

SUNTORY

Suntory Group CSR Site

2018

PDF



CONTENTS

Top Commitment	002
Suntory Group's Philosophy on CSR	
Founder's Spirit and Sustainability	004
FY 2018 Stakeholder Dialogue	007

Suntory Group's Philosophy on CSR 019

- Enhancing CSR Activities using ISO26000
- Editorial Policy on CSR Information

To Create Harmony with Customers and Partners Products and Services 031

- Voluntary Declaration toward Consumer Orientation
- Voluntary Declaration of Consumer-orientation
Activity Report (FY2017)
- Appropriate Information Disclosure
- Promotion of Group Quality Management
- Quality Assurance from a Customer Perspective in
All Processes
- Communicating with Customers
- CSR Procurement
- Just and Fair Transactions
- Promoting Distribution Considering Safety
- Reducing Harmful Drinking

To Create Harmony with Nature Environment 068

- Environmental Management
Environmental Vision / Business Activities and
Environmental Impact / Environmental Management /
FY2017 Targets, Results and Evaluation / Environmental
Education for Employees
- Water Sustainability
Sustainable Water Philosophy / Natural Water Sanctuaries
(Water Resource Cultivation/ Preserving Biodiversity) /
Bird Conservation Activities / *Suntory Mizuiku* - Education
Program for Nature and Water
- Climate Change Measures
Preventing Global Warming / Initiatives in Production /
Initiatives in Distribution / Energy Conservation in Vending
Machines / Initiatives in Sales, R&D, Offices, etc. /
Green Procurement and Purchase / Effective Use of
Resources / Effective Use of Water Resources / 3R in
Containers and Packaging / Flow of Collection Through
Recycling of Containers / Promoting the Reduction and
Recycling of Waste / Preventing Pollution and Management
of Chemical Substances
- Environmental Communication

To Create Harmony with Society

Cultural and Social Contribution 146

- Basic Policy on Social Activities
- Arts, Culture and Academic Activities
- Sports Activities
- Social Welfare
- Developing the Next Generation
- Disaster Recovery Support
- Contributions to Local Communities
- Employee Volunteer
- Supporting Challenged Sports

To Create Harmony with Employee

Diversity Management 185

- Basic Policy on Human Resource
- Employment Status
- Development of Human Resources
- Promoting Diversity
- Promoting Work-Life Balance
- Labor/Management Relations
- Occupational Health and Safety
- Health management
- Group Global Human Resources Department

CSR Management 231

- Corporate Governance
- Basic Concepts and Operations for the Internal
Control System
- Compliance
- The Suntory Group's Code of Business Ethics
- Respect for Human Rights
- Risk Management

CSR Activities of Each Group Company 258

- Activities of Overseas Group Companies
Suntory Beverage & Food Europe / Pepsi Bottling
Ventures Group / PT Suntory Garuda Beverage /
Suntory PepsiCo Vietnam Beverage Co., Ltd. /
Fruco Suntory / Beam Suntory Inc. / Château
Lagrange S.A.S. / Weingut Robert Weil

Questionnaire Results 311

Major CSR Data 312

GRI Standards Content Index 334

Top Commitment

Continue Innovation and Challenge as “Mizu To Ikiru” Company to Contribute the Realization of Sustainable Society

Takeshi Niinami

**President and Chief Executive Officer, Member of the Board,
Representative Director, Suntory Holdings Limited**



The Suntory Group defines its mission to create more affluent lifestyles while simultaneously realizing constant harmony with society and the beautiful global environment by delivering the highest quality products and services to people around the world as the “To Create Harmony with People and Nature” corporate philosophy. Moreover, “Mizu To Ikiru” are the words we use to symbolize our promise with consumers and society to put this corporate philosophy into practice. These words incorporate our desire to protect rich water resources and an environment that cultivates water, our wish to be a company that enriches society like water and our hope to always be as free and flexible like water to persevere in new themes. We know that fulfilling our promises will help realize a Suntory Group trusted by people worldwide because this promise continually demonstrates to the world specific success around these three passions which incorporate the “Mizu To Ikiru” spirit as our businesses expand globally around alcoholic and non-alcoholic beverages.

However, the challenges we need to confront are extremely broad from global environmental issues, depleting resources, energy and food due to population growth as well as the growing disparity gap. The world is actively moving to find solutions to these problems as shown by the Sustainable Development Goals (SDGs) adopted at the 2015 United Nations Summit as well as Paris Accord established at the COP21 (United Nations Framework Convention on Climate Change). The Suntory Group sincerely confronts these same problems as it expands businesses globally and knows it must further accelerate initiatives able to contribute to resolving each issue.

The environment is the management foundation for the Suntory Group which is supported by the blessings of nature from water to agricultural goods. We believe that we have a duty to pass down a planet lush with nature to the next generation by contributing to this rich natural environment. In particular, we have positioned issues related to the water which is a vital resource supporting both the lives and lifestyles of people as well as the economy while also being the source of the business activities at the Suntory Group. As a “Mizu To Ikiru” company, we have positioned water as the issue to prioritize above all else. This awareness led us to sign The CEO Water Mandate United Nations Global Compact initiative in March 2018. Our participation in this initiative represents the strong will of the Suntory Group to resolve problems related to water.

■ Contributing to the Realization of a Sustainable Society Worldwide in Anticipation of the Future

The Suntory Group formulated the Sustainable Water Philosophy as a fundamental ideal shared throughout the entire Group in 2017 to ensure the ideas and activities of Water Sustainability cultivated in Japan are practiced globally. Furthermore, we amended the Environmental Vision toward 2050 and set new targets toward 2030 to provide even clearer direction to our environmental management. These aggressive new targets have been set around the two pillars of water sustainability and climate change measures for the purpose of handing down a sustainable global environment to the next generation. In terms of our targets related to water, we have set a goal to cut water use in half at plants worldwide by 2050*1 and will promote manufacturing limiting water use. We would also like to contribute to realization of an affluent sustainable society by expanding initiatives that also take on the challenge of addressing regional issues such as water access striven toward by international action goals while actively expanding water enlightenment programs at the same to share with society the importance of passing down a planet lush with nature to the next generation.

*1 Reduction per unit production based on the business fields in 2015.

■Strengthening Initiatives Worldwide to Address the Most Important Problem of Water

Suntory plants carried out water conservation activities related to their water consumption and achieved a 26% reduction per unit production in 2017 compared to 2007. We will expand initiatives aiming to further reduce the water consumption at our plants all over the world by 2030.

We are also clearly expanding water initiatives in line with the issues faced in each region where we are growing our businesses. The Natural Water Sanctuary Projects conducted to preserve water resources and biodiversity which began in 2003 from Kumamoto and Aso have grown to approximately 9,000 ha across 20 sites in 14 prefectures throughout Japan. In addition to launching a Water Sanctuary Project at the Maker's Mark American distillery in Kentucky and expanding water resource conservation activities while co-existing with communities, we have started nature conservation activities in France suitable to the situation faced in each region. We have also taken the next-generation Suntory Mizuiku-Education Program for Nature and Water that began in Japan in 2004 to Vietnam and South Africa to share the importance of the natural environment which cultivates rich water sources. We are contributing to improving the sanitation of the environments where these children live in addition to sharing information such as the vitality of water and the importance of preserving water sources.

■Aiming to be a Company Valued by Society as ONE SUNTORY

The challenge of bringing the “*Mizu To Ikiru*” spirit global and making sustainability a reality is massive. However, we know the very moment we realize this goal at the Suntory Group is the moment when we will become a good corporate group trusted, adored, and sincerely valued by people around the world.

The foundation of these initiatives is the strength of each and every employee under the Suntory Group umbrella. The unflinching challenging spirit rooted in “Yatte Minahare” spirit passed down since our founding and the “Giving back to society” spirit which drives us to contribute a portion of the profit earned from our businesses to society are vibrant in the Suntory Group today. We will leverage the strength of the diverse values, ideas and skills of our human resources as ONE SUNTORY to go beyond the borders of countries, businesses and organizations founded in these two founding spirits. This strength will allow each employee to find motivation and happiness in their work and drive the ongoing growth of both the individual as well as the organization. We will expand this circle of happiness to include society. Our belief is that the ideal form of our corporate group grows continually together with consumers and society in this virtuous circle.



We at the Suntory Group will continue to innovate and step up to challenges with the goal of becoming a “Growing for Good” company, which continues to create new value toward the realization of a sustainable and vibrant society by listening to the voices of all of our stakeholders, including our customers.

June 2018

Takeshi Niinami

President and Chief Executive Officer, Member of the Board, Representative Director,
Suntory Holdings Limited

Suntory Group's Philosophy on CSR Founder's Spirit and Sustainability

Contributing to the realization of creating
harmony with people and nature
through giving back to society

We aim for an “In Harmony with People and Nature” society.

The mission of the Suntory Group is to contribute to building society sustainable over the long term by working toward relationships in which both parties benefit without sacrificing the prosperous life culture of people or preservation of the natural environment.

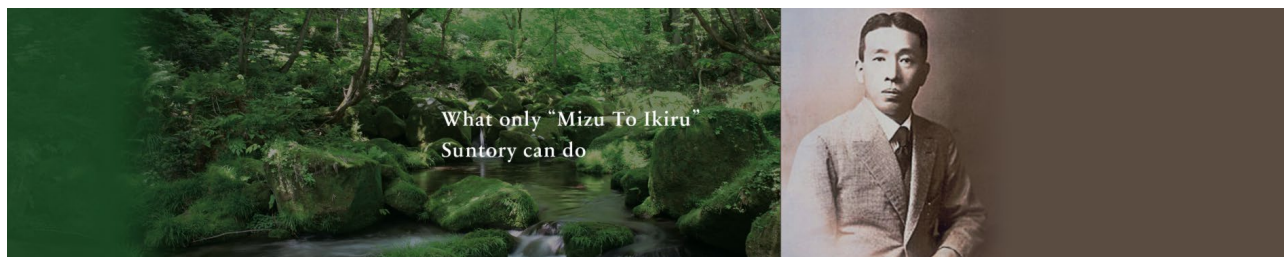
The Suntory Group is pouring its strength into a wide range of social contribution activities.

The foundation for our philosophy to value these social contribution activities is rooted in the “Sharing the Profit” spirit actively passed down since our founding.

Founder Shinjiro Torii was almost religious in advocating this management philosophy.

His words taught us not only to reinvest in our businesses from our earnings but also ensure this revenue contributes to providing services to clients and business partners as well as to society.

As found in the basis of the “good for everyone” philosophy held by Omi merchants to conduct business good for the seller, the buyer, and for the people, Shinjiro Torii also always wanted to contribute to society.



This founding spirit has been passed down without fail to today. It is alive in our arts and culture initiatives represented by Suntory Museum of Art and Suntory Hall as well as in support to the Social Welfare Organization Hojukai and other social contribution activities.

As part of these efforts, we are especially active in water sustainability incorporated into our environmental activities conducted under Suntory Follower Your Nature.

Water is the most important management resource for the Suntory Group as well as a vital resource shared by everyone around the world.

That is why we are grateful for the bounty nature has given us as a source for our products.

To ensure a healthy natural ecosystem giving us these blessings from nature, we will always endeavor in a variety of initiatives, including the Natural Water Sanctuary projects, *Mizuiku* - Natural Water Education Program and our bird conservation activities.

As a “Follow Your Nature” company, we will aim to stand as a corporate group which protects the forests that cultivate water and quenches the needs of society as water quenches the thirst of all living things.

Our hope to realize a society sustainable over the long term is the same as the passion shown by our founder.



Suntory Group Philosophy

"Mizu To Ikiru" is our corporate brand promise. It is not just a tagline, but an open door, welcoming employees, consumers, and external stakeholders to understand who we are and what we believe in. We strive to preserve the environment that nurtures and protects precious water vital to the earth while continuing to challenge ourselves for the creation of new value as a company that enriches society.



Our Mission

To Create Harmony with People and Nature

Our mission is the fundamental reason for Suntory to exist, and it guides and inspires our organization.
To create harmony with people and nature
We will focus on the needs of our customers. We deeply respect nature and will strive to protect the environment. By forging greater bonds of appreciation between people and the world around them, we will seek to promote richer, more fulfilling lives. This is the mission of the Suntory Group.

Our Vision

Growing for Good

Our Vision describes what Suntory wants to achieve. It applies both to the company as a whole, and to each individual within the company.
Growing for good
The bigger we are, the greater our positive impact can be. We will grow to become a company that always benefits its community. By doing good things for society and the environment, we will help make a better, brighter future. Each and every employee must never forget the passion and desire to persevere in their work to continue to grow as individuals who earn trust through sincerity, which is the "Good" in Growing for Good.

Our Values

Our Values reflect our organization's culture.

“Yatte Minahare”

It is forever fundamental to Suntory and expressed in the two statements: We earnestly accept challenges. United by our drive to succeed, we move together to create markets and provide new value. From the start, Suntory has been a pioneer. Today we look forward boldly and confidently. Those passions lead to the creation of new markets and also allowed us to offer new values. “Yatte Minahare” is the value that shall be the driving force of our business operations.

Giving back to society

By giving back generously to the world, we show that Suntory stands for both enjoyment and responsibility. While we always aim for success, we recognize the importance of the world around us. We are committed to building long-lasting, mutually beneficial relationships. We are committed to building a mutually beneficial relationships with stakeholders and society through sharing our success with the spirit of appreciation. This is also an unchanging value of the Suntory Group.

The Suntory Group's Code of Business Ethics

The Suntory Group's Code of Business Ethics is a foundation for every activity we do to realize our corporate philosophy. It formulates basic stance that we see important to fulfill our responsibilities to the society and gain its trust.

Mizu To Ikiru

“*Mizu To Ikiru*” , literally “living with water” , is the promise we make to our customers, and the voice of our philosophy.

From here flow all our other brand attributes, and every facet of our business.

We value the blessings of water, and deliver them as goodness that touches every part of our world.

We protect water in all its forms. Like water, we change and adapt. Every day, we turn into something new.

Dialogue with Society

Creating Suntory Group Value Through Water Initiatives Worldwide

Our dialogue with society introduces the sustainable management advocated by the Suntory Group and its worldwide water initiatives to a panel of experts to receive their critique and guidance in a roundtable discussion.

●Date: May 17, 2018

●Suntory World Headquarters (Odaiba Office)

■Experts



Peter D. Pedersen
Co-founder of E-Square Inc.
Co-representative of NELIS



Kaoru Nemoto
Director, United Nations Information
Centre



Mariko Mishiro
President, RIDEAL Co.
WICI Japan Board Member (Director)

■Suntory



Tomomi Fukumoto
Executive Officer, Suntory Holdings Limited
Senior General Manager, Corporate Sustainability
Division



Kenji Naiki
Suntory Holdings Ltd.
Senior General Manager of Sustainability
Promotion, Corporate Sustainability Division



Masaki Tomioka
Suntory Holdings Ltd.
Senior General Manager, Corporate Brand
Department, Corporate Sustainability Division

■Moderator

Hidenori Imazu

Program Committee Member, Japan Forum of Business and Society

Awareness of Integration and an Overall Perspective Are Vital

- Moderator | Today, I hope we can have a candid discussion from a global perspective about the SDGs and ESG initiatives which are part of Suntory Group's sustainable management efforts. First, I would like to ask for your frank impressions and critiques about Suntory's initiatives.
- Pedersen | Suntory aims to be the top multi-faceted food and beverage company both trusted and adored throughout the world. In this endeavor, the long-term effort to establish Suntory as a Follow Your Nature company praised globally is excellent. These initiatives have really left an impression of evolution over the years. However, the one concern that I do have is about the alignment (consistency) of these efforts. The Suntory Group as a whole is made up of 52% non-Japanese employees with 41% of its revenue made in overseas markets. This means sharing the corporate philosophy throughout the entire Group is extremely important. I think disseminating information in English fully has to happen to ensure all overseas Group employees share the same vector.
- Nemoto | The Suntory Group brings the Sharing Profit with Society and Good for Everyone founding spirits to its initiatives, but incorporating the Future and Earth into these founding spirits is important when working toward the SDGs. There are many different approaches to achieving the SDGs because these goals do not have one right answer, but we aim to share a vision for the ideal form in 2030. That is why I think the "Yatte Minahare" spirit aligns very well with the spirit of the SDGs.
- Mishiro | The Suntory Group is not simply raising its philosophies in its reports but actually reporting on the specific efforts which put these philosophies into practice. A report can only offer so much insight. I have gained an even deeper understanding of Suntory's initiatives through the in-depth explanation today. I can truly feel the level of emphasis Suntory is putting into having a dialogue with stakeholders as a company by providing opportunities for roundtables like this one. While most companies' medium-term management plans in Japan have been three to five years up until now, the Suntory Group has put in place a long-term vision in anticipation of the next 20 to 30 years, which I think is fantastic.
- Tomioaka | Suntory is a company which began in the business of whisky, a drink that requires quite a bit of time to brew. I think this is why we have always valued a medium to long-term outlook. However, to fully flush out a future vision anticipating the next 20 to 30 years, the Suntory Group had to review its strengths over and over again to bring focus to the needs of the next generation. I think our next step is to consider the best way for us to move forward.
- Nemoto | I do not see a clear point engaging Suntory employees in the materiality, which is a concern. As the ratio of overseas employees grows, personnel policies that respect diversity are important and encouraging an employment environment with gender equality is a must. If Suntory can incorporate the perspective for reducing disparities as a global company such as that defined in Goal 5: Gender Equality and Goal 10: Reduced inequalities in the SDGs, I think Suntory will see strong unity and less inconsistency in the management of the corporate group even in ESG investment areas. I can understand why a company with a livelihood founded in water would place emphasis on Goal 6: Clean Water and Sanitation, but Goal 16: Peace, Justice and Strong Institutions are very important in terms of governance while Goal 17: Partnerships for the Goals is vital in terms of financial resources. Looking at the overall picture of things with awareness toward integration based on these considerations would give even greater excellence to the efforts of Suntory.
- Mishiro | One challenge which has been raised is the relevance with finance. Suntory has conducted a variety of activities from the perspective of ESG evaluations, but I would like to see the points illustrated about the specific financial impact of those efforts. As Peter Pedersen said earlier, the alignment of ESG and CSR activities as well as the financial aspects is important. In the future, I think sharing the corporate philosophy, activities and the stories precisely throughout the entire Group will be vital as the Suntory Group further expands its business globally. Out of curiosity, how are you translating "Yatte Minahare" in English?

Fukumoto

We actually use “Yatte Minahare” in English too. “Yatte Minahare” is not meant to only represent a challenging spirit but also to see decisions through to fruition and to confront challenges with persistence bearing down and never giving up. At first, we had translated “Yatte Minahare” as Go for It as a way to permeate the philosophy at overseas Group companies, but employees at overseas Group companies who had come to understand this founding spirit pointed out that Go for It did not fully represent the true meaning of “Yatte Minahare” . Therefore, if there is no appropriate English expression, we decided to take the same approach as Mottainai (“Don’t Waste”) and present “Yatte Minahare” as a unique Japanese concept. I think it is important to let our past history and the sincerity of the philosophy communicate its true meaning throughout the Group rather than trying to explain the meaning.

Mishiro

Japanese companies like Suntory which are expanding their businesses globally grow to have an employee base made up of more than 50% of its workforce overseas. It has always been difficult for Japanese companies to gain understanding about their philosophies overseas and many struggle to, but Suntory has really valued accurately communicating the true meaning and intention of its corporate philosophies.



Give Life to Strongly Localized Global Messages

- Moderator | In the future, governance will become an area more and more scrutinized. Is there anything of particular note Suntory should consider when looking at governance overall as a global company?
- Mishiro | I skimmed the Suntory Group CSR Communication Book. I know that this communication book is not currently designated as an integrated report, but I think more needs to be presented about the process of creating comprehensive value, such as in the supply chain after talking about the Governance aspect of ESG in the future. The type of governance necessary to further promote this process must be explained. I think the reporting would be more effective if Suntory could include how governance is helping to create value.
- Tomioka | Informational sharing is of course important to facilitate understanding of everyone outside of the company, but communicating the corporate philosophy fully in a story-type format with everyone in the company first is vital. We started to build a framework to fully share stories while reviewing the current state of our corporate strategies today after their launch around the Follow Your Nature principle.
- Mishiro | One of the first opportunities to create an integrated report is often the demand for a report that investors can understand easily. However, an integrated report is a tool which can be taken advantage of to heighten the level of management internally as you have said now in addition to providing investors with information. For instance, creating an integrated report from a long-term perspective is a chance for management to consider growth opportunities over a longer term than usual. In the case of Suntory, what is the growth opportunity for Suntory that begins with water?
- Naiki | It has been more than 10 years since Suntory first raised the Follow Your Nature philosophy in 2005. Therein, we have clarified our policy toward water resources. The results of these various efforts to conserve water resources founded in that policy bring trust to the Suntory brand in Japan at the very least. However, further expanding the global corporate value through our Follow Your Nature ideal will still be a difficult task for us in the future.
- Fukumoto | In the long term, sharing the Follow Your Nature philosophy and activities with the people who are the most valuable asset of any company is very profound. We have involved employees and built opportunities for first-hand experience in activities related to Follow Your Nature up until now. All of the 7,000 Group employees in Japan for example took part in the Natural Water Sanctuary First Hand Experience with Forestry. Although not fully yet, we are also expanding these activities in the same way around management at Group companies overseas. These experiences cultivate pride for the company, nurture a sense of unity and contribute to improving productivity when each employee goes back to work. Concurrently, those who take part work with more loyalty when their family as well as others around them talk favorably about the company. This image also plays a major role in securing the best human resources.
- Mishiro | Expressing how the intangible benefits such as pride and motivation of the employees at the company which cannot be included in financial reports aid in creating medium to long-term value in the integrated report would be fantastic. I think having medium-term KPI for the financial impact in the future of the *Suntory Mizuiku* - Natural Water Education Program and the First Hand Experience with Forestry conducted currently would provide even greater understanding. The *Suntory Mizuiku* - Natural Water Education Program for example has significance in contributing to the region. The people who have taken and gained knowledge through this education may become the future human resources of Suntory when we consider the medium to long term. That would mean the program cultivates the people who are the source in creating the value of Suntory, which influences the long-term financial impact of those activities. I think Suntory would find even greater benefit the more these aspects of the activities can be brought to the surface.

Pedersen

An engagement survey may provide a means to indicate factors such as motivation and awareness of the philosophy quantitatively to offer more persuasive information. Online surveys can also be done at a very minimal expense to evaluate how the general consumer sees Suntory as well as two or three of its competitors from both social and environmental perspectives. Picking up data through these types of surveys would help bring true corporate value. As the Follow Your Nature philosophy and activities such as environmental and social contributions expand globally in the future, I think stationary observations about the changes through data can be done when communicating these initiatives with society.

Nemoto

The United Nations Information Centre is focused on localizing global messaging. Core messages gain strength when those concerned or involved take part in the creation process. SDGs for example were debated over 3 years by gathering together the various stakeholders from around the world and reflecting voices of an additional 10 million people through online surveys. The sense of ownership and an affinity toward the sustainable development goals which were drafter is impacting efforts even today with many people passionate about engaging in the SDGs. This involvement not only strengthens external communication but internal communication as well. I am sure Suntory would become even stronger as a corporate group by consulting with overseas subsidiaries as well as their employees when deciding on Group-wide policy.

Fukumoto

Thank you. We will use this insight when involving local employees as much as possible in the process of localizing our global messaging.



An Era Looking at the Entire Supply Chain from the Upstream

- Moderator | Would everyone mind giving their assessment of the Suntory Group initiatives related to water both in Japan and overseas?
- Nemoto | 40% of the world pollution is directly confronting water shortages. 80% of the water that is used is discharged without any purification process. The United Nations recognizes water as one priority issue and drafted the Water Action Decade for the ten years between 2018 and 2028. This action plan has started as a concept key to both sustaining the water that supports our lives and the prosperity of humanity. Drawing water has also been seen as a job for women, especially young girls, in emerging nations. Women have spent 40 billion hours drawing water. The amount of time spent drawing water is equivalent to the total working hours of France and other major industrial nations. Putting this time into study at school instead aids in eliminating the disparity faced by women. Problems related to water are not simply an environmental issue but also a human rights issue. In a broad sense, it seems more appropriate to see water as a social challenge in global companies which are also expanding their businesses in emerging and semi-developed countries in the future.
- Naiki | Suntory Beverage & Food Europe has begun conducting business even in Africa and presently provides support such as the provision of water based on the needs from African communities. Suntory recognizes the need to engage in social responsibility activities even in issues such as the need to draw water as a company doing business in the region. However, we are still trying to understand the best place and the specific way to approach these activities. We have a lot we need to learn yet as a global corporate group.
- Nemoto | I think many domestic initiatives seek collaboration with local organizations, civic society or research institutions. Efforts overseas are no different. There are many organizations that have broad knowledge from United Nations organizations to international and local non-profits. The best approach may be to start by sharing information with these types of organizations before taking action together with them.
- Fukumoto | The *Suntory Mizuiku* - Natural Water Education Program developing in Vietnam understands the challenges faced by the region and engages in activities to help resolve those problems, such as education about the sanitation of water and the provision of the necessary facilities, in addition to providing education to share the importance of water. We hope Suntory can advance activities that contribute to solutions of the challenges faced by local communities with water as the launching point while aligning ourselves with NGOs and local associations when further developing the *Suntory Mizuiku* - Natural Water Education Program around the world.
- Nemoto | Water is a broad challenge with a very wide range of starting points because it is relate to all things. To move forward with the *Suntory Mizuiku* - Natural Water Education Program in an even more sustainable fashion, I would recommend training the trainers to develop people core to the region who can foster local growth.
- Naiki | Our current efforts in the upstream of the supply chain are weak, which Suntory feels acutely when looking at various aspects of other global players. We need to fully review our present position even in raw material farms or we will fall behind the trends of global businesses in the pursuit of sustainability. Suntory knows it needs to reinforce its initiatives in the future.
- Pedersen | Suntory has not had any direct oversight because it has left things up to business concerns, which is very dangerous. These trading companies are now aiming for the next stage in strategies to achieve sustainability. Therefore, forming partnerships with these business concerns should broaden potential greatly. In the last several years, SSCM (Sustainable Supply Chain Management) has become a standard as grave human rights and environmental issues manifest.

Even if we are not dealing directly with the local companies producing the raw materials in the upstream of the supply chain, we have the responsibility to both grow our businesses using the raw materials made by those people but also the duty to know whether those people are living healthy, prosperous lives. First, we need to fully understand the current situation faced by the local community in the regions where the raw material farms are located to discern whether there is risk and engage in efforts to deal with that risk. There is also risk in harvesting raw materials in the same place in the same way in the future as climate change progresses. Conflicts over water may even arise as the population grows. When considering the potential of risk in the upstream of the supply chain, we will take a long-term view in the production of appropriate and sustainable farming as well as human rights issues of the local community. However, we are still unsure of what approach would be most suitable for Suntory businesses. I think it will still take some time because we cannot engage in specific efforts without figuring out the right approach.



Partnerships to Accelerate Innovation

- Moderator** | What should the Suntory Group emphasize when expanding water initiatives globally? Could you also please provide some advice about what activities should be further enhanced?
- Pedersen** | Global partnerships are needed to achieve the SDGs. These partnerships can be placed as a central axis of activities, which would aid in achieving goals and further develop efforts worldwide. Global issues today can no longer be confronted independently. Why not take an approach that cultivates partnerships to accelerate innovation?
- Fukumoto** | It is true that Japanese companies have a tendency to become too self-reliant. The targets for reducing water use and CO₂ consumption are also so ambitious that a single company can no longer achieve the goals alone. We are forming partnerships to share a long-term ideal form toward a healthy water cycle to develop rich lives of people and growth of the company in the pursuit of inciting technological innovation and social change.
- Nemoto** | The common language of SDGs worldwide connects with people at least to a certain degree regardless of the country when developing globally. The core partnerships Peter Pedersen mentioned are positioned as Goal 17, which is relevant to all of the other 16 goals. Involving many different actors at the center of these partnerships is extremely effective.
- Pedersen** | I think ‘water’ is a keyword to broaden the global Suntory brand. Expanding the brand while contributing to society through water is very effective. In the last two or three years, the significance of these water issues is greater than ever before and the sustainability of water has been thrust to the forefront of sustainability. Starbucks created the Sustainable Coffee Challenge platform, which today has the participation of 100 different organizations. Suntory could create an innovative initiative to drive brand affinity in the same way, such as a Water Leadership Platform or Water In Life Program. By working with a consulting company, Suntory would be able to create this effort as a global platform.
- Fukumoto** | The Follow Your Nature philosophy is an effort that helps build the presence of Suntory worldwide.
- Pedersen** | Suntory can lead global incentives by building this pillar while working with famous organizations and companies around the world rather than undertaking things independently with a commitment of offering a five-year sponsorship. This would be an investment in global branding as well as help raise the positive image of Suntory. In fact, this may even spark innovation. I believe this is going to be an effective approach in the future. This future is not only about products but also further establishing the brand of Suntory while involving the stakeholders from society to enhance corporate value. The approach has to provide both formidability and sincerity as a set to broaden the brand under the Suntory name.
- Tomioka** | A brand cannot be built without the perspective of sustainability and sustainability cannot be achieved without the full engagement of businesses. Differentiation is also vital to prevail over the competition. However, efforts accepted by society are a required prerequisite. When considering corporate strategy, a variety of convincing touch points are vital and a wide range of knowledge has to be used to communicate those touch points. As Peter Pedersen said, I hope we can incorporate ideas which will bring a formidable presence.



Storytelling to Share Information About Value Creation of Water Initiatives

Nemoto

Global expansion requires both macro and micro perspectives in my opinion. Suntory should not only look at the small but take a stance which makes contributions to forests as a whole. Ongoing sustainable procurement was brought up as challenge facing raw material farming. If the lifestyles of today continue without change, humanity will need three planets to sustain population of 9.5 billion in 2050. The need for companies to change is obvious, but there is also a need for consumers to change at the same time. That is why appealing to both companies and consumers are important. Suntory has the ability to influence children as well as people in the community with the Suntory Mizuiku - Natural Water Education Program as well as the methodology broadly connect through advertising and other types of mass media. The world is expecting 7 million people to lose their homes by 2030 due to a lack of water, which has brought about the term environmental refugees. This is in fact already an issue humanity is facing with the constant flow of people migrating to different countries from island nations. Water is the foundation to everything. That is why I hope we can cultivate awareness in consumers and nurture a spirit in people to change their lifestyles.

Mishiro

SDGs are often merely a bullet point in integrate reports when we are discussing informational disclosure. However, the management challenge is more than that. The SDGs need to be refined to goals important to each company after first considering and fully understanding management. The Suntory Group has thoroughly taken into account aspects such as human resources and technology to really refine the SDGs to focus on water. I think that is fantastic. Many companies today tie their informational disclosure to SDGs, and I often see cases where reporting includes all of the 17 goals with information about all of their various efforts. However, the quality of the information is more important than the quantity of information. Suntory would benefit by sharing stories about the creation of value rather than simply putting out information, such as the social issues the company is trying to solve in the medium to long-term vision founded first in the philosophy as well as the strategies and business models toward success and the tangible and intangible results toward reaching those goals. I think this type of storytelling would provide reporting to bring even greater awareness to the water efforts that Suntory is putting so much effort into advancing.

Naiki

This means the story or scenario around the axis of water becomes the axis for everything including the challenges faced by management.

Mishiro

Management resources are limited in the same way as water. Refining the process of materiality in terms of better allocating limited management resources will become a hurdle in the next four to five years at Japanese companies striving to disseminate information. Companies worldwide have begun to gather both CSR and financial reporting into a single integrated report, which means the next stage for reporting is here. Suntory should consider important matters in creating corporate value through materiality to evaluate ideal capital rationing.

Naiki

However, even when we talk to other companies, many of them say they do not really understand the scenario analysis. Conversion to monetary value and presenting results as KPI and other indicators is especially difficult.

Mishiro

KPI do not always need to be converted into a monetary value. 3M for example defines connecting customer needs with 3M technologies and leveraging technology across businesses as the spark of innovation and sees non-financial indicators as a logic tree that includes the number of times engineers visit customers, the number of technological platforms, and the number of people commemorated for new ideas. This can also be satisfaction for a company focusing on customers and employees or the percentage of occupational health and safety accidents for a company which sees safety as the most important indicator. The important part of KPI is associating these indicators with what is important to the company rather than simply quantifying the information.

Naiki

Using storytelling to explain our water initiatives will be difficult to try and do, but I think there are many different ways to innovate this type of storytelling. I hope we can learn while finding ways to fully convey stories unique to Suntory through water.



Taking Action by Personalizing Water Issues Is Essential

- Pedersen** | The theory I feel best describes a strong enterprise brings together three things -- anchoring (backbone), adaptiveness (self innovation) and alignment (sociability). Companies who have succeeded in alignment characteristically have an optimistic future outlook. These powerful companies have a deep level of motivation not shown by the numbers. I think it is amazing that Suntory has nurtured an optimistic future outlook in all of its employees based on a variety of social contributions and other efforts.
- Nemoto** | I have a question. Do all of the Suntory employees sign anything to show their commitment to water sustainability? This helps fully personalize the issue internally and these types of methods have been very effective.
- Pedersen** | My Water Commitment! That's a great idea. There is always something that can be done in private life as well.
- Naiki** | Asking people overseas to sign anything is difficult because of the weight that comes along with it. However, digital touch points are available today and I think we could innovate this approach to do something at least at the level of a 'like' on social media.
- Fukumoto** | Seeing issues related to water as a personal challenge is extremely important because most of the employees involved in production departments work with a mind towards water and water conservation.
- Pedersen** | Suntory could also put in place a system such as a water master or water champion system as proof of how much the employees value water. Suntory could ask all 312 companies in the Suntory Group to please make it their mission to be water masters or water champions and then conduct major water initiatives at each company spearhead by people selected as water masters or champions. Balancing a common system and autonomy is very important when expanding a program globally because employees overseas will push back against a system forced upon them. I think something very interesting would happen in terms of innovation and sustainability if Suntory stepped things up another level to reach the next stage in organizational adaptability and innovation capabilities.
- Naiki** | I see a completely different quality of innovation happening than the technological innovation often spoken about at industrial companies in Japan. I think Japan and Suntory as well are falling behind in 21st century innovation. We have to enhance our innovation capabilities (organizational capabilities) from the starting line through acute recognition of this. Conveying more clearly a sense of crisis in the people on the business side is the job of our Corporate Sustainability Division. There was discussion about looking at the entire supply chain all the way back to the upstream, which is connected to water. The water that we are using is coming from the upstream, and at the same time, we also have to consider the downstream. Keeping an eye on everything is always necessary when thinking about problems related to water. The Sustainable Water Philosophy addresses our need to understanding the natural cycle of water, and this is exactly what we are focusing on. Further recognition of this throughout the entire Suntory Group is essential.

The Suntory Group has formulated the Environmental Vision Toward 2050 for the purpose of passing down a sustainable global environment to the next generation around the pillars of water sustainability and climate change measures as a company to create harmony with people and nature. We have also established Targets Toward 2030 as new goals to realize this vision. We will also draft even more comprehensive sustainability policies for next year, including the challenges related to our employees such as the promotion of diversity and health management thanks to the insight we have received today.

The Suntory Group will always pass down our founding spirit of Giving back to society to keep a culture driven to give back to society. With this as our foundation, I am once again confident we must draw upon stories integrating our contributions to solving social challenges and better corporate value over the medium and long term rooted in our corporate philosophy and share these stories with all of our stakeholders both inside and outside of Suntory. I know Suntory will move forward one step at a time incorporating the wealth of expertise in the suggestions we have received today. Thank you very much for your time today.



Suntory Group's Philosophy on CSR

To realize coexistence with society and nature and become a truly valuable company, the Suntory Group is working toward the realization of our corporate philosophy "To Create Harmony with People and Nature" by developing a variety of CSR activities together with stakeholders.

Suntory Group Philosophy

"Mizu To Ikiru" is our corporate brand promise. It is not just a tagline, but an open door, welcoming employees, consumers, and external stakeholders to understand who we are and what we believe in. We strive to preserve the environment that nurtures and protects precious water vital to the earth while continuing to challenge ourselves for the creation of new value as a company that enriches society.



Our Mission

To Create Harmony with People and Nature

Our mission is the fundamental reason for Suntory to exist, and it guides and inspires our organization. To create harmony with people and nature

We will focus on the needs of our customers. We deeply respect nature and will strive to protect the environment. By forging greater bonds of appreciation between people and the world around them, we will seek to promote richer, more fulfilling lives. This is the mission of the Suntory Group.

Our Vision

Growing for Good

Our Vision describes what Suntory wants to achieve. It applies both to the company as a whole, and to each individual within the company.

Growing for good

The bigger we are, the greater our positive impact can be. We will grow to become a company that always benefits its community. By doing good things for society and the environment, we will help make a better, brighter future. Each and every employee must never forget the passion and desire to persevere in their work to continue to grow as individuals who earn trust through sincerity, which is the "Good" in Growing for Good.

Our Values

Our Values reflect our organization's culture.

It is forever fundamental to Suntory and expressed in the two statements:

Yatte Minahare

We earnestly accept challenges. United by our drive to succeed, we move together to create markets and provide new value. From the start, Suntory has been a pioneer. Today we look forward boldly and confidently. Those passions lead to the creation of new markets and also allowed us to offer new values. Yatte Minahare is the value that shall be the driving force of our business operations.

Giving back to society

By giving back generously to the world, we show that Suntory stands for both enjoyment and responsibility. While we always aim for success, we recognize the importance of the world around us. We are committed to building long-lasting, mutually beneficial relationships. We are committed to building a mutually beneficial relationships with stakeholders and society through sharing our success with the spirit of appreciation. This is also an unchanging value of the Suntory Group.

The Suntory Group's Code of Business Ethics

The Suntory Group's Code of Business Ethics is a foundation for every activity we do to realize our corporate philosophy. It formulates basic stance that we see important to fulfill our responsibilities to the society and gain its trust.

Suntory Group's Promise

Mizu To Ikiru

"Mizu To Ikiru" , literally "living with water" , is the promise we make to our customers, and the voice of our philosophy.

From here flow all our other brand attributes, and every facet of our business.

We value the blessings of water, and deliver them as goodness that touches every part of our world.

We protect water in all its forms. Like water, we change and adapt. Every day, we turn into something new.

CSR Statement

Suntory Group believes that our CSR can best be practiced by putting the Group's Mission, Vision and Values in action, and we are working together with the entire Group toward this. Our CSR statement sets out the following precepts, so that all employees can practice CSR through their ties with stakeholders and the society.

- **We coexist with society and nature to realize a sustainable society by practicing the Suntory Group's Mission, Vision and Values.**
- **We promote CSR activities to address social issues as well as create new value to society.**
- **We respect human rights and behave in high integrity with business partners through all business activities.**

Promoting CSR Management

The Suntory Group promotes CSR activities group-wide in coordination with CSR-related departments under its Board of Directors and each committee.

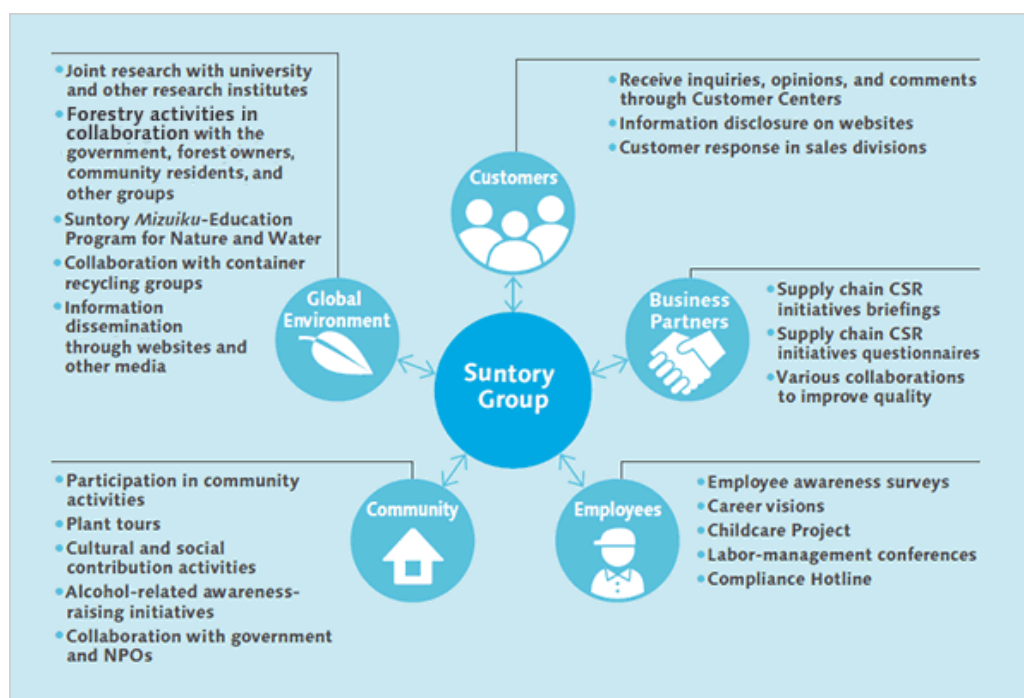
We established the CSR Department in 2005 as a specialized department to fulfill cross-functional efforts throughout the entire company. The CSR Department is involved in the formulation of company-wide CSR strategies, response to cross-departmental CSR challenges, transmission of CSR information, communication with stakeholders, and other CSR initiatives. It also establishes CSR action plans in conjunction with related departments and holds regular conferences to promote CSR activities in the entire Group, including Group companies in Japan and overseas. Participants in these meetings discuss new issues related to societal trends, report on the progress of action plans, and discuss how to solve problems.



*Alcohol Responsibility and Sustainability

Relations with Stakeholders

The Suntory Group pursues its business activities amid a range of connections with a variety of stakeholders. To continue being a company that contributes to the realization of a sustainable society, we will make clear our responsibilities to our stakeholders and communicate with them in various ways. We aim to incorporate feedback we receive and social needs into our corporate activities and continuously work to build deeply trusting and collaborative relationships with them.



Opportunities for Communication with StakeholdersStakeholders

Four CSR Initiatives

In order to more fully realize social responsibility in a way unique to the Suntory Group with philosophy of CSR as a foundation, we are promoting CSR activities based on ISO26000 since 2011. We grasped the current situation and shared identified issues, and engaged our stakeholders based on each of the seven priority initiatives.

The expectations and the level of interest of stakeholders is high in regards to global social issues and business challenges based on these results. We have also gathered our efforts into four initiatives by organizing challenges to realize our To Create Harmony with People and Nature corporate philosophy after we have identified challenges with an especially high-priority for the Suntory Group. At the Suntory Group, we continue to innovate and endeavor to be a Growing for Good company that is realizing a sustainable society as we expand globally while fulfilling our social responsibility by engaging in activities based on our corporate philosophy.

■ (1) To Create Harmony with Customers and Partners: Products and Services

To deliver joy to the customers with the highest-quality of products and services

Suntory Group incorporates opinion of its customers in wide range of corporate activities while maintaining and improving quality throughout the entire value chain based on the Suntory Quality Policy of "All for the Quality". We also actively engage in CSR procurement while tackling alcohol-related problems.

■ (2) To Create Harmony with Nature: Environment

To preserve limited water and resources for future generation

We have established "Suntory Environmental Vision toward 2050" to pass down sustainable and rich natural environment to the next generation and will promote environmental management as a Group through two axes of "Preserving and Regenerating the Natural Environment" and "Reducing Environmental Impact".

■ (3) To Create Harmony with Society: Cultural and Social Contribution

To build a bright future with initiatives rooted in the region

Based on the founding spirit of "Sharing the Profit with Society", we engage in wide range of cultural and social contribution activities that best suit the time, centered in the fields of arts and culture, sports and social welfare such as developing the next generation, supporting disaster affected areas and contributing to local communities.

■ (4) To Create Harmony with Employees: Diversity Management

To nurture employees with bigger global dreams

Suntory Group aims for human resource development rising to the challenge to create new values with diversity management as its basic policy and to create a working environment filled with creativity where all employees can exert their full potential.

Initiatives as a Global Company

■ Based on Sustainable Development Goals (SDGs)*

The challenges that we are directly confronting on a global scale are extremely wide ranging from the environmental issues to urgency in resources, energy, and food as well as the growing discrimination. As trends aim to solve global issues, the Suntory Group is deepening its efforts by referring to international long-term targets such as Sustainable Development Goals (SDGs) that will contribute to solving these global issues as an organization expanding its businesses globally.

* Sustainable Development Goals (SDGs) are targets that should be reached globally by 2030 that were adopted at the UN Sustainable Development Summit held in September 2015

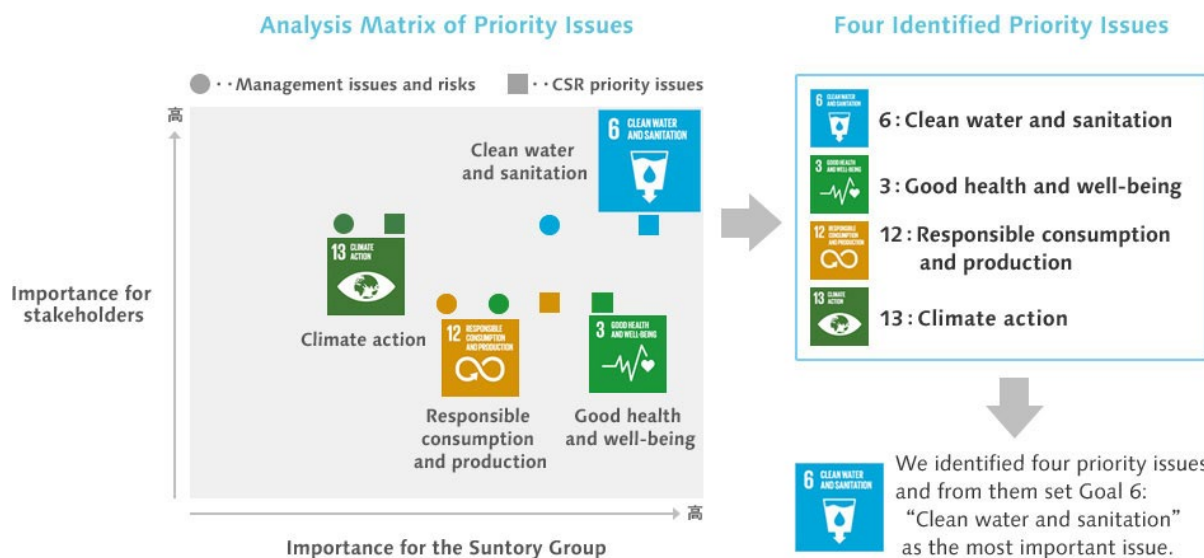


■ Identification of Priority Issues

In order to examine how the Suntory Group can address SDGs in our future CSR activities, we cooperated with KPMG AZSA Sustainability, a company which possess expert knowledge of sustainability issues, to perform the analysis for identifying our priority areas in terms of SDGs.

We evaluated the priority for our stakeholders and the priority for the Suntory Group to create a materiality matrix of our initiatives. As a result of analyzing CSR priority issues from the perspective of management challenges and risks, we have identified four priority SDGs that we should address in the first place : Goal 6: Water and Sanitation, Goal 3: Health and Welfare, Goal 12: Responsible Production and Consumption, and Goal 13: Measure to Combat Climate Change.

In addition, we are focusing on activities to protect water united as a Group by recognizing that the protection of water as a vital resource is of the utmost priority above all of our priority issues.



■ Formulating Suntory Group-wide Sustainable Water Philosophy

Water is one of the most important ingredients for the Suntory Group and a vital shared resource. We formulated the Group-wide Sustainable Water Philosophy in January 2017 to put into practice the Water Sustainability ideals and activities to cultivate in Japan and worldwide as a Bringing Water to Life company. We actively engage in activities to preserve and regenerate the natural environment that cultivates water united as a Group based on this philosophy in each region around the world as our business grows.

Suntory Group’s Sustainable Water Philosophy (Established 2017)

Water is the most important ingredient in our products, as well as a precious shared resource. In order to achieve “water sustainability”, the first pillar of Basic Principles of Suntory Group’s Environmental Policy, we want to share these values with all Suntory Group members and apply them where we operate in order to answer to our stakeholders’ expectations.

1. Understanding the natural cycle of water

We investigate watersheds around our sites to understand the local hydrological cycle, using a scientific approach when needed.

2. Promoting environmentally conscious water use

We reduce the environmental impacts of water use on the natural water cycle by implementing 3R activities and returning water to nature after adequate treatment.

3. Conserving watersheds

We conserve our watersheds and endeavor to improve local water quality and quantity in cooperation with stakeholders for a sustainable future.

4. Engaging with the local community

We endeavor to support our community by fostering collective actions to solve water issues and enrich society

■Suntory Group Activity Policies for Priority Issues

We focus on addressing the priority issues, including water preservation, from the perspective of the entire value chain, while considering our contribution to all 169 targets of SDGs.

We will strengthen the activities below in the future for each of our priority issues.

Priority Issue	Goals	Activities to strengthen
 6 CLEAN WATER AND SANITATION	<ul style="list-style-type: none"> • Improve effective, sustainable water use and address water shortages • Reduce pollution and untreated waste water, and improve water quality • Protect and restore water ecosystems 	<div>3Rs of water focusing on manufacturing sites</div> <div>Natural Water Sanctuaries (Water Resource Cultivation)Suntory Mizuiku - Education Program for Nature and Water</div>
 3 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> • Prevent harmful use of alcohol • Strengthen early warnings and mitigation strategies to manage health risks 	<div>Raise awareness of responsible drinking</div> <div>Improve and develop functional beverages</div>
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> • Promote sustainable management of agricultural raw materials • Raise awareness to reduce the use of non-renewable resources and promote lifestyles that are in harmony with nature • Reduce food product waste and losses 	<div>CSR procurement</div> <div>Development of plastic bottles based on 2R+B strategy</div>
 13 CLIMATE ACTION	<ul style="list-style-type: none"> • Create strategies and plans to address climate change • Educate communities and raise awareness about climate change 	<div>Reduction and reuse of waste</div> <div>Reduction of CO₂ emissions in the value chain</div>

Joining the United Nations Global Compact

The Suntory Group supports international standards such as the Universal Declaration of Human Rights as well as the United Nations Guiding Principles on Business and Human Rights, and it has signed the United Nations Global Compact (10 Principles below), which contain universal principles for human rights, labor, and the environment advocated by the United Nations.

Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 : make sure that they are not complicit in human rights abuses.

Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 : the elimination of all forms of forced and compulsory labour;

Principle 5 : the effective abolition of child labour; and

Principle 6 : the elimination of discrimination in respect of employment and occupation.

Principle 7 : Businesses should support a precautionary approach to environmental challenges;

Principle 8 : undertake initiatives to promote greater environmental responsibility; and

Principle 9 : encourage the development and diffusion of environmentally friendly technologies.

Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.

In 2017, we participated in the Human Rights Due Diligence Working Group of the Global Compact Network Japan and advanced our knowledge about the international trends of labor practices. We believe complying to international laws and fulfilling our social responsibility is the mission of the Suntory Group in the promotion of sustainable business globally now and into the future.



Network Japan
WE SUPPORT

Endorsing The CEO Water Mandate

The Suntory Group endorsed The CEO Water Mandate global platform to address water resource issues, which is a United Nations Global Compact initiative to support the prevalence, practice and informational disclosure of water sustainable at companies.



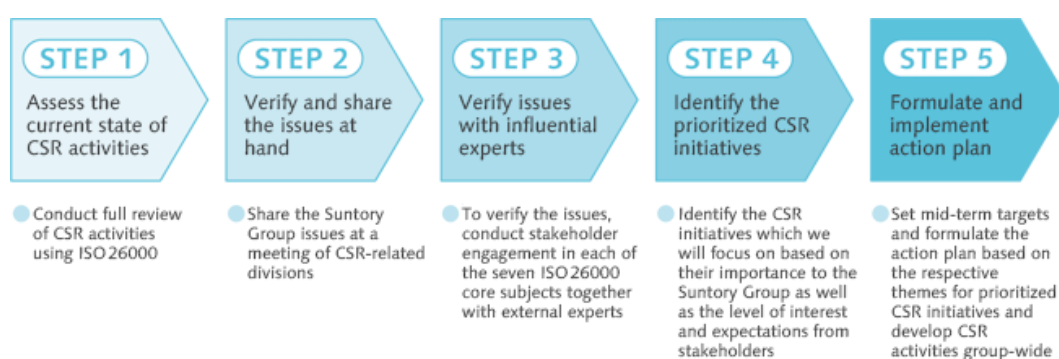
The CEO Water Mandate

Enhancing CSR Activities using ISO26000

In order to more fully realize our social responsibility in a way unique to the Suntory Group with philosophy of CSR as a foundation, we promote CSR activities based on ISO26000 since 2011. We grasped the current situation and shared identified issues, and engaged our stakeholders based on each of the seven priority initiatives.

The expectations and the level of interest of stakeholders is high in regards to global social issues and business challenges based on these results. In addition, we are promoting company-wide activities based on the action plans that are formulated for high-priority items stipulated by the Suntory Group in 2013 as CSR priority initiatives in particular that should be addressed.

Process of CSR Activity Promotion



Understanding the Current State of CSR Activities

■ General CSR Committee

We gathered around 40 representatives from main departments* related to CSR with the CSR Department of Suntory Holdings Ltd. at the core to confirm and share the process of stakeholder engagement for the future while more deeply understanding ISO26000.

* CSR Department, Quality Strategy Planning Division, General Affairs Department, Legal Department, Compliance Department, Human Resource Department, Environmental Sustainability Strategy Department of Suntory Holdings Ltd. as well as the Supply Chain Management Division and the Customer Relations Division of Suntory Business Expert Ltd.



General CSR Committee

■ Introducing inventory of CSR activities that use ISO26000 self-check sheets

We extracted challenges of the Suntory Group by assessing the status of response using self-check sheets of relevant departments for the roughly 250 items in the expectations and actions set for each core subject of the ISO26000.



ISO26000 self-check sheet

Sharing Experience of Challenges at the Suntory Group

■Debating Priority Challenges with Relevant Departments for Each Core Subject

We gathered together the departments related to each of the seven core subjects* and debated the priority challenges that should be preferentially addressed by the Suntory Group.

*Two themes were debated at the same time due to the mutually high relevance of human rights and labor practices.



Human rights and labor practice themed debate

Confirming Key Figures and Priority Issues

■External Key Figures and 1st Opinion Exchange for Each Core Subject

We have introduced and confirmed external key figures and an exchange of opinions from March to April 2012 for the priority initiatives of each core subject debated internally.

We are facilitating an even higher level of interaction by holding an ongoing exchange of opinions.

April 9 Organizational Governance

March 30 Human Rights and Labor Practices

April 6 Environment

April 5 Fair Operating Practices

April 3 Consumer Issues

March 21 Community Involvement and Expansion

Identification of Priority Initiatives

We identified six CSR priority initiatives to address preferentially based on the expectations and interests of stakeholders and the importance to the Suntory Group.

Six Prioritized CSR Initiatives

- We provide products and services that contribute to the safety, reliability, and healthy lifestyles of our customers first and foremost.
- We coexist with Nature by committing to “Water Sustainability” and reducing environmental impact.
- Based on the spirit of “Sharing the Profit with Society,” we contribute to the enrichment of culture and lifestyles, as well as strengthening support for next generation.
- We celebrate diversity while promoting the career development of our employees who are all united by the “*Yatte Minahare*-Go for it!” spirit.
- We promote CSR throughout our entire supply chain, working with our business partners.
- We commit to responsible marketing and reducing harmful drinking as a leading alcoholic beverage company.

■(1) We provide products and services that contribute to the safety, reliability, and healthy lifestyles of our customers first and foremost.

Amid accelerating globalization and expansion of business domains at the Suntory Group, our responsibility to provide the highest quality of healthy, safe and reliable products and services is taking on more weight than ever.

Amid accelerating globalization and expansion of our business domains, our responsibility to provide the highest quality products and services that contribute safely and reliably to health is taking on more weight than ever.

Under the Suntory Group Quality Policy, “All for the Quality,” we have established the Suntory Group Quality Assurance Code. Through this code, we have engaged in the maintenance and improvement of quality in all processes, from development and planning of products and services, to procurement of water, crops, packaging materials, and other raw materials, and on to manufacturing, distribution, and sales and servicing.

In addition, paying heed to quality assurance from the customer’s perspective, we are actively engaging in Voice of Customer (VOC) activities that incorporate customer feedback into management policies, with “Improving food and beverage quality at the point of consumption” as our motto.

The Suntory Group will continue to deliver new enthusiasm and delight to our customers by providing high-quality products and services, based on our dialogs with customers around the world.

■(2) We coexist with Nature by committing to “Water Sustainability” and reducing environmental impact.

Suntory Group business is supported by precious global resources such as water and agricultural products. It is our responsibility to engage in sustainable business practices through the promotion of environmental management in accordance with the Group philosophy — To Create Harmony with People and Nature — so that we may pass down a rich global environment to future generations.

With a priority on engaging in water sustainability through business activities, Suntory has promoted the conservation of forests, where water resources are cultivated, and the return of water to the natural environment after thorough purification.

Suntory has also continued a wide range of activities to reduce environmental impact. Such activities include energy and water saving at production facilities, lightening package weight, and implementation of vending machines with lower power consumption. In order to provide a clear direction for the Group’s environmental management, Suntory established Suntory Environmental Vision toward 2050 and set Target toward 2020 in 2014.

Suntory Group continues promoting environmental management based on two axes: preserving and regenerating the natural environment and reducing environmental impact.

■(3) Based on the spirit of “Giving back to society,” we contribute to the enrichment of culture and lifestyles, as well as strengthening support for next generation.

We are passing down the “Sharing the Profit” spirit of Suntory Founder Shinjiro Torii generation to generation because the Suntory Group believes business profits should not only be used for reinvestment into the business and providing services to clients and business partners but also for making a contribution to society.

We have been engaging in a wide range of cultural and social contribution activities while considering the social issues of the times since the founding of Suntory from community contribution such as social welfare, education and disaster relief to promotion of arts, academia and local culture as well as support for sports and the development of the next generation.

Close cooperation with stakeholders throughout the world, customers, business partners, and employees alike, has become increasingly important for sustained growth in the global expansion of business. The Suntory Group will further activities suitable to the situation in each country and region and contribute to the prosperous growth of lifestyle cultures and the next generation by deepening cooperation with Group companies worldwide and emphasizing arts, culture and sports, development of the next generation as well as social welfare.

■(4) We celebrate diversity while promoting the career development of our employees who are all united by the “Yatte Minahare” spirit.

Based on the “Yatte Minahare” challenge spirit, the Suntory Group has accelerated expansion both domestically in Japan and globally from alcohol and non-alcoholic beverages to business areas including health foods, food services and flowers.

The pursuit of diversity forms the basis for the Suntory Group human resources management philosophy. By promoting diversity in our employee base as well as the acceptance of diverse values and ideas, we can bring forth even greater value.

In an effort to maximize the potential of each and every employee in a work environment that overflows with creativity, the Suntory Group is currently putting high priority on developing talented employees who face the challenges of value creation head on.

Regular communication between supervisors and employees helps to clarify individual roles, facilitates the setting of targets for achievement and supports the development of each employee.

We have also established methods to encourage employees to work hard to achieve ever higher goals without the fear of failure.

■(5) We promote CSR throughout our entire supply chain, working with our business partners.

To stably deliver high-quality products and services to customers, it is essential to have good cooperative relationships with business partners. In addition, social requirements regarding compliance, human rights, and the environment have increased throughout the world. For these reasons, CSR activities are necessary for Group companies as well as supply chains.

Suntory Group also views equitable and fair transactions with business partners extremely important in the realization of sustainable society through business activities, and strives to ensure social responsibility throughout supply chains.

In order to fulfill such responsibility, we established the Suntory Group’s Basic Policy on Supply Chain CSR, which includes six core items; legal compliance, human rights and labor standards, quality, environment, information security, and coexisting with society.

■(6) We commit to responsible marketing and reducing harmful drinking as a leading alcoholic beverage company.

Alcohol production throughout the world is rooted in the climate and culture of each region.

Alcohol has been a source of pleasure in daily life, and has played a significant role in celebrations over the centuries.

However, alcohol is also associated with misuse and abuse, including underage drinking, driving while intoxicated, and alcoholism. As a multi-faceted food and beverage producer and supplier, Suntory Group embraces its responsibility to address these issues.

Suntory Group has established Basic Principles regarding responsible drinking, and works to increase awareness about responsible drinking among the public. We conduct in-house checks on sales and advertising activities, and participate in, cooperate with, and support research institutions. We also participate in a wide range of activities regarding responsible drinking inside and outside Japan in cooperation with industries and the World Health Organization.

Formulation and Execution of CSR Action Plans

We formulated midterm goals and action plans based on each theme of the six prioritized CSR initiatives, and we are promoting activities throughout the entire Group.

Editorial Policy on CSR Information

The Suntory Group is communicating its CSR initiatives in various forms through booklet, website, etc.

Suntory Group CSR website 2018

This website provides comprehensive information about important activities to realize our "In Harmony with People and Nature" mission and unique Suntory initiatives.

Information such as CSR-related data, unique Group company initiatives and dialogue with society are available. Please browse through the information based on your needs.

■ Scope of Subjects Covered

Organizations

312 Group companies in Japan and overseas, including Suntory Holdings Ltd.

- Environmental data covers 25 production plants in Japan and 56 production plants overseas owned by companies that collectively account for more than 90% of the Suntory Group's sales
- Personnel data focuses on employees who have employment contracts with Suntory Holdings Ltd. and Suntory Beverage & Food Ltd.

Time Frame

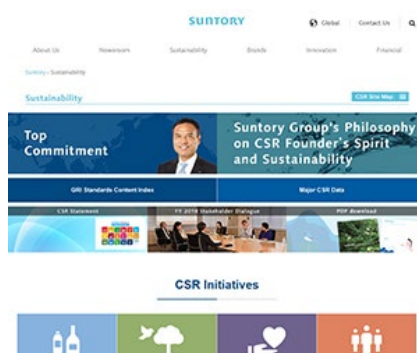
The data covers performance from January 1 to December 31, 2017. The activities covered include some of the most up-to-date events.

Guidelines Referenced

- GRI (Global Reporting Initiative), "Sustainability Reporting Standard"
- ISO26000 ("Guidance on social responsibility")

■ Published

August 2018 (next edition scheduled for June 2019)



CSR Initiatives

To Create Harmony with Customers and Partners

Products and Services

The Suntory Group values communication with customers and reflects their feedback widely in its corporate activities while also working to preserve and improve quality in all of its processes including planning and development of products and services, procurement of raw materials such as water, agricultural products and packaging materials, manufacturing, distribution, provision of goods and services - based on the Suntory Quality Policy of "All for the Quality" to continually provide products and services able to earn the trust and satisfaction of customers. In addition, we are actively engaged in tackling alcohol-related problems as a global multi-faceted food and beverage company.



Quality



Customer relations



Procurement



ARP



New Initiatives to Become Even More Customer Oriented

We are contributing to realize the rich growth of lifestyle cultures as a sustainable global society by delivering products and services that aim for the highest level of quality based on our "In Harmony with People and Nature" corporate philosophy.



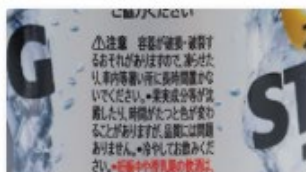
Promotion of Group Quality Management

We are working to construct and promote a quality assurance system throughout the entire Group both in Japan and overseas.



Quality Assurance from a Customer Perspective in All Processes

Grounded in the Suntory Group Quality Policy, our employees are continually working on quality assurance activities in all of our processes, from product planning and development to material procurement, manufacturing, distribution, sales, and services.



Appropriate Information Disclosure

We provide information on quality assurance and its activities in accurate and easy to understand way for the customers to ensure their peace of mind and trust.



Communicating with Customers

Since our founding, we have given top priority to customer satisfaction. We reflect their feedback in our corporate activities.



CSR Procurement

We are promoting CSR procurement with our business partners to contribute to the realization of a sustainable society.



Just and Fair Transactions

We base our relationships with business partners on just evaluations and selection and fair competitive opportunities.



Promoting Distribution Considering Safety

We are promoting environmental distribution that is safe and considers the environment in cooperation with distribution affiliates.



Reducing Harmful Drinking

As a company dedicated to responsible manufacturing and sales of alcoholic beverages, we play an active role in addressing alcohol-related issues.

Target achieved : ●●● Achieved 70% or more : ●● Achieved less than 70% : ●

■ Quality Assurance and Customer Relations

Prioritized items	Mid-Term Targets	Results in FY2017	FY2018 Action Plan	Evaluation
Quality assurance based on the customer's perspective	Gain a higher level of trust from customers	<ul style="list-style-type: none"> Identified quality issues from customer feedback and improved quality. Promoted food defense activities in the supply chain Continued food bank activities. Currently creating a system to procure high quality raw materials (grape, etc.) in a sustainable manner. Participated in GFSI activities to promote food safety. 	<ul style="list-style-type: none"> Increase the speed of analyzing customer feedback and identify quality issues and improve quality. Continue food bank activities. Enhance system to procure high quality raw materials (grape, etc.) in a sustainable manner. Create system to provide information related to Suntory's quality to overseas customers (global quality PR). Continue to participate in GFSI activities to promote food safety. 	●●●
	Enhance group-wide quality assurance system and create synergy	<ul style="list-style-type: none"> Began Global MONOZUKURI Innovation (GMI) activities in the entire Group. Began comprehensive safety and reliability check in GMI Began activities to share and implement Suntory's shared value globally through stipulating values and action guidelines for manufacturing we kept since the founding in Suntory MONOZUKURI Values (SMV). Engaged in activities to raise awareness of the importance of the quality policy and quality at the point of consumption in Group companies. (lecture on looking from bird's eye view and taking prudent actions to eight companies) Reorganized Group Quality Management System, established quality management rules and standards and shared them with the Group companies. Held expanded quality meeting and enhanced quality assurance system for restaurants. (Restaurant Group companies: Pronto and Maisen) Began communication with overseas Group companies to share legal and risk information globally. Released quality related information that wanted to be shared with overseas Group companies on the intranet. 	<ul style="list-style-type: none"> Reduce quality risks in the entire Group through expanding comprehensive safety and reliability check globally. Engage in direct communication with overseas Group companies to deepen their understanding about Suntory MONOZUKURI Values (SMV). Promote implementation of activities based on SMV in overseas Group companies. Implement Group Quality Management System and activities based on the quality standard in overseas Group companies. Especially focus of raising awareness about philosophy on water quality standard and implement Suntory's quality management that place importance on water to overseas Group companies. Share legal and risk information globally in a timely manner with overseas Group companies and enhance system that can respond to them from early stage. 	●●

Communication with customers	Deepen relationships with customers by listening to customers' opinions more broadly and deeply than before	<ul style="list-style-type: none"> Implement external assessment of telephone and email support and enhancing the PDCA cycle improvement activities Hold training and workshops on product knowledge for staff of the Customer Center to improve their skills Innovate an customer service informational search system Strengthen active support (customer support utilizing SNS) 	<ul style="list-style-type: none"> Continuous activity to improve quality of response of the Customer Center Promote PDCA activities based on results of evaluation of quality of response by external review Disseminate credo mind and hold training and workshops for staff of the Customer Center Appoint customer service leaders primarily at sales sites Improve provision of information through Customer Center website. Promote and develop new methods to communicate with customers based on advancement in digital technology 	● ● ●
Reflection of customer feedback in corporate activities	Enhance the system of utilizing customers' opinions in products and services and spread them within the Group	<ul style="list-style-type: none"> Implement prior assessment activities from customer perspective in each process in merchandising Enhance VOC activities that utilize customer feedback in management and merchandising (implement regular VOC meeting with departments involved in product development) 	<ul style="list-style-type: none"> Implement VOC activities in the entire value chain Improve products and services utilizing customer feedback Implement departmental study sessions to strengthen prior evaluation activities 	● ● ●

■ Alcohol Related Problems

Prioritized items	Mid-Term Targets	Results in FY2017	FY2018 Action Plan	Evaluation
Awareness-raising initiatives promoting responsible drinking	Popularize and raise awareness of responsible drinking among consumers	<ul style="list-style-type: none"> Implemented No Binge Drinking! Campaign and STOP! Underage Drinking Campaign Continued moderation advertising campaign 	<ul style="list-style-type: none"> Strengthen and continue consciousness-raising initiatives to prevent underage drinking and binge drinking 	● ● ●
Pro-active approaches to improve industry-wide initiatives	Leading the industry, implement industry commitments for the World Health Organization's global strategy to reduce harmful uses of alcohol	<ul style="list-style-type: none"> Raised the age restriction of actors in TV commercials and revise industry voluntary standards on expression of drinking Continued to not make promotion of energy drinks 	<ul style="list-style-type: none"> Continue to implement industry commitment Support digital media 	● ● ●

■ With Business Partners

Prioritized items	Mid-Term Targets	Results in FY2017	FY2018 Action Plan	Evaluation
Promoting CSR activities in raw material procurement and distribution	Promote supply chain CSR Initiatives	<ul style="list-style-type: none"> Continued supply chain CSR initiatives questionnaires after sharing CSR procurement policy with the partners Shared CSR procurement policy with overseas Group companies (implementation of global procurement meeting) Conducted hearings with Oolong tea ingredient suppliers on human rights issues 	<ul style="list-style-type: none"> Continuation of supply chain CSR initiatives questionnaires Newly implement environmental questionnaires Conduct hearing with overseas Group companies on their activities Continue to conduct hearings with ingredient suppliers on human rights issues 	●●
	Improve safety in the distribution system	<ul style="list-style-type: none"> Strengthened measures through the Safety Committee to promote safety coordinated with distribution affiliates 	<ul style="list-style-type: none"> Improve and continue promoting safety in logistics 	

To Create Harmony with Customers and Partners: Products and Services

Voluntary Declaration toward Consumer Orientation

April 2017

Takeshi Niinami

President, and Chief Executive Officer, Member of the Board, Representative Director, Suntory Holdings Ltd.

■Philosophy

Under the corporate mission of “To create harmony with people and nature,” we will offer products and services that pursue highest quality and enrich the lifestyles of people around the world and contribute in realizing a sustainable natural environment. We strive to be a Growing for Good company that is a good corporate citizen and trusted by the consumers following this corporate mission.

■Initiative Policies

(1) We will offer products and services that create harmony with the consumers

The Suntory Group values bilateral communication with consumers based on the consumer satisfaction first mentality. We respond sincerely to the opinions and requests that we receive from the consumers. We are strengthening initiatives that connect to developing and improving better products and services.

(2) We will pursue safety and reliability from consumers' standpoint

Grounded in the Suntory Group All for the Quality Policy, we will continually work to maintain and improve quality in all of our processes, from planning and development of products and services to material procurement such as water, agricultural products and packaging to manufacture, distribution, sales, and services. The Quality Assurance Committee has been entrusted with promotion of quality management throughout the entire Group to thoroughly improve the value of products and services as well as prevent the occurrence of quality risks.

(3) We will utilize consumer feedback in our business activities

We share the invaluable information and opinions received from our consumers quickly throughout the Group to reflect that feedback in our corporate activities and the actions of our employees from improving products and services to strengthening risk management.

(4) We will strive to provide information to the consumers

We are promoting accurate indicators and easy to understand expressions for the labeling of our products, promotional materials and advertisements. We also work to enhance information on our websites for consumers themselves to search for online in addition to the communication received through the Customer Center such as telephone calls, letters, and e-mails. We will provide easy to understand information so that consumers can understand our approach to quality.

(5) We will nurture corporate culture and awareness take action from the viewpoint of consumers

The Suntory Group will continue its Consumer Satisfaction Cultivation Activities in our attempt to nurture a corporate culture in which all of our employees keep the viewpoint of consumers in mind in their work. We hold training programs for all employees, including those in divisions that have few opportunities to hear the views expressed directly by the consumers.

Voluntary Declaration of
Consumer-orientation
(FY2017)



To Create Harmony with Customers and Partners: Products and Services

Voluntary Declaration of Consumer-orientation Activity Report (FY2017)

The Suntory Group aims to become a "Growing for Good" corporate group that realizes a sustainable and vibrant society.

In April 2017, we revised our consumer-oriented philosophy and initiative policies passed down since the founding of Suntory to draw up and release Voluntary Declaration of Consumer-orientation.

In the past, we have always worked to continually innovate and step up to challenges by sincerely listening to the voices of our broad range of consumers. Today, we would like to report the activities that we have conducted in our effort to become truly consumer oriented in the roughly one year that has passed since we published the Voluntary Declaration of Consumer-orientation.



June 2018
Takeshi Niinami
President, and Chief Executive
Officer, Member of the Board,
Representative Director, Suntory
Holdings Ltd.

Voluntary Declaration toward Consumer-Orientation

Philosophy

Under the corporate mission of "To create harmony with people and nature," we will offer products and services that pursue highest quality and enrich the lifestyles of people around the world and contribute in realizing a sustainable natural environment. We strive to be a Growing for Good company that is a good corporate citizen and trusted by the consumers following this corporate mission.

Initiative Policies

- (1) We will offer products and services that create harmony with the consumers
- (2) We will pursue safety and reliability from consumers' standpoint
- (3) We will utilize consumer feedback in our business activities
- (4) We will strive to provide information to the consumers
- (5) We will nurture corporate culture and awareness take action from the viewpoint of consumers

Preface: Customer-oriented Spirit Alive in Suntory at Its Founding

The Suntory Group has passed down the consumer-oriented spirit from its founding in 1899 to today. Suntory Founder Shinjiro Torii always told his employees, "It is not about whether products sell or don't. The most important thing is trust." The founding spirit of "Sharing Profit with Society" embodies the spirit of giving a portion profit earned by the company back to society.

The second President of Suntory, Keizo Saji, often spoke in detail to Suntory employees about always taking a consumer first stance in every action taken by saying, "Only people on-site, in essence those in direct contact with consumers on the front lines, can fully come to know the greatest needs of the consumers." We will always hold a strong passion to succeed in activities that resonate with the consumers and hope to become a company which co-exists with society.

Compliments as well as strict criticisms are all invaluable to the Suntory Group. Top executives of Suntory today always listen closely to the voices of the consumers to filter back into the management process while continually reinforcing the importance of truly hearing what consumers have to say in every one of our employees.



Suntory Founder Shinjiro Torii



The Suntory Group opened the Consumer Department in 1976 and has a long history of communication with consumers. Suntory expanded and enhanced the functionality of this department together with the trends of each generation while supporting a society which endeavors for a consumer-oriented stance.

Even as the company takes advantage of IT and SNS, Suntory has taken care in its initiatives to listen and empathize with the input from consumers for many, many years.

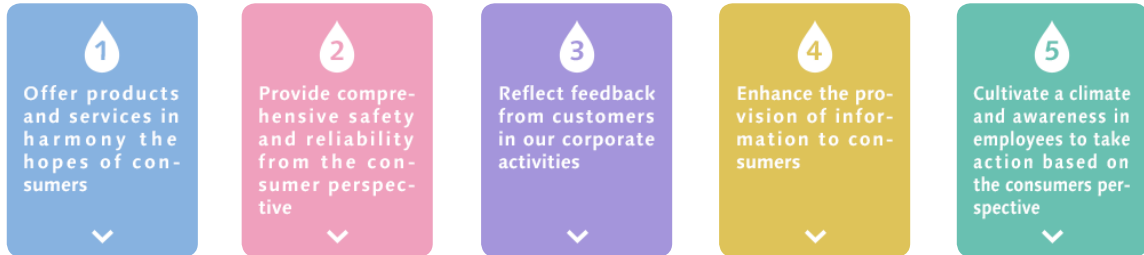
I believe the true meaning behind inquiries from consumers is an opportunity to provide satisfaction and reassurance. Moreover, the feedback received from consumers has been leveraged from an organizational approach that starts with top management and a system to support that approach. I think the consumer-oriented company passed down by Suntory founder Shinjiro Torii will always be protected as Suntory tradition.



Yasuko Kondo

Yasuko Kondo has been at the forefront of consumer service since the Consumer Office was established and even took part in educating junior employees as an advisor up until 2015 after her retirement. Received an Award for Excellence in Consumer Support (Cabinet Office) in 2008

Activity Report



1 Offer products and services in harmony the hopes of customers

We value two-way communications with its consumers in the belief that consumers satisfaction should be given top priority. We are enhancing our efforts so that we can truly respond to the opinions and hopes which we receive from consumers so that we may reflect this feedback more widely in our corporate activities, including the development and improvement of better products and services.



Developing and improving products

The feedback and requests received from consumers have been utilized in the development of products and services.

New products developed based on consumer request

- A delicious wine without any anti-oxidation agents was realized as a new product thanks to the requests of consumers. Launch of Zeitaku Polyphenol (August 2017)

We had been receiving requests from consumers who wanted to drink wine packed with more polyphenols without any anti-oxidation additives and discovered a delicious wine without any anti-oxidation agents adored by a broad range of consumers who enjoy wine on a daily basis. Zeitaku Polyphenol was released as a new product for this brand.



Suntory Wine International Limited.
Eriko Ito, Domestic Brand
Marketing Department



From an Employee in Charge of Development

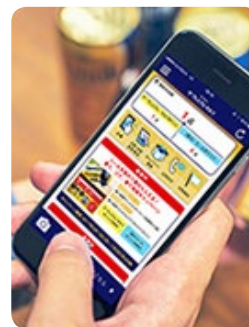
As someone in charge of commercialization, I enjoy reading feedback from the consumers shared throughout the company every week. We often heard from people who wanted a wine that contained even more polyphenols. I knew I had to figure out how to commercialize a product to satisfy this need.

I thought carefully about the flavor these consumers were looking for by tasting everything over and over during the development. I will continue to value the voices of the consumers even in the future and hope to bring even more magnificent products the consumers will love for a long time.

New Product Development Pursuing Consumer Convenience

●The Premium Malt's Online Campaign App Development (May 2017)

Conventional online campaigns require consumers to enter each and every serial number included on the products. Many of the consumers have complained that this process is tedious and the serial numbers are so small they are hard to read. To ensure the consumers can enjoy these campaigns, the Product Planning & Development Department worked together with the Systems Department to develop a dedicated app to let consumers easily enter campaigns by taking a picture of the serial numbers.



● From an Employee in Charge of Development

I work with the hope of bringing greater convenience and comfort at the point of contact between Suntory and its consumers through daily innovation of IT technologies.

We engaged in development to deliver even greater satisfaction to the consumers by stepping into the shoes of the consumers when they enter campaigns through the app. We have even received rave reviews from the consumers after the app was released. We have only really reached the halfway point, but I want to do everything I can to go beyond simply satisfying the consumer.



Kenji Mukai, Digital Marketing Department
Suntory System Technology Limited

The feedback and requests received from consumers have been utilized to improve products and services.

We introduce some examples of improvements that take advantage of feedback from the consumers on our homepage.



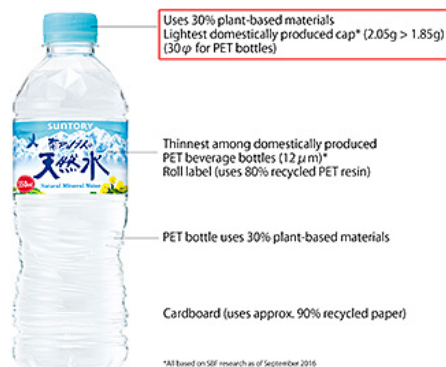
Suntory Group conducts activities to reduce the environmental impact to pass down a sustainable society to the next generation.

Aiming to Contribute to a Sustainable Society

● Always Ensuring Front Liners Developed from Environmentally-friendly Packaging Materials

PET bottle development at Suntory strives to promote comprehensive weight saving and recycling as well as use plant-derived raw materials based on the Reduce and Recycle + Bio (2R + B) strategy.

