



Paint it RED!

未来を塗りかえろ。

Our Mission, Vision, and Values state our commitment to continue being the preferred partner of our many stakeholders, especially our customers, shareholders and the communities in which we operate. These statements represent the kind of organization we wish to become and focus on growing sustainably, learning—both as individuals and as an organization—and demonstrating the value of integrity and trust.

Mission

Deliver happy moments to everyone while creating value

Vision

- We are the preferred partner for our customers
- We win in the market through sustainable growth
- We lead a learning culture with commitment to grow
- We are the best place to work with pride for Coca-Cola

Values

- Learning
- Agility
- Result-orientation
- Integrity

CONTENTS

Section

1

VALUE CREATION STORY

We present the CCBJH Group's value creation story, which incorporates our corporate philosophy and direction, and is inspired by a call to "Paint it RED! Let's Repaint our Future."

- 09 Top Message
- 11 CCBJH Group by the Numbers
- 13 Beverage Business Products and Brands
- 15 Value Creation Cycle
- 17 Coca-Cola System Sustainability Framework
- 19 CCBJH Group Commitments toward Value Creation

Section

2

VALUE CREATION INITIATIVES

We introduce our initiatives to create shared value, which are organized under the Inclusion, Communities, and Resources platforms.

- 21 Platform Inclusion
- 25 Platform Communities
- 29 Platform Resources

Section

3

FOUNDATION FOR VALUE CREATION

We introduce the initiatives that form the foundation of the CCBJH Group's value creation and the management structure that drives its growth.

- 37 Customer Satisfaction
- 38 Quality Assurance
- 39 Ethics and Compliance
- 40 Risk Management
- 41 Human Rights and Employee Job Satisfaction
- 43 Corporate Governance
- 44 Board of Directors
- 45 CCBJH Group Profile
- 46 CCBJH Group's Corporate Information
- 47 Plant Tours
- 48 Third-party Evaluation

Editorial policy

The Coca-Cola Bottlers Japan Holdings Group (CCBJH Group) believes we can help build a more sustainable society through our beverage business. In this report, our aim is to communicate the CCBJH Group philosophy of Creating Shared Value (CSV) and introduce some of our specific CSV initiatives to our stakeholders.

● Referenced guidelines

Global Reporting Initiative (GRI)
Sustainability Reporting Standards

● Period covered

This report covers activities from January 2020 to the end of December 2020.

Numerical data is also for the period from January 2020 to the end of December 2020.

● Scope of the report

Information presented in this report was collected from Coca-Cola Bottlers Japan Holdings Inc., Coca-Cola Bottlers Japan Inc., and the Coca-Cola Bottlers Japan Group companies*. The coverage of some environmental data can be found on page 36. (Please see page 45 for the Group structure.)

● Date of issue

May 2021

● Terminology

The "CCBJH Group" ("we") refers to Coca-Cola Bottlers Japan Holdings Inc. and its seven Group companies (Coca-Cola Bottlers Japan Inc., and the CCBJI Group's other companies), while "CCBJI" refers solely to Coca-Cola Bottlers Japan Inc. "CCBJI Group" refers to Coca-Cola Bottlers Japan Inc. and its Group companies. "Bottlers" refers to all bottling partners throughout Japan, as designated by Coca-Cola (Japan) Company, Limited. The "Coca-Cola system" comprises Coca-Cola (Japan) Company, Limited, its bottling partners, and other affiliated companies. "Customers" generally refers to both "consumers" (primarily product end-users) and "business partners" (primarily those who sell our products).

*Coca-Cola Customer Marketing Co., Ltd., Coca-Cola Bottlers Japan Vending Inc., FV Japan Co., Ltd., Kadiac Co., Ltd., Coca-Cola Bottlers Japan Business Services Inc., and Coca-Cola Bottlers Japan Benefit Inc.

Business as usual is not an option. We are embracing change to achieve sustainable growth.

We offer our sincerest sympathies to everyone impacted by the COVID-19 pandemic. We would also like to express our deepest respect and appreciation for the medical professionals, and for all who have been on the front lines throughout this difficult time.

