

N/A

Supplementary Explanations

Update

1. Please refer to the Notice of the General Meeting of Shareholders on the Company website for the details of the “Basic Policies on the Control of the Joint-stock Company,” an outline of the initiatives to realize the basic policies and the decisions of the Company’s Board of Directors regarding specific measures and the reasons therefor.
- Notice of the General Meeting of Shareholders: <https://en.ccbj-holdings.com/ir/stockholder/meeting.php>

B. Other Matters Related to the Corporate Governance System, etc.

Outline of Timely Disclosure System

1. Company’s Stance/Policy Regarding Timely Disclosure and Familiarization/Awareness-Raising thereof

As an entity engaging in the corporate activities of Coca-Cola Bottlers Japan Holdings Group, the Company has stipulated the following objectives and is making efforts to familiarize the Group’s employees with such provisions and raise employee awareness of the same through training, etc.:

- To provide information in a timely and appropriate manner and promote proactive communication;
- To manage corporate information in an appropriate manner in order to prevent divulgence/leakage of information;
- To constantly pursue transparent corporate management;
- To not engage in any act or alleged act of insider trading; and
- To take preventive measures by identifying risks, and promptly handle risks upon occurrence in order to avoid damage or decline in corporate value.

2. System for Executing Timely Disclosure

The Group has appointed an information manager who is the chief manager in charge of the management and release of corporate information in accordance with the internal regulations on the management and publication of corporate information.

A list of corporate information subject to timely disclosure is provided within such rules. In the event that any doubt arises as to whether a certain matter falls under corporate information subject to timely disclosure, the information manager shall decide upon the same through consultations with relevant parties.

Among the corporate information subject to timely disclosure, matters which have been decided upon shall be deemed to have occurred at the time the decision was made, while any other matters shall be deemed to have occurred when such matter occurred.

Corporate information subject to timely disclosure shall be released under the instructions of the information manager through procedures stipulated under the laws and regulations, etc. without delay after going through internal procedures such as the resolution of the Board of Directors.

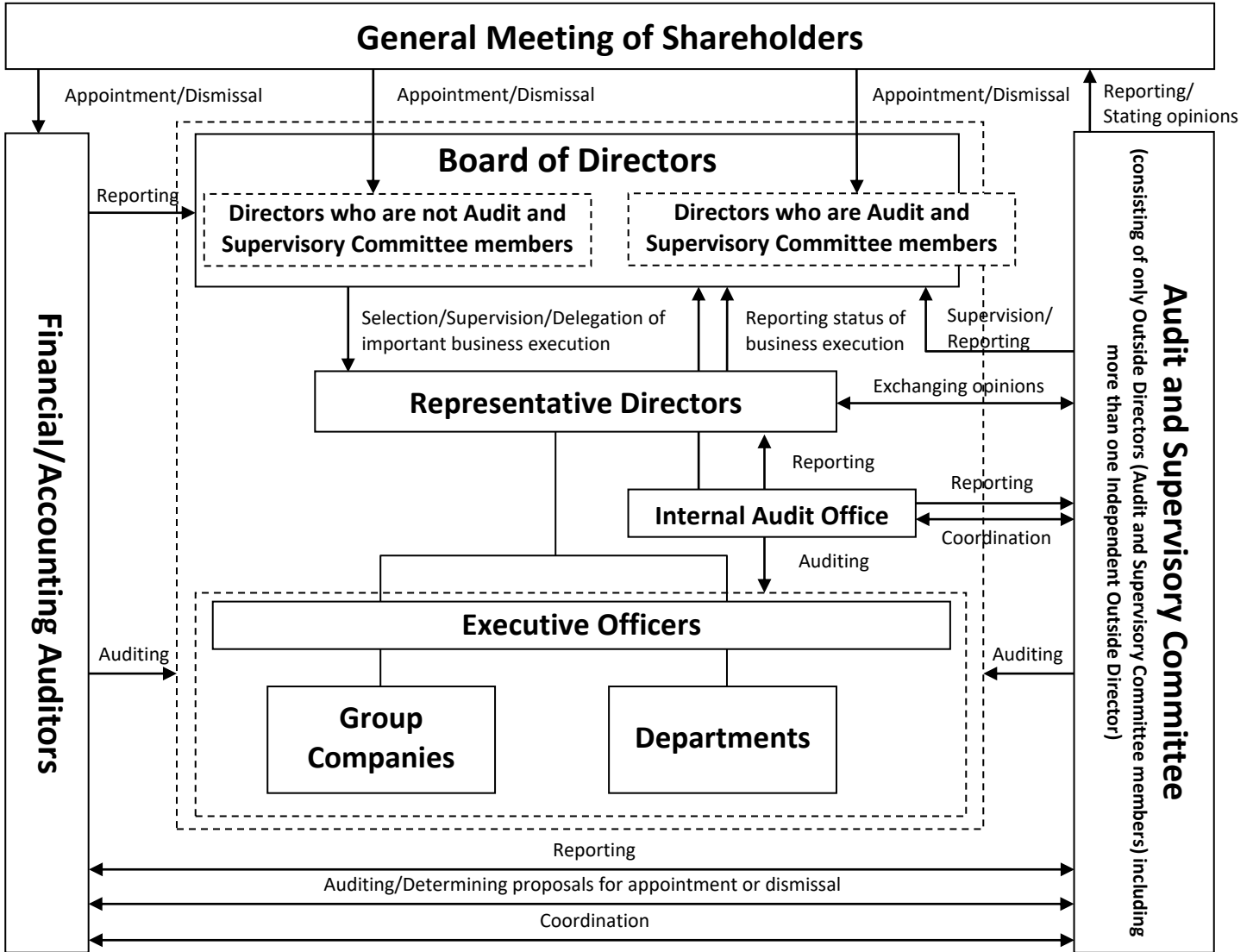
The management and release of corporate information shall be reviewed by external lawyers, accounting auditors, managing underwriters and securities agencies, etc. as necessary.

3. Monitoring of Timely Disclosure System

The Audit and Supervisory Committee audits the timely disclosure system in accordance with the Audit Standards of the Audit and Supervisory Committee which stipulates that the Audit and Supervisory Committee shall monitor and verify the establishment and operation of the timely disclosure system for Directors, and shall conduct verification, etc. of the details of the information subject to timely disclosure.

*For more details, please refer to the attached “Outline of Timely Disclosure System.”

Corporate Governance System



Outline of Timely Disclosure System