In the (Mineral Water) Suntory Tennensui brand for example, we adopted an 11.3 g bottle, which is the lightest bottle in Japan (made from 30% plant-derived raw materials), a 12 μ m label, which is the lightest label in Japan (made from 80% recycled PET), and a 1.85g cap, which is the lightest cap in Japan (made from 30% plant-derived raw materials). (September 2016)



Uses 30% plant-based materials
Lightest domestically produced cap* (2.05g > 1.85g)
(30 μ p for PET bottles)

Thinnest among domestically produced
PET beverage bottles (12 μ m)
Roll label (uses 80% recycled PET resin)

PET bottle uses 30% plant-based materials

Cardboard (uses approx. 90% recycled paper)

*All based on S&P research as of September 2016



Yuichi Takaki, Packaging Material
Department
Suntory MONOZUKURI Expert
Limited



From an Employee in Charge of Development

Suntory has been promoting reductions to the environmental impact of its packaging materials for a while now. We are currently working to develop PET bottles and caps that use 100% plant-derived raw materials. I think achieving this goal will help build a sustainable society and therefore a brighter future for the consumers.

However, environmental considerations are pointless if our products are hard for the consumers to handle or feel comfortable in drinking. We work to achieve both technical skill and a reduction in the environmental impact.

Realization of two-way communication for consumer satisfaction

Customer Centers and Sales Sites Cooperate Under the Motto "Fast, Clear and Courteous" We strive to satisfy the consumers.

Initiatives at the Customer Center

- We aim to provide a courteous response that the consumers will be pleased with based on our CREDO (SUNTORY MIND for Customer Service), which clarifies the principles employees in charge of customer service should live by. (Established 2012)
- We realized an even faster response to the consumers so that anyone who makes an inquiry is not left waiting through the innovation of a system to search for Customer Center information. (November 2017)
- We strive to provide even more accurate and clear information to the consumers by holding study sessions about relevant topics such as new products as well as conducting regular inspections of manufacturing sites. (2017: 6 times)



Customer Center



From a Customer Center Representative

The questions we receive from consumers cover a wide range of things. While studying specialized terminology and paying attention to trends in the news, I prepare for each and every day by also tasting the actual products to communicate the flavors.

We receive a lot of feedback by phone, email and SNS. We take care to grasp the real intention of each consumer and respond wholeheartedly in an easy-to-understand manner.



Rika Itamura
Suntory Customer Center
(SUNTORY PUBLICITY SERVICE
LIMITED)

Initiatives at Sales Offices

Suntory has appointed Customer Service Leaders entrusted with a guidance role to engage in efforts that include human resource development to further penetrate and grasp consumer-oriented business practices around the many sales sites which are one of the main contact points with consumers (January 2018).



From a Customer Service Leader

- We focus on two fundamental principles in customer service.
- First is ensuring that we scientifically communicate the facts of survey results to all of the consumers.
- Second is ensuring we fully understand how the consumers feel. When I help a consumer who is very displeased about something, I first try and show my surprise and concern to let them know I understand how they feel.
- On occasion, I also want to share what I have learned to those around me.

I strive to offer sincere customer support that will reassure and satisfy consumers who have a complaint.



From an Employee in Charge of Sales

I am in charge of sales and planning of alcoholic beverages to restaurants in the Chugoku/Shikoku area.

I prioritize visits to consumers in the Chugoku/Shikoku area if they have an issue and would like to talk face-to-face. I am grateful these restaurants can serve products their consumers enjoy. I make sure to listen to what each restaurant has to say and take care to explain anything that may be unclear. I also make sure to keep in mind that I am taking valuable time from my consumers and work to ensure basic customer service, such as strict time management for the visit while ensuring I am detailed and careful in our interactions.

Sales & Marketing Division
Chugoku Shikoku Area,
Suntory Liquors Limited.

- We send a "Voice Card (survey about services)" to consumers who sent us complaints which were handled to inquire about their satisfaction.

《お客様の声カード》

★該当する項目の番号を○で囲み、空欄はご記入ください。

①最初にご連絡いただいた時の電話での対応はいかがでしたか？
 (1)感じよかった (2)ふつ (3)酒の一癖の感じ (4)悪かった

②お客様をお訪ねした社員への対応は満足でしたか？
 (1)大変満足で満足した (2)満足だった (3)ふつ (4)あまり満足とは思えなかった (5)悪かった

③お客様をお訪ねした社員のお客様に接する態度はいかがでしたか？
 (1)大変よかった (2)よかった (3)ふつ (4)あまりいいとは思えなかった (5)悪かった

④社員からの説明についてお聞きします。
 (1)納得できた (2)やや納得できた (3)ふつ (4)あまり納得できなかった (5)納得できなかった

⑤サントリー製品の今後の利用についてお聞きします。
 (1)今後も以上にご利用する (2)利用する (3)利用回数減らす (4)利用しない

⑥今回の対応や、サントリーの製品、販売方法、その他満足度全般について、どんな点でも結構ですので、ご意見・ご感想等がございましたらお聞かせください。

94% of the consumers have told us they will continue to use our products in the future (2017 results).

* The names of departments of these employees are current as of December 31, 2017.

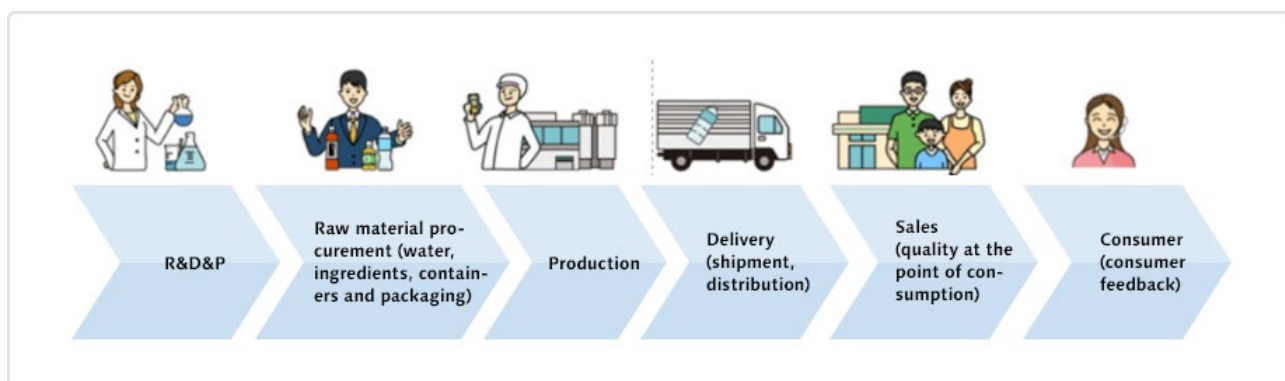


Provide comprehensive safety and reliability from the consumer perspective

We will engage in the maintenance and improvement of quality in all processes from the development and planning of products to the procurement of water, crops, packaging materials and other raw materials in addition to our manufacturing, distribution, sales and services under the Suntory Group Quality Policy, "All for the Quality." We strive to improve the quality of our product and services while preventing quality risks through the Quality Assurance Committee which promotes quality management in the entire Group.

Maintain and improve quality in all processes

- All of our employees take the viewpoint of consumer in all of our processes in an effort to continually improve quality based on our "All for the Quality" policy, from the planning and development of products as well as procurement of water and raw materials to manufacturing, distribution, sales and services up to the moment when consumers drink or eat our products. This approach delivers high-quality products and services that are both safe and reliable.
- Management and on-site employees confirm the importance of quality face-to-face at all manufacturing bases. (2017)



Prevent quality risks

- We are moving ahead with our efforts to carefully identify and minimize potential risks that have yet to been actualized within serious risks such as law breaking as well as health and quality hazards.
- Suntory has expanded efforts to improve new unidentified quality risks at all of its sites from research and development to procurement and production as company-wide activities. (2017)

3

Reflect feedback from consumers in our corporate activities

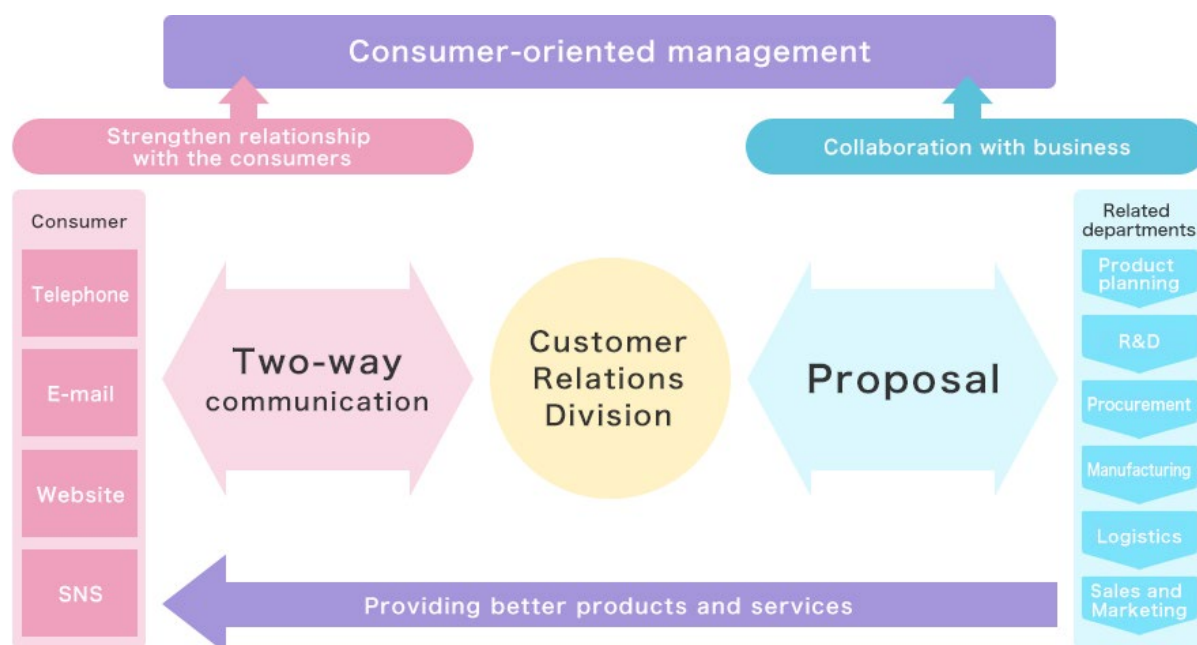
We quickly share precious information and feedback from our consumers in the company and reflect them in our products and services, enhancement of risk management, business activities and employee action.

Quickly Sharing Opinions and Feedback

We quickly share opinions and feedback that we receive from consumers while we pursue fast, clear and courteous service using the Neo HarmoniCS consumer information system. (2017: 88,915 cases)

Enhancing Systems to Leverage-Consumer Feedback

We analyze consumer feedback (VOC: Voice of Customer) which will help improve consumers-oriented corporate activities to create products and provide services able to satisfy the consumers. We call these efforts VOC activities.



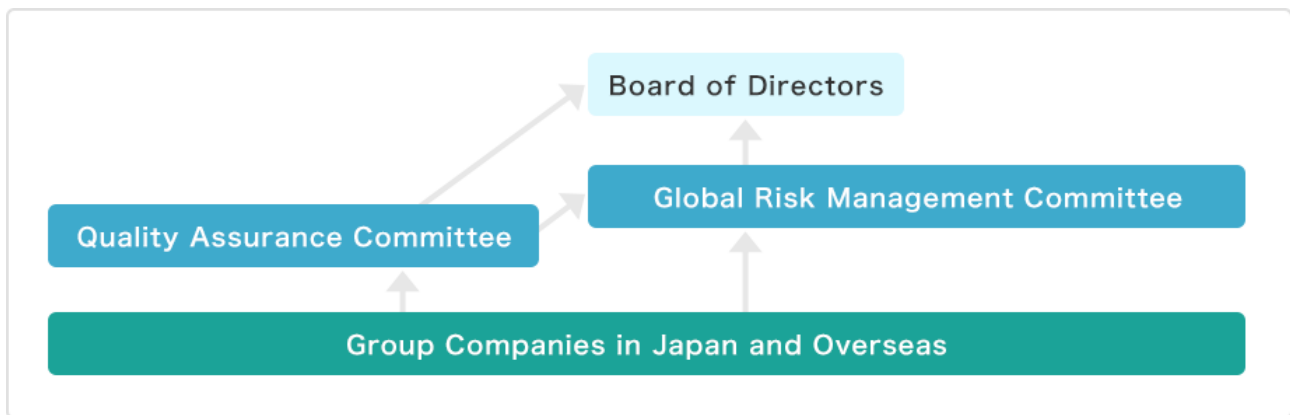
We regularly hold VOC meetings to share information and engage in discussion with each business department based on the feedback received from consumers. Both management and employees attend this meeting to broadly examine consumer-oriented efforts, such as improving products and services based on consumer feedback, preventing risk before it happens and creating new business activities. (2017: Approx. 70 meetings)



VOC Meeting

Strengthen risk management system responding to business expansion

- We have built a system to conduct an even higher level of risk management as we expand the scale of our businesses as a global group (2015). Ongoing compliance efforts in conjunction with risk management activities aim to foster a company that meets the expectations of its consumers.





Enhance the provision of information to customers

We will promote product display, commercials, and ads that are accurate and easy to understand. In addition to communicating with our consumers through telephones, letters, and E-mails, we will also provide more information on our homepage for consumers who search for information on their own through the web. We will offer information about quality in an easy to understand manner for the consumers.

Increase amount of information and make information more easy to understand

- Suntory endeavors to enhance its websites on a daily basis so that it may communicate easy-to-understand information able to play a role in our consumer's lives.



We improved the accessibility of the Customer Center homepage by incorporating the voices of the consumers and using images and videos. The homepage works to also improve consumers' ability to find the information they are looking for when conducting a search.

Suntory is providing a variety of information to aid in realizing richer lives of the consumers through better access to information from a website with regional information for outings, a website for factory tours and a website of recipes to use in daily cooking.



Area Information



Let's Take a Factory Tour



Gourmet Recipes

- We have begun new efforts to learn more about the consumers incorporating the consumers-oriented spirit uniquely passed down since the founding of Suntory in specific activities. (2017)



Management works to talk about the history of our consumers-oriented spirit and current initiatives while simultaneously releasing the Voluntary Declaration of Consumer-orientation. (April 2017)



Suntory held a product development workshop to instill the consumer-oriented spirit through first-hand experience together with the next-generation responsible for our future. (January 2018)

Offer information about quality

- Our Quality Assurance website introduces the variety of initiatives related to quality at Suntory to help consumers correctly understand our diligence toward safety and reliability.



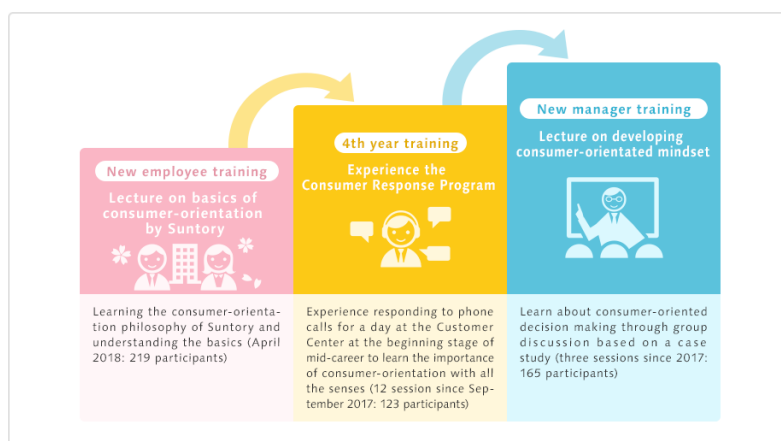


Cultivate a climate and awareness in employees to take action based on the consumers perspective

The Suntory Group continues its Customer Satisfaction Cultivation Activities in our attempt to nurture a corporate culture in which all of our employees keep the customers' perspective in mind in their work. We hold training programs for all employees, including those in divisions that have few opportunities to hear the views expressed directly by our customers.

Systemizing creation of consumer-oriented corporate culture and human resources

- In 2017, we have begun training in-line with the career path of each employee as part of our human resource training (Suntory University*) in the medium term for the purpose of teaching all of our employees to always take action from the viewpoint of consumers.



* Suntory University is the general name for the human resource development programs.

- Each employee listens to complaints and words of encouragement from consumers in the Consumers Oriented Brush-up Seminar to deepen a consumer-oriented mentality and encourage action. (2017: 4,882 people)
- Seminars at each Group company nurture a consumer-oriented mind and action in all of the activities at the Suntory Group. (Began 2017)
- Suntory creates opportunities for its partners to understand the consumer-oriented concepts and initiatives of the Suntory Group and it works together with these partners to deliver better products and services to the consumers. (2017: 237 companies)
- May is Consumer Month in which we also aim to enhance Suntory's consumer-oriented spirit by offering opportunities for each person to think about what they can do for the consumers. These efforts include sharing messages from management and conducting internal lectures. (May 2018)



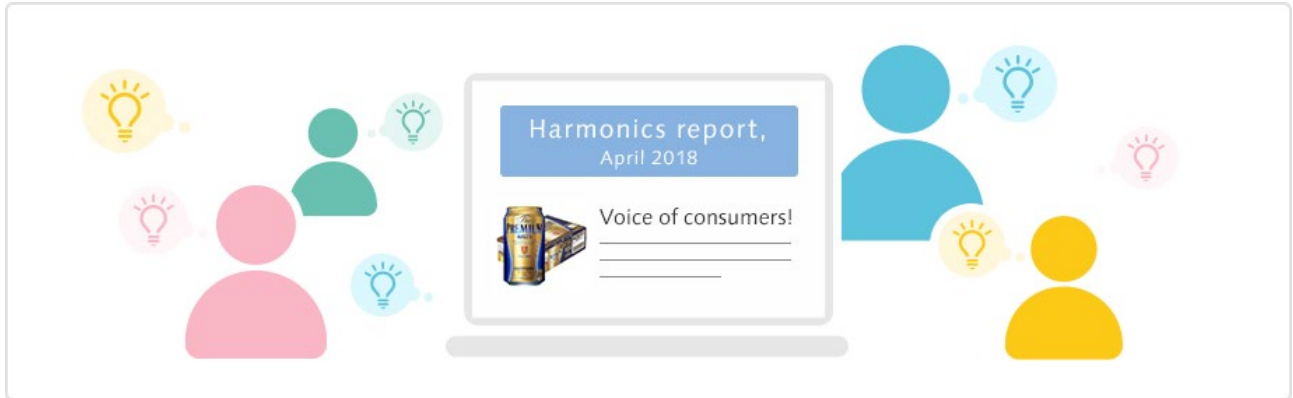
Poster Displayed at Suntory



Internal Lecture

Making connection with voices of consumers in daily life

- Suntory shares the Voice of Customers widely at the company weekly, monthly and yearly via the intranet and email.



Comments of Employees after Reading the Voice of Customers

I enjoy reading what consumers really have to say, especially their response to new products. I learned a lot about how consumers look at Suntory.

I am surprised by unexpected feedback and have found many insights in the voices of the customers. I have often found myself struck by feedback from consumers about ways we never expected consumers to enjoy our products during development.

Words of praise are always nice, but we won't grow without critiques as well. These criticisms are hard to hear but are an opportunity for us to improve in the future. I am careful to accept the truth in the voices of the consumers I read.

I think both compliments and complaints are valuable assets for Suntory and I carefully read each and every one. The strength of Suntory is the transparency in not only sharing the praise but also the criticism.

We have been promoting
consumer-orientation
since our founding
and will continue striving
to be a corporate group trusted
by the consumers.



To Create Harmony with Customers and Partners: Products and Services

Appropriate Information Disclosure

The Suntory Group believes information should be available in an accurate and easy to understand way for the customers to ensure customers' peace of mind and trust in the products and services we provide. In doing so, information on quality assurance and related activities that we are engaged in should be disseminated through websites and other means.

Realizing Easy to Understand and Accurate Product Labeling

In addition, we promote the display of accurate information that is easy to understand through Quality Assurance Division checking and building a system to secure compliance and validity, collaborating with the related divisions in charge of development and production of each Group company.

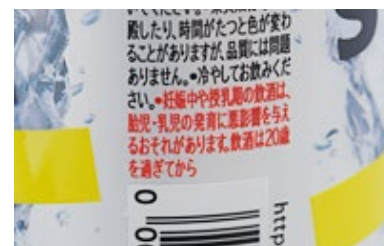
■ Examples of Labeling on Products

Example of display to prevent drinking alcohol by mistake

We display the alcohol logo on products so that low alcohol drinks such as Chu-Hi are not mistaken for soft drinks. In addition, "Contains Alcohol" is written on the lid of the can with "Alcohol" written in braille on our main products.

Labeling examples to warn pregnant and nursing mothers

We also display, "Drinking while pregnant or breastfeeding may be harmful to the development of unborn babies or infants" on products in order to evoke caution about alcohol in pregnant and nursing mothers.



Labeling to warn pregnant and nursing mothers

Allergenic Labeling

Suntory has investigated raw materials and has confirmed whether or not they need to be indicated on products as allergenic. Soft drinks are not only part of the 7 items that require labeling by food labeling laws but also are included in the 20 items recommended for labeling on products. Alcoholic products are exempt from allergenic labeling, but we label low-alcohol drinks such as beers and Chu-Hi allergenic information based on our own rules and regulations.

"Month/year" labeling for "Best by" dates

The best by dates of soft drinks have generally included the day, month and year up until now, but the Suntory Group has worked to display only the month and year (indicated in Chinese characters) for products with best by dates that are longer than one year to reduce the environment burden even slightly with inventory management and other measures while also providing customers with easy-to-understand information. The month and year best by dates started to be displayed on the 2L Suntory Minami-Alps Tennensui plastic bottles in 2013, and then gradually expanded to can coffee and tea drinks.

Introduction of Safety and Reliability Initiatives

We are introducing various initiatives on Suntory's Commitment to Safety and Reliability website to accurately communicate our pursuit of safety and reliability to our customers. The information display is customized for both desktop computers and smartphones; furthermore, we provide information with consideration for our overseas customers.



Website: Suntory's Commitment to Safety and Reliability, and the Explorers of All for the Quality in Video online content (in Japanese only)

As the business activities of the Suntory Group expand globally, we have started initiatives to improve information disclosure by advancing the design of global quality websites so that our earnest approach and activities toward quality that we have striven for in Japan up until now can be understood by our overseas customers. In the future, we will continue to provide information about safety and reliability so that customers may evaluate the activities of the Suntory Group.

Voluntary Recalls

While we do our best to assure quality, we also disclose information appropriately and promptly when problems do arise. Voluntary product recalls are announced by posting notices in newspapers. Two recalls were announced between January 2017 and December 2017.

Moreover, there were no legal violations.

There were also no incidents that violated regulations or our independent rules in the informational labeling for products and services during the same period.

To Create Harmony with Customers and Partners: Products and Services

Promotion of Group Quality Management

We are working to construct and promote a quality management system throughout the entire Group both in Japan and overseas.

Our Philosophy Underpins Quality Assurance

The Suntory Group has always striven to better the quality of its products and services with a customer first approach since its founding. Every employee always endeavors to sustain and improve quality according to the Suntory Quality Policy of "All for the Quality", which clarifies our approach to quality, to earn even greater trust from customers.

Suntory Quality Policy All for the Quality*

We offer products and services that meet or exceed relevant safety standards and will continue to respond to the desires of our consumers and customers and earn their trust.

1. Each and every member of the Suntory Group wholeheartedly strives to offer products and services from the consumer's and customer's perspectives.
2. We strive to provide our consumers and customers with accurate information that is easy to understand. We earnestly listen to consumer and customer opinions and endeavor to reflect them in our products and services.
3. We abide by laws and regulations.
4. We place a very high priority on the safety of our products and services.
5. We continue to quest for even greater product quality by reference to recognized international quality standards.

* "All for the Quality" is a slogan showing our basic philosophy to pursue product quality and safety. It should not be construed as our legal obligations or commitments.

Established 2004, Revised 2012

Promotion of Quality Management

Following the acceleration of its own global development and expansion into new fields of business, the Suntory Group has been enhancing its Quality Management Systems as part of its Group Governance.

We installed the Quality Assurance Committee at Suntory Holdings Limited to promote quality management throughout the entire Group. This committee identifies quality risks and prevents trouble before it occurs in priority issues across the organization based on the Group quality strategy.

The Chief Quality Officer (CQO) of Suntory Holdings Ltd. plays a vital role in this process by strengthening the quality management capacities through holding meetings on product quality with each Group company.

Comprehensively Identifying and Minimizing Potential Risks

We are continuing to move ahead with our efforts to carefully identify and minimize risks from serious crises such as violations of law, negative health impacts, and quality hazards, as well as potential risks that have not yet manifested themselves. Since 2006, we have been holding Weekly Risk Review Meetings to share internal and external quality risks that were identified during the week, and discuss the countermeasures for management and executive personnel from Production Research and other divisions. We also monitor changes in potential risks.

Quality Assurance Activities at Group Restaurants

Under the Group Quality Assurance Committee, the Suntory Group has established a Restaurant Quality Assurance Committee, which shares and promotes activities that guard against major issues at any Group restaurants, as well as identifies the cause of any quality-related issue that has already occurred. Suntory strives to always earn greater trust from our customers. The Restaurant Quality Assurance Committee enables us to do so by strengthening quality assurance activities across all Group restaurants.



Inspection of kitchen equipment

■ Topics

Sharing and Expanding the Common Suntory MONOZUKURI Values (SMV) of the Suntory Group, nurtured since the foundation of the company

We believe that it is our duty to continually deliver high quality products with new value, safety and reliability, able to bring joy to consumers worldwide.

Thus, we are committed to producing high-quality, safe and reliable products that delight consumers across the globe. This promise is shared within the group through the Suntory's MONOZUKURI Manufacturing Values and Code of Conduct, which we have held dear and consistently delivered on since our founding.



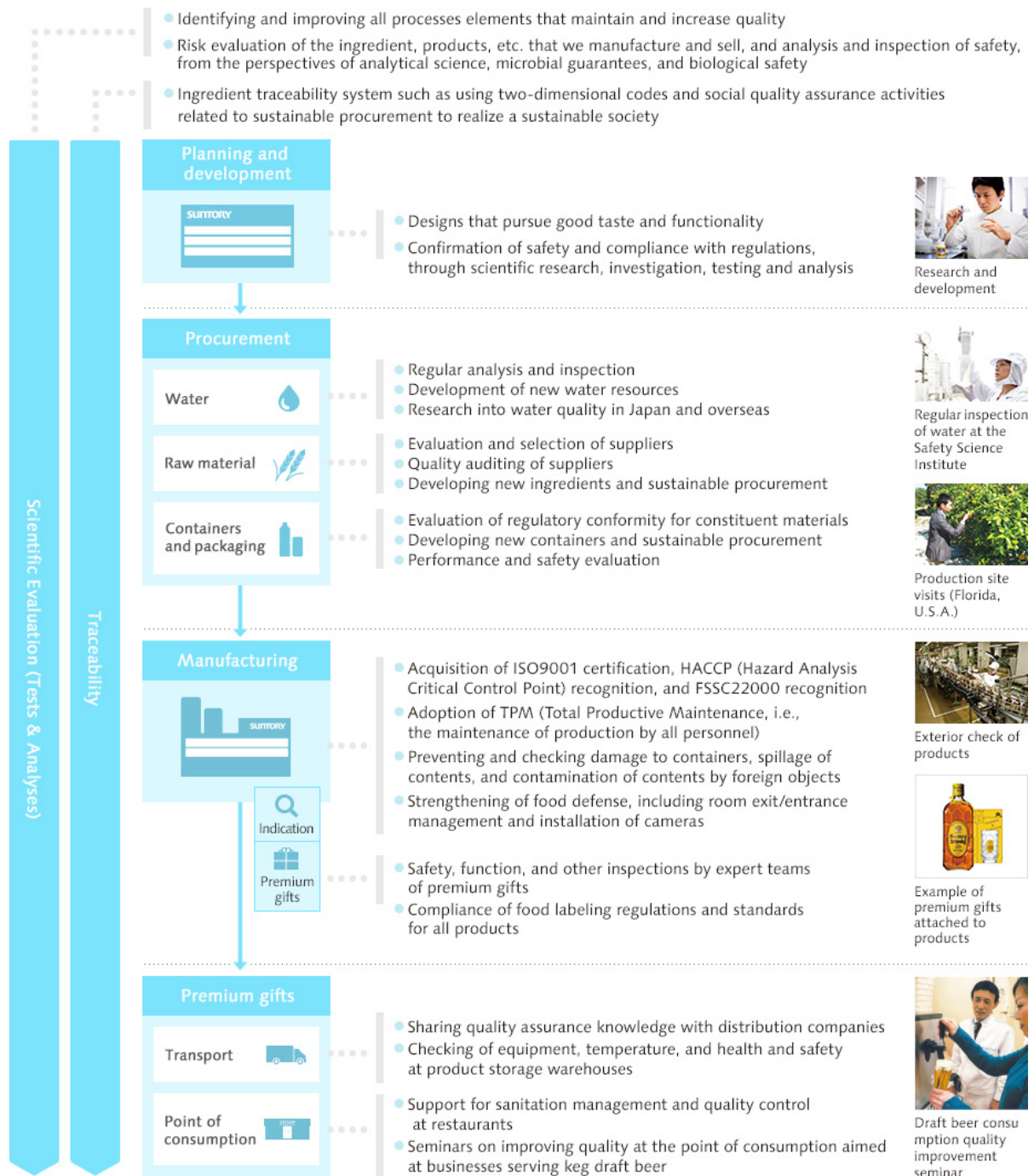
Sharing and expanding SMV in New Zealand

To Create Harmony with Customers and Partners: Products and Services

Quality Assurance from a Customer Perspective in All Processes

Grounded in the Suntory Group Quality Policy, our employees are continually working to maintain and improve quality in all of our processes, from product planning and development to material procurement, manufacturing, distribution, sales, and services.

Assuring Quality in All Processes



To Create Harmony with Customers and Partners: Products and Services

Communicating with Customers

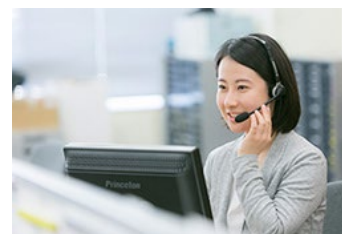
Since our founding, we have been prioritizing consumer satisfaction. We value regular communication with the consumers and reflect their feedback in our corporate activities.

Realizing Consumer Satisfaction

The Suntory Group values two-way communication with the consumers in the belief it has held since its founding that consumer satisfaction should be given top priority. In 1976, we opened the Consumer Department to handle inquiries from consumer. The office now operates as the Consumer Relations Division of Suntory Communications Limited. We respond sincerely to the opinions and requests that we receive from the consumers. We are strengthening initiatives to more widely reflect this feedback in our corporate activities, including improvement and development of better products and services.

■ Basic Policy on Consumer Satisfaction and Course of Action

We stipulated the Basic Policy on Consumer Satisfaction in 1999 in order for each and every one of our employees to take action while always recognizing the goal of providing consumer satisfaction. We formulated the Course of Action for our Customer Center in 2002 to be put into comprehensive practice by all of the Customer Center staff.



Customer Center

Basic Policy on Consumer Satisfaction

We strive to realize, maintain and improve consumer satisfaction in every way through various activities to fulfill the responsibility as a member of the society. We value communication with the consumers and provide safe and reliable products and services that bring joy to the consumer and gain their trust, while providing information and implementing consumer feedback to our business activities.

Course of Action for Customer Center

1. We will respond to consumer inquiries and complaints in a timely, accurate and sincere manner while being fair and just.
2. We will proactively provide reliable information that brings satisfaction to the consumer.
3. We will incorporate feedback and requests of the society in the company.
4. We will comply with laws and our own standards to protect the rights of the consumer.

■ Customer Response Standard

Suntory Holdings Ltd. and 17 Group companies* have formulated a Course of Action that follow ISO10002 (JIS Q10002) as a working mindset for acting according to the basic policy and course of action. We recognize the right of consumers to make inquiries and complaints in these regulations, which are clarifying the active efforts and responsibility to respond to consumers with the objective of maintaining and improving consumer satisfaction through our corporate activities. In addition, we will formulate and thoroughly familiarize employees with standards and procedures based on this course of action.

*Suntory Beverage & Food Ltd., Suntory Foods Ltd., Suntory Beverage Solution Ltd., Suntory Foods Okinawa Ltd., Suntory Products Ltd., Suntory Spirits Ltd., Suntory Beer Ltd., Suntory Liquors Ltd., Okinawa Suntory Ltd., Suntory Wine International Ltd., Suntory MONOZUKURI Expert Ltd., Suntory Communications Limited, Suntory Business System Limited, Suntory Business Expert Ltd., Suntory Global Innovation Center Ltd., Suntory Corporate Business Ltd. and Sunlive Co., Ltd., Suntory Beer, Wine & Spirits Japan Limited

■ CREDO (SUNTORY MIND for Customer Service)

The CREDO (SUNTORY MIND for Customer Service) was formulated as a doctrine for customer service in 2013 to embed the basic policies and course for action in the hearts of each and every employee in their daily tasks. We created this CREDO with all the staff at the Consumer Relations Division in an effort to cultivate a climate that nurtures activities able to satisfy the consumer.

Responding, Sharing and Utilizing Consumer Feedback

The Customer Center responds to consumers in timely and accurate manner through inputting its information to our core system, Neo HarmoiCS^{*1}, and cooperating with relevant divisions.

By recording the result of the responses to the system, valuable information from the consumers are shared immediately with relevant departments to enhance quality, product development and risk management.

We periodically share the feedback we receive from the consumers with relevant departments to strengthen our VOC activities^{*2} that reflect this feedback in our corporate activities and employees course for action, which includes improving our products and services and enhancing our provision of information.

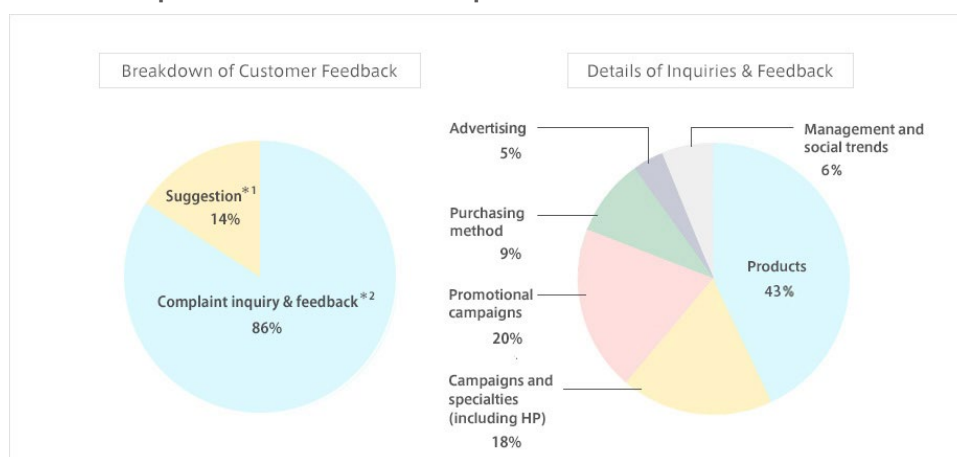
^{*1} Original database system to share and store information provided by the consumers. HarmoiCS is a term created from "harmony," being in harmony with the consumers, and "Consumer Satisfaction."

^{*2} VOC (Voice of Customer) activities: Activity to reflect consumer feedback in management policy.

■ Flow of consumer information



■ Details on consumer inquiries, feedback, and complaints (Results of 2017: 88,915)



^{*1} Complaints: Includes expressions of dissatisfaction by consumers about products or corporate activities

^{*2} Inquiries and feedback: Includes a wide range of questions and opinions expressed by consumers other than complaints

Utilizing the "Voice Card"

We send a "Voice Card (survey about services)" to inquire about the satisfaction of the consumers who sent us complaints, after the matters of complaint were resolved. The received opinions are directed to the actual person that addressed the issue in question and also shared to the entire company through the Intranet for further improving the response to similar cases in the future. 95% of the consumers who filled out the Voice Card told us they will continue to use our products in the future (2017 results).

■ Making Use of Consumer Opinions

We are aiming to improve quality, product development and the provision of information through incorporating opinions and requests from the consumers. Having a point of view of the consumers is crucial in developing products that are safe and easy to use. We carefully listen to the feedback of the consumers, and aim to provide kinder, gentler products to all people.

We listen to consumer feedback carefully and use it to continuously improve our products and services. Consumer feedback regarding products of other companies and products in other categories are shared with the development division to stimulate new findings from a wider perspective and make prior checks from the consumer's point of view.

<Examples Utilizing Feedback in Products> Three Zeros Notation Added to Pepsi Special Labeling

Some consumers pointed out that the zero-calorie, sugar-free and additive-free labeling was hard to find after the re-design of the label. In May 2017, this feedback included the voice of consumers who were checking the labeling of products when making purchases due to concerns about the health ramifications. We improved the labeling to make this information easier for consumers to find by enlarging and moving the three zero notation to the front of the label.

Expanding communication outlets: Use of online and SNS tools

We work to enhance information on the Customer Center homepage leveraging videos and illustrations for consumers who prefer to search for information online, in addition to the communication via telephone calls, letters, and e-mails. We have set up an inquire form in English due to the growing number of inquiries in foreign languages as a way to respond to an even greater number of consumers. In addition, we have also established a dedicated SNS account to actively support feedback from the consumers.



Suntory Customer Center homepage



Suntory Customer Support Account

Continuing to Meet Consumers Expectations

All of our employees are putting their strength into internal enlightenment activities while nurturing work ethics for the purpose of becoming a company able to deliver satisfaction beyond the expectations of consumers by deepening our grasp of the changing awareness and interests of consumers and standing in the shoes of each and every one of our consumers.

■ Employee Training at Every Level

We are also conducting training based on the career paths of our employees as part of human resource development programs. Our employees first undergo the new employee training to learn the concepts behind the consumer-oriented spirit passed down throughout the Suntory Group since its founding. Mid-level employees spend a day answering phones at our customer center to discover first-hand specific things they can use in their own work to become more consumer oriented by directly interacting with consumers. Employees who are being promoted to manager are practically taught important consumer-oriented decision-making techniques such as through group discussions based on case studies.

■ Improving Contact Points Between Consumers and Employees

We engage in activities to strengthen opportunities to share consumer feedback with employees, even those who rarely interact with consumers directly. In addition to sharing the voice of the consumers widely internally on a weekly, monthly and yearly basis using our intranet and email, we always consider what we can do for the consumers to leverage opportunities to take action by interacting with consumers based on both positive and negative feedback. In 2018, Suntory began appointing Consumers Service Leaders entrusted with the main role to further penetrate and grasp consumer-oriented business practices around the many sales sites which are one of the main contact points with consumers.

To Create Harmony with Customers and Partners: Products and Services

CSR Procurement

The Suntory Group is promoting CSR procurement with our business partners to contribute to the realization of a sustainable society as a company that has signed the United Nations Global Compact.

The Enactment of a Basic Policy on CSR Supply Chain

In order to offer our customers high-quality products and services, at the Suntory Group we believe it is crucial to promote sustainability throughout our entire supply chain. This means we need to give due consideration to environment and society, as well as to safety and reliability.

In 2011, in order to promote sustainability, we established the Suntory Group's Basic Policy on the CSR Supply Chain that consists of six main pillars - legal compliance, human rights and labor standards, quality, environment, information security, and the coexistence with society - that address global issues such as child labor, forced labor, freedom of association and collective bargaining, working hours, the guarantee of minimum wages, etc. In order to promote sustainability, we are raising awareness and deepening understanding with our business partners.

The Suntory Group's Basic Policy on Supply Chain CSR (Established 2011)

In order to provide high-quality products and services safely and reliably based on our corporate philosophy of "To Create Harmony with People and Nature" and our Code of Business Ethics, the Suntory Group engages in fair business practices and, in collaboration with supply chain business partners, promotes procurement activities that take social responsibility into consideration, mindful of such points as human rights, labor standards, and the environment.

We build good partnerships with our business partners and contribute toward realizing a truly affluent and sustainable society.

1. Legal Compliance and Respect for International Standards of Conduct

We will promote fair and equitable procurement activities that comply with each country's laws and respect international standards of conduct.

2. Consideration for Human Rights, Labor, and Safety and Health

We will promote supply chain CSR initiatives that respect basic human rights and are mindful of labor conditions and safety and health.

3. Guaranteeing Quality and Safety

Aligned with the Suntory Group Quality Policy, we will promote supply chain CSR initiatives that seek to guarantee a high level of quality and safety based on the optimal standards for quality, cost, and supply.

4. Consideration for the Global Environment

Aligned with the Basic Principles of Suntory Group's Environmental Policy, we will promote procurement activities mindful of the global environment.

5. Preservation of Information Security

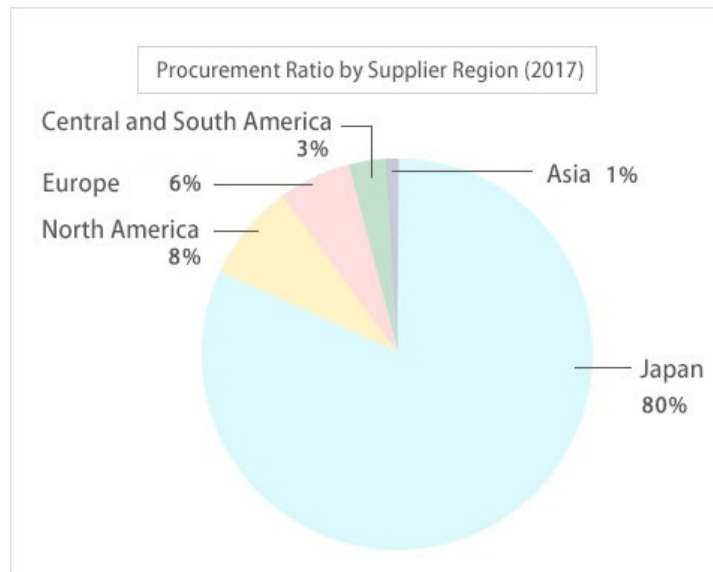
Confidential information regarding procurement dealings and personal information will be strictly controlled.

6. Coexisting within Society

We will promote social contribution initiatives directed toward coexisting within society.

■ Procurement Ratio by Supplier Region

The Suntory Group is primarily purchasing raw materials from the suppliers in the regions below. We promote the sustainability of raw materials in cooperation with our suppliers.



■ Promoting CSR Activities Throughout the Entire Supply Chain

The Suntory Group is working to promote CSR activities throughout the entire supply chain while linking to business partners by enacting the Basic Policy on Supply Chain CSR.

We first conduct a screening based on the Basic Policy on the CSR Supply Chain for all new suppliers.

We also conduct self-assessment questionnaires related to policy briefings and CSR activities every year targeting the main partners of the Purchasing Department, Packaging Department, and Distribution Department. In the 2017 questionnaire (19 items/each rated on the scale from zero to three), we were able to confirm the diligent efforts in sustainability of each company with the Purchasing Department at a 2.85 rating, the Packaging Department at a 2.90 rating, and the Distribution Department at a 2.77 rating in the average company answers.



Establishing Supplier Guidelines

We established the Suntory Group Supplier Guidelines in June 2017 to contribute to the realization of a sustainable society while also accelerating CSR procurement within the Suntory Group. These guidelines put in place specific compliance items required in each field from human rights and legal compliance to the environment for suppliers of Suntory in Japan and overseas to confirm the same ethical values are shared between the Suntory Group and its suppliers.

Collaboration with Overseas Group Companies

We share the Suntory Group Supplier Guidelines with our overseas Group companies and verify initiatives toward sustainability at each company at the Global Procurement Conference in which our overseas Group companies participate.



Global Procurement Conference

Monitoring of Suppliers

The Suntory Group has been inviting and received briefings from overseas suppliers in Japan about human rights, such as child labor and forced labor, since 2014. We also held briefings with producers of malt and hops, which are the main ingredients for beer, in 2014 as well as with Chinese oolong tea production factories in 2015 and monitored five oolong tea leaf companies in 2016. No issues were found on these assessments.

Contract Farms to promote High-quality and Stable Supply

The Suntory Group procures a portion of its coffee beans, which are a vital ingredient for coffee, from the "Fazenda Bau" Farm, which is a specialty coffee farm in Minas Gerais, Brazil, as we aim for the highest quality and stable supply of coffee beans. Fazenda Bau has acquired international certifications from organizations that include the Rainforest Alliance*¹ and UTZ*², and they are highly praised for their thorough quality management and workplace environment. The Suntory Group promotes sustainability throughout the supply chain in order to bring safe and reliable products to customers now and into the future.



Fazenda Bau has been engaging in a wide range of activities to promote sustainability, turning their attention to labor practices and the labor environment, conducting efforts such as courses on the health and safety of employees, as well as courses about motivation and human relationships in the workplace, and morning gymnastics. Environmental conservation activities such as separating trash and comprehensive management of the water intake as well as tree planting initiatives show their awareness regarding their impact on the environment. In addition, the Fazenda Bau have been engaging in a support project at a neighboring school since 2011 with the purpose of contributing to the local community.



Morning Gymnastics



Separating Trash



Education at School

*1 Rainforest Alliance: International non-profit organization established with purpose of preserving the global environment through protecting the rainforests in 1987.

*2 UTZ: International certification program for sustainable agriculture. Certification is only give to those that fulfill all standards in appropriate farming practices and farm maintenance, safe and healthy labor conditions, abolition of child labor, etc.

Improving Cooperation with Business Partners

The Suntory Group strives to promote CSR procurement together with all of its business partners in the supply chain. We are promoting better awareness and support so that the necessity of sustainability initiatives is understood through education for our company representatives and policy briefings and questionnaires for our ingredient suppliers, manufacturing outsources, logistic affiliates, and other primary business partners. In addition, Suntory Beverage & Food Ltd. participates in the Consumer Goods Forum Japan*, which promotes distribution networks of consumer goods across the industry, to reduce the environmental impact of the Suntory supply chain.

* The Consumer Goods Forum Japan is an organization primarily made up of companies in the consumer goods distribution industry that engages in cooperative manufacturing, distribution and sales efforts to address common challenges in non-competitive industries in Japan.

Promoting Green Procurement

Suntory Group is promoting procurement activities to reduce environmental impact with our business partners by establishing the Suntory Group Green Procurement Standards (revised 2011) under The Suntory Group's Basic Policy on CSR Supply Chain.

Currently 80% of the plants we have transactions with have acquired International Standard ISO14001 and environmental responsiveness are improving. Also, Packaging Material Development Department has implemented a comprehensive evaluation of green procurement based on business partner evaluation standards in the Green Procurement Guideline for 23 companies in 2016, resulting in average score of 3 (out of 3) to show that environmental initiatives are advancing.

To Create Harmony with Customers and Partners: Products and Services

Just and Fair Transactions

We base our relationship with raw material suppliers on just evaluations, selection and fair competitive opportunities.

Rigorously Engaging in Fair and Equitable Business Practices with Suppliers

In our dealings with suppliers, we provide each company with an opportunity for equitable competition in keeping with our Purchasing Control Regulations and our Business Partner Selection Standards, based on the Suntory Group's Basic Policy on Supply Chain CSR. At the same time, we fairly evaluate efforts regarding the quality and supply capabilities of the products and services, financial status, assured safety, environmental conservation, and social contribution of each company, when we select new suppliers or determine whether to continue business with our existing business partners.

We consider our business partners as trusted partners who combine their strengths with ours in order to provide products and services that bring joy to our customers.

■ Bookkeeping System that Corresponds to the Subcontract Act

Suntory Group operates a bookkeeping system that corresponds to the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act), enforced by the government of Japan. The system prevents troubles such as payments delay through displaying warning on the administrator screen when payment process is not carried out according to the information such as payment conditions entered at the ordering of raw materials or packaging. There was no transaction of raw material or packaging that violated the Subcontract Act in 2017.*

* The number of business partners targeted by the subcontract Act is 39 for the Purchasing Department (about 14% of the transaction fee) as of May 2017 and 63 companies for the Packaging Material Development Department (about 4% of the transaction fee) as of December 2017.

To Create Harmony with Customers and Partners: Products and Services

Promoting Distribution Considering Safety

We are promoting environmental distribution that is safe and considers the environment in cooperation with distribution affiliates.

Cooperating with Distribution Affiliates

As of the end of 2017, the Safety Committee, which grew out of our connection to our distribution affiliates, to which we outsource the distribution of our products had 261 members from 78 companies. The Committee promotes initiatives in such areas as safety assurance, environmental concerns, and risk management.

■ Enhancing Safety at Partner Companies

The Safety Committee has published Five Principles for Distribution Safety. We ensure that all employees at each company are aware of these principles. Additionally, the committee's administrative bureau* visits the sites of each company and inspects the state of their safety measures.

Five Principles for Distribution Safety

1. Compliance with legal speed limits and defensive driving
2. Proper packaging of transported goods and prohibition of careless driving (sudden stopping, sudden acceleration)
3. Idling stop and use of tire stoppers
4. Wearing helmets and safety shoes, implementation of 5S (Sort, Straighten, Shine, Standardize, Sustain)
5. Observing signing, pointing and calling checks and safety check

* The bureau is made up of managers and operators from the Distribution Service & Ordering Department of Suntory MONOZUKURI Expert Ltd., and the Safety Department of Suntory Logistics Ltd.



Safety Committee poster

■ The Safety Committee's Joint Activities

Each year, we hold a Safety Promotion conference attended by representatives from 150 sites nationwide including storage facilities and transportation-related offices of distribution affiliates as well as the Suntory Group's distribution centers. The conference is used to promote safety at each company by sharing information on outstanding initiatives, providing thorough safety education through study groups and contests, and by presenting awards to safe drivers and sites.



2017 Safety Promotion conference



Receiving an award at the Safety Promotion conference

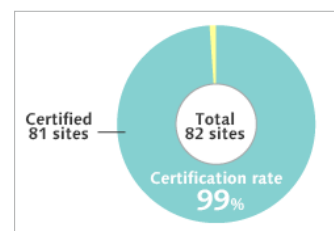


Discussion at the Safety Promotion Conference

Promoting Safety Management

We are pursuing certifications under the Top Safety Site Program led by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). Our goal in doing this is to maintain a minimum standard in the safety management organizations of our distribution affiliates at all times and continually improve these systems.

Certifications have been obtained by 81 out of the 82 dispatching and shipping sites operated by the Suntory Group's distribution affiliates (as of the end of 2017), for a certification rate of 99%. This greatly exceeds the average certification rate of 28.9% (according to a December 2017 Japan Trucking Association survey) for the trucking industry as a whole. In 2008, we expanded the scope of certification from direct contractors to include secondary affiliates, and we strive to enhance safety management in dispatching and transport.



Status of Certification by Top Safety Site Program (as of December 31, 2017)

Preparing for Disasters and Emergencies

We have created a project with our distribution affiliates in order to respond to disasters and emergencies. The project includes drills for effectively utilizing the "171" emergency hotline and the mobile-phone-based "Disaster Message Board." We have created an action plan for an earthquake with an epicenter directly below the Tokyo and Kinki metropolitan areas. This plan includes arranging for emergency shipments of mineral water Suntory Tennensui to affected areas from sites other than the ones that would normally serve them and designating alternative shipping sites when regular shipping sites are damaged. These are some of the common measures we share with our distribution affiliates.

To Create Harmony with Customers and Partners: Products and Services

Reducing Harmful Drinking

As a company dedicated to responsible manufacturing and sales of alcoholic beverages, we play an active role in addressing alcohol-related issues.

Ideal DRINK SMART Approach of the Suntory Group

Alcohol has been brewed in variety of regional cultures and climates around the world since long ago. It has played a large role in a variety of celebrations and auspicious events while bringing joy and cheer to daily life. However, alcohol can lead to various negative consequences when consumed inappropriately.

Having the correct knowledge about alcohol and enjoying it appropriately brings people healthier and richer lifestyles. This is our DRINK SMART ideal.

For Responsible Drinking — Suntory Group's Basic Principle and Course of Action (established 2002)

Basic Principle

Suntory Group recognizes the characteristics of alcohol beverages and strives to prevent alcohol-related issues and raise awareness of responsible drinking thus contributing to a healthier living.

1. We recognize the intoxicating effects of alcohol and its tendency to cause dependency that leads to various physical, mental and social issues, and we strive to prevent alcohol-related problems.
2. We strive to create a better drinking environment in which differences in physical constitution and conditions, as well as drinking styles or attitudes towards alcohol are respected.
3. We recognize that responsible drinking is beneficial for physical and mental health and that it plays a positive role in social occasions; we strive to promote scientific research on alcohol and disseminate knowledge on responsible ways to enjoy drinking.

Course of Action

1. We strive to disseminate accurate knowledge of drinking.
2. We actively cooperate in social activities.
 - Preventing underage drinking
 - Preventing binge drinking
 - Preventing drunk driving, etc.
3. We will comply with laws and voluntary industry standards.
4. We will engage in and support medical research related to alcohol and health.

A Dedicated Body for Addressing Issues

In 1976, the Suntory Group formulated the Suntory Advertising Code, making it an industry leader in exercising self-regulation in its promotions and advertising related to alcoholic beverages. We subsequently established the ARS* Committee dedicated to addressing alcohol-related issues and the ARS Department. We (1) practice responsible marketing, (2) raise awareness about responsible drinking both within and outside the company, and (3) participate in, cooperate with, and support research institutions.

*ARS: Alcohol Responsibility and Sustainability

■ 1. Practice responsible marketing

Practice responsible marketing

The ARS Department runs a prior internal review on every marketing activity for alcoholic products to check its legality and validity. Inappropriate marketing activities are prevented beforehand through this review.

In 2006, we have systemized a prior review for product labeling and in 2007, marketing code for ads and commercials was revised to further enhance the initiative. We keep revising these voluntary standards through involvement with industry associations even after 2007 to continue the promotion of responsible marketing activities.

Revision of Voluntary Standards In-line with the Social Demands (Industry-wide/Internally)

We support and continuously revise voluntary standards of the alcohol industry formulated by the Liaison Council On Alcohol Consumption, as well as follow our own internal voluntary standards so that they are in-line with the social demands. We introduced captions to warn pregnant and nursing mothers in commercials in 2010. We are also conducting self-censorship of television advertisements between 5:00 am and 6:00 pm by expanding our self-censorship of television commercials on weekends and holidays from 5:00 am to 12:00 pm to 5:00 am to 6:00 pm around the year.

Based on the "Alcohol Health Disorder Countermeasures Basic Law" enacted in 2014, we are taking independent measures to prevent the abuse of alcohol such as setting the age of actors that appear in our TV commercials to 25 or older, and removing the sound effect of "gulp" when drinks go down the throat.

Promoting Non-alcoholic Drinks

The Suntory Group is striving to promote low-alcohol and non-alcoholic drinks for a broad range of customers to enjoy without worrying about the effects of alcohol.

At the same time, we have put in place and adhere to internal standards that assume only adults of the appropriate drinking age according to the laws in each region drink these non-alcoholic beverages because of their similar taste to alcoholic drinks.

In the future, we will continue to expand these products in addition to meeting the needs of health-conscious consumers, including further sales of zero-calorie, sugar-free, purine-free products.

■2. Activities to raise awareness of responsible drinking

Raising Awareness of Responsible Drinking among Employees




As a member of a company that manufactures and sells alcoholic beverages, it is important to raise awareness of responsible drinking. We are raising awareness among employees of Group companies in Japan through establishing a webpage "What each employee in the Group can do to avoid making alcohol a villain" made by the ARS Department on our Intranet. We also state in our employment regulation that employee who drinks and drives during work or outside of working hours will be dismissed under instruction.

In addition, from 2015 we have been holding seminars and alcohol tolerance tests on responsible drinking for employees. These seminars and tests are designed to raise the consideration towards others and understanding of responsible drinking, as well as to let the employees know about their own alcohol metabolism and tolerance.

Raising Awareness of Responsible Drinking Among customers

Initiatives Unique to Suntory




As a company that manufactures alcoholic beverages, we engage in initiatives to make our customers to have proper understanding of the characteristics of alcohol and appropriate way of drinking.



Initiative	Year of start	Overview	
Raising awareness about drinking in moderation through the moderation campaign (advertising about responsible drinking)	1986	"Drink in Moderation." We published over 180 moderation ads to communicate this message in national newspapers through the end of 2016. (Presented the Award for Excellence in the Independent Advertising in the 22nd Newspaper Advertising Prize in 2002)	
Renewing the Drink in Moderation Enlightenment Homepage	2017 Renewal	Live an even healthier, richer life by understanding alcohol correctly and enjoying it properly. We positioned this philosophy as DRINK SMART in the renewal of our homepage. We also now support SNS.	
Cooperation with the No Binge Drinking! Campaign (Host: Council for the Prevention of Binge Drinking)	1993	We continue our cooperation with the design and novelty planning with our sponsorship from the first campaign held by the Council for the Prevention of Binge Drinking. This council was formed in October 1992 by the families of those who have died of binge drinking.	

Published a Family Guide to Preventing Underage Drinking	2005	We publish a Family Guide to Preventing Underage Drinking education materials in cooperation with Gakken Plus Co., Ltd. for children and their guardians and freely distribute these educational materials with focus on elementary schools throughout Japan. In 2017, we also created educational videos to prevent underage drinking in response to the need for an educational site.	 
Raising Awareness to Prevent Drinking and Driving	2006	At our overseas companies, we introduced a "Designated Driver Program" - a system wherein at least one person per vehicle is designated as a sober driver at restaurants, etc. which we implement when we hold tours at our plants. Upon the arrival of visitors, we confirm the names of people who will be driving, and double-check them in the tasting room, so that the drivers are given only non-alcoholic drinks. Furthermore, Dynac Corporation which operates restaurants posts "No underage drinking" and "No drunk driving" sticker in every store.	

Initiatives Linked to the Industry

We actively participate in and serve as a member of the industry initiatives, such as the Brewer's Association of Japan and the Japan Spirits & Liqueurs Makers Association.

Initiative	Year of start	Overview	
Initiatives to prevent underage drinking	2005	We engage in the STOP! Underage Drinking project twice a year (spring/winter) primarily on transportation advertisements (train stations/stickers).	
Initiatives to prevent underage drinking	2002	We are putting out posters, slogans, and school nomination campaigns since 2002. In 2017, this program was renamed the School Competition to Prevent Underage Drinking. This competition solicits and commemorates school efforts to prevent underage drinking.	
Initiatives to prevent underage drinking	2015	We have been establishing age verification gates to confirm people entering alcohol brand homepages and websites are at least 20 years of age starting in 2015.	

Initiatives to prevent drinking by pregnant and nursing mothers	Began 2008	We have been adding warning messages on media such as the labeling of product containers, materials to promote alcohol like POP as well as television commercials.	
Activities to raise awareness of responsible drinking for women	2017	We are promoting the correct knowledge on homepages and introducing alcohol tolerance tests to prevent at-risk women from using alcohol inappropriately as the number of at-risk women grows with the increasing number of professional women and the changes in their lifestyles.	

Global Initiatives to Reduce Alcohol Issues

The World Health Organization (WHO) adopted the Global Strategy to Reduce Harmful Use of Alcohol in 2010. Reduction of harmful effects of alcohol is one of the goals of the action plan for NCD (non-communicable diseases/lifestyle-related diseases) prevention established in 2013, and it is positioned as one of the global problems that must be addressed through the cooperation with national governments, specialists from public health organizations, and other related parties. In these efforts, the manufactures of alcohol beverages are regarded as an important stakeholder.

The Suntory Group is participating in the IARD organization (<http://www.iard.org/>) that makes efforts to promote responsible drinking internationally to respond to these alcohol-related issues. Since 2013, we have been working to promote the Industry Commitment aimed to contribute to the realization of the global alcohol strategy of WHO with the help of the major alcohol beverage manufacturers from around the world.

The progress of the Industry Commitment is published as a Progress Report after annual audits by an auditor.

Since 2015, the Suntory Group has been holding periodic meetings, promoting educational programs, and consolidating global marketing regulations under the mid- to long-term vision, in order to realize responsible marketing activities on a global level and raise awareness of responsible drinking.

The Suntory Group Drink Smart® global program is expanding priorities such as preventing underage drinking and drunk driving, as well as raising awareness of drinking in moderation and consideration for people that choose not to drink, and promotes responsible decision making through its proprietary platform.



Progress Report



Commitment CEO Conference
(September 2017)



Consultations with Beam
Suntory

CSR Initiatives

To Create Harmony with Nature Environment

Suntory Group business is supported by precious global resources such as water and agricultural products. It is our responsibility to engage in sustainable business practices through the promotion of environmental management in accordance with our mission — To Create Harmony with People and Nature — so that we may pass down a rich global environment to future generations. We have established our Environmental Vision toward 2050 and set Targets toward 2030 in 2017 based on corporate tagline "Follow Your Nature." Suntory Group commits to the promotion of environmental management based on two axes: preservation and regeneration of natural environment and reduction of environmental impact.

Environmental
Management
PromotionPreserving and
Regenerating
the Natural EnvironmentReducing
Environmental
ImpactEnvironmental
Communication

環境ビジョン2050

自然保護の
グローバル・トップランナー
（国際的な自然保護のリーダーとして
環境保護の先進的な取り組みを推進）

グローバルでの
環境負荷削減
（国際的な環境負荷削減のリーダーとして
環境保護の先進的な取り組みを推進）

2030年目標

自然環境の保全・再生
（国際的な自然保護のリーダーとして
環境保護の先進的な取り組みを推進）

環境負荷削減
（国際的な環境負荷削減のリーダーとして
環境保護の先進的な取り組みを推進）

Environmental Management

We promote environmental management in the entire Group to pass down natural environment, our important source of business, to the next generation.

**Water Sustainability**

Committed to biodiversity preservation, we are engaging in various activities to preserve and regenerate the natural environment based on the corporate mission To Create Harmony with People and Nature

**Climate Change Measures**

We are committed to promoting various initiatives to reduce environmental impact through the entire value chain.

**Environmental Communication**

Suntory Group values communication with its stakeholders and communicates information related to the environment.

Target achieved: ●●● Achieved 70% or more: ●● Achieved less than 70%: ●

Prioritized items	Mid-Term Targets	Results in FY2017	FY2018 Action Plan	Evaluation
Preserving and Regenerating the Natural Environment	Global expansion of conservation activities to protect wild birds that are the symbol of biodiversity	Conducted bird research in 13 Natural Water Sanctuaries to facilitate forest management that aims to expand the biodiversity at the heart of challenges in each forest that has taken into account other research such as vegetation surveys.	Continue surveying birds focusing on birds of prey, which are the top of the ecological pyramid, at the Natural Water Sanctuary and promote comprehensive forest maintenance through maintaining breeding ground for their prey and considering hunting and nesting environment. Suntory Fund for Bird Preservation will continue to promote the support for wild bird conservation activities through aiding various organizations in and outside Japan. The Suntory Fund for Bird Preservation is further advancing support in wild bird preservation activities in Japan and overseas through grants to various organizations.	●●●
	Nest building and rearing of chicks by eagles and hawks at all the Natural Water Sanctuaries in Japan Support conservation activities to protect wild birds overseas	<ul style="list-style-type: none"> Supported wild bird protection activities in Japan and overseas through grants from the Suntory Fund for Bird Preservation Expanded informational communication through updates to the Save the Birds website. 		
	Expand the area of Natural Water Sanctuary so as to make it twice the size of the territory where Suntory withdraws water for its plants in Japan. (12,000ha)	Introduced various operations and additional, experimental business based on the long-term vision for each Natural Water Sanctuary. We specifically engaged in efforts that included tree thinning and transport of trimmings, building roadways and walkways, installing protective fences around vegetation as well as building structures to prevent landslides in addition to planting trees.	Natural Water Sanctuary Project will continue to implement various activities such as tree thinning and transport of trimmings, building roadways and walkways, installing protective fences around vegetation, planting and nurturing seedling of local trees based on the mid- to long-term vision. Training for experts will be held at various locations as well. In addition, promote utilization of Ikurinzaï - timber*1 and expand the contract area of Natural Water Sanctuary.	●●●
	Sharing our values and raising awareness on the importance of water	Expanded content of <i>Suntory Mizuiku</i> activities and enhanced awareness raising and dissemination of value of water and importance of nature that nurture water	Expand content of <i>Suntory Mizuiku</i> activities and enhanced awareness raising and dissemination of value of water and importance of nature that nurture water	●●
		<ul style="list-style-type: none"> Outdoor School of Forest and Water held a total of 50 times and 1,972 people participated Teaching about Water at Schools held at total of 202 schools and 16,019 people participated 	Participants in the Suntory Mizuiku - Education Program for Nature and Water (aiming at 2,000 people in "Outdoor School of Forest and Water," and 15,800 in "Teaching about Water at Schools")	
		3,300 participants in the <i>Mizuiku</i> - Natural Water Education Program in elementary schools in Vietnam and Teaching about Water at Schools with roughly 14,000 people in total taking part in activities such as factory tours and outdoor activities	Expand <i>Mizuiku</i> - Natural Water Education Program in elementary schools in Vietnam 5,600 people expected to participate	

Reducing Environmental Impact	Reduce water consumption at the Suntory Group ^{*2} plants by 15% ^{*3}	Further reduce water usage at Group plants (reduction of water use intensity by 5.8% compared to 2015)	Reduce the use of water for washing and cooling manufacturing equipment and containers	● ● ●
	Reduce CO2 emission in the entire value chain of Suntory Group ^{*2} by 20% ^{*3}	Further reduce CO2 emissions throughout the entire value chain (reduction of CO2 emissions intensity by 2.8% compared to 2015)	Reduce the weight of containers, use of renewable resources and energy conservation at plants, proactively introduce vending machines that consume the least amount of electricity in Japan, etc.	●

*1 Suntory coined wood materials generated during maintenance for nurturing healthy forests as Ikurinzaï - timber

*2 Group companies that collectively account for more than 80% of the Suntory Group's sales in 2012 (including overseas companies)

*3 Reduction per unit production based on the business fields in 2007

To Create Harmony with Nature: Environment

Environmental Management

We are promoting environmental management in the entire Group with the Basic Principles of Suntory Group's Environmental Policy as the basis of every business activity.

Environmental Vision



Business Activities and
Environmental Impact



Environmental Management



Water Sustainability



FY2017 Targets, Results and
Evaluation



Environmental Education for
Employees



Environmental Management

Environmental Vision

The natural environment is an important foundation of our business. That is the reason why the entire Group promotes environmental management. Suntory Group actively engages in activities to pass down a sustainable society to the next generation.

Basic Policy on Group's Environmental Activity

We believe that while providing the bounties of water to the customers, protecting beautiful and clean water, using them appropriately and returning water to the nature is a great responsibility that we as a company that coexists with water.

The circular system consisting from plants and forests that are nurtured by water, rivers, oceans, atmosphere, and the ecosystem made by living things are the basis of all life. Suntory Group realizes that environment of earth itself is our important basis of business.

We will continue striving to build a rich and sustainable society through spreading this policy to the entire Group and preserving and regenerating the natural environment and reducing environmental impact.

■ Indicating Prioritized Initiatives in the Basic Principles of Suntory Group's Environmental Policy

Suntory Group sets principles that clearly indicate our prioritized initiatives such as water sustainability, preserving biodiversity, efficient use of resources and challenging for a low-carbon company. With a more global perspective, we have revised the principles for the first time in five years in 2015.

Basic Principles of Suntory Group's Environmental Policy (Established 1997, Revised 2015)

The Suntory Group positions environmental management as the foundation of its business activities, and is committed to passing down a sustainable and vibrant society to future generations from the perspective of our entire value chain.

1. Achieving water sustainability

We treat water, the most important resource for our business, carefully and contribute to the healthy circulation of water in the natural environment.

2. Taking initiative in conserving biodiversity

As a company that relies on the riches of water and agricultural produce, we strive to conserve biodiversity, the source of their blessings, for the future.

3. Promoting the 3Rs in innovative ways for an effective usage of resources.

We aim to help bring about a recycling-oriented society, we promote the 3Rs (reduce, reuse, recycle) of raw materials and energy resources by continuously refining our technologies.

4. Mobilizing group-wide efforts to become a low-carbon company

We strive to reduce the emission of greenhouse gases throughout all of our workplaces in order to prevent climate change.

5. Communication with the Society

We strive to pass down vibrant global environment for the next generation by active disclosure of information and engagement in activities through interaction with the society.

■ Formulation of the Suntory Environmental Vision toward 2050 and setting Targets toward 2030

In 2014, the Suntory Group established the Environmental Vision Toward 2050 and revised targets toward 2018 to provide clear direction to its environmental management. In addition, we have also defined 2030 targets.

Suntory Environmental Vision toward 2050

The Suntory Group has formulated the vision below toward 2050 for the purpose of passing down a sustainable global environment to the next generation around the pillars of water sustainability and climate change measures as a company in harmony with nature.

1. Water Sustainability

- Reduce water consumption at our plants worldwide*
- Preserve water resources and the ecosystem to cultivate more water than is used by our plants worldwide
- Realize sustainable water use at primary raw material farms
- Share the Sustainable Water Philosophy broadly in communities where we are expanding our primary businesses

2. Climate Change Measures

- Contribute to realizing a decarbonized society to prevent global warming

* Reduce per unit production based on the business fields in 2015

Targets Toward 2030

We have set following target for 2030 to achieve Environmental Vision toward 2050.

1. Water

- Reduce water use at our plants 15% globally by using the latest water conservation technologies**¹
- Conduct water resource cultivation activities in areas with high water stress at more than half of our plants
- Pursue sustainable water use in cooperation with suppliers for main raw materials with a high water load
- Expand water enlightenment programs and initiatives to provide safe water to more than 1 million people

2. CO₂

- Reduce CO₂ emissions 25% at our bases globally through efforts such as the adoption of that latest energy-saving technologies and the use of renewable energy**²
- Reduce CO₂ emissions 20% in the value chain outside our bases**²

*¹ Reduction per unit production based on the business fields in 2015

*² Total reduction based on the business fields in 2015

■ Greenhouse Gas Reduction Goals (2030 Targets) Certified by SBT Initiative

The Science Based Targets (SBT) international initiative* has certified the CO₂ and other greenhouse gas reduction goals for 2030 of the Suntory Group as fulfilling science-based standards to achieve the 2°C target in the Paris Accord.

* Science Based Targets (SBT) Initiative:

Science Based Targets is an initiative established by the CDP, United Nations Global Compact, World Resources Institute (WRI) and the World Wildlife Fund (WWF) in 2015. This initiative encourages companies to work toward science-based greenhouse gas reduction targets (SBT) to limit the rising temperature to less than 2°C above pre-industrial levels



Environmental Management

Business Activities and Environmental Impact

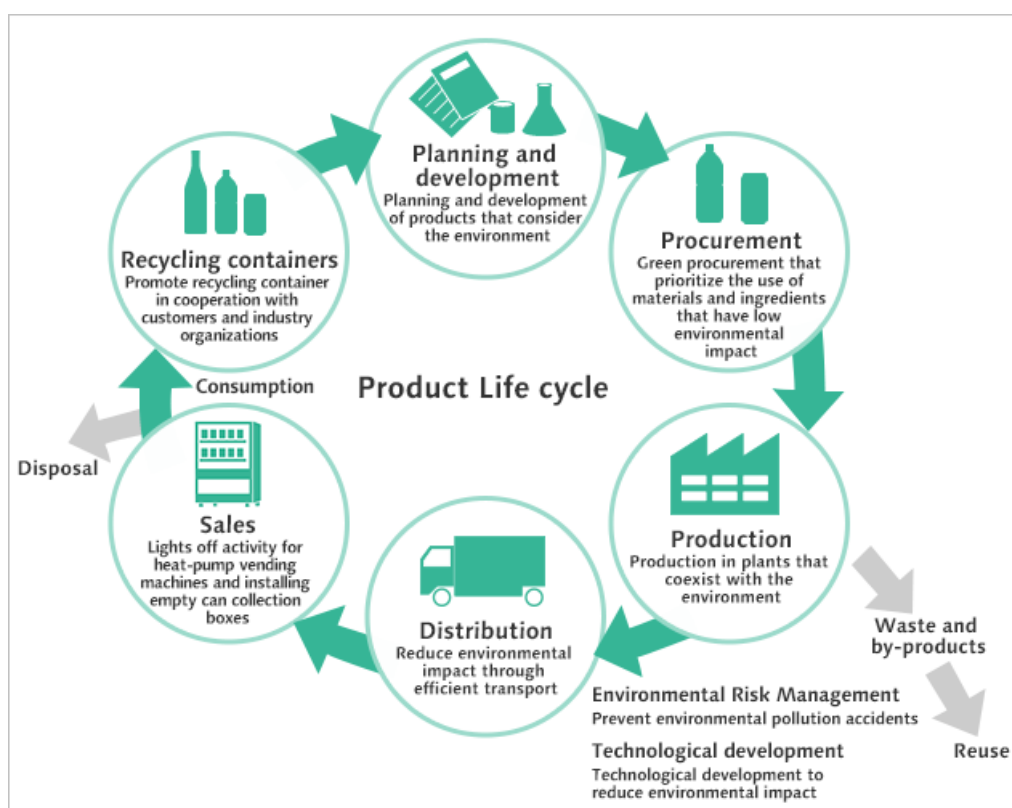
We are engaging in activities to reduce environmental impact in the entire product life cycle.

Reducing Environmental Impact in the Entire Product Life Cycle

Suntory Group generates various by-products and waste from a wide range of business activities. We are committed to reducing environmental impact by quantitatively understanding our impact on the environment throughout a product's life cycle - from planning to development to disposal and recycling.

In addition, following the expansion of business overseas, we assess the environmental impact of overseas production sites to determine the environmental impact on a global scale. Suntory actively communicates with the suppliers throughout the entire supply chain.

■ Product Life cycle



■Assessing Water Risk

The Suntory Group commits to water sustainability as a priority issue in the Basic Principles of Suntory's Environmental Policy. Suntory conducts various water assessments at the Institute for Water Science. To carry out business in a sustainable way, we conduct water risk assessment and promote environmental management. We also conduct water risk assessment when entering new businesses.

Water Risk Assessment by Location of Suntory Group Plants

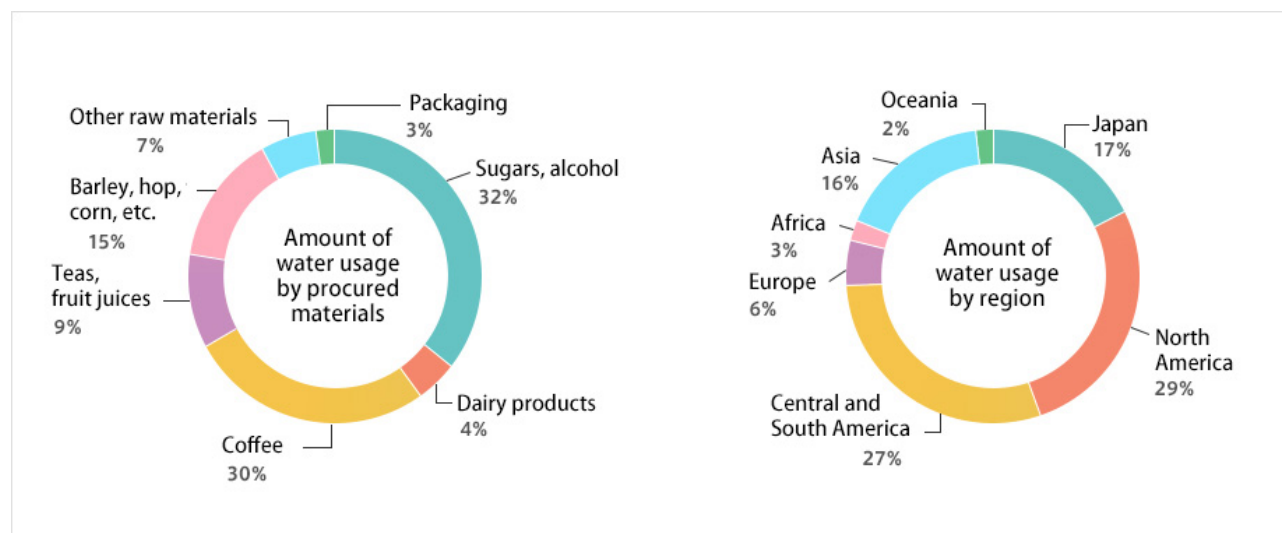
Baseline Water Stress	
Extremely high	None
High	Japan, Mexico, Spain, Indonesia, the Philippines, India, and Australia
Medium-high	America, England, Ireland, and Malaysia
Low-medium	Canada, France, Thailand, Vietnam, and New Zealand
Low	Taiwan

This table is created based on the Baseline Water Stress score for each country adopted in the Aqueduct by the World Resources Institute. *Data covers 25 production plants in Japan and 53 production plants overseas owned by companies that collectively account for more than 90% of the Suntory Group's sales.

Gassert, F., P. Reig, T. Luo, and A. Maddocks. 2013. "Aqueduct country and river basin rankings: a weighted aggregation of spatially distinct hydrological indicators." Working paper. Washington, DC: World Resources Institute, November 2013. Available online at wri.org/publication/aqueduct-country-river-basin-rankings.

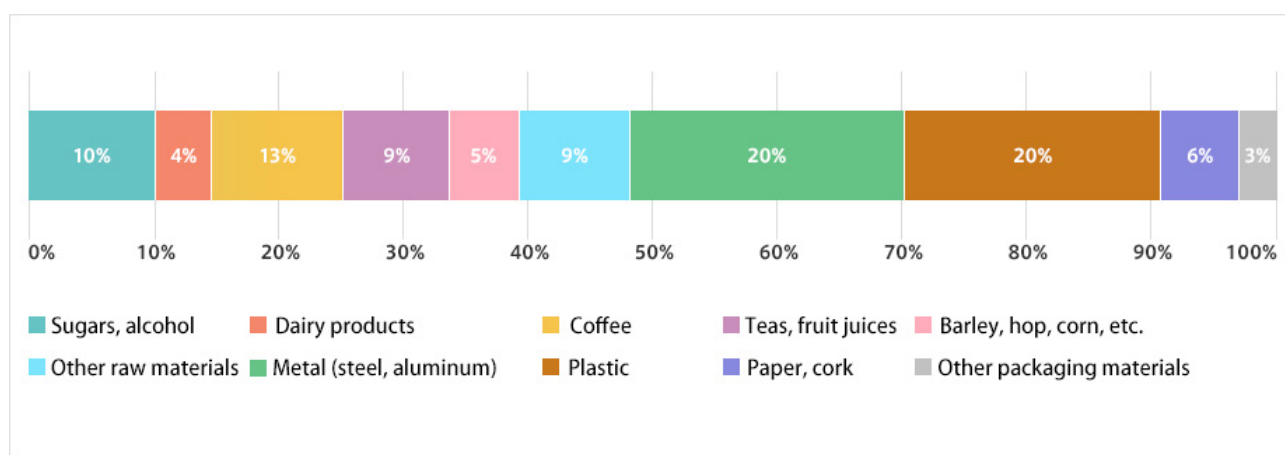
■Quantitative Evaluation Through Natural Capital

It is said that food and beverage companies that use agricultural goods as ingredients, use much more water in its agricultural supply chains than in own operations. The Suntory Group has calculate the water usage and GHG (greenhouse gases) emissions in its upstream supply chain.



Ratio of Water Use by Raw Material and by Region in the Upstream Supply Chain (2016)

- * The ratio is for raw materials used by production sites in Japan
- * The calculation is based on data from the Water Footprint Network (WFN)
- * Total of green water (rain water, etc.) and blue water (irrigation water, etc.)