Delivering happy moments to everyone while creating value

We are all living through unprecedented times because of the COVID-19 pandemic. Economic and social activity have been severely impacted, while businesses have been forced to change in order to protect the bottom line and continue to provide services in a dramatically changed environment. The beverage industry in Japan is no different, and has experienced lower consumer traffic in channels such as convenience stores and vending machines due to the impact of more people working from home and refraining from going out. In this environment, the CCBJH Group has rapidly adapted its work styles in an agile way; secured the safety of consumers, business partners, employees, and communities; and prioritized the continued support of local communities, by such means as donating beverages, implementing strict hygiene protocols, and shifting to a flexible work-from-home model. Our Mission is to “Deliver happy moments to everyone while creating value.” We will continue striving to provide safe and trustworthy products and services that are essential for daily life.

An unrelenting focus on transformation for greater growth

The CCBJH Group has placed creating

shared value (CSV)—in which business growth and society’s sustainability are treated as one issue—at the core of its business management.

In order to achieve our Mission and to continue our CSV activities, we must strengthen our business. In 2020, inspired by the strong determination that business as usual is not an option, we accelerated the transformation of our business under difficult circumstances. One example of this is our focus on developing a quicker and more agile supply infrastructure. With the startup of seven aseptic production lines—in which we have been investing since 2019—we have increased our production capacity for aseptic packaging by 20% to meet growing demand. Moreover, the optimization of our logistics network is progressing steadily with our advanced, large-scale automated distribution center (Saitama Mega Distribution Center) becoming operational in February 2021. Operations at the Saitama facility will ramp up in 2021 and this will play an important role in future delivery of efficiency savings. In addition, the new Hiroshima Plant—forced to relocate due to damage from torrential rains in western Japan in 2018—became operational in June 2020, and in October 2020, the plant’s tour facilities, which will provide an important venue for communication with stakeholders, were completed.

Solid progress in addressing society’s priority issues

With less than a decade until the target year of the United Nations Sustainable Development Goals (SDGs), activities related to the

environment, society, and governance (ESG) are of growing importance. The Coca-Cola system in Japan has identified three Sustainability Platforms based on the SDGs—Inclusion, Communities, and Resources—and has determined nine priority issues within these categories. To address these issues, the CCBJH Group has set its own non-financial CSV Goals and is advancing concrete initiatives.

In the area of Inclusion, in January 2021, we achieved our initial target—6% of our managers being female—earlier than planned, and we have updated our goal to having 20% female managers by 2030.

In Resources, the Coca-Cola system in Japan established its 2030 Packaging Vision in January 2018 (revised in July 2019) based on the global Coca-Cola vision of a World Without Waste. We are working to achieve this vision via three core elements: design, collect, and partner. We are making solid progress and have increased the content of recycled PET plastic in PET bottles to 28% (7 percentage points higher year on year). We have significantly reduced our use of plastics made from fossil fuels with the launch of products such as *!LOHAS Natural Mineral Water* in 100% recycled PET bottles and labelless packaging for online sales—which became available in March and April 2020, respectively.

For Communities, we are undertaking initiatives that leverage our valuable community partnerships to support Inclusion and Resource priorities as part of realizing flourishing communities.



Stakeholder collaboration is crucial for creating a virtuous cycle of sustainable growth

We face increasing uncertainty as social issues become more complex, and we are also dealing with the unprecedented threat of COVID-19. However, no matter the circumstances, our aim is to achieve our Mission. Realizing our Mission means more than just delivering happy moments to our consumers. It also involves continuing to provide society with value through our business activities, while maintaining a profit, therefore helping the whole of society to grow sustainably in a virtuous cycle. To do this, it is crucial to cooperate with our stakeholders. We aspire to fulfill our role in society in order to earn the support of our stakeholders, and, at the same time, strive to evolve even further as a corporate group. The Tokyo 2020 Olympic and Paralympic Games, long awaited by many around the world, is expected to be held in 2021. As a bottling company in the host country—and in collaboration with Worldwide Olympic Partner, The Coca-Cola Company, as well as Coca-Cola (Japan) Co., Ltd.—we will deliver happy moments to everyone and do our part to make the games a successful and memorable occasion.

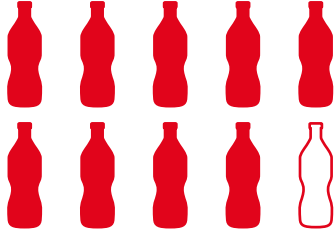
Calin Dragan
Representative Director and President
Coca-Cola Bottlers Japan Holdings Inc.