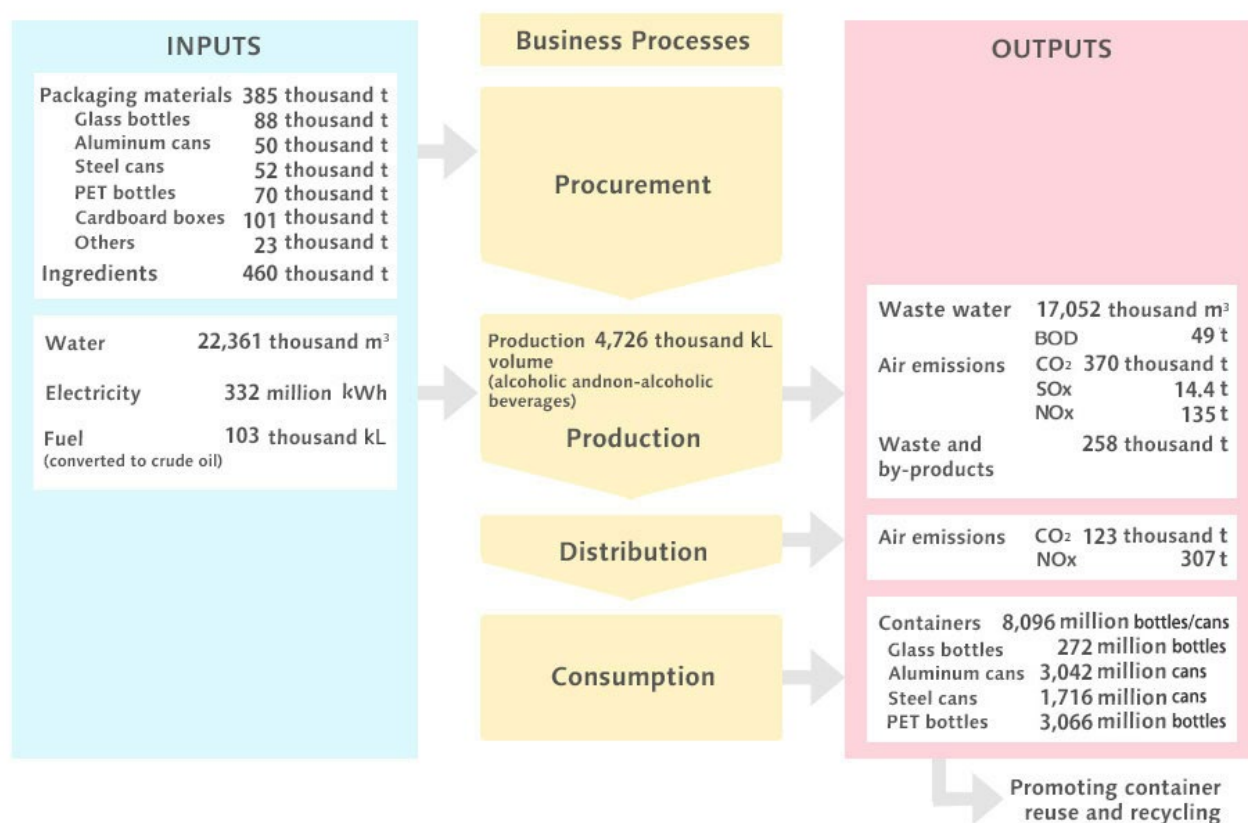


Ratio of GHG Emissions by Procurement Item in the Upstream Supply Chain (2015)

* The ratio is for procurement items used by production sites in Japan

* The calculation is based on the Eora MRIO multi-region input-output table database

■ Overview of business activities and environmental impact (from January 1 to December 31 in 2017; manufacturing facilities in Japan, excluding outsourcing contractors)



*1 BOD (Biochemical Oxygen Demand): An indicator of water pollution

*2 Emission factors for GHG calculation are as follows:

Fuel: Coefficients specified in the GHG Emissions Accounting and Reporting Manual

CO₂ from electricity:

Adjusted emission factor of each power company

GHG other than CO₂:

Coefficients specified in the GHG Emissions Accounting and Reporting Manual

Suntory Beverage & Food Ltd. was named as a CDP Water 2017 A List Company

In the CDP Water 2017 environmental activity survey conducted for public companies worldwide by the CDP^{*1}, Suntory Beverage & Food Ltd. received high praise for its water conservation activities including water replenishment and the reduction of water use at its plants. It was also selected for the Climate A-List.

^{*1} International NPO that measures, publicizes, manages, and shares important environmental data of companies and cities.



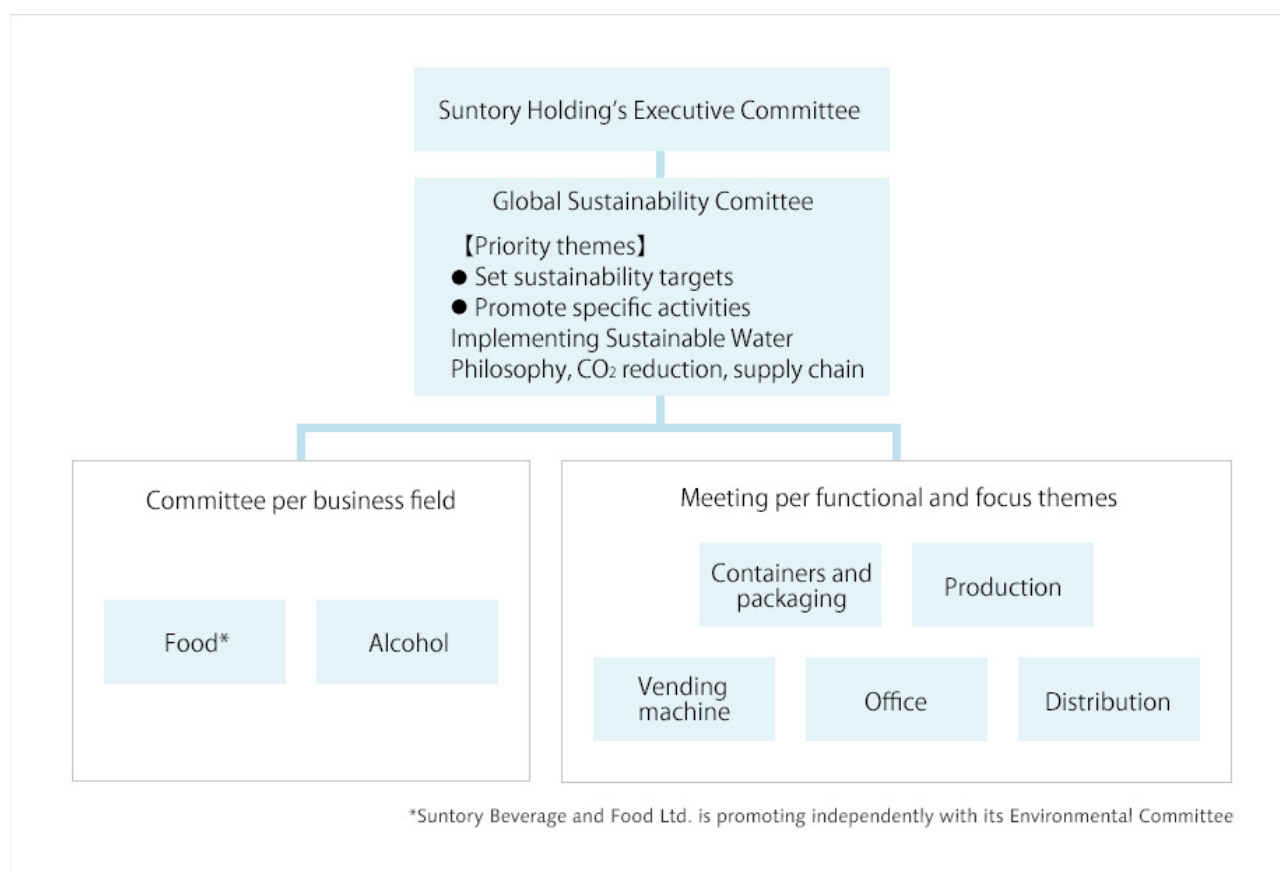
Environmental Management

Environmental Management

Environmental Management Promotion System

With the awareness that coexistence with nature is one of the most important issues facing all of humankind, back in 1991 the Suntory Group established the Environmental Department and Environment Committee. In 2010, Suntory Holdings Ltd. created the Environmental Sustainability Strategy Department, whose purpose is to ensure that business and ecology are promoted by the entire Group. The Division seeks to reinforce environmental management at Group companies based on the Basic Principles of Suntory's Environmental Policy. The Global Communication Committee established in April 2016 set the construction of a global environmental management system as an important theme in addition to strengthening environmental management at Group companies in Japan. This committee aims to help improve sustainability throughout the entire value change of every corporate activity, including the business activities, of the Suntory Group through the formulation of the Sustainability Strategy Department, which evolved from the Eco Strategy Department, in April 2017 while restructuring the Sustainability Promotion Department, which promotes sustainable management, in April 2018.

■Suntory Group's Environmental Management Promotion System



Promotion of ISO14001 Certification Acquisition Throughout the Group

We have actively advanced the acquisition of the international ISO14001 certification standard at each Group company as one method to continually evolve by integrating business and environmental activities. With the completion in acquiring the integrated certification and the start of operations at Group companies* in Japan, we are working to enhance management to abide by laws at sites with a low environmental burden and conduct even more efficient environmental management with these sites as targets from 2017. We are in the process of obtaining certifications at overseas Group companies with focus on our production sites. We are 69% complete in certifying overseas Group company production sites as of 2017.

We are enhancing the links between each department involved with the value change of businesses at each Suntory Group company to promote business activities from an environmental perspective in all stages from the procurement of ingredients to disposal.

*Group companies complying to the Japanese SOX Act

■Initiatives at production sites

We have also successively advanced the acquisition of the ISO14001 certification since 1998 at production sites and have acquired the comprehensive certification as of today. We are deploying activity examples horizontally and taking both auditors and auditees to the next level by dispatching bilateral internal auditors while appointing auditors at each site as internal ISO14001 auditors. We are also progressing with the acquisition of certifications even at production plants of overseas Group companies.

■Initiatives at Research and Development Sites

We have acquired the ISO14001 certification in 2007 even at research and development sites to accelerate environmentally-friendly initiatives from the research and development stage even further in order to strengthen environmental management throughout the entire value chain.

■Initiatives at the Headquarters and Sales Offices

We have completed the acquisition of the ISO14001 certification at all headquarters and sales departments at Suntory Group companies in Japan. We are also building a PDCA system to reflect the Basic Principles of Suntory Group's Environmental Policy in the operational objectives of each department and periodically feedback the results of activities to top management.

■Initiatives at Restaurant-related Group Companies

We are acquiring the ISO14001 integrated certification for the headquarters and all stores at restaurant-related Group companies who are increasing their number of establishments in Japan in an effort to save energy and water, reduce food loss, and enhance recycling.



ISO14001 screening

Introducing Environmental Accounting

We use and disclose the content of environmental accounting that conforms to the 2005 Environmental Accounting Guidelines of the Ministry of the Environment. Environment accounting serves as an important tool for periodic quantitative evaluations of our environmental conservation initiatives in our business activities.

■Suntory Group's Environmental Accounting (total of business in Japan)

(Period: January 1 to December 31, 2017)

(million yen)

Item			FY2016		FY2017	
			Environmental investment	Environmental costs	Environmental investment	Environmental costs
Business area cost	Pollution prevention cost	• Preventing water pollution • Air pollution prevention cost, etc.	261	1,903	326	2,001
	Global environmental preservation cost	• CO2 reduction • Energy conservation • Cogeneration • Air treatment, etc.	871	3,491	266	3,444
	Resource circulation cost	• Conserving water through recirculation • Reducing sludge • Reusing waste • Wastewater treatment cost, etc.	17	2,807	67	2,612
	Total		1,148	8,201	659	8,058
	Upstream and downstream Cost	• Commission for resource recycling containers and packaging • Environmentally-friendly containers and packaging measures	0	1,195	0	1,133
Management activities costs	• Building and maintaining Environmental Management System • CSR Reports, Exhibits • Factory greenification, etc.		0	1,128	0	670
Research and development costs	• Research and development activities to reduce environmental impact		73	323	1	369
Social activities costs	• Suntory Natural Water Sanctuary • Bird Conservation Activities • Suntory Mizuiku - Natural Water Education Program, etc.		86	410	90	569
Environmental damage response cost			0	0	0	0
Total			1,307	11,258	751	10,798

*Amount of investment: Reason for investment was 50% or more for preserving the environment, all amount is considered as environmental investment (inspection basis)

*Amortization expense: Expenses for investment from 2003 and afterwards which 50% or more is intended for environmental preservation are calculated.

*In general, all cost for management and research activities are directly confirmed. Costs that are difficult to confirm directly are prorated and allocated based on a past survey of each procedure.

■Environmental Preservation Effect of Suntory Group (production sites in Japan)

(Period: January 1 to December 31, 2017)

Item				Unit	2016	2017	Reduction against previous fiscal year per unit production basis
In business area costs	Pollution prevention	Reduction of pollutant emissions	SOx	Total (t)	12.6	14.4	-1.6t/year
				Per Unit (g/kL)	2.7	3.0	
		NOx		Total (t)	132.4	134.5	-0.8t/year
				Per Unit (g/kL)	28.3	28.5	
	Preserving global environment	CO ₂ emission reduction	CO ₂ (Fuel + Electricity) Derivation	Total (thousand t)	354.5	369.7	-30.1 thousand t/year
				Per Unit (kg/kL)	75.7	78.2	
		Reduction of energy consumption	Fuel	Crude oil conversion (thousand kL)	102	103	96kL/year
				Per Unit (L/kL)	21.9	21.9	
			Electricity	Total amount (million kWh)	306	332	-23,242 thousand kWh/year
				Per Unit (kWh/kL)	65.3	70.2	
	Resource circulation	Reduction of water resource use	Rainwater	Total amount (thousand m ³)	21,332	22,361	-862 thousand m ³ /year
				Per Unit (m ³ /kL)	4.5	4.7	
		Reduction of waste emissions	By-products and waste emissions	Total (t)	244,604	258,365	-10,884t/year
				Per Unit (kg/kL)	52.3	54.6	
		Resource recycling rate		(%)	100	100	100

*CO₂ emissions from electricity are calculated using a CO₂ emission coefficient based on the GHG protocol 2007.

■Economic effect of Suntory Group (production sites in Japan)

(million yen)

Indicator	FY2016	FY2017
Income from recycling (sales of byproducts) ^{*1}	339	380
Cost saved by conserving energy ^{*2}	496	510

*1 The calculation method is the same as the costs saved for waste disposal

< Previous Year's Capital Gains × Ratio Compared to Previous Year's Production Volume - Current Year's Capital Gains >

*2 The calculation method is the same as the costs saved for waste disposal

< Yearly Costs Before Utility × Ratio Compared to Previous Year's Production Volume - Current Year's Costs >

Environmental Management

FY2017 Targets, Results and Evaluation

To achieve the Environmental Vision toward 2050, we have set targets toward 2030 and are evaluating the results of each fiscal year for planning activities for the next fiscal year.

About Environmental Activities in FY2017

We have continued to actively operate the ISO14001 Environmental Management System in major Group companies in Japan and further strengthened the environmental management system in 2017. We will continue to promote further reduction of environmental impact and effective use of resources, while binding business management and environmental activities closely together.

FY2017 Targets, Results and Evaluation

Target achieved: ●●● Achieved 70% or more: ●● Achieved less than 70%: ●

Prioritized items	FY2017 target	FY2017 results	Evaluation
1. Environmental Management	- Upgraded to and sustained the ISO14001:2015 certification standards	- Operated and sustained the 2015 certification standards in the environmental management system	●●●
2. Water resource cultivation and water use reduction	- Zone forests in detail and create a 5-year and 10-year mid-term maintenance plan based on various survey results of Natural Water Sanctuaries. Establish a cooperative system with academics with experience, government and foresters to further promote water resource cultivation activities from multiple angles - Further enhance information dissemination related to water resource cultivation activities	- Clarified the forest we aim for in the future as a mid-term vision and established a maintenance plan, etc. for major Natural Water Sanctuaries - Increased reporting on activities and renewed the website to make content search easier	●●●
	- Further promote the reduction of water use in production activities	- Water consumption per unit of production ^{*1} in Suntory Group ^{*2} plants increased by 5.8% compared to 2015	●●●
3. CO ₂ reduction	- Further promote the reduction of CO ₂ emission in the entire value chain - Operated at maximum capacity with renewable energy usage facilities in Japan (114.560Mwh/year)	- Suntory Group ^{*1} Scope 1/Scope 2 emissions ^{*1} decreased 0.4% compared to 2015 and Scope3 emissions decreased 0.7% compared to 2015 - Used renewable energy in a scope compatible with our business activities	●

4.3R in containers and packaging	<ul style="list-style-type: none"> ● Reduce <ul style="list-style-type: none"> - Further reduce the weight of PET bottles - Reduce the weight of glass bottles, paper containers, etc. - Reduce the weight of resin and paper labels and cardboards ● Reuse <ul style="list-style-type: none"> - Maintain the system of returnable bottles ● Recycling <ul style="list-style-type: none"> - Utilization of RePET Bottles - Promote the establishment of an efficient and effective container recycling system through participation in activities of recycling organization for each container and packaging materials 	<ul style="list-style-type: none"> - Collected and reused a total of 9.4 million returnable bottles - Continue utilization of RePET Bottles which use 100% reused PET resin through mechanical recycling 	● ● ●
5.Reduction and Recycling of Waste	- Promoted a high-quality resource recycling that sustains a recycling rate of 100% at plants	- Maintained 100% resource recycling rate at plants	● ● ●
	- Achieved target of Food Recycling Law for each business	- Achieved target of Food Recycling Law for each business	● ● ●
6.Suntory Mizuiku-Education Program for Nature and Water	<ul style="list-style-type: none"> - Implement a one-day course in Outdoor School of Forest and Water as part of the <i>Suntory Mizuiku</i> - Education Program for Nature and Water which children and parents can participate. Total of approximately 2,000 participants are planned from Hakushu, Okudaisen and Aso Schools 	- Outdoor School of Forest and Water held a total of 50 times and 1,972 people participated	● ●
	- Implement a program linked to the subject with subject teachers with the theme of passing down water to the future in Teaching about Water at Schools Approximately 15,800 participants are planned	- Teaching about Water at Schools held at total of 202 schools and 16,019 people participated	● ● ●

*1 The group of companies of the Suntory Group in 2015 (including overseas companies)

*2 "Per unit of production" refers to the amount purchased, used, or emitted per the amount of one unit. The amount of one unit in production: products 1kL

Environmental Management

Environmental Education for Employees

We are making efforts to raise environmental awareness and improve communication through disseminating information to the employees in timely manner and holding regular environmental trainings.

Promoting Environmental Education in the Group

We promote environmental education to raise employees' environmental awareness strategically. In 2017 we implemented various environmental education initiatives including e-learning for all Group employees in Japan and dissemination of information on the Intranet. In addition, we regularly hold workshops and seminars to learn specific skills that are required in each operation.



Seminar on managing Wastes Disposal and Public Cleansing Act

FY2017 Environmental Training

Name	Target	Number of participating employees
Onboarding training (environmental management class)	New employees	All
ISO14001 awareness and special education	Plant employees	All
Environmental management training (e-learning, etc.)	Group employees in Japan	19,409
Training for newly appointed employees in charge of ISO14001	Employees in charge of ISO14001	6
Internal ISO14001 auditor training	Internal ISO14001 auditor	175
Eco-products seminar	Employees in charge of product development	17
First Hand Experience with Forestry training	Group employees in Japan	670
Environmental Law Training	Employees from relevant departments	58
Wastes Disposal and Public Cleansing Act seminar	Employees from relevant departments	155
Training held for on-site confirmation of industrial waste	Employees from relevant departments	41

■Raising Awareness among Employees on First Hand Experience with Forestry

We are advancing employee participation in the First Hand Experience with Forestry at Suntory Natural Water Sanctuaries where Group employees and their families have participated in volunteer activities since 2013.

From 2014, we have started an activity for approximately 6,000 employees in alcoholic and nonalcoholic businesses that encourage employees to participate in first-hand experience with forestry to make each employee experience and understand Suntory's value of coexisting with nature. 7,133 people participated up until 2017, far surpassing our initial target.



Forestry Maintenance
Training for Employees

■Promoting Environmental Action on the Intranet and Internal Magazine

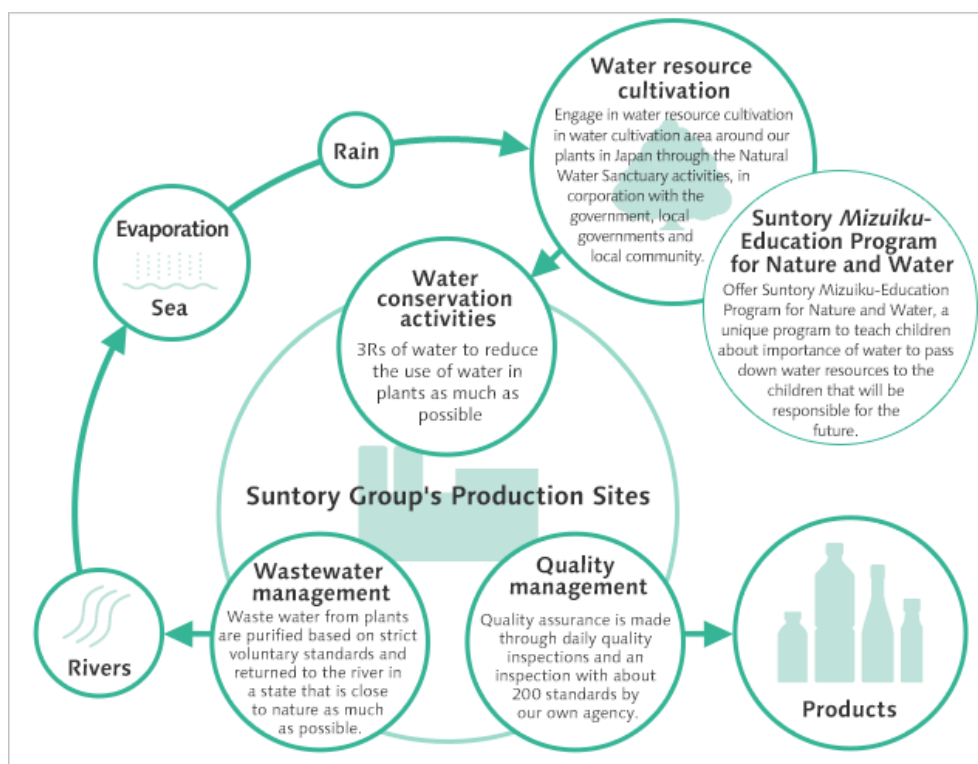
We are sharing basic environmental information, environmental laws and ordinances pertinent to our business, internal guidelines and other materials on the intranet. We are also raising awareness in our employees and encouraging action by including e-Learning as well as lending out DVDs related to environmental activities.

The MADO internal magazine and the e-MADO published on our intranet play a role in introducing the latest environmental activities and information of the Suntory Group to not only enlighten employees but also their families.

To Create Harmony with Nature: Environment

Water Sustainability

Only about 0.01% of the entire fresh water on Earth can be used by mankind. Suntory Group business is supported by precious global resources such as water and agricultural products. Suntory Group uses water carefully and not only returns clean water to nature, but protects forests that nurture groundwater and contribute to healthy circulation of water in nature. In other words, we recognize that water sustainability is the most important issue in our business activity.



Realizing Preservation and Regeneration of Natural Environment

The Suntory Group businesses are supported and realized by precious global resources such as water. We are reducing the environmental burden in our business activities to pass down a global environment rich with water and abundant nature to the future generations. We are also promoting activities that contribute to the preservation and revitalization of the natural environment such as the preservation of the natural environment in Natural Water Sanctuaries, Save the Birds activities to share the importance of protecting the wild birds that symbolize a rich ecosystem with society, and the *Suntory Mizuiku* - Education Program for Nature and Water that communicates the importance of water to children.

Within our Environmental Vision 2050, we declare an ambition to take on the challenge of actively engaging in environmental preservation and restoration activities in the main countries of operation, and to this end set various related targets to be realized by 2030.

Sustainable Water Philosophy



Natural Water Sanctuaries (Water Resource Cultivation/ Preserving Biodiversity)



Bird Conservation Activities



Suntory Mizuiku - Education Program for Nature and Water



Group Company's CSR

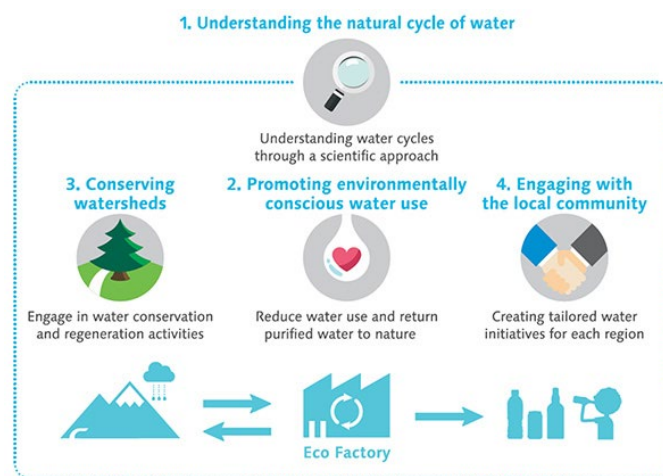


Water Sustainability

Sustainable Water Philosophy

Our craftsmanship is only possible through nature's gifts. It is our duty to nurture and protect water as an invaluable natural resource. Everything we create is grounded in respect and appreciation for water and we are committed to our efforts to keep water in its purest and most abundant form for future generations.

Sustainable Water Philosophy Overview



Establishing Our Sustainable Water Philosophy

The Suntory Group Sustainable Water Philosophy was established to address relevant water issues in each of our regions of operation. As we grow internationally, we are expanding our work on water sustainability across the globe.

Suntory Group's Sustainable Water Philosophy (Established 2017)

Water is the most important ingredient of our products, as well as a precious shared resource. In order to achieve "water sustainability", the first pillar of Suntory Group's Environmental Policy, we want to share these values with all Suntory Group members and apply them where we operate in order to answer to our stakeholders' expectations.

1.Understanding the natural cycle of water

We investigate watersheds around our sites to understand the local hydrological cycle, using a scientific approach when needed.

2.Promoting environmentally conscious water use

We reduce the environmental impacts of water use on the natural water cycle by implementing 3R activities and returning water to nature after adequate treatment.

3.Conserving watersheds

We conserve our watersheds and endeavor to improve local water quality and quantity in cooperation with stakeholders for a sustainable future.

4.Engaging with the local community

We endeavor to support our community by fostering collective actions to solve water issues and enrich society.

Water Sustainability

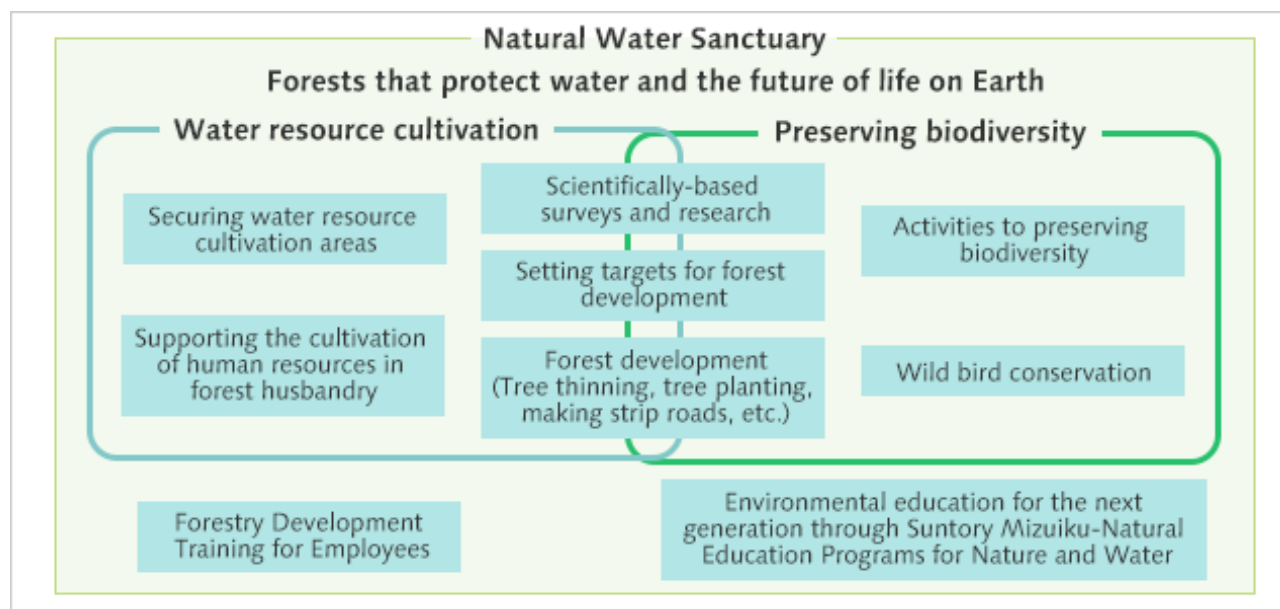
Natural Water Sanctuaries (Water Resource Cultivation/ Preserving Biodiversity)

The Suntory Group has been conducting Natural Water Sanctuary Projects in order to preserve water resources and biodiversity.

Natural Water Sanctuary Projects

The Suntory Group uses a large amount of groundwater in the manufacturing of its products. To maintain the sustainability of that groundwater, from 2003 we have been signing medium- to long-term contracts that last decades with governmental bodies and with forest owners in each region where we operate, and have been conducting activities aimed at preserving and recharging water through our Suntory Natural Water Sanctuaries.

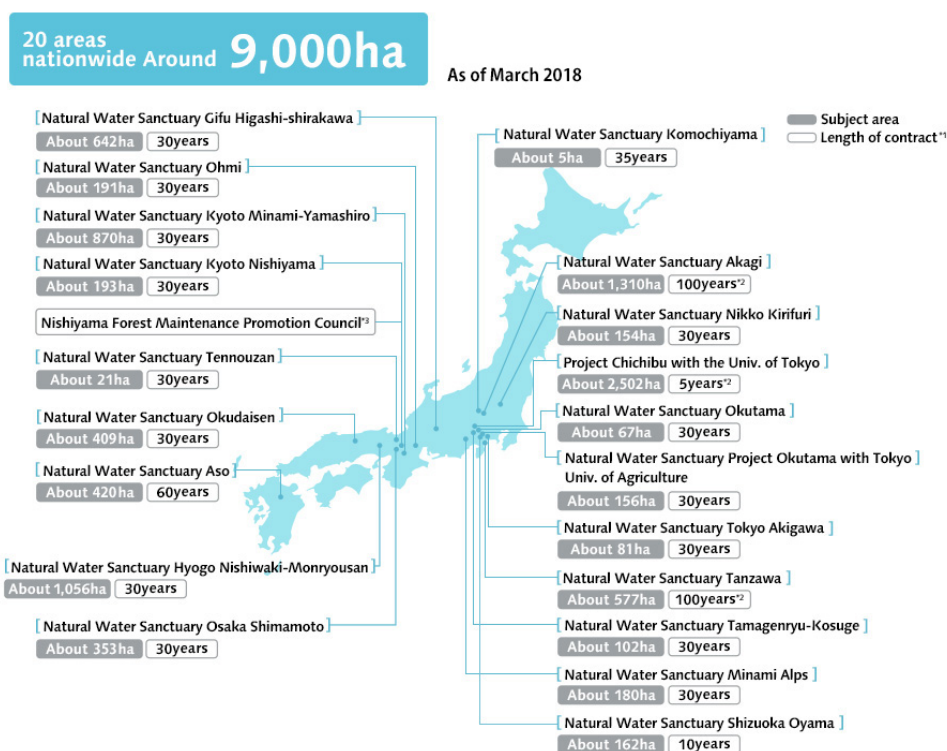
Suntory strives to conserve forests that protect the future of water and life on Earth; to this end, we engage in Natural Water Sanctuary projects that also contribute to the long-term sustainability of our core businesses, including soft drinks and alcoholic beverages. In our forest conservation activities, we carry out thorough scientific investigation and research that provide the basis for the formulation of science-based plans and targets most suitable for each specific location. Furthermore, to make these activities even more sustainable, we support human resources development and environmental education of next generations that will inherit technological know-how and knowledge towards the overall goal to improve water cultivation and to enhance biodiversity preservation.



From "Water for Suntory" to "Water for the Society"

To support Natural Water Sanctuaries, the Suntory Institute for Water Science first of all performs the analysis of water composition, as well as the survey of landscape, subsurface geology, the factory and wells in the surrounding areas and other parameters to determine the groundwater cultivation area used for the plant. We calculate the area of forest considering the characteristics of the land, and then enter into forest development contracts with the cooperation of forest owners. The term of the contract is set to more than 30 years enabling us to engage in activities from a mid- to long-term perspective.

In 2009, we set a mid-term goal of expanding forest area required to nurture groundwater so as to recharge the amount used at Suntory production facilities in Japan, and in 2013, we successfully expanded protected forests area to about 7,600ha, which exceeded our goal. In 2014, we set a new target to nurture double the amount of groundwater pumped up in all of our factories in Japan by 2020 for use not only by Suntory but also by society. As of March 2018, there are 20 Suntory Natural Water Sanctuaries across 14 prefectures in Japan with a total of approximately 9,000ha, managed according to the characteristics of each forest.



*1 When there contracts and agreements with different durations, the longest duration is given.

*2 Automatically renewed every 5 years.

*3 In Nagaokakyo, Kyoto, we are a member of the Nishiyama forestry development promotion committee and we are cooperating in local forest preservation activities with people in the community. The area of the forests subject to this activity is not counted as part of our total Natural Water Sanctuary area.

Forest Cultivation Forecasting Several Decades to Several Hundred Years -- Natural Water Sanctuary's Ideal Form

Approximately 70% of Japan's land mass is said to be covered with forests, but not all forests are healthy. Natural Water Sanctuaries designated by Suntory go further than reducing the impact on our business activities to contribute to conservation of biodiversity by advancing initiatives to revitalizes forests that have been devastated. Suntory established the following objectives for the Natural Water Sanctuaries and continues to work with local communities in a variety of ways.

<Natural Water Sanctuary Development Targets>

1. Forests with a great capacity for cultivating water resources

Forest ground gently receives rain that gradually penetrates the ground and purifies the water physically, chemically and microbiologically. Forests rich in various trees and grass nurture and protect such soil.

2. Forests rich in biodiversity

Forest with diverse plants nurtures an environment that is home to diverse animals. Animals and plants in the forest are a barometer of its biodiversity and health.

3. Forests able to withstand flooding and landslides

Trees in the forest have roots that stretch straight into the ground playing the role of a stake and wide thin roots stretching outward that play the role of a net and grasp the ground. Having a variety of trees creates forests that do not allow movement of soil and are therefore resistant to disasters.

4. Forests with great CO₂ absorption capabilities

Plants absorb CO₂ and create oxygen but slow growing trees are said not to absorb much CO₂. We appropriately manage the forest with the aim of nurturing a forest that has high growth rate trees that easily absorb CO₂.

5. Beautiful forests where visitors can encounter nature in all its abundance

We create a space where people can gather and get in touch with animals and plants and also use it as a place for environmental education for children.



Sustainable Forest Conservation Activities for the Next Generation

Continuous preservation activities are required to preserve the health of Natural Water Sanctuaries. Natural Water Sanctuaries throughout Japan each have different characteristics and issues and thus, we engage in activities that consider 50 and 100 years ahead based on the RPDCA cycle that includes scientifically-based survey and research (Research), creation of a vision (development plan) suited to each forest (Plan), management (Do), verification of results (Check), consideration of measures for improvement (Action).



■[R in RPDCA] Scientifically-based Surveys and Research

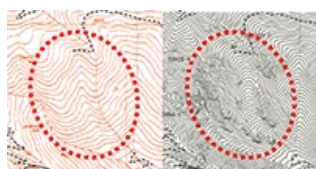
It is important to understand the characteristics of the region to make the Natural Water Sanctuary an ideal forest. In doing so, research and advice of experts in various fields such as geology, soil, vegetation, erosion control, hydrology, vegetation, birds, insects and microorganisms is indispensable. Thus, we are engaging in cooperative research using the latest technology with universities and research institutes as well as working in forest development while continuing various activities in cooperation with governments, forest owners, local residents, companies and volunteers.

■[R in RPDCA] Use of Aerial Laser Measurements

In surveys and development of the Natural Water Sanctuaries, we are using aerial laser measurement, which is the latest geomorphic analysis technology, to increase accuracy and efficiency.

We are able to measure three-dimensional geomorphic data in minute detail by using helicopters and UAV (often called drones) in addition to Cessna planes that are able to fly along complex land formations. We are able to understand topographical information that cannot be seen on conventional topographic maps and aerial photographs to fully grasp the topology even in steep areas that are difficult to reach.

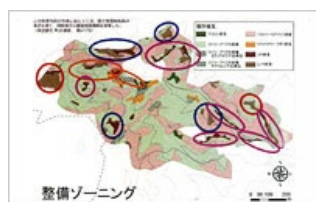
Through the use of this type of data, we heighten the accuracy of various surveys and analyses in addition to making research and development activities more efficient.



Aerial laser analysis results (right) showing gradients that cannot be seen in topographic maps (left)

■[P in RPDCA] Proposals for Long-term Activity Development Plans (Vision)

We propose and establish mid- to long-term vision and development plan considering characteristic and issues of each forest based on the results of surveys from various perspectives.



Creating development plant most suitable for each area

■[D in RPDCA] Development activities by professionals

Each forest is managed according to their own development activities (initiatives) based on the development plans. Forest management covers a wide range of tasks such as tree thinning, clearing underbrush and making strip roads. We also share the activity policy with local forestry cooperatives, foresters and commissions to utilize the required high-level technology as well as properly conduct forest management in the set period of time.

- Tree thinning and pruning

Appropriate tree thinning and pruning is done in artificial forests of cedar and cypress so light can get through the forest. Through this, various plants and broad-leaf trees can grow to recover rich vegetation. The debris from tree thinning work is valued and used as a by-product through means such as in soil retainers in forests or as timber transported from cultivated forests*.

*The Suntory Group calls wood material made from activities to nurture sustainable water and forests "timber from cultivated forests"



Tree thinning to allow light enter the forest

- Making Strip Roads

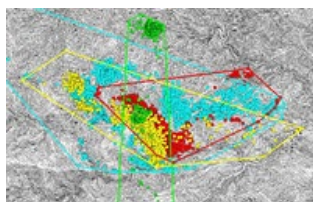
Strip roads and foot ways are necessary in surveying and developing the forest. We are able to execute activities with even greater accuracy by not only transporting timber out on these roads but also changing the frequency devices are used for surveying and forest management as well as actual exploration. Natural Water Sanctuaries promote roads that are kind to nature and that are long lasting so that these routes become one with the surrounding environment. Roads that blend in with nature are not only used by people but also by various animals such as for a hunting ground for birds of prey like eagles and hawks, functioning as part of the habitat for animals living in the forest.



Road making with low environmental impact

- Measures against harmful animals

The damage caused by an overpopulation of deer around Japan trampling the grass and eating all of the bark is vast. We trim trees to let light into the forest, but the vegetation and low hanging leaves that are all eaten by the deer makes biodiversity scarce and also causes soil erosion and landslides. As some of the measures to address this issue in the Natural Water Sanctuaries, we have installed protective fences around vegetation to keep the deer out as well as protected the surface soil by growing vegetation and small trees the deer do not like to conserve the biodiversity and prevent soil erosion. We will also search for ways to protect the quality of plants more efficiently by conducting behavioral studies of the deer.



Behavioral studies of deer

- Making seedlings and planting trees

In cases tree planting is necessary as a measure against grazing deer, plants from different land may break the ecosystem so we take care to use seedlings from seeds collected from the local area with respect for the region.



Seeds harvest locally

■[CA in RPDCA] Monitoring and Subsequent Surveys

We are monitoring and evaluating whether the development we have introduced is properly contributing to the conservation of the forest. We confirm whether changes have occurred and review plans as necessary especially in terms of groundwater, soil, birds, and vegetation. We need to be able to flexibly respond to these types of natural changes to engage in sustainable activities.

Supporting the Education of Human Resources Who Work in Forest Development

The same activities cannot stay limited to the Natural Water Sanctuaries, but need to spread throughout Japan to revitalize forests around the nation. Therefore, Suntory widely publishes the results of its research activities related to the Natural Water Sanctuaries. In addition, we are conducting courses, practical training and Natural Water Sanctuary forums to develop human resources in the field of Natural Water Sanctuaries so that we may communicate the techniques and know-how necessary to develop forests such as more efficient quality development and road building techniques.



Road building workshop



Passing along efficient and effective tree trimming techniques

Preservation of Biodiversity

The ecosystem of the forest forms a pyramid supported by soil and plants at its foundation. A healthy ecological pyramid needs a wealth of diversity in the soil and vegetation to survive.

The business activities of the Suntory Group that use water and agricultural goods as their primary ingredients is supported by this healthy ecosystem. The Suntory Group recognizes the protection of this ecosystem as its inherent duty and it is expanding a wide range of activities to preserve the natural environment that supports biodiversity.

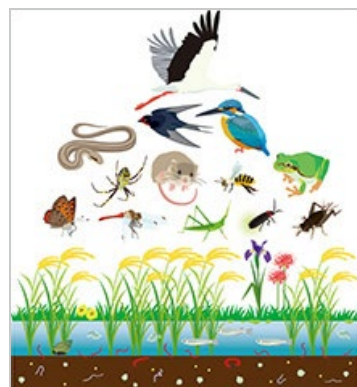
In addition to the Natural Water Sanctuaries that act as water resource cultivation areas for our plants in Japan, Suntory is also engaged in risk evaluation and strategic management through continuous monitoring of the ecosystem in our existing businesses. We designated water resource cultivation areas at our plants even when moving forward with new businesses and comprehensively evaluate risks with the cooperation of experts in a wide range of fields as done with other Natural Water Sanctuaries. We manage each of these areas based on a medium- to long-term visions.

In the forest for the water resource cultivation area in our Aso Natural Water Sanctuary for example, we maintain, test, and survey the forest with the aim to enhance the recovery and conservation of the biodiversity as well as the water resource cultivation function, such as experimenting with tree thinning to create hunting grounds for birds of prey. We aim to nurture a richer ecosystem throughout the entire river basin by entering into agreements with the local people such as winter rice fields filled with water to fallow the land, the setup of fishways and a survey of life conducted with the cooperation of universities and neighborhood elementary schools.

Suntory is pioneering action to build a society rich with biodiversity through its involvement in the Declaration of Biodiversity by Keidanren in January 2011 as well as participation in The Double 20 Campaign platform that helps the company engage and cooperate with people who are working to achieve the Aichi targets advocated by the Japan Committee for the International Union for Conservation of Nature (IUCN-J) in November 2017.



Ecological pyramid of forests:
Protecting the soil and vegetation protects
the entire ecosystem



The Ecosystem Pyramid of Irrigated Rice Fields:
Revitalizing the ecosystem of life aims to achieve
sustainable agriculture on irrigated rice fields

■ Biodiversity in a Natural Water Sanctuary from a Bird's Perspective

One of the main purposes of the Natural Water Sanctuaries is the revitalization of a wealth of biodiversity, and experts from the Japanese Society for Preservation of Birds carry out wild bird research every year (insect and animal research is also periodically conducted). We have formulated a Biodiversity Action Plan (BAP) and continually work to improve that plan at our Natural Water Sanctuaries throughout all of the primary bases of the Suntory Group.

The plant and animal life living in the forest will change if the typical functions of the forest can be revitalized. We believe that we can fully understand the ever-changing situation throughout the entire ecosystem supporting this life by focusing on birds of prey such as the eagles and hawks which stand atop the ecological pyramid.

Nest building and rearing of chicks by eagles and hawks at all the Natural Water Sanctuaries in Japan has been raised as a 2020 target with the purpose of advancing the development of a forest rich with biodiversity by taking the perspective of natural wild birds in the Natural Water Sanctuaries through research into these wild animals. Goshawks, buzzards, Japanese sparrowhawks, Eurasian sparrowhawks, owls, and other birds of prey have been confirmed in various Natural Water Sanctuaries.

Hosting the Natural Water Sanctuary Forum 2017 -- Forests that Protect Water and the Future of Life on Earth

This forum started in 2011 for the purpose of sharing knowledge about the broad range of research and maintenance in each Natural Water Sanctuary. The forum held in September 2017 was the seventh conference held since its inception. We regularly invite experts in various fields to provide guidance and cooperation to offer comprehensive reports that include trial and error in the research and maintenance of the Natural Water Sanctuaries and future activity policies. We deepened the debate through interactions that included a specific exchange of opinions at a poster session.



Natural Water Sanctuary Forum 2017

University of Tokyo "The Wisdom of Water" (Suntory) Corporate Sponsored Research Program

Suntory Holdings Ltd. established the University of Tokyo "The Wisdom of Water" (Suntory) Corporate Sponsored Research Program in April 2008, and it has held this research program for five years. By cultivating more social interest in water, we are engaging in the various activities below with the aim of contributing to the education of research in academic fields while promoting solutions of water issues as well as developing a rich water environment.

As a few examples, we have published "Water Map of Japan" as well as included "The Wisdom of Water" on our website in addition to publishing the minutes of our program for students held in our course as "The Wisdom for Water," introducing science bars and supervising the Suntory "Water Encyclopedia," *Suntory Mizuiku* - Natural Water Education Program Encyclopedia" and the *Suntory Mizuiku* "Teaching about Water at Schools," and the creation of the "Water Drills" educational content. We also actively conduct initiatives that widely communicate "The Wisdom of Water" to society by utilizing the knowledge we have gained.



Publishing
"The Wisdom of Water"



Publishing "Water Map
of Japan"



"Water Drill"
educational contents
for elementary students

First Hand Experience with Forestry by Employees

Many Group employees and their families participated in the first-hand experience with forestry as a volunteer activity in the Natural Water Sanctuaries up until 2013.

In 2014, we started to have all Group employees take part in the first-hand experience with forestry training to cultivate understanding by allowing each and every one of our employees to experience the Suntory Coexisting with Nature values themselves. A total of roughly 7,100 people have participated up until now.



First Hand Experience with
Forestry training for Group
employees

Expanding Communication Through Environmental Advertising and Websites

We have placed environmental advertisements in newspapers and commercials on television since June 2013 with the goal of introducing the water resource cultivation activities in Natural Water Sanctuaries more widely to our customers. The television commercial "Suntory Natural Water Sanctuary (Soil Cultivation)" received the Grand Prize in the Environmental TV Commercial category at the 17th Environmental Communication Awards hosted by the Ministry of the Environment and Global Environmental Forum in addition to receiving the Grand Prize for companies in the 3rd Web Grand Prix for the Forest Recruit website.

Furthermore, we have setup dedicated web pages on the Suntory homepage to be used in various activities to introduction information such as our vision and activity examples for each forest while teaching about the Natural Water Sanctuary activities and wisdom widely to people in society.



Newspaper ad
"Suntory Natural Water Sanctuary"



Website
"Suntory Natural Water Sanctuary"



Television commercial
"Suntory Natural Water Sanctuary"
(Soil Cultivation)



Recruiting
Non-humans website

Ikurinzai - Timber Project: Utilizing Wood Nurturing Water and Forests

The Suntory Group calls wood material made from activities to nurture sustainable water and forests "Ikurinzai - Timber" (registered trademark). We are advancing activities that use not only artificial forests such as cedar and cypress but also broad-leaved trees such as oak and Mongolian oak as byproducts from our forest development based on the fundamental belief that mountains and forests have nothing wasteful and a hope not to waste anything.

Internal Use of Tables and Chairs Made from "Ikurinzai - Timber"

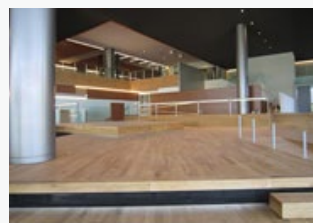
Tables fabricated using Ikurinzai - timber from cultivated forests was realized based on an idea of our employees to effectively utilize Ikurinzai - timber from cultivated forests while maintaining forests of Natural Water Sanctuaries. Today, we have installed various tables and counters that use Ikurinzai - timber from cultivated forests found in Gifu Higashi Shirakawa Natural Water Sanctuary in the employee cafeteria at the Odaiba Office and spaces of Suntory University.

We used Ikurinzai timber from Okudaisen Bunanomori Natural Water Sanctuary and the Kyoto Minami-Yamashiro Natural Water Sanctuary for the floors and furnishings in the Suntory World Research Center (Keihanna Science City), which was built in 2015 as a research and development site for both Japan and the rest of the world at the Suntory Group. In the Suntory Products Ltd. Kisogawa Plant, we adopted chairs that use Ikurinzai timber from the Gifu Higashi Shirakawa Natural Water Sanctuary.

Our employees are reaffirming the Natural Water Sanctuary Projects with more sensitivity in the natural environment they are able to experience each time they come in contact with the tables and chairs that use Ikurinzai timber from cultivated forests.



Table utilizing Ikurinzai - timber from the cultivated forest of our Natural Water Sanctuary



Suntory World Research Center entrance that uses Ikurinzai - timber from cultivated forests

External Use of "Ikurinzai - Timber"

Ikurinzai timber extracted from Natural Water Sanctuaries are widely distributed through various markets with cedar and cypress materials at the core. Some of this timber is used in the construction of public institutes that neighbor the Natural Water Sanctuaries as well as for furniture. This wood offers the local people an opportunity to come into contact with the blessings of nature.



Ikurinzai - timber desks and tables installed at the Nishiwakishi Hidokei-no-Oka Park

Water Sustainability

Bird Conservation Activities

Wild birds are said to be an indicator of natural environment. Understanding that the wild bird protection is linked to the protection of humans and the natural environment, we began our involvement in bird conservation activities in 1973.

History of Suntory Bird Conservation Activities

Year of activity	Content
1973	-Start of Save the Birds! Campaign (May) -The first publication of a newspaper ad with an illustration of wild birds (received Asahi Advertising Award) -Established a bird sanctuary in the Hakushu Distillery (Yamanashi prefecture)
1989	-Foundation of the Suntory Fund for Bird Conservation
1990	-The 1st Fund Granting Ceremony of the public trust, Suntory Fund for Bird Conservation
1993	-Start of the Save 1000 Albatrosses! Campaign
2006	-Newly established Grant for Community Bird Activities to the Suntory Fund for Bird Conservation
2014	-Newly established Grant for Riparian Large Bird Conservation to the Suntory Fund for Bird Conservation
2016	-Received the Wood Pencil at the D&AD Awards 2016, the ADC Award at the 2016 ADC Awards and the monetary prize at the Design for Asia Awards (DFAA) for the Line of Life Project to build kites of birds with children in the hopes of returning storks to a habitat where they can live normally
2017	-The 28th Fund Granting Ceremony of the public trust, Suntory Fund for Bird Conservation (Total of ¥417.76 million from the 1st to 28th fund granting have been made to 343 organizations)
2018	-The 29th Fund Granting Ceremony of the public trust, Suntory Fund for Bird Conservation (Total of ¥456.66 million from the 1st to 29th fund granting have been made to 366 organizations) -Relevant businesses certified under Japan Committee for the United Nations Decade on Biodiversity (UNDB-J)



1st Save the Birds! Campaign newspaper ad



■The Suntory Fund for Bird Conservation

As one of the activities commemorating the 90th anniversary of our founding, we enhanced bird conservation activities with the establishment of the Suntory Fund for Bird Conservation in 1989. As this initiative is designated to promote global environmental conservation through the protection of wild birds, funds are granted for bird protection activities both in Japan and overseas.

Over the 29 years since becoming a charitable trust in 1990, the Foundation has granted total of ¥456.66 million to 366 organizations up to 2018, making great achievements.

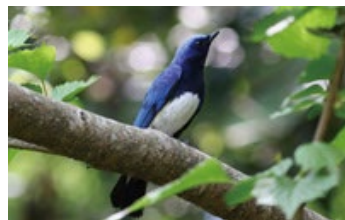


The 29th Fund Granting Ceremony of Public Trust Suntory Fund for Bird Conservation

The Hakushu Distillery Bird Sanctuary

We started bird conservation activities in 1973, and in the same year, as the first private company, we opened a wild bird sanctuary in the Hakushu Distillery in Yamanashi Prefecture.

Surrounded by rich forests and many clear streams, the Hakushu Distillery is a relay point of migration for wild birds. In the bird sanctuary, Suntory periodically conducts bird research and, together with the local people, engages in forest preservation activities to maintain an environment by various activities including nest box hanging and other activities.



Blue-and-white flycatcher



Hanging boxes in the Bird Sanctuary

Communication

We are putting out a broad range of information through our websites and other tools to familiarize more people with these wild birds. On the Japanese Bird Encyclopedia website, anyone can enjoy learning about over 160 species of wild birds through illustrations with explanations, bird calls, and pictures.

The Bird Watching that Starts Today website recommends bird watching spots nearby while introducing hints and points of caution when observing wild birds. These websites can even be enjoyed while out and about on a smartphone.

We are also creating leaflets on how to easily distinguish the birds around you to help in bird watching as well as posters and leaflets about how to easily make feeders, birdbaths and nest to encourage birds into your area.



Japanese Bird Encyclopedia website



The Bird Watching that Starts Today website



Save the Birds Activity leaflets

Preserving and Regenerating the Natural Environment

Suntory Mizuiku - Education Program for Nature and Water

We are implementing *Suntory Mizuiku*-Education Program for Nature and Water to pass down precious natural environment to the next generation.

Suntory Mizuiku-Education Program for Nature and Water

Suntory Mizuiku-Education Program for Nature and Water celebrates its 15th year in 2018. *Suntory Mizuiku*-Education Program for Nature and Water is a program unique to Suntory designed for the next generation to realize the beauty of nature and importance of water and the forests that nurture the groundwater and to think about what they can do to ensure there is water in the future. The program centers on two activities: Outdoor School of Forest and Water and Teaching about Water at Schools.

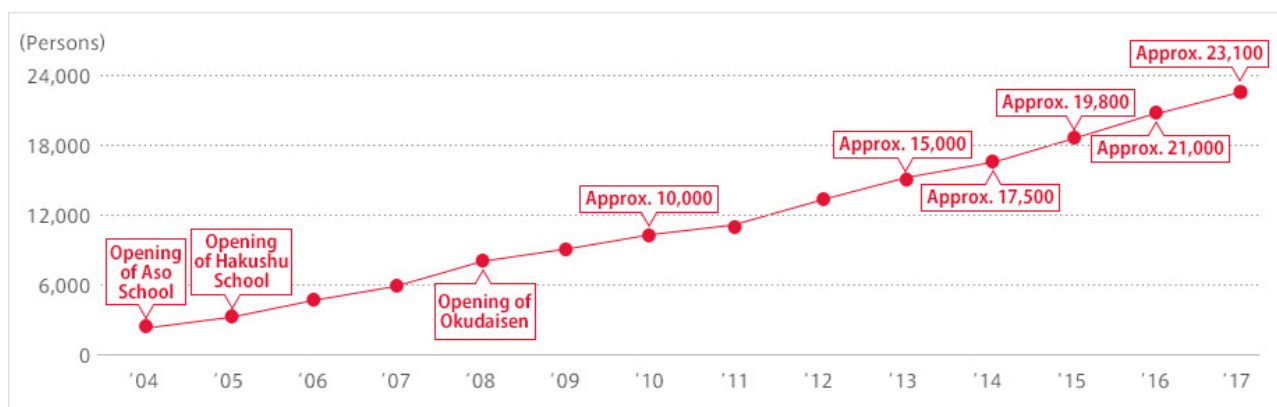
*Sponsor: Ministry of the Environment, Ministry of Education, Culture, Sports, Science and Technology, etc.

■ Outdoor School of Forest and Water

This hands-on nature program geared to elementary school students from grades three through six and their parents or guardians is held in the home regions of (Mineral Water) Suntory Tennensui. Participants experience for themselves the importance of water and of the forests that produce it amid the great outdoors at Hakushu (Yamanashi prefecture), Okudaisen (Tottori prefecture), and Aso (Kumamoto prefecture). Around 23,100 students and their parents took part in the program since it began in 2004 through 2017.

The Outdoor School of Forest and Water staff conduct the program together with expert instructors that play active role locally in environmental education.

Total number of participants at the *Suntory Mizuiku* - Natural Water Education Program Outdoor School of Forest and Water (total of three schools)



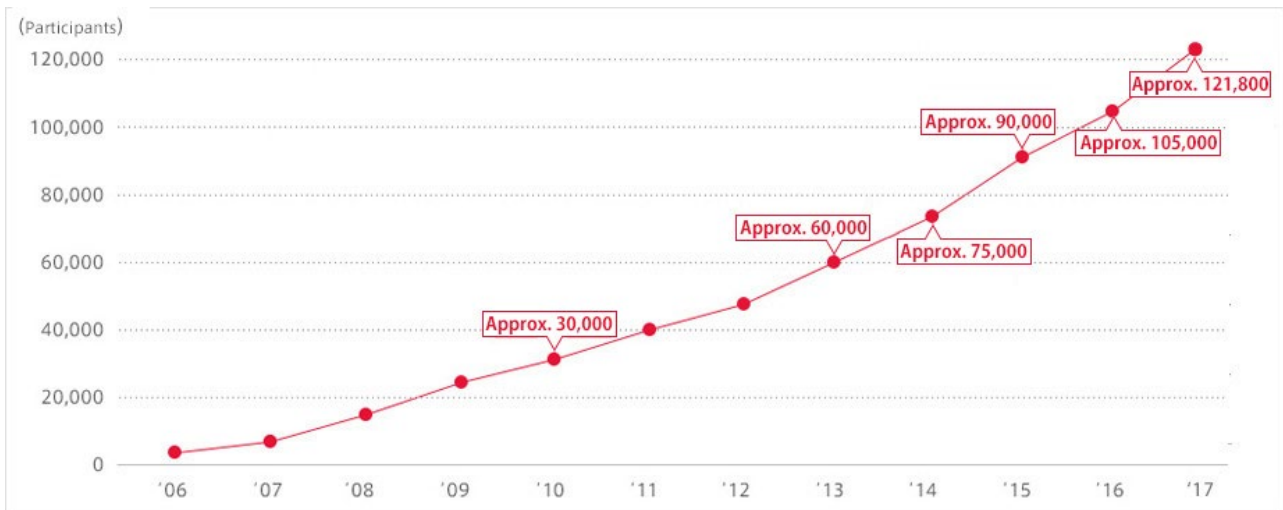


Outdoor School of Forest and Water

■Teaching about Water at Schools

We offer study programs for students in grades 4 and 5 in elementary schools together with their teachers. We believe we can make a difference by teaching the cycle and importance of nature through videos and experiments so that together we can pass down water to future generations. These programs have been held in metropolitan areas from Keihanshin, Aichi, Gifu, Yamanashi, where our natural water plant is located, Tottori, and Kumamoto prefectures with the participation of roughly 121,800 students at approximately 1,600 schools as of 2017.

Total number of participants for Teaching about Water at Schools



Teaching about Water at Schools

■Suntory Mizuiku - Natural Water Education Program Website

The *Suntory Mizuiku* - Natural Water Education Program website is a place to have fun and learn about water. The website includes detailed information about the Outdoor School of Forest and Water and the Teaching about Water for Schools programs in addition to kids pages such as the encyclopedia that brings together independent water research and comprehensive knowledge about water.



Suntory Mizuiku - Natural Water Education Program Website

■Expanding the Vietnam Version of the *Suntory Mizuiku*-Education Program for Nature and Water

With the expansion of Suntory Groups business activities internationally, we started *Suntory Mizuiku*-Education Program for Nature and Water overseas for the first time in Vietnam from March 2015 with the hope of promoting environmental activities globally. We developed original education materials in collaboration with international NGOs such as Live and Learn and have been conducting classes since 2015 for third and fourth grade children to learn about the importance of water, sanitary management and the importance of preserving water resources.

From 2017, we started collaboration with the The Central Council of Ho Minh Young Pioneer Organization as well as the Vietnam National Union of Student. We are also expanding teaching classes in each region by dispatching qualified Mizuiku instructors as a summer program. Approximately 14,500 children from Hanoi City, Ho Chi Minh City, Bac Ninh and Ben Tre Provinces have participated in the three years up to 2017.

In addition, we are contributing to the installation of toilets and washrooms at elementary schools to improve sanitary environment of children.



Suntory Mizuiku-Education Program for Nature and Water in Vietnam

Initiatives in Africa

Suntory is working with the environmental NPO WESSA* in South Africa to support water and education programs at elementary schools. The program teaches the importance of the water that brings life to plants and all other living things in addition to conducting water conservation activities people can use in daily life as well as education about water sanitation.

Suntory is also engaged in support activities to supply clean and safe drinking water to schools through the Kangemi Resource Centre, which supports the lifestyle of residents in Nairobi, Kenya.

*the Wildlife and Environment Society of South Africa



Planting activities at a school in South Africa



Support to supply safe drinking water to a school in Kenya

To Create Harmony with Nature: Environment

Climate Change Measures

We are promoting various initiatives to reduce environmental impact through the entire value chain.

Continuing activities to reduce environmental impact

Suntory Group promotes the reduction of package weight, the use of recycled materials, and the installation of energy-saving vending machines to prevent global warming, effective use of resources, preventing pollution and managing chemical substances through the value chain, from ingredient procurement, manufacture to distribution, sales, and recycling.



Preventing Global Warming



Effective Use of Resources



Preventing Pollution and Management of Chemical Substances



Climate Change Measures

Preventing Global Warming

An ongoing stable supply of products will be difficult if the effects of global warming more drastically change the climate patterns as well as greatly impact water resources, which are crucial for soft drink manufacturers. The Suntory Group recognizes global warming as one of the major challenges in business continuity due to the potential risk for great increases in production costs caused by a depletion of resources. Therefore, we need to unify as a Group to prevent global warming with the goal of reducing the environmental impact throughout the entire value chain by joining the environmental efforts of governments and local municipalities and by supporting public policy and regulations aimed to mitigate global warming.

Initiatives to combat global warming are debated at Global Communication Meetings under the guidance of the executives in charge. These initiatives are approved on an annual basis and are overseen by the Board of Directors.

Reducing CO₂ Emissions throughout the Value Chain

We have set challenges for each division to reduce CO₂ emissions throughout the value chain related to our domestic operations, from raw material procurement, manufacture, distribution, sales to recycling. We are striving to meet the targets set for 2030 for a 25% reduction in Scope 1 and Scope 2 emissions and a 20% reduction of Scope 3 emissions throughout the entire Suntory Group worldwide.

2017 Results

With the globalization of business, we are advancing to identify the results in each area.

■ Scope 1/Scope 2 emissions

Area	Emissions (thousand tons)	Per unit reduction rate*
Japan	453	0.3% increase
Americas	220	2.3% reduction
Europe	121	0.5% increase
Asia	126	3.6% reduction
Oceania	22	9.3% reduction
Total	941kL (Scope 1: 560kL; Scope 2: 381kL)	1.0% reduction

*Data covers 25 production plants in Japan and 56 production plants overseas, and non-production sites in Japan (group sites, R&D facilities, sales sites, restaurants, and business development sites).

*The above emissions do not take into account the emissions offset by purchasing carbon credits. If the offset emissions, which are approximately 10,000 tons, are taken into account, the total of Scope 1 and Scope 2 emissions will be 928 thousand tons in 2017. (Carbon credits we purchased were generated from projects, such as a project using charcoal made from renewable biomass woodland for reducing agent in pig iron production plant in Brazil supported by the BioCarbon Fund of the World Bank.)

*CO₂ emissions per unit production are the amount of emissions per kiloliter produced; the rate of reduction is shown as a comparison to the previous year

*Calculation coefficient for GHG gas emissions is as follows:

Fuel: Coefficients specified in the GHG Emissions Accounting and Reporting Manual (used for calculating emissions in Japan and overseas)
CO₂ from electricity:

(Japan) Adjusted emission factor of each power company

(Overseas) IEA2007 emission factor for each country

GHG other than CO₂:

(25 plants in Japan) Coefficients specified in the GHG Emissions Accounting and Reporting Manual

*Of which, CO₂ emissions from the Suntory Beverage & Food Group are 478 thousand tonskL (Scope 1: 245 thousand tonskL Scope 2: 234 thousand tonskL). The total does not match the sum of Scope 1 and Scope 2 emissions due to rounding.

*The change in the amount of emissions from the base year 2015 was a 0.4% decrease.

*The total may not match the sum of each figure due to rounding.

*From FY2016, Suntory has received independent assurance from KPMG AZSA Sustainability Co., Ltd. The numerical values assured are indicated with kL.

■ Scope 3 Emissions (Suntory Beverage & Food Ltd.; Japan)

Category	Emissions (Thousand tons)	Calculation Method
1. Purchased goods and services	960kL	Calculated by multiplying the weight of purchased raw materials and packages for products produced and sold by the Suntory Beverage & Food Group (Japan) by emissions coefficients.
2. Capital Goods	90	Calculated by multiplying the amount of capital expenditure of the Suntory Beverage & Food Group (Japan) by emissions coefficients.
3. Fuel-and energy-related activities not included in Scope 1 or 2	30	Calculated by multiplying the amount of energy consumed of Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients.
4. Upstream transportation and distribution	91	Calculated by multiplying the transportation volume in tons-km of goods owned by Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients.
5. Waste generated in operations	7	Calculated by multiplying the weight of waste disposed by Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients.
6. Business travel	4	Calculated by multiplying the amount of business travel expenses of Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients.
7. Employee commuting	7	Calculated by multiplying the amount of commuting expenses of Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients.
8. Upstream leased assets	4	Calculated by multiplying the floor area of distribution centers rented by Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients.
9. Downstream transportation and distribution	75	Calculated by multiplying the transportation volume in tons-km of goods owned by Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients.
10. Processing of sold products	0	None
11. Use of sold products	14	Calculated by multiplying the weight of products sold by Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients
12. End-of-life treatment of sold products	115	Calculated by multiplying the weight of packaging materials for products sold by Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients.
13. Downstream leased assets	502	Calculated by multiplying the amount of electricity used by vending machines leased by Suntory Beverage & Food Group companies in Japan by corresponding emissions coefficients.
14. Franchises	0	None
15. Investments	0	None

*From FY2016, Suntory has received independent assurance from KPMG AZSA Sustainability, Co., Ltd. The numerical values assured are indicated with kL.

■Measures Against Global Warming

The Suntory Group is also working to combat the effects of global warming. The Suntory Group strives to raise awareness about ways to prevent heat stroke with the rising temperatures at elementary schools and companies with efforts that include the free provision of posters and leaflets to raise awareness about preventing heat stroke created together with The Education Newspaper to elementary schools throughout Japan (approx. 21,000 schools) and the support of heat stroke measures at each school. We are also linking to other activities to raise awareness about heat stroke by manufacturing and selling GREEN DAKARA as a product designed for rehydration with 40mg/100mL natrium suitable as a heat stroke measure^{*4}.

^{*4} The amount of natrium recommended by the Ministry of Health, Labour and Welfare as a measure against heatstroke is 40mg-80mg/100mL

Initiatives in Production



Initiatives in Distribution



Energy Conservation in Vending Machines



Initiatives in Sales, R&D, Offices, etc.



Green Procurement and Purchase



Preventing Global Warming

Initiatives in Production

Reducing CO₂ through Energy-saving and Use of Renewable Energy

We are committed to energy efficiency at Suntory Group plants through production activities harmonized with the environment. Making records of and managing the operational status centrally is useful for employing energy efficient activities in the production process. Furthermore, we are working to combat global warming from a variety of angles, including by switching to low CO₂ emitting fuels and by using renewable energy.

Activities being carried out at plants are shared at regularly-held engineer meetings to expand horizontally.

■ Reductions Made by Introducing Cogeneration Systems

We are utilizing cogeneration system (combined heat and power) in our production activities. This system recovers heat generated from in-house generation and uses it as part of a heat source for preparing beer and extraction of coffee and tea, which increases energy efficiency to 70-80% and reduce CO₂ emissions by 20-30%. As of April 2016, the system is introduced in Haruna Plant of Suntory Products Ltd., Tonegawa Brewery, and Kyoto Brewery of Suntory Beer Ltd. in Japan.



Cogeneration system at Tonegawa Brewery

■ Switching to Fuels Low in CO₂ Emissions

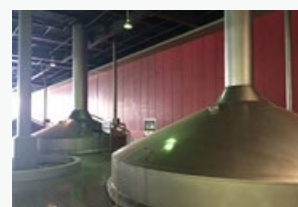
Most of our plants have completed a switch from heavy oil to city gas and LNG (liquefied natural gas). These gas fuels have fewer CO₂ emissions per unit of heat and they contain almost no sulfur.



Liquefied natural gas facility at Okudaisen Bunanomori Water Plant of Suntory Products Ltd.

Energy-saving Activities in Accordance with Increase in Production Capability - Suntory Beer Ltd.

Tonegawa Brewery of Suntory Beer Ltd. has undergone a construction to increase its production capability of beer in 2013. At the same time, latest cauldron was introduced in the preparation stage for efficient use of energy, along with renewing boilers and cooling facility to optimize the energy supply facility. As a result, the energy efficiency improved by about 20% in the plant.



New cauldron in Tonegawa Brewery of Suntory Beer Ltd.

■Energy-saving Activities at Overseas Production Sites

We are promoting energy-saving activities based on our know-how and technology in Japan even at overseas plants of the Suntory Group.

Energy-saving Activities at a Tequila Plant in Mexico

We have introduced energy-saving activities to the Sauza Plant in Mexico, which uses a lot of fuel, based on our knowledge and technology in Japan. We have been conducting initiatives to improve the heat recovery rate at distilleries since 2016 and installed a new type of once-through boiler in 2017. Furthermore, these activities have also adopted the 2016 Joint Crediting Mechanism Financial Support Business that contributes to reducing greenhouse gas emissions in developing countries.

■Promoting the Use of Renewable Energy

We have been increasing the use of various kinds of renewable energy at our plants, including the use of solar power, snow ice, biomass and micro-hydro power.

Use of Photovoltaic Energy

The Minami Alps Hakushu Water Plant of Suntory Products Ltd. is installed with the largest photovoltaic panels in the beverages industry, capable of generating approximately 490kW of electricity. They provide some of the plant's power, and make it possible for us to reduce our CO₂ emissions by approximately 205 tons per year compared to when we buy electricity from a power company.

In addition, The Minami Alps Hakushu Water Plant and Hakushu Distillery introduced lithium-ion battery equipped electric buses for the first time in private company for factory visits in 2011, using electricity generated from photovoltaic power generation at the Hakushu Plant.

The solar power generation has been installed on some of the roofs and premises by Solar Frontier K.K. and the Development Bank of Japan, Inc. at the Suntory Products Ltd. Haruna Plant and Suntory Beer Ltd. Kyushu Kumamoto Plant. The two plants generate a combined output of approximately 3.2 MW, which is an equivalent to the yearly power for roughly 660 households. This is estimated to have a CO₂ reduction effect of approximately 1,900 tons.



Largest scale photovoltaic panels in the beverage industry



New lithium-ion battery equipped electric buses

Use of Snow and Ice Thermal Energy

For the use of snow and ice thermal energy, Iwanohara Vineyard Co., Ltd. takes benefit being located in region of heavy snowfall and installed snow room in 1898 to store snow during winter. The thermal energy of snow is used to control the temperature for fermenting wine and storage, using natural energy in winemaking. Following the tradition, snow room was rebuilt in 2005 and is being used to cool wine-aging warehouse.

In Okudaisen Bunanomori Water Plant of Suntory Products Ltd., which also is located in region of heavy snowfall, also implements snow room and used as part of thermal control during spring.



Snow room at Okudaisen Bunanomori Water Plant of Suntory Products Ltd.

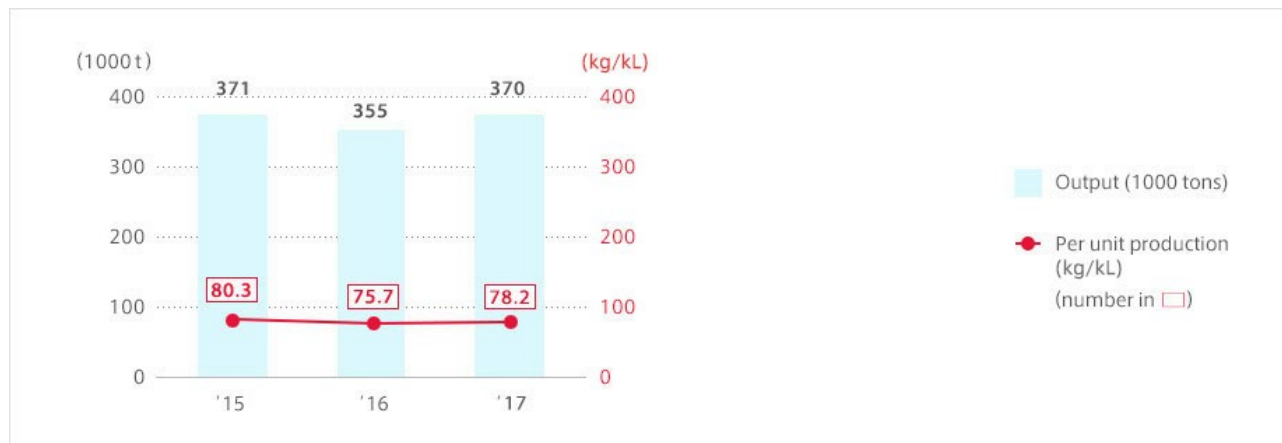
Use of Cold Groundwater

We are effectively using cold groundwater that stays at an almost constant temperature (low temperature) throughout the year to cool manufacturing equipment and in other processes at the Hakushu Water Plant of Suntory Products Ltd. In addition, hot and cold water such as effectively recycling heat produced in air compressors and boilers to heat groundwater to prevent condensation when filling plastic bottles with low temperature groundwater.

Promoting the Use of Energy from Biomass

Chita Distillery of Sungrain Ltd. has been using residue liquid from distilling and corn residue when making grain whisky as fuel for generating steam needed to heat when distilling since 1997. Approximately 6,000 tons of CO₂ can be reduced by reducing liquefied natural gas (LNG) usage with the use of biomass resources. This is the equivalent of roughly 40% of fuel used at Sungrain.

■ CO₂ emissions



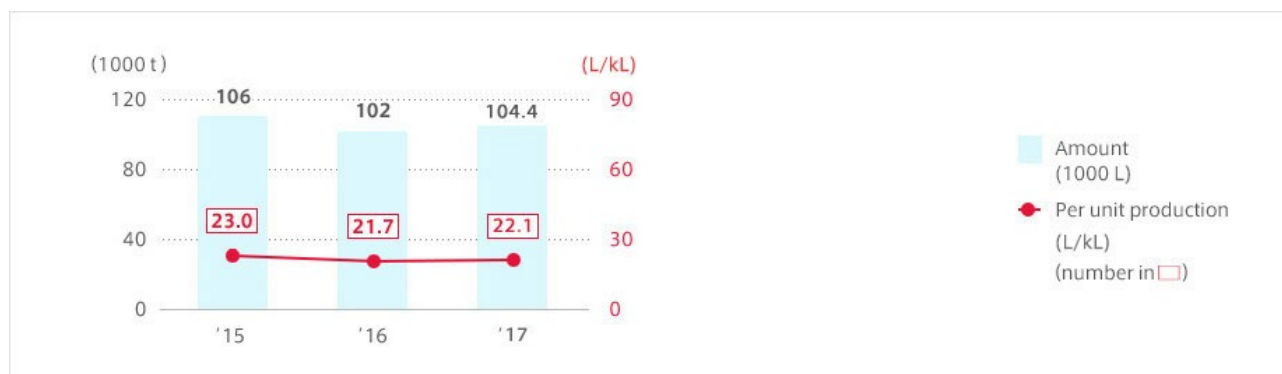
*25 production plants in Japan

*CO₂ emissions from electricity are calculated using actual emission factors for each fiscal year.

-The total amount declined by 0.4% and reduced unit production by 2.6% compared to 2015.

■ Energy consumption

Fuel (crude oil conversion) consumption



*25 production plants in Japan

*Conversion factors for crude oil equivalent calculation are based on the standard heating values of 2005 by Agency for Natural Resources and Energy of Ministry of Economy, Trade and Industry

-The total amount increased by 1.9% and increased unit production by 0.9% compared to the previous year.

Power consumption



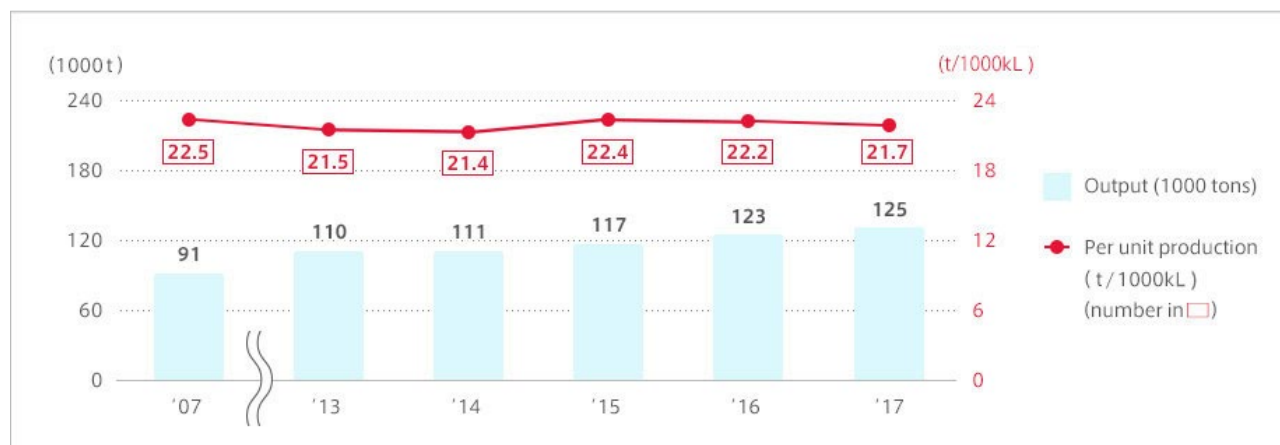
*25 production plants in Japan
-The total amount increased by 5.5% and increased unit production by 3.3% compared to the previous year.

Preventing Global Warming

Initiatives in Distribution

Implementing Distribution Considering the Environment

We are striving to reduce the environmental impact caused by our distribution and transport operations, from procurement of ingredients and packaging materials to delivery of products to consumers. More specifically, we are promoting a modal shift and the use of larger vehicles, and also have a highly efficient truck transport system in place owing to a computerized system we developed in-house. In 2017, sales (KL) was 104% and the CO₂ emissions increased 2% to approximately 125 thousand tons compared to the previous year, but the unit production was 21.7 (CO₂ emissions/thousand kL of sales), which was 98% compared to the previous year. We will continue to promote initiatives to further reduce emissions.

■ CO₂ emissions during transportation (business in Japan)

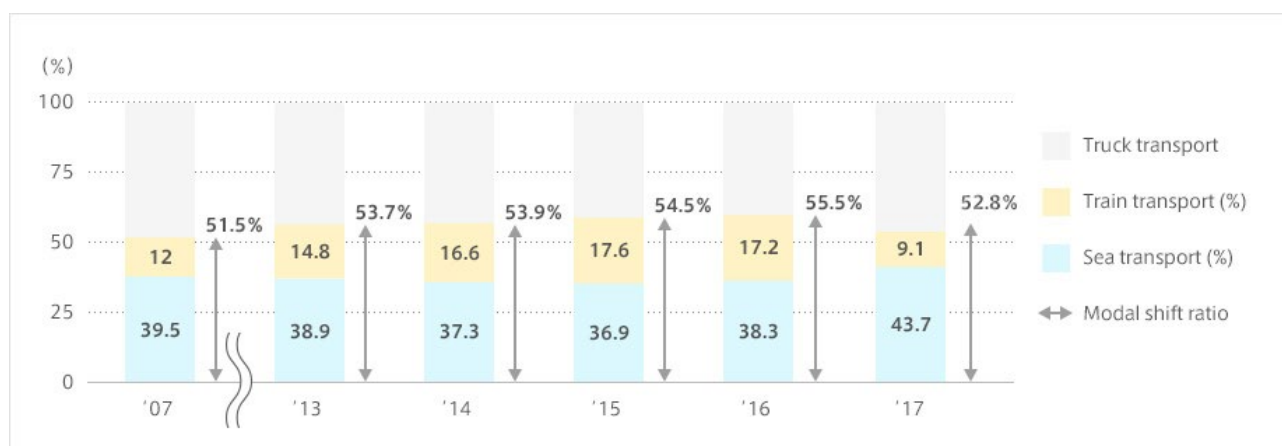
Promoting the Use of Larger Vehicles

The Suntory Group is promoting shipping with large-scale vehicles to lower the number of trucks on the road. In particular, large-size trucks that use a trailer are being promoted in conjunction with efficient allocation of vehicles for shipments to each product vendors from production sites by truck.

Promoting Modal Shift

We are promoting a modal shift to rail and sea transport which produces fewer CO₂ emissions than trucks when transporting over medium to long distances. In 2017, the modal shift rate was 52.7%, 43.7% of which was sea transport and 9.1% of which was rail transport. We aim to sustain a modal shift that exceeds 50%.

■Changes in modal shift ratio



*Changes in the modal shift ratio are calculated based on long-haul (500km or more) trips

Suntory Liquors Ltd.*1 has been certified as 1st Eco Ship Mark*2 certified company in 2009. In addition, Suntory Liquors Ltd. received an Eco-Rail Mark certification from the Ministry of Land, Infrastructure, Transport and Tourism in 2011.

*1 Currently Suntory Spirits Ltd. and Suntory Beer Ltd.

*2 Eco-ship Mark system certifies cargo owners and logistic operators that use more than set amount of sea cargo that is friendly to the environment.

Screened by Businesses with Excellent Eco Ship and Modal Shift Selection Committee



Eco Ship mark



Eco-Rail mark

Shipping Through Various Cargo and Shipper Integration

The Suntory Group has introduced the Integrated Transportation[®] Arrangement that calculates the optimal combination of vehicles and routes for various cargo and shipping locations. This reduces the distance and time with the number of trucks to use and the remaining capacity. In addition, we are reducing the environmental burden even further by limiting the loss when transporting goods with efforts such as sharing distribution information with other companies to combining cargo of multiple companies in one truck. We also ask our distribution partners to drive comprehensively in a way that reduces the environmental burden such as using idling stop systems and attaching digital tachometer that enable accurate monitoring and management of vehicle operation status.

Promoting Initiatives by Cooperating with Distribution Affiliates

201 of our distribution affiliates (as of FY2017) have acquired certifications, such as the ISO14001 (55 sites) and Eco Stage (141 sites) as well as Green Management advocated by the Ministry of Land, Infrastructure, Transport and Tourism, with the aim to further reduce the environmental impact. In addition, in response to amendments to the Rationalization in Energy Use Law, the Suntory Group collected CO₂ emissions data such as the monthly distance driven by vehicles, the amount of fuel consumed, and the useful load of distribution affiliates. Moreover, we are supporting the efforts of affiliate companies in initiatives that include raising awareness such as eco driving and promoting the use of green eco belts that can be uses over and over instead of palette warp to prevent cargo from shifting.



Green Eco Belt

Promoting Collaborative Efforts with Other Companies

We are promoting distribution through cooperation with other companies such as joint distribution and joint use of containers as transportation measures that will lower the environmental impact.

Participating Companies	Coordination	Description	Starting Period	Results
Suntory Group	Kirin Group	Joint distribution of soft-drink beverages within Chiba prefecture	July 2009	Reduced CO ₂ emissions approx. 46 tons/year
Suntory Logistics Ltd.	Toyobo Logistics Co., Ltd.	Each company packs cargo on return trips in vehicles that only have one-way cargo	January 2010	Reduced CO ₂ emissions approx. 100 tons/year
Suntory Logistics Ltd.	Toshiba Lighting & Technology Corporation	Joint use of railway containers	January 2011	Reduced CO ₂ emissions approx. 140 tons/year
Suntory Group	Four beer companies	Joint distribution in some areas of Hokkaido (Kushiro/Nemuro)	September 2017	Reduction of approximately 330 tons of CO ₂ emissions per year (*Figures apply to all four beer companies)

Round-trip use of containers transported by sea (joint use with other companies)

One of our social responsibilities is to engage in reduction of the environmental impact caused by transporting import goods. We have been conducting an initiative to handle export goods by jointly using the containers that we use with other companies within the country based on this belief in February 2011. Up until now, we have been able to realize efficient transport reducing our CO₂ emissions through the round-trip use of containers that would have flown back empty.

This initiative was presented the Minister Prize of Economic, Trade and Industry at the Green Logistics Partner Awards announced in December 2013.

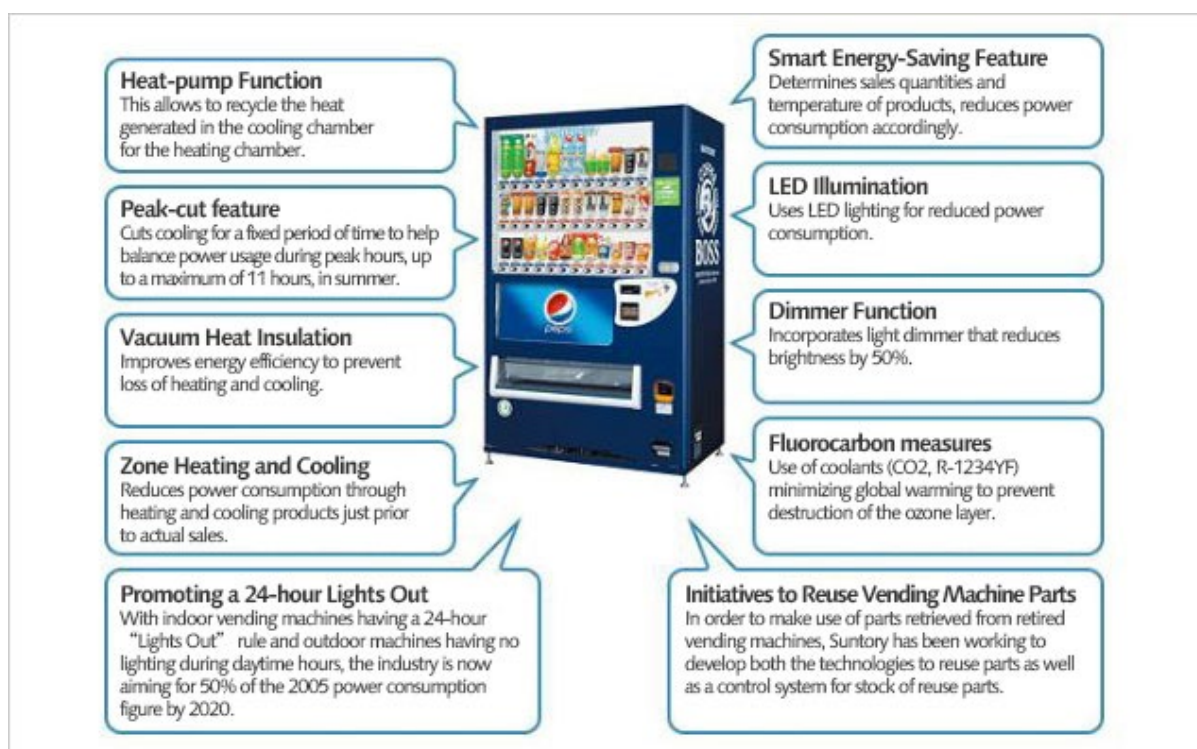
Preventing Global Warming

Energy Conservation in Vending Machines

Energy Conservation in Vending Machines

We are implementing various initiatives to save energy in vending machines in Japan as one of priority initiatives to reduce CO₂ in the entire value chain.

■ Key Features of Suntory Vending Machines



■Reducing Energy Consumption of Vending Machines

Since we introduced a peak-cut feature in 1995, we have been striving to introduce vending machines with lower consumption of electricity. Since 2007, we have been promoting installation of heat-pump vending machines that facilitate even more efficient energy usage compared to conventional vending machines as main energy-saving machine. Nearly all of the vending machines put into use in 2010 and all new vending machine (excluding some special-function machines) from 2011 were heat-pump models and also LED lighting were installed to them.

From 2012, we started introducing Hybrid Heat-pump Vending Machines which can reduce electricity consumption by additional 30% compared to normal Heat-pump Vending Machines. In addition, by fitting refurbished machines^{*1} with heat-pump equipment, the ratio of heat-pump vending machines against all Suntory vending machines was 71% in the end of 2017.

In 2013, "Mahou VIN Vending Machines"^{*2} which has a capability of suspending cooling for extended time by to having high refrigerant effect from using vacuum heat insulation materials, etc., in addition to energy saving heat-pump function. This vending machine enables the reduction of both environmental impact and electricity load during the peak hours in summer.

^{*1} Vending machines that have been removed from service, refurbished, and reinstalled for retail use

^{*2} Vending machine that is capable of suspending cooling for extended time due to high refrigerant effect by using vacuum heat insulation materials, etc. Refrigeration is suspended for eight to ten hours each day.

What is a heat-pump vending machine?

In Japan, a heat-pump vending machine is a vending machine with a built in system to collect heat generated by the cooling chamber for the heating chamber. These vending machines largely contribute to energy saving through function to effectively use heat inside the vending machine and latest machine can even exchange heat with the atmosphere.

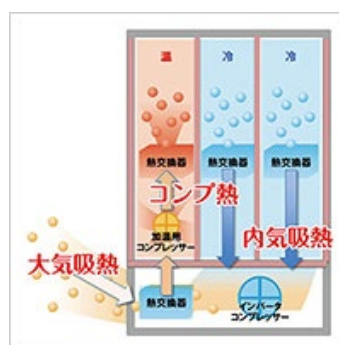
■Introducing Vending Machines with the Smallest Power Consumption in Japan

In April 2014, we began adopting "Extremely-Energy-Saving Vending Machines" (Eco Active Machines) that operate on approximately half the energy consumption (420kWh/year) compared to conventional heat-pump vending machines with the cooperation of machinery manufacturers the use of to further aim to contribute to reducing environmental impact. It stores two compressors, one dedicated to heating and other cooling and uses various latest technologies such as inverter control, vacuum heat insulation materials, electronic expansion valve and LED lighting to control energy consumption to an optimum condition to realize lowest electricity consumption in Japan^{*1}.

^{*1} Compared to a selection of 25 primary automatic vending machine manufacturers in Japan as of January 2018 (Survey conducted by Suntory Beverage Solution Ltd.)



© Sanden Holdings Corporation



■Promoting a 24-hour Lights Out

To promote reductions in CO₂ emission and combat global warming, vending machine manufacturers have promoted energy-saving measures since 1991, prior to establishment of the Kyoto Protocol. As a result, during the 15 years leading up to 2005, we achieved an approximate 50% reduction in energy consumption per vending machine. The industry also agreed to aim for a further 37% reduction by 2012, in comparison to 2005 figures, with indoor vending machines having a 24-hour "Lights Out" rule and outdoor machines having no lighting during daytime hours*. The industry met its goal in 2011. As a follow-up midterm goal, the industry is now aiming for 50% of the 2005 figure by 2020.

*Reduces about 10% of power usage by turning off the lights during the day time, about 20% by 24 hours



■Measures Against Chlorofluorocarbon

Controlled chlorofluorocarbons that destroy the ozone layer are not used for refrigerants in our vending machines today. New vending machines that are introduced also use no chlorofluorocarbons substitutes that have a large impact on global warming. All of our machines use a refrigerant with a low global warming coefficient such as natural refrigerants and R-1234yf.

■Initiatives to Reuse Vending Machine Parts

We are actively conducting initiatives to realize effective use of resources even in vending machines. We are advancing development of technology toward the reuse of parts as well as management systems for the reuse of parts in order to use vending machine parts that are collected in vending machines again. In 2017, the reuse rate of parts that required repair or maintenance was 58%. We are striving to effectively use resources by expanding the components to reuse parts even further in the future.

■Ensuring Reasonable Waste Disposal of Vending Machines

We are leading the industry in building a Vending Machine Waste Disposal System that collects and recycles vending machines to throw away, which we have expanded nationally since January 1997. We are strictly managing disposal from the initial selection of vending machines to discard to the final disposal in compliance with the revisions to the Wastes Disposal and Public Cleansing Act in April 2001. We are properly processing broken machines by understanding the amount of machines to collect based on the Act for Rationalized Use and Proper Management of Fluorocarbons even in regards to the fluorocarbons that are used as a refrigerant in vending machines.

■ Installation of Vending Machines to Provide Beverages in Emergencies

We are developing and advancing the installation of vending machines to provide beverages in emergencies to contribute to building cities able to combat disasters. This system normally sells beverages from vending machines in peace times but will provide them for free during emergencies such as when disasters strike. Beverages can be easily accessed even if the power goes out. Beverages can be easily accessed even if the power goes out. Many people used this system after the Great East Japan Earthquake that struck in March of 2011. We are progressing with the installation of these vending machines centered upon public institutions, hospitals, and companies with roughly 20,000 units put in place through the end of 2017 by implementing wire type vending machines that have the benefit of not requiring maintenance in addition to battery-type vending machines. In Japan, we plan to actively introduce these types of vending machines in the future.



Emergency beverage vending machine

Preventing Global Warming

Initiatives in Sales, R&D, Offices, etc.

Environmental Activities in Sales Divisions

■ Reducing Environmental Impact of Sales Vehicles

We are promoting introduction of hybrid vehicles and other energy-saving vehicles for use in sales activities. In addition, we have introduced vehicle traffic control system that acquire travel data such as distance traveled, driving behavior and fuel efficiency in sales vehicles. We promote safe driving and eco-driving by feeding back the result of the analysis of collected data.

■ More efficient Vending Machine Operations by Introducing Wireless Systems

Suntory Beverage Service Ltd., which includes secondary products for soft drink vending machines to expand the vending machine operations each day, introduced wireless systems to vending machines operating throughout Japan in 2013. We are able to analyze information such as the type and amount of products for refilling, the timing for refilling, and the most efficient route for refilling of each vending machine while allowing us to instantaneously obtain the sales trends of each and every vending machine. We have reduced the number of visits to vending machines through the use of this wireless system, which has connected to reducing environmental impact by decreasing power lost when opening and shutting vending machines when conducting operations such as refilling products.

Environmental Activities in R&D Sites

Since acquiring ISO14001 certification in 2007, the R&D sites (World Research Center/product development center) where about 700 employees work has been promoting environmental activities incorporated in daily work in the entire division. In 2013, the site acquired comprehensive certification from an external certification agency to operate under the ISO14001 throughout the entire Group to strengthen coordination with other divisions as a Research & Technology Development Division that has strong connection with the Group's entire value chain. It also promotes activities to reduce environmental impact in corporation with plants and sales divisions while incorporating environmental considerations into daily operations.

Environmental activities in the restaurant business

The Pronto Corporation is promoting environmental management through a variety of environmental initiatives, including the Pronto Love Green activity that donates a portion of the revenue from menus and the total amount of in-store donations to environmental greening, the adoption of glasses to use in stores made from recycled bottles of Kakubin Whisky, the provision of a choice menu of domestic ingredients that give diners a taste of the local bounty, reduction of food waste as well as the adoption of energy saving equipment. Furthermore, Pronto Corporation satisfied the certification criteria for the first restaurant eco mark in Japan as a certification program for restaurants created by the Eco Mark Office in 2017 and earned the right to use the eco mark for chain restaurants.

The Pronto Love Green Activity that has been underway since 2008 donated a total of 81,066,784 yen in 2017 and was given letters of thanks from the Minister of Agriculture, Forestry, and Fisheries.

■ Latest Environmentally-friendly Equipment

Suntory World Research Center introduced equipment to reduce the environmental impact such as an arrangement of LED lighting through the entire facility, automated control of lighting and airflow through image sensors, temperature difference water supply, and the application of hybrid heat source equipment to concurrently use natural gas and electricity while eagerly using natural energy such as the application of top lights*¹ that actively let in natural light. The same center has acquired Class S, which is the highest class of the Comprehensive Assessment System for Built Environment Efficiency (CASBEE)*². The furniture and construction materials also utilize Ikurinzaï - timber from cultivated forests*³ of the Suntory Tennensui (Mineral Water) Natural Water Sanctuaries.



Suntory World Research Center

*1 Top light: Windows installed on roofs for natural light and ventilation

*2 CASBEE: Environmental performance assessment for building overall developed by the Institute for Building Environment and Energy Conservation with the support of Ministry of Land, Infrastructure, Transport and Tourism in 2001.

*3 Ikurinzaï - Timber from cultivated forests: Suntory Group calls wood material made from activities to nurture sustainable water and forests "Ikurinzaï - timber from cultivated forests"

Environmental Activity in the Office

■ Installing Energy-saving Equipment and Reduction of CO₂ and Water Consumption by Employee Action

Various initiatives are carried out by all employees daily with higher awareness on saving energy in each office. The Odaiba Office in Tokyo installs photovoltaic power generation, use of reused water, automatic lighting control system, and human detection sensors for lights in toilets and escalators. Reduction of CO₂ emission are being promoted in each office by implementing cool biz and warm biz and actively using web conference system.



Solar power generation system of the Odaiba office

Preventing Global Warming

Green Procurement and Purchase

We promote procurement of ingredients, materials and equipment that have low environmental impact through cooperating with each business partner.

Promoting Green Procurement

Green procurement is selecting items and services that consider the environment, such as by not including hazardous substances or efficient use of resources, when selecting ingredients, materials and equipment to purchase.

Suntory Group has established Suntory Group Green Procurement Standard (revised 2011) based on the Suntory Group's Basic Policy on Supply Chain CSR and promotes procurement activities to lower environmental impact in corporation with each business partner.

Suntory Group Green Procurement Standard (revised 2011)

1. Basic policy

Suntory Group strives to purchase ingredients, materials and services that have the lowest environmental impact as possible for items and services used in the Group to build a sustainable society.

2. Prioritized items

- a) Consider not to use environmentally polluting substances, etc.
- b) Consider resource- and energy-saving through use of renewable resources, miniaturization, etc.
- c) Consider resources collection that does not damage the ecosystem
- d) Long-term use is possible through repair, parts replacement, etc.
- e) Whether if it is reusable
- f) Whether if it is design to be recyclable
- g) Whether if it is easy to dispose or treat
- h) Whether if it is environmental information about the item is disclosed
- i) Consider the items is manufactured or sold by business operator that actively engages in environmental preservation such as acquiring ISO14001

Promoting Green Purchase

When actually purchasing an item, we promote Green Purchase based on Green Purchase Guideline which sets standards for determining whether it's a Green Purchase. We also implement online purchasing system that registers a standard Green Qualified Items and deploying it to Group companies. Furthermore, we uses work uniforms made using fibers from recycled PET bottles according to seasons in production plants.

Climate Change Measures

Effective Use of Resources

Aiming to help bring about a recycling-oriented society, we promote the effective use of various resources such as water and other bounties of nature.

Effective Use of Water Resources



3R in Containers and Packaging



Flow of Collection Through Recycling of Containers



Promoting the Reduction and Recycling of Waste



Effective Use of Resources

Effective Use of Water Resources

We are conserving water in our plants and returning waste water to nature after purifying it to avoid impact on the natural circulation of water.

Enhanced 3Rs for Water to Reduce Water use

The Suntory Group's plants use a large amount of water, for example, in cleaning production equipment and cooling, in addition to using it as an ingredient in our products. In order to conserve limited water resources, we intensify our activities to achieve targets toward 2030 of "Reduce water consumption at the Suntory Group plants worldwide by 35%^{*1}" through enforcement of 3Rs for water, ensuring that the minimum amount of water is required (Reduce), water can be used repeatedly (Reuse), and water can be processed and used elsewhere (Recycle).

^{*1} Reduction per unit production based on the business fields in 2007

■ Water Use Performance 2017

Area	Use (Thousand m ³)	Per unit reduction rate*
Japan	22,361	3.8% increase
Americas	6,704	1.7% reduction
Europe	5,880	1.1% increase
Asia	4,896	5.1% reduction
Oceania	613	1.1% reduction
Total	40,454kL	0.8% increase

^{*25} production plants in Japan and 56 production plants overseas

^{*}Per unit production is the amount of usage per kiloliter produced; the rate of reduction is shown as a comparison to the previous year

^{*}The reduction rate was 4.5% from 2015, which is the base year for unit production.

^{*}Therein, the water use by Suntory Beverage & Food Group companies in Japan and overseas was 21,771 thousand m³kL

^{*}From FY 2016, Suntory has received independent assurance from KPMG AZSA Sustainability, Co., Ltd. The numerical values assured are indicated with kL.

■ Water use



*25 production plants in Japan

*Per unit shows the amount of water used per 1kL of production

-Result: Total amount increased by 4.8% and 3.8% per unit production compared to previous year

■ Applying 3Rs in Water Usage

When selecting equipment and devices in our plants, we follow the "3Rs of Water": Reduce the amount of water as much as possible, Reuse water, and Recycle water through treatment.

A variety of activities related to the 3Rs are being implemented at the Minami Alps Hakushu Water Plant of Suntory Products Ltd. In particular, thanks to our use of a sophisticated "water cascade" recycling process, we are an industry leader in terms of per unit production in relation to the volume of water used.



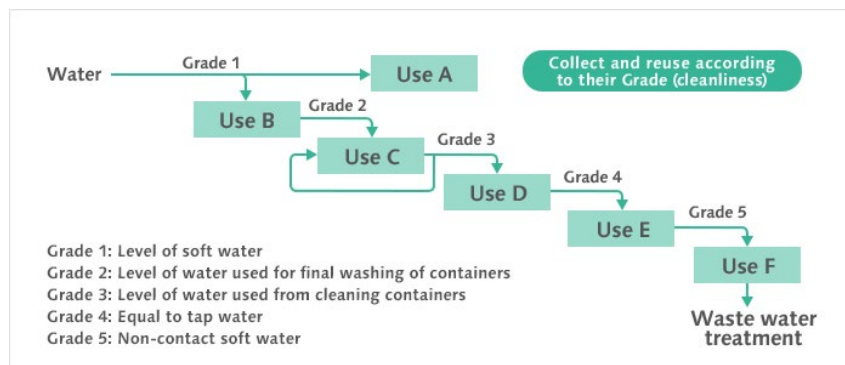
The Minami Alps Hakushu Water Plant of Suntory Products Ltd.



Reuse of water recycled at each stage of cleaning stored in 200 ton tanks

Using Cascades of Water

Water used in the manufacturing process is classified into five grades, including coolant water, cleaning water, etc., based on quality. This technology allows plants to recycle water to be used in subsequent processes, for example, using the highest grade water in the most demanding process, and recycling it for use in a process with less stringent requirements.



■Amount of water usage by water resource

Intake source	Amount of water (Thousand m ³)	
	2016	2017
Groundwater	17,714	19,493
Rivers/lakes	11,258	11,385
Rain water	1	1
City water	10,130	9,571
Water supplied from external sources (recycled water)	0	4
Total	39,103	40,454

*25 production plants in Japan and 56 production plants overseas in 2017

■Effective Use of Rainwater

Japan is fortunate to have plentiful rainfall, and rainwater is one of our important resources. The Suntory Group accumulates rainwater in tanks for use in watering plants and as cooling water in air conditioning equipment.



Suntory Products Ltd. Kanagawa Ayase Plant uses rainwater to water plants

Comprehensive Waste Water Management

The Suntory Group established voluntary standards for waste water that are stricter than the legal regulations and manages quality so that we may release waste water in a state as close to nature as possible. Waste water from our plants is first purified using anaerobic waste water treatment facilities* and other equipment before it is released into sewers and rivers. Inspectors use measuring equipment to take daily readings of things like water quality under a constant monitoring regime.

To further stabilize waste treatment facilities in plant in Japan, we are holding regular meeting attended by person in charge of waste water from every plant to improve the level of operation management and system to prevent troubles from 2014.

*A treatment method that decomposes pollutants using microbes (anaerobic bacteria)

■ Water discharge

Destination	Waste Water (Thousand m ³)	
	2016	2017
Rivers/lakes	14,948	15,968
Sea	0	1,086
Sewers	7,570	7,830
Others (for watering plants, etc.)	232	48
Total	22,750	24,932

*25 production plants in Japan and 56 production plants overseas in 2017

*Therein, the waste water from Suntory Beverage & Food Ltd. plants in Japan and overseas amounts to 13,074 thousand m³



24-hour waste water management system



Meeting of persons in charge of waste water

Effective Use of Resources

3R in Containers and Packaging

We are considering the environment in the entire product life cycle from planning and product design to transport and post-consumption recycling.

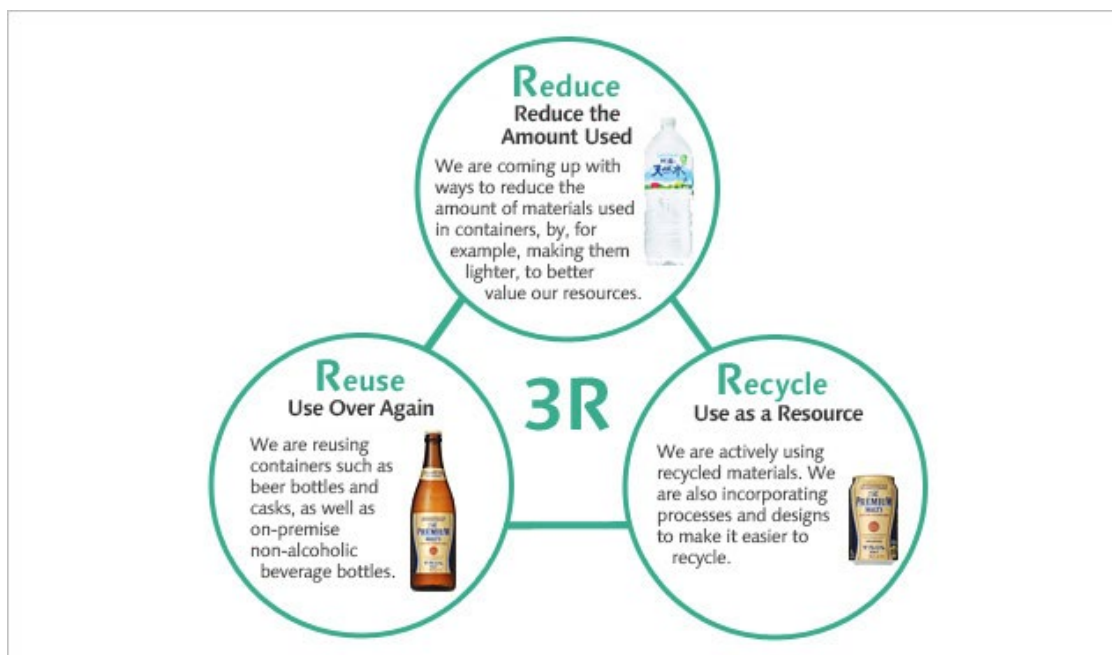
Setting Environmental Standards for Containers and Packaging

Containers and packaging protect and preserve the quality of products until reaching the customers. However, most of them become waste after the content is consumed by the customer. Suntory Group recognizes the social and environmental impacts that containers and packaging cause and established voluntary "Guidelines for the Environmental Design of Containers and Packaging" in 1997. Designs are made following the Guideline such as selecting material for labels and color of glass bottles that consider recycling. In addition, we are engaging in initiatives from the stand point of Life Cycle Assessment (LCA) to reduce environmental impact of containers and packaging.

Three Rs of Containers and Packaging

The Suntory Group works to develop containers and packaging that give consideration to the environment, based on the Three Rs of "Reduce, Reuse, and Recycle". We work on designs that take into account usability from the point of consumption by the customer to recycling, and focus on designs that are lighter as well as use materials that have a lower impact on the environment and are easier to recycle. We also work in collaboration with various recycling organizations and local governments to promote recycling.

■ Policy on 3Rs of Containers and Packaging

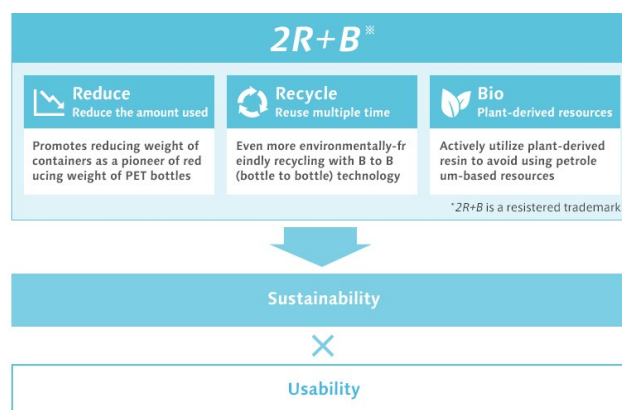


Initiatives in Plastic Bottles

We are dramatically decreasing the amount of resources that we use and are actively introducing renewable resources as a measure to limit the environmental impact as much as possible. At the same time, we are conducting design and development while also taking into account the usability by customers.

■2R+B strategy

In regards to plastic bottle containers, we are striving forward according to our 2R+B strategy that is unique Suntory. The concept is to make thoroughly efficient use of resources by reducing the amount of resins used, and using recycled materials, while replacing petroleum-based raw materials with bio-based raw materials as much as possible in the development.



■Reduce: Lightweighting

Environmentally-friendly Green Eco Bottle^{*1}

The 550mL plastic-bottled (Mineral Water) Suntory Tennensui renewed in May 2013 is packaged in the lightest plastic bottle in Japan^{*2} (11.3g) developed by Suntory's technology, which resulted in approximately 40% reduction of using petroleum-derived ingredients per bottle. The weight of 2L bottles is reduced by 20% per bottle compared to conventional bottles. By bringing the weight to 29.8g, we were the first in Japan to achieve the weight of less than 30g for 2L bottles.

^{*1} An original name we give to PET bottles that have reduced environmental impact by using methods such as ground breaking weight saving such as realizing lightest weight bottle in Japan or using plant based materials.

^{*2} Plastic bottles for mineral water (500 mL to 600 mL) excluding the products sold by vending machines) in Japan As of April 2018



Green eco bottle

Introducing Record Breaking Thinnest Roll Label^{*1} for Plastic Bottle Beverages in Japan

We are reducing the weight of product labels on plastic bottles to reduce environmental impact. We were able to realize the thinnest plastic bottle roll label in Japan at 16 μ m (micrometer^{*2}) in 2012. An even thinner label at 12 μ m has been introduced to the 2L plastic bottles and 550mL plastic bottles of our Suntory Tennensui mineral water in April 2014. Thereafter, we have been advancing the expansion to all of our products that use roll labels. This has allowed us to reduce CO₂ emissions 25%^{*3} compared to conventional labels.

^{*1} These labels are not removed through the use of perforations; instead, the glued portion is peeled off.

^{*2} 1/1,000mm

^{*3} Reduction rate in the film (label) manufacturing process



12 μ m thick roll label, thinnest in Japan

Adoption of the Japan's lightest bottle cap that uses 30% bio-based PET materials.

We are also reducing our environmental impact in the bottle caps on plastic bottles. Since September 2016, we have adopted 1.85g bottle caps, which are the lightest in Japan^{*1} that use 30% bio-based PET materials for Suntory Minami-Alps Tennensui mineral. This innovation reduces the use of petroleum-derived raw materials by 35%^{*2} and decreases CO₂ emissions by 27% compared to conventional PET bottle caps.

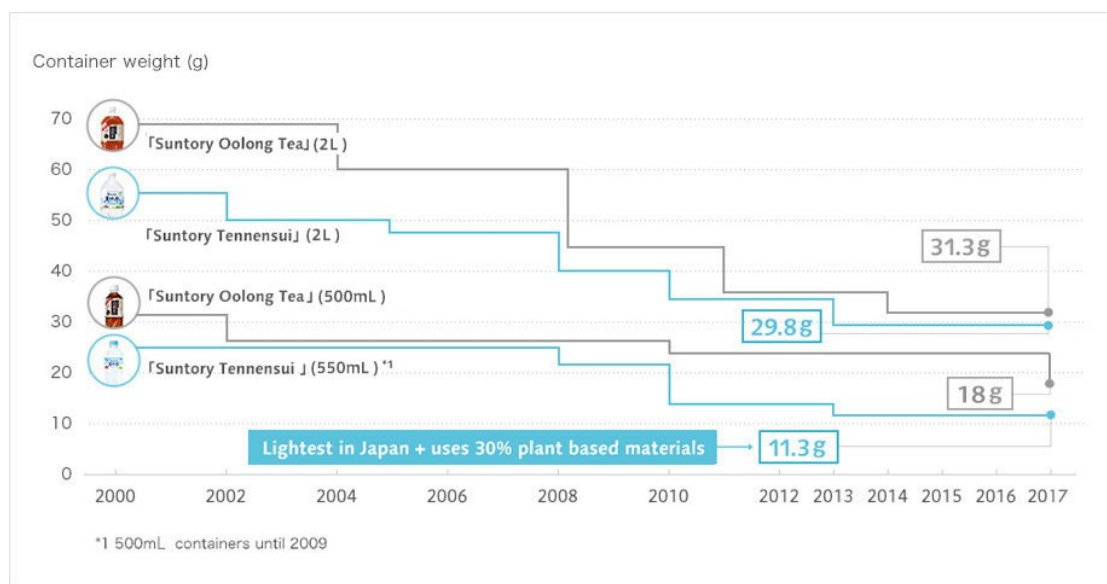
^{*1} As of April 2018

^{*2} One bottle of Suntory Tennensui Mineral Water (550mL)

Evaluation from Society

Suntory Beverage & Food Ltd. was awarded the 2016 Minister of the Environment Award for Promoters of the Development of a Recycling-Oriented Society for the high praise that it received for activities to reduce the environmental impact, which includes the adoption of the world's first soft drink plastic bottle cap that uses 30% bio-based PET materials.

Primary lightweight plastic bottle products



Initiatives in In-house Blow Molding PET Bottles

In Minami Alps Hakushu Water Plant of Suntory Products Ltd., PET bottles are manufactured by blowing PET preform from PET resin. A comprehensive design and management from shaping bottles to filling them is made possible, making it easier to reduce the amount of resin used and weight of the bottle.

In addition, use of fuel and CO₂ emission from transporting and purchasing already made PET bottles. Furthermore, we reuse high pressure air used during shaping of PET bottles to use energy effectively and reduce CO₂ emission.



PET resin



Preform made from resin



Shaped PET bottle

CO₂ emissions can be reduced 50% or more.

Introducing Thinnest Shrink Labels in the World through New Technology

There are primarily two types of labels for the product labels for soft drinks -- roll labels and shrink labels.

Roll labels are labels wrapped around bottles in which thinning of the label can be adopted, but there are some limitations according to the bottle geometry.

On the other hand, shrink label uses thermal contraction, enabling use for various shapes of bottles but there is a limiting thinning due to its process.

Thus, we have commercialized Roll On Shrink On (ROSO) method that has the characteristics of both shrink label and roll label to realize thinning of labels without being effected by the shape of the bottle.

The world's thinnest 18μm shrink label was introduced in some products, including the 420mL Orangina bottles. This reduces CO₂ emissions by 50% or more.

Plastic Bottle Development in the Spirits Business

We are taking great advantage of the technology cultivated in our soft drink business in our spirits business. Suntory Spirits Ltd. has launched the 4L 110g plastic bottle, which is the lightest in Japan, to whisky products such as Kakubin, Torys and other alcoholic products starting from June 2016.< Classic >. We are reducing the amount of the PET plastic used through a maximum of an 18% reduction from the conventional 134g and 120g bottles to reduce the yearly CO₂ emissions by approximately 460 tons (17%)*. The bottles are also been made easy-to-use by removing the handle area that had adopted conventional PET bottles and applying a new grip area deep in the center of the bottle with the cooperation of plastic bottle manufacturers.

*Company calculations



Old 4L plastic bottle and new lightweight 4L plastic bottle

Development of Extremely Lightweight* Heat-resistant Plastic Bottles Through the Use of Japanese Technological Skill

The Japanese manufacturing technology and design skills for reducing weight of plastic bottles have been used in Group companies in Europe. In 2017, we have successfully developed a heat-resistant PET bottle for Vietnam that is the lightest in South East Asia (18 g). Creating the lightest heat-resistant bottle project was a technological challenge in this region, but we have succeeded in the project through mutual cooperation with Suntory MONOZUKURI Expert, Ltd. and Suntory PepsiCo Vietnam Beverage Co., Ltd.

*For 500mL class heat-resistance PET bottles (at the time of introduction in April 2018)



Lightest heat-resistant bottle in South East Asia

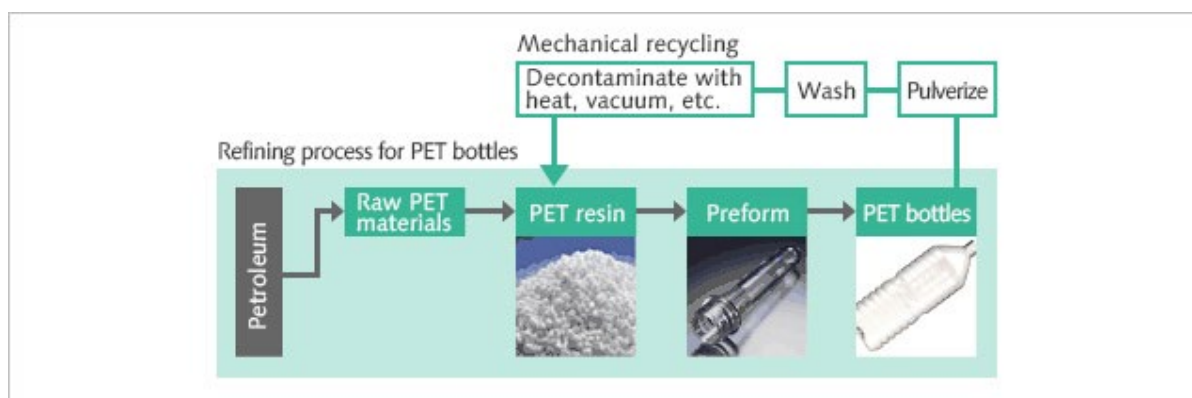
■Recycle: Recycling Plastic Bottles

RePET Bottles for Horizontal Recycling of PET Resin in Japan

In 2011, Suntory Beverage & Food Ltd. partnered with Kyoei Sangyo Co., Ltd. to develop the Japanese beverage industry's first B-to-B^{*1} mechanical recycling system^{*2} for PET bottles.

Reused PET resin was 50% at the time of introduction but after confirming that stable supply was possible after about a year of operation, we increased the percentage of reused PET resin to 100%. This realized manufacturing of reused PET bottle that reduce CO₂ emission (including CO₂ emission from manufacturing PET resin) by 83%^{*3} compared to bottles made by 100% oil based materials. This PET bottle using 100% reused PET resin is used for many products including 2L Suntory Oolong Tea and Iyemon.

This system received Commendation for Contributors to the Development of a Recycling-oriented Society in 2011 and 2012, and Commendation for Global Warming Prevention (Technological Development and Commercialization Category) in 2011 both from the Minister of the Environment, and Nikkei Global Environmental Technology Excellence Award in 2011 for the first time in the food industry. We also received the 21st Global Environment Award in 2012 and Environmental Excellence Award hosted by the Hitachi Environment Foundation and Nikkan Kogyo Shimbun, Ltd. in 2013.



*1 B-to-B: "Bottle to bottle," signifying the creation of a new PET bottle from a recycled one.

*2 Mechanical recycling: The pulverization, cleansing, and return of used products to a material status. Recovered resin is processed for a regulated period under high temperatures and low pressure to remove impurities from the regenerated materials, yielding reclaimed PET resin suitable for use in bottle production.

*3 Compared with virgin resin

Adoption of F-to-P direct recycling technology

In 2017, as part of our recycling efforts, we worked with Kyoei Sangyo Co., Ltd. and overseas machine manufacturers (EREMA in Austria and SIPA in Italy) to succeed in developing F-to-P direct recycling technology expected to be effective in further reducing the environmental burden. F-to-P direct recycling technology can directly manufacture preforms after processing crushed and cleaned flake from recycled PET bottles through a high-temperature dissolving process. Compared to the conventional system which required several processes such as crystallization and drying before manufacturing preforms, the F-to-P direct recycling technology can reduce CO₂ emissions 25%* (manufacturing 1 kg of preforms for PET bottles).

*Processes from spent PET bottles to the preform

Introducing and Promoting Product Labels Made with Recycled PET Bottles

Suntory Beverage & Food Ltd. introduced product label made with recycled PET bottles in part of 2L bottles for major non-alcoholic beverages such as (Mineral Water) Suntory Tennensui, Iyemon and Suntory Oolong Tea in November 2010 and currently uses role label* method for all its products.

This label is the first role label in the industry to use recycled PET bottles and the percentage of recycle PET bottles used has been increased from 60% to 80% in March 2012.

*These labels are not removed through the use of perforations; instead, the glued portion is peeled off.



Roll label made with recycled PET bottles

■Bio: Actively Use of Plant-derived Resin

Aiming for 100% plant-derived plastic

The Suntory Group aims to replace petroleum-derived raw materials with renewable raw materials as much as possible in the development of plastic bottles. We implemented plastic bottles that use 30% bio-based PET materials for the 550mL (Mineral Water) Suntory Tennensui in 2013.

Suntory Holdings Ltd. and Anellotech, Inc., a green innovation and technology company in the United States, have worked in a collaborative development of a plastic bottle that uses 100% plant-derived raw materials, and construction has begun in 2016 on a development and testing plant to produce plastic bottle materials in the state of Texas. We are planning to initiate the introduction of plastic bottles made from 100% bio-based PET materials around the (Mineral Water) brand of Suntory Beverage & Food Ltd. in the future. In development, we are aiming to generate only plant-derived raw materials of non-foodstuff (wood chips) so that we do not impact the supply chain of foodstuff ingredients with paraxylene, which is a precursor of terephthalic acid that makes up 70% of the raw materials for plastic bottles.



Portion of the development and testing plant

Efforts in Cans, Glass Bottles, and Barrels

■Reduce: Lightweighting

Lightweighting in Cans

We are furthering the lightweighting in cans such as those used for beer and coffee by aiming to dramatically reduce the amount of resources that are used while maintaining the usability for customers.

We have conducted initiatives for aluminum cans that include shrinking the diameter of the lid of beer cans in 2008 and the bodies of aluminum cans containing low-alcohol beverages such as beer and Chu-Hi in 2014. In addition, the promotion of even more lightweighting is underway with the introduction of thinner bodies even in steel cans for coffee.



Boss Rainbow Mountain Blend
The Premium Malt's
-196°C chu-hi Strong Zero
<Double Lemon>

Lightweighting in Glass Bottles

The medium-sized glass bottle for The Premium Malt's has achieved weight savings of roughly 10g to 460g in 2014. The thickness of the body section that the label is adhered has been designed 0.2 to 0.3 millimeters thinner to prevent damage by bumping into other bottles. We are also improving the shape of the bottle so it does not get damaged when opening the bottle with cap opener and other improvements in the quality of the bottle.

Returnable containers for soft drinks had also conventionally used different bottles for each and every brand, but we standardized the specifications in May 2016 to allow for bottles to be both pressure and heat resistant for the first time in Japan. The CO₂ emissions were also reduced by 500 tons per year by reducing the conventional weight (300g-399g) drastically in these containers (245g).



The Premium Malt's medium glass bottle

■Reuse: Promoting Collection and Reuse of Containers

Reusing Glass Bottles and Barrels

Returnable containers (bottles, barrels, etc.) for beers and non-alcoholic beverages for restaurants are used often and we collect them via our own route and wash them for repeated use (in 2017, 94 million bottles were collected and reused). Furthermore, we support the collection of glass bottles that are disposed of by liquor stores and restaurants through building collection routes in the distribution channel by specialized business operators since 1974. Non-returnable bottles are also effectively separated and collection routes utilized such as in each municipal.

Initiatives for Paper Packs and Cardboard

■Reduce: Lightweighting

Reducing Weight of Cardboard

The Suntory Group has been participating in The Consumer Goods Forum Japan* that was launched in August 2011 to engage in activities to solve common issues in Japan. As part of the initiative, short flap cardboard cartons for beverages of small size plastic bottles started from spring of 2012 with the aim of contribution to environmental issues (preventing global warming, reducing waste, etc.) and improving work efficiency in the supply chain. Through this, we reduced the use of paper by about 20% compared to conventional cardboards.



Short flap cardboard cartons that reduce cardboard usage on its sides

*An organization of companies that agree with the philosophy of The Consumer Goods Forum (TCGF) that act on their own in Japan. It mainly consists from Japanese companies from consumer goods distribution industry and cooperatively engage in initiatives related to manufacturing, distribution and sales.

■Recycle: Easier-to-Collect Containers

Shifting to recyclable paper containers

From April 2010, paper containers for shochu and spirits have been gradually changed to more recyclable containers, and most has completed transition. In February 2014, we introduced similar paper containers with the renewal of Japanese casual wine "Delica Maison Delicious." We have been using containers with evaporated aluminum on its inside for preserving quality but it was difficult to separate paper and aluminum when recycling. The new paper container instead uses evaporated silica (glass material), which is more suitable for recycling.



Muginoka "Suntory Umesu" "Delica Maison Delicious"

Acquiring international certifications

The Suntory Group is gradually adopting paper packaging materials that have acquired the FSC certification^{*1} that ensures proper management of international forests for products made in Japan. Suntory Beverage & Food Ltd. introduced FSC-certified cardboard packaging to (Mineral Water) Suntory Tennensui for products manufacture from August 2017. The company first introduced the use of cardboard which has acquired the FSC-COC certification^{*2} as a soft drink manufacturer in Japan in May 2017. Suntory Beer Ltd. has also introduced this cardboard to the All-Free alcohol-free beer-type beverage brand starting in fall of 2017, and we are promoting the use of paper packaging materials that have acquired the FSC certification throughout the entire Suntory Group.



^{*1} Forest Stewardship Council (FSC) is an international organization that certifies timber produced from forests globally as well as the distribution and manufacturing processes of the cut timber. This certification considers the environmental conservation of these forests and recognizes timber produced in an economical and sustainable manner which generates revenue for the local community.

^{*2} There are two types of FSC certifications. The FM certification encompasses the forests themselves while the COC certification focuses on the management methods of production and distribution processes. The COC certification has approximately 40 different categories that include cardboard, paperboard and printed materials. The certification acquired for our packaging materials is P4 (cardboard/paperboard).

Collaboration for Container Recycling

Suntory Group uses vast amount of container's in its business. We are committed to recycling containers to reduce environmental impact in collaboration with industry organizations and local governments, as well as with our consumers. For example, we agree with the theme of 9 Tokenshi Containers and Packaging Diet Statement* promoted by 9 Tokenshi Waste Issue Exploratory Committee and participate in its activities.

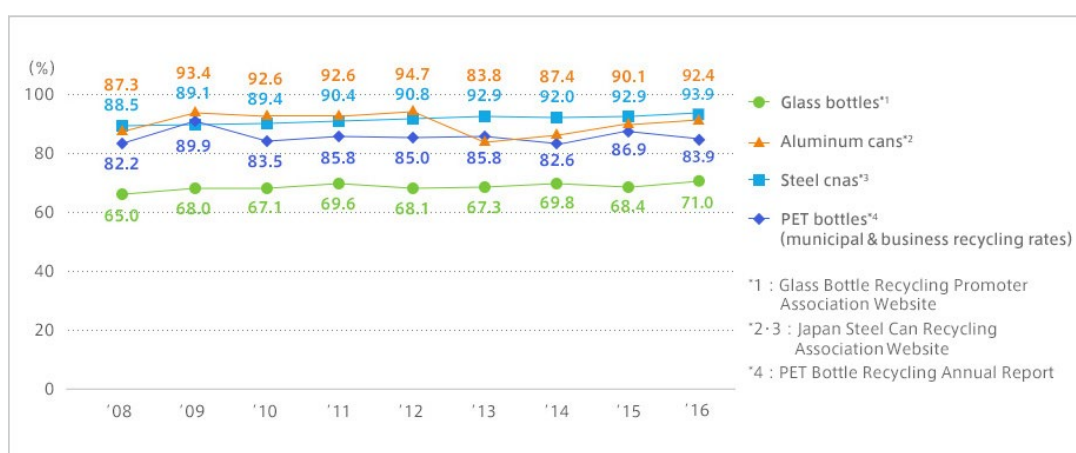


9 Tokenshi Containers and Packaging Diet Statement Mark

In addition, Suntory Group comply with Containers and Packaging Recycling Law and bear the cost for commissioning remerchandising as a responsibility of business operator and participate in each recycling industry organizations to build efficient recycling system and promoting recycling.

*A cooperative initiative of nine prefectures and cities (Saitama, Chiba, Tokyo, and Kanagawa prefectures and cities of Yokohama, Kawasaki, Chiba, Saitama and Sagami-hara) and companies that are making initiatives to reduce weight of containers and packaging

■ Container recycle rate (based on data from industry groups)



Promoting Litter Control for Empty Containers

We are carrying out litter control activities for empty containers in order to beautify the environment and promote effective use of resources. We place one empty container collection box at every vending machine. We are also making efforts to raise awareness about recycling by affixing a Beautification Mark on vending machines as a way to prevent littering.



Issue of oceanic pollution from plastic bottles

The issue of oceanic pollution due to plastic bottles and other plastic containers is a serious one. The problem is being debated as an environmental issue around the world. The Suntory Group strives to resolve this issue by actively cooperating with countries, regions, and industries in various initiatives as a beverage company who handles many of these containers. We have always been promoting 2R+B while expanding activities to raise consumer awareness about recycling.

In the future, we aim to improve the recycling rate even further in each country and region around the world and will encourage activities to promote improvements together with our various stakeholders.

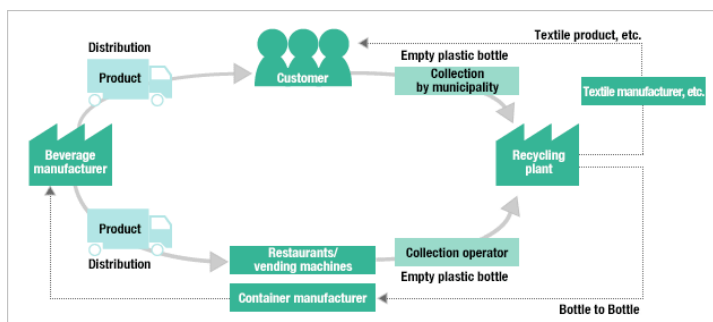
3R in Containers and Packaging

Flow of Collection Through Recycling of Containers

Collection of Bottles

Spent plastic bottles had been conventionally recycled and reused after collection for goods such as textiles and food containers, but these materials can now be recycled and reused as new plastic bottles.

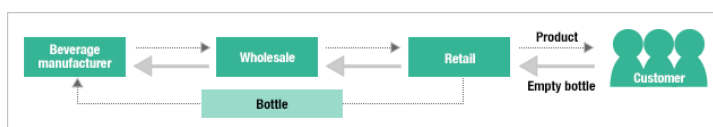
■ Collection/recycling of bottles



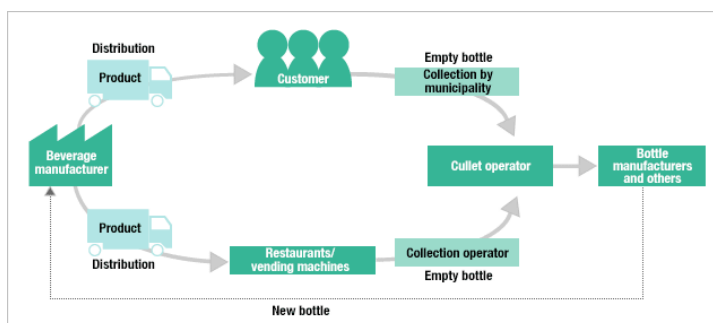
Collection of Glass Bottles

A collection and recycling route has also been established for glass bottles, which have a long history of use as beverage containers. Returnable bottles are collected and cleaned for reuse as beverage containers while one-way bottles are collected after use and fabricated into cullet (finely broken glass bottles) to mainly use as a raw material in manufacturing glass bottles. Moreover, this cullet is used for applications besides bottles such as insulation, tiles and road surfaces.

■ Returnable bottles



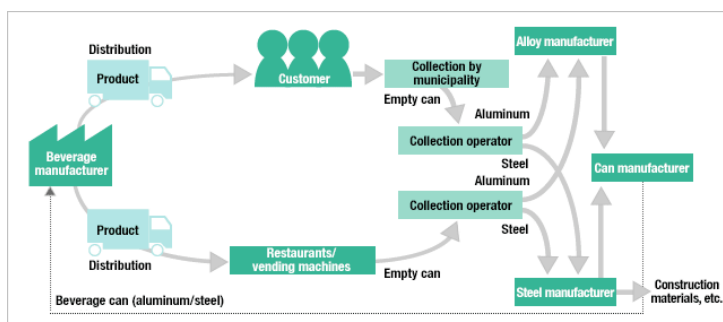
■ One-way bottle



Collection of Cans

Spent cans (aluminum/steel) can be traded as a valuable resource, and these materials are reused for cans, motor vehicles, construction materials and more through a wide range of routes.

■ Collection of Cans



Effective Use of Resources

Promoting the Reduction and Recycling of Waste

As part of our efforts toward establishing a recycling-oriented society, Suntory works to reduce byproducts and waste generation, and attain a 100% resource recycling rate.

Byproducts and Waste Generation Performance 2017

Area	Amount of generated waste (Thousand tons)
Japan	258
Americas	192
Europe	93
Asia	25
Oceania	9
Total	576kL

*25 production plants in Japan and 56 production plants overseas

*Therein, the byproducts and waste generated by Suntory Beverage & Food Group companies in Japan and overseas amount to 151 thousand tonskL

*From FY 2016, Suntory has received independent assurance from KPMG AZSA Sustainability, Co., Ltd. The numerical values assured are indicated with kL.

Maintaining a 100% Resource Recycling Rate

We are committed to reducing the by-products and waste generated in the manufacturing processes at Suntory Group plants in Japan, and to recycling 100% of resources.

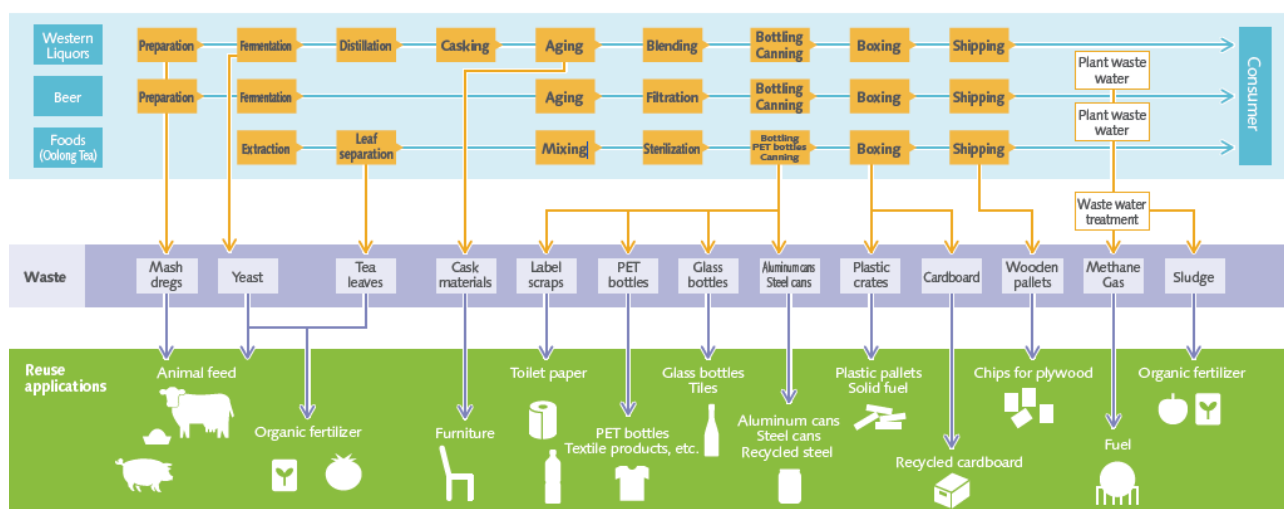
In 2017, our plants in Japan (including Group companies) generated 258,385 tons of byproducts and waste. This means a 5% increase of total waste generated and a 4% increase per unit of production compared to 2016. The resource recycling rate has been maintained at 100%.

By-products and waste generation



*25 production plants in Japan

Flow for reuse of by-products and waste generated in each production process



Waste generation, recycling rate and the purpose of use for recycled products

Type of waste	Main Purpose of Use	2013		2014		2015		2016		2017	
		Amount of generated waste (t)	Recycling Rate (%)	Amount of generated waste (t)	Recycling Rate (%)	Amount of generated waste (t)	Recycling Rate (%)	Amount of generated waste (t)	Recycling Rate (%)	Amount of generated waste (t)	Recycling Rate (%)
Vegetable (glycation, tea, coffee dregs, etc.)	- Animal feed - Fertilizer	181,515	100	187,439	100	186,184	100	185,227	100	195,334	100
Sludge (excess sludge, etc.)	- Fertilizer	30,100	100	29,522	100	27,194	100	27,574	100	30,351	100
Wood waste (cask, palette)	- Furniture - Plywood material	3,266	100	2,693	100	1,610	100	2,123	100	1,314	100
Glass and ceramic scrap	- Glass materials - Base course material	4,109	100	3,928	100	4,136	100	3,772	100	3,508	100
Paper scraps (cardboards, paper labels, etc.)	- Recycled paper - Cardboard materials	5,727	100	6,192	100	6,175	100	5,184	100	6,349	100
Plastic	- Palette - Solid fuel - Supplementary fuel	4,026	100	4,287	100	4,938	100	4,956	100	5,918	100
Metal scraps (aluminum, steel)	- Aluminum - Steel ingredients	2,600	100	3,016	100	3,277	100	3,039	100	2,958	100
Other		2,870	100	2,725	100	3,182	100	12,729	100	12,632	100
Total		234,214	100	239,801	100	236,697	100	244,604	100	258,365	100

*25 production plants in Japan

■Development of Applications for Resource Recycling by Type

We are furthering resource recycling for the by-products and waste produced by the Suntory Group in various applications.



Product line-up of the Suntory Whiskey Barrel Furniture created from whiskey cask materials that have fulfilled their distillery role.

Building a Recycling Circulation Cycle for Food Waste -- Izutsu Maisen Co., Ltd.

Izutsu Maisen Co., Ltd. is actively striving to reuse food loss to not waste the invaluable blessings of nature. One predominate initiative is the setup of a recycling circulation cycle for the crusts of bread.

Izutsu Maisen cuts off the crusts of the bread when they make their popular fried pork cutlet sandwiches. These bread crusts are generally given to business operators who are able to recycle them as feed, but Izutsu Maisen launched their original Amai-Yuwaku pork brand that raises pigs on this feed in 2012 because the crusts are perfect as feed. This is an initiative that uses the bread crusts once again in a cycle as a raw material such as in the pork cutlets once.



Original Amai-Yuwaku pork brand

Reducing Environmental Impact

Preventing Pollution and Management of Chemical Substances

We are implementing necessary measures to address environmental risks recognizing that even though we mostly use ingredients of natural origin, they still might produce negative impacts on the environment.

Environmental Risk Management Strategies

As products that Suntory Group offers mainly use agricultural products and water, environmental risk originating from ingredients are low compared to other industries. Nevertheless, chemicals are used for cleaning and sterilizing equipment in the production process, which may pollute surrounding environment. Thus, we consider every possibility of abnormalities and emergencies, evaluate risks and implement countermeasures.

Preventing Air Pollution

Suntory Group manages substances that pollute the air in gas emission of boilers, etc. by transferring to gas fuels that does not include sulfur content, introduces low-NOx burners, etc. and reduce SOx and NOx emission and also sets voluntary standards that are stricter than required by the law.

■SOx emissions

	2016	2017
Emissions (t)	12.6	14.4
Per Unit (g/kL)	2.7	3.0

*25 production plants in Japan

■NOx emissions

	2016	2017
Emissions (t)	132.0	134.6
Per Unit (g/kL)	28.3	28.5

*25 production plants in Japan

Preventing water pollution

We manage waste water through setting voluntary standard values that are stricter than required by the law at each plant.

Preventing Soil Pollution

Suntory Group plants use chemical substances for cleaning equipment, etc. These are strictly managed to avoid any leaks but for in case there are any leaks of cleaning agents or chemicals, liquid control dam are placed surrounding chemical tanks in each factory to prevent and regular inspection are done to prevent polluting soil.

Measures for Alcohol Evaporation

Some amount of alcohol escapes from the cask during the storage of whisky. We place collection equipment to prevent any evaporated alcohol from escaping the plant. In addition, regular monitoring (concentration measurement, etc.) is done to determine if alcohol evaporation is being reduced.

Chemical Substance Management

Suntory Group manages chemical substances according to Pollutant Release and Transfer Register (PRTR) Law, a law that promote the understanding of emission of specific chemical substances to the environment and improving their management, Poisonous and Deleterious Substances Control Act, Fire Service Act and other related laws and in-house guideline on chemical substance management based on PRTR Law (established 2003).

Proper Management and Treatment of Waste

We are promoting electronic manifest for the purpose of enhancing compliance of manifest systems and unified management of information of waste for the proper management of waste. We also hold lectures, on-site confirmation and role-playing training for production, sales, cultural sites, headquarters and Group companies such as a waste management seminars and on-site confirmation of waste seminars to increase knowledge and skills on waste management and continue initiatives for proper treatment of waste.

Management of PCB Disposal

We store PCB wastes appropriately and report their storage status to the local government based on Law concerning Special Measures for Promotion of Proper Treatment of PCB Wastes. We have registered Japan Environmental Storage & Safety Corporation (JESCO) as a subcontractor for the disposal of PCB and began disposal of equipment that uses PCB from 2007. Status of the use and storage of equipment that uses PCB is as follows.

■ Quantity of equipment that uses PCB (as of January 2018)

	Stored	Used	Total owned
Capacitor	12	0	12
Transformer	9	4	13
Stabilizer for lighting device	1,926	0	1,926

Claims, Accidents and Lawsuits

There were no claims, accidents or lawsuits related to environment in 2017.

To Create Harmony with Nature: Environment

Environmental Communication

Suntory Group values communication with the stakeholders and communicates information related to Suntory's spirit of "Coexisting with Nature" to the society.

Appropriate and Timely Disclosure of Information and Communication

Feedback and requests from stakeholders regarding environmental activities gathered through dialogue and customer center are utilized to improve target and activities. In addition to responding to feedback, we also communicate environmental information through issuing CSR report, website and environmental events.

■Website Communicating Detailed Information

The "Environmental Activities" website introduces detailed information regarding environmental activities. It regularly adds and updates information in effort to offer the latest information.



"Environmental Activities"
website

■Environmental Communication at Plants

Suntory Group welcomes approximately 700,000 visitors to tour its beer, whisky, mineral water and other plants. These tours include a section on the environment to introduce related activities. We also hold special events where parents and children can enjoy and learn about the environment and its importance.



Event for parents and children



Environment section in the plant

■Corporate Ad to Share the Tagline "Follow Your Nature" with the Society

Under the corporate mission "To Create Harmony with People and Nature", Suntory Group is engaging in environmental activities to pass down sustainable global environment to the next generation; and various cultural and social contribution activities such as community contribution through social welfare, education, and support for disaster relief; promotion of arts, academia and local culture; support for sports, and development of next generation.

To communicate our wish to be a company that enriches society like water through these activities and products, we established "Mizu To Ikiru", literally "living with water", as our promise to society. In 2013, we placed environmental ads in newspapers and on television with the theme of water resource cultivation activities in Natural Water Sanctuaries. The Television commercial "Suntory Natural Water Sanctuary (Soil Cultivation)" received the Grand Prize in the Environmental TV Commercial category at the 17th Environmental Communication Awards hosted by the Ministry of the Environment and Global Environmental Forum.



Newspaper ad
"Suntory Natural Water
Sanctuary"

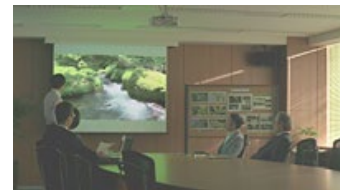


Television commercial
"Suntory Natural Water Sanctuary"
(Soil Cultivation)

Furthermore, to reach more customers and communicate Suntory's environmental activities, we placed newspaper ads and television commercials "Researching Suntory by Alien Jones" from 2014 to 2016 (television commercial ended on March 2016).



First television commercial
"Joining the Company"
(from July 2014)



Second television commercial
"Natural Water Sanctuary: Lecture"
(from October 2014)

CSR Initiatives

To Create Harmony with Society

Cultural and Social Contribution

The origin of cultural and social contribution activities of the Suntory Group goes back to the spirit of Sharing the Profit with Society of Suntory founder Shinjiro Torii. Our approach is to continue pursuing the ideal cultural and social contribution that will be passed from generation to generation, and we work across a wide range of cultural and social contribution activities, including the development of next generations, support for disaster affected areas, contribution to local communities, supporting challenged sports, and promoting employee volunteer through arts and culture, sports, and social welfare.

We value communication with local communities through engagement efforts in each region as part of all of our social contribution activities.

Arts, Culture, and
Sports

Social Welfare

Developing the Next
GenerationContributions to
Local Communities

SUNTORY

Basic Policy on Social Activities

The Suntory Group has worked in various community contribution activities since its founding to support the realization of a society where people are able to enjoy rich lifestyles. We formulated the Suntory Group Basic Policy on Social Activities to fulfill our global social responsibility together with our Group companies.



Arts and Culture Activities

We work on the promotion of humanities, social sciences, and bio-organic research in addition to artistic and cultural development that contributes to the growth of rich culture and lifestyles.



Sports Activities

We are supporting the development of a healthy body and mind through the promotion of sports such as rugby and volleyball in order to expand activities rooted in communities.



Social Welfare

We work in charitable and social welfare activities that give back the profit from our businesses to society based on the Giving back to society spirit alive in Suntory since our founding.



Developing the Next Generation

We believe it is our mission as a company to nurture people who will play a role in the next generation. We are expanding various activities to support the development of children.



Disaster Recovery Support

We provide donations and beverages when large-scale disasters strike in Japan or overseas, and give ongoing support acting as a Group.



Contributions to Local Communities

We implement social contribution activities focusing on the local communities, by greening the plants and organizing plant tours and beautification activities implemented by the employees.



Supporting Challenged Sports

We conduct activities to cheer on challenged athletes (sports for the disabled) under our PASSION FOR CHALLENGE grounded in our “Yatte Minahare” spirit that we have had since our founding.



Supporting Employee Volunteer Activities

We actively support volunteer activities and other events for employees to participate in society to continually cultivate sincere human trust toward Growing for Good.

Target achieved: ●●● Achieved 70% or more: ●● Achieved less than 70%: ●

Prioritized items	Mid-Term Targets	Results in FY2017	FY2018 Action Plan	Evaluation
Broad Cultural, Arts and Society Contributions	Contribution Activities Through Support of Foundation Activities	<ul style="list-style-type: none"> Continue support activities Promote culture, arts and society contributions through support for activities conducted by the Suntory Foundation for Arts and the Suntory Foundation. 	<ul style="list-style-type: none"> Promote culture, arts and society contributions through support for activities conducted by the Suntory Foundation for Arts and the Suntory Foundation. 	●●●
Contributions to Local Communities	Enhance activities to support recovery of Tohoku and Kumamoto coordinated with local governments, NPOs, etc.	<ul style="list-style-type: none"> Promote support activities for culture, arts and sports activities through the Tohoku Sun-Sun Project and the Land of Water Kumamoto Support Project Conduct recovery efforts of water resource areas and survey groundwater flow mechanisms via the Suntory Kumamoto Groundwater Mirai Project Provide Donations and conduct a scholarship program for students and challenged athletes 	<ul style="list-style-type: none"> Promote support activities for culture, arts and sports activities through the Tohoku Sun-Sun Project and the Land of Water Kumamoto Support Project Expand water resource cultivation measure through the Suntory Kumamoto Groundwater Mirai Project Provide Donations and conduct a scholarship program for students and challenged athletes 	●●●
Global development of social contribution activities	Promote social contribution activities in areas of business operations	<ul style="list-style-type: none"> Support local cultural activities by celebrating local culture through the Suntory Prize for Community Cultural Activities Start implementation of environmental education for next generation in Vietnam Begin implementation of social contribution activities in other areas (Esplanade) 	<ul style="list-style-type: none"> Support local cultural activities by celebrating local culture through the Suntory Prize for Community Cultural Activities Expand environmental education for next generation in Vietnam Consider engaging in social contribution activities in other areas (Regional beautification activities, etc.) 	●●
Next generation development support	Strengthen next generation support programs through cultural and sports activities	<ul style="list-style-type: none"> Expand participants in next generation support programs through cultural and sports activities (80,000 participants) 	<ul style="list-style-type: none"> Expand and maintain participants in next generation support programs through cultural and sports activities (target of 80,000 participants) 	●●●
Support employee participation in social contribution activities	Promote the development of platforms for active employee participation in social contribution activities	<ul style="list-style-type: none"> Start providing volunteer information online (Volunteer Web) Conduct original volunteer programs for employees 	<ul style="list-style-type: none"> Report activities to promote the use of the online website (Volunteer Web) Actively provide opportunities for employees to participate in society by designating a volunteer month Expand original volunteer programs employees 	●●●

To Create Harmony with Society: Cultural and Social Contribution

Basic Policy on Social Activities

Since first opening its doors, Suntory Group has been involved in community contribution, arts, culture, sports and environmental activities based on the spirit of giving back to society. The social activities of the Suntory Group contribute to sustainable growth of its businesses while solving issues in local communities.

We have established Suntory Group's Basic Policy on Social Activities and aim to improve the value of our corporate brand across the globe through promoting activities unique to Suntory with the Group companies.

Suntory Group Basic Policy on Social Activities

The Suntory Group strives to actively contribute to communities in order to help realize the society where people can full-heartedly enjoy life. Social contribution is the corporate motto inherited by our founder's spirit "Sharing the Profit with Society".

We are aiming to realize the rich growth of lifestyle culture as well as a sustainable global society to fulfill our social responsibility worldwide while delivering the highest-quality products and services to consumers based on our corporate philosophy "To Create Harmony with People and Nature".

- 1.Promote activities based on the standpoint of the next generation and actual situation worldwide together with our employees around the fields of arts and culture, sports, social welfare, and the natural environment.
- 2.Focus on a dialog with stakeholders and work to generate links and cooperation.
- 3.Support the wide-range of volunteer activities of employees.

To Create Harmony with Society: Cultural and Social Contribution

Arts, Culture and Academic Activities

Suntory Group is involved in a variety of cultural contribution activities such as operating the Suntory Museum of Art, Suntory Hall and other activities that contribute to the development of a rich culture and lifestyle.

In addition, we also support social science and humanities academic research and the research activities of the Suntory Foundation for Life Sciences. Through these activities we aim to foster international human resources capable of leading the next generation.

Promoting Arts, Culture and Academics

■Suntory Foundation for Arts

Suntory Museum of Art opened in 1961 and Torii Music Foundation established in 1969 as a 70th anniversary commemoration of the founding of Suntory (name changed to Suntory Music Foundation in 1978). Two activities that have been carried out in the field of arts for about half a century was merged as a 110th anniversary commemoration activity and renew them to suit the 21st century in 2009 as Suntory Foundation for Arts.

Since April 2012, operation of Suntory Hall was added to expand its field and aims to contribute to further disseminate and develop music and arts in Japan through various unique activities. Roughly one million customers have visited the Suntory Museum of Art and Suntory Hall in 2016.

Suntory Museum of Art -- Art Revised, Beauty Revealed

Guided by the theme "Art in Life" since its founding in 1961, the museum's current collection encompasses over 3,000 works of painting, lacquer ware, pottery, glass, and textile, including one national treasure and 15 important cultural properties. With no permanent exhibition, the museum is centered on its special exhibitions. The museum moved to Tokyo Midtown in Roppongi in March 2007. Based on the museum message of "Art Revised, Beauty Revealed", we are also involved in passing down a sense of art of the Japanese people to future generations through larger and more diverse exhibitions with a total of approximately 3,000 items that include one National Treasure and 15 Important Cultural Properties. The museum, which was designed by architect Kengo Kuma with the theme of a living room in the middle of the city, provides facilities such as shops, cafes, halls that hold a wide range of programs, and tea rooms.



Suntory Museum of Art

Exhibitions and Lectures Held to Celebrate a Decade in Roppongi

2017 brought celebrations to commemorate a decade in Roppongi with five exhibitions unique to Suntory Museum of Art; the Picture Scroll Enthusiasts exhibition focused on people who love picture scrolls, A Sacred Treasure Box exhibition where the fully restored Box with Fusenryo Design in Mother-of-Pearl Inlay and Maki-e National Treasure was on display for the first time, the first All Under Heaven Bowed to His Brush retrospective about Kano Motonobu who gave birth to the Kano School, and the Sèvres : 300 Creative Years exhibition which introduced the history of porcelain for the French Court.

In addition, we also held a premium talk series in a conversation format between artisans and curators pushing the boundaries of various fields for the purpose of communicating the joy of a broad range of works accessible not only to art fans but everyone. Each lecture was a hit.

In the Omoshiro Bijutsu Classroom Craft Workshop led by traditional artists such as living national treasures including lacquer artist Kazumi Murose and Japanese caster Yukie Osumi, everyone young and old was able to experience the excellence of traditional Japanese art and the joy of crafts.



Box with Fusenryo Design
in Mother-of-Pearl Inlay and
Maki-e National Treasure



All Under Heaven Bowed to
His Brush Exhibition Poster

In addition to the Suntory Museum of Art, we are involved in efforts to entertain customers from overseas such as publishing the Art & About Roppongi English information magazine that collects art information about Roppongi neighborhood while lending English guidance headphones at all of our exhibits. Suntory is also striving to provide opportunities for customers from overseas to enjoy events through efforts that include holding the Omoshiro Bijutsu Classroom Craft Workshop in English in 2017.



Art & About Roppongi
English information magazine



Omoshiro Bijutsu Classroom
in English

Suntory Hall — Aiming for the Most Beautiful Sound in the World

Opened in 1986 as Tokyo's first dedicated concert hall. Performances by leading musicians from Japan and overseas are conducted in two halls, Main Hall with a vineyard style, praised as “a jewel box of sound” by great composer Karajan, and Blue Rose (Small Hall) which the hall prides. More than approximately 600 lectures are seen by roughly 600,000 people.



Suntory Hall

Promoting Universal Design Through Large-scale Renovation after 30 Years Since Opening

Suntory hall celebrated its 30th anniversary on October 12, 2016 before closing between February and August 2017 for large-scale renovations. While valuing the mission to “pursue the world’s most beautiful sounds” , we are promoting universal design to offer more entrances able to approach concert seats without traversing stairways so that everyone can enjoy performances regardless of mobility while also adding a ramp to easily move from the foyer to the large first floor hall as well as additional multi-purpose restrooms.

Suntory Hall is still moments away from opening after these renovations, but a concert with an evacuation drill was held with the participation of Suntory Group employees. We aim to ensure Suntory Hall has the highest level of safety management in the world.



Concert with an Evacuation Drill

Full Performance Archive from the Inaugural Performance to Present Day

A complete Suntory Hall Performance Archive has been built to allow anyone to search performance information about the many historic performances held at the hall from the day the doors opened up to today.

The Suntory Hall website also introduced messages from more than 70 international artists sent to celebrate the 30 years since the doors first opened.



Curtain call at the 30th Anniversary Gala Concert



Messages from artists worldwide sent in celebration of the 30th anniversary

Music Division — Innovative Activities to Promote Music

We are involved in a variety of projects designed to promote Western music in Japan, including awarding the Suntory Music Award to individuals and organizations that have made outstanding achievements in the field of music as well as the Keizou Saji Prize awarded for outstanding challenging performances and Akutagawa Award for Music Composition given to up-and-coming Japanese composers with superior works. We also introduce "Works of Japanese Composers" and provide grants for concerts. Since 2014, Suntory has also been aiming to conserve excellent stringed instrument artifacts which are cultural heritage assets as well as cultivate new musicians through lending activities. The Suntory Foundation for Arts lends its instruments to junior high and senior high school students and has begun a new program to lend instruments to up-and-coming musicians.



Suntory Music Award and Saji Keizou Prize ceremony

Holding Three Music Festivals

The festivals were held after the grand re-opening in September following the large-scale renovations in 2017.

The Suntory Hall Chamber Music Garden shares the joy of chamber music in the intimate space of the Blue Rose (Small Hall).

The Summer Festival to introduce pioneer music of the summer has been delivering a challenging stage with a broad and rich variety of modern music by new producers every year since 2013. In autumn, we hold the Suntory Hall Festival with a spectacular variety of rich classical music over two months to present a fall of arts, which gathers the best musicians throughout the world.



Suntory Hall
Chamber Music Garden 2017



Suntory
Summer Festival 2017



Suntory Hall Festival 2017
Andris Nelsons Conducts Boston
Symphony Orchestra

Vienna Philharmonic & Suntory Music Aid Fund

The Suntory Foundation for Arts engages in activities with Suntory Holdings Ltd. for the Vienna Philharmonic & Suntory Music Aid Fund for the purpose of invigorating disaster afflicted areas as well as the rest of Japan. We are expanding many of these activities from the aid given to music activities provided together with the Vienna Philharmonic Orchestra and Concerts for Children in disaster affected areas to mentoring of junior orchestras and musical remembrances.

We held a remembrance concert in 2017 with the Vienna Philharmonic as part of our support toward recovery after the Kumamoto Earthquake.



Vienna Philharmonic & Suntory Music Aid Fund musical
remembrance (Kumamoto City)

■Suntory Foundation

Celebrating the 80th anniversary of Suntory's founding, Suntory Foundation was established in 1979 to engage in research in the field of humanities and social science and to contribute to the development of culture in local communities in Japan. The Foundation engages in various activities such as awarding of the Suntory Arts Prize and the Suntory Prize for Community Cultural Activities, grants to research institutes and overseas publishers in the humanities and social sciences, and research and study conducted by the foundation itself. In recent years, the Foundation is focusing on providing research aid for young researches and expanding programs such as "Challenge Research Aid for Young Researchers," "Aid of Private Research Related to Society and Culture by Young Researchers (Torii Fellow)" and "Aid of Private Research Related to Society and Culture by Young Researchers Overseas (Suntory Fellow)."

The winners of the Suntory Prize for Social Sciences and Humanities is active as a leaders in the four categories of Political Science and Economics, Literary and Art Criticism, Life and Society, and History and Civilization with 329 people selected up to 2017. In addition, we called upon 209 winning associations of the Suntory Prize for Community Cultural Activities from all cities and prefectures throughout Japan in 2017.



Suntory Prize for Social Sciences and Humanities award ceremony



Suntory Prize for Community Cultural Activities award ceremony



Challenge Research Aid for Young Researchers report briefing

■SUNTORY FOUNDATION FOR LIFE SCIENCES

Preceded by the Institute of Food Chemistry which was established in 1946 to improve the health and nutrition of the Japanese people, the name was changed to Suntory Foundation for Life Sciences 1979 as the Suntory Institute for Bioorganic Research. The Institute promotes research and disseminating academics of life science and its fusional area of bioorganic science. It currently nurtures university professors and other researchers that play active roles on the frontline. We engage in research activities for the purpose of promoting collaborative research with research institutions such as universities while unveiling the mechanisms of life emphasizing molecules by positioning our own research into structural biology, organic chemistry, and molecular biology as points of integration for dissimilar fields. It also operates an analysis center to aid research by universities, aiding new researchers, grants for graduate students, aid for promoting research such as aiding academic meetings as well as research and educational support through the launch of courses cooperating with graduate schools and projects to research the development of human resource development such as system of doctoral guest researcher. It also operates analysis center to aid research by universities, aiding new researchers, grants for graduate students, aid for promoting research such as aiding academic meetings, system of doctoral guest researcher, educational support for universities, and other activities to train researchers.



Exhibition displaying the history of the foundation



800 MHz superconducting nuclear magnetic resonance equipment

The world has begun to discover the health components of sesame in Sesamin and the biosynthesized coryneform bacterium of Sesamin as well as Sesaminol antioxidants included in sesame seeds. Moreover, the gene controlling the contour shape of leaves is also now known. In addition to these discoveries, Suntory has published the results from a large number of research studies in notable scientific journals.