Business area

Tokyo, Kyoto, Osaka, and
35 prefectures



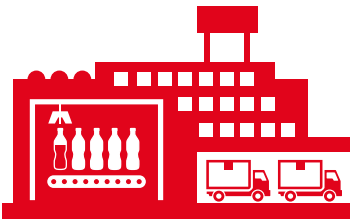
Sales volume

About **90%**
of the Coca-Cola system
in Japan



Consumers in sales area

About **112** million
(51 million households)




Plants

17




Sales and distribution centers

About **330**



Customer outlets

About
250,000




Vending machines

About
700,000



Annual sales volume

About
500 million cases



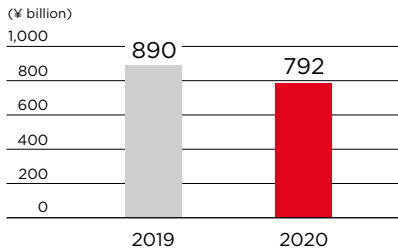
Vehicles

About **14,500**

2020 Financial Highlights (consolidated; IFRS)

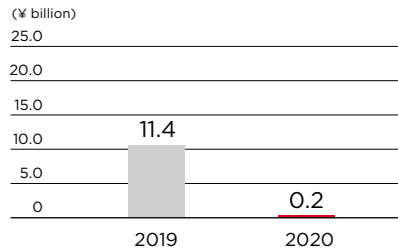
Revenue

¥792 billion



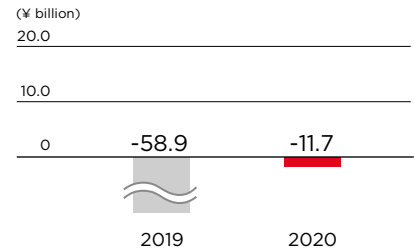
Business income*

¥0.2 billion



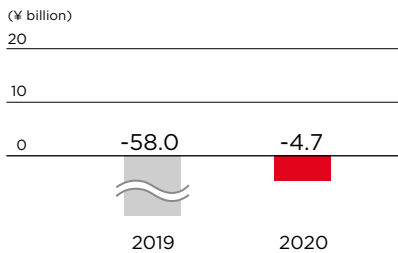
Operating profit

-¥11.7 billion



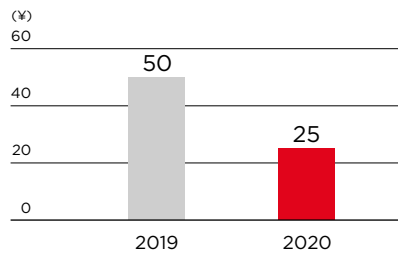
Net profit for the year attributable to owners of the parent

-¥4.7 billion



Dividends per share

¥25



*Business income is a measure of recurring business performance calculated by deducting the cost of goods and SG&A from revenue, and accounting for other recurring income and expenses.

Note: Since it was decided in December 2020 to sell all shares of Q'SAI CO., LTD. held by the Company, Q'SAI CO., LTD. and its subsidiaries were classified as discontinued operations in fiscal 2020. Therefore, the values for revenue, business income, and operating loss in the previous fiscal year have been adjusted to constitute only those of continued operations and to exclude discontinued operations.

2021 Outlook KPIs

Shift from "Resilience" to "Recovery toward Growth"