公益財団法人サントリー生命科学財団創立70周年記念
中西 重忠シンポジウム サントリーワールドシアターセンター 2016年6月27日

Photograph: Tomicolor

Suntory Presents Beethoven's 9th with a Cast of 10,000

■Suntory Presents Beethoven's 9th with a Cast of 10,000 — Spreading the Joy of Singing Together

Suntory Presents Beethoven's 9th with a Cast of 10,000 started as a commemorative event of the opening of the Osaka-jyo Hall in 1983 which was held for the 35th time in 2017. Suntory Group has been a co-sponsor from the first concert, which has become a seasonal event in December.

The wide ranging event went beyond the borders of the region and surpassed generations with the participation of 10,000 people of all ages from elementary school students to people in the silver years of their life with the expansion of the lesson venue as an opportunity to experience the joy of singing and the excellence of classical music.

In 2011 to 2013, Tohoku venue, which was linked live with the Osaka-jyo Hall, was also set as a part of an activity to support the recovery from the Great East Japan Earthquake. In 2014, 150 people from Iwate, Miyagi and Fukushima prefectures were invited to the Osaka-jyo Hall.



Suntory Presents Beethoven's 9th
with a Cast of 10,000

To Create Harmony with Society: Cultural and Social Contribution

Sports Activities

The Suntory Group actively participates in corporate sporting events and supports sports promotion activities. We have our own rugby and volleyball sports teams that compete in league games. Both teams place special emphasis on promoting their sports, planning and carrying out community-based activities such as holding rugby and volleyball clinics mainly during the off-season.

Activities to Promote Sports

■Suntory's Rugby Club Suntory SUNGOLIATH

Company rugby club Suntory SUNGOLIATH was created in 1980 and participates in the Japan Rugby Top League, a national league for company rugby clubs. The SUNGOLIATH team achieved its second consecutive championship both in the Top League and at the Japan Championships in the 2016-2017 and 2017-2018 seasons.

We are actively engaged in promotion activities for rugby to support a healthy mind and growth of the body through sports. One of our activities is the special sponsorship of the Suntory Cup Japan Kid's Tag Rugby Championship held every year. More than 10,000 elementary school students participated in the 12th Championship held from September 2016 and learned the purpose of sports and its fun through tag rugby. Rugby Clinic where the members of SUNGOLIATH directly teach children is held and about 3,000 children participated in the event in 2017.

The Suntory SUNGOLIATH team also puts effort into social contribution activities and actively participates in events that include rugby clinics and local cleaning activities.

We strengthen our rugby promotion activities in anticipation of the World Cup that will be held in Japan in 2019 to actively engage in new efforts to let more people, including women and children, know about rugby.



Suntory's Rugby Club Suntory
SUNGOLIATH



Participants of Rugby Clinic



2017-2018 Season Champion

■Suntory's Volleyball Club Suntory SUNBIRDS

Company volleyball club Suntory SUNBIRDS, created in 1973, participates in the V. Premium League, the top volleyball league in Japan.

To promote sports, the club engages in activities such as coaching volleyball techniques and supporting the management of volleyball competitions (in 2017, 12th time for elementary school, 39th time for junior high school, and 21th time for the mother's volleyball competition). In addition, Volleyball Clinics for elementary and junior high school and other age students were directly taught by the Sunbirds athletes and about 4,000 people participated in 2017.

Furthermore, SUNBIRDS also participates in social contribution activities such as doing physical exercises with elderly using a ball, or activities that prevent youth delinquency and crime through collaboration with the police. SUNBIRDS held Volleyball Clinic for elementary and junior high school students in Iwate and Miyagi Prefectures as part of activities to support the recovery from the Great East Japan Earthquake.



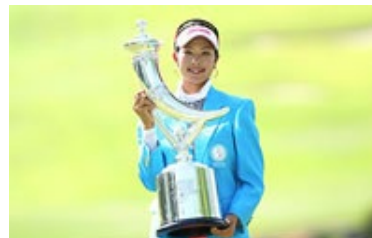
Suntory's Volleyball Club Suntory
SUNBIRDS



Volleyball clinic for communities

■Suntory Ladies Open Golf Tournament

Suntory Ladies Open Golf Tournament is an official ladies open golf tournament of the Ladies Professional Golfers' Association of Japan hosted by Suntory held in Kobe City every year in the second week of June. This tournament is seen as a competition to test the true skill of the golfers because it is held for four days while in Japan most golf tournaments usually last for three days. Top players from Japan and abroad, including Ai Miyazato and Rikako Morita which are both sponsored by the Suntory Group, have won the tournament in the past. As an international open tournament, it opens the doors and supports the growth of Japanese and international amateur golf-players that are expected to become future leading players, and actively engages in other charitable events.



Rikako Morita (winning the 2013
tournament)

■Suntory Dream Match

Suntory Dream Match has been held from 1995 to provide dreams and excitement, offering dream baseball match to a total of 930,000 baseball fans so far.

The Premium Malt's, led by Manager Koji Yamamoto, and the Tohoku Japan Heroes, led by Manager Yasushi Tao, played an exciting baseball match at the 22nd match held in Tokyo Dome in August 2017.



Day of the match (2015)

■Suntory Challenged Sports Project

The Suntory Group started supporting challenged sports in 2014 as a part of our recovery support for disaster-stricken Tohoku region. We have total of over 4,000 participants in the wheelchair basketball hands-on classrooms that are held at elementary and junior high schools in Tohoku, in addition to the provision of grants and donation of sports equipment. The Suntory Group has not only supported recovery efforts as an official sponsor of the Japanese Para-Sports Association and the Japan Wheelchair Basketball Federation since 2015 but also engages in efforts that include support for athletic activities and competitions. Moreover, we are working in publicity activities such as video production of rules for wheelchair basketball, VR videos of wheelchair basketball, and online publishing projects to introduce the passion of the athletes. We will persevere with our athletes in the future under our PASSION FOR CHALLENGE grounded in our “Yatte Minahare” spirit that we have had since our founding.



To Create Harmony with Society: Cultural and Social Contribution

Social Welfare

In the spirit of our founder, Shinjiro Torii, who called for "Giving back to society", we have maintained his principle by returning profits to society. We have been particularly active when it comes to charitable and social welfare activities directed toward people from less fortunate circumstances. Suntory Group has been ever mindful of changing social needs in the social contribution activities it has continued carrying out to this day.

Support through the Social Welfare Organization

■ Social Welfare Organization Hojukai

Suntory founder Shinjiro Torii began the Hojukai in 1921 with the establishment of the "Imamiya Dispensary" free clinic in the Airin district of Osaka City to assist people living in financial hardship based on his strong belief in social contribution. The Hojukai was named by combining one Japanese kanji character of Shinjiro Torii's wife's name and one Japanese kanji character from our Kotobukiya company name from that time. During the turmoil after the Second World War, accommodation facility was provided for victims of war, people that returned from overseas and people that did not have a place to go, which are currently used as dorms for mother and child, special elderly nursing home and nursery schools. Hojukai continued activities as a social welfare organization and it operates Takadonoen (special care facility for seniors established in 1974), Domyoji Takadonoen (a general-purpose welfare facility established in 2008), the Tsubomi Nursery School (1975), and the West Asahi-ku Community General Support Center (commissioned by Osaka City in April 2011). To respond to the current needs, Suntory has been putting efforts in at-home nursing care services such as home-visit nursing care, outpatient nursing care, and in-home long-term nursing care services. In the spring of 2017, Tsubomi Nursery School completed construction on a new premise with the aim of an even more unique and comfortable facility as well as a nursery school that nurtures a wealth of sensibility.



Takadonoen, special care facility for seniors and Tsubomi Nursery School



Domyoji-Takadonoen, a general-purpose welfare facility



Exchange between Takadonoen and Tsubomi Nursery School

Donating Suntory Products to Children Homes with the Cooperation of Food Bank Activities

The Suntory Group has donated approximately 52,000 cases of food and drinks to entities such as orphanages, welfare institutes, community centers, and disaster affected areas since 2010 through the Second Harvest non-profit organization that engages in Food Bank activities. The products that are donated are given under the condition that they have the same quality as the products sold commercially. We also conduct the same level or quality assurance, customer service, and all other operations for those products as the products sold commercially. This program started in Tokyo Metropolitan area in 2010 and was later expanded to include Okinawa in 2013. In the future, we will continue this food bank activity to deliver the appropriate amount of food as necessary.



Endowments to inner-city children homes

Engaging in Charitable and Voluntary Activities

■ Charitable activities

Suntory Group will continue to conduct community contribution activities through charities. We will also actively participate in charitable activities such as summer and year-end charity campaigns at each business establishment throughout Japan.

Supporting Community Building through Charity

Suntory Ladies Open Golf Tournament

The Suntory Ladies Open Golf Tournament has been involved in charity activities since it was first held in 1990, donating fire trucks to the host city of Kobe. Charity money is also being used in areas affected by the Great East Japan Earthquake since 2011. In 2016, as support for recovery after the Kumamoto Earthquake and the Great East Japan Earthquake, we have made donations worth the total of 13 million yen to Kumamoto Prefecture as well as to Natori City in Miyagi Prefecture, which were used for disaster prevention measures and the purchase of fire trucks and other goods.



Fire trucks donated to Natori City, Miyagi Prefecture

Suntory Dream Match 2017

Suntory Dream Match is an event held from 1995 where proceeds from the sales of beer and other beverages, baseball goods, and charity seats, as well as part of the proceeds from the sales of baseball uniforms signed by participating athletes are used as donations to organize baseball and catch ball classes with the participation of active and retired professional baseball players in order to support the recovery of baseball in the Tohoku region. Moreover, we support reconstruction after the East Japan Earthquake, for example by inviting 100 Tohoku residents to attend sports events for free, as well as by selling charity seats “Tohoku Support Charity Seat” and using the sales proceeds to support Tohoku.



Invited 100 persons from the Tohoku region



Catch ball class in disaster affected areas using charity

To Create Harmony with Society: Cultural and Social Contribution

Developing the Next Generation

Suntory Group is engaged in a variety of activities related to music, art, sports and experiencing nature that are designed to support the healthy growth and development of the children who will be responsible for the future.

Supporting the Development of the Next Generation through Various Activities

Suntory Group provides children with opportunities to meet top athletes and come into contact with genuine works in fields such as sports, music, art, and the natural environment. As the importance of educating the youth is on the rise due to the decline in the children, we are strengthening the support to form the characters and individuality of children.



Art Kids Club Iro-Iro Do-Re-Do-Re Suntory Hall and Suntory Museum of Art joint workshop

■Suntory Hall—Nurturing Next-generation Performers and Audiences

With Suntory Hall, we plan and offer various programs to develop the next generation, hoping children will experience a thrill listening to live music performed by leading musicians and taking classical music into their lives. We have been holding "Concerts for Children" which is Japan's first regular orchestra concerts for children and "Minato-city & Suntory Hall Enjoy! Music Project" for fourth grade elementary school students in Minato-city from 2014. We also host other programs such as "Master Class by Principals of Vienna Philharmonic Orchestra," in which members of Vienna Philharmonic Orchestra teach young musicians directly, and "Rainbow 21" which targets young students who aspire to be musicians or be active in the music industry.

Minato-city & Suntory Hall Enjoy! Music Project

Minato-city and Suntory Hall have continued the on-going hands-on arts program focused mainly on music since 2014 for local fourth grade elementary school students. Internationally recognized conductor Kazushi Ono was involved with the planning for the workshop and performance under the theme "Joy of Vibrant Voices" in 2017. In the two-hour workshop held at each elementary school, a soprano, alto, tenor and bass from the Suntory Hall Opera Academy performed. The workshop demonstrated the difference in the range of these voices and the vocal resonance (B-flat), sung the Japanese song Momiji, and provided guidance to the source material key to Beethoven's 9th before the concert in January. On January 12, 2018, roughly 1,400 fourth grade students from Minato elementary schools gathered at Suntory hall to watch the Tokyo Metropolitan Symphony Orchestra led by conductor Kazushi Ono.



Elementary School Workshop



Minato City & Suntory Hall Enjoy! Music Project at Suntory Hall

Holding "Concerts for Children"

We have been holding "Concerts for Children" since 2002 with the hope to establish a tradition of regular visits to concert halls in children and bring classical music into their lives. This is Japan's first regular orchestra concert for children. We collect and adopt illustrations for the flyers and the theme song for the season from the children in a format that allows children to not only listen but also participate. A program which children selected through audition can perform as a member of the orchestra, offering opportunities to play musical instruments under the guidance of the member of the orchestra, opportunity to be a child receptionist and other participatory events are being further being increased.



Performance by children



Hands on experience corner
of musical instruments

Suntory Hall Keizo Saji Junior Program Seat

A program that continue the wish of Keizo Saji, the first President of Suntory Hall, to pass down classical music to the next generation. The program invites three pairs of both elementary and junior high school students to performances held on Saturday, Sunday and holidays at Main Hall.



Keizo Saji Junior Program Seat



■Suntory Museum of Art — Art Appreciation Opportunities for Children

Aiming to become a museum where children are always there, we provide various programs which children can easily enjoy art and nurture the mind to love art.

Offering Education Programs

The Suntory Museum of Art is actively working to proliferate education to the next generation according to the "Art Revised, Beauty Revealed" museum message that includes The Suntory Museum of Art who is proactively engaging in activities that offer education to the next generation.

We offer free admission to children in middle school and younger, and also distribute a leaflet. This tool not only guides users to notable areas of interest but also cultivates a spirit to enjoy free inspiration brought by appreciation. As an education program that provides a venue for exchanges linking visitors with the art museum, we also conduct the "Open Doors to Beauty for the First Time" interactive mini lecture for people new to art appreciation, and on Saturdays, we offer "Friendly Talks" designed to familiarize viewers with the arts using simple slides. We have established a friend membership system to certify children that have participated in commemorative lectures on exhibits and special performances five times as a "master of art". We also accept visits of children and students in elementary and junior high schools mainly from Minato-ku as a school program.



Opening Doors to Beauty
for the First Time series



School Program for Each School

Omoshiro Bijutsu Wonderland 2017 Celebrates a Decade in Roppongi

The Omoshiro Bijutsu Wonderland 2017 is a summer exhibition held to offer a place to experience, feel and discover Japanese art in a variety of exhibition formats taking advantage of both digital technology and analog means. Under the motto Open the Door to Art!, the second exhibition held in 2012 cultivated an opportunity for people to enjoy finding works at the Suntory Museum of Art in addition to nurturing an affinity with Japanese art, such as feeling the world of art in an overall space with video, sound and other ingenuities as well as the experience of interactive creation using digital technologies.



Using Voice to Spray Black Ink
on a Large White Sake Bottle



Experiencing the Beauty
of Cut Glass on Video

■Supporting the Development of Children through Sports

Suntory Group runs a variety of activities designed to support the healthy development of children's minds and bodies through sports. As part of the activity, Suntory's sports teams, rugby club Suntory SUNGOLIATH and volleyball team Suntory SUNBIRDS promotes their sports and holds clinics to directly teach children in a various places. In 2017, approximately 17,000 children participated in the program. In addition, the SUNGOLIATH are cooperating in opportunities for children to interact with rugby such as the operational support for the Suntory Cup Japan Kid's Tag Rugby Championship. The SUNBIRDS are also holding a Ball Play Seminar for Children to Experience the Joy of Exercise as an elementary school class and supporting the operations of the local volleyball competitions.



Rugby Clinic



Volleyball Clinic

■Support through the Hibarigaoka Gakuen

The Hibarigaoka Gakuen has been supporting continuity education from kindergarten to high school since Shinjiro Torii became the first chairperson of in 1950. Shinjiro Torii places importance on being devoted to one's parents and kept saying "a person who is devoted to one's parents can do anything well." The spirit of founding is passed down today and the school engages in educating people based on a belief that "the basic natural thought of mankind of parents' wish the growth of their children and children appreciates and respects their parents unites a family, which raises the thought of contributing to the society." From 2008, the school supported the opening of an environmental lecture and currently operates a kindergarten, Hanaiku in the elementary school and junior high school as well as activities outside the school, special classes and lectures to educate about the environment through a systematic program and supports the programs.



Planting trees at the
open air school

■Nurturing Challenging Spirit through Experiencing Camping at an Uninhabited Island

Since 2007, Suntory Group has been promoting Yoshima Project in cooperation with Kobe YMCA, a public interest incorporated foundation which operates a camping site in an uninhabited island in Shodo-gun, Kagawa Prefecture since 1950. The project is intended to nurture spirit of challenge and dreams of children experiencing rich natural environment unique to an uninhabited island and plans and holds Adventure Camp participated by Gota Miura and various programs around the year. In 2017, approximately 4,300 children participated in the program.



Yoshima Summer Camp



Yoshima

■Suntory Mizuiku -Education Program for Nature and Water

As a company utilizing the blessings of water to manufacture products for customers, we offer the Suntory Mizuiku - Education Program for Nature and Water. It is a unique hands-on program from Suntory to teach the next generation the importance of nature's role in water resource cultivation so that water resources may be handed down to future generations. The program centers on two activities: Outdoor School of Forest and Water and Teaching about Water at Schools. This activity is approaching its 15th year since it began in 2018. (Sponsor: Ministry of the Environment and Ministry of Education, Culture, Sports, Science and Technology)



Outdoor School of
Forest and Water



Teaching about Water
at Schools

■Developing Work Value in Children Through Real Experience

The Suntory Group has opened a Beverage Service Center pavilion for children to experience operations related to vending machines at KidZania in Tokyo and Koshien where kids learn about work and society through play. The Beverage Service Center can teach vending machines systems as well as the knowledge and innovations used to deliver products to customers while evoking passion in people to support beauty, safety and reliability. We hope to cultivate work value and bring new awareness to children everyday through hands-on experience where they can interact with actual vending machines often seen as no more than part of the cityscape.



Learning the Inner workings of
Vending Machines



Delivering Products
to Vending Machines

To Create Harmony with Society: Cultural and Social Contribution

Disaster Recovery Support

Supporting Kumamoto Earthquake Recovery Efforts

Suntory Holdings Ltd. started Group-wide recovery support activities as the Suntory Land of Water Kumamoto Support Project to support the revitalization of Kumamoto after the earthquake that struck in 2016.

We have delivered approximately 210,000 bottles of Suntory Tennensui mineral water in April 2016 and contributed 100 million yen in relief aid to municipalities affected by the Kumamoto earthquake in May 2016.

Thereafter, Suntory decided to provide additional support of ¥300 million in October 2016. We launched the Suntory Land of Water Kumamoto Support Project, and we will continue to focus on activities that ensure the sustainability of groundwater in the Kumamoto region as well as those that support the livelihoods of the community members in affected areas through culture, arts, and sports based on the desire to contribute to the recovery of the prefecture as a company with the Suntory Kyushu Kumamoto Plant located in Kumamoto.



サントリー
水の国くまもと
応援プロジェクト

Activities to Contribute to Sustainability of Groundwater in the Kumamoto Area

Suntory Kumamoto Groundwater Mirai Project

「サントリー熊本地下水みらいプロジェクト」



Recovery of Winter Rice Fields



Renovations



Planting Event



Long Awaited Harvest

Activities to Support the Mind and Body Through Culture, Arts and Sports

Holding sports classes

We hold volley ball and rugby classes by Suntory's sports teams and baseball classes in disaster affected areas.

Number of Participantsz

Approx. **1,100**



Suntory SUNGOLIATH
Rugby Classes



Suntory SUNBIRDS
Volleyball Classes

Suntory Dream Match Live



Vienna Philharmonic Recovery & Remembrance Concert

Number of Participantsz

Approx. **1,300**



Recovery & Remembrance Concert Led by Super Kids Orchestra Yutaka Sado

We operate a project which provides junior high and high school brass band members in disaster affected areas to perform at Suntory Hall through practicing.

Number of Participantsz

Approx. **1,200**



Community Support

Support Activities Using Suntory Capital Expanded with Focus on Kashima, Mashiki and Mifune around the Kyushu Kumamoto Plant in Kyushu.

Flower Shop Held Jointly with Suntory Flowers

Number of Participants

Approx. **200**



Everyone Afflicted by the Disaster from Kashima, Mashiki and Mifune Around the Kyushu Kumamoto Plant in Kyushu Invited to a Plant Tour

Number of Participants

Approx. **400**



Activities to Support the Recovery from the Great East Japan Earthquake

The Suntory Group is expanding its support for recovery from the Great East Japan Earthquake. Immediately after the earthquake, the Suntory Group provided 1 million bottles of mineral water as emergency relief supplies and donated ¥300 million to the three affected prefectures. We also worked to provide support for the reconstruction with contributions equivalent to a total of 10.8 billion yen: 4 billion yen in 2011, 2 billion yen in 2012, 2.5 billion yen in 2013, and 2 billion yen in 2014.

The Suntory Group launched the "Suntory Tohoku Sun-Sun Project" and actively continues its support activities with the focus on "Support Recovery of the Fishing Industry," "Youth Support Initiatives," "Challenged Sports" and "Support through Culture, the Arts, and Sports" with the hope to bring light warm like the sunshine, and smiles and joy to disaster affected areas.

We support the purchase of fishing vessels, fishing equipment and fixed fishing nets to assist the early recovery of fishing industry. We award grants to students at fisheries high schools, provide a safe and secure environment, and support NPOs that help children such as Save the Children Japan. We engage in other various cultural and sports activities to bring smiles and joy.

Since 2014, we have been providing support for Challenged Sports in Iwate, Miyagi, and Fukushima prefectures, based on our desire to deliver hopes and dreams. We will donate the equivalent of 1 billion yen over the period of seven years focusing on Challenged Athlete Subsidy aimed at supporting individual athletes and organizations, Challenged Sports Academy aimed at providing opportunities mainly for children to experience challenged sports and engage with athletes, and Challenged Sports Training Support aimed at popularizing, strengthening and supporting them.



■Result of Support

Recovery Support for the Fishing Industry

Donating to the reconstruction of the prefectures' fishing industries

To support early reconstruction through the auspices of prefectural governments, Suntory donated ¥3.0 billion to Miyagi Prefecture and ¥2.5 billion to Iwate Prefecture



Support to cover costs of acquiring fishing vessels

To ease the burden on fishermen, the Suntory Group is acting through the auspices of Miyagi Prefecture and Iwate Prefecture to shoulder a portion of the costs to acquire new fishing vessels. The Group is supporting the restoration of about 10,000 vessels of all sizes and types, from deep-sea tuna vessels to squid fishing vessels



Amount of support to cover
costs of acquiring fishing vessels

Approx. **10,000** ships



Support to restore fishing-related facilities

Donations for the reconstruction of the fishing industry in Miyagi Prefecture and Iwate Prefecture are also used in the restoration of fixed fishing nets and aquaculture facilities

Amount of support for fishing
vessels

Approx. **1,100** vessels



Amount of support for fixed
shore nets

Approx. **400** nets

Youth Support Initiatives

Scholarships for fisheries high schools

For five years beginning in 2012, the Suntory Group is providing free scholarships to disaster affected students at seven fisheries high schools

Number of scholarship recipients (total)

Approx. **3,000**



Support for building a place for children in Fukushima to learn and play

We provide support for children's after-school clubs, training for instructors, and excursions, so that children in Fukushima Prefecture where environment is harsh could learn and play in safety

Number of child care facilities built

5 facilities



Number of outdoor activity participants such as summer camps

Approx. **8,800**



Providing Assistance to NPOs that Support the Children of Fukushima

We provide three year aid for organizations that provide intensive support to children in Fukushima Prefecture who have been living in evacuation centers for long period of time

Number of organizations that were awarded grants

57 organizations



Construction of Ishinomaki City Children's Center and Yamada Fureai Center

We provided aid for the total cost of construction for the Ishinomaki City Children's Center (Miyagi Prefecture) and Yamada Fureai Center (Iwate Prefecture) facilities that were planned and designed by the children

Number of Ishinomaki City Children's Center users annually

Approx. **30,000**



Cooperative program through music with the TOMODACHI Initiative

We are supporting students in disaster affected areas to attend music school in the United States with the cooperation of the TOMODACHI Initiative led by the US Embassy and U.S.-Japan Council. In the TOMODACHI Suntory Fukushima Mirai Music Program, we provide opportunities for the music club of Fukushima Futaba Mirai Gakuen High School to learn at workshops conducted by the New York Philharmonic orchestra in the United States

Donations

Approx. **\$1,000,000**



Challenged Sports Support

Challenged Sports Experience Classroom

We hold sports experience classrooms that focus on wheelchair basketball played by challenged athletes at elementary and junior high schools as well as athletic facilities in disaster affected areas

Number of participants annually

Approx. **4,000**



Challenged Athlete Subsidy

We provide grants to individuals and organizations as a way to support the training of athletes on par with global standards and to develop and popularize challenged sports

Individual category

Total **198** people

Team category

Total **84** teams

As of January 2018



Challenged Sports Training Support

We support strengthening the base and improving the environment of Challenged Sports through renovating public facilities and donating sports wheelchairs in order to develop and popularize them

Sports wheelchairs

35

STT table-tennis tables

5

Facility renovations

3

Introductory Workshop to Wheelchair Sports

5 Workshops Held



Support through Culture, the Arts and Sports

Vienna Philharmonic & Suntory Music Aid Fund

Together with the Vienna Philharmonic Orchestra, Suntory is providing aid for music-related initiatives and is bringing concerts to the disaster affected areas

The number of attendees at Concerts for Kids

Approx. 9,600

Performance held by Vienna Philharmonic & Suntory Music Aid Award activities

84 organizations



Suntory and Japan Kogei Association Omoshiro Bijutsu Classroom in Tohoku

The Suntory Group conducted Study Support Program events headed by designated Preservers of Important Intangible Cultural Properties (also known as Living National Treasures) and other traditional handicraft artists

Number of participants in the Omoshiro Bijutsu Classroom

Approx. 1,200



Suntory Museum of Art Traveling Exhibition

We hold exhibitions of Japanese art with items in the collection of Suntory Museum of Art in Sendai City and Koriyama City

Attendees

Approx. **32,000**



Michinoku Wind Orchestra

We operate a project which provides junior high and high school brass band members in disaster affected areas to perform at Suntory Hall through practicing

Number of participants

Approx. **350**



Music for Everyone Concert held by Suntory and the Sendai Philharmonic Orchestra

Touring concerts were held for disaster affected area in Tohoku from 2016 through collaboration with the Sendai Philharmonic Orchestra centrally located in Sendai.

Number of Participants

Approx. **700**



Inviting the people from the disaster affected areas to cultural and sports events

We invited the people from the disaster affected areas to cultural events, such as Suntory Presents Beethoven's 9th with a Cast of 10,000, and sports events, such as Suntory Dream Match and international rugby match

Number of visitors to
cultural events

Approx. **9,400**

Number of visitors to
sporting events

Approx. **21,400**



Holding sports classes

Each year we hold volleyball, rugby and baseball classes led by Suntory's sports teams in disaster affected areas

Sports clinic participants and competition attendees

Approx. **5,300**



Support for Disaster Areas

The Suntory Group provides help to the people and places afflicted by disasters by providing relief contributions and drinking water when large disasters strike Japan or other countries.

■ Main Donations

Year	Incident	Amount Donated	Beneficiary	News release
2010	2010 Canterbury (Christchurch) Earthquake (New Zealand's South Island)	3.25 million yen	Christchurch earthquake appeal fund	
2010	Foot-and-Mouth Disease Outbreak in Miyazaki Prefecture	10 million yen	Miyazaki Prefecture, and the Miyazaki Community Chest Association Social Welfare Organization	Suntory Relief Aid for Foot-and-Mount Disease in Miyazaki Prefecture (in Japanese only)
2010	Chile Earthquake	5 million yen	Chile Embassy	Suntory Relief Aid for Earthquake Recovery in Chile
2010	Haiti Earthquake	10 million yen	The Japanese Red Cross Society	Suntory Haiti Earthquake Aid
2011	Thailand floods	Approx. 2.5 million yen	The Government of the Kingdom of Thailand	Support for Recovery from Flood Damage in Thailand
2011	2011 Canterbury (Christchurch) Earthquake (New Zealand's South Island)	6.2 million yen	New Zealand Red Cross	Earthquake Relief Donation to New Zealand
2011	Floods in Queensland, Australia	8 million yen	Queensland The Premier's Disaster Relief Appeal	Flood Relief Donation to Queensland Australia
2011-	Great East Japan Earthquake	4.3 billion yen in 2011 2.0 billion yen in 2012 2.5 billion yen in 2013 2.0 billion yen in 2014 (total: 10.8 billion yen)	Iwate Prefecture, Miyagi Prefecture, Fukushima Prefecture, Save The Children Japan, et al.	Relief Donation for Earthquake in the Tohoku Region of Japan
2014	Landslide disasters in Hiroshima	1 million yen	Chugoku Shimbun Social Welfare Services Corporation	
2015	Nepal Earthquake	3 million yen	Nepal Earthquake	
2016	Kumamoto Earthquake	¥0.1 billion in April ¥0.3 billion in October	Kumamoto Prefecture	Release of Contributions to Kumamoto Prefecture
2017	Storm Disaster in Northern Kyushu	Fukuoka Prefecture (5 million yen) Oita Prefecture (5 million yen)	Fukuoka Prefecture/Oita Prefecture	Relief Donation for the Storm Disaster in Northern Kyushu
2017	Aid Following the Massive Hurricane Disaster in the United States	Approx. 110 million yen (1 million dollars)	American Red Cross	About Aid Following the Massive Hurricane Disasters in the United States
2017	Aid Following the Earthquake in Mexico	Approx. 22 million yen (200,000 dollars)	Mexican Red Cross	About Aid Following the Earthquake in Mexico

Providing Free Beverages When Disasters Strike

Suntory Foods Ltd. has developed and is furthering the installation of emergency beverage vending machines. This system normally sells beverages from vending machines in peace times but will provide them for free during disasters or other emergencies. Beverages can be easily accessed even if the power goes out. Many people used this system after the Great East Japan Earthquake that struck in March of 2011. We are furthering the installation on premises with focus on public facilities and hospitals. We plan to keep actively installing these types of vending machines in the future.



Emergency beverage vending machine

To Create Harmony with Society: Cultural and Social Contribution

Contributions to Local Communities**Coexisting with Communities around Our Plants**

The Suntory Group's main plants are making efforts to engage in dialogue with local residents. We also work to provide venues for interacting with the local community through measures such as opening parks and trails created at our plants. We have third parties conduct environmental impact assessments when we construct new plants and work to get the understanding of the people who neighbor the site. We also make efforts to harmonize the plants with nature by preserving the sites' biodiversity and pursuing greening initiatives on their grounds.

■Promoting Greening of Plants

Suntory Group's plants consider biodiversity and promote greening that is in harmony with local environment, receiving awards in various locations as model green plants.

Model greening plant commendation (hosted by Japan Greenery Research and Development Center)

Year of commendation	Plant of commendation	Name of commendation
1987	Suntory Tonegawa Brewery	Tokyo Commerce and Industry Bureau Director's Award
1989	Hakushu Distillery	Prime Minister's Award
1993	Azusa-No-Mori Plant	Minister's Commerce and Industry Prize
2002	Yamazaki Distillery	Minister Prize of Economic, Trade and Industry
2006	Kyushu Kumamoto Plant	Japan Greenery Research and Development Center Award
2008	Takasago Plant	Japan Greenery Research and Development Center Award
2014	Suntory Tonegawa Brewery	Minister Prize of Economic, Trade and Industry
2014	Kyushu Kumamoto Plant	Minister Prize of Economic, Trade and Industry
2014	Haruna Plant	Japan Greenery Research and Development Center Award

Other greenification commendations

Year of commendation	Plant of commendation	Name of commendation	Hosted by
1986	Kyushu Kumamoto Plant	Kyushu Bureau of Economy, Trade and Industry Greenery Award	Kyushu Bureau of Economy, Trade and Industry
1997	Suntory Tonegawa Brewery	National Arbor Day Awards Grand Prize in the Contest for Environmental Greening	Gunma Prefecture
2005	Kyushu Kumamoto Plant	Prize for Kumamoto Scenery/Prize for Local Scenery	Kumamoto Prefecture
2011	Okudaisen Bunanomori Natural Mineral Water Plant	Award from The Japanese Society of Revegetation Technology (Technology Award)	The Japanese Society of Revegetation Technology

■ Dialogue with Customers through Plant Tours

We offer plant tours of our breweries, whisky distilleries, wineries, and natural mineral water plants so that more people can become familiar with our dedication to good taste and safety, our concern for the environment, and the approaches we take through our products. The manufacturing process and history is explained in an easy to understand manner along with a chance to taste the products. In addition, special seminars to learn the commitment toward brewing beer and ways to enjoy whisky are held, attracting approximately 790,000 visitors from around Japan each year.



Natural mineral water plant tour



Special seminar held at a beer plant

To Create Harmony with Society: Cultural and Social Contribution

Employee Volunteer

Employee Volunteer Activities

The Suntory Group conducts a wide range of social contribution activities based on its spirit to give back to society, but a relationship between society and every Group employee is also important. We actively support volunteer activities and other events for employees to participate in society to continually cultivate sincere human trust toward Growing for Good.

As part of this support system, Suntory established the Volunteer Leave Program and has participated in a variety of activities. The Volunteer Web (provided by the Nippon Philanthropy Association) activity introduction and application system has been adopted as a means for providing volunteer opportunities. This system publishes volunteer activities in each region of Japan in a format where people can search for the type and date of activities they are interested in. In addition, the Let's Cut Fabric and Picture Book Delivery international volunteer programs held in a limited number of locations up until now have been bundled into a package with the cooperation of NPOs, which has been published on the Volunteer Web and successfully been held in areas requested by our employees.



Volunteer Web

Hojukai Volunteer Activities

Assisting with Window Cleaning at Senior Care Facilities and Nursery School Sports Events

We are taking initiatives to promote participation of our employees in volunteer activities such as planning company volunteer activities, cleaning windows or weeding at a social welfare organization that operates elderly care facilities and child daycare centers that is operated by Hojukai. New hires participate in volunteer activities at Domyoji Takadonoen, a general purpose welfare facility, as part of their training.



Cleaning at Hojukai

Kumamoto Mashiki Jogging Fair Competition

Participating in Volunteer Operations at the Local Jogging Competition Resumed After the Disaster

As part of the Suntory Land of Water Kumamoto Support Project's support for recovery after the Kumamoto Earthquake, we worked as operational volunteers and participated in the 25th Mashiki Aso Kumamoto Airport and Techno Area Jogging Fair Competition. Roughly 2,000 people came together as runners and volunteers in this large local event held after the earthquake. 19 employees from each Suntory Group company participated with drinks and fruit handed out at water stations while locals cheered on the runners.



Operational Volunteers

■ Beautification Activities at Offices

The Suntory Group's offices located around the country engage in environmental beautification efforts by cleaning up the vicinity and participating in garbage cleanups organized by local governments. In 2015, Suntory participated in the Tokyo Bay Cleanup Campaign, which it has been supporting and co-sponsoring from 2003, with employees and family members joining local residents and businesses, and ultimately gathering roughly 80kg of litter.



Tokyo Bay Cleanup Campaign



Musashino brewery employees and family members help clean up the banks of the Tama River

■ Initiatives at Group Companies

P LOVE GREEN -- Pronto Corp.

We announced the P LOVE GREEN campaign after reviewing the basic principles to become a junction to bring about creation for the future by providing peace and joy to the minds and bodies of customers as well as the origins of Green, which is the brand color of Pronto, in April 2010. This activity is a project unique to Pronto for the purpose of being kind to people and the environment while offering excitement that has been named P LOVE GREEN. This project broadens the provision of menus, goods, in-store environment, and entertainment and even community contribution activities.

We also contributed to greenification business after the Great East Japan Earthquake, starting with donations to the Tokyo Green Project in fiscal 2010 as one of our activities. In 2012 and 2015, we received a gratitude letter from the Minister of Agriculture, Forestry, and Fisheries. In addition, we are conducting tree planting activities with the local children, such as tree planting for forests to prevent damage in areas affected by the Great East Japan Earthquake.



Tree planting

Supporting the Kiritappu Wetland National Trust -- Häagen-Dazs Japan, Inc.

Häagen-Dazs Japan has been providing support for the Kiritappu Wetland National Trust in Hamanaka, Akkeshi since 2007 for the Konsen ward of Hokkaido, which is a production area of milk used as an ingredient for ice cream. Kiritappu Wetland has also been registered in Ramsar Convention in 1993 as the third largest wetland in Japan. Our employees are conducting volunteer activities to preserve the scenery of the wetlands by repairing the boardwalk together with the local people every year in addition to providing financial support. These volunteer activities are planned to be continued every year with 2017 being the 11th year of these activities.



Landscape repair of boardwalk
(2014)

Supporting the Revitalization of Communities with Flowers -- Suntory Flowers Ltd.

Suntory Flowers is providing flowers for areas such as parks to allow even more people to experience a life in a community with flowers. The Red Flower Project has expanded throughout Japan since 2012 to play a role in revitalizing communities by planting flowers in parks and public facilities in each area of Japan under the slogan, "Revitalizing Japan with Red Flowers!" We donated Surfinia Red flowers to organization in each community in Japan. From 2015, we have expanded the scope of our activities even further to engage in "Big Flower Project".



Red Flower
Planting Project

To Create Harmony with Society: Cultural and Social Contribution

Supporting Challenged Sports

Suntory Challenged Sports Project

The Suntory Group started supporting challenged sports in 2014 as part of our recovery support for the disaster-stricken Tohoku region.

In 2015, we have worked broadly in efforts such as expanding and strengthening our initiatives while bringing together athletes to reach beyond the framework of recovery support.

■PASSION FOR CHALLENGE -- Reaching for Dreams United --

Challenged athletes have the resolve to persevere beyond any limitations regardless of disability.

Suntory has been forging avenues to a variety of new fields since its founding based on the Yatte Minahare challenging spirit.

This is exactly the reason Suntory empathizes with the passion and perseverance of these athletes.

We strive to be at their side as they endeavor to broaden their activities based on our desire to support infinite possibilities.

1. Official Partner

- (1) Japanese Para-Sports Association (From 2015)
- (2) Japan Wheelchair Basketball Federation (From 2015)
- (3) Wheelchair Basketball Teams: Miyagi MAX and TEAM EARTH (Fukushima)
Russell Iwate and SCRATCH (From 2015)



2. Hands-on Classrooms

We hold hands-on basketball clinics more than ten times each year by inviting instructors from Miyagi MAX and other teams to teach at elementary and junior high schools as well as other public facilities to cultivate awareness and popularize challenged sports.

We also offer experience in a broad range of competitions from blind soccer and blind marathons to chair skiing and boccia.

Number of Participants: Cumulative Total of Approx. 4,000

(As of April 2018)



3. Suntory Challenged Athlete Subsidy

We provide grants to challenged sports with the aim of training and empowering athletes at a global level in Iwate, Miyagi and Fukushima prefectures.

Grant Recipients: 198 Individuals/84 Organizations (Total of Roughly ¥130 Million)
(As of April 2018)



4. Introductory Workshop to Wheelchair Sports (Students: Persons with No Experience and Supports of Wheelchair Sports)

The goal of these workshops is to increase the base of wheelchair sports. Five clinics have been held in Iwate, Miyagi and Fukushima prefectures up until now by inviting Para-Olympian Daisuke Uehara (sledge hockey) and Daisuke Hashimoto, who acquired a rehabilitation sports instruction license from the German Paralympic Committee, as instructors.

5. Sports Equipment Donations/Sports Facility Renovations

Suntory has donated sports equipment such as competitive wheelchairs to Iwate, Miyagi and Fukushima prefectures and conducted renovations of facilities, including the gymnasium where Miyagi MAX trains in order to facilitate an appropriate challenged sports environment.

Sports Equipment Donations: 63 sets; Renovations: 3 facilities



6. Event Sponsorship

We sponsor and support the operation of the events below to popularize wheelchair basketball as well as put in place a competitive environment.

We are conducting various initiatives to bring even greater affinity to these sports.
(FY2017 Results)

- (1) Prime Minister Cup Competition Japan Wheelchair Basketball Championship
 - Sponsorship of the Competition and Expansion of Various Measures as a Special Sponsor - Wheelchair Basketball Hands-on Booth Exhibition and Give-away Sample Program
 - A Wheelchair Basketball Experience Corner with VR Video Gives Everyone a First-hand Simulated Experience from the Eyes of the Athlete During a Match
 - Suntory Wheelchair Basketball Corner
 - Hands-on Shooting Corner Installed for Everyone to Try Shooting Hoops from an Actual Wheelchair
 - Secondary Awards
 - Winners of the MVP, Score Leader and Special Suntory Yatte Minahare-Go for it Prizes Receive 1-year of Suntory Products
- (2) International Women's Wheelchair Basketball Friendship Games OSAKA CUP
- (3) World Challenge Cup International Wheelchair Basketball Competition
- (4) Kitakyushu Champions Cup International Wheelchair Basketball Competition

7. Employee Participation and Enlightenment

(1) Suntory conducted hands-on wheelchair basketball clinics as well as demonstrations through National Team athletes at the softball competition for employees of the Suntory Group who work in the Kanto region (approx. 3,600). The rugby and volleyball teams from Suntory participated to bring about an exchange through sports which eliminates any boundary felt due to a disability. (Conducted since 2015)



(2) Competition Spectators (Number of Participants Watching and Cheering on Athletes in 2017: Approx. 360)

Suntory has announced information for employees to go watch the Japan Para Championships (2015), Kitakyushu Champions Cup International Wheelchair Basketball Competition (2015), 2015 IWBF Asia-Oceania Championship Cup (2015), International Women's Wheelchair Basketball Friendship Games OSAKA CUP (2016/2017), Japan Wheelchair Basketball Championship (2016/2017) and the World Challenge Cup International Wheelchair Basketball Competition (2017).



(3) Competition Volunteers

A total of 15 people participated in the All-Japan Wheelchair Basketball Championship (2016), the Japan Wheelchair Rugby Championships (2016) and hands-on classrooms.



8. Video Produced to Explain Wheelchair Basketball Rules

Suntory produced a video to describe the rules of wheelchair basketball in an easy-to-understand manner through animation to show at competitions such as the All-Japan Championships to bring greater awareness to wheelchair basketball. Views and Shares on Official Facebook Page

Views: Approx. 150,000 Worldwide

Shares: Upwards of 1,200



9. A VR Video Gives Everyone a First-hand Perspective from the Eyes of Wheelchair Basketball Athlete During Competition

Suntory produced a VR video with the participation of Japan National Team members to simulate the perspective of the athletes during a match to demonstrate the intensity and grace of wheelchair basketball.

Views: Approx. 100,000 Primarily on SNS



10. Publishing OUR PASSION Project Series on the Suntory Homepage

We publish OUR PASSION about perseverance through interviews with athletes and staff who are involved with Suntory Challenged Sports Projects to bring enlightenment and popularize both the players and the sports. The editorial department of the Asahi Shimbun Digital Edition is helping us publish this series.



11. Activity Support for Challenged Athlete Mami Tani (Formerly Mami Sato)

Mami Tani has competed in the three Paralympic Games back-to-back in the running long jump. She transitioned to Para-triathlons in 2016. Mami Tani has been engaged in various CSR activities that include an invitation speech for the 2020 Tokyo Games and reconstruction support. She competed in the PTS-4 Class of the ITU World Triathlon Grand Final 2017 (World Cup) and became the first person from Japan to win.



CSR Initiatives

To Create Harmony with Employee

Diversity Management

The Suntory Group pursues diversity on the basis of its human resource management philosophy. By promoting diversity in our employee base as well as embracing diverse values and ideas, we can bring forth even greater value. In an effort to maximize the potential of each and every employee in a work environment that overflows with creativity, the Suntory Group is currently putting high priority on developing talented employees who face the challenges of value creation head-on. We have established methods to encourage employees to work hard to achieve even higher goals without the fear of failure.

* This applies to 6,713 employees under employment of Suntory Holdings Ltd. or Suntory Beverage & Food Ltd. and work at Suntory Holdings Ltd., Suntory Beverage & Food Ltd., Suntory Products Ltd., Suntory Wellness Ltd., Suntory Spirits Ltd., Suntory Beer Ltd., Suntory Liquors Ltd., Suntory Wine International Ltd., Suntory MONOZUKURI Expert Ltd. Suntory Business System Ltd. Suntory Communications Ltd., Suntory Beer, Wine & Spirits Japan Ltd. and Suntory Global Innovation Center Ltd., etc. (As of December 31, 2017; excluding global Group expansion)



Employment Pattern



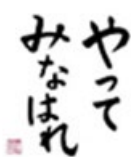
Development of Human Resources



Diversity



Work-Life Balance



Basic Policy on Human Resource

We aim to create an environment that enables each employee to work with enthusiasm and challenge, and bring out their full potential.



Employment Status

2017 data for employees that work in the Suntory Group is provided.



Development of Human Resources

Based on a fair and reasonable human resource system, we are working to create an environment where employees can develop and harness their capabilities to the fullest.



Promoting Diversity

We endeavor to create an organization that enables diverse employees to carry out "Yatte Minahare" through the promotion of employee diversity and acknowledgment of their differences.



Promoting Work-Life Balance

We strive to foster work-life balance in employee-friendly workplaces where diverse employees can make full use of their capabilities.



Labor/Management Relations

Labor and Management cooperate to create a comfortable working environment.



Occupational Health and Safety

We are promoting occupational health and safety based on the belief that a workplace where employees can work with peace of mind is connected to the vibrancy of the company.



Health management

We have started health management from 2017 to further promote the health of our employees and their families.



Group Global Human Resources Department

Suntory is involved in a wide range of initiatives on a global level as global expansion accelerates.

Target achieved: ●●● Achieved 70% or more: ●● Achieved less than 70%: ●

Prioritized items	Mid-Term Targets	Results in FY2017	FY2018 Action Plan	Evaluation
Respect for Human Rights	Cultivate an organizational culture that puts respect for human rights first and establish groupwide human rights management mechanisms	<ul style="list-style-type: none"> Conducted seminars presenting human rights lectures held in 2016 at all production and R&D locations in Japan (21 sites) Continually introduced stratified human rights seminars for Suntorians from junior employees to newly appointed managers 	<ul style="list-style-type: none"> Conduct a human rights lecture in July (Theme: Corporate Human Rights Challenges Toward Sexual Minorities {Tentative}). Live Broadcast Schedule for Roughly 20 Sites Continually introduce stratified human rights seminars for Suntorians from junior employees to newly appointed managers 	●●●
Development of Human Resources	Enhance human resource development system and promote Yatte Minahare spirit of employees	<ul style="list-style-type: none"> Adopted programs to think about the corporate philosophy in stratified training to further penetrate the founding spirits. Implement trial programs for Group companies in Japan to directly examine the corporate philosophy. Implemented third selection and award of the "Walk the Walk Yatte Minahare Award." Start the fourth Yatte Minahare Award from April. 	<ul style="list-style-type: none"> Evolve stratified corporate philosophy programs. Further expand programs to share the philosophy with Group companies in Japan. 	●●●
Promoting Diversity	Realize diversity management that creates greater value through accepting and utilizing diverse values and ideas	<ul style="list-style-type: none"> Implement nursing care seminars to prepare for the future while expanding careers from a long-term perspective and creating occupational fields. Career workshops: 214 participants Life-planning seminars: 319 participants Nursing seminar: 250 participants Formulated a system for a total of 11 people with intellectual disabilities after three new employees joined the company. We conduct more than 20 different operations with contact points between 15 group companies. Promote employment of people with disabilities at each group company by conducting joint Group interviews as well as exchanging information and providing know-how with human resources and other departments throughout the Group. Participate in the Women in Sales College through sales departments We are generating a wonderful ripple effect through this activity, including seminars for female participants to become independent sales persons. Production and research divisions conducted seminars for supervisors of female employees in technology to provide opportunities to review management. 	<ul style="list-style-type: none"> Generate understanding of the current situation and organize issues while closely listening to on-site opinions via links between the Life Cycle Advisory and Career Support Offices for further participation of senior employees Create further recruitment of persons with intellectual disabilities We are enhancing support of initiatives and employment which has achieved a 2.2% employment ratio at Group companies. We will strive to develop independent efforts through the participation of each member while continuing our approach toward production and research divisions. We will continue to conduct events to provide career advancement and help think about one's career path with the aim of establishing a pipeline into management. 	●●●
Promoting Work-Life Balance	Innovating working style and creating workplace that enables each employee to exert their potential	<ul style="list-style-type: none"> Achieve an increase of roughly one day of paid vacation taken by employees as a result of efforts between promotion leaders and managers in every department united as employees, superiors and administration. 	<ul style="list-style-type: none"> Promote initiatives such as BPR via the use of RPA and other IT founded in further education about the work-style innovation promotion leader program. 	●●●

To Create Harmony with Employees: Diversity Management

Basic Policy on Human Resource

Suntory Group strives to be a group that continues to create new values through supporting the professional independence of each employee.

Basic Policy on Human Resource

Suntory Group has a human resource policy based on diversity management on the basis of our diverse employees and aims to realize Growing for Good by creating an environment that enables each employee to work with enthusiasm by fully utilizing their potential.

- Employment centered on the person, without considering their nationality, gender, age or disabilities
- Assign the appropriate person for the right job to utilize their individual skills
- Offering compensation based on individual performance



A fresh and lively corporate culture is sustained by the employees who perform work and at the same time represent ordinary citizens. We will continue striving to be a company that can take on new challenges based on the spirit of "Yatte Minahare—Go for it!" spirit through implementing a system and creating an environment that are both challenging and comfortable to work in.

■ Investigating the Organizational Climate of the Company with an Employee Awareness Survey

The Suntory Group utilizes management policies by continually monitoring the awareness of its employees in realization of Growing for Good. In recent years, these surveys have been widely expanded to Group companies with surveys conducted at 60 companies in 2016. The results have played a role in solving many issues by providing feedback to the heads of departments.

■ Commitment to Local Employment

The Suntory Group is actively hiring locally at each of its business locations to foster ongoing sustainable growth together with the local communities where it conducts business. Approximately 20,000 employees are working at Suntory Group companies overseas, most of whom were hired locally. The overseas ratio is roughly 52% of Suntory's total employment. As a general rule, our overseas Group companies hire executives and upper management personnel locally.

To Create Harmony with Employees: Diversity Management

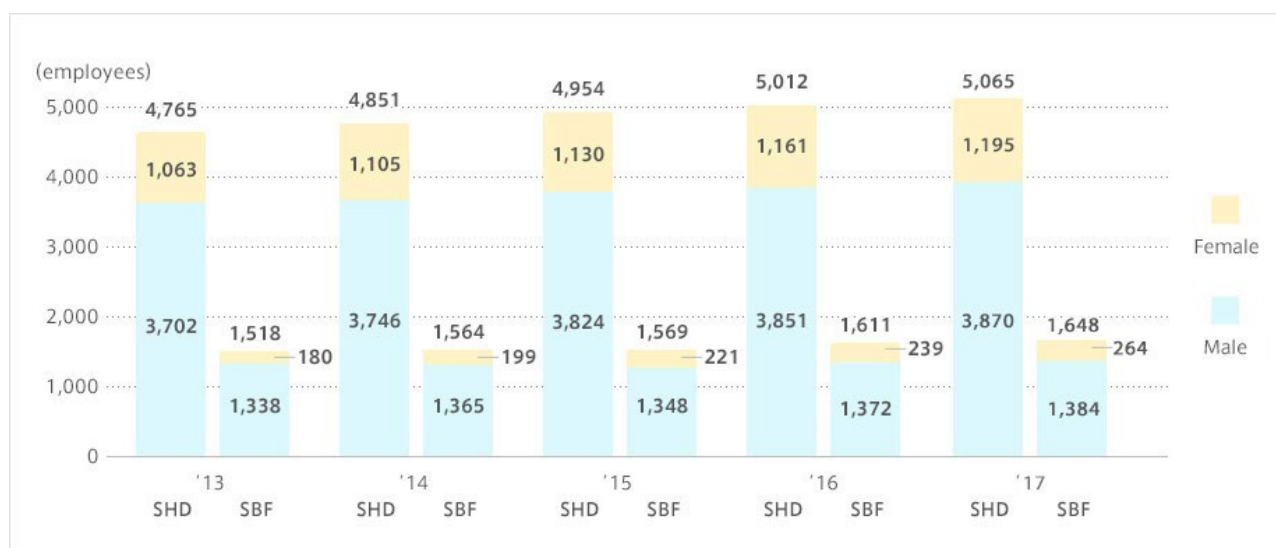
Employment Status

2017 data for employees that work in the Suntory Group is provided.

Employment Status at Suntory Group

Employment Status at the Suntory Group as of December 31, 2017 is as below.

■ Number of Employees (as of December 31, 2017)



* Figures through 2012 are only for Suntory Holdings Ltd.

* SHD: Suntory Holdings Ltd.

* SBF: Suntory Beverage & Food Ltd.

■ Average age and average length of employment (as of December 31, 2017)

	2013		2014		2015		2016		2017	
	SHD	SBF	SHD	SBF	SHD	SBF	SHD	SBF	SHD	SBF
Average age	38.5	40.4	39.0	40.9	39.6	41.7	40.8	42.0	41.3	42.3
Average tenure	15.3	17.0	15.8	17.4	16.3	17.3	16.6	17.6	17.1	17.8

* SHD: Suntory Holdings Ltd.

* SBF: Suntory Beverage & Food Ltd.

■ Age and Ratio (as of December 31, 2017)

(employees/%)

SHD+SBF		2017			
		Male	Female	Total	Ratio
	60s	410	44	454	7%
	50s	1,118	233	1,351	20%
	40s	1,478	325	1,803	27%
	30s	1,567	467	2,034	30%
	20s	681	390	1,071	16%
Total		5,254	1,459	6,713	100%
Ratio		78%	22%		

■ Number of Employees (as of December 31, 2017)

(employees)

		2013			2014			2015			2016			2017		
		SHD	SBF	Total	SHD	SBF	Total	SHD	SBF	Total	SHD	SBF	Total	SHD	SBF	Total
	Male	37	17	54	43	15	58	42	13	55	41	14	55	45	13	58
	Female	2	0	2	2	0	2	3	1	4	4	1	5	2	3	5
Executives		39	17	56	45	15	60	45	14	59	45	15	60	47	16	63
	Male	1,309	634	1,943	1,348	628	1,976	1,392	607	1,999	1,422	627	2,049	1,308	597	1,905
	Female	132	29	161	146	31	177	166	33	199	185	34	219	187	38	225
	Managers	1,441	663	2,104	1,494	659	2,153	1,558	637	2,195	1,607	661	2,268	1,495	635	2,130
	Male	2,393	704	3,097	2,398	737	3,135	2,432	741	3,173	2,429	745	3,174	2,562	787	3,349
	Female	931	151	1,082	959	168	1,127	964	188	1,152	976	205	1,181	1,008	226	1,234
	Members	3,324	855	4,179	3,357	905	4,262	3,396	932	4,328	3,405	950	4,355	3,570	1,013	4,583
Employees		4,765	1,518	6,283	4,851	1,564	6,415	4,954	1,569	6,523	5,012	1,611	6,623	5,065	1,648	6,713
	Male	389	54	443	296	55	351	205	45	250	161	42	203	106	31	137
	Female	93	15	108	88	18	106	81	15	96	82	22	104	79	19	98
Contract employees, etc.*		482	69	551	384	73	457	286	60	346	243	64	307	185	50	235
Temporary staff		566	44	610	516	44	560	542	49	591	560	52	612	567	59	626

* Contractors and temporary employees: includes non-regular and part-time staff

* SHD: Suntory Holdings Ltd.

* SBF: Suntory Beverage & Food Ltd.

■ Number of employees

(employees)

			2013		2014		2015		2016		2017	
			SHD	SBF	SHD	SBF	SHD	SBF	SHD	SBF	SHD	SBF
New graduates	Male		66	22	75	26	81	20	79	20	68	17
	Female		45	10	51	16	43	18	43	19	48	20
Experienced workers	Male		23	1	20	0	19	2	17	0	13	4
	Female		15	12	11	9	8	6	7	5	3	7
Total			149	45	157	51	151	46	146	44	132	48

* SHD: Suntory Holdings Ltd.

* SBF: Suntory Beverage & Food Ltd.

■ Number of resignees and reasons/turnover rate

(employees)

		2013	2014	2015	2016	2017
	Retirement* ¹	47	29	42	39	39
	Personal circumstances* ²	33	45	42	53	43
	Corporate circumstances* ³	0	0	0	0	2
	Other	19	7	5	7	4
Total* ⁴		99	81	89	99	88
Turnover rate* ⁵		0.53%	0.70%	0.64%	0.80%	0.67%

* Data from 2013 is the total of Suntory Holdings Ltd. and Suntory Beverage & Food Ltd.

*¹ Retirement includes flexible-age retirement

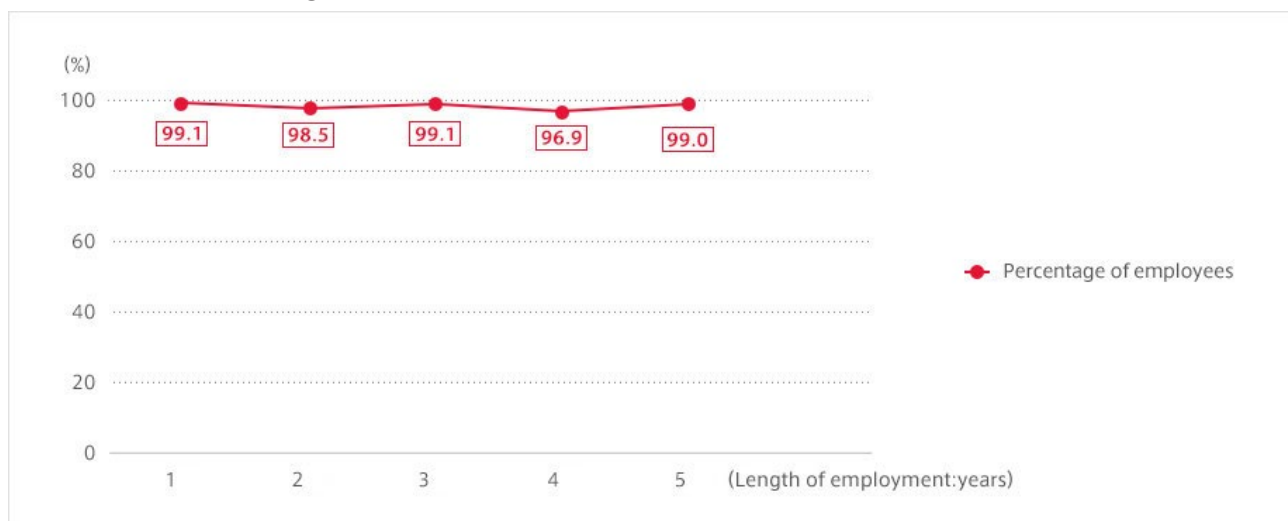
*² Resignees of Suntory Beverage & Food (domestic) is 8 in 2015, 7 in 2016, and 11 in 2017.

*³ Company circumstances include factory closings and selling of business. Individual circumstances include employment transfers.

*⁴ Covers employees

*⁵ The turnover rate is calculated excluding mandatory age retirement

■ Retention rate of new graduate hires



* Calculated based on new graduate hires from 2010 to 2012

* Figures are only for Suntory Holdings

To Create Harmony with Employee: Diversity Management

Development of Human Resources

Based on a fair and reasonable human resource system, we are working to create an environment where employees can develop and harness their capabilities to the full. Suntory Group has been engaging in development of human resources in the belief that growth of companies originate from human resources. With the current changes in the surrounding environment, we have given a collective name Suntory University for all Group-wide human resource development and training activities, in order to further strengthen them.

Build Human Resource System to Develop and Harness Capabilities

The Suntory Group's human resource system focuses on developing and harnessing the capabilities of each and every employee. Our philosophy is to offer fair and reasonable compensation in accordance with the employee's stage of capability development, and the results shown from harnessing those capabilities. The following three themes are central to this basic philosophy.

- Each employee takes on increasingly difficult targets and challenges with a spirit of improvement
- The company offers employees opportunities for skill and career development, and supports their self-actualization
- Compensation is fair, and clearly reflects the employee's role and results

■Ability Qualification System and Qualification and Role System

The platform of Suntory Group's human resource system is Ability Qualification System and Qualification and Role System.

Ability Qualification System is a system which ranks the employees according to their ability to do work. This system is applied to member level employees that are in the process of becoming a professional in business. By clarifying which abilities are required according to the ability qualification level, everyone can be evaluated and treated justly and raise aspiration and raise awareness of achieving a target.

Qualification and Role System is a system which ranks the employees according to their ability to do work and roles they must fulfill. This system is applied to manager level employees that exhibit their experience and ability.

**Growth and
development stage****(Target: Member level)**

Stage to experience various thing to become a business professional

**Ability
qualification
system****C Course**

Targets employees other than those in manufacturing sites. Separated in to four ability qualification depending on ability of operation that they are assigned.

T Course

Targets employees in manufacturing sites. Separated in to six ability qualification depending on skills and ability required for each site.

**Independent and
manifestation stage****(Target: Managers)**

Stage to manifest cultivated experiences and abilities

**Qualification
and Role system****G (management) level**

Level for section and division managers who are involved in the management of the organization

S (specialist) level

Level for specialists that utilize high ability and knowledge in specific field

E (expert) level

Level for those transferred from the G (management) level that contribute to business and also takes on the role of developing younger employees and pass down their skills.

■ Fair and Reasonable Evaluations

It is required to evaluate individual employees in fair and reasonable manner according to their roles and achievements to establish a corporate culture that is based on performance. Thus, Suntory Group holds interviews between superiors and subordinates four times a year to provide evaluations that each and every employee can agree with.

Member level employees that Ability Qualification System is applied to create "work plan" during the setting interview at the beginning of the year and are evaluated through reflecting back their performance and process against that plan and discussing with their superior at review interview. Feedback interviews with their superiors that follow the evaluations are used to pass on the results, discuss expectations and areas for improvement in detail, and encourage understanding of both the evaluation and further development and growth in their capabilities.

For manager level positions that have subordinates are evaluated by their superiors and also evaluation from their subordinates are referenced to evaluate how much of their role required were performed from multiple perspectives. We believe that operating a system that employees can agree to will establish a corporate culture based on performance and create an environment where everyone has spirit of improvement.

■ Introduction of Challenge Targets

From 2013, Challenge Targets was implemented for member level employees. Challenge Targets is a system which the employees set ambitious targets that are more difficult than everyday work of their own and its results are added to performance evaluation. By setting their own challenging target without the fear of failing allows for them to take prudent actions, which strengthen the culture of "Yatte Minahare" in Suntory Group's DNA.

■ Establishment of the "Walk the Walk-Yatte Minahare Prize "

From 2015, the "Walk the Walk - Yatte Minahare Prize" was established for all Suntory Group employees. This award recognizes teams that embody the "Yatte Minahare" spirit through the undertaking of original activities that challenge the preconceptions of conventional methods. The first year of the award in 2015 saw 538 teams and 6,747 people entries from around the world and celebrating its third year in 2017. The Suntory Group is continually pursuing the creation of new value on a global basis by working hard and having big dreams.

We are working to cultivate a climate allowing employees to take on challenges in-line with the "challenging targets" that were described previously.

■ Implementing Evaluation System in Cooperation with Labor Union

The labor union conducts a questionnaire for their members about the above mentioned four interviews a year. It surveys how each union member is in agreement through checking if "interview with the superior was sufficient" or "did you understand the result of the evaluation."

The results of the surveys are communicated to executive management, and are used to manage and revise the human resources system. Additionally, if any shortfalls in the interviews were seen, management questions the superior who conducted the evaluation and provides guidance.

■ Wage System that is Connected with the Evaluation

Suntory Group's evaluation index is based on the "results" of how much of the "work plan" was achieved and prudent actions set in the code of conduct for each qualification for the member level employees. These two indexes are connected to the raise and bonus in our wage system. For the manager level employees, in addition to their qualification, roles they have taken and achievements made in that role is used is considered in the wage system.

In addition, company's performance is made clear according to a set rule and is directly connected business performance as business performance-based bonus and retirement benefit pension system for long term stable pension are also available.

■ Introduction of "Career Vision"

The Suntory Group has been operating a system for employees to report the status of their workplace and desire for transfers to the human resource department once a year. We have advanced the placement of employees with the growth of individuals as the primary focus based on these reports more than ever before. In 2013, we created "Career Vision" for development of each employee and for assignment of the appropriate person to the right job in the aim of promoting each employee to grow mindful of their career. This system merges employees, their superiors, and human resources work to achieve optimum human resource assignments and encourage the growth of every employee. Based on the Career Vision Sheet filled out by each employee, their long-term career goal and efforts needed to achieve the goal are discussed.

In 2014, we established a site with information to support each employee's career design on the Intranet and other initiatives to strengthen the system.

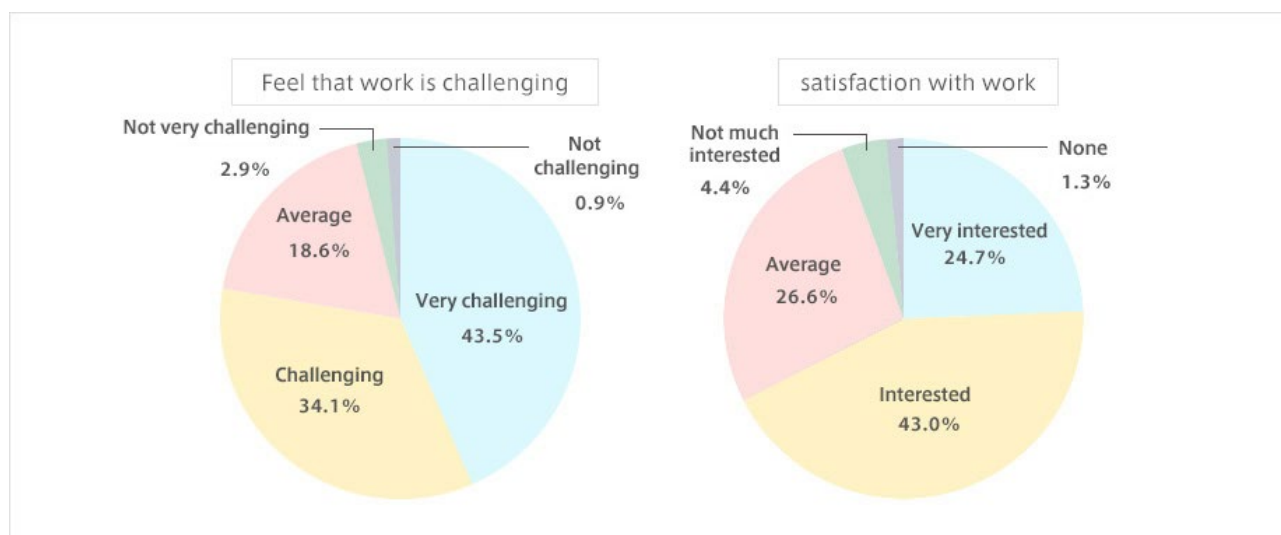
In addition, we have implemented a job rotation system for employees to experience multiple jobs over roughly ten years from when they enter Suntory to expand the possibilities of young employees. We are actively engaging in individual interviews with employees and the human resource department, including interviews with all fourth year and ninth year employees, to assign the right person to the right place.

■ Surveying Employee Awareness and Company Climate

We check things from the current situation of employees, the awareness about work, and aspects related to their health, family, and history to their desire for transfer and motivation towards work in interviews with the Career Vision. The results showed that 79.4% of employees felt motivation in their work and 68.1% of employees were satisfied with their work in 2016. The responses of individuals plays a role in assigning the right person to the right place considering the desire of the individual and it connects to the direction of corporate activities.

In addition, the Suntory Group conducts surveys about the organizational climate to assess how the corporate philosophy is recognized and understood in the daily operations of each employee that works in the Suntory Group. We are also surveying how employees see the organizational climate of each company and workplace, the policies, and compliance to share and utilize with management as well as each company and each division.

FY2017 Work Awareness



■Selected as One of the Most Admired Companies by Fortune

Suntory Holdings was selected as one of the top five Japanese companies in 2016 and 2018 by Fortune magazine in The World's Most Admired Companies (Beverage Industry).

The American magazine Fortune has been ranking global companies every year since 1997. The assessment is conducted for 650 companies with power on the world stage according to criteria for nine key attributes based on a survey of roughly 4,000 people from corporate management to financial analyst.

*

- (1)Innovation
- (2)People Management
- (3)Use of Corporate Assets
- (4)Social Responsibility
- (5)Quality of Management
- (6)Financial Soundness
- (7)Long-Term Investment Value
- (8)Quality of Products/Services
- (9)Global Competitiveness

Suntory has participated in the survey since 2013. In 2018, we earned high marks in innovation, social responsibility and the quality of our products and services.

We will strive to continue to be recognized worldwide in the future with pride in the high regard we have already earned around the globe for our corporate activities.

Opening of Suntory University

The Suntory Group is supporting the development of employees based on the belief employees have always been the source of growth for companies.

Suntory University was opened in April 2015 as a place for all people at Suntory to learn and unite as ONE SUNTORY with the founding spirits as a shared value. We endeavor to support our employees through a broad range of development of initiatives.

The vision of Suntory University; Encourage every Suntorian to contribute to Suntory Group's business growth, having Founding Spirits in heart as its core value.

Suntory University provides learning opportunities to all of the employees who belong to the Suntory Group in three fields; the founding spirits, leadership development and infrastructure human resource development.

■Founding Spirits: To realize “ONE SUNTORY” globally by sharing the Suntory's DNA; including our founding spirits.

We have started and are planning to expand the activities at all group companies to share and deepen understanding of the founding spirits, “Yatte Minahare” spirit and the spirit of “Sharing the Profit with Society”.

Ambassador Program

This program targets employees of overseas Group companies and aims to raise their understanding of Suntory and nurture unity as a member of the Group. When they return to their company, they will become ambassadors and share what they have learned with others. The Ambassador Program aims to spread Suntory's Mission, Vision, Values and Founding Spirits, as well as to drive forward the promotion of Global ONE SUNTORY. It has been held both in Japan and locally in group companies more than 20 times since 2012, and the total number of participants has exceeded 700. The purpose of this program is to expand learning as ambassadors after employees return to their countries while deepening employees understanding of Suntory and cultivating unity as members of the Suntory Group. Participants deepen their understanding about the founding spirits that has been held as most important since the founding of Suntory through various lectures, site visit, workshops and discussions. As of December 2016, more than 850 employees have participated in these programs since their start in 2012.

We will continue to evolve the Ambassador Program further in the future to share the founding spirits that is the strength of the Suntory Group with overseas employees. We will forge ahead in creating a truly global ONE SUNTORY.



Suntory Hall



Suntory Mizuiku - Natural Water Education Program

Implemented within Japan regional programs

We have built in sessions to learn the founding spirits within various regional programs such as junior employee program and new manager induction program. In particular, newly appointed managers visit the Suntory Museum of Art and Suntory Hall. This gives an opportunity for participants to directly see and feel how Suntory's corporate philosophy has been carried out and also deepen the understanding of our value “Sharing the Profit with Society” from management viewpoints. We also give our junior employees a chance to learn the Suntory Group values directly by having site visit to facilities such as Yamazaki distillery and Domyoji Takadonoen - nursing facility founded by Suntory.



Suntory Hall site visit



Forest Development Activities

■Leadership development: To develop future leaders who can drive global growth for the Suntory Group

We provide opportunities for our employees to develop their leadership through customized programs including action learning, case method, workshop with senior management etc. and carefully craft the programs so that they always link to management strategies.

GLF

We are holding the Global Leadership Forum (GLF) for the senior leaders that is selected from entire Suntory Group companies to develop future global leaders. Purpose of the program is outlined below;

- To strengthen connections among senior leaders extending their professional network
- To enable sharing of knowledge and experience and to leverage the enterprise-wide mindset and perspective
- To be inspired with new ideas and approach toward leadership through listening to a diverse range of leaders' discussion.

The program is packed with content great for stimulating participants such as workshops held with guest speakers in addition to the large contributions made by top management in creating materials and as session lecturers on that day.



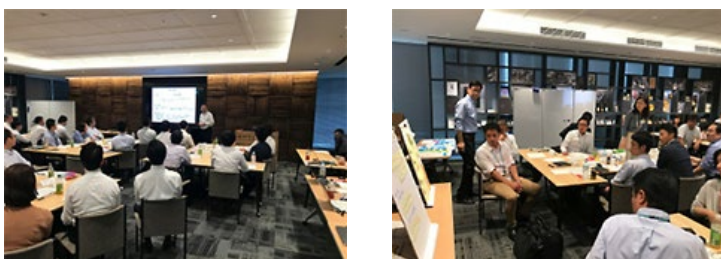
GLDP

We are conducting the Global Leadership Development Program (GLDP) for high potential team leaders that are selected from the entire Suntory Group companies. The GLDP is a six month program that includes three group sessions working to develop leadership through the Suntory Leadership Competency model, implemented globally throughout the Suntory Group. In 2017, 19 employees participated from around the world. The first session opened in Japan with main focus on Founding Spirits and Suntory's DNA. The second session was held in Silicon valley with main focus on innovation. And program concluded in Japan by giving business proposals to the top management.



Leadership Enhancement Program

We began a nine-month training program in 2017 to offer introspection for leadership to better their skills by concentrating on the Suntory Leadership Competencies for a total of 40 senior general managers, general managers, and middle managers selected in Japan to develop as human resources for future corporate management. This has greatly influenced everyone around these managers through discussions with other management levels over the three times this program has been held. We also will deepen self-awareness as leaders through stratified executive coaching, management literacy training, and sessions to interact with people in different industries. To drive the strength of our domestic business which makes up more than half of Suntory sales, we will actively work to enhance the skills of our human resources in Japan.



Joint Session with Various Levels of Management

Other Development Programs in Japan

Name	Details	Number of participants 2017	2010 — 2017
Career Challenge Program	Individual tailored program for junior employees to enhance skills needed for global business (language, cultural awareness, cross-cultural communication, leadership, logical thinking, management through figures, etc.)	10	58
Company sponsored MBA	Sending talented high potential employees to overseas top business schools to study in global environment.	4	19
Trainee program	Sending employees to overseas group companies to experience global business environment through on the job training	10	53



Fieldwork in the Career Challenge Program



Deploying Staff Overseas for On-the-Job Training

■Infrastructure human resource development (Japan only): To continually support and nurture every Suntory Group employee

This department spearheads the skills of each and every employee and provides a place to open up avenues to one's career by recognizing themselves as the owner of their own careers. The program has been structured based on two axes; Growth as a Suntorian (stratified training from junior employee to manager) as well as Career Independence and Self Enlightenment (career support) for employees in Japan.

Stratified Training

Stratified training deepens education under various themes that include the desired skills and knowledge as well as management skills and leadership at each level of employment from junior employee to new appointed professional, new manager as well as newly appointed senior general managers. This department incorporates programs to foster the growth of each employee who supports the Suntory Group for junior employees to managers. In addition, basic training programs suitable for each stage of business are also conducted in each department from sales to production.



Supporting Career Planning and Development of Each Employee

The Suntory Group established the Career Support Section in 2007. This section supports the independent career development of each and every employee through efforts that include individual career consulting with expert advisors, follow-up interviews after a personnel transfer, workshops by generation and other follow-up interviews. All of our employees systematically take career workshops that support each generation under the concepts of enthusiasm in unique work styles and work enjoyment as the owner of their careers. Employees build avenues to consider their careers in their fourth year with the company, and then design their own career path in their twelfth year to pursue into the future. We also conduct workshops for each generation for the purpose of evoking a career vision in our employees based on deep self-understanding to drive their careers in the future as professionals in their 40s beginning when they are 38. We also support career planning and development that strives to create a brighter future in life through work with themes from reaffirming growth in the future at 53 to cultivating potential by taking advantage of the skills cultivated up until now at 58 in addition to the adoption of an extension of retirement to age 65.

Development Concepts/Overall Training and Self Enlightenment Programs Framework

We have built an education system that responds to the specific skills and attributes that are required to support the growth of Suntorians.



■Various Development Programs

Employees need to continually strive to be optimistic by taking responsibility of their own careers to work enthusiastically and grow as an individual with a unique work style. Therefore, the Suntory Group has adopted the Suntory Self-Development Program (SDP) as a self-enlightenment support program. In particular, Group employees in Japan can take courses available for everyone as Elective Training to not only learn the course content but also take advantage of the program as an effective means to building a network between Group companies.

Furthermore, in recent years, we are enhancing our support in strengthening English skills as a way to respond to globalization. We have prepared a broad support system from small group lessons at the office to private lessons at schools, e-learning and distance learning for beginning level students as well as upper level students who use English in their daily work. In the future, we will continue to support employees who strive to move forward with optimism.

Main self-development programs and the number of participants in FY2017

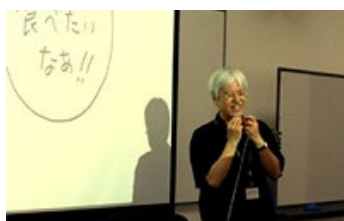
Type of training	Details	People
Elective training*	Elective training provides approximately 30 different types of courses (twice/year) with training designed to teach the necessary business skills to succeed in the career plans envisioned by our employees	1033
Enhancing English ability*	This program provides various courses such as in-office English lessons and online lessons aimed to enhance business communications skills in English. A wide range of support content is available so that students can effectively take the course best suited for their skill level.	271
e-Learning	This training program aims to heighten the ability to execute operations and gain the knowledge required for operational innovation. The courses include business skills, language acquisition, and computer skills.	95
Financial Support System for Attending School and Distance Learning	Suntory provides support for up to half the costs of schools and distance learning programs aimed at improving students skills (up to maximum limit). The courses that can be taken range from the skills necessary to execute operations (accounting, legal knowledge, etc.) to improving language skills and acquiring certifications	145

* These are elective programs that employees can participate on their own accord which the company will take on some of the training costs

Programs Unique to the Suntory Group

The Suntory Group has been conducting original elective training programs since 2013 to preserve and continually install the unique aspects of Suntory that includes the various knowledge and work distinct to Suntory. In fiscal 2017, teachers from inside Suntory lead two courses -- Suntory Product Design as well as Suntory's Secret Sauce to Quality -- to teach Group employees who raised their hands to volunteer for the program.

These courses can be taken by anyone who wants to participate and volunteers. Employees who have participated have said that they want more programs like this training that is packed with the DNA of Suntory to be held.



Suntory Product Design
Lecturer: Senior Specialist Kato



Suntory's Secret Sauce to Quality
Instructor: Deputy Division COO Tatsuo Wada

■ Conducting Training Together with Multiple Group Companies

Training for New Graduates Across Group Companies in Japan

The Suntory Group has deepened its bonds while learning since 2014 by holding training together with multiple Group companies that includes courses about the mindset of professionals as well as basic business manners based on the hope to drive future synergy by fostering an awareness as an member of the Group from a time when employees are new to the company. The programs were held with the participation of 11 companies* and 45 new employees in 2017.

* Suntory Flowers Ltd., Suntory Wine International Ltd., Suntory Marketing & Commerce Ltd., SunGrain Ltd., Suntory Malting Ltd., MONTE BUSSAN K.K., Häagen-Dazs Japan, Inc., Suntory System Technology Ltd., Suntory Logistics Ltd., OKINAWA SUNTORY LIMITED, Suntory Publicity Service Ltd.



Training for new graduates across Group companies



Overcoming Nerves to Introduce Our Company

Mid-level Breakthrough Training Together with Group Companies in Japan

We held Mid-level Breakthrough Training for Mid-level employees for the second time since 2017 with 40 employees from 9 companies participating. We held sessions for employees to think about the future of their careers by revisiting their work from first entering the company up until present day as well as universal skills that includes identifying points for further growth in the future.



Manager Training Together with Group Companies in Japan

Manager training was held five times in 2017 with the participation of 51 employees with less than three years of managerial experience from 16 companies under a theme to learn manager standards. Over two days, lectures and role-playing with focus on developing people were held through company and individual presentation as well as by experienced managers.



We will drive synergy and contribute to support for human resource development at each Group company in the future by taking advantage the strengths in various fields brought together at the Suntory Group.

■Presented the Award for Companies Providing Career Support

Suntory Holdings Ltd. was presented with the Minister of Health, Labour and Welfare's Award for Companies Providing Career Support in 2013 held by the Ministry of Health, Labour and Welfare. The Award for Companies Providing Career Support actively supports the development of employees' careers and praises companies based on other criteria for the purpose of raising broad awareness and standardizing career development initiatives. We believe this award highly evaluates our initiatives to actively support the career development of our employees to give each and every person at Suntory enthusiasm and motivation as well as bring the Yatte Minahare spirit to its full potential.



Presented with a commemorative plaque at the award ceremony

To Create Harmony with Employee: Diversity Management

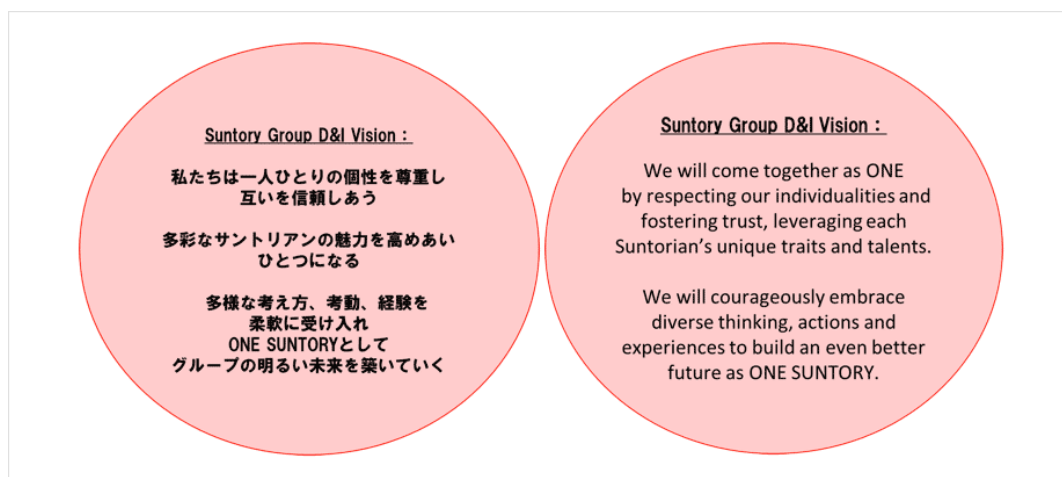
Promoting Diversity

We are endeavoring to create an organization that enables diverse employees to carry out "Yatte Minahare" through the promotion of diversification of characteristics that they hold and respect for their differences.

Acceleration of Diversity Promotion

To continue ceaselessly in the creation of new value in 2011, we created the Diversity Promotion Section based on our belief in the importance of actively accepting and utilizing a diverse range of human resources and personnel values irrespective of nationality, age, or other attributes. Four prioritized activity areas and five prioritized initiatives were set forth in 2012.

We established the Suntory Group Vision for the purpose of creating new value through diverse perspectives and approaches to a multicultural environment in 2017 and will promote even greater diversity throughout the entire Group.



[Overcome countries]

■Holding Global Human Resources Conference with Overseas Group Companies

We regularly hold Global Human Resources Conference for HR managers with the participation of overseas Group companies in order to create synergy. We set specific issues for discussion such as leadership development or training of the future key talents, and based on the theme share information and organize discussions.

In addition, we are enhancing activities such as creating English web site for recruitment, holding seminars for exchange students, and organize recruitment overseas to enhance activities globally.



The Global Human Resources Conference

■Holding Ambassador Program

The Ambassador Program held from 2012 consists of two parts: in the first part, the employees of our overseas Group companies visit Japan and learn about the Suntory Group's DNA, whereas in the second part the employees from Japan are dispatched to overseas Group companies, where they participate in workshops and other activities. As of December 2017, the total number of participating employees exceeded 800 people.



Ambassador Program

[Overcome gender]

■The Advancement of Female Employees

The Suntory Group is aiming to increase the ratio of female employees in managerial positions to 20% by 2025. We are conducting various initiatives in Japan by defining challenges such as the awareness and transformation of prudent actions according to the provision of deliberate career advancement opportunities and early return to a full work load for employees who are raising children to continually cultivate female managers.

Employees in their fourth year of employment participate in the so-called “The Fourth Year Training” where they are asked to reflect on their lives and careers and to think of how the work productivity can be improved. We support smooth return to work and full engagement of employees who return after maternity leave by providing safety net in the form of baby-sitter programme for those employees who are unable to use daycare facilities, or by bearing the costs of baby-sitting services when a child is sick or in case of other emergency. We organize seminars before and after the maternity leave so as to raise the awareness of employees regarding their duties and to facilitate their full and early return to standard working hours.

In addition, simultaneously with the maternity leave follow-up seminars, we provide guidance to the employees' supervisors to enhance the support from the managers to the returning employees.

As a result, we have received positive feedback that have mid- to long-term perspective such as, “My activities have been able to contribute to the entire department and I would like to act as a role model for other employees in the same situation.” Furthermore, managers support the advancement of female employees by demonstrating that they expect their future achievements.

In addition, we are conducting a Career Cafe for Female Leaders and Facilitation of External Seminars that target employees one step away from management because deliberate career advancement opportunities should be enhanced for both awareness and skills. This has become an opportunity to build further awareness about the challenges through means such as listening to the experience of managers who act as role models and the interaction with other participants both inside and outside of the company.

We are also working to strengthen networks and stimulate change in a way employees think through the efforts of female members of our management by holding female manager forums and networking boards for all women managers.

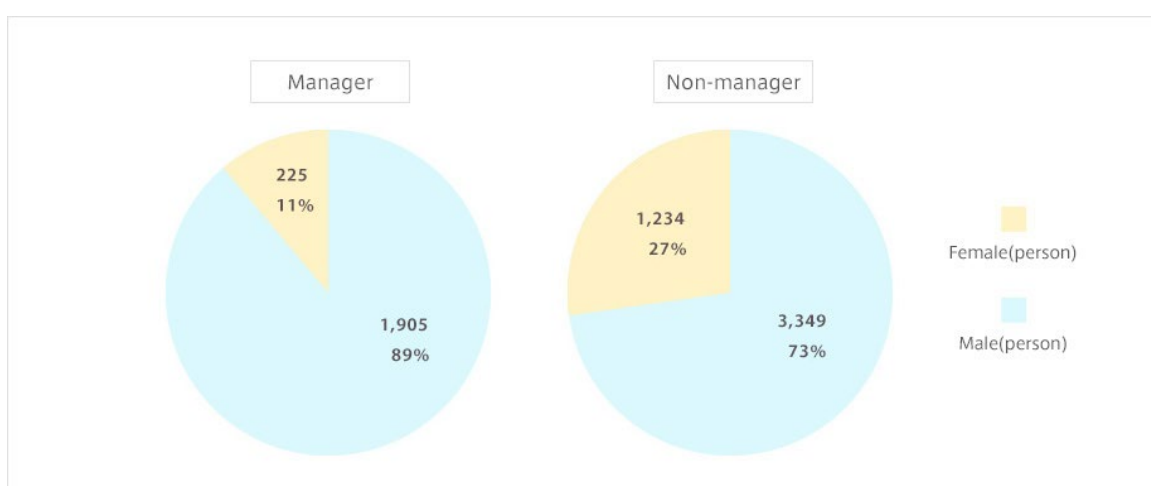
We are also actively promoting cooperation with external parties such as the New Generation of Women in Sales College to facilitate ongoing participation over the four years since 2014 as well as Networking Events for Young Sales Women Across Various Industries in sales departments which require even further support.

Through these activities in Japan, the ratio of female employees in management positions has increased to 9.3% at the end of 2017. We are continuing to innovate working styles and change awareness to realize a company that is an easy place to work and allows our employees to succeed.

■Female employment data



■Number of male and female employees by Management or Non-management position



* December 31, 2017

* This is the total of Suntory Holdings Ltd. and Suntory Beverage & Food Ltd.

■Promoting LGBT Activities

The Suntory Group continues to engage in LGBT activities with the aim of becoming a company where every employee can be themselves and work enthusiastically. We have launched a project team in 2016 to strengthen our LGBT initiatives. In 2017, we furthered inclusion with efforts which included the revision of employment regulations to include same sex partners in the definition for spouse, the setup of a consultation office for LGBT employees, the creation of an LGBT handbook for LGBT employees and allies as well as e-learning for all employees.

These activities have been awarded the highest rank of Gold in the PRIDE INDEX*¹ advocated by work with Pride*², which evaluates initiatives for sexual minorities including LGBT in the policies of organizations such as corporations and association.

*¹ This index is broken down into five categories: 1. Policy, 2. Representation, 3. Inspiration, 4. Development, and 5. Engagement/ Empowerment. This is the first index for LGBT in Japan established in 2016.

*² This organization supports the promotion and implementation of diversity management for LGBT and other sexual minorities. work with Pride aims to share information and provide opportunities for each company to actively engage in diversity promotion to help build workplaces where LGBT people can be themselves while working at Japanese companies.

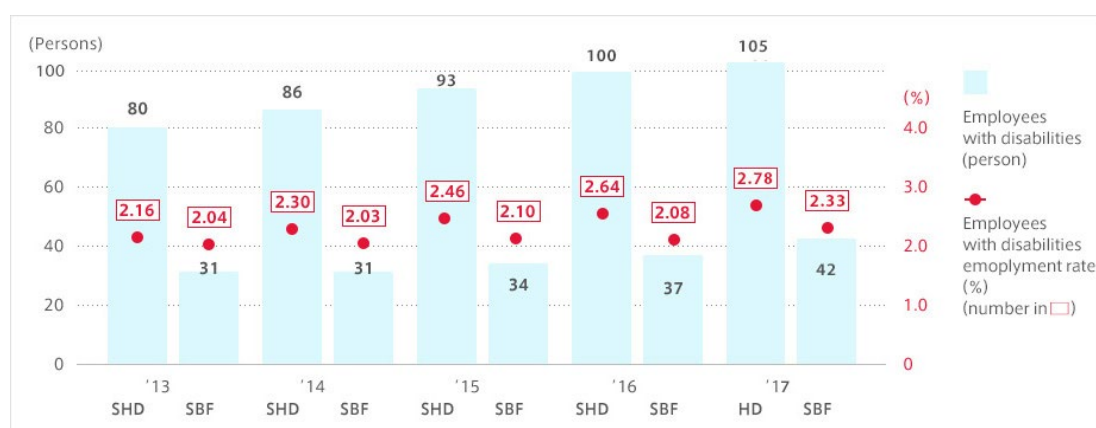
[Overcome handicap]

■ Employing Persons with Disabilities

The Suntory Group is working to expand the possibilities for persons with disabilities by employing them without considering job type. We actively engage in activities such as opening special contact point for candidates with disabilities, advertising announcements for new graduate and mid-career candidates, and cooperating with Hello Work. In addition, we have advanced job development at all group companies and started Group-wide employment guidance sessions in 2012. The rate of employment for persons with disabilities as of June 1, 2015 was 2.46% at Suntory Holdings Ltd. (employing 94 persons with disabilities with 37 persons with severe disabilities) and 2.10% at Suntory Beverage & Food Ltd. (employing 34 persons with disabilities with 18 persons with severe disabilities).

We have held an internship for students who are intellectually disabled since 2014 to further promote their utilization and 14 people have entered the company over the last four years up to April 2018. The team has been further expanding the areas where it is active with the goal of putting into practice operational support as well as diversity and inclusion throughout the entire Suntory Group as the Collaborative Center as of April 2018.

■ Number of employees with disabilities and employment rate (as of June 1, 2017)



* SHD: Suntory Holdings Ltd.

* SBF: Suntory Beverage & Food Ltd.



Group-wide Unified Guidance for the Hiring of Persons with Disabilities

■ Introduction of Disability Support Leave Policy

We introduced the Disability Support Leave Policy in 2013 based on our desire to create an energetic environment more able to utilize persons with disabilities. Five days a year are given as special leave to people who have a disability certificate. This policy can be used regardless of whether an employee works on a full-time or a part-time basis. A handbook has also been created and distributed to support managers supervising persons with disabilities.

We are furthering the building of an easier-to-work environment while promoting the employment of persons with disabilities now and into the future.

[Overcome age]

■Extension of Retirement to Age 65

The employment needs of individuals after retirement are estimated to grow in the future due to economic reasons after policy revisions such as an increase in the age people may start receiving national pensions as well as a growing desire to continue working. The technical ability and skill that people who have reached retirement age have accumulated are valuable assets from the perspective of the company.

The Suntory Group has introduced the Extension of Retirement to Age 65 policy in April 2013 to more widely utilize the experience and high-level skills which senior-level employees have accumulated over many years in addition to responding to the employment needs of employees over the age of 60. This new policy assists employees over the age of 60 to acquire one of three certifications (expert certification, member certification, support certification) that have been newly established according to the certifications and position the person has reached by the age of 60. In addition, we have introduced an assessment of results and prudent actions based on the target management policy even for individuals over the age of 60. The items for the assessment of prudent actions are operational contribution and next generation contribution. Moreover, we are periodically holding Life Plan Seminars that review life after retirement in addition to providing opportunities to think about a senior career at Career Workshops that are always taken by employees while they are in their 50s.

We will keep tapping into the knowledge of veteran employees who have accumulated the wealth of experience over the years, and provide them with all necessary support.



Mr. Sano leading the customer seminar at the Hakushu Distillery



Mr. Morita leading a lecture on quality management

■Suntory Holdings Ltd. published the "Irodori" Suntory Group Diversity Correspondence Magazine for employees in Japan

The "Irodori" Suntory Group Diversity Correspondence Magazine was published for all of our employees in 2015 as a way of self-reform of the mindset of each and every employee in Japan, which is one of the five prioritized initiatives. This magazine was published for the purpose of understanding the importance of diversity and connecting to the prudent actions of individuals by introducing examples of diversity that are happening on the ground. Examples introduced up until now include "Messages from management executives", "Initiatives at sales and production sites", and "Employees with disabilities". In addition, we have held voluntary Diversity Seminars for employees. Various themes such as disability, nursing care, child rearing by men, and the LGBT community have been covered as themes for "changing working style starting from [theme]" to encourage the transition to prudent actions by individuals. We will continue to accelerate diversity awareness by periodically communicating related information throughout the company.



営業拠点でWBC『取得100%』

Evaluation from External Parties

Suntory has been reviewed as follows by external parties as a result of these initiatives.

■Diversity Management Selection 100

An initiative started in 2012 by the Ministry of Economy, Trade and Industry that evaluates and selects companies of various sizes from different industries for their initiatives in diversity management as management able to contribute to economic growth. Furthermore, it aims to promote the spread of diversity through the communication with selected companies as best practices.



■2018 J-win Diversity Award Honors Suntory with the Semi-Grand Prize for Advancement and Development of Women

The Diversity Award has been held by NPO J-Win since 2008. J-Win assesses the progress of diversity and inclusion promotion on an absolute scale at each company as well as a relative evaluation of progress to present awards for the purpose of accelerating diversity and inclusion promotion in Japanese companies by commemorating companies leading diversity and inclusion policy.

To Create Harmony with Employees: Diversity Management

Promoting Work-Life Balance

We strive to foster work-life balance in employee-friendly workplaces where diverse employees can make full use of their capabilities.

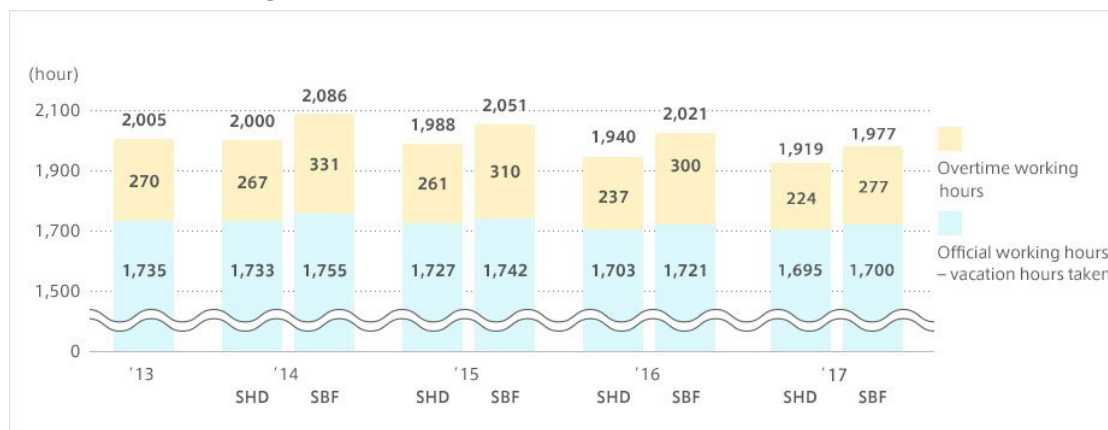
Policies to Reduce Excessive Working Hours

We have the target to reduce the total annual working hours per employee to 1,899 hours through increasing the number of paid holidays taken to 16 days a year and further reducing overtime.

Ensuring Reasonable Working Hours

The Suntory Group works to eliminate excessive working hours and encourage employees to take annual paid leave through cooperation between labor and management, and thoroughly complies with all relevant labor laws, including the laws that govern working hours — through these measures we aim to create a workplace where employees are healthy and work with enthusiasm. We have abolished unpaid overtime, strictly enforce the rule of turning off all lights throughout the company in order to encourage the employees to go home early, and have created and distributed Revising Working Styles Handbook to increase productivity — all these measures are designed to increase work productivity and allow more free time for our employees. We have also implemented a system that can track the number of computer use hours and other information. We support self-management of employees and provide guidance for improvement of working styles as necessary.

■ Total actual annual working hours



* Official working hours in the standard Suntory Group offices are 7.5 hours a day, 121 vacation days and the annual total official working hours is 1,830 hours.

* Through 2013, working hours were only for Suntory Holdings Ltd.

* SHD: Suntory Holdings Ltd.

* SBF: Suntory Beverage & Food Ltd.

■ Annual paid vacations taken



* Through 2013, working hours were only for Suntory Holdings Ltd.

* SHD: Suntory Holdings Ltd.

* SBF: Suntory Beverage & Food Ltd.

Work Style Innovation

The Suntory Group is taking steps to innovate work styles with the objective to generate high productivity, high-quality output, and new value creation as well as to allow diverse employees to work with enthusiasm.

In 2010, we have removed the restriction of time and place in order to achieve flexible working styles and in principle, removed core time in flextime working, expanded the scope and expanded the number of employees who qualify for "teleworking*" that allows use in 10 minute increments. We are promoting work style innovation in each department in accordance with the particular types of work done by adopting flextime in our R&D departments. New work styles utilizing IT, such as the use of smartphones in sales divisions, are making steady inroads.

We formulated specific action plans in each department in 2017. We were able to reduce overtime by roughly 10% and increase the number of vacation days taken by employees annually as a result of further executing initiatives appointing work-style innovation promotion leaders and managers in every department united as employees, superiors and administration. We will continue work-style innovation in 2018 to change the way employees work together as a corporate Group.

* Teleworking: Working at home or otherwise outside the office

■ Various Activities Facilitating Work Style Innovation

Measure	Details
Promoting of flexible work styles	Promoting the use of flex-time and teleworking programs 4845 employees used the teleworking program in 2017, which is a ratio of roughly 80%. Received the Minister of Health, Labour and Welfare's Award for Enterprises that Promote Telework (Shiny Telework Prize) in 2015.
Promotion of operational efficiency	Promotes the use of high-performance video conferences, teleconferences, tablets, smartphones, portable computers, and RPA Revises policies such as meeting rules and rules to create materials that use the Working Methods Handbook Continually revise operations from the perspective on-site in each department founded in the work-style innovation promotion leader program.

Shares various information and opinions on the online Walk the Walk “Yatte Minahare” work-style innovation knowledge site

In 2017, the Suntory Group launched the Walk the Walk “Yatte Minahare” portal site online as a place to communicate and share knowledge related to the promotion of work-style innovation as a means to encourage this work-style innovation.



Work-style Innovation Knowledge Site

Support employees considering work-life balance

We have been working toward expanding our programs that help employees to maintain the balance between work and personal life while being responsive to individual circumstances through the creation of programs providing benefits that exceed what is legally required. We also recognize tackle decrease in number of children social as society in whole and the social responsibility of a company and provide support according to the status of the workplace and needs of the employees.

■Supporting Work as well as Child and Nursing Care with Flexible Work Styles and Programs

The programs have become systems that allow employees to always work enthusiastically even when there are constraints on time and place by leveraging flexible working styles such as flex-time and telecommuting as well as the policies below.

Child Care Programs

We have expanded systems to support child birth and child rearing based on The Act for Partial Revision of the Act for Measures to Support the Development of the Next-Generation Children enacted in April 2005. We have implemented child care leave, shortened and staggered working hour programs which can be used during pregnancy and child rearing. Employees can vastly adjust their work style to meet children's active hours such as dropping off and picking up children at nursery schools.

As a result, we acquired the certification mark “Next Generation Development Support Enterprise” from the Ministry of Health, Labour and Welfare in 2008. We started a partially paid child care leave program (Welcome Baby Care Leave) with the purpose of promoting male employees to take child care leave in 2011. The rate of employees taking child care leave in 2017 was 100% for women and 36% for men. Each year the number of men taking child care leave is growing with 183 women and 156 men taking child care leave throughout the year.

Nursing Care Programs

From April 2011, we have extended the period for systems regarding nursing care (nursing care leave, shortened and staggered working hours and flex-time programs), and clarified the requirements for nursing care leave, eased the requirements for shortened and staggered working hours and flex-time programs in September 2016 to expand the initiatives for nursing.



Next generation development support enterprise certification mark*

* Next generation development support enterprise certification mark "Kurumin":

A certification mark awarded by the Ministry of Health, Labour and Welfare to a company that provides environment to support workers that bring up children while working, and engages in other initiatives to support all employees, not limited to working parents.

■Enhancing Support During Child Rearing

We have established systems to realize support before, during and after child birth such as supporting employees return to work by subsidizing the cost of corporate contract babysitters in 2012 and support in times of illness or emergencies to enhance the support for families during the period they are raising their children. We also support both work and nursing/child care through providing training to managers to raise their awareness and take innovative actions.

Based on suggestions raised by employees who participated in the Child Rearing Project, we have implemented the following measures before taking leave and after returning to work.

- Before maternity leave: Explanation of the system, providing guidance before maternity leave for all applicants for the main purpose of providing information for a smooth return to work
- During maternity leave: An online newsletter is issued once a month to introduce timely corporate information, relevant examples of employees who have returned to work and other information helpful in returning to work
- Returning to work : The company provides subsidies for a defined period of time for babysitters when entry into daycare facilities is difficult
- After returning to work: Introduction of follow-up seminars after babysitter programs and child care leave during illness and emergencies for the purpose of supporting both after employees return to work while facilitating an early return to a standard workload

These initiatives have been praised overall to earn the Grand Prix in the 2016 ranking of companies with a great balance between work and raising children conducted by Nikkei Dual.

■Expanding the "Guidance for Fathers" with the participation of Male Employees and Supervisors

Guidance for Fathers has been held since 2013 for the purpose of raising awareness of male employees even further. We have implemented efforts such as the introduction of role models and informational sharing between participants. A total of roughly 230 male employees have participated in interaction from informational exchange sessions to guidance up until now. We plan to continue to strengthen the content of these efforts in the future.



Odaiba Office

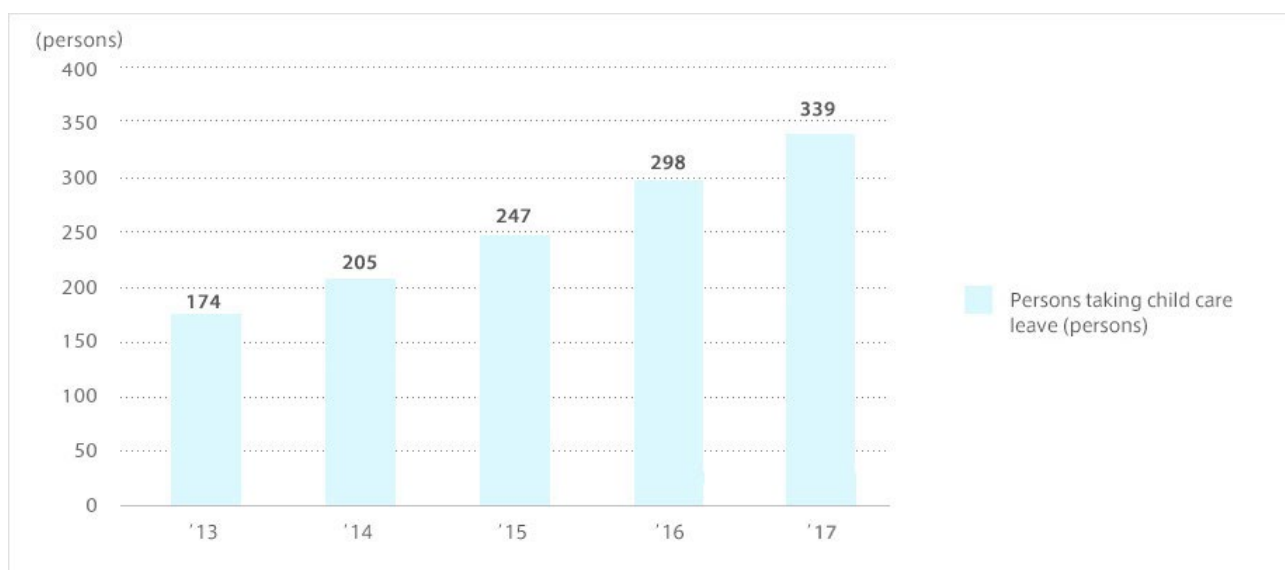


Akasaka Office



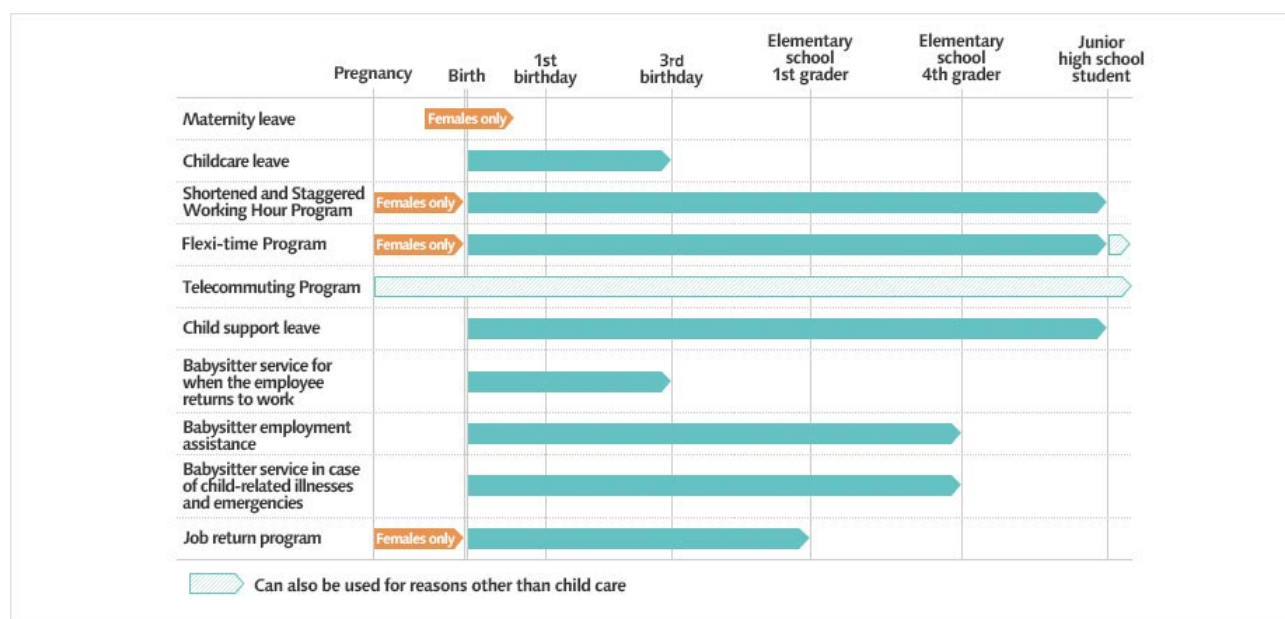
Kyobashi Office

Results of Employees Taking Child Care Leave



* Figures through 2012 are only for Suntory Holdings Ltd.

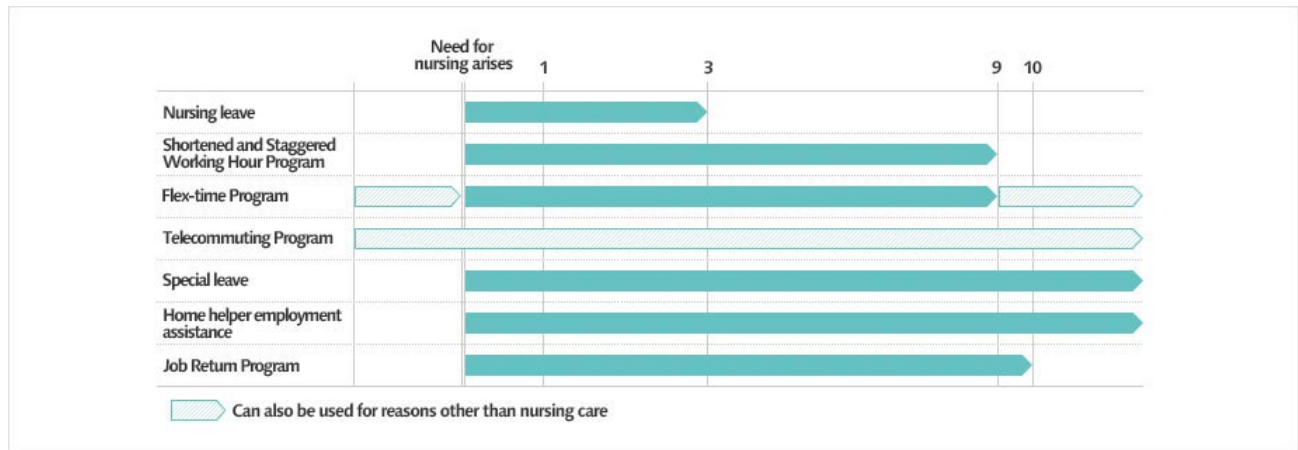
Overview of policies to support child care (Revised April 2012)



Overview of policies to support child and nursing care

Item		Details
Childcare	Maternity leave	As a general rule, six weeks before child birth and eight weeks after child birth
	Childcare leave	As a general rule, can be taken until child reaches three years of age
	Welcome Baby Care	Paid leave for five consecutive days from the day of the start of child care leave (From child birth to reaching a year and half years old)
	Shortened and Staggered Working Hour Program	Until the child enters junior high school Shortened working hours are a maximum of two hours per day and staggered working hours can be set within a set range
	Flex-time Program	Reasons or age of the child are not specified
	Telecommuting Program	Working at home or otherwise outside the office Reasons or age of the child are not specified
	Child support leave	Special leave for any reason related to child rearing (paid leave) Five days per year for every child before entering junior high school. Ten days per year if there are more than two child
	Babysitting service to support employees return to work	If entering nursing schools or a similar facility is difficult, corporate contract babysitters are introduced and its fees are subsidized for a maximum of seven months until the child is able to enter a nursery school, etc.
	Babysitting services for times of child illness or emergency	The company pays for initial and annual membership fee for corporate contract baby sitters to make the service more usable during child illness, sudden overtime or business trip and other emergencies. Can be used until the child reaches fourth grade elementary school student.
	Subsidies to use for babysitters	In-house babysitting for infants and drop off and pick up of young elementary school children and children in nursery schools, etc. Amount of the subsidy is 1,700 yen per day
	Job Return Program	Those that worked for three or more years and registered are candidates for reemployment Until the child being raised (not limited to the child that was the reason for resignation) enters elementary school (maximum of ten years)
Nursing	Nursing leave	The maximum of three years can be exceeded if the total is within 93 days Benefits are of ¥50,000 per month
	Shortened and Staggered Working Hour Program	Up to a maximum of nine years may be taken in combination with a period of absence Shortened working hours are a maximum of two hours per day and staggered working hours can be set within a set range
	Flex-time Program	No reason is required or restriction on the period of time set
	Telecommuting Program	Working at home or otherwise outside the office No reason is required or restriction on the period of time set
	Special leave	Leave to accompany someone to the hospital, etc. (paid leave) Five days per year for one family member or ten days a year for more than two family members are given for the nursing care obligations
	Home helper employment assistance	Subsidize 70% of the fee for one person per day (maximum of ¥15,000) and maximum of 50 days per year.
	Job Return Program	Those that worked for three or more years and conducted the registration process are candidates for reemployment A maximum length of ten years is provided to resolve nursing care requirements
Vacation	Refresh leave system	Special leave and premium is provided for employees that have worked for 10, 15, 20, 25, 30, 35, 40 and 45 years

Overview of policies to support nursing care



Change in the number of employees that took advantage of child or nursing care policies

(employees)

		2013	2014	2015	2016			2017		
					SHD	SBF	SHD + SBF	SHD	SBF	SHD + SBF
Child and nursing care	Childcare leave	174	205	247	252	46	298	275	64	339
	Shortened and staggered working hour for child care	Men	-	-	80	22	102	22	34	56
		Women	-	-	172	24	196	24	30	54
	Newly taking childcare leave	108	118	143	148	32	180	179	50	229
	Number of employees returning after childcare leave	Men	-	-	-	-	-	122	33	155
		Women	-	-	-	-	-	61	9	70
	Number of employees that resigned during childcare leave	Men	-	-	-	-	-	0	0	0
		Women	-	-	-	-	-	0	0	0
	Ratio of employees returning after childcare leave	Men	-	-	-	-	-	100%	100%	100%
		Women	-	-	-	-	-	100%	100%	100%
	Number of employees remaining at end of the year after taking childcare leave previous year	Men	-	-	-	-	-	80	22	102
		Women	-	-	-	-	-	172	24	196
	Number of Employees Returning from Child Care Leave	Men	-	-	-	-	-	100%	100%	100%
		Women	-	-	-	-	-	100%	100%	100%
	Shortened and staggered working hour for child care	127	195	192	187	38	225	183	33	216
	Nursing leave	1	2	1	2	0	2	2	0	2
	Shortened and staggered working hour for nursing care	2	2	3	0	0	0	0	0	0
	Telecommuting Program*	3,243	3,196	3,577	3,390	1,070	4,460	3,657	1,188	4,845
	Child support leave	378	663	464	474	65	539	500	83	583
	Home helper	3	0	2	1	0	1	2	0	2
	At home child care service	35	37	16	24	2	26	27	2	29
Vacation	Refresh leave	927	791	933	525	177	702	603	198	801

* Only for child and nursing care from 2008 to 2009. Expanded in 2010.

■Supporting Employees Return to Work after Child or Nursing Care Leave

The Suntory Group mandates interviews with direct supervisors before employees take leave or after employees return to work as one part of its support of employees returning to work. A system has also been built to allow internal information to be confirmed at any time by browsing the intranet from a household computer while the employee is on leave. Moreover, measures have been put in place to reduce concerns of employees returning to work that includes sending out information with know-how they can use after returning to work as an email magazine each month for employees taking child care leave.

■Re-employing Employees Who Have Resigned Due to Child Care and Nursing Care

The Suntory Group has introduced the Job Return Program that re-employs employees that have resigned due to pregnancy, child care, nursing care, or a spouse's appointment overseas who wish to return to the workplace. The terms are determined after a defined trial period based on the certifications and salary at the time the employee resigned. 48 employees have registered for the program between when the program was introduced in 2007 and 2016 with seven employees returning to the workplace up to the end of 2017.

Period of Absence for the Job Return Program

Reason for resignation	Period of absence
Pregnancy, child birth, or child care	Until the child being raised reaches elementary school with a maximum of up to ten years
Nursing	Until the nursing care requirements are resolved with a maximum of up to ten years
Overseas appointment of spouse	Until the spouse returns from their appointment overseas with a maximum of up to ten years

To Create Harmony with Employees: Diversity Management

Labor/Management Relations

Labor and Management cooperate to create a comfortable working environment.

Creating Employee-Friendly Workplaces

The Suntory Group respects and advocates freedom of association and the rights to collective bargaining in accordance with the laws and regulations in each country. We also recognize the importance and support freedom of association and right to collective bargaining even in countries and regions that do not recognize them by law, and promote the resolution of challenges through the cooperation of labor and management. We have various councils that meet regularly to enable labor and management to study and discuss key management challenges we face. These include the Business Conditions Conference, the Finance Reporting Council, and division and topic specific councils. These councils hear statements from the labor union about shop floor conditions and both parties debate Suntory Group's management policies.

We operate and revise our programs involving human resources and labor based on thorough consultations rooted in mutual awareness of the issues. Through these relationships between labor and management we are enhancing subjectivity and transparency of company management while increasing effectiveness of various initiatives. Suntory Group's labor union implement unionship system*.

*Unionship system: A system in which all employees are required to be a member

■ Promotion of Cooperation with Workers Union Through Conferences

We are holding periodic conferences where we determine themes for vital issues common with Workers Union. We have held 23 conferences throughout the year of 2016.



Management Status Conference

Main Labor-management Conferences

Name	Frequency	Details
Management Status Conference	Twice a year	Conference about matters such as company management policies, management status, and business execution status
Quarterly settlement conferences	Twice a year	Sharing information about Group consolidated performance
Departmental conferences	Once a year (each department)	Conference about issues related to departments such as R&D, production, and sales.
Work-style innovation committee	Twice a year	Conference about status confirmation and improvements of issues during working hours
Employee interviews conference	Four times a year	Conference for the confirmation and improvement of status for each interview held in human resource policies

■ Introduction of Recreation Plans in Cooperation with Workers

We are operating recreation plans with the cooperation of workers for the purpose of cultivating unity as the Suntory Group. The soft volleyball competition that started in 2009 has also grown to have participation from Group Companies. At the 8th competition held in 2016, roughly 3,600 employees participated alongside their families.



To Create Harmony with Employee: Diversity Management

Occupational Health and Safety

We promote occupational health and safety based on the belief that a workplace where employees can work with peace of mind is connected to the vibrancy of the company.

Commitment to Workplace Safety

Safety is one of our criteria for evaluating worksite performance at our plants. Our Health and Safety Committee, which includes employee representatives, plays a central role in the promotion of activities that, based on the discussions with employees, are customized to match the characteristics and circumstances of each worksite. There were 13 occupational accidents in 2017, which is a rate^{*1} of 0.08 (benchmark rate in soft drink and alcohol manufacturing: 1.14) while the severity rate^{*2} was 0.000 (benchmark rate in soft drink and alcohol manufacturing: 0.01). We promptly share information and continually improve the level of our efforts by regularly offering venues for the labor union and the Senior General Manager in charge of occupational health and safety to exchange occupational health and safety information. We will continue working to increase employee awareness and to improve their safety during working hours and commuting with the goal of zero occupational health and safety accidents.

*1 Frequency rate: (number of deaths and injuries) ÷ (total number of work hours) × 1,000,000

*2 Severity rate: (number of days employees cannot work) ÷ (total number of work hours) × 1,000

■ Number of workplace accidents

(accidents)

	2010	2011	2012	2013	2014	2015	2016	2017
Number of lost work time accidents (including paid leave and substitute leave)	3	3	2	3	4	0	6	1
Number of accidents not accompanied by lost work time	14	10	8	12	13	8	18	12
Number of accidents resulting in death				0	0	0	0	0
Total	17	13	10	15	17	8	24	13
Lost time injury frequency rate	0.31	0.30	0.20	0.17	0.34	0.00	0.47	0.08kL
Lost time injury severity rate	0.002	0.005	0.009	0.002	0.004	0.000	0.003	0.000

*Figures through 2012 are only for Suntory Holdings Ltd. The figures from fiscal 2014 onwards include data on workplace accidents for the following Suntory Group companies in Japan: Suntory Holdings Ltd., Suntory Beverage & Food Group companies ... and Suntory Global Innovation Center Ltd.

*One lost work time accident occurred in a plant in 2017. We investigated the accident and found that the cause of the accident was injury during operation. We addressed the accident by examination of all equipment, confirmation of safety, and distribution of the accident report to employees who handle similar operations, to prevent reoccurrences of similar accidents.

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. since 2016. The assured value is indicated with kL.

■Achieving Zero Workplace Accidents in Manufacturing

We are working in activities to reach zero workplace accidents as our highest priority based on the belief of prioritizing the health and safety of all people in accordance with the Suntory Group Basic Policy on Safety in Production and Research formulated in February 2010 at the production and research divisions of the Suntory Group. Suntory engages in risk assessment for occupational health and safety by sufficiently reviewing business plans and operational procedures to prevent occupational accidents before they happen in existing and new businesses. We are deepening our activities as a unified Group toward zero workplace accidents while linking all of our partner companies by ceaselessly advancing low-key efforts that improve the safety awareness of each and every person on the ground as well as continue operational-oriented risk reduction efforts in the future.

■Building of a Crisis Management System Overseas

The Suntory Group has formulated a crisis management manual to secure the safety of employees dispatched overseas and their families in preparation for state of emergency overseas. We have created a pocket manual for the employees dispatched overseas to carry on their person while establishing reporting routes and countermeasure systems.



■Occupational Health and Safety Education

The Suntory Group strives to raise awareness and prevent occupational accidents before they happen by holding regular occupational health and safety education courses. A total of 242 people took part in these education courses in 2015, with a total of 302 people in 2016, and a total of 610 in 2017.

To Create Harmony with Employee: Diversity Management

Health management

The Suntory Group believes health is not something simply related to hospitals but also satisfies health of both body and mind, energy in everyday work, and enthusiasm. We started health management from 2016 to promote an even greater level of health for our employees and their families based on this belief. We also were praised and recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for these initiatives in 2017 and 2018 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category) - White 500 consecutively.



Midterm Goals (by 2018)			2017
Health check-up rate	Employees	100%	100%
	Dependents (40 years old or above)	75% or more	
Lifestyle improvements	Obesity rate (including those at risk)	20% or less	23.7%
Mental health care	Stress check superior AB evaluation	85% or more	83.3%

< Other: 2017 Results >

- Employees who quit smoking: 77.1%

- Employees who maintained a healthy weight: 67.3%

A Variety of Programs to Promote Employee Health

Considering the physical and mental health of employees is one of the most important duties of a company. We are working to put in place periodic self checks and a follow-up support system that enhances health check-ups and stress checks so that every single employee can engage in their work energetically. We also started efforts toward lifestyle diseases prevention (Suntory Health Challenge).

■ Comprehensive Health Examinations

Suntory Group provides health examinations that include detailed medical tests in excess of legal requirements. Employees aged 40 and older are required to take a day-long, full physical examination in addition to the regular annual check-up (the cost of items designated by the company is borne by the company). Cancer screenings are also a requirement based on age with 90% of employees undergoing examinations for gastric cancer, colon cancer, and lung cancer as well as 65% to 70% of employees being screened for breast and cervical cancer. Industrial doctor checks the result of every employee's health examinations and holds interviews and guidance for those need attention. In addition, we support employees to maintain and improve their health through building a system of health consultation such as nurse staff visiting offices to hold health consultation and counseling by clinical psychotherapist.

■ Consults held by Occupational Safety and Health Staff

We are aiming to build an atmosphere where everyone can easily ask for advice in addition to building a system for industrial health staff such as industrial doctors, mental health professionals, nurses and clinical psychologists. Nurses have been regularly visiting the offices they are in charge since 2014 to conduct health consultations once each year with employees who are at the relevant age. We will further efforts to connect to early diagnosis and treatment by understanding the mental state and life habits of our employees while raising internal awareness about our consulting system in the future.

Various Health Measures

Various policies		
Illnesses, injuries, and disasters	Special leave that uses expired leave	Up to 60 days of leave can be accumulated from up to ten days of leave each year for paid leave not taken for injuries or illnesses occurring outside of work, for infertility treatments, and for the care of family
	Hospital room subsidies for remaining balance	Subsidizes 70% of the costs incurred for rooms outside of the health insurance coverage while hospitalized
	Support Program for the Cost of Advanced Cancer Treatments	Subsidies for the Costs of Advanced Treatments Outside the Suntory Health Insurance Society Policy such as Heavy Ion Radiotherapy (Up to 5 Million Yen per Person per Year)
Use of physical examinations		Employees over 40 years of age may have require physical examinations (once a year) without any cost to the individual for items designated by the company as periodic health assessments
		People over 30 years of age (including dependents) may have physical examinations (up to once a year) and only pay 5,000 yen of a one-day examine
Stress checks		Held once a year and is always available
Dental examinations		Once per year
Health telephone consultation system		Supported by external expert staff
Mental-health consultation and telephone consultation		An external expert staff supports telephone consultations and interviews (individuals only spend 1,000 yen for each consult)

Number of users for various health measures

(people)

		2013	2014	2015	2016	2017
Illnesses, injuries, and disasters	Special leave that uses expired leave	47	48	53	65	34
	Hospital room subsidies for remaining balance	40	33	20	36	38
Use of physical examinations		3,048	3,046	3,280	3,333	3,286
Physical examinations (over 30 years of age)		896	894	866	1,014	1,141
Physical examinations (family)		1,766	1,837	1,950	2,046	
Dental examinations		3,571	3,617	3,753	3,632	3,773
Health telephone consultation system		124	139	120	110	
Mental-health consultation and telephone consultation		183	209	114	64	

Suntory Health Challenge 2017 Program



Program	Details	Number of participants Number of users (approx.)
Health Mileage	System to assign points for efforts to better health such as daily walking and radio exercises as well as health check-ups that can then be saved and exchanged for prizes	8,000
Radio exercises	Radio exercises are conducted every day at every office	8,000
Health camps	Two-day one-night camp-style Suntory Health Insurance Society coaching for selected participants based on the BMI from the results of their health check-ups	42
Productivity Improvement Seminar	Seminars Conducted with Outside Instructors (Satisfaction Rate: 94%)	500
Support in quitting smoking	Employees who have quit smoking encourage other employees to quit for three months by nominating and helping two or three of their colleagues	90
Walking Event	Competitive Team Walking Event Held for Employees Working in Japan	730
	Walking Event Held with Overseas Group Companies as a Health × Environmental Management Initiative	7,470

Installation of a Health Care Room

The Odaiba Office and Osaka Office have put in place health care (corporate masseuses) rooms that provide services where government-certified care givers provide care such as massages and finger pressure therapy. Approximately 2,800 employees have used this program throughout the year as one way to improve mental health and alleviate stress.



A look at treatment

■ Initiatives for Mental Health

We have created two mental health management initiatives for the prevention and early detection of mental health problems: our self-care initiatives which aim to make employees aware of stress and take appropriate measures to counter it, and our line-care initiatives in which managers strive to improve the working environment and provide individual counseling. We are properly engaged in various health care efforts that include self care in group training, courses in employee care overseen by a line manager, introduction of complete stress checks and counseling through clinical psychologist. We have also put in place a return to work support system for employees on leave to smoothly return to work.

Examples of mental health care initiatives

ポイント	対策	施策内容
セルフケア	セルフチェックによる早期発見・予防	ストレスチェック(年1回一斉実施、随時実施可能)と要対応者のフォロー
ラインケア	メンタルヘルスに関する基礎知識研修による啓発	<ul style="list-style-type: none"> ・基礎知識・制度等をまとめた「メンタルヘルスハンドブック」による情報提供 ・メンタルヘルスeラーニングの実施 ・集合研修時のセルフケア講習 ・新任課長研修時のラインケア講習
事業場内保健スタッフ等によるケア	職場復帰支援の整備	メンタル専門医も交えた、試し出社制度等職場復帰支援体制の整備
	社内相談窓口の設置	<ul style="list-style-type: none"> ・メンタル専門医による相談 ・臨床心理士による相談
事業場外資源によるケア	社外相談窓口の設置	社外専門機関による電話相談・面談

■ Coordinating with Work Style Innovation

Largely revising the work style to enhance both professional and personal lifestyles is indispensable in the realization of a form able to satisfy the health of both body and mind, energy in everyday work, and enthusiasm for each and every employee. The Suntory Group promotes health management while firmly connecting that management to work style innovation.

■Support of the Wellness of even the Employees' Families

The Suntory Group is supporting the lifestyle of employees and their families from a broad range of aspects. External consultation windows such as mental-health consultation and telephone consultation as well as the general SOS contact window are available to support a wide range of needs from health consultations to even legal consultations. We are receiving consults from our employees and their families. We have also established a system that plays a role in issues directly confronting the lifestyles of our employees in addition to resolving their fears with programs such as the subsidy program (used by 2,000 people in 2016) to assist in physical examinations of our employees and their families.

To Create Harmony with Employees: Diversity Management

Group Global Human Resources Department

The Suntory Group has been driving great change in human resource activities in recent years as the global expansion of its businesses accelerates. We are engaged in a wide variety of initiatives at a global level for the purpose of business growth and employee growth as a means to realize Growing for Good.

Promoting Global Human Resource Activities Through Cooperation with Each Group Company

The Suntory Group is advancing various activities while cooperating with each company to create synergy between Group companies across the globe under the motto of ONE SUNTORY. Each and every Suntorian full of individuality found around the globe demonstrates the “Yatte Minahare” spirit from people-to-people exchanges across countries and organizations as well as sharing know-how with one another. We will continue to evolve our global human resource activities so that we may be able to deliver much sensation and joy to every corner of the world.

■ Suntory People Way

In recent years, we formulated the Suntory People Way as the belief and concept held by all of Suntory by reaffirming our stance on human resources as the driving force of growth at the Suntory Group in the drastically changing environment surrounding us from the acceleration in expanding businesses globally to the drastic increase in the number of Group employees following the expansion. The Suntory People Way encompasses three elements which cherish the originality and uniqueness of Suntory -- FAMILY, YATTE MINAHARE, and ENGAGEMENT. This belief and concept are held by all of the people who come together in the Suntory Group and are rooted in all of the activities conducted by our human resources.

FAMILY

The people Suntory brings together are our family. They are essential to the organization.

Suntorians are the force driving our growth to be an even better corporate group.

Each and every person is a Suntorian. We provide growth opportunities from a long-term perspective to support the realization of lifestyles filled with health and happiness.

YATTE MINAHARE!

We strive to set enthusiastic goals and tackle bold challenges while keeping our founder's spirit close to our hearts.

ENGAGEMENT

We are strongly united by our Founding Spirits and vision "Growing for Good".

We deliver sensation and joy to the world recognizing and blending the individuality of each person as diverse value.

■Group Talent Review

Suntory conducts a Group talent review once a year to identify, develop and utilize human resources who are able to actively participate in the Group worldwide. The Group talent review held in 2018 was conducted by function such as finance and administration to gather top management at major Group companies and identify the key talent and positions throughout the Group, including formulating plans for successors in those vital positions, and assessing the person-to-person exchanges across countries and businesses. We will strive to expand the content of these reviews in the future. We will promote talent management throughout the Group and the world through these Group talent reviews and other measures in the future.

■Group-wide Human Resource Platforms and Systems

The Suntory Group works to adopt human resource platforms and systems shared throughout the Group to effectively link and leverage human resource information that exists at each Group company. We share information related to a system (Group talent book) that allows Suntory Group employees worldwide to view information that incorporates an enthusiasm unique to Suntory as well as key talent and positions in addition to utilizing talent management throughout the Group. In the future, we will further the use of talent to expand and accelerate the human resource activities of the Group.

■Group Engagement Survey

We aim to maximize the organizational capabilities of the Group and are working to introduce Group-wide engagement surveys.

The Suntory Group has clarified an increase in its organizational capabilities as a result of adopting common Group questions to measure the engagement level throughout the Suntory Group as well as the penetration of the Group corporate philosophy in 2017 as a way to cultivate unity as a Group and visualize that unity.

■Global HR Conference

We are holding Global HR Conferences once a year as a place to debate solutions to human resource issues common to the Group in addition to building networks and exchanging information to create synergy in the field of human resources. 55 persons in charge of human resources from around the world came together at the seventh conference held in 2017 to deepen their relationship for two days with the three purposes below.

- Align & Engage: Share and permeate the Group Management Policy, human resource strategies and the founding spirits
- Elevate: Learn the trends and best practices of human resources and understand different cultures
- Build & Collaborate: Strengthen Group networks and promote collaboration

This program was thought up by project teams across the Group and activities were held with a theme of team building in addition to sessions conducted by top management as well as courses held by guest speakers with participants from overseas. Participants said this conference let them build relationships with HR family around the world and learn a lot of valuable things in addition to being a great opportunity to think about how the HR should be in the future and creating synergy in global level.

■Health management

We launched a cross-Group project team for the health of our employees as human resources of the Group that advances activities that create unity throughout the Group. As a new initiative in 2017, we conducted the One Suntory Walk (activity to promote employees to walk) to improve awareness about health and encourage better health in Group employees. We also incorporated systems to determine donations to environmental organizations worldwide based on the number of steps as well as integrated elements of social media networks to increase the motivation of employees to participate to make the event a great success. Health is not simply preventing illness but also the ability to work enthusiastically each day filled with motivation and happiness. We will also promote health management throughout the Group now and into the future based on the belief that physical and mental health of our employees and their families is the source to perseverance and innovation.

■Diversity

We created the Group Diversity Vision with the launch of a cross-Group project team in 2016 under our view of diversity promotion as a management challenge. Furthermore, we work to promote the active participation of women at Suntory Holdings as an effort to drive the progress of diversity at each company.

In 2016, we conduct lectures for women managers by inviting women executives from Beam Suntory to Japan from America.

- Build networks of women leaders in the Suntory Group
- Learn recent challenges and initiatives of gender diversity directly in business
- Consider development of future female leaders in the Suntory Group

There was active debate about gender diversity through sessions with top management, lectures with guest speakers and group discussions. A variety of activities in the future will accelerate the promotion of diversity globally throughout the Group.

■Global Employment

As the Group expands worldwide, Suntory needs to find human resources who can act as a bridge to each Group company with both a focus on Japan as well as the international community. Suntory Holdings and Beam Suntory have been conducting joint activities to hire new graduates in North America since 2016. These activities help enhance the recruitment efforts of both companies, such as sharing mutual know-how and candidates. In the future, the Group will unite to advance its employment activities toward establishing an employment brand as a Group.

CSR Initiatives

CSR Management

The Suntory Group aims to be a company that delivers value and is trusted and chosen by people and society. To this end, the Suntory Group enhances its efforts to become a company that is “Growing for Good” using as its basis not only the compliance with laws, but the establishment of transparent management and organizational structure.

Furthermore, recognizing the importance of promoting management that respects human rights of our stakeholders, we set out human rights activity policy and engage in various related activities.



Corporate Governance



Compliance



Risk Management



Human Rights



Corporate Governance

We are striving to enhance our corporate governance to ensure we continue to be a company that is trusted by our customers.



Compliance

We are striving to create organizations and a corporate culture that places the highest priority on compliance to fulfill our responsibilities and meet the expectations of the society.



Respect for Human Rights

As the concern about human rights in business activities rises, we are engaging in various initiatives related to human rights, including the mapping of human rights risks.



Risk Management

We are striving to understand and analyze the risks to the Group as a whole and work to strengthen the management infrastructure so that we may continue our business operations and contribute to society.

CSR Management

Corporate Governance

We are striving to enhance our corporate governance to ensure we continue to be a company that is trusted by our customers and society.

Suntory Group Corporate Governance

Suntory Group is introducing a pure holding-company system that separates "group management" and "business operations." We maintain our good relationships with all stakeholders including local communities, customers, and business partners, while striving to enhance our corporate governance, so that we may fulfill our social responsibilities as a company.

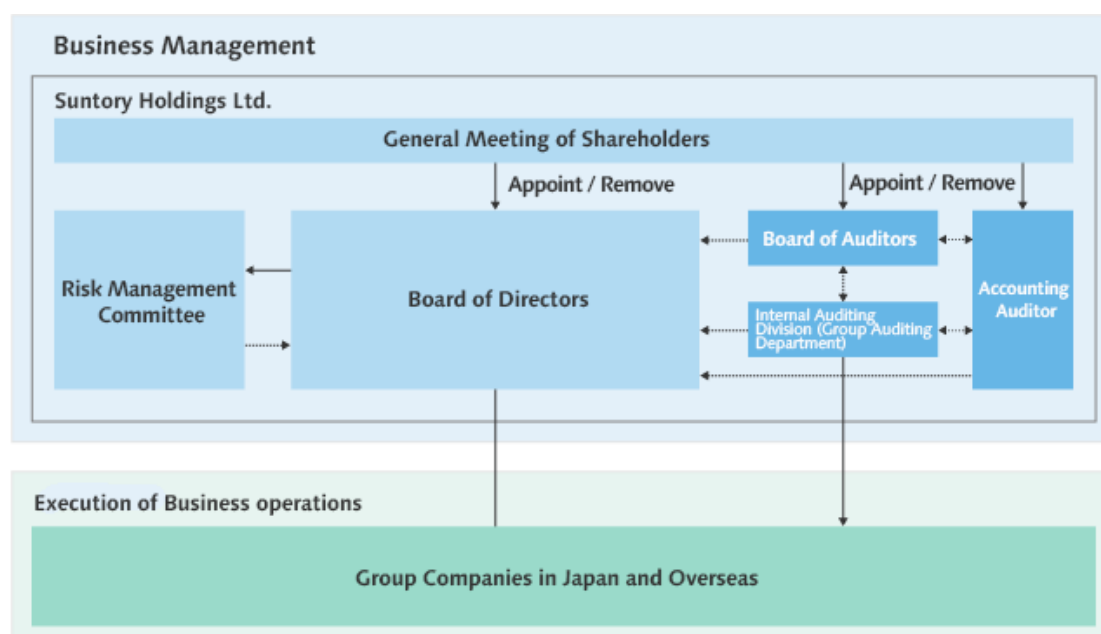
■Boards Responsible for Group Management

Suntory Holdings' Board of Directors is made up of 9 directors, including 1 outside director (as of April 2018). The Board of Directors engages in concrete discussions, debates and makes decisions regarding management issues of the entire Group and also performs an auditing function of the business administration practiced by all Group companies. The adoption of the Executive Officer system helped to separate the business administration decision-making process from the execution of business operations and to make decision-making process more agile.

■The Management Auditing System

Suntory Holdings' Board of Auditors is made up of four auditors, including two external auditors (as of April 2018). It audits the execution status of business operations as well as the status of the internal control system. Board of Auditors Office was established to aid the audits performed by the Board of Auditors. In addition, Suntory Group has established a Group Auditing Department that acts as an internal auditing division that audits and inspects the execution status of business operations of all Group companies. The external auditors also audit accounts, verifying the appropriateness and legality of accounts and the internal accounting systems from an objective perspective.

Corporate governance structure



Strengthening Internal Control Systems

We are aiming to build a more effective governance structure by strengthening efforts such as compliance, information management, and risk management based on the Basic Policy on Internal Control Systems enacted by Suntory Holdings' Board of Directors.

Suntory Beverage & Food Ltd.'s Corporate Governance

Suntory Beverage & Food Ltd., which is listed on the first section of the Tokyo Stock Exchange, is an audit and supervisory committee company. This structure was established for the purpose of improving the effectiveness of auditing and supervision through audits by directors who are committee members approved by the Board of Directors in addition to introducing audits that utilize an internal auditing division to facilitate more highly-transparent governance. Three of the nine directors (including directors who are members of the auditing committee) that make up the Board of Directors are external directors (as of April 2018). Furthermore, Suntory Beverage & Food has also stipulated the ability to appoint directors for some or all decisions necessary for executing operations with approval at the Board of Directors Meeting. This measure realizes management strategy and achieves management indicators set as goals by conducting more comprehensive and practical deliberation such as debate about management strategy, medium- and long-term plans, and management challenges. It is also for the purpose of allowing for faster decision-making while enhancing supervision functions at the Board of Directors Meeting through decision-making based on the management committee and internal rules for executing each operation. We are also release compliance status of the corporate governance code on our homepage.

Corporate Governance

Basic Concepts and Operations for the Internal Control System

The matters determined at the Board of Directors to put in place systems to ensure proper corporate governance in operations are outlined below. (Revised in 2015)

Suntory Holdings Limited (the "Company") hereby establishes the Basic Policy on an Internal Control System outlined below to provide ongoing growth and maximize the corporate value of the entire Suntory Group for the purpose of becoming a global multi-faceted food and beverage company.

1. System for Ensuring That the Execution of Duties by Directors, Executive Officers and Employees of the Company, as well as by Directors, Executive Officers, Others with Equivalent Duties and Employees of the Company's Subsidiaries Conform with Laws and Regulations and the Articles of Incorporation

1.The Suntory Group shall adhere to the basic principles outlined below based on the Suntory Group's Code of Business Ethics.

The Company shall respect the rules of civil society and place the utmost importance on an organization and corporate culture that prioritizes compliance with the aim of fulfilling the corporate philosophy of the Suntory Group on the basis of the Group's awareness of itself as a global corporate citizen.

Each and every one of the Directors, Executive Officers, and employees shall carry out business activities by making decisions for the organization based on social ethics as a corporate citizen.

2.All Directors, Executive Officers, and employees of the Suntory Group shall have a working mindset to comply with laws and regulations as well as with social ethics in order to put the corporate philosophy mentioned above into action. The Directors and Executive Officers shall take the initiative in complying with laws and regulations, the Articles of Incorporation, and business ethics, and actively make efforts to maintain and improve compliance management.

3.The Global Risk Management Committee as well as each risk management committee put in place throughout the Suntory Group (the Global Risk Management Committee and each risk management committee at each Group company shall hereinafter be referred to as the "Risk Management Committee") shall promote a compliance system and deliberate priority issues. In addition, each Group company shall put in place a department in charge of compliance to conduct periodic education and training activities as well as establish and promote compliance systems throughout the Suntory Group with the Risk Management Committee at the core to ensure the comprehensiveness of activities.

4.The Risk Management Committee as well as the departments in charge of compliance shall appropriately report content of deliberations and activities to the Board of Directors and the Board of Auditors.

5.The Directors, Executive Officers and Auditors of the Suntory Group shall report any compliance issues that are discovered immediately to the Risk Management Committee. In addition, the Company shall put in place compliance hotlines inside and outside of the Company to allow employees of the Suntory Group to directly report on compliance related issues. The Risk Management Committee shall investigate the contents of any report it receives after working to obtain any relevant information, discuss the issue with relevant departments as necessary, take corrective actions, establish measure to prevent any recurrence and put in place systems to implement any measures formulated throughout the entire Group.

6. Directors and Executive Officers shall be dispatched to subsidiaries as necessary to appropriately execute business, make decisions and perform supervision. In addition, the relevant departments of the Company shall provide advice, guidance and support to the subsidiaries.
7. The Audit & Supervisory Board or equivalent persons ("Auditors") shall be deployed to subsidiaries as necessary to perform audits. In addition, the Auditing Department shall carry out internal audits of subsidiaries.
8. The Auditing Department shall carry out internal audits pertaining to the status of compliance and the appropriateness for operations of employees of the Suntory Group, and report the results of the audit to the Representative Director and President.
9. Internal control systems shall be established and maintained to ensure the appropriateness of financial reporting.
10. Directors and Executive Officers of the Suntory Group shall establish and promote a system to prevent any relations with antisocial forces and clearly reject any improper demands that are made.

II. System for the Preservation and Management of Information Concerning the Execution of Duties of Company Directors

1. Officers in charge of general affairs shall store and manage vital internal documents as well as revise and improve document management rules and other regulations as necessary.
2. Directors and Executive Officers shall store and manage minutes of the shareholders meetings, minutes of Board of Directors meetings and documents pertinent to important decision-making (including electronic or magnetic records, the same applies hereinafter) as well as other important information related to the execution of duties by Directors and Executive Officers in accordance with laws and regulations as well as internal rules.
3. The documents and other materials mentioned above shall be kept in a condition such that allows for Directors to view them as necessary.
4. The Risk Management Committee shall establish and promote an informational security governance system that does not only protect and preserve information, including personal information, but also increases corporate value by use of information.

III. Regulations and Other Systems for Managing Risk of Losses of the Company and Its Subsidiaries

1. The strategic decision making related to the management of the Suntory Group shall be determined by the Board of Directors.
2. Each Executive Director and Executive Officer shall hold responsibility for addressing risks inherent in business execution. Moreover, material risks shall be analyzed and evaluated, and improvement plans shall be discussed and determined by the Board of Directors.
3. The Risk Management Committee as well as the Quality Assurance Committee shall comprehensively and collectively manage material risks related to Group management such as risks incidental to the execution of business and quality risks throughout the entire Group. In addition, regulations and guidelines pertaining to management of such risks shall be established, and training activities thereof shall be implemented as necessary.
4. The Board of Directors shall promptly select Directors or Executive Officers who will hold responsibility for addressing newly emerging material risks related to Group management to determine a course of action to address such risks.

IV. System for Ensuring that Directors of the Company and Directors and Executive Officers of the Company's Subsidiaries as well as Others with Equivalent Duties Execute Their Duties Efficiently

- 1.The Company shall determine Company-wide goals shared by the Directors, Executive Officers, and employees of the Suntory Group, and Directors and Executive Officers in charge shall specify efficient methods for achieving such goals, such as specific targets and appropriate allocation of authority aimed at achieving the Company-wide goals.
- 2.Directors and Executive Officers in charge shall confirm progress made in achieving goals and report the specific measures to achieve the goals to the Board of Directors and the Management Committee.
- 3.Each Director and Executive Officer shall be in charge of appropriately executing business operations and shall strive to make decisions efficiently under the Responsibility and Authority Rules.

V. System for Reporting to the Company Matters Related to the Execution of Duties by Directors and Executive Officers of the Company's Subsidiaries

- 1.The status of the business execution of Directors and Executive Officers at subsidiaries shall be regularly reported to the Board of Directors and the Management Committee.
- 2.Directors and Executive Officers in charge of subsidiaries shall request reports on the status of business execution from the Directors and Executive Officers of the subsidiaries as necessary.
- 3.Certain matters concerning management of subsidiaries must be consulted with and reported to the relevant departments, or otherwise must receive approval from the Board of Directors of the Company under the Responsibility and Authority Rules.
- 4.The Auditing Department shall report the internal audits results of subsidiaries to the Representative Director and President as necessary.

VI. Other Systems for Ensuring the Appropriateness of Business of the Group Consisting of the Company, Its Parent Company and Its Subsidiaries

Dealings between Group companies, including the parent company and public subsidiaries, shall ensure appropriateness in matters such as conducting business and deciding on business matters to provide objective and rational content.

VII. Matters Regarding Auditors of the Company and Employees Who Are Requested to Assist in their Duties, Matters Regarding the Independence of Such Employees from Directors and Executive Officers, and Matters Related to Ensuring the Effectiveness of Instructions Given to Such Employees

The Company shall place employees to assist the duties of auditors after deliberation if necessary for the Audit & Supervisory Board.

In addition, the Company shall respect and execute directions of the Board of Auditors such as the transfer and evaluation of such employees, and ensure the independence of such employees from Directors and Executive Officers. Moreover, such employees shall follow the instructions and directives from the Audit & Supervisory Board when assisting in the duties of auditors.

VIII. Systems for Directors, Executive Directors and Employees of the Company and Directors, Executive Directors, Audit & Supervisory Board Members, Others with Equivalent Duties and Employees of the Company's Subsidiaries or Other Persons Who Receive Reports from Such Persons to the Company's Audit and Supervisory Committee and Other Systems Related to Reporting to the Audit and Supervisory Committee

1. Audit & Supervisory Board Members shall attend Board of Directors meetings, and the Representative Director and President as well as the Directors and Executive Officers in charge shall provide reports of business execution that they are in charge as necessary.
2. Directors, Executive Officers and Employees of the Suntory Group shall promptly and clearly respond to inquiries about operations and assets when requested by auditors to report on businesses.
3. The Auditing Department of the Suntory Group shall regularly hold liaison conferences between Directors and the Board of Auditors of the Company to report the current status of matters such as internal audits.
4. The departments in charge of internal reporting systems shall report the status of internal reports to Auditors and the Board of Auditors of the Company as necessary.

IX. System for Ensuring the Person Who Has Reported to the Company's Audit & Supervisory Board Are Not Treated Adversely Based on the Fact Such a Report has Been Made by the Person

The Directors, Executive Officers and employees of the Suntory Group shall prohibit any adverse treatment based on a report to the Audit & Supervisory Board through a department in charge of compliance or another reporting system.

X. Systems for Ensuring Advance Payment or Reimbursement of Expenses Arising in Conjunction with the Execution of Duties by Audit & Supervisory Board Members of the Company and Other Policies for Processing Expenses and Obligations Arising with Respect to Execution of Such Duties, and Other Systems for Ensuring That the Audit & Supervisory Board Effectively Performs Audits

1. If the Audit & Supervisory Board, in conjunction with the execution of its duties, asks the Company for advance payment, etc. of expenses under Article 388 of the Companies Act, the Company shall promptly process such expenses or obligations, unless they are not necessary for the Audit & Supervisory Board Members to execute their duties.
2. The Audit & Supervisory Board shall strive to communicate and exchange information with the Audit & Supervisory Board of Company subsidiaries or the Auditing Department.
3. The Board of Auditors shall put in place opportunities to exchange opinions with the Representative Director and President as well as accounting auditors.

Overview of the Operational Status of Internal Control Systems

The Company recognizes the importance of establishing an internal control system for matters such as Group-wide risk management and compliance to maximize greater sustainable growth and corporate value of the entire Suntory Group for the purpose of becoming a global multi-faceted food and beverage company. An overview of the operational status of the internal control systems for the current fiscal year are outlined below.

1) Operational Status of Risk Management Systems

- The Company has regularly held the Global Risk Management Committee and each Risk Management Committee installed within the Suntory Group to identify risk of the Suntory Group, formulate countermeasures, and confirm the progress of the response.
- The activity content of the Global Risk Management Committee was reported at the Board of Directors meetings.

- The Quality Assurance Committee was regularly held for quality risks to identify challenges in quality assurance for the Suntory Group, to formulate countermeasures, and to confirm the status of response.
- Information security rules were put in place at the various companies for proper storage and management of information. Initiatives were also conducted to prevent improper informational management and the leak of confidential information before it happens such as the implementation of awareness raising activities about informational management.

2) Status of Compliance Initiatives

- We have installed a worldwide common contact point for reports encompassing all Group companies in Japan and even overseas as part of our global risk management system. We align ourselves with ways to resolve and prevent the recurrence of problems by responding through actions such as corrective measures and recommendations according to surveys in-line with the protection of privacy for everyone related to each report that are carried about by the Compliance Department and departments in charge at each Group company. Furthermore, we have established an internal reporting system to thoroughly protect people who report an issue such as restricting unfair handling for not only the people who report an issue but also for people cooperating in investigation.
- The Company strives to improve compliance awareness even further by introducing awareness surveys about matters such as compliance and the organizational climate for all employees of the Group in Japan with the Compliance Department at the core and feeding those results back into compliance operations.
- The Suntory Group formulated the Global Anti-bribery Policy and the Global Anti-bribery Guidelines that define the concepts against corruption in the Suntory Group for all employees around the world and it is emphasizing education and training about the anti-bribery regulations.

3) Status of Initiatives to Improve the Efficiency of Business Execution

- Board of Directors meetings were held 21 times to make management decisions such as the formulation of the Mid-term Plan and budgets as well as investments in M&A and equipment.
- The financial results of the Suntory Group are reported at the Board of Directors meetings to confirm and debate the achievement status of management targets at the Suntory Group, management challenges and their countermeasures.

4) Operational Status of the Board of Auditors

- The Audit & Supervisory Board receives reports on business execution from Directors, Executive Officers and other management through attendance at important meetings such as the Board of Directors and Risk Management Committee meetings.
- The Board of Auditors and Audit & Supervisory Board receive regular reports on the status of matters such as internal audits from the Auditing Department.
- The Audit & Supervisory Board communicates and exchanges information with the Audit & Supervisory Board of Company subsidiaries or the Auditing Department.
- The Board of Auditors puts in place opportunities to exchange opinions with the Representative Director and President, outside Directors as well as accounting auditors.

5) Operational Status of Internal Audits

The Auditing Department conducts internal audits of each department of the Company and subsidiaries in Japan and overseas, provides instructions and guidance for improvements as necessary, and reports the results of audits to the Representative Director and President as necessary.

CSR Management

Compliance

We strive to create an organization and a corporate culture that place the highest priority on compliance to fulfill our responsibilities and meet the expectations of our customers and society.

Compliance Promotion System

■ Suntory Group's Code of Business Ethics: values shared by all employees for the realization of the corporate philosophy

We are building a compliance promotion system to realize our corporate philosophy from a cross-Group view based on the Suntory Group's Code of Business Ethics established in 2003 that enables all employees to take action according to common rules. We also revised the content by referring to the ISO26000 international standard for social responsibility in 2012 and, adapted the content in 2017 for all Group employees around the world to better understand it.

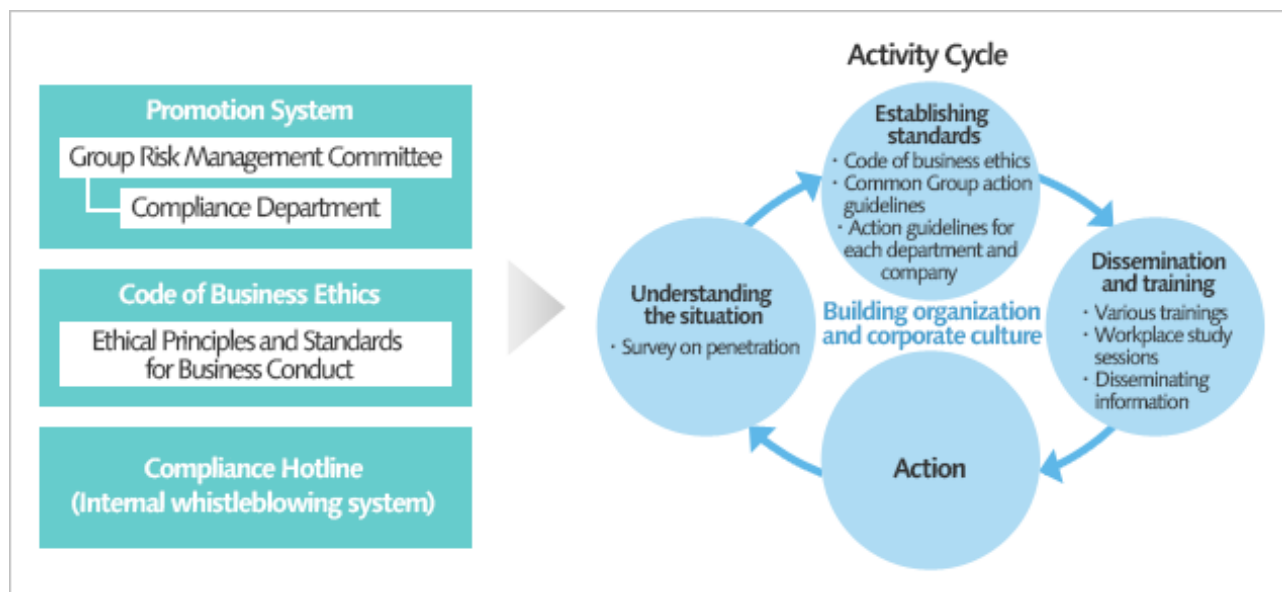
■ Promotion System Rooted in the Frontlines

To promote compliance from a cross-Group perspective, the Compliance Department was established under the Risk Management Headquarters to specifically promote compliance.

The Compliance Department must remain aware of all measures formulated and implemented at each workplace and about how those measures conform to policy. In addition to offering advice on specific issues, the Compliance Department set up the Compliance Hotline, and is charged by the Group Risk Management Committee to faithfully investigate and rectify any compliance violations found. We have revised some of the rules for the internal reporting system to operate more effectively under this system following revisions to the Guidelines for Business Operators Regarding the Establishment, Maintenance and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act.

In addition, there are specific personnel responsible for promoting compliance issues at each Group company, both within Japan and abroad. They take an active role in promoting compliance, formulating policy customized for the circumstances in their own company, and informing colleagues about that policy.

Compliance Promotion Structure



■Enhancing the Hotline for Early Discovery and Resolution of Problems

The basic rule in Suntory is that when an employee discovers actions that breach the Suntory Group's Code of Business Ethics, he or she must first report it to the supervisors and seek their advice. However, we have installed a Compliance Hotline both at our Compliance Office and at an external law firm as a common contact point for all of the Group companies in Japan in order to quickly discover and resolve problems when reporting or consulting with a supervisor is not appropriate. In addition, we provide an independent internal contact point at 10 Group companies and conduct annual training to improve the response of those in charge of this independent contact point in the Compliance Department.

We installed a worldwide common contact point for reports encompassing all Group companies in Japan and even overseas as part of our global risk management system in April 2016.

In 2017, a total of 214 reports were received through these contact points at each Group company in Japan and overseas (104 reports were received by Suntory Beverage & Food Group). Roughly 70% of the reports received in Japan were about labor, personnel and management issues. We work to resolve the raised concerns and prevent them from reoccurring by implementing corrective measures and recommendations based on the investigation results, while making sure that the confidentiality of involved persons is protected by the Compliance Department and relevant departments in charge at each Group company.

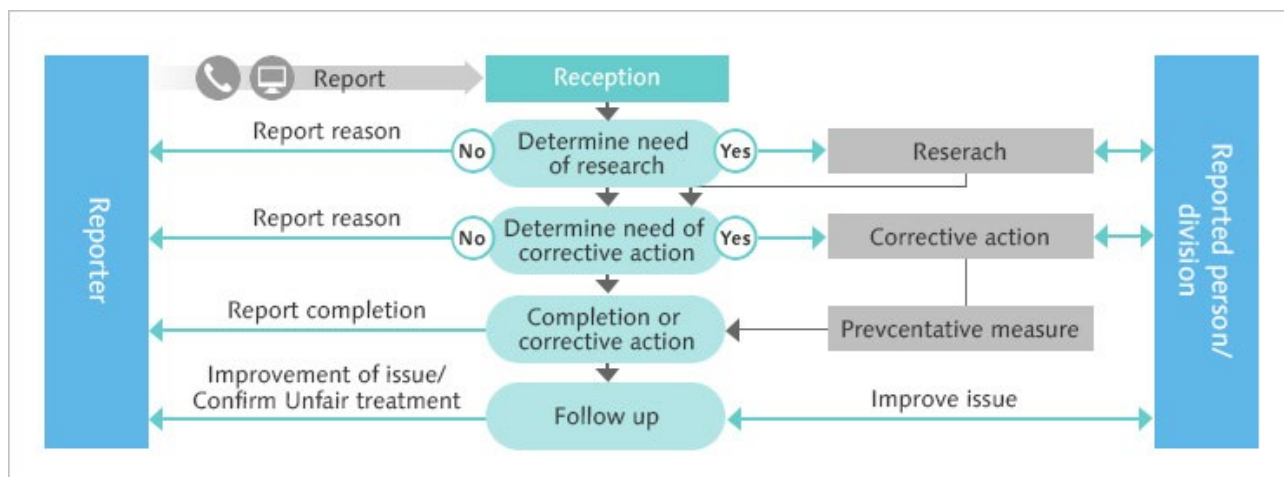
■Protecting People Who Report Issues

Simultaneously with establishing the hotline, the Suntory Group formulated the rules that prohibit disadvantageous treatment of employees who report issues. Furthermore, we have established an internal reporting system to thoroughly protect people who report an issue such as restricting unfair handling for not only the people who report an issue but also for people cooperating in investigations. We follow up with the person who reports an issue after the issue has been resolved.



Compliance Hotline awareness poster

Compliance Hotline Response Flow



Activities to ensure compliance

■Communicating the Code of Business Ethics throughout the Group

To facilitate the understanding of the Suntory Group Philosophy and Code of Business Ethics and put them in practice, we distribute a pamphlet to all Suntory Group officers and employees.