Market share



Value share growth to drive revenue recovery

Recurring cost savings

¥7-9 billion

Recurring cost savings target through transformation

Annual dividends

¥50/share

Return to stable dividend

Capex*

¥45-50 billion

Restraint in new capex during ongoing COVID-19 uncertainty

Depreciation

¥55-60 billion

Driven by supply capacity investment through end of 2020

Content of recycled PET

40%

Expand recycled PET usage, on track to meet ambitious 2030 goals

*Not including IFRS 16 non-cash items

Beverage Business Products and Brands

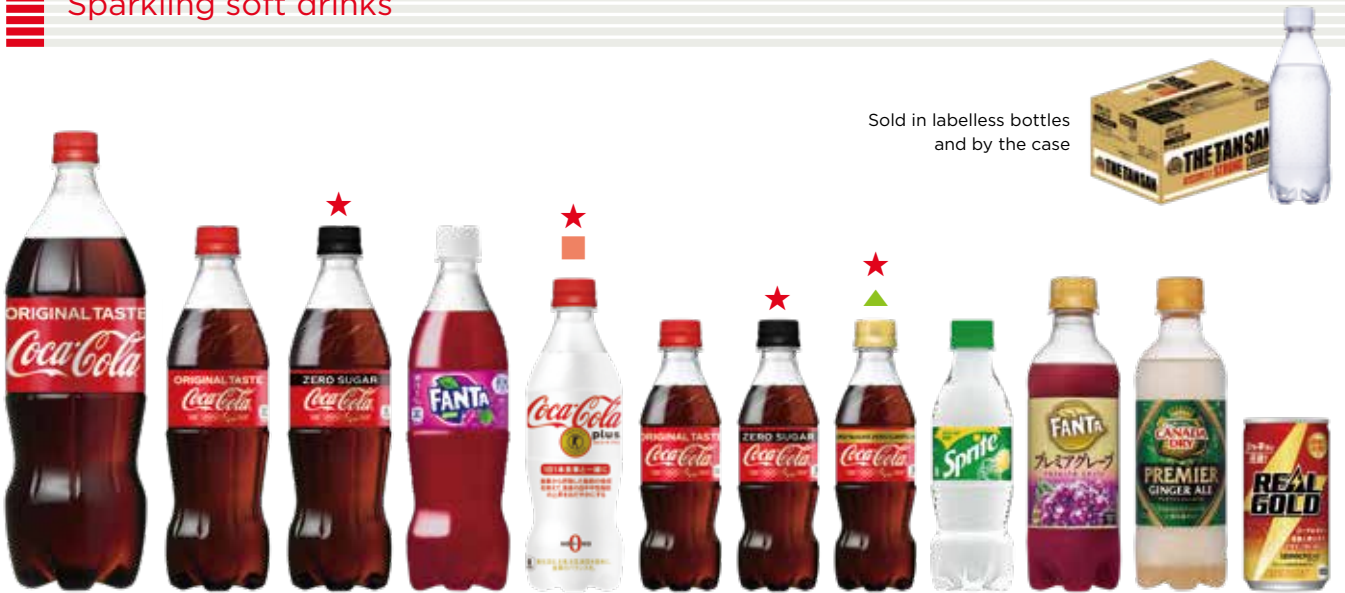
CBBJH Group has a wide line-up of products to meet the many needs of our consumers and to support their diverse lifestyles and healthy choices.

Explanation of icons:

- ★ Zero calorie/calorie-free
- ◆ Low sugar
- FOSHU
- Functional product
- ▲ Caffeine-free



Sparkling soft drinks



Tea



Coffee



Note: Set to launch on June 7, 2021

Sports drinks



Water and flavored waters



Sold in labelless bottles and by the case

100% recycled PET bottle

100% recycled PET bottle

Juice and juice drinks



Alcoholic drinks



Achieving Sustainable Growth

The CCBJH Group aims to create both social and economic value and achieve sustainable growth by using water and other indispensable natural resources responsibly to provide its customers high-quality value-added products, while working in collaboration with The Coca-Cola Company and the members of the Coca-Cola system in Japan.

MISSION

Deliver happy moments to everyone while creating value

INPUT

Natural capital

- Water, which is the source of our value creation, and other natural resources

Intellectual capital

- Key global brands, led by “Coca-Cola,” and brands loved in Japan
- Marketing and R&D expertise to meet the needs of our customers
- Close relationships with The Coca-Cola Company, including the Coca-Cola (Japan) Company, and members of the Coca-Cola system in Japan

Manufactured capital

- A raw materials procurement network, leveraging the scale of the global Coca-Cola system, that facilitates the production of safe and trustworthy products
- Cutting-edge management systems, facilities, and technology in our production plants
- A network of vending machines covering our entire sales area

Human capital

- Employment of diverse and inclusive human resources
- Different work styles that allow employees to maximize their talents

Social capital

- The trust of our stakeholders and their support for CSV initiatives
- Close involvement in community activities throughout our sales area