At the start of each year, every employee of the Group companies in Japan refreshes their understanding of the Code, and then signs a compliance statement at the end of the pamphlet. At the same time, workplace discussions regarding various compliance related cases that occur in the society, subjects that are recognized as issues in the Group and individual companies, and other topics are held to remind the fundamentals of compliance and promote ethical behavior.

In employee awareness surveys conducted for Suntory Group employees in Japan, we were able to verify our businesses and offices run in accordance with Suntory Group's Code of Business Ethics as well as confirm the status of compliance practices. Suntory strives to discover any potential compliance breaches by reporting the results of these surveys to management while regularly ensuring the effectiveness of Suntory Group's Code of Business Ethics and taking advantage of these results in efforts that include education for employees and the formulation of activity plans.

■Activities to Raise Compliance Awareness through Communication

We put out periodic information on the Compliance Net internal intranet to promote and practice true compliance.

We distribute information on the Compliance Net that includes activities and themes linked to activities which are being undertaken as well as information to understand the true nature of compliance with examples found throughout the world. We raise the awareness of every employee through the activities of compliance promotion managers in each company. In addition, we publish information that promotes the basic knowledge of compliance, harassment checks, and a collection of materials for self-study in order to make learning accessible at any time on the Compliance Net.

Furthermore, we conducted compliance seminars through external instructors for management of business firms which confirmed the readiness to prevent scandal by thinking about a business environment where scandal is present in 2017.

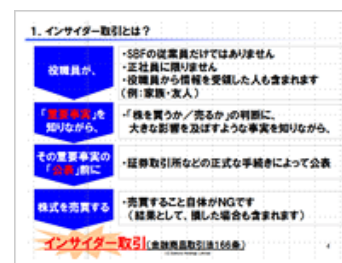


■Supporting Promotion Activities at Group Companies

Each Group company is engaged in activities around their promotion managers. The Compliance Department provides suggestions and tools tailored to the challenges of each company, implements group training and offers other measures of support. In addition, we have introduced research to more deeply recognize our role as the driving force of compliance management for directors and managers who are newly appointed at Group companies in Japan.

■Insider Trading Prevention Systems: Implementation and Communication

The Legal Department of the Risk Management Headquarters of Suntory Holdings Ltd. and the management headquarters of Suntory Beverage & Food Ltd. are working to comprehensively prevent insider trading by introducing e-Learning based on the content provided by the Tokyo Stock Exchange, as Suntory Beverage & Food Ltd. and Dynac Corp. are listed on the Tokyo Stock Exchange.



Awareness Materials

Implementing the Suntory Group's Code of Business Ethics in Business Activities

We have clarified our emphasis on compliance in the Code of Business Ethics. Each department has set and is operating policies and voluntary standards for challenges related to various compliance in their business activities based on the concepts of the Code of Business Ethics.

■Ensuring Fair Business Practices

The Suntory Group conducts business fairly, holding integrity as a prerequisite, and abides by all laws and regulations, including the Antimonopoly Act. We have revised and are running operations under policies in-line with legal revisions and environmental changes since the formulation of the Guideline for Compliance of the Antimonopoly Act in 1992. Further compliance is being ensured through the posting of our Key Points for the Promotion Campaigns under the Act Against Unjustifiable Premiums and Misleading Representations and our Compliance Manual for the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, to Subcontractors to the Intranet.

We spread the word about the Antimonopoly Act and related legislation through the implementation of regular seminars in each division and Group company, and ensure fairness in our daily transactions with business partners and customers. We actively engage with various departments to ensure that compliance policies and activities are implemented in all stages starting from product development, sales and marketing planning.

■Establishing Committees to Promote Fair Business for Alcoholic Beverages

A Fair Trade Promotion Committee was established to promote fair business practices at Suntory Liquors Ltd., the Suntory Group company responsible for the sale of alcoholic beverages. This was done in keeping with the Fair Practice Guidelines for the Liquor Business* and to maintain compliance with laws and regulations specific to alcoholic beverages as well as internal proprietary standards.

*The Fair Practice Guidelines for the Liquor Business are administrative guidelines established by the National Tax Agency in 2006. These guidelines prevent worsening of management of liquor business operators and the reduction of liquor taxes due to dumping caused by excessive competition. We set fair partnership conditions and make rebates more transparent to stabilize management of liquor business operators. This is also coordinated by Fair Business Committee responsible for overseeing the Antimonopoly Act.

■ Transparency of Business Dealings and Prevention of Bribery

The Suntory Group's Code of Conduct prohibits the provision of excessive business entertainment and gift-giving to any counterpart regardless of whether it is a corporate entity, individual, political or governmental entity, or any other related organization or company, and establishes that relationships with all parties should comply with laws and be fair and transparent.

We are in the process of creating the Suntory Group Common Action Guidelines that will indicate policy for practical actions and decisions that must be taken in the course of normal business relationships and situations that might arise on a daily basis. These guidelines are posted on the intranet so that all executives and employees at each Group company in Japan can refer to them.

■ Global Compliance Initiatives

We work to build a global compliance promotion system and integrate global standards due to the global expansion of the Suntory Group. In 2015, we formulated the guidelines on business entertainment and gift-giving that are aligned with global standards, and we provide seminars and e-Learning courses on the prevention of bribery and all types of corruption comprehensively to raise the awareness of employees on corruption issues as our response to global enhancement of anti-corruption regulations, such as the Foreign Corrupt Practices Act (FCPA). We have formulated a global Anti-Bribery Policy in 2016, which includes new provisions on donations and political contributions in addition to entertainment and bribery. We started expanding e-Learning even at Group companies overseas in 2017. In April 2016, we have established global hotline contact points to handle reports on bribery and all types of corruption comprehensively, as well as human rights violations and other compliance breaches. These contact points are available at all overseas Group companies as part of our global compliance system. There were no reports through the global hotline in 2016. Moreover, there were no reports on child or forced labor.

Employee Awareness Survey to Understand the Awareness Towards Compliance and the Organizational Culture

To understand the status of compliance and the organizational culture as well as to determine if there are any individual issues, we conduct awareness surveys for all Group employees in Japan. We investigate initiatives to promote awareness of compliance through the entire Group by understanding the challenges in each company and each department from these results. We share the discovered challenges with directors and managers at each company, and expect that related departments in these companies will take voluntary actions to resolve these challenges.

Overseas Group companies contribute to compliance management by conducting their own independent surveys.

Compliance

The Suntory Group's Code of Business Ethics

Introduction

The Suntory Group's Code of Business Ethics demonstrates the ideal form of specific competency each person needs to have to realize the corporate philosophy of the Suntory Group.

Compliance is the basic concept to put into practice the Suntory Group's Code of Business Ethics. The compliance Suntory believes in is one to comply with another's wish. In other words, the Code of Business Ethics pursues of course adherence to laws and regulations but it also puts into practice a high standard of ethical actions that respond to the expectations of stakeholders involved with Suntory from our customers, suppliers and local communities to the international society, the natural environment and our employees.

The Suntory Group will conduct fair and just business activities no matter how we change in the future by sincerely engaging with each of our stakeholders as members of the Suntory Group and accepting the existence of diverse values as we aim for Growing for Good. We believe these types of competencies will allow the Suntory Group to continue to be a valuable corporate group truly trusted and chosen by people and society.

1. Customer-oriented Standpoint

We contribute to the happiness of our customers by offering safe, reliable and high-quality products and services and by making our utmost effort to ensure integrity and transparency in all of our interactions with customers.

1.1 Products and Services

We will create and provide value that responds to the expectations of customers from planning and development to the procurement of raw materials as well as the manufacture and sale of products and services.

1.2 Informational Provision and Responsible Marketing

We will use care to express ourselves in an accurate and easy to understand manner to prevent any errors or misunderstandings in materials such as product labeling, promotional materials and advertisements in addition to efforts to accurately and quickly provide information needed by our customers such as information related to safety and reliability. We will also strive to engage in responsible marketing activities as a Group company that handles a wide range of products and services.

1.3 Bilateral Communication

We will strive to heighten satisfaction and trust by broadening our communication with various customers to reflect their feedback in our corporate activities.

2. Fair and Just Activities

We undertake all business activities in compliance with laws and regulations, and in accordance with a strong sense of ethical values.

2.1 Legal Compliance, Integrity and Cultural Respect

We will engage in fair and transparent business activities that respect cultures, customs, traditions and religion in addition to complying with the laws and regulations of each country and respecting international integrity.

2.2 Fair Competition

We will expand corporate activities based on free and fair competition by not engaging in the pursuit of profits through any unjust or unfair means in relationships that include those with suppliers as well as competitors.

2.3 Corruption

We will not tolerate corruption or fraud of any kind by anyone such as bribery, money laundering or embezzlement. We will maintain fair and transparent relationships with suppliers, public officials and all others who we have ties and will adhere to all laws, regulations and internal rules as well as conduct fair business practices related to entertainment, gifts, donations and political contributions.

2.4 Conflict of Interest

We will quickly disclose any conflict of interest when there is the potential for a conflict of interest between the profits of an individual, their family or a third party and the profit of the company, and we will put in place the appropriate measures to avoid conflicts of interest. Moreover, we will act with transparency in activities such as the selection of suppliers and hiring practices based on rational and fair comparisons and reviews.

2.5 Antisocial Forces and Import/Export Management

We will not have any relationship whatsoever with antisocial forces and will remain steadfast against them. We will adhere to the laws of each country that apply to import/export management as well as in other dealings with countries and organizations that are specifically identified.

2.6 Financial and Operational Records and Reporting

We will appropriately create and disclose accurate financial and operational records about the status of our operations and provide the proper tax payments based on these records in accordance with the laws and regulations as well as internal rules.

3. Contribution to Society

We, as a good corporate citizen, will actively make contributions to society.

3.1 Contributions to Local Communities

We will endeavor to contribute to solving issues and enriching lifestyle cultures by deepening interpersonal communication in regions that we are active.

3.2 Contributions to a Wide Range of Cultures and Society

We will work in various activities that include the development of arts, culture and sports as well as support groups and individuals in these efforts.

3.3 Support of Employee Activities

We will actively support the participation of employees in social contribution activities that include volunteer activities.

4. Preserving the Environment

We are committed to preserving a global environment and ensure that we pass along a sustainable society which is rich in biodiversity and harmonious with nature to future generations.

4.1 Preservation of Water Resources

We will protect and cultivate water to create sustainable water resources said to be the origin of all life as well as the source of Suntory's founding.

4.2 Reduction of the Environmental Impact

We aim to reduce the impact on the environment at all points of the product and service value chain.

4.3 Continual Improvements to Environmental Performance

We will work to continually improve our environmental performance through active adoption and greater efficiency in environmental technology based on the environmental management system properly formulated by the Suntory Group.

5. Creating Comfortable Working Environment with Diversity and Respect Human Rights

We respect human rights and endeavor to create a corporate group where employees are engaged and satisfied.

5.1 Child Labor and Forced Labor

We strictly prohibit the use of child labor or other illegal labor practices in any of our corporate activities.

5.2 Discrimination and Harassment

We will respect the rights and personalities of each individual and will eliminate any and all discrimination and harassment based on reasons from ethnicity, religion and gender to age, nationality, language or disability to build a workplace where everyone is treated fairly. In the event a violation to human rights is discovered, Suntory will execute the appropriate response immediately and make sure to prevent recurrence while protecting the privacy of the concerned parties.

5.3 Freedom of Association

We will respect the basic rights of our employees to engage in freedom of association and collective bargaining.

5.4 Employee-friendly Workplaces

We will promote work styles that find balance between the professional and private lives of our employees while building a workplace that allows each person to work safely, securely and with enthusiasm in ways that are healthy both mentally and physically.

5.5 Open-minded Workplaces

We will foster an open-minded workplace that respects one another's beliefs, values, and diversity and where each and every employee can candidly express and share their views. We will also build cooperative relationships founded with unity through active communication throughout the Suntory Group.

5.6 Perseverance and Growth

We will realize the growth of individuals by fostering a feeling of pride and responsibility toward work in each and every individual so that they may independently persevere in achieving their goals.

6. Management and Use of Information and Assets

We endeavor to properly manage and effectively utilize corporate assets and information and respect the rights of third parties

6.1 Corporate Assets

We will properly manage corporate assets to make sure they are never used for private reasons or any other purpose than business in accordance with internal rules for corporate assets whether material and immaterial.

6.2 Confidential Information

We will strictly manage confidential corporate information to prevent leaks to third parties. Furthermore, we will not engage in insider trading or any other unfair or improper use of information acquired through our businesses or other activities.

6.3 Personal Information

We will acquire personal information in a fair manner and only use that information for the designated purposes while properly managing this information in accordance with the law and internal rules when personal information or confidential information is acquired such as that from suppliers.

6.4 Intellectual Property

We will properly preserve and secure intellectual property as well as engage in matters related to intellectual property such as consent to grant rights to a third party in accordance with laws and internal rules. Moreover, we shall respect the intellectual property rights owned by third parties and will never infringe on those rights or improperly use intellectual property.

6.5 External Communication

We will always be conscious of responsible external communication by understanding the impact communications from people who belong to the Suntory Group as well as informational broadcasts have on the evaluation of the company and the Group as well as its businesses in every situation.

Management and Operation

Scope

- (1) Suntory Group's Code of Business Ethics shall apply to Suntory Holdings Limited as well as the executives and employees of Group companies. (Hereinafter Suntory Holdings Limited and its Group Companies shall be referred to as the "Suntory Group" and independent group companies shall be referred to as "each Group company")
- (2) The top management at each Group company shall recognize the realization of the Code of Business Ethics as their duty and create their own models to thoroughly share this code inside of their organization to establish effective internal systems. Each Group company shall formulate and operate corporate ethics as well as action policies, manuals and any other relevant rules related to items stipulated in the Code of Business Ethics based on the philosophy outlined therein, and employees shall adhere to specific action standards based on this code. Philosophies such as the working mindset at each Group company shall not contradict the terms and conditions stipulated in the Code of Business Ethics.
- (3) Everyone engaged in corporate operations is required to execute operations in accordance with the Code of Business Ethics whether an executive or an employee of the Suntory Group or a representative of a Group company. Each Group company shall also strive to gain the understanding and acceptance of the Code of Business Ethics by their suppliers.

Formulation, Revision and Abolishment

The formulation, revision and abolishment of the Code of Business Ethics shall be determined by the Board of Directors at Suntory Holdings Limited after deliberation at the Global Risk Management Committee.

Supervising Departments

The Code of Business Ethics shall fall under the supervision of the Compliance Department of the Risk Management Headquarters at Suntory Holdings Limited. This department will provide advice, proposals and support to each Group company related to the introduction of the items stipulated in the Code of Business Ethics as well as the establishment of corporate ethics.

Audit

The Global Risk Management Committee shall audit each Group company themselves or through a third party in addition to the policy that is implemented by the SHD Compliance Department when confirmation of the compliance status and effectiveness of the Code of Business Ethics is necessary.

Measures for Reporting and Violations

Executives and employees who become aware of violations or acts thought to be violations to the Code of Business Ethics shall report the matter and seek guidance from either their superior, the department supervising compliance at each Group company, the reporting office established at each Group company or the Suntory Group global hotline. In the event a report is made, the privacy of the person who reports or seeks guidance about the matter shall be protected to the fullest and no retribution shall be tolerated as a result of a report or consultation. If an action taken is in conflict with the Code of Business Ethics, the term or condition in the internal regulations of each Group company may be abolished.

Interpretation

Any questions or concerns that arise in regards to the interpretation or operation of the Code of Business Ethics shall be directed to the SHD Compliance Department.

CSR Management

Respect for Human Rights

As globalization of business practices has advanced, society is increasingly interested in the initiatives companies take to protect human rights. The Suntory Group considers the respect for human rights of stakeholders a highly important issue and reflects it in its CSR initiatives. To promote activities considering human rights, we further strengthen existing initiatives by engaging with employees and suppliers, and by creating the map of human rights risks to get the precise understanding of current situation.

Initiatives on Human Rights Issues

To advance our efforts to protect human rights, in 2013 the Suntory Group started creating a human rights risk map and monitoring its suppliers, in addition to the ongoing implementation of the existing Code of Business Ethics.

Formulation of an Activity Policy on Human Rights

The Suntory Group formulated the activity policy on human rights and complies with the policy.

The Suntory Group's Code of Business Ethics (Excerpts) (Created in 2003; Revised April 2012; Revised June 2017)

We respect human rights and endeavor to create a corporate group where employees are engaged and satisfied.

5.1 Child Labor and Forced Labor

We strictly prohibit the use of child labor or other illegal labor practices in any of our corporate activities.

5.2 Discrimination and Harassment

We will respect the rights and personalities of each individual and will eliminate any and all discrimination and harassment based on reasons from ethnicity, religion and gender to age, nationality, language or disability to build a workplace where everyone is treated fairly. In the event a violation to human rights is discovered, Suntory will execute the appropriate response immediately and make sure to prevent recurrence while protecting the privacy of the concerned parties.

5.3 Freedom of Association

We will respect the basic rights of our employees to engage in freedom of association and collective bargaining.

5.4 Employee-friendly Workplaces

We will promote work styles that find balance between the professional and private lives of our employees while building a workplace that allows each person to work safely, securely and with enthusiasm in ways that are healthy both mentally and physically.

5.5 Open-minded Workplaces

We will foster an open-minded workplace that respects one another's beliefs, values, and diversity and where each and every employee can candidly express and share their views. We will also build cooperative relationships founded with unity through active communication throughout the Suntory Group.

5.6 Perseverance and Growth

We will realize the growth of individuals by fostering a feeling of pride and responsibility toward work in each and every individual so that they may independently persevere in achieving their goals.

The Suntory Group's Basic Policy on Supply Chain CSR (Excerpts) (Established 2011)

In order to provide high-quality products and services safely and reliably based on our corporate philosophy of “To Create Harmony with People and Nature” and our Code of Business Ethics, the Suntory Group engages in fair business practices and, in collaboration with supply chain business partners, promotes procurement activities that take social responsibility into consideration, mindful of such issues as human rights, labor standards, and the environment.

We build good partnerships with our business partners and contribute toward realizing a truly affluent and sustainable society.

2. Consideration for Human Rights, Labor, and Safety and Health

We will promote initiatives that respect basic human rights, and consider labor conditions, as well as as health and safety.

Creation and Evaluation of a Human Rights Risk Map

Led by the CSR Department, the Human Resources Division, and the Compliance Department, the Suntory Group created a human rights risk map in October 2013. We sent the created map to the Danish Institute for Human Rights (DIHR) and received some advice on points that we, as a global multi-faceted food and beverage company, should pay attention to.

Establishing a Committee to Promote Respect for Human Rights

Suntory Group's Code of Business Ethics includes a clause to eradicate all types of discrimination and harassment. Human Rights Education Promotion Committee, consisting of a central committee and human rights promotion member present in each office, is established with the goal to promote the respect for human rights and eradicate discrimination based on nationality, gender, age or disability in our domestic operations. Based on the belief that it is important for every employee to have a correct understanding about human rights to work with peace of mind, we are continuously raising awareness and hold programs to educate and raise awareness regarding human rights through new management training and new employee training.

Prevention of Harassment

An employee awareness survey, which includes items on harassment, is carried out to understand the current status and improve initiatives. A Compliance Hotline has also been put in place as an internal reporting system both inside the company and at the third-party organization. We are working to discover issues as early as possible by building an environment with women representatives who are easy to consult with at the contact point for reports in Japan to receive reports about harassment or labor issues that go against our Code of Business Ethics principles.

■ Preventing Sexual Harassment through Raising Awareness

Suntory Group has made Sexual Harassment Prevention Manual and raises awareness among the employees through the Intranet in Japan. Reminders about the prohibition of sexual harassment are continuously made through new manager training and e-learning.

■ Prohibiting Power Harassment by Employee

We will do everything in our power to eliminate the use of strong words backed by position or difference in rank among the employees. Suntory has introduced new manager training and e-learning about power harassment as it strives to provide the correct understanding and raise awareness of these issues.

Initiatives to Improve Awareness of employees

We carry out awareness and educational activities to improve awareness about human rights, and build a corporate culture that respects human rights throughout the entire organization.

■ Broadening Human Rights Lectures with Human Rights for a Healthy Workplace theme

The Suntory Group is holding human rights lectures and seminars at a departmental level in addition to conducting stratified human rights training for new managers, new employees, and other staff in Japan. A human rights lecture entitled "Population Trends, Artificial Intelligence, and Corporate Management; From a Human Rights Perspective" was held in 2016. This was a great opportunity to think about living with ethics from a human rights perspective with the rise of social issues due to shifts in the population and the evolution of artificial intelligence. Furthermore, we held seminars at sales offices throughout Japan to show a DVD of the lecture.



Human rights seminar

■ Introduction of e-Learning Course on Harassment Prevention

Suntory Group introduced e-learning course on harassment prevention for graduate and mid-career employees who join the company as part of our onboarding education program, implemented every year in Japan to drive the basic understanding of harassment issues. In 2017, we held e-learning about harassment prevention that incorporates information about LGBT for all of the employees at the Suntory Group in Japan.

Supply Chain CSR with Suppliers

■ Checking with Questionnaires

From 2012, the Suntory Group started to conduct supply chain CSR initiatives questionnaires targeting major business partners of the Purchasing Department (Raw Material) and the Packaging Material Development Department. These questionnaires are evaluating the potential social risks in the supply chain by focusing on the respect of human rights as well as considerations toward the work environment and occupational safety. We examine not only our existing suppliers to identify those that are at high risk, but assess potential new suppliers before we start business relationships.

From 2014, the Suntory Group has started to visit and interview its overseas suppliers, asking them about human rights issues, such as child labor and forced labor. We conducted interviews with producers of malt and hops in 2014, and with oolong tea production factories in 2015.

In 2017, we conducted survey for major logistic business partners in Japan and plan to expand the scope to include freight forwarders, which are our international logistic partners.

■ Monitoring

We conducted monitoring at five oolong tea producers in China in 2016.

CSR Management

Risk Management

We strive to understand and analyze the risks to the Group as a whole and take measures to resolve the issues so that we may continue our business operations and contribute to society.

Risk Management Promotion System

In response to the expansion of global business of the Group, the Global Risk Management Committee (GRMC) was established in April 2015 in order to carry out risk management throughout the entire Group, including overseas Group companies. We have established a risk management committee and risk management team based on this GRMC (e.g. installation of a Risk Management Committee at Suntory Beverage & Foods Ltd., the Global Risk & Compliance Committee at Beam Suntory, and the Risk Management Team at Suntory Beer Ltd.). The objectives of these committees and teams are to identify our risks, execute countermeasures, engage in activities related to the establishment of crisis management systems, and fulfill responsibilities towards customers and other stakeholders,

Enterprise Risk Management (ERM)

The risk surrounding companies is becoming more diverse and complex due to the globalization and informatization of the economy and growing public awareness of corporate social responsibility. Every year, we send out a questionnaire to all Suntory Group companies to determine business, environmental and social risks at each company that could significantly impact all our stakeholders in order to formulate countermeasures. Monitoring is carried out by departments responsible for responding to risks and each risk management committee to reduce and eliminate risks by identifying the priority areas that we should address as an entire Group. In FY2016, we identified and developed measures to counteract risks occurring in each group company; additionally, we identified risks we are exposed to as a group. The results of risk assessment are reported to the Board of Directors.

■ Establishing Infrastructure for Crises Response

The risks companies face are becoming ever more complex, diverse and significant and the enhancement of risk management is a necessity in management. Therefore it becomes especially important to establish Business Continuity Plan (BCP) based on the estimation of potential damage in case of crisis. The Suntory Group has built an infrastructure to respond to crises by establishing the Risk and Crisis First-Response Manual for each company in Japan and the Major Incident Management Manual for each overseas company. We aim to minimize impact and damage in case of disaster through timely decision-making and sharing information when a major crisis occurs to maintain the trust from society. While enhancing crisis management through these initiatives, we will keep prioritizing the safety and comfort of our customers and other stakeholders, disclose appropriate information, and ensure that every employee has a mindset that allows him or her to act promptly and with integrity.

■ Building/Strengthening System Platforms of Group Companies in Japan

We continue to organize Risk Management Steering Conferences with the help of departments responsible for risk response at each Group company and Suntory Holdings Ltd. with the goal to build and strengthen the risk management system platforms of Group companies in Japan. We share challenges related to risks and assess the response measures carried out by each company through bilateral discussions.

■ Business Continuity Plan (BCP) Formulation and Implementation

In recent years there has been a string of unanticipated disasters, including both natural disasters such as major earthquakes, flooding caused by typhoons and torrential rainfall, landslides, heavy snow and volcano eruptions, and the spread of infectious diseases such as new influenza and noroviruses, which continually threaten both society and the economy. The Suntory Group has formulated a Business Continuity Plan (BCP) that will enable us to continue doing business as much as possible without interruption in the event of a disaster, to securely provide high quality products and services to customers, thus fulfilling our responsibilities to provide supplies.

The plan we have formulated goes beyond manufacturing at Suntory Group plants to include raw material procurement and distribution as well as sales activities. We have taken steps to be able to decentralize our head office functions and infrastructure in an emergency and continue to strengthen our response structure to cope with contingencies.

■ Large-scale Natural Disaster Measures

Establishment of Safety Confirmation System and Emergency Drills

In preparation for natural disasters such as major earthquakes in Japan, we have in place a system that uses mobile phones, PCs, landlines, etc., to confirm the whereabouts and safety of employees.

We hold safety confirmation drills twice a year and work to raise awareness to ensure that the system operates smoothly. We also conduct regular disaster prevention drills based on the scenario of a major earthquake and drills focusing on how to get home from work on foot.



Disaster Countermeasures
Headquarters Training

Disaster Response Systems

After a major disaster occurs, our first response procedures entail rapidly establishing a Response Task Force centered on the General Affairs Department of Suntory Holdings Limited, with Response Teams in each division placed under it. The Response Task Force handles all matters including confirming the safety and whereabouts of employees and their families, collection and coordination of disaster-related information, functional recovery of business offices, recovery of information systems, distribution of relief supplies, functional recovery of production, and provision of assistance to clients and the local community. These activities are conducted in line with each division's activity policy. These systems and procedures are made accessible on the Intranet so that employees can review them at any time. Since the Great East Japan Earthquake in 2011, we have revised our response manuals, further fortified our disaster relief stock pile and have strengthened our systems for when a disaster occurs. When the Kumamoto Earthquake struck in April 2016, these systems enabled prompt confirmation of the employees' safety, assisted the employees in need, and were instrumental during the recovery period.

■ Measures Against Infectious Diseases

Since the influenza pandemic in 2009, we have been taking measures to avoid the disruption of business operations by creating a manual on response process during a pandemic based on our Influenza Prevention Manual, disseminating information among employees, clarifying reporting system during pandemic, and strengthening measures to prevent the spread of infection. In addition, we created a course of action related to highly pathogenic diseases to handle all diseases (revised 2015). Furthermore, we have established a BCP that enables operations to continue even during a pandemic of highly-virulent influenza or other diseases.

■ Safety Management for People Sent Overseas

Dealing with the various risks to employees who are sent overseas is a challenge as globalization advances in recent years. In 2013, we launched a system that allows us to consistently understand the situation of people sent from Japan to overseas offices by linking the General Affairs Department and Human Resource Department of Suntory Holdings Ltd. This system is utilized to quickly confirm whether employees sent overseas are safe and to immediately handle any emergencies when they arise.

In regions where malaria, tuberculosis, HIV/AIDS, and other infectious diseases are prevalent, we strive to prevent communicable diseases by taking measures that include awareness raising through the distribution of handbooks and other materials as well as by providing employees with opportunities to consult with industrial physicians about their health at Group companies.

Anti-bribery

We promote awareness and understanding by establishing guidelines for entertainment and gift-giving in-line with global standards. We have declared the basic approach of the Suntory Group for anti-bribery activities of directors and employees of the Suntory Group worldwide (Anti-Bribery Measures) in 2015 as our response to global enhancement of anti-corruption regulations, such as the Foreign Corrupt Practices Act (FCPA). Each initiative conducted by the Global Risk Management Committee is reported to the Board of Directors. We have formulated a global Anti-Bribery Policy in 2016, which includes new provisions on donations and political contributions in addition to entertainment and bribery. The Suntory Group's Code of Business Ethics is a set of rules which do not tolerate any improprieties or unfair practices. The Suntory Group actively works to raise awareness and conduct training related to global anti-bribery policies and guidelines for employees while regularly conducting monitoring. Moreover, we have put in place a global Compliance Hotline to receive reports and consultations. Employees are encouraged to immediately report any corruption cases or actions thought to be corruption.

Anti-Bribery Measures

1. Suntory Group, as a global group, is firmly committed to compliance with applicable anti-corruption laws and regulations around the world.
2. All Suntory employees worldwide are prohibited from giving or receiving bribes in any form, directly or indirectly, to anyone (public officials and private counterparties).
3. Suntory Group is committed to providing employees with clear guidelines such as Gifts, Entertainment and Hospitality.
4. Suntory Group is committed to maintaining accurate books and records and appropriate internal accounting controls systems, which shall be audited periodically by our independent auditors.
5. Suntory Group will communicate its compliance objectives, including how seriously it takes ethical conduct and compliance, to its employees, business partners, agents and other third parties.
6. Suntory Group will provide its employees comprehensive compliance and prevention of corruption training programs.
7. Suntory Holdings is committed to enhancing centralized monitoring processes worldwide.
8. Suntory Group wants and expects violations and concerns to be reported and will take action to investigate any complaints.
9. Suntory Group will provide employees with the resources to help them with compliance.

Risk Assessment for Corruption

The Suntory Group openly communicates about its due diligence processes and the nature of relationships with its business partners; the Group builds efficient risk management system that includes due diligence of its business partners. If a given business area or a transaction appear to have high risk of corruption, we take decisive actions to mitigate the risk in this business area or a transaction.

Tightening Information Security

We are tightening information security systems in the entire Group to respond to information security risks, which are one of the most serious risks in operations. Global security policies were also formulated in an effort to enhance informational security at a global level.

■Strengthening Information Security Systems

Suntory has established governance through preservation and systems for informational assets by defining the Suntory Group's Basic Principles for Governance of Information Security based on the growing needs of society that demand even stricter management of corporate information security.

We formulated the Suntory Group's Social Media Policy that stipulates the usage approach to social media in Japan (such as Facebook, Twitter, Line, etc.) to respond to risks such as information leak through social media with a very high and constantly growing number of users. We are reinforcing the awareness of each and every employee in the handling of information while advancing the information management of the entire Group based on these policies.

Suntory Group Information Security Basic Policy

Our information assets are a source of the Suntory Group's competitiveness. During our strategic usage and application of such assets, we must be worthy of our customers' trust in us and fulfill our corporate social responsibility. Thusly, we have identified the appropriate safeguarding of information assets as being an important management challenge, and have instituted the following basic policy, which promotes information security governance.

- By maintaining a chain of responsibility for information security and by formulating and enforcing rules on the handling of information, we will strive for appropriate management as one group.
- By specifying how the information assets that we possess should be handled in accordance with their importance and any risks, we will strive for their secure and proper use and their appropriate safeguarding.
- We will conduct the ongoing education and training of our directors, all employees, and other personnel, and we will commit to awareness-raising regarding this issue and ensure full compliance with rules related to information security.
- We will strive to prevent information security incidents, and in the unlikely event that such an incident occurs, we will swiftly take action to recover and implement corrective measures.
- While complying with laws and regulations in every country we operate in related to information assets, we will continuously improve and enhance the abovementioned information security policies.

■Strengthening of Human Resource and Legal Management

We have established rules and regulations for the use of information systems and the management of confidential information, and we are raising awareness of that information via our intranet. Moreover, we are raising Group awareness to the fullest at each Group company in Japan through the following measure:

- Improve information management systems that are based on vulnerability analysis
- Introduce e-learning and study sessions to increase awareness of the importance of information security and the handling of information
- Establish rules related to using social media and introduce study sessions for employees
- Conduct training related to targeted email attacks that are growing year after year
- Work with members under the guidance of risk management control supervisors and leaders at each company

In 2016, Suntory put in place the Computer Security Incident Response Time (CSIRT) as a specialized organization to response to computer security incidents in an effort to prevent informational security incidents and strengthen its response in times of disasters as a Group.

■Strengthening of Physical and Technological Management

Suntory has adopted an entry-exit management system that uses security cards at the Odaiba office, Osaka office and each of our other business sites.

We are also strengthening the management of access to information systems throughout the Group via authentication functions that use security cards and passwords.

In addition, to prevent information leak, we put in place preventative measures for overwriting data on information recording mediums and established systems (automated encryption) to safely store vital information (personal/confidential information). We adopted other measures that include measures to disable automatic forwarding of emails, unauthorized access from outside the company as well as setup and monitoring of a firewall to prevent attacks.

■Initiatives for SNS Risks

Individuals can now easily distribute information with the rapid popularity of social media (SNS). However, we see the instances when negative information spreads widely through SNS and damages corporate value.

The Suntory Group is conducting activities to make employees more sensitive to SNS risks (awareness raising through e-learning, seminars and an SNS usage guidebook, etc.) by formulating various standards and guidelines for use of SNS, discovering risks as early as possible, and launching response systems to lessen the SNS risks.

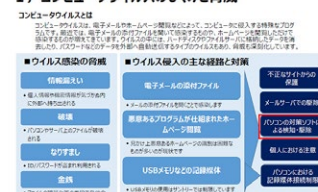
■Support of the My Number System

We have put in place measures to properly manage personal information safely at each Group company as deemed necessary for identifiable personal information (My Number System) introduced in 2016. We have confirmed that our subcontractors have put these measures in place as well.

■Protecting Customers' Personal Information

Each company in Suntory Group stores personal information of many customers such as of those that applied for product sales promotion campaigns and customers using mail-order of health foods, etc. The Suntory Group works to protect personal information of the entire Group according to the Act on the Protection of Personal Information and Guidelines to protect important customer information.

1) コンピュータウイルスのしくみと脅威



Informational security
e-learning screen

Employee Education on Personal Information Protection

We hold e-learning and study sessions for all of the employees in the Group to disseminate the importance of personal information protection. We conducted more focused information security education in departments that directly handle personal information.

Sales Promotion Campaign History Management System

All processes from acquiring information to deleting records are managed through Campaign History Management System upon signing non-disclosure agreement with subcontractor for sale promotion campaigns that collect customers' address, name and other personal information. In addition, personal information that requires being stored is centrally managed in dedicated database in-house to protect customers' information.

Information Management of Mail-order Customers

Information of mail-order customers at Suntory Wellness Ltd. are centrally managed in a dedicated closed system in communication management center in which access is strictly managed using the finger vein recognition system.



Finger Vein
Recognition system

Initiative on Intellectual Property Rights

We are increasing the importance of intellectual assets each year by raising awareness about intellectual assets for society and introducing several measures through the government. The Suntory Group has established an Intellectual Property Department focused on patents as a division that supervises intellectual property as well as a Trademark Office focused on trademarks and corporate guidelines.

■Utilization of Intellectual Property

Suntory acquires and utilizes results of product and technological research and development as intellectual property and promotes activities to continuously provide highly value added products unique to Suntory Group. In addition, we implement an incentive scheme based on Invention Regulation in the Group to promote and utilize employee inventions.

■Respecting Intellectual Property of Others

While utilizing intellectual properties, we collect information closely with the site of research and development to avoid violating intellectual property owned by others. For example, upon adopting new technology, we survey if a patent is owned by others. Furthermore, when adopting a product name, we survey whether or not it is registered as a trade name and refer to the opinions of experts to decide whether the names are similar.

CSR Activities of Each Group Company

Right from its founding in 1899, Suntory has worked to expand its business. Operating today as the Suntory Group, the company is active across a broad range of fields that include not only the alcoholic beverage, non-alcoholic beverage, and food businesses, but also health foods, restaurants, and flowers.

The company has further been expanding its operations across the world, conducting business in Asia, Oceania, Europe, and the Americas.

This site introduces various activities of the Group companies.

Activities of Overseas Group Companies



Activities of Overseas Group Companies



Beam Suntory Inc.

Manufacture and sale of whiskey and other spirits



Suntory Beverage & Food Europe

Plan management strategy and administer soft drink business primarily in Europe



Pepsi Bottling Ventures Group

Production and sales of PepsiCo's beverage brands



Suntory Beverage & Food Asia

Production and sales of Health Supplements, Food and Coffee



Suntory Garuda Beverages

Production and sales of non-alcoholic beverages



Suntory PepsiCo Vietnam Beverage Co., Ltd.

Production and sales of non-alcoholic beverages



Frucor Suntory

Production and sales of non-alcoholic beverages



Château Lagrange S.A.S.

Production and sales of wines



Weingut Robert Weil

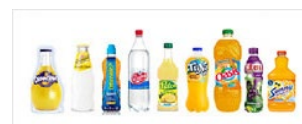
Production and sales of wines

Suntory Beverage & Food Europe

- Orangina Suntory Schweppes
- Lucozade Ribena Suntory
- Schweppes Suntory España
- AMC

Suntory Beverage & Food Europe

Head Office	40-52 bd du parc, 92200 Neuilly-sur-Seine - FRANCE 2 Longwalk Road, Stockley Park, Uxbridge UB111BA - UK
Business activities	Soft drinks production and sales
Website	https://www.suntorybeverageandfood-europe.com/



10 Core brands: Orangina, Schweppes, Oasis, Pulco, La Casera, Trina, Lucozade, Ribena, Sunny Delight and MayTea Company Overview and Philosophy

Orangina Suntory France

Head Office	40-52 bd du parc, 92200 Neuilly-sur-Seine - FRANCE
-------------	--

Lucozade Ribena Suntory

Head Office	2 Longwalk Road, Stockley Park, Uxbridge UB111BA - UK
-------------	---

Schweppes Suntory España

Head Office	Paseo de la Castellana 202, 28046 Madrid - SPAIN
-------------	--

AMC

Head Office	SIL, Media arena 5-6, 1114BC Amsterdam-Duivendrecht, THE NETHERLANDS SBF South Africa, Office Park, 8 Greenstone place, Greenstone Hill, Johannesburg 1609 - SOUTH AFRICA
-------------	--

Company Overview and Philosophy

■ Our Mission



■ Our Vision

Lead the next drinks revolution through Enjoyable Wellness.

■How we do things at SBFE

A drop of inspiration. A dash of passion. A splash of fun. At SBFE, we know what it takes to create something special. Bold by nature and bound by a playful energy, our people are ambassadors for some of the world's best-loved brands.

Founded with an entrepreneurial spirit and an unwavering focus on consumers, we're turning our inspiring past into an exciting future focused on enjoyable wellness. At SBFE, we'll empower you to make your own impact — on our business, our people, and consumers everywhere. If you've got big dreams and the courage and commitment to pursue them: Yatte Minahare - Go for it!

"Yatte Minahare" is our driving force and at the centre of everything. What stems from that are our four core behaviours of One Team, Agility, Commitment and Passion — and this comes across in everything we do as well as guiding our actions and decisions.

Primary CSR Activities

Our Founder Shinjiro Tori was not only a merchant crafting whisky to make profit. He wanted to build a successful business in order to make a positive impact on society and the community around him. He believed that success goes hand-in-hand with responsibility. In 1921, even before the concept of CSR existed, Suntory opened the "Hojukai", a social welfare organization helping less fortunate people. This was the start of Suntory's pioneering social and environmental contribution activities. Today, SBFE still believes that growth isn't at odds with nature, sustainability and wellbeing.

■Enjoyable wellness for our employees

We provide our employees with an enjoyable, safe and responsible place to work trying to maximize the potential of each, and encouraging them to achieve their goals while taking on new challenges.

- Office refurbishment and aiming to get the Great Place to Work label, fostering work and life balance.
- Encouraging exercise and getting to move (gym coach at work, being the best me campaign)
- Nutrition and labelling workshop
- Recycling

■Enjoyable wellness for our products

- Sugar reduction with brand reformulation and new recipes in order to comply with sugar tax coming into force in EU
- Focus on MayTea as a business and on our Enjoyable Wellness journey. We want to provide our consumers with healthier and better for them products (natural ingredients and sweeteners, low calorie and low sugar, hydration and taste)

■Enjoyable wellness for our community

Green commitments around

- CO₂ (offsetting our carbon footprint by donating to charities that support water activities)
- Water (awareness, educating children and communities around water management)
- Energy optimisation through factory upgrades
- Plastic footprint reduction (waste management strategy, prevention, minimization, recycling)

■ CSR Platform

Growing for Good

Our Group competitiveness and development depend on our capacity to combine performance with sustainability. Inspired by our Suntory Group spirit and long-term vision, our company aim is to 'Growing for Good'; constantly innovating to create the highest-quality drinks for our consumers' pleasure, while contributing positively to the development of a global sustainable society. We believe the time has come to reinvent a new way of doing business, in harmony with people and nature.



QEHS Management

We developed our unique QEHS (Quality, Environment, Health, and Safety) policy as a strategy for continued corporate growth. Our standards are tougher than those required by the EU and local governments, and are promoted through our QEHS management system. This policy is strictly followed and correctly implemented to focus on providing our customers with high quality products that best meet their needs.



To Create Harmony with Customers and Partners -Products and Services-

■ Relations with Customers

Our consumers are our priority

We constantly adapt our drinks to our consumers' expectations. Our passion and our spirit of challenge and innovation lead us to make our drinks even less sugary, even more natural, yet as delicious as ever.



Reducing added-sugar level

'Less sugary drinks but still just as delicious'

We are gradually reducing added sugar content in our most popular products, thereby allowing our consumers to enjoy lower-calorie drinks or drinks that are less sweet in taste but still just as delicious. This is a key driver for our new product development, and all our Business Units are strongly engaged in this challenge.

Guaranteeing safety and a high level of quality

'Working towards product excellence'

We guarantee the highest level of safety and reliability for our consumers. All the ingredients making our drinks are checked through a very strict quality-control process, backed up by our Suntory Group 'All for the quality' spirit!

We give priority to qualitative and natural ingredients, with the aim of offering a large portfolio of drinks with choices that include fruit based drinks, as well as beverages containing no artificial colourings and flavourings, or preservatives.

Committed to responsible consumption

'100% of our products provide nutritional information'

We provide our consumers with transparent and informative nutritional information on all our packs, as well as with a wide range of formats and products, so that each consumer can make informed and suitable purchases depending on his or her individual needs. We also made the decision not to communicate to children below age 12 in all countries, as this population is not mature enough to make responsible choices.

Opting for sustainable agriculture

Our drinks are made with ingredients from nature (fruit, sugar, and water). With this in mind, we are convinced we have to work hand in hand with our suppliers for sustainable practices, guaranteeing our products' quality and safety as well as our business future.



Building long-term relationships with our partners

'We believe that loyalty makes efficiency'

We encourage long-term relationships with our partners. This loyalty enables us to work with them in a sustainable way, involving them in our commitments and building credible action plans with them in terms of quality, innovation or environmental preservation. We have developed a 'Partners' Code of Conduct' summarizing all our corporate commitments, which must be accepted by each of them.

Being experts on our ingredients' sourcing

'Our products' quality starts in the fields'

It's our responsibility to have full knowledge and traceability of how our ingredients are produced. This is why we impose a strict audit process on each of our partners and aim at developing, with some of them, long-term partnerships to encourage sustainable practices. In 2011, we carried out thorough audits of all our major fruit producers, from the fruit plantations to the processing plants.

To Create Harmony with Nature -Environment-

■ Protecting the climate

Greenhouse gas emissions have a major impact on climate. That's why one of our core priorities is to reduce the impact our activities may generate. We measure and analyze our impact, then put plans into action to reduce our carbon emissions throughout our processes.

In the UK, we are proactively enhancing the sustainability of each department respecting the roadmap set by Department for Environment, Food & Rural Affairs of the UK. Site in Coleford is being used as zero emission landfill and a plant with private power generation is being built. We are also building on the long term relationship with The Wildlife Trusts charity, focusing on the positive impact the company can have on the environment, not just at Coleford but wider in society.



Measuring our impact to better reduce it

'We made our first carbon footprint analysis in 2007'

Since 2007, we have been measuring our company's carbon footprint every three years. This has enabled us to identify the most impactful stages of our activities and to develop precise action plans for reduction, through the optimization of our internal processes and with the involvement of all our partners.

Optimizing packaging

'Reducing, Recycling and Re-Using'

Packaging contributes to a significant share of our greenhouse gas emissions. Reducing its impact on the environment is a clear priority for us, as well as a real challenge, as the packaging must guarantee the safety and quality of our drinks.

- Reduce: Making our packaging lighter
We are working to make our packaging lighter, in order to limit our consumption of raw materials and reduce our carbon footprint.
- Recycle: Encouraging and improving recycling
Almost 100% of our bottles and cans are recyclable, but not 100% of our packaging is recycled. That's why our teams are working on two key challenges: improving the recycling process of our bottles and encouraging our consumers to recycle their used packaging. For example, part of the PET bottles for Ribena are being recycled and preparation for drinking bottles made from 100% recycled plastic is underway. Also in the UK, most of the products being sold carry a message to encourage consumers to dispose of the product responsibly.
- Re-use: Promoting recycled materials and using returnable packaging
Using returnable packaging as well as incorporating more recycled materials (R-PET) are a key lever for consuming less raw material and for limiting our environmental footprint.

We have also part-funded an innovative environmental and litter reduction programme in London called 'Neat Streets'. The focus of this programme is to investigate alternative ways to reduce littering and increase awareness of its impact.

Reducing energy consumption

'Environmental savings thanks to new equipment'

Our 10 factories are all ISO14001 certified. This international standard requires us to constantly improve our industrial processes, by investing in new, more efficient and less energy-consuming equipment. In our French factory in Gadagne, we have attained 40% savings in energy by changing our bottling process.

Preserving water

Water is a vital resource that needs to be managed in an extremely responsible way, as much in terms of quantity as in quality. As a key player in the beverage industry and as part of the Suntory Group, which is a leader in the drive to preserve water, we have a special responsibility to protect this major component of our drinks.

Reducing water consumption

'We aim to use the minimum of water we need'

All our factories are strongly involved in reducing their water consumption, and constantly working to optimize their production processes. New equipment and innovation are key levers, as well as team training in order to develop, internally, a real culture of water preservation.

Water Sustainability

'Water is at the heart of an amazing ecosystem which maintains life on earth'

Inspired by the Suntory philosophy, we take great care of the quality of water we release into the environment, keeping in mind that water is at the heart of an amazing ecosystem which maintains life on earth. We are extremely demanding in the quality of our water treatment processes, and we take action to protect natural ecosystems.

Working in harmony with people and nature

'Acting locally enables us to be closer to our environment'

Driven by a local approach, we encourage local production and manufacturing. All our business units and factories are located as close as possible to where our products are consumed, hence contributing to the local economy. Likewise for our ingredients, for which we aim at promoting local production.

As an example, our Ribena blackcurrant drink in the UK uses British blackcurrant production.

Activities for preserving the biodiversity in forests

Surrounding Coleford, the location of Lucozade and Ribena production, is the well-known Forest of Dean. The Forest is typical of the conifer and broadleaf forests across GB & I many of which have been managed since the 1600s and are designated as Site of Special Scientific Interest. The wilderness, forests and rivers in the grasslands or heath are habitat of birds, butterflies, bats and other various rare species. To reflect this, we have formulated a Biodiversity Action Plan (BAP) to preserve and nurture such natural environment. The plan includes a survey of forests and grasslands where wildlife lives and work the land according to an annual plan to increase the number of living species, in corporation with local companies and farmers.



Coleford Factory
surrounded by rich nature

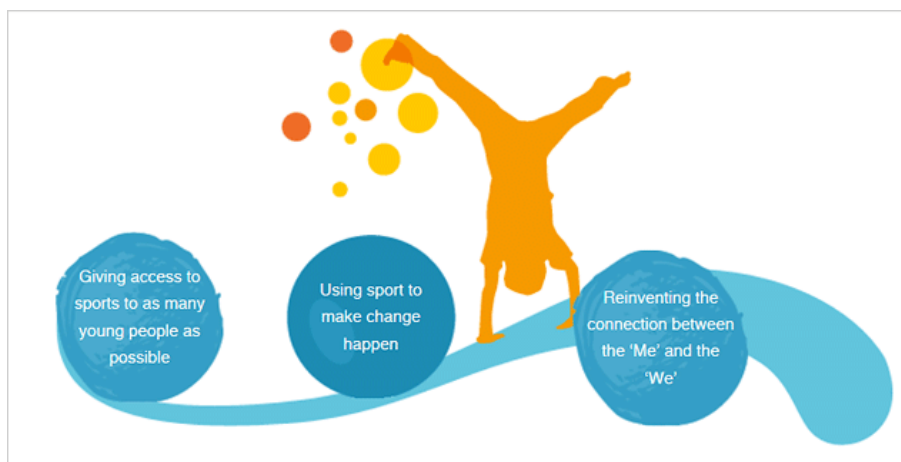
* Convention on Biological Diversity demands signatory countries to formulate a Biodiversity Action Plan (BAP).

Some private companies and organizations may voluntary formulate their own plan.

To Create Harmony with Society -Cultural and Social Contribution-

■ Sharing our passions with society

Our world is a world of pleasure, passion, conviviality and optimism. We want to share all these positive values with society, which explains why we support projects that promote positive attitudes for positive change.



Giving access to sport to as many young people as possible

'Sport is a positive driver for young people'

Sport can play a vital role in children's education and development, it is a key factor in having a healthy lifestyle and building positive human values. Orangina Suntory France encourages young people to engage in sports and exercise by supporting local programmes such as UNSS (Sports at School) in France, which gives 1 million children access to more than 80 different sports every day. We also support national sports teams, as inspiring young people by associating with star players is a good way to encourage and motivate them to participate in sport. In the GB&I we also have partnerships with the England, Scotland, Ireland rugby union teams and key Welsh rugby union internationals and the England Football Association.



Using sport to make change happen

'Sport is a key way for positive change'

Sport is a strong and essential way to get people to support a cause and is a great driver for positive change. In France, Orangina Suntory France is a partner of the Rugby French Flair association, which promotes the positive values of rugby among disadvantaged young people.

In GB&I we offered sports kits and equipment to local teams and clubs as part of on-pack campaign. Clubs are chosen at random to receive motivational visit by elite athletes as part of Random Acts of Kitout. The company has also partnered with the Dame Kelly Holmes Foundation to support and develop young people from challenging backgrounds through the use of sports professionals and staff as role models.

Reinventing the connection between the 'Me' and the 'We'

'A bit for me, a bit for the others'

We believe that an individual's well-being should generate collective welfare. While promoting individual good habits for an enjoyable and well-balanced life, we also encourage people to share their positive energy with other people who may need a boost. This is the ambition of Orangina Schweppes Spain's 'Me-We' programme, which simultaneously develops our employees' individual well-being and encourages them to share with the poorest by donating to a food bank.

'Contributing to the local community'

Example: as a responsible company, we donated a brand new tuk tuk to the Kangemi Resource Center (KRC), based in one of the poorest slum of Nairobi. The KRC provides education and care to around 200 children every day and produces its own safe water, thanks to a filtering system. Water is packed in various types of containers and given to children so that they bring them back to their schools situated in unsafe water zones. The tuk tuk prevents children from walking a long way back school while carrying heavy water containers and help deliver bottles of drinking water to communities.



To Create Harmony with Employees -Diversity Management-

■Engaging our people and our partners

At SBFE, all of our people and our partners are included in our corporate vision. Driven by our famous Suntory “Yatte Minahare - Go for it!” spirit, we empower people to dare and to make things happen. This requires a lot of passion, optimism and involvement, which are key values for us.



Promoting the Suntory “Yatte Minahare - Go for it!” spirit

'The “Yatte Minahare” spirit is our driving force'

We create an inspiring environment, where our people are supported and empowered to make things happen, driven by our famous Suntory “Yatte Minahare - Go for it!” spirit. This daring philosophy provides our people as well as our partners with the dynamics to act, innovate, and create value for our company as well as for the society we belong to.

Guaranteeing well-being at work

'Convinced that well-being drives performance'

We strongly believe that performance is very much linked to employees' well-being at work. This starts, of course, with a serious health and safety policy, especially in the factories. As we support the idea of equal opportunity for everyone based on our Code of Conduct and policy, we are highly engaged in our employees' individual development. By providing the employees with the tools to become the entrepreneurs of their own life, thanks to high-quality management and training programmes.

We also operate a Flexible Working Policy, which provides employees with the opportunity to request reduced or changed working hours, is implemented as an initiative of work-life balance.

Pepsi Bottling Ventures Group

Head Office	4141 ParkLake Ave., Suite 600, Raleigh, NC 27612, USA
Established	1943
Business activities	Production and sales of PepsiCo's beverage brands in the U.S. East Coast
Website	http://www.pepsibottlingventures.com/



Primary CSR Activities

To Create Harmony with Customers and Partners -Products and Services-

■ Quality Initiatives

Quality management

To maximize quality control efforts and provide high-quality products, Pepsi Bottling Ventures (PBV) observes both the quality standards shared throughout the PepsiCo Group and the standards unique to PBV. We have also implemented AIB International's GMP Inspection system for food safety*¹. Moreover, we have obtained the Global Food Safety Initiative (GFSI) FSSC-22000 audit scheme*² certifications for food safety.

*¹ A food safety system that stresses Good Manufacturing Practices (GMP), which are guidelines on practices that must be adopted in order to manufacture food that is safe.

*² Food Safety System Certification 22000 (FSSC-22000) - GFSI Audit Scheme that combines the ISO22000 standard and the ISO/TS22002 standard (formerly PAS-220) that specifies the requirements for prerequisite programs to assist in controlling food safety risks in food manufacturing processes.

■ Relations with Customers

Reflecting customer opinions in products and services

We have developed mechanisms for connecting the opinions and requests shared by customers with the reports we receive monthly from PepsiCo and then making improvements in the company. For example, when customers complained that the caps for PET bottles in the US which were changed to a new low-profile design based on a unified standard were now "too difficult to open", we worked together with our business partners to improve the caps so they were not overly tightened.



Supporting healthy diets

As one of many initiatives aimed at improving the nutritional balance of beverages in our customers' diets, PBV sells a variety of health drinks that contribute to the well-being of customers. Customers can also obtain information about the nutritional composition of our products from PepsiCo's website whenever they wish.

To Create Harmony with Nature -Environment-

■ Environmental Efforts

Water use optimization

As the key ingredient in our products, using water responsibly is critical in our manufacturing facilities. Our highly sophisticated reverse osmosis water purification systems are designed to optimize purity and water conservation. Reject water from the RO systems and other manufacturing processes is utilized in secondary uses to maximize water conservation before discharge to sewer. PBV continues to invest in new water purification systems that reduce the gallons of water it uses to make a gallon of product while producing ingredient water that is high in quality. PBV achieved a water use ratio of 1.70 gallons of water/gallon of product produced in 2014.



Adopting vehicles and a delivery system that contribute to energy conservation and CO₂ reduction

In 2011 PBV was the first Pepsi bottler in the USA to install an automated order picking system using Coolift pallets in combination with specialized lift gate trailers. The new system reduces delivery time and improves ergonomics for delivery personnel. Delivery routes are dynamically routed daily to reduce travel time and fuel consumption. Hybrid and fuel efficient vehicles continue to grow and now make up 50% of our sales support fleet. By the end of 2014, PBV has integrated five of its North Carolina market to this new delivery system and reduced the gasoline usage of its fleets by 50%.



Manufacturing Bottles at point of use - Reduce

In 2012 PBV eliminated the practice of purchasing and transporting PET bottles and started manufacturing them at our two largest manufacturing plants in North Carolina. The in-house manufacturing and labeling allowed PBV to reduce the incoming truck deliveries of packaging materials by 11 to 1. The self-manufacturing process allowed PBV to reduce our PET bottle weights on average by 20% and our new bottles incorporate 10% recycled plastic. Additionally PBV's new manufacturing equipment is 20% more energy efficient than the old systems used before self-manufacturing.



Plastic Cases & Pallets - Reuse & Recycle

Thirty-one percent of PBV products are delivered in multiuse plastic cases and pallets. This packaging lasts for years and eliminates corrugated board and wood from landfills. Damaged units are returned to the manufacturer and are recycled for manufacture of new cases and pallets. PBV also uses recyclable shrink film on other products to reduce secondary packaging.



Centralized Recycling Centers - Recycle

PBV manufacturing facilities act as centralized recycling centers. Corrugated board, stretch film, metal, and PET are collected and transported to these centralized facilities. Out-of-date product returned from customers is crushed and the recycled packaging is sold. Additionally our fleet garages recycle old vehicles, waste oil, batteries, and tires. As a result, PBV achieved a recycle rate of 89.3% of its total waste in 2014.



Sustainable Construction

PBV started construction of a new logistic facility that will cover the Charlotte metropolitan area of Harrisburg, North Carolina. This facility is designed to be constructed by sustainable method and to be energy efficient and have reduced environmental impact. The facility will be PBV's first facility to have 100% LED lighting inside and outside. In addition, the facility will install highly efficient natural gas radiant heating and designed to lead rain water to nearby water sources through rain water reservoir. The facility was completed and began operations from April 2016.

To Create Harmony with Society -Cultural and Social Contribution-

■ Relations with the Local Community

Support for areas affected by natural disaster

PBV supplied bottled water to the victims of the Haiti Earthquake in 2010. In 2011, we gave considerable financial assistance to the North Carolina Disaster Relief Fund to help victims of Hurricane Irene. We also provided significant relief in the form of bottled water, fuel, and supplies to the employees and general population affected by Hurricane Sandy.

Activities rooted in the local community

We provide major financial assistance to the Wake Tech Foundation in Raleigh, NC, which is being used to expand their campuses, enhance their ability to provide workforce training, and foster entrepreneurship and business partnerships. We sponsored the Grand Opening of the Nature Research Center of the N.C. Museum of Natural Sciences, which welcomed 70,000 visitors on its first day. This museum has the highest attendance of any North Carolina State museum. In 2013, we also provided financial and logistical support to the Upper Neuse River Conservation Core, a regional group that works to restore the natural watershed of the same water source that our flagship Garner plant uses.

Land Conservation Designed to Protect the Water Quality of the upstream region of the Neuse River

The PBV headquarters factory is located in Upper Neuse River region in central North Carolina. Upper Neuse River region provide utility water and drinking water to 300,000 residents and many local businesses and organizations. The population in the Upper Neuse River region is rapidly increasing, which makes it extremely important to the health, economics, and quality of life of the people that there is a plentiful supply of clean drinking water in the region. Therefore, our company cooperates with forest preservation organizations, local government and land owners through the Upper Neuse Clean Water Initiative to preserving the soil to protect water quality of the river since 2005. We also engage in initiatives to improve the water quality such through removing foreign species and bring back the habitat of native species.



Upstream region of the Neuse River

The Raleigh Human Relations Award

Pepsi Bottling Ventures engages in philanthropy and charitable activities in local communities around its main office in Raleigh, North Carolina and in the Research Triangle region. It was awarded the Human Relations Award by the city of Raleigh for its many years of activity.

The philanthropic and charitable activities that Pepsi Bottling Ventures conduct in local communities include financial support, providing company beverage products, dispatching volunteers, advertising, and signage, as well as support for and endorsement of employee volunteer activities. In addition, officials from our company promote leader-led volunteer activities conducted by many charitable organizations, and in addition to matched giving*, the company has charitable programs that are increasing the donations they provide when company officials participate in volunteer activities.

* "Matched giving" refers to a charitable program in which the company provides donations of money or goods of equal value to donations of money or goods provided by company employees who voluntarily provide donations to or participate in the volunteer activities of charitable organizations.



Human Relations Award by the city of Raleigh



Annual \$10,000 donation to the Conservation Trust of North Carolina

To Create Harmony with Employees -Diversity Management-

■ Relations with Employees

Creating a healthy and lively workplace

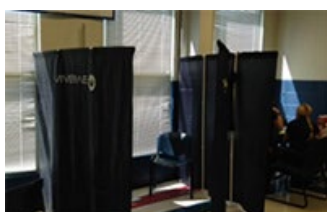
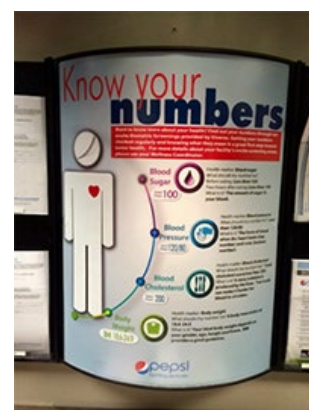
To maintain employee health, our Safety and Health Department - previously called the Safety and Loss Prevention Department - administers and provides guidance on how to become a healthier workforce. All of our employees are encouraged to have annual physical examinations. We provide annual influenza vaccinations free of charge for employees and spouses. Annual Safety Day events occur at selected facilities, where we bring in local hospital and wellness professionals to instruct on such topics as proper hydration and heart health. Automated External Defibrillators have been installed at all facilities and training is provided to selected employees on Basic First Aid and CPR. "Wednesday Walks" are conducted every week during lunch for groups to come together, stretch, and walk as a team. "Fresh Fruit Friday" is held once a month in all facilities, to promote healthy breakfast and snack choices.

In addition, to ensure the overall organizational health, we conduct employee opinion surveys every other year. This allows the views of employees to be heard and creates a venue for discussions and changes to take place in our organization.

Biometric testing has taken place at selected facilities based on employee population. Screenings help provide our employees with the knowledge and awareness of their current health and well-being. Employees are encouraged to participate, so they may have a better understanding of their health status, and consult a primary care physician if results need to be modified. Preventive wellness has always been a primary focus of PBV, especially when it comes to the health and safety of our employees.



Fresh Fruit Friday at Pepsi Bottling Ventures



The Industrial Athlete Program has meet with great success across our Eastern Division. Similar to several other companies that have produced a program (UPS, Boeing, Volkswagen, to name a few) PBV has incorporated this program to reduce the risk of injuries to our employees on the job. Stretching, physical therapy self-massage techniques for pain management, and proper ergonomic lifting techniques while handling product, are some of the key components of this program. “Stretch for Success” ; “Work Smarter NOT Harder” .



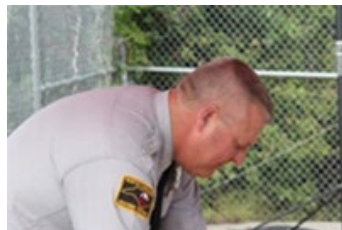
Stretch for Success



Work Smarter NOT Harder



Workplace safety is something PBV takes very seriously. In order to keep “Safety First” , we schedule Safety Day events at many of our facilities. Activities during a safety day range from instructor lead training (Highway Patrol) to hand-on exercises (fire extinguisher demonstrations, forklift rodeo etc...). Conducting Safety Day events are a fun way to teach workers best practices for a productive and safe work environment.



North Carolina State Highway Patrol attends a Safety Day event at Pepsi Bottling Ventures.



Forklift Operator competes in Forklift Rodeo during Safety Day at Pepsi Bottling Ventures

PT Suntory Garuda Beverage

Head Office	South Quarter Tower C, 3rd floor. Jalan R.A. Kartini Kav.8. Cilandak Barat. Jakarta Selatan 12430. Indonesia
Established	July 2011
Business activities	Production and sales of non-alcoholic beverages



Company Overview and Philosophy

Suntory Garuda Beverage, joint venture Suntory and Garuda Food, was established in 2011 to expand the beverage business in one of most growing and attractive markets — Indonesia. We are proud of our passion and the engagement of our talented people. In Suntory Garuda Beverage, we have worked as one family with a mission to inspire a smile. Our vision as Yatte Minahare company that constantly innovate drinking experience and delight consumers, translates into our five corporate values, that are: One Team, Agility, Never Give Up, Fun and Integrity.

Primary CSR Activities

■ CSR Philosophy

Our Mission

As our business grows and to be aligned with Suntory's global mission to Create Harmony with People and Nature, Suntory Garuda Beverage (SGB) is giving back to the people and the communities we operate in.

We strongly advocates Corporate Social Responsibility through a wide range of cultural and social contribution. We make CSR tangible and uncompromising for the staff by demonstrating our commitment focused on five elements. There are: education, public health, humanitarian aid, community empowerment and environment.

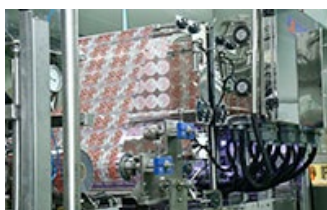
Our Initiatives

1. To create harmony with customers and partners

We committed on products quality and safety. Our commitment translates into proactive and preventive actions over all potential risks such as material, method, machine and manpower in order to avoid any critical quality trouble which could risk our consumers and our brand

A. SGB New Generation of Cup Line at Bogor plant

While always put high priority on products quality and safety, SGB keep innovating on manufacturing and operational infrastructure



Fully Automation Cup Line opened at Bogor plant

2. To create harmony with society: educational and social contribution

We are engaged in a wide range of educational and social contribution activities that best suit the time and region.

A. SGB Goes to Campus

Partnered with Bina Nusantara University, SGB delivered an engaging and inspired session on talent war in a disruptive system. We talked on the importance of elevate and establish ourselves as an authentic individual and attract business through transparency and expertise amidst rapid development during nowadays digital world. There were also a discussion on how to build our working attitude, upgrade the mindset and introduction on some supporting literature reference.



We are so proud at this University Relation Program (URP) and optimistic that we will be able to roll-out this initiative furthermore in many leading universities across big cities in Indonesia.

B. Career Talk

As part of its commitment to education in Indonesia, SGB held a seminar career preparation at following leading universities:

- Gajah Mada University (UGM) - Jogjakarta, theme: "Entering the World of Industry", attended by near to 300 students.
- Diponegoro University — Semarang, theme: "Winning Strategy to face ASEAN economic phase"



C. Blood Donation

SGB, together with Indonesian Red Cross (PMI) carry out blood donation. This program has become one of our top and continuous priority that implemented throughout the company.



D. Support Children Rehabilitation Center

Suntory Garuda involves it's employees during a charity event to Yayasan Bhakti Luhur, rehabilitation center for special-needs kids.



E. Plant Tour

We open opportunity for elementary, junior high, senior high, and university students to visit our manufacturing plant. Plant visits allow students to build better understanding of Good Manufacturing Practice (GMP) aimed to ensure products safety and quality. Plant visit program designed to stay fun, informative and interactive.



3. To create harmony with nature

In collaboration with "Komodo Community", SGB a held a social activities program opened for farmers community at Ciburial Village, Bandung, West Java. Through this activity, we want to bring more awareness to the community on the importance of healthy environment and benefit of medicinal plants.



4. To create harmony with employees: diversity management

SGB aims for human resource development rising to the challenge to create new values with diversity management as its basic policy and to create a working environment filled with creativity where all employees can exert their full potential.

A. Fun Ramadan at SGB

In Indonesia, iftar called "buka puasa", which means "to open the fast". Takjil is the food, commonly recognized as dessert, provided during iftar. To provide takjil for employees' iftar during Ramadan, we did fund crowdrising. Since many years, SGB build the corporate breakfasting into our culture. We name it "buka puasa bersama". Besides "buka puasa bersama" that we had in head office, every manufacturing sites and every function also held the similar one to take opportunity to engage together in this blessings month. Grateful that SGB could celebrate the holy month together with employees.



Since many years, SGB build the corporate breakfasting into our culture. We name it "buka puasa bersama"

B. Safety, Health and Environment (SHE) Campaign

SHE Campaign focusing on the promotion of sustainable safety and healthy working environment through effective individual awareness and effective management of workplace.

Suntory PepsiCo Vietnam Beverage Co., Ltd.

Head Office	Sheraton Saigon Hotel & Towers, 88 Dong Khoi Street, Ben Nghe Ward, District 1 Ho Chi Minh City, Vietnam
Business activities	Production and sales of non-alcoholic beverages
Website	https://www.suntorypepsico.vn/en



Primary CSR Activities

■ CSR Management

Corporate governance

Our Audit Committee carries out company-wide monitoring and oversight responsibly. The committee consists of independent directors reports directly to the Members' Council. The committee oversees and reviews the financial reporting integrity, effectiveness of internal control, risk management, regulatory compliance and code of conduct matters to ensure strong Corporate Governance for enhancing the interest of shareholders.

Compliance and training

Suntory PepsiCo Vietnam Beverage (SPVB) follows a strict Code of Conduct (CoC) and Anti-Bribery Policy. These policies are clearly communicated to our employees through mandatory annual trainings and web seminars. Employees are encouraged to report any violations they see, and may speak directly to their respective line manager(s) or Field HR, or Control Environment Committee, or use the anonymous “Speak Up” hotline.

Risk management

SPVB strives to identify risks, and has been improving the Disaster Recovery Plan and Crisis Management Policy to effectively mitigate effects. IT risks are also addressed, with information security training integrated directly into our CoC and web training. In addition, our IT Department follows strict protocols for safeguarding company data and intellectual properties. Disaster Recovery facility has been setup from Mar 2016 to utilize as a backup for Enterprise Resource Planning (ERP) system.

To Create Harmony with Customers and Partners -Products and Services-

Quality assurance

SPVB's food safety and quality policies are in accordance with standards set by the Suntory and PepsiCo groups. All company plants have FSSC 22000 certification. Additionally, AIB International Standards for Inspection audits are carried out at all sites and special toolkits are provided to our sales teams to help them communicate information on quality to our customers.

■ Relationship with the Customers

Customer outreach

Customer satisfaction is a first priority, and hotlines are in place to solicit customers' feedback and requests. Feedback is an essential part of our qualitative research, which is used to improve services, fine-tune marketing and increase satisfaction. In 2015, 2016 the company continues to use of hotline to get feedback from retailers; Moreover, we pay incentives to retailers thru ATM to increase speed and quality of service; palletize distributors in loading in and out to enhance quality in warehouse as well as improve merchandising in store, esp. in coolers to ensure the quality of products when using.



Contributing to consumer health

As bottlers, we work closely with Suntory and PepsiCo to offer products, which contribute to consumer health: Thanks to the high-quality pure-water guarantee and well associate with fashion platform, Aquafina is one of the most popular bottled water brands in Vietnam. The taste of purity message brings to consumers a unique taste of purity with crisp, refreshment in every bottle. Drink 4 bottles of Aquafina, 2 liters of water every day to purify your body and mind; 7UP Revive contains water, Electrolytes and vitamins B3, B6, and B12; Oolong TEA+ Plus, a healthy Ready-To-Drink Tea containing OTPP (Oolong Tea Polymerized Polyphenols) which are extracted from Oolong tea to help prevent fat absorption; and Mycafé is the mixture of Vietnamese milk coffee and Japanese matcha which constantly establish its recognition in consumer hearts as “young coffee brand dedicated to young people” .



" Mycafé " 235mL



"Oolong TEA+ Plus"
PET 455mL, 350mL,
CAN 320mL



"TEA+ Plus Matcha"
PET 455mL, 350mL



"7UP Revive" 390mL



"Aquafina" 500mL

■ Relationship with Business Partners

Working with Business partners

Purchasing at SPVB is governed by strict guidelines, and we encourage our suppliers to join online supplier management tool Sedex (the Supplier Ethical Data Exchange). Furthermore, we cooperate with key suppliers on business improvements to protect environment, such as the introduction of lighter weight PET bottles and cap.



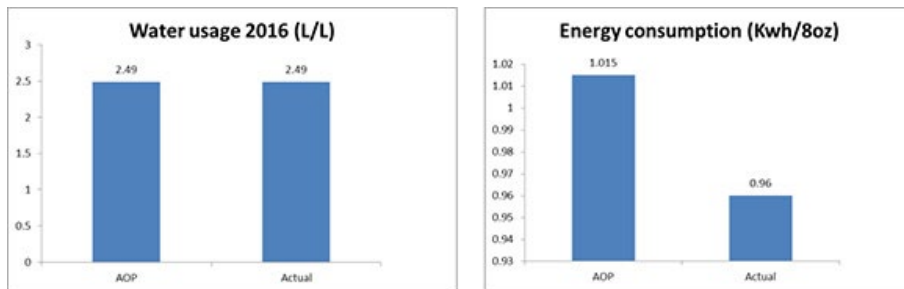
To Create Harmony with Nature -Environment-

■ Environment

Environmental management

All SPVB plants have acquired ISO14001 certification and fully complied with laws and regulations. We set up environment sustainability KPI's for water usage and energy usage. These figures were reviewed weekly at manufacturing meeting and monthly at company operating review meeting. Below is the SPVB KPI's 2015 achievement vs. reduction target:

2016 Targets and Results



Water conservation

SPVB has established targets and policies for water conservation. In addition to reduce consumption and effluent, we also strive to recycle water from treatment processes, bottle washing/ rinsing and CIP.

Climate change

CO₂ emissions from both power and fuel are measured at our plants, with targets to reduce energy consumption and CO₂ emissions. Methods include waste heat recovery, VFD for variable load motors/pumps/air conditioners, power-saving lighting, auto-timers at offices and eco oven for blowers.

Resource conservation

We measure solid waste generation and recycling rates at our plants, with targets for reduced waste and increased recycling. We recognize the importance of following 3Rs practices (Reduce, Reuse and Recycle).

We incorporate 3Rs into product design by creating lighter packaging; to conserve resources and reduce energy consumed during transportation (related production and design are carried out in-house). We have also changed from PVC to OPP labels for PET bottles, and from PVC to ACL labels for glass bottles. This helps to reduce environmental impact and encourage proper recycling. Additionally, used materials at our plants are collected for sale to third-party companies for reuse or recycling.

Reducing pollution and managing chemical substances

We comply thoroughly with all laws and regulations for the prevention of soil, water and air pollution. We carry out environmental impact assessments and obtain governmental approval for all plants. We have also implemented hazardous waste management systems, and environmental leaders are positioned at each site to ensure proper treatment and disposal.



Hazardous waste management



Wastewater treatment system

To Create Harmony with Society -Cultural and Social Contribution-

■ Relationship with the Local Community

With the philosophy "Giving back to Society", CSR is an integral part of SPVB's sustainable business strategy. As a good corporate citizen, SPVB focuses on Vietnamese society in CSR areas including Education, Water & Environment, Healthcare, and Helping Hands, a charity program financed and conducted by SPVB's employees across the country.

Water Hope Project

Water Hope Quang Nam is a social enterprise model which was launched in Vietnam, Quang Nam Province since 2013. The project has been sponsored by PepsiCo Asia Pacific, SPVB and The Wholistic Transformation Resource (WTRC). The Quang Nam Sponsoring Association for disabled, orphans and poor patients has been chosen as the project's local partner in charge for its operation at the location.



Water hope Inauguration ceremony in Vietnam

The project's mission is to establish sustainable and viable social enterprises that support and sustain relevant community development programs as well as to provide a platform for volunteerism. The project's objectives are to provide safe and affordable water via a commercial viable water station; a community hub for the provision of community development services; additional income for local residents and a stimulated local economy via delivery of social enterprise products / services.

Its results :

- Provided clean water for 40,000 people living in Quang Nam Province annually.
- Supported for the operation of the community center, a kindergarten taking care of 16 poor children in the ages between 3 to 5 years old annually.
- Created direct employment for 11 local people annually.
- Totally carried out 6 communication programs regarding public healthcare, nutrition, clean water, water sanitation.

Mizuiku program

Mizuiku is a natural water education program that has been successfully deployed in the home regions of (Mineral Water) Suntory Tennensui since 2004. In 2015, Vietnam is the first country other than Japan having *Mizuiku* program implemented by Suntory to raise awareness of water resources protection and sanitation issue for Vietnamese students and society. The program was funded by Suntory and conducted by SPVB, in coordination with local authority, schools and NGOs.



Vietnamese students participated in SPVB Plant tour in 2015

Program outstanding outcome in 2015 is that it enables over 1,600 elementary pupils to improve their awareness on water saving, protecting and preservation. In particular, *Mizuiku* 2015 organized 60 water teaching classes with the participation of over 1,600 pupils throughout 120 indoor and outdoor lessons. More important, via the sharing of the teachers, many pupils are changing their awareness naturally after participating in the project via small actions such as saving water and collecting rubbishes at the schools... In addition to teaching classes, *Mizuiku* 2015 also surveyed and deployed the renovation of school infrastructures, school rest rooms.

2016 is the second consecutive year that Suntory has deployed this water education program in Vietnam. The programme scale is to benefit over 3,300 elementary pupils from 10 elementary schools in Bac Ninh province, Hanoi, and Ho Chi Minh city with new initiatives such as Clean Water Knight Festival, Mid-term seminar, etc.



Mizuiku Opening Ceremony in March 2017

In 2017, the “*Mizuiku* — I love clean water” has gained great attention from the media with over 70 articles published. 2017 marked a milestone for the program with the strategic partnership between Suntory, Suntory PepsiCo Vietnam, and Central Council of Ho Chi Minh Young Pioneer Organization, Vietnam National Student Union, together with education-insight support from Live & Learn Center and Tuong Lai Center and the endorsement of the Ministry of Education & Training. The program has expanded nationwide with the participation of 30 elementary schools in Bac Ninh province, Hanoi, Ho Chi Minh City and Ben Tre province.

In particular, the program has conducted 10 Training for the Trainers (TOT) courses on water conservation and preservation education for over 260 teachers and volunteers; more than 265 classes on water education for over 5,000 elementary school students; constructing 13 clean water facilities including RO water filtration systems and upgrading restrooms nationwide. Besides, 10 Water Knight Festivals for over 3,900 students and teachers and 10 Plant tours to Suntory PepsiCo Plants for over 1,200 students and teachers were also successfully facilitated. After the launch in August, the “Mizuiku — I love clean water” drawing contest for children has received more than 300,000 entries.

SPVB’s contribution to the society has been acknowledge by VCCI Top 10 Sustainable Businesses 2017 by Vietnam Chamber of Commerce and Industry and AmCham CSR Award 2017 by American Chamber of Commerce.

Green Summer Campaign

Green Summer is a campaign for students in joining volunteering programs and held by Vietnam National Unions of Students every summer. Throughout the campaign, many volunteers nationwide contributed effectively to society, through activities such as building and renovating countryside roads, bridges and charity houses, participating in ensuring safety traffic, and urban civilization communication activities; supporting in university entrance exams. It was held successfully from June to August 2017 with the constant companionship of SPVB - Revive Brand. With the message “Revive - Keep the Green Summer Campaign 2017 Going”, SPVB and Revive Brand would like to build a dynamic young generation who are the main force for the future development of Vietnam.



SPVB supported for Green Summer Campaign in 2017

Besides sponsoring 6,000 SPVB product cases including Revive, Aquafina, 7UP and Sting, the entire donation fund of SPVB, 7UP Revive brand was used to implement launching ceremonies nationwide, build 28 water treatment systems in 8 provinces alongside many other CSR support activities for universities across Vietnam and set up relaxing booths at examination venues in 3 key cities (HCMC, Hanoi and Danang). Total volunteers participated in the campaign was 302,127.



Students participated in CSR activities — taught children in remote areas

Helping Hands

Helping Hands program, an employee volunteering and donation program, where employees are provided with opportunities to care for community and the world we live in. It has launched in August 2011 supporting to enhance SPVB's core values and to build the corporate culture, engage employees for long term commitment and contribution to both business and society sustainable growth. The total raised funds by employees will be approved for matching by the company. It's a good platform for all - our employees, community and business. Since 2011, 10 SPVB Helping Hands committees formed, 110 HH programs were initiated, more than 5,000 volunteers, 18,000 man-hours volunteering were contributed, 8.4 billion VND was used to build 3 schools, 3 houses and 3 libraries for children in mountainous areas, award thousands of scholarships, support 1,600 eye surgeries, present gifts for the disabled and the older people in social centers.



SPVB Helping Hands volunteers
built kindergarten in Nghe An Province



Helping Hands Hóc Mon Plant joined the
volunteering activities in Dak Lak Province

Education - Dynamic Contest

For years, SPVB has been taking advantage of all resources to bring the best opportunities for Vietnamese young talents to learn and exchange from people inside and outside the country.