Financial capital

- Good stewardship of capital
- Solid balance sheet
- Shareholder returns


Creating



Inclusion

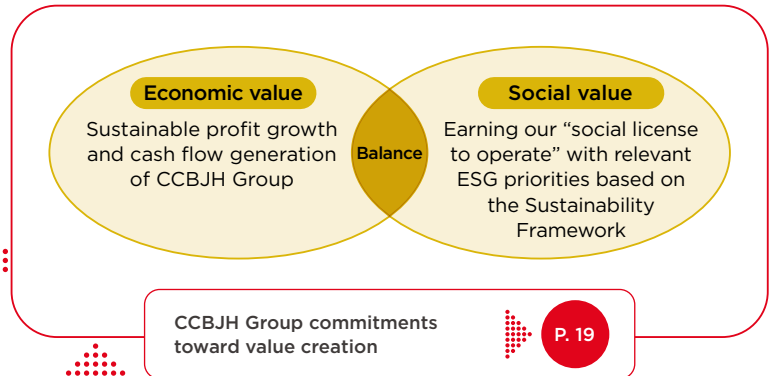
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Coca-Cola System Sustainability Framework:  **P. 17**

Progress report by material issue:  **P. 21**



OUTCOME



OUTPUT

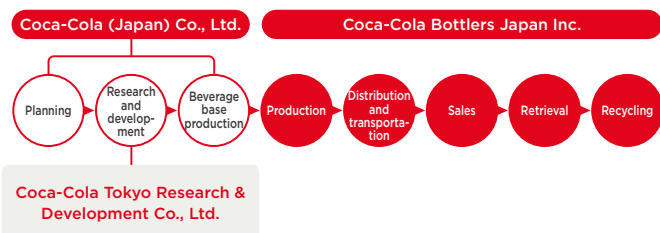


BUSINESS MODEL

In our beverage business, the CCBJH Group aims to deliver to customers the beverages they want, when and where they want them. To make this a reality, we aim to achieve best-in-class innovation and operations while collaborating with The Coca-Cola Company and the Coca-Cola (Japan) Company. While rapidly responding to changes in society and the market environment, we are creating products that not only meet customer needs now, but will also fulfill unmet needs.

The Coca-Cola system in Japan

The Coca-Cola system in Japan is composed of Coca-Cola (Japan) Co., Ltd.—which supplies beverage base, plans and develops new products, and conducts marketing activities—as well as five bottling partners and other affiliated companies that manufacture or sell products and retrieve their containers for recycling.



SV

Shared Value



Creating shared value (CSV) is at the core of our business because we believe opportunities for further Group growth come from helping address social issues. We carry out CSV initiatives based on our Sustainability Framework, which was developed from a detailed materiality analysis for the business. Our Sustainability Framework comprises three platforms—Inclusion, Communities, and Resources—and nine priority issues.

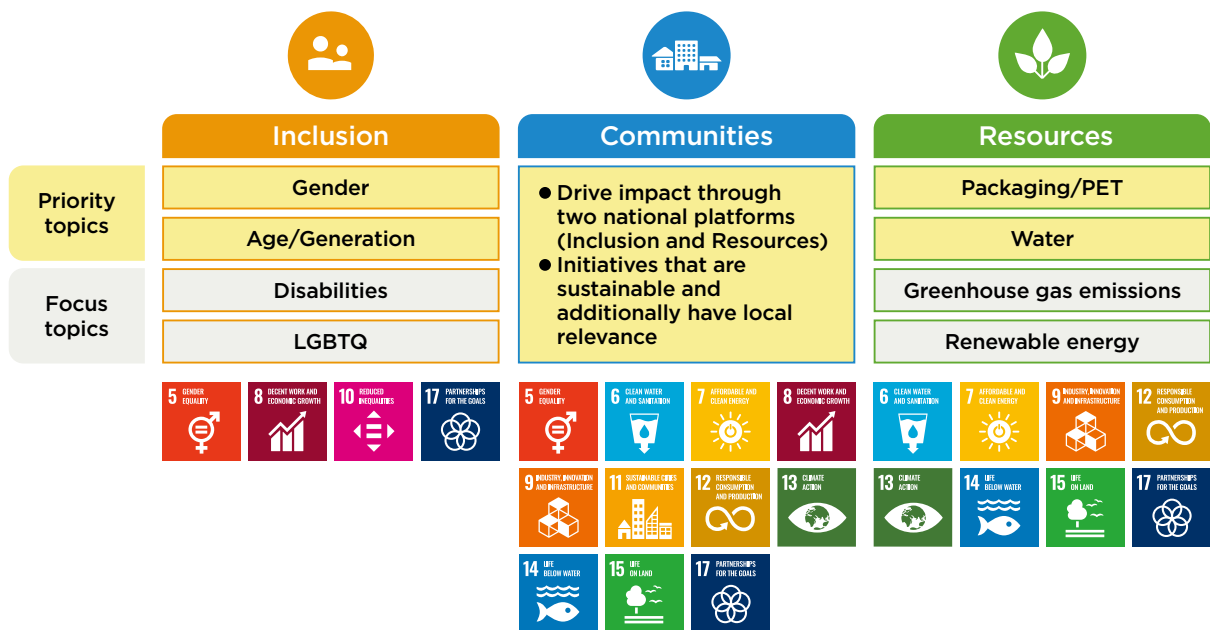
In 2019, Coca-Cola (Japan) Co., Ltd. and Coca-Cola Bottlers Japan Inc. jointly conducted a large-scale study to identify sustainability issues and set priorities based on materiality for the Coca-Cola system in Japan. The intent was to formulate a strategy reflecting issues unique to Japan, in addition to global sustainability targets being pursued worldwide, and to include these in a common action plan for the combined Coca-Cola system in Japan. The result was an agreement on the three platforms of Inclusion, Communities, and Resources, and nine priority issues to be addressed across Coca-Cola’s operations in Japan.

Purpose of Coca-Cola System Sustainability Activities

We are committed to creating a shared future and a sustainable business that can make a difference when addressing important challenges facing Japan, including the environment, people’s lives, and our communities.

Japan Coca-Cola System Sustainability Framework: Three Platforms and Nine Priority Issues

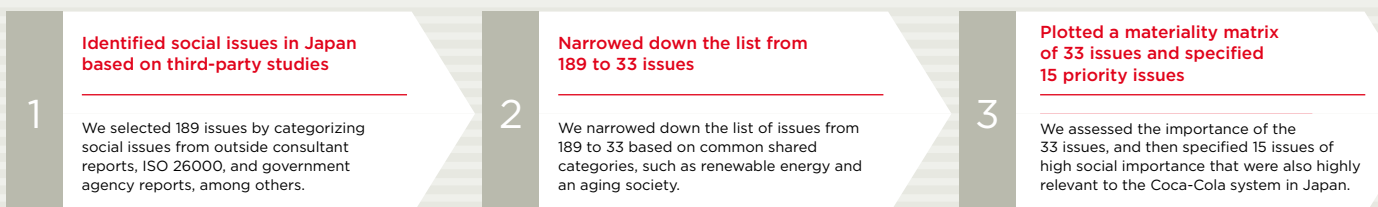
The nine priority issues are further subdivided into five priority topics specified for immediate action, and four focus topics that require dedicated attention and action plans. We have also examined the impact of the three platforms against the Sustainable Development Goals (SDGs) and are working toward progress against these SDGs.



Going forward, the Coca-Cola system in Japan will develop and implement concrete action plans based on the identified priority issues.

We will continue to report regularly on the progress and results of activities by Coca-Cola Bottlers Japan, Inc., in partnership with the Coca-Cola system in Japan and seek to engage in activities aligned with the times, referring to the opinions of NPOs, outside specialized organizations, experts and other third parties.

Process of Establishing the Sustainability Framework



Q&A with the head of IR and Corporate Communications, Raymond Shelton

Q. 1 | How did you go about establishing the Sustainability Framework?

In 2018, The Coca-Cola Company adopted the global goal of realizing a World Without Waste. In addition to promoting, for example, a 100% recycling rate for our packaging, we are tackling a variety of social issues around the world, such as water resource conservation and encouraging women’s success in the workplace. Then, within the Coca-Cola system in Japan, we emphasized how to approach not only global issues, but also issues unique to Japan that the country should take the lead on. We held discussion forums throughout the system, and while aligning with global goals, we identified priority issues from among the social issues that Japan is confronting. While aiming to address issues that can leverage our specific strengths, the most important thing is building a strategy to bring about business growth and protect our “social license to operate” as a local company fulfilling our mission to “Deliver happy moments to everyone while creating value.”

Q. 2 | What was your focus in establishing the Sustainability Framework?

We focused on three different perspectives.

First, the relationship between Japan and the rest of the world. We thought it was necessary to consider all the issues from both a global and a Japanese point of view. Second, the relationship between the present and the future. It was important to select themes that incorporate the future as well as the present. Third, we looked at social impact. We emphasized the positive impact we could make by fully utilizing our strengths to meet society’s needs.

From these three perspectives, we have identified issues that balance Japan’s unique challenges with our strengths. Among these issues, with regard to recycling packaging, we have set goals that are both unique to Japan and even higher than our global goals.

Raymond Shelton

Executive Officer,
Head of Investor Relations and
Corporate Communications



Q. 3 | When establishing the Sustainability Framework, what was the reason for engaging with the entire Coca-Cola system in Japan?

What is most important is not the identification of the problems, but the practicalities of implementing the solutions. Issues and needs differ from region to region—even within Japan—and we must respond appropriately in each area, which can require cooperation with external organizations and coordination across our nationwide footprint of Coca-Cola related companies in Japan. We have the opportunity to leverage the full scale of the Coca-Cola “system’s” operations across Japan and, indeed, around the world. To that end, it is important to collaborate across all five Coca-Cola bottling partners who have contacts with stakeholders in each region, and the Coca-Cola (Japan) Company. After formulating our Sustainability Framework, the Coca-Cola system in Japan has been strongly promoting united efforts on our priority platforms of Inclusion, Communities, and Resources.

Recently, the importance of sustainability has only increased. In the years to come, we will use our business to work alongside our stakeholders to promote activities that help resolve priority issues.

4

Conducted interviews within the Coca-Cola system and adjusted priority issues

We then added priority issues identified through workshops with management and employees of the Coca-Cola system in Japan, which increased the number of priority issues to 19.

5

Specified 3 platforms and 9 priority issues

After discussions with the management of the Coca-Cola (Japan) Company and Coca-Cola Bottlers Japan, 3 platforms and 9 priority issues were agreed upon.



Workshop held in 2019

The CCBJH Group is committed to achieving sustainable growth along with its corporate Mission. The Group has established business strategies and set key performance indicators (KPIs) for creating economic value, and has set non-financial goals, or CSV Goals, for creating social value. We are promoting a cycle of value creation by annually checking the progress of our commitments against the KPIs in a plan-do-check-act (PDCA) cycle.

CCBJH Group commitments (KPIs)

COMMITMENT

Economic value



Management strategy and KPIs








● 2021 Outlook KPIs  P. 12



Earnings presentations
<https://en.ccbj-holdings.com/ir/library/presentation.php>



Social value Non-financial goals: CSV Goals

 Products	● 100%	Zero/low-calorie options for core brands
	● 300%	FOSHU/functional product growth
	● 100%	Front-of-pack calorie label and straightforward nutritional information
	● 100%	Observation of The Coca-Cola Company Responsible Marketing Policy
 Water	● 200%	Water source replenishment. Focus on watersheds near our plants
	● 30%	Water usage reduction by 2030
 Climate change	● 25%	Reduction in greenhouse gas emissions by 2030
	●	Promotion of renewable energy
 World Without Waste	Design	● 50% Content of recycled PET in PET bottles by 2022
		● 90% Content of recycled PET in PET bottles by 2030
		● 100% Sustainable PET without fossil fuel use by 2030
	Collect	● 100% Adoption of recyclable packaging by 2025
		● 35% Further lightweight PET packaging by 2030 (compared to 2004)
	Partner	● 100% Collection percentage compared to sales volume by 2030
 Procurement	● 100%	Sustainable sourcing
	● 100%	Adherence to Supplier Guiding Principles across the CCBJH Group value chain
 Human rights	● 10%	Female managers by 2025
	● 20%	Female managers by 2030
 Diversity and inclusion	● 10%	Employee volunteers
	● 1 million	Participants in community programs

Baseline year is 2015 and target year is 2025 unless otherwise stated.



Details on our CSV goals
<https://en.ccbji.co.jp/csv/csvgoal/>



Value created (outcome)

OUTCOME

Economic
value



The achievement of sustainable growth by promoting responsible business practices and ensuring profitability

Social value



Consumers and customers

- Delivering happy moments to consumers by providing refreshing beverages that support consumers' lifestyles, as well as promoting more informed and healthier choices
- Increasing awareness and support of appropriate beverage habits



Environment

- Promotion and development of a low-carbon society, a circular economy, and a society that coexists with nature



Business partners/suppliers

- Building of constructive relationships aimed at shared sustainable growth
- Long-term support for producers, retailers, and food service establishments



Employees

- Provision of workplaces and opportunities that enable employees to work with pride and to continue learning regardless of gender, age, or generation



Communities

- Revitalization of communities
- Helping address social issues



Shareholders

- Creation of shareholder value by ensuring profitability and promoting ESG initiatives