For the last 22 years, SPVB have been accompanying the “DYNAMIC — The future entrepreneurs” contest and since 2017, we are proud to become its co-organizer with University of Economics Hochiminh City for the new DYNAMIC start up version where the students had room to conceive and develop their own business ideas. The contest helped to build the connection of 10 DYNAMIC clubs from North, Central, South, Mekong Delta which students had opportunity to compete in regions and 4 best performances on behalf of each region were selected to join the National Finale. During the contest, they also received the fruitful trainings from representatives of Finance, Marketing, Sales, HR as well as SPVB’s plant tours to sharpen the comprehensive understanding on the business world. Moreover, they were provided the great chance to approach the online competition platform via the “Globus Simulation Game”. On Mar 18, 2018 the National Finale was covered live on Ho Chi Minh City television (HTV9) which attracted interest of 1,000 students. The team from University of Economics Hochiminh City with outstanding project “Tungtung.vn” — a platform for multiple choice tests became the champion and earned a trip to visit Suntory headquarter in Tokyo to learn more about the corporate business.



The winning team at National Finale round and at Suntory Head Quarter in Tokyo



Students received training on aspect of Marketing field and visited SPVB’s plant in Dong Nai Province

SPVB golf tournament

The annual Suntory PepsiCo Friendship Challenge golf tournament is a token of the Company's gratitude to the valuable customers, partners, friends and is also a chance for us to share the good values and contribute to the community. From 2007 to 2015, the raised fund from the tournament has been used to conduct 380 heart surgeries, offering 40 scholarships and thousands of Tet gifts for the orphanage children and the elderly, supporting 30 outstanding disabled athletes, constructing 6 medical centers, 28 houses, 4 kindergartens and 2 medical centers. In 2016 alone, the raised fund of VND 858 million has been used to construct 6 clean water systems at 5 schools and one island district of Ben Tre province, helping to provide clean water for over 4,000 local residents and children. As for the golf tournament in 2017, Suntory PepsiCo along with its partner and friends will join hands to bring clean, safe and drinkable water for over 1,600 students in 7 schools and around 7,000 patients per year at 2 medical centers of Tan Tru commune, Long An Province from total raised fund of VND 825 Million.



CEO of SPVB — Mr. Uday Sinha handed over total raised fund to Sponsoring Association for the Poor Patients of Ho Chi Minh City in the 2017 SPVB golf tournament



Total raised fund was used to buy to buy 74 water filtration systems to provide clean, safe and drinkable water for more than 1,600 students in 7 schools and 7,000 patients each year at 2 medical centers in Tan Tru District, Long An Province

SPVB's contribution to the society has been acknowledge by VCCI Top 10 Sustainable Businesses 2017 by Vietnam Chamber of Commerce and Industry and AmCham CSR Award 2017 by American Chamber of Commerce.



Article on Green Summer on Dan Tri online newspaper



Article on Dynamic contest on Zing online newspaper



SPVB's representative receiving VCCI Top 10 Sustainable Businesses award from VCCI



Article on "Mizuiku — I love clean water 2017" on Thanh Nien newspaper



Article on SPFC Golf Tournament on Vietnam Laws online newspaper



Ambassador Daniel J. Kitenbrink (most left) and Mr. Le Mac Linh - VP Corporate Affairs SPVB at the AmCham CSR Award Ceremony

To Create Harmony with Employees -Diversity Management-

■ Our Employees

Diversity

SPVB promotes local employment and national workforce development. Additionally, we also value diversity and inclusion, and train our employees and management in these values. One of our key performance indicators for management is our female employment ratio, which we consider a key aspect of workforce diversity in Vietnam.

HR development

Talents are considered as our most important treasures, we are committed to provide high quality capability development programs for our employees. In 2015, besides professional courses were organized, 45 soft skills and general skills (equivalent to 60,360 training hours) were conducted that reached to 1,250 SPVB employees (25 training hours/pax). We also focused on building up Leadership training agenda for all levels that promise the high quality. A long side with classroom training approach to provide more learning opportunities for employees; we also launched and produced e-learning courses in both Vietnamese and English for senior managers and executive - employee level.



Front Line Manager Program 2015

In 2015, in order to promote recognition cultures in SPVB, the first — ever recognition online tool was launched in July. This initiative received a big support from Line managers and employees. To 11 December 2015, there were more than 1300 e-kudos granted.

In Organization Health Survey 2015 conducted by Tower Watson, with more than 98% response rate, SPVB has improved scores in 15 over 16 categories, higher scores compared to Vietnam National norms, Asia Pacific FMCG norms and Global High Performing Norm (such as Senior Management, Sustainable Engagement, Diversity and Inclusion, Reward and Recognition, Career Advancement and Growth..)

“Performance evaluations at SPVB are fair and merit-based, based on cross-functional evaluations with facilitation from the HR department. If, at any time, an employee feels they have been discriminated against, they can feedback with Line Managers, Second Line managers or through our “Speak Up” hotline”

Work/life balance

To help promote a healthy work/life balance, SPVB offers flexible working hours to the managerial levels up. In addition to flex-time, female employees may also reduce their working hours in order to facilitate childcare when the children are under 1 year old. Excessive overtime is discouraged, and a work-from-home system is available. Besides, SPVB promotes the team activities such as the team building activities and trips, the sport programs and the healthy living activities such as the healthy food days, the promotion campaign for the healthy living style to enhance the awareness of the employees and their family on the health protection and prevention.



SPVB Healthy Food Day in 2015

Health and safety

Open dialogue between management and labor on health and safety issues is encouraged, with communication meetings held every quarter. We also carry out safety drills and training, and provide annual health checks for all employees.

Frucor Suntory

Head Office	86 Plunket Ave, Manukau, Auckland 2104, New Zealand
Business activities	Production and sales of non-alcoholic beverages
Website	https://frucorsuntory.com/



Company Overview and Philosophy

Frucor Suntory manufactures a wide variety of soft drinks, including energy drinks, fruit juice, mineral water, sports drinks, and dairy beverages. Most of our brands are enjoyed in homes throughout Australia and New Zealand, and we are proud to be the market leader for energy drinks in both countries. We have also gained the largest share of the fruit juice market in New Zealand and the second largest share in soft drinks in the country.

The company is now firmly established in its target markets. This can be attributed to, among other things, the values shared among all of our employees and our corporate culture. Everyone at Frucor Suntory strives to live our corporate values of "Together", "Go for It", and "Make a Difference". We believe these values, along with our purpose of 'Hungry to make drinks better', are among the key reasons we have been able to establish our unique position in this market.

Primary CSR Activities

To Create Harmony with Customers and Partners -Products and Services-

■ Quality Management

Ensuring rigorous quality control and food safety standards

Two Frucor Suntory plants have been certified to ISO9001 and ISO22000 standards for quality management and food safety. Our manufacturing subcontractors operate under the supervision of dedicated teams, and we place the utmost priority on upholding quality management and food safety standards.



Continuously improving business operations

Frucor Suntory strives toward the company-wide eradication of waste in all areas of our operations.

We have been practicing 5S - seiri seiton (putting things in order); seiketsu, seisou (cleanliness, cleaning); shitsuke (discipline) for the past 10 years and the majority of our manufacturing staff have been qualified at Level II in Competitive Manufacturing (NZQA). Recently we have lifted our game in the area of productivity improvement programs and have a number of employees qualified as Six Sigma Green Belt exponents. Each year, Frucor Suntory manufacturing is implementing more than 800 improvement ideas in the factory. Our passion for Continuous Improvement resulted in Frucor Suntory being the inaugural winner of the Suntory World Kaizen Forum (WKF) in 2015. In 2016, Frucor Suntory hosted the 2nd WKF event in Auckland New Zealand.



Hunger for Making Drinks Better

Our company purpose of 'hungry to make drinks better' extends right across our business. It is particularly relevant to our efforts to offer consumers more choice of products that are 'better for you'.

We have made a commitment that low and no sugar drinks will account for half our future growth. One in three drinks we sell in 2030 will be low or no sugar.

One hundred percent of our brands in New Zealand and Australia (excluding water) display the percentage daily intake energy logo, so consumers can see at a glance how much one serving of their favourite drink will contribute to their total daily energy needs.

We were one of the first drink companies in our part of the world to use stevia, a natural plant-derived sweetener which has replaced sugar in many of our drinks.

Our state-of-the-art multi-million dollar R&D centre of excellence is our commitment to innovation and we are investing significant resources in our hunger to make drinks better for our consumers. With the development of further zero sugar and reduced sugar drinks on the horizon, we're committed to meeting our consumers' future needs with even more great tasting 'better for you' beverages.

Relations with Customers

We treat our customers with the same respect with which we treat each other. This has led to very positive customer relationships, with customers consistently recognising us as best in class. In 2014, we received the award for "RESPECT" at the NZ BP Supplier Awards plus all our regions nominated our delivery and sales team for their consistent and friendly service.. In Australia, we won two awards at the United Convenience Buyers (UCB) Awards — Energy Drink Supplier of the Year and Product of the Year for "V Kaboom". The AU Business was also recognised as the number 1 supplier by all petrol and convenience national accounts in the Advantage Group Annual Survey 2015.

Relations with Business Partners

We make every effort to use local sources for product ingredients, but must use overseas suppliers for some ingredients. Frucor Suntory requires that all suppliers adhere to strict, socially accepted standards of employee treatment and environmental policies and regulations related to the local environment. To ensure that all product ingredients obtained by Frucor Suntory meet our quality standards, we perform rigorous ingredient inspections and onsite audits of manufacturing processes.

To Create Harmony with Nature -Environment-

■ Environmental Efforts

Environment policy

We're committed to monitoring and reducing our environmental footprint around the world and in our own backyard.

Our 2030 goals are:

- Zero landfill
- 35% carbon footprint
- 20% water usage

Promoting waste reduction and recycling

We consider waste reduction a top priority and have taken a variety of steps to promote it. Frucor Suntory is associated with multiple industry organisations in New Zealand and Australia, and promotes waste reduction and improvements in recycling rates, for example, by encouraging recycling in public areas and at event sites, improving our packaging design, and investing in research and development related to local initiatives for container recycling. Frucor Suntory's environmental improvement plans take a structured approach to sustainability with targets to greatly improve the recycling rate and reduce both energy and water usage rates.



Effectively using energy and water resources

We're working with the ECCA (Energy Efficiency and Conservation Authority) to complete a multi-system based level energy audit at Frucor Suntory's Wiri site. Supported by the government, and based on its recommendations, we are developing additional energy efficiency improvement measures to optimise and reduce energy usage on site. We have also worked with the University Of Auckland School of Engineering in the past to perform a water and liquid waste survey, and used its results to improve production line efficiency as part of our continuous improvement plan.



"V" energy drink production line

To Create Harmony with Society -Cultural and Social Contribution-

■ Relations with Regional Companies

Frucor Suntory works with a range of organisations in Australia and New Zealand that are doing great things, including OzHarvest, Foodbank Australia, KiwiHarvest and Surf Life Saving New Zealand, and we encourage our team to get out and support their local community wherever possible.

In addition, in 2006 Frucor New Zealand entered into a voluntary agreement with the Ministers of Health and Education in New Zealand not to sell full sugar carbonated beverages and energy drinks to primary and secondary school students. In 2017, we strengthened the voluntary agreement and agreed to only sell water to primary and intermediate schools. This was done as part of the wider New Zealand Beverage Council commitment to the Government's Healthy Kids' Industry Pledge.

Employee Volunteer Activities

Frucor Suntory supports employee volunteer activities and recently a number of employees have been volunteering with our partners OzHarvest and KiwiHarvest.

To Create Harmony with Employees -Diversity Management-

■ Relations with Employees

Promoting workplace safety and health

Everyone at Frucor Suntory has a role to play in health and safety. We encourage our teams in NZ and AU to remember "See it, Sort It, Safe As". We proactively look for hazards that could cause injury or harm "See It", we work collectively as one team to "Sort It" (or fix it), to ensure that we all go home "Safe As".

Whilst we measure the performance of our safety system it's not about the numbers, what matters to us is what we do to keep our employees safe. We achieve this by identifying opportunities to do things better. Opportunities for improvement are discussed by a senior safety steering team in both countries on a regular basis. If one of our team does get injured at work, we work closely with them to support their recovery and rehabilitation. We also work closely with our regulators and insurers to ensure we meet compliance to national standards.

We encourage a healthy life balance amongst our staff and all staff are supported by an independent and confidential 'Employee Assistance Programme'.



Employees working at the Auckland distribution center

Supporting employee growth through training and skills development

Frucor Suntory has been recognised as an Aon Hewitt Best Employer numerous times. We pride ourselves on valuing our people and having an engaged workforce. We invest heavily in developing our people through a focus on purposeful leadership and connecting everyone to vision and strategy. Our unique culture is maintained by embracing an outward looking and winning mindset.



Beam Suntory Inc.

Head Office	222 W. Merchandise Mart Plaza, Chicago, IL 6065 USA
Establishment	May 2014 (November 1966 as Jim Beam Brands Co.)
Business Activities	Production and sale of whiskey and other premium spirits
Website	http://www.beamsuntory.com/



Company Overview and Philosophy

Crafting the Spirits Brands that Stir the World

Beam Suntory is the world's third largest premium spirits company. With a vision of "Growing for Good", our mission is to inspire human connections by Crafting the Spirits Brands that Stir the World.

Our performance objective is to be the world's fastest growing premium spirits company. By creating famous brands, building winning markets, and fueling our growth, we are implementing our Vision Into Action strategy and driving sustainable growth.



Primary CSR Activities

■ CSR Philosophy

The "Growing for Good" vision inspires our CSR philosophy

Good corporate citizenship and a commitment to social responsibility are at the very core of Beam Suntory's character. Beam Suntory makes contributions to all stakeholders - whether they are our parent company, customers, consumers, business partners, employees, or local communities - as we continue to grow. We also share Suntory's tradition of protecting the precious resources that form the basis of our products and communities.

Beam Suntory's CSR program is focused on three areas: protecting water and the environment, supporting the communities where our people live and work, and promoting the responsible consumption of our products. We are investing our time, resources, and energy in these areas not just because it's the right thing to do, but because these are our values as a company.

To Create Harmony with Nature -Environment-

■ Our commitment to natural environment

Protecting Water and the Environment

Water is our most important raw material. We engage in water conservation activities to protect our water sources, and strive to continue reducing water usage at our production centers around the world - especially those located in water stressed areas. We are also committed to the development of Natural Water Sanctuaries.

As we look to the future, we strive to continue reducing our water and energy use, and reduce the amount of waste sent to landfills. Our investment in reducing our environmental impact has totaled 60 million dollars over the last ten years. We believe that the effective and efficient use of natural resources is an important element in the long-term success of our production centers.

Beam Suntory strives to reduce our environmental impact through a variety of initiatives, including the use of co-generation technology, waste reduction and recycling, and reduced water usage at our production sites.

Preserving Watersources

Protecting our water supply

Beam Suntory works to protect rain water, ground water, and surface water. These activities include the use of semi-permeable sediment control structures, recovery pools, regulating reservoirs, and other structures designed to prevent water outflow, soil erosion, and deterioration of water quality.

Reducing Water Consumption

Reducing water consumption and wastewater generation is a key focus for Beam Suntory. Several of our production centers have highly-advanced water reclamation systems.

Beam Suntory India:The process water used to clean equipment in India is filtered and beneficially reused to reduce the amount of fresh water required, and the amount of wastewater generated. In addition, rain water is harvested, recovered and beneficially reused. This process helps reduce the amount of runoff water that cannot be absorbed during heavy rainfall.

Beam Suntory Mexico (Casa Sauza):The quality of treated water has been greatly improved by using a highly-advanced water regeneration system. This water can now be recycled and beneficially reused at the plant's compost operation, and has been made available to local fire stations for use in fire trucks and fire extinguishing equipment.

Virgin Islands/St. Croix:Process water is regenerated by a highly-advanced water regeneration system, for reuse in the plant. This has led to major reductions in the amount of fresh water required and the amount of wastewater generated.

Building Natural Water Sanctuaries

Maker's Mark Natural Water Sanctuary

Great bourbon starts with great water. The Maker's Mark Natural Water Sanctuary aims to preserve the land that filters the water. This preservation program on 33 acres of our distillery land is designed to improve the quality of vegetation, including the addition of American White Oak trees, create a better habitat for native species, like the prairie warbler and red-headed woodpecker, and ultimately protect our groundwater, and the quality of water with which to make better bourbon.

Jim Beam Natural Water Sanctuary Alliance at Bernheim Arboretum & Research Forest

Jim Beam and Bernheim Arboretum & Research Forest, a 15,625 acre privately held forest, are developing a natural water sanctuary on Bernheim grounds immediately adjacent to the Jim Beam distillery.

The Natural Water Sanctuary Alliance will protect water quality, restore wildlife habitats, and reintroduce native plants and trees. This group is working toward a long-term agreement to enhance environmental education, improve watershed protection planning, and secure quality water.

Corporate Energy-Saving Initiatives

Beam Suntory strives to continue reducing energy usage at our offices and production centers around the world. Here are just a few examples:

Clermont, Kentucky: The Jim Beam American Stillhouse has received the LEED Gold Certification from the U.S. Green Building Council.

Frankfort, Kentucky: LED lighting is used throughout the bottling and processing areas to improve light quality while also reducing energy use and cost.

Chicago, Illinois: We are reducing our energy consumption by using the latest web conference and printing technologies in our offices around the world. Our global headquarters incorporates an open floor plan and shared workspaces. Located in the historic Merchandise Mart, a LEED-certified building, our offices incorporate natural lighting. LEED (Leadership in Energy and Environmental Design) is America's leading program that assesses the energy-saving performance of the design, construction, and operation of buildings. The office additionally uses energy-efficient LED lighting that automatically adapts based on natural light in the room.

Washington, D.C. — Our Global Public Affairs office in Washington, D.C. is located within a LEED-certified building.

Madrid, Spain: Our building was the first sustainable office building in Madrid. Noise entering from outside the building is reduced to a minimum and energy savings are maximized using solar panels and insulated metallic outer walls. Excess energy is utilized by an on-site system.

Water and Energy-Saving Initiatives at Production Sites

Cognac, France: Courvoisier has shifted more than half of its production from truck to trains traveling from Cognac to Le Havre. By switching from truck to train transport, the total greenhouse gas emissions were reduced by approximately 92% or about 763 tons.

Kentucky Operations

In Kentucky, all bourbon barrels are effectively reused. Most are used by other distilled spirits producers, while others are refashioned into furniture and other wooden products. Bourbon barrels are made of white oak procured from sustainable stands of timber. Our suppliers actively support and cooperate in the sustainable procurement of white oak.

Beam Suntory and its barrel supplier, Independent Stave Company, also provide sustainability education to loggers in Kentucky and Missouri.

At our distilleries, we recover and beneficially reuse spent grains, often as livestock feed. Additionally, biosolids (sludge) from our water treatment process are also reused.

Jim Beam American Stillhouse

The Jim Beam American Stillhouse received the LEED Gold Certification. This certification is granted to facilities that have a superior record of leadership, innovation, environmental conservation, and social responsibility. The following are a few of the outstanding environmentally sustainable features of the Jim Beam American Stillhouse:

- 25% recycled building materials
- The use of water-saving equipment such as faucets and flush toilets that have resulted in a 50% annual reduction in water usage
- 79% of construction waste was recycled and not sent to landfill



Tequila, Mexico

At Casa Sauza in Mexico, 99.8% of waste is recycled and reused, diverting an annual average of 47,000 m³ from landfill. Used agave (an ingredient of tequila) fibers are recovered and made into compost. This compost helps retain water in the soil and provides nutrients for new agave plants.

Segovia, Spain

Natural gas is used to fuel a combined heat and power plant — also known as a cogeneration plant. The heat and electricity produced are used in the distillation process and excess electrical power is sold to the local power company. This cogeneration process has been shown to be 30% more efficient than when heat and electricity are produced using separate facilities.

Effective Use of Resources

Beam Suntory monitors and reports on the amount of waste it disposes of in landfill as well as the amount of material that is recycled and beneficially reused. We will continue reducing, reusing, and recycling production supplies, product packaging and containers.

The 3Rs of containers

The Beam Suntory Design-to-Value team works on methods to reduce packaging materials while at the same time improving product design. Their end goal is to have a more positive impact on both the environment and consumers. This team has succeeded in creating lighter bottle designs, shifting from glass containers to polyethylene resin containers, and doing away with excess corrugated cardboard and packaging materials. This process reduced the total amount of packaging material that is utilized, the associated costs, and the environmental impact. Beam Suntory also promotes recycling and reuse initiatives.

Cooley Distillery in Ireland is a member of REPAK, a packaging compliance system supporting companies that contribute funds used in the recovery and recycling of packaging material waste products. Also, Casa Sauza was awarded the Best Recycle Stock Warehouse Award in Mexico in 2014.

Employee environmental education

We encourage employee participation in voluntary environmental sustainability activities. Our employees participate in larger industry groups like the Beverage Industry Environmental Roundtable (BIER) as well as smaller, local groups and programs such as the Kentucky Sustainable Spirits Initiative and Kentucky Excellence in Environmental Leadership (KY EXCEL). We also partner with educational and research institutions like the University of Kentucky and the Kentucky Water Resources Research Institute to create opportunities for employees, university students, and professors to collaborate on research, education, training, and technology transfer for water-related environmental issues. Our employees continue to make meaningful contributions in the communities where we work and live. We recognize these efforts in a variety of ways, including with our annual Vision Into Action (VIA) Awards.

Pollution Prevention and Management of Chemicals

Beam Suntory uses safety data sheets in accordance with the global harmonization standards to properly manage the use, storage and transport of potentially hazardous materials. Casa Sauza participates in Clean Field Programs run by AMOCALI (commercial organization) and SEMARNAT (Environment Ministry) to help ensure the safe use and recycling of agriculture chemicals and containers.

Activities Designed to Conserve Biodiversity

Employees are actively encouraged to support their local communities, such as volunteering in clean-up activities.

Chicago

Beam Suntory teams from corporate headquarters team up to clean local beaches. Each year, dozens of employees take time from their work day to collect trash and other debris that may otherwise find its way into local waterways. During the 2017 event, the team collected more than 100 pounds of material from one of Chicago's most popular beaches.

Kentucky

Jim Beam has completed several riverbank revival projects in Kentucky — projects that utilize non-chemical natural methods and biotechnology. The distillery also partners with the University of Kentucky for watershed protection planning, and has created and protected many acres of wetlands.



An abundance of nature surrounds our plants

Kentucky Business Conservation Partner of the Year award

The Maker's Mark Distillery has created a nature preserve on part of its 620-acre property. It has been recognized for its positive influence on wildlife and the environment, and was awarded the Kentucky Business Conservation Partner of the Year award by the Commissioner of the Kentucky Department of Fish & Wildlife Resources.

Implementing environmental conservation programs with the Kentucky Department of Environmental Protection

All Beam Suntory plants located in Kentucky are active members of Kentucky Excel. Multiple, voluntary environmental projects are completed each year by employee-led environmental teams.

Maker's Mark ECO Team

The ECO team at the Maker's Mark Distillery sets up bird houses on distillery land, plants native plants and trees, and works with the Kentucky Department of Fish & Wildlife Resources to maintain and improve natural habitat areas and biodiversity.

Supporting the Nest Building of Bald Eagles Around the Plant

The area around the Booker Noe Plant in Kentucky is home to bald eagles. Employees at the plant help build nests during breeding season. Bird houses for barn owls are also set up in the Booker Noe Plant's storehouse to protect the endangered species.



ECO Team

Protecting wild birds and bees

Beam Suntory's Ardmore Distillery (Scotland) is a corporate sponsor of the Royal Society for the Protection of Birds. It supports the East of Scotland Sea Eagle Reintroduction Program, and has sponsored the RSBP Nature of Scotland's Species Champion Award since 2013. The Jim Beam Distillery and Maker's Mark Distillery are also active in the protection of wild birds. Both distilleries make and maintain bird houses for a variety of birds and bats. The Courvoisier and Jim Beam Distilleries support the protection of bees (each year they participate in the protection of two beehives at Courvoisier, and 12 at Jim Beam, and maintain wildflower gardens at both sites).



To Create Harmony with Society -Cultural and Social Contribution-

■ Supporting the Communities Where our People Live and Work

Employee Volunteer Activities

Beam Suntory is engaged in a variety of charitable activities and community support programs where our employees live and work. We provide critical financial support to important community activities such as environmental conservation, health research, higher education, and cultural organizations.

Our Kentucky teams partner in an annual statewide program to raise funds for the United Way charities, which support causes critical in each local community. Beam Suntory employees have raised nearly \$1.8 million, including corporate matching funds, over the last 12 years for Kentucky United Way charities.

In addition, Beam Suntory supports individual employees' charitable activities. The Beam Suntory Cares Program encourages all employees to take two paid holidays per year to volunteer for community programs of their choice (if all employees participate, this could total more than 72,000 hours of activity per year). We additionally match employees' charitable contributions in the U.S.

Support Activities for Disaster Victims

In recent years, natural disasters have occurred all too often. Beam Suntory provides both financial support and humanitarian aid to recovery activities in disaster areas through the Red Cross. We also provide safe, clean drinking water to many areas hit by natural disasters.

Culture and Art Promotion Activities

Beam Suntory supports cultural organizations in the communities where our employees live and work. For example, we sponsor the Ravinia Festival, the oldest music festival in North America. Each year this festival hosts one of America's premier orchestras, the Chicago Symphony Orchestra, outside of Chicago. The 36-acre Ravinia Park is located within a quiet forest and is the perfect setting for enjoying music. Children up to the age of 15, high school students, and university students are not charged admission to the lawn area, which provides them with a great opportunity to enjoy classical music.

Beam Suntory also sponsors the Chicago Botanic Garden, a natural treasure that consists of four areas as well as a 26-section garden that sits on 385 acres of land. The garden hosts a variety of annual events and programs, is open year round, and admission is free.

Plant Tours

Tours of production centers are available in the United States, Mexico, Scotland, Ireland, France, Spain, and Japan.

Operation Homefront

Since 2008, Beam Suntory has provided more than \$3.4 million in cash and in-kind donations, and worked to raise awareness of Operation Homefront, a non-profit organization to build strong, stable, military families so they can thrive in the communities they've worked so hard to protect. This national program was inspired by a Beam Suntory employee in 2009. Through this partnership, Operation Homefront provides more than 8,000 holiday meals for military families each year.

■ Promoting the Responsible Consumption of Our Products

Promoting Responsible Consumption

Beam Suntory's approach to responsible alcohol consumption is fundamental to everything we do. Thus, in addition to practicing responsible marketing and sponsoring alcohol education, we invest in a wide variety of programs, partnerships, and organizations throughout the world focused on the prevention of drunk driving and underage drinking. Beam Suntory employees regularly receive information and encouragement to promote responsible alcohol consumption to family and friends as "ambassadors" of Beam Suntory and its brands.

Global Commitments to Reduce the Harmful Use of Alcohol

Beam Suntory is a founding member of the International Alliance for Responsible Drinking (IARD), a not-for-profit organization dedicated to promoting responsible consumption worldwide. Through IARD, leading beverage alcohol producers put our commercial competitiveness aside to create a shared force in our Global Commitments to reduce alcohol misuse — the most ambitious and comprehensive set of initiatives the industry has undertaken to date.

Each Commitment has clearly defined goals and a five-year action plan towards: tackling underage drinking, responsible marketing, providing consumer information and responsible product marketing, reducing drunk driving, and enlisting retailer support.

Beam Suntory addresses each of these commitments in a variety of ways around the world, including founding membership in the Foundation for Advancing Alcohol Responsibility (FAAR; www.responsibility.org); DWI Courts, a system that treats repeat drunk-driving offenders in specialized courts, dramatically reducing the rate of additional offenses; and Building Resilience in Campus Communities, a program at the University of Louisville and the University of Kentucky to reduce underage and binge drinking on those college campuses.

Global Marketing Principles

Beam Suntory's leadership in responsible consumption starts by complying with all laws and regulations in all jurisdictions as well as industry codes and regulations. Beam Suntory's global marketing principles are uniform for all brands and in all regions and extend to advertising, marketing to consumers, merchandising, brand websites, POS, direct marketing, product development, product placement, and consumer events.

Responsible Marketing

Beam Suntory is a proud leader in responsible marketing in the spirits industry. In 2007, we voluntarily adopted industry-leading media placement standards in the United States, with the goal of reducing exposure to consumers under legal drinking age. Compared to the industry standard of 71% of the media audience of legal purchase age, at least 75% of Beam Suntory's media audience must reasonably be expected to be of legal purchase age. Beam Suntory has additionally prohibited marketing programs related to "Spring Break", out-of-home advertising within 500 feet of parks and other recreational areas, and advertisements in video games.

Drink Smart®

Drink Smart® is a global platform that educates consumers of legal purchase age to make responsible choices about alcohol. Drink Smart provides tools for consumers who want to take the lead in the responsible consumption of alcohol and provides information about our global commitments to reduce alcohol misuse.

Drink Smart, its website or its logo are included in all Beam Suntory marketing materials used around the world, from social media to television advertisements. Beam Suntory product labels include Drink Smart, and the website will provide nutritional information about our products.

Please learn more about Drink Smart at www.drinksmart.com



Safe Rides

Beam Suntory and its brands regularly partner with Uber to offer consumers safe rides home after a night out on the town. Our employees may also "Take a Taxi on Us", when they or a friend are in a situation in which it would be unsafe to drive.

Formulating the Code of Conduct & Ethics

Beam Suntory and our employees are committed to maintaining the highest ethical standards while aggressively competing in the market.

Our employees, executives, and directors abide by the sound business practices and ethical standards described in our Code of Conduct & Ethics. Our objective is to do business with integrity and the highest standards, and continuously earn the trust of all stakeholders.



The Code of Conduct & Ethics is available in seven languages.

■ Corporate Oversight

Corporate Governance

Beam Suntory's "Code of Conduct & Ethics" is our guide to conducting business with integrity and the highest standards. The Code provides a set of policies governing business practices that reflect our commitment to Growing for Good while conducting business the right way - the Beam Suntory way.

In addition to industry regulations, our employees also abide by the rules imposed by company policies, procedures and standards that reflect our industry leadership position. Beam Suntory has established a "Global Risk and Compliance Committee" as well as "Risk and Compliance Committees" in each region where it does business, along with a separate committee for Global Operations and Supply Chain oversight.

Promotion of Compliance

At quarterly Global Town Hall meetings and through other communications, employees are consistently reminded by our CEO that they are expected to “conduct business the right way, the Beam Suntory way,” or always in compliance with requirements and, where possible, consistent with best practices. In addition, live training is provided and interactive compliance training seminars are available online. Beam Suntory also has hotlines available in all major languages to handle inquiries from anywhere in the world 24 hours a day, 7 days a week.

Focus on Proactive Risk Management

Beam Suntory has created a system for senior management to take the lead in identifying, supervising, and managing risks to the business. The Enterprise Risk Management (ERM) program actively identifies major areas of potential risk, and the executive leadership team designates specific employees to supervise and mitigate the risk. The executive leadership team holds regular meetings to discuss strategy. When risks or crises do occur, the appropriate response is identified and implemented under Beam Suntory’s global Major Incident Management (MIM) protocol.

Crisis management

Major incidents are handled by the “Global Major Incident Management (MIM) Team,” to ensure swift and effective handling. The “Global Technical Service Team” facilitates the FACTS incident investigation process with engagement from General Managers in affected operations and the risk management leaders.

When a major incident occurs, the Global MIM Team convenes to understand the facts, assess risks and develop appropriate actions to mitigate risks. The MIM team also develops appropriate communications plans to inform key stakeholders. The safety of employees, customers, consumers and the local community is always the highest priority when responding to major incidents. In addition, the Global MIM Team oversees governance, integration, and instructions to local MIM teams. The Global Technical Services Team supports the location where any incident occurs, in cooperation with technical leaders from environment, safety, quality, security, brand protection, insurance/risk management, and other areas. The General Managers at production centers and regional risk management supervisors oversee the local MIM teams. The local MIM teams also handle preventative risk assessment, risk reduction plans, emergency contingency plans, emergency contingency actions, assessment of damages, business recovery, and more.

Information security

Beam Suntory manages confidential personal data in accordance with legal requirements of each country where we do business.

Management of intellectual property rights

Beam Suntory employs global intellectual property (IP) rights specialists in our legal department. The IP team deals with filing complaints related to protection of intellectual property rights, the prevention of copyright infringement, and other issues.

To Create Harmony with Customers and Partners -Products and Services-

■ Quality Assurance Initiatives

Quality Management Policies and Indicators

Beam Suntory requires manufacturing sites to achieve ISO Certification for Quality and Food Safety standards. In addition, the company upholds global standards based upon an Integrated Management System policy that includes Quality, Food Safety, Environmental, Health and Safety. Each production facility has key performance indicators with established improvement plans to meet and exceed quality requirements. Continuous improvement protocols that follow TRACC (software-based guide used to implement continuous improvement through sustainable methods) are in place at all of our production facilities.

Beam Suntory’s employees and stakeholders will continue to do their utmost to improve systems, processes, and all business activities while protecting the company’s most important resources: Employees (safety), Brands (quality), and Reputation (compliance).

Quality management

Beam Suntory production facilities have obtained ISO 9001 quality management certification. Many production centers have also obtained ISO 22000 (food safety) and HACCP certification. In addition, the bottling companies with which we subcontract (co-manufacturing) are regularly required to perform technical audits that include the main items of ISO regulations, and rigorous internal inspections at all production locations.

■ Consumer Care

Collecting customer feedback

Beam Suntory has several databases to gather customer and consumer feedback. Each concern is routed to the appropriate function to investigate and respond effectively.

■ Relations with Business Partners

As a responsible corporate citizen, Beam Suntory maintains standards to ensure that people are treated properly and fairly. The Beam Suntory Global Citizenship Policy provides guidance to the company, employees, suppliers and contractors.

This policy has provisions that prohibit forced labor, slave labor, and labor under confinement. Information disclosure is conducted in accordance with the California Transparency in Supply Chains Act of 2010. We comply with the United Kingdom Modern Slavery Act 2015 and ensure that Beam Suntory suppliers do not use slave labor or human trafficking.

The Beam Suntory Global Citizenship Policy

At Beam Suntory, corporate values are an essential element of continued success in the marketplace. These values, which include integrity, quality, responsibility, agility, tenacity and “Yatte Minahare”, are vital to our success. The company’s business results are dependent upon our reputation with our co-workers, suppliers, investors, business partners and the communities where we work and live.

BEAM SUNTORY GLOBAL CITIZENSHIP POLICY ELEMENTS:

1. Working Conditions/Health and Safety
2. Child Labor
3. Forced Labor
4. Discrimination
5. Working Hours
6. Wages and Benefits
7. Environmental
8. Management Systems
9. Suppliers and Contractors

Beam Suntory expects the same commitment from key suppliers and subcontractors. By complying with this policy, our company demonstrates its leadership within the business community. Further, this enhances each of our brands, improves our ability to attract and retain the best talent, and provides better supply chain management and performance.

To Create Harmony with Employees -Diversity Management-

■ Relations with Employees

Beam Suntory is committed to creating a diverse environment and is proud to be an equal opportunity employer. All qualified applicants seeking employment with Beam Suntory will receive consideration without regard to race, color, religion, gender, sexual orientation, national origin, genetics, disability, age, or veteran status.

Promotion of Work-Life Balance

Beam Suntory has prepared Global Guidelines to support flexible work hours and workplaces for its employees to promote work-life balance. Based on these guidelines, each regional HR department creates a protocol in accordance with its local region and offers support to maximize employee engagement and performance. Employees can also utilize flex work and flex rotation based in accordance with local laws.

Flextime scheduling

The company has a Peak Time Flex Work system by which employees determine their standard daily work hours (core time) and allows them to shift their work time, pending their manager approval. It also has a “compressed workweek system” that allows them to determine their total weekly work hours to allow them to work fewer than the standard 5-days per week while fulfilling fulltime obligations, pending leadership approval.

Creating an Employee-Friendly Workplace

Beam Suntory practices open communication and information sharing between labor and management. Each production center has routine training on health and safety topics. Production centers that are implementing lean manufacturing have daily “huddles” in which safety is the first item that is discussed. These and other discussions stress the importance of complete openness and free communication.

Workplace Safety & Health and Employee Health Management

All Beam Suntory production centers have created Safety Management Systems in accordance with OHSAS 18001 Standard for Occupational Health and Safety Management. In addition, Global Safety Standards have been developed that clearly describe safety requirements and expectations. All production centers have developed safe working programs and procedures to meet these requirements.

Beam Suntory encourages employee health and wellness. Routine occupational health inspections are conducted and employees are provided access to a wide variety of mental and physical health checks and services.

Château Lagrange S.A.S.

Head Office	33250, Saint-Julien Beychevelle, France
Established	December 15, 1983
Business activities	Production and sales of wines
Website	http://www.chateau-lagrange.com



Company Overview and Philosophy

■ Excellence

Château Lagrange has long contributed to the development of "lifestyle culture" through the production of high quality wines. According to our records, this history goes back to at least 1631. Needless to say, quality wine is a true gift of nature, thanks to what we call terroir, a term used in the wine industry to refer to environmental factors including soil that can influence the quality of the wine. After joining the Suntory Group in 1983, we embraced the group philosophy, "To Create Harmony with People and Nature." In order to embody this, we always strive to produce one of the world's finest wines while respecting environmentally friendly production processes, from vine care to bottling.

Primary CSR Activities

To Create Harmony with Customers and Partners Products and Services

■ Quality Management

Focusing on quality management and product safety

We believe that there are two aspects to "quality". One is the quality of the wine itself and the second is quality management in production processes. In terms of the quality of the wine, to ensure our vision of excellence and share that vision with our customers throughout the world, we use integrative farming techniques to produce truly excellent wines. We take meticulous care of each vineyard to let the grapes mature in an optimal manner and to draw out the best characteristics of the locality of the vineyard and the variety of grape. We fully engage in cultivation with reduced agricultural chemicals in which we only use the minimum amount of agricultural chemicals required at vineyards for the health of our customers.

Second is the quality management of manufacturing processes. We at Château Lagrange pursue rigorous quality control by appointing a quality manager to oversee quality control in all processes, from vine pruning to product shipment. In 2007, we installed a state-of-the-art bottling line to prevent broken glass, insects, or other foreign objects from entering the bottles. We provide safe and attractive products by rigorously conducting a variety of processes, record keeping, and checks that involve quality management.



Verifying grape quality

Better product analysis and traceability

At Château Lagrange, we have great respect for the traditional sales system unique to fine Bordeaux wines, the Place de Bordeaux. In this system, wine merchants purchase wines mainly during the En Primeur (Futures) offer period in particular. It makes it difficult to maintain traceability of wines and attain direct responses from customers as products are pass from merchants to customers. Therefore, to make our products more traceable, we have introduced code numbers on bottle cap seals. Our products undergo a wide variety of product analyses during the manufacturing process and records are kept of the results. We inspect the materials used in all wines, corks, bottles, labels, and cases, and record the results along with these code numbers so that we can trace the history of every bottle of wine we produce.



Code number printed on each bottle's cap seal

■ Relations with Customers

Interacting with Customers and Partners

The En Primeur (Futures) system unique to Bordeaux makes it difficult for producers to have direct contact with consumers. However, wine merchants organize many wine tasting events all over the world, allowing us to directly communicate with wine lovers. Maintaining an excellent relationship with our partners — around 150 wine merchants in Bordeaux — allows us to use a worldwide promotional network to deliver wine to our customers around the globe.

Visitors

We welcome about 7,000 visitors every year. Visits are on appointment bases and oenologists, sommeliers, chefs, engineering and business school personnel, wine connoisseurs, and wine writers who come for tours and wine tastings. We welcome not only professionals but anyone who loves wine to see the Bordeaux Grand Cru Wine making process while touring the vineyard, fermentation facilities and the warehousing of our aging barrels.

Supplying healthier and reliable products

To help our customers lead healthy lives, we have been carrying out research in conjunction with ten other wineries aimed at reducing the use of pesticides at our vineyards and elsewhere.

To Create Harmony with Nature -Environment-

■ Environmental Efforts

ISO14001 and HVE certification by the French Ministry of Agriculture

Château Lagrange received Terra Vitis certification for ecological integrated agriculture in 2005. We have furthered our activities and received ISO 14001 Environmental management system standard and the highest Level 3 in High Environmental Value (HVE) certification from the French Ministry of Agriculture in 2017. These certifications require compliance as annual audit for detailed and strict standards regarding biodiversity, plant disease and pest control measures, fertilizer and irrigation management, etc. These certify that we are producing high-quality grapes in a way that protect the environment and health of the workers as well as in a biologically sustainable method.

We have been increasing the area for organic farming and it has reached 30 ha in 2018.



ISO14001 certification



Highest Level 3 High Environmental Value (HVE) certification from the French Ministry of Agriculture



HVE logo

Amount of water usage reduced

Château Lagrange has been working to protect our water resources by determining how much water we use, using it better, and engaging in rigorous conservation efforts.

Reducing CO₂ emissions to help combat global warming

Château Lagrange S.A.S. is one of five environmentally-friendly wineries in France that began measuring the CO₂ emissions. We always strive to revise the production process to reduce greenhouse gas emissions. For example, in 2007 we reduced electricity consumption by 8.5% by modifying our fermentation process.

Promoting reuse and recycling of materials

We compost pruned vine branches and the pressed skins remaining after fermentation to reduce the quantity of fertilizer we purchase.

Also, Château Lagrange promotes the 3Rs in resource conservation throughout its operations, utilizing used wine casks, empty chemical product containers, and other materials in an effective manner. In 2011, we stopped using plastic packaging film previously used in the procurement of wine casks. We have received the ISO14001 certification in 2017 due to our continued consideration for the environment and improvements.

Preservation of Biodiversity

We strive to cultivate sustainable grapes while preserving diversity of species by adopting hedge and dense growth cultivation at vineyards. A French garden known for the use of colorful plants, pond where wild birds rest, and forest where small critters live along each other stretch in front of the château. There are bee nest for beekeeping in the premises and honey bees fly about from spring to summer.

To Create Harmony with Society -Cultural and Social Contributions-

■ Relations with the Local Community

Public relations activities

Château Lagrange has a dedicated public relations manager and staff who organize and participate in events attended by various organizations, journalists, sommeliers, and wine schools, helping them to understand the secrets of our terroir and our pursuit of quality.

Actively involved in the local community

Participating in charity auctions, providing donations to local sporting event organizations, and hosting music festivals in the château grounds are some of the ways that Château Lagrange is actively involved in the local community. We supported the construction of the La Cité du Vin wine complex that opened in June 2016 which is shaping the Bordeaux, the holy land of wines worldwide, in cooperation with other châteaux. We also support the internationally famous Medoc Marathon by supplying water stations for the approximately 8,500 runners who participate each year, as we did in September 2017 with the 33rd Medoc Marathon.



Music Festival at Château Garden



La Cité du Vin



Interior of La Cité du Vin

Diversity Management

■ Relationship with Employees

Creating employee-friendly workplaces

Château Lagrange S.A.S. works to respect the rights of employees by putting in place internal employee unions. This is very unusual as a standard French company which rarely connect employees throughout the company. This organization follows-up with internal events in order to deepen the friendliness between employees. More than 60 employees and their families participated in the sky tripped planned in the winter of 2018.



Internal employee union sky trip

Guaranteeing safety and staying healthy

Our Health and Safety Committee is responsible for ensuring employees' safety in the workplace, for example, with regards to equipment and tool inspections, verification of workplace ergonomics, product handling, safety testing, and wearing of safety gear such as shoes, hearing protection, and safety goggles. Also, the committee helps the employees manage their health by offering regular medical checkups.

Weingut Robert Weil

Head Office	Muhlberg 5D-65399 Kiedrich Rheingau, Germany
Established	1868 (invested in by the Suntory Group in 1988)
Business activities	Production and sales of wines
Website	http://www.weingut-robert-weil.com



Company Overview and Philosophy

■ Dedicated to the highest quality standards

Since its founding in 1868, Weingut Robert Weil has pursued a philosophy toward high-quality. This is a tradition that has lasted for over 140 years, and has resulted in acclaim from even the German Emperor Wilhelm II. To maintain the quality of the grapes harvested at our Gräfenberg vineyards, we have lowered average yields to 40 hL/ha*, less than one-half the German average. The grapes for our noble wines are carefully handpicked by the individual cluster. Fermentation tanks are separated for use by specific fields so that the unique characteristics of their grapes can be maintained, and fermentation occurs with care from the miniature vats used for noble wines to our various larger tanks.



* Unit that express labor efficiency

Primary CSR Activities

■ CSR Management

To Create Harmony with Customers and Partners -Products and Services-

Providing the highest quality with safety

Building a system that allows us to create a safe product that our customers can enjoy with peace of mind is one of Weingut Robert Weil's top priorities. We are members of the VDP (Verband Deutscher Prädikatsweingüter), an association of top quality wine producers who self-impose harsh standards for product quality, particularly during grape cultivation and fermentation.



■ Relations with Business Partners

When locating sources for such items as packaging materials, warehouse refits, and bottling line equipment, we always use a fair and impartial bidding process while still maintaining our utmost priority on product quality and safety.

To Create Harmony with Nature -Environment-

■ Environmental Efforts

Our vineyards are engaged in grape cultivation using environmentally-friendly methods. We only use organic fertilizers and restrict all use of herbicides. In addition, we protect the qualities of our grapes from insect pests and diseases. We are also working to protect the environment in other ways, i.e. saving water resources.

■ Relations with the Local Community

Contribution activities to the local community

Weingut Robert Weil stays in close contact with the local authorities, the wine authorities and other wineries in the Rheingau area to be actively involved in local activities.



To Create Harmony with Employees -Diversity Management-

■ Relationship with Employees

Supporting various styles of work

As a company, we are a small winery with 30 employees. This makes it all more important that we provide a comfortable workplace that promotes the long-term employment of those who represent the accumulation of our knowledge of winemaking. We are promoting maternity and child raising leave for our employees (several months of paid leave as stipulated by German labor laws) and we support various styles of work for our employees to focus both on their professional and personal lives from the establishment of these programs to a two-month telework system.



Employees of Weingut Robert Weil

Supporting career development

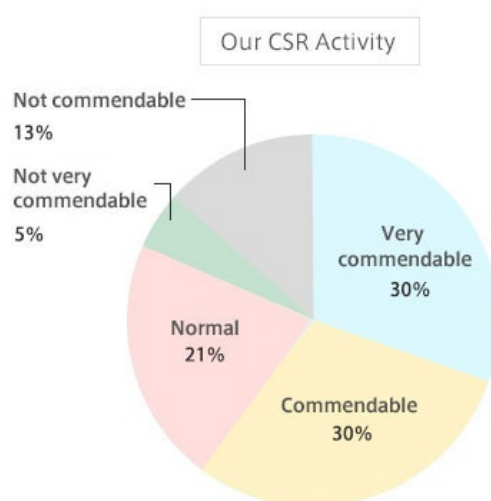
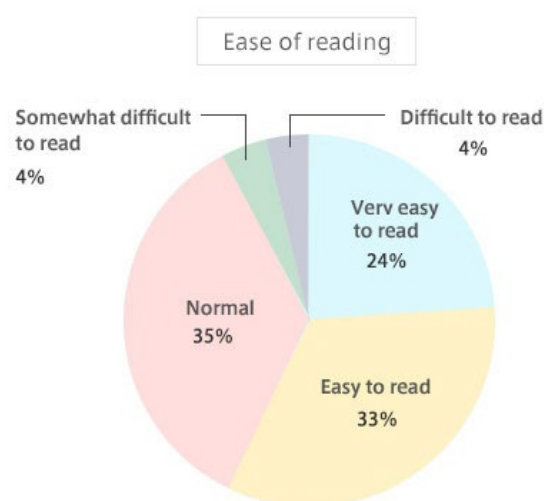
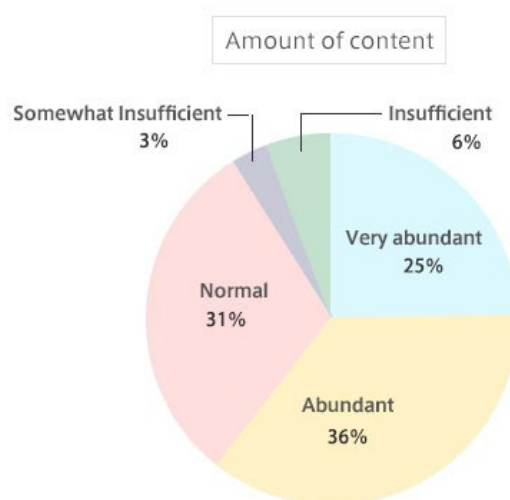
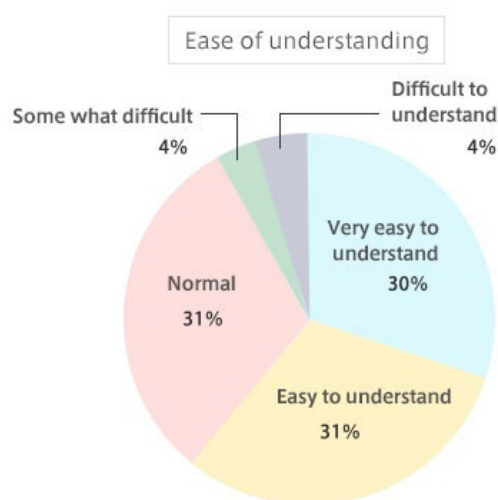
We actively help our employees to develop new skills to help further their careers, such as by planning technical training courses at other notable wineries.

Questionnaire Results

We received feedback about Suntory Group CSR Report 2017 from the total of 159 readers (as of end of April 2018).

We are glad to receive high praise and many valuable opinions from the readers. We welcome any opinions or impressions you may have so that we may refer to them in our future reporting and activities. We are happy to receive high evaluation and many precious opinions from the readers.

Questionnaire results of Suntory Group CSR Report 2017



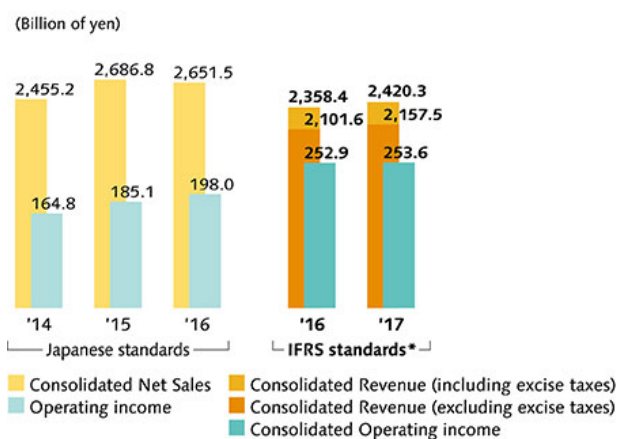
Major CSR Data

The Suntory Group has brought together its performance for the main indicators (management, environment, and society) on our CSR site and other media.

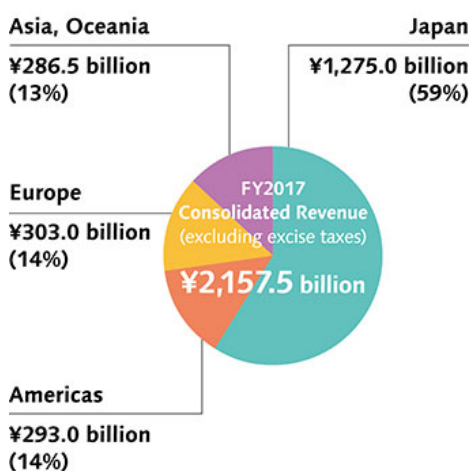
Main Management Data

Consolidated financial Results

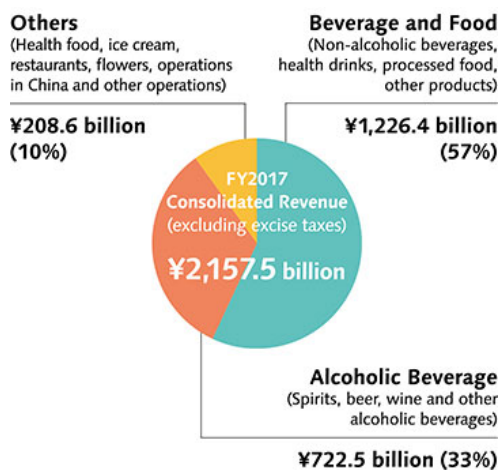
Consolidated Revenue / consolidated operating income



Sales by Area



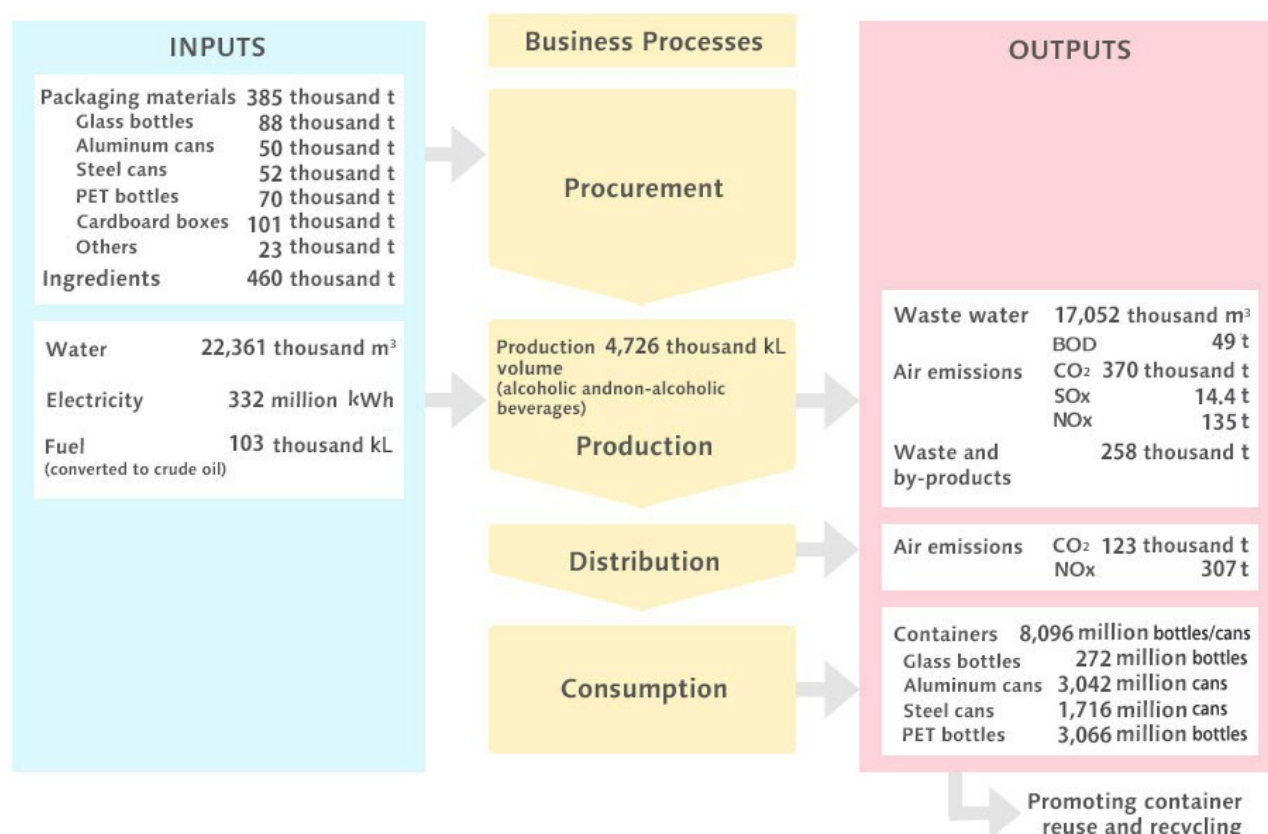
Sales by Business Segment



Environmental Data

The data for Scope 1 and Scope 2 emissions from 25 production plants in Japan, 56 production plants overseas, and other sites in Japan (base of operations, R&D facilities, sales sites, restaurants and development sites) owned by the Suntory Group's; water usage, CO₂ emissions and waste generation at 25 production plants in Japan and 56 production plants overseas of the Suntory Group, and Scope 3 emissions (Category 1) of the Suntory Beverage and Food Group (Japan) received independent assurance from KPMG AZSA Sustainability since 2016. The numerical values assured are indicated with ★.

Overview of business activities and environmental impact (from January 1 to December 31 in 2017; manufacturing facilities in Japan, excluding outsourcing contractors)



*1 BOD (Biochemical Oxygen Demand): An indicator of water pollution

*2 Emission factors for GHG calculation are as follows:

Fuel: Coefficients specified in the GHG Emissions Accounting and Reporting Manual

CO₂ from electricity:

Adjusted emission factor of each power company

GHG other than CO₂:

Coefficients specified in the GHG Emissions Accounting and Reporting Manual

Introducing Environmental Accounting

We use and disclose the content of environmental accounting that conforms to the 2005 Environmental Accounting Guidelines of the Ministry of the Environment. Environment accounting serves as an important tool for periodic quantitative evaluations of our environmental conservation initiatives in our business activities.

■Suntory Group's Environmental Accounting (total of business in Japan)

(Period: January 1 to December 31, 2017)

(million yen)

Item			FY2016		FY2017	
			Environmental investment	Environmental costs	Environmental investment	Environmental costs
Business area cost	Pollution prevention cost	• Preventing water pollution • Air pollution prevention cost, etc.	261	1,903	326	2,001
	Global environmental preservation cost	• CO2 reduction • Energy conservation • Cogeneration • Air treatment, etc.	871	3,491	266	3,444
	Resource circulation cost	• Conserving water through recirculation • Reducing sludge • Reusing waste • Wastewater treatment cost, etc.	17	2,807	67	2,612
	Total		1,148	8,201	659	8,058
	Upstream and downstream Cost	• Commission for resource recycling containers and packaging • Environmentally-friendly containers and packaging measures	0	1,195	0	1,133
Management activities costs	• Building and maintaining Environmental Management System • CSR Reports, Exhibits • Factory greenification, etc.		0	1,128	0	670
Research and development costs	• Research and development activities to reduce environmental impact		73	323	1	369
Social activities costs	• Suntory Natural Water Sanctuary • Bird Conservation Activities • <i>Suntory Mizuiku</i> - Natural Water Education Program, etc.		86	410	90	569
Environmental damage response cost			0	0	0	0
Total			1,307	11,258	751	10,798

*Amount of investment: Reason for investment was 50% or more for preserving the environment, all amount is considered as environmental investment (inspection basis)

*Amortization expense: Expenses for investment from 2003 and afterwards which 50% or more is intended for environmental preservation are calculated.

*In general, all cost for management and research activities are directly confirmed. Costs that are difficult to confirm directly are prorated and allocated based on a past survey of each procedure.

■Environmental Preservation Effect of Suntory Group (production sites in Japan)

(Period: January 1 to December 31, 2017)

Item				Unit	2016	2017	Reduction against previous fiscal year per unit production basis
In business area costs	Pollution prevention	Reduction of pollutant emissions	SOx	Total (t)	12.6	14.4	-1.6t/year
				Per Unit (g/kL)	2.7	3.0	
		NOx		Total (t)	132.4	134.5	-0.8t/year
				Per Unit (g/kL)	28.3	28.5	
	Preserving global environment	CO2 emission reduction	CO2 (Fuel + Electricity) Derivation	Total (thousand t)	354.5	369.7	-30.1 thousand t/year
				Per Unit (kg/kL)	75.7	78.2	
		Reduction of energy consumption	Fuel	Crude oil conversion (thousand kL)	102	103	96kL/year
				Per Unit (L/kL)	21.9	21.9	
			Electricity	Total amount (million kWh)	306	332	-23,242 thousand kWh/year
				Per Unit (kWh/kL)	65.3	70.2	
	Resource circulation	Reduction of water resource use	Rainwater	Total amount (thousand m ³)	21,332	22,361	-862 thousand m ³ /year
				Per Unit (m ³ /kL)	4.5	4.7	
		Reduction of waste emissions	By-products and waste emissions	Total (t)	244,604	258,365	-10,884t/year
				Per Unit (kg/kL)	52.3	54.6	
			Resource recycling rate	(%)	100	100	100

*CO2 emissions from electricity are calculated using a CO2 emission coefficient based on the GHG protocol 2007.

■Economic effect of Suntory Group (production sites in Japan)

(million yen)

Indicator	Fiscal 2016	Fiscal 2017
Income from recycling (sales of byproducts)*1	339	380
Cost saved by conserving energy*2	496	510

*1 The calculation method is the same as the costs saved for waste disposal

< Previous Year's Capital Gains × Ratio Compared to Previous Year's Production Volume - Current Year's Capital Gains >

*2 The calculation method is the same as the costs saved for waste disposal

< Yearly Costs Before Utility × Ratio Compared to Previous Year's Production Volume - Current Year's Costs >

■ Water Use Performance 2017

Area	Use (Thousand m ³)	Per unit reduction rate*
Japan	22,361	3.8% increase
Americas	6,704	1.7% reduction
Europe	5,880	1.1% increase
Asia	4,896	5.1% reduction
Oceania	613	1.1% reduction
Total	40,454★	0.8% increase

*25 production plants in Japan and 56 production plants overseas

*Per unit production is the amount of usage per kiloliter produced; the rate of reduction is shown as a comparison to the previous year

*The reduction rate was 4.5% from 2015, which is the base year for unit production.

*Therein, the water use by Suntory Beverage & Food Group companies in Japan and overseas was 21,771 thousand m³★

*From FY 2016, Suntory has received independent assurance from KPMG AZSA Sustainability, Co., Ltd. The numerical values assured are indicated with ★.

■ Water use



*25 production plants in Japan

*Per unit shows the amount of water used per 1kL of production

-Result: Total amount increased by 4.8% and 3.8% per unit production compared to previous year

■ Preventing Global Warming

Scope 1/Scope 2 emissions

Area	Emissions (thousand tons)	Per unit reduction rate*
Japan	453	0.3% increase
Americas	220	2.3% reduction
Europe	121	0.5% increase
Asia	126	3.6% reduction
Oceania	22	9.3% reduction
Total	941★ (Scope 1: 560★; Scope 2: 381★)	1.0% reduction

*Data covers 25 production plants in Japan and 56 production plants overseas, and non-production sites in Japan (group sites, R&D facilities, sales sites, restaurants, and business development sites).

*The above emissions do not take into account the emissions offset by purchasing carbon credits. If the offset emissions, which are approximately 10,000 tons, are taken into account, the total of Scope 1 and Scope 2 emissions will be 928 thousand tons in 2017. (Carbon credits we purchased were generated from projects, such as a project using charcoal made from renewable biomass woodland for reducing agent in pig iron production plant in Brazil supported by the BioCarbon Fund of the World Bank.)

*CO₂ emissions per unit production are the amount of emissions per kiloliter produced; the rate of reduction is shown as a comparison to the previous year

*Calculation coefficient for GHG gas emissions is as follows:

Fuel: Coefficients specified in the GHG Emissions Accounting and Reporting Manual (used for calculating emissions in Japan and overseas)
CO₂ from electricity:

(Japan) Adjusted emission factor of each power company

(Overseas) IEA2007 emission factor for each country

GHG other than CO₂:

(25 plants in Japan) Coefficients specified in the GHG Emissions Accounting and Reporting Manual

*Of which, CO₂ emissions from the Suntory Beverage & Food Group are 478 thousand tons★ (Scope 1: 245 thousand tons★ Scope 2: 234 thousand tons★). The total does not match the sum of Scope 1 and Scope 2 emissions due to rounding.

*The change in the amount of emissions from the base year 2015 was a 0.4% decrease.

*The total may not match the sum of each figure due to rounding.

*From FY 2016, Suntory has received independent assurance from KPMG AZSA Sustainability Co., Ltd. The numerical values assured are indicated with ★.

CO₂ emissions



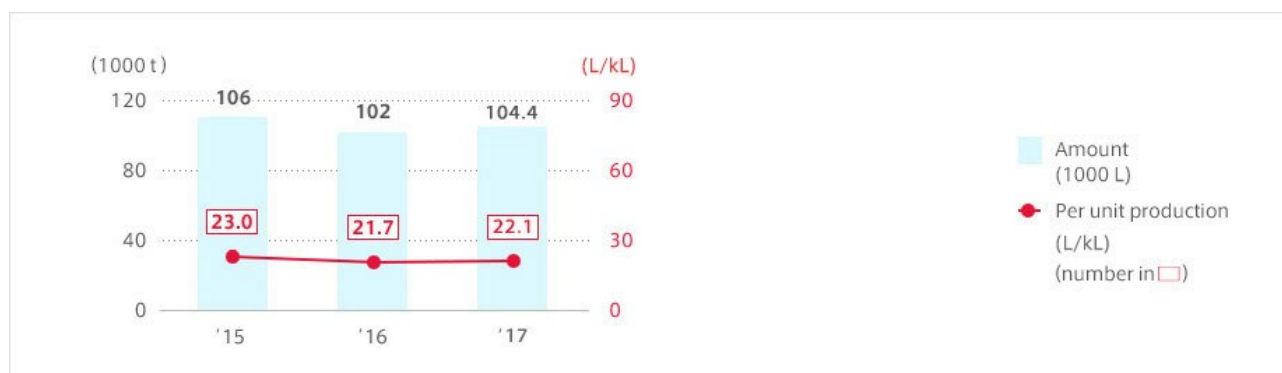
*25 production plants in Japan

*CO₂ emissions from electricity are calculated using actual emission factors for each fiscal year.

-The total amount declined by 0.4% and reduced unit production by 2.6% compared to 2015.

■Energy consumption

Fuel (crude oil conversion) consumption



*25 production plants in Japan

*Conversion factors for crude oil equivalent calculation are based on the standard heating values of 2005 by Agency for Natural Resources and Energy of Ministry of Economy, Trade and Industry

-The total amount increased by 1.9% and increased unit production by 0.9% compared to the previous year.

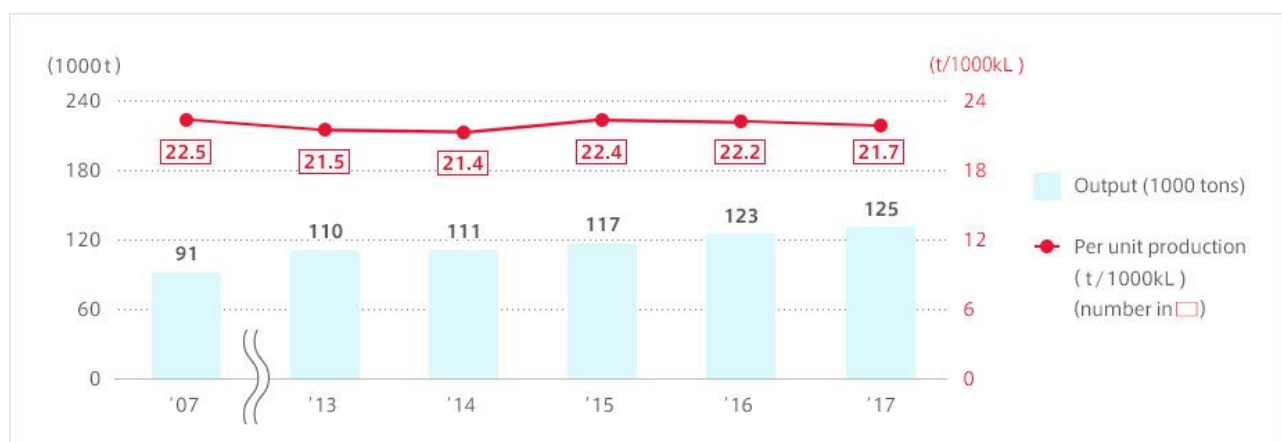
Power consumption



*25 production plants in Japan

-The total amount increased by 5.5% and increased unit production by 3.3% compared to the previous year.

CO₂ emissions during transportation (business in Japan)



Changes in modal shift ratio



*Changes in the modal shift ratio are calculated based on long-haul (500km or more) trips

Preventing Air Pollution

Suntory Group manages substances that pollute the air in gas emission of boilers, etc. by transferring to gas fuels that does not include sulfur content, introduces low-NOx burners, etc. and reduce SOx and NOx emission and also sets voluntary standards that are stricter than required by the law.

■SOx emissions

	2016	2017
Emissions (t)	12.6	14.4
Per Unit (g/kL)	2.7	3.0

*25 production plants in Japan

■NOx emissions

	2016	2017
Emissions (t)	132.0	134.6
Per Unit (g/kL)	28.3	28.5

*25 production plants in Japan

■Quantity of equipment that uses PCB (as of January 2018)

	Stored	Used	Total owned
Capacitor	12	0	12
Transformer	9	4	13
Stabilizer for lighting device	1,926	0	1,926

■ Byproducts and Waste Generation Performance 2017

Area	Amount of generated waste (Thousand tons)
Japan	258
Americas	192
Europe	93
Asia	25
Oceania	9
Total	576★

*25 production plants in Japan and 56 production plants overseas

*Therein, the byproducts and waste generated by Suntory Beverage & Food Group companies in Japan and overseas amount to 151 thousand tons★

*From FY 2016, Suntory has received independent assurance from KPMG AZSA Sustainability, Co., Ltd. The numerical values assured are indicated with ★.

By-products and waste generation



*25 production plants in Japan

Waste generation, recycling rate and the purpose of use for recycled products

Type of waste	Main Purpose of Use	2013		2014		2015		2016		2017	
		Amount of generated waste (t)	Recycling Rate (%)	Amount of generated waste (t)	Recycling Rate (%)	Amount of generated waste (t)	Recycling Rate (%)	Amount of generated waste (t)	Recycling Rate (%)	Amount of generated waste (t)	Recycling Rate (%)
Vegetable (glycation, tea, coffee dregs, etc.)	- Animal feed - Fertilizer	181,515	100	187,439	100	186,184	100	185,227	100	195,334	100
Sludge (excess sludge, etc.)	- Fertilizer	30,100	100	29,522	100	27,194	100	27,574	100	30,351	100
Wood waste (cask, palette)	- Furniture - Plywood material	3,266	100	2,693	100	1,610	100	2,123	100	1,314	100
Glass and ceramic scrap	- Glass materials - Base course material	4,109	100	3,928	100	4,136	100	3,772	100	3,508	100
Paper scraps (cardboards, paper labels, etc.)	- Recycled paper - Cardboard materials	5,727	100	6,192	100	6,175	100	5,184	100	6,349	100
Plastic	- Palette - Solid fuel - Supplementary fuel	4,026	100	4,287	100	4,938	100	4,956	100	5,918	100
Metal scraps (aluminum, steel)	- Aluminum - Steel ingredients	2,600	100	3,016	100	3,277	100	3,039	100	2,958	100
Other		2,870	100	2,725	100	3,182	100	12,729	100	12,632	100
Total		234,214	100	239,801	100	236,697	100	244,604	100	258,365	100

*25 production plants in Japan

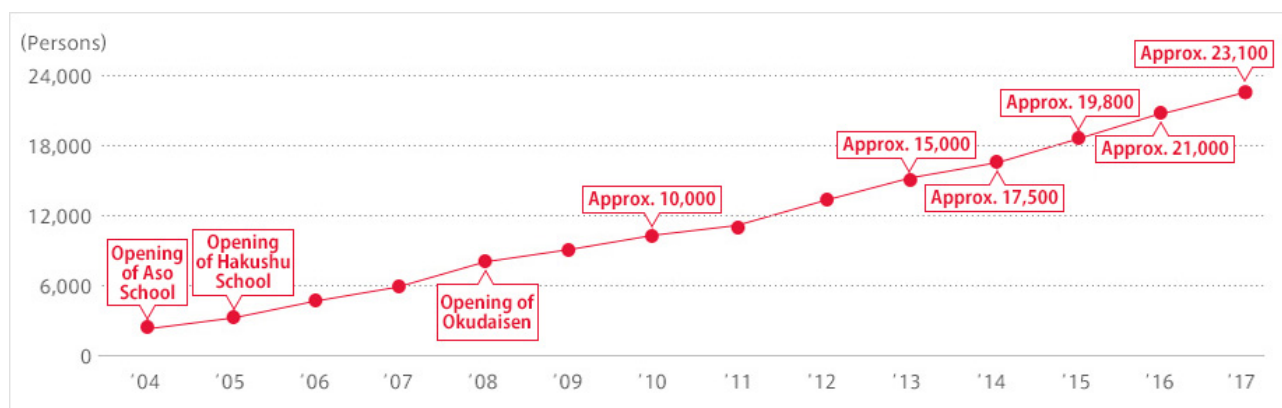
Environmental Education for Employees

■FY2017 Environmental Training

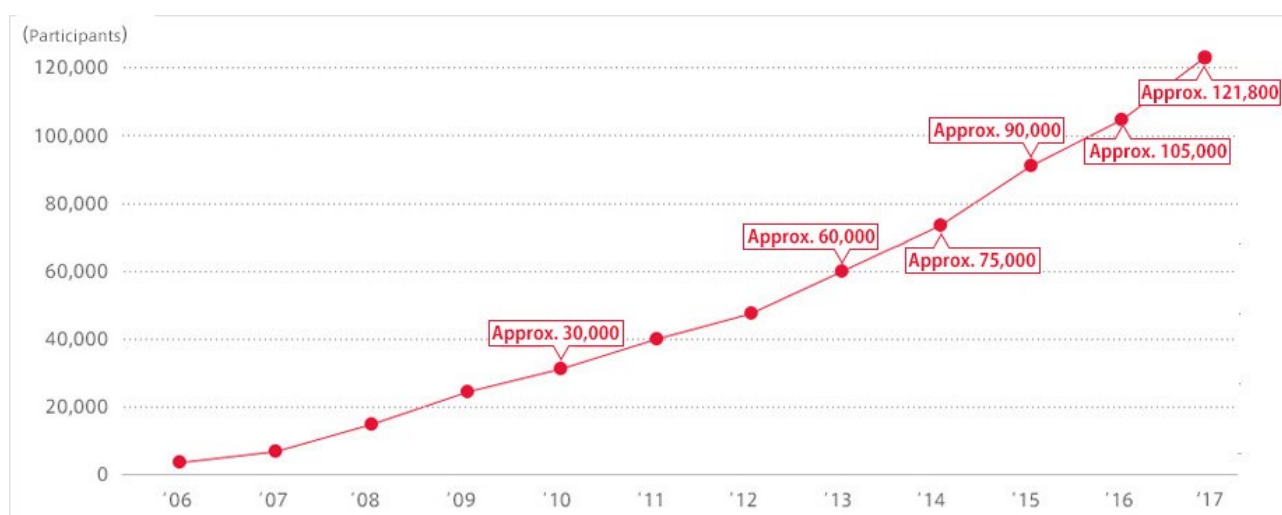
Name	Target	Number of participating employees
Onboarding training (environmental management class)	New employees	All
ISO14001 awareness and special education	Plant employees	All
Environmental management training (e-learning, etc.)	Group employees in Japan	19,409
Training for newly appointed employees in charge of ISO14001	Employees in charge of ISO14001	6
Internal ISO14001 auditor training	Internal ISO14001 auditor	175
Eco-products seminar	Employees in charge of product development	17
First Hand Experience with Forestry training	Group employees in Japan	670
Environmental Law Training	Employees from relevant departments	58
Wastes Disposal and Public Cleansing Act seminar	Employees from relevant departments	155
Training held for on-site confirmation of industrial waste	Employees from relevant departments	41

Outdoor School of Forest and Water

■Total number of participants at the *Suntory Mizuiku* - Natural Water Education Program Outdoor School of Forest and Water (total of three schools)



■ Total number of participants for Teaching about Water at Schools



Social Data

■ Employment Status

Personnel data includes employees who have employment contracts with Suntory Holdings Ltd. and Suntory Beverage & Food Ltd.

■ Number of Employees (as of December 31, 2017)

(employees)

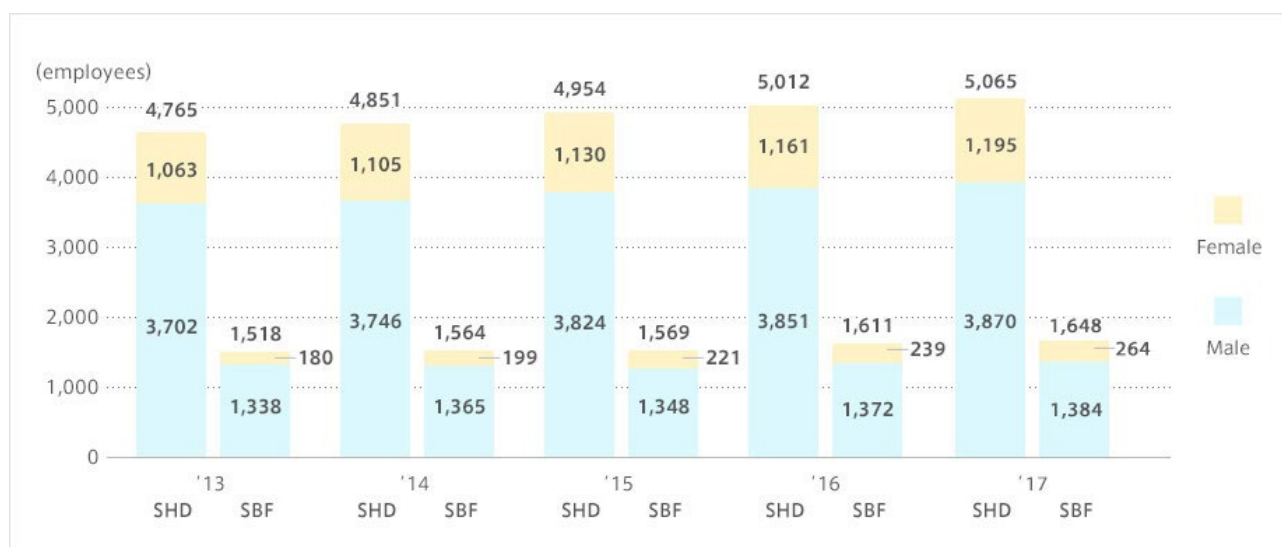
		2013			2014			2015			2016			2017		
		SHD	SBF	Total	SHD	SBF	Total	SHD	SBF	Total	SHD	SBF	Total	SHD	SBF	Total
	Male	37	17	54	43	15	58	42	13	55	41	14	55	45	13	58
	Female	2	0	2	2	0	2	3	1	4	4	1	5	2	3	5
Executives		39	17	56	45	15	60	45	14	59	45	15	60	47	16	63
	Male	1,309	634	1,943	1,348	628	1,976	1,392	607	1,999	1,422	627	2,049	1,308	597	1,905
	Female	132	29	161	146	31	177	166	33	199	185	34	219	187	38	225
Managers		1,441	663	2,104	1,494	659	2,153	1,558	637	2,195	1,607	661	2,268	1,495	635	2,130
	Male	2,393	704	3,097	2,398	737	3,135	2,432	741	3,173	2,429	745	3,174	2,562	787	3,349
	Female	931	151	1,082	959	168	1,127	964	188	1,152	976	205	1,181	1,008	226	1,234
Members		3,324	855	4,179	3,357	905	4,262	3,396	932	4,328	3,405	950	4,355	3,570	1,013	4,583
Employees		4,765	1,518	6,283	4,851	1,564	6,415	4,954	1,569	6,523	5,012	1,611	6,623	5,065	1,648	6,713
	Male	389	54	443	296	55	351	205	45	250	161	42	203	106	31	137
	Female	93	15	108	88	18	106	81	15	96	82	22	104	79	19	98
Contract employees, etc.*		482	69	551	384	73	457	286	60	346	243	64	307	185	50	235
Temporary staff		566	44	610	516	44	560	542	49	591	560	52	612	567	59	626

*Contractors and temporary employees: includes non-regular and part-time staff

*SHD: Suntory Holdings Ltd.

*SBF: Suntory Beverage & Food Ltd.

Number of Employees (as of December 31, 2017)



*Figures through 2012 are only for Suntory Holdings Ltd.

*SHD: Suntory Holdings Ltd.

*SBF: Suntory Beverage & Food Ltd.

Average age and average length of employment (as of December 31, 2017)

	2013		2014		2015		2016		2017	
	SHD	SBF	SHD	SBF	SHD	SBF	SHD	SBF	SHD	SBF
Average age	38.5	40.4	39.0	40.9	39.6	41.7	40.8	42.0	41.3	42.3
Average tenure	15.3	17.0	15.8	17.4	16.3	17.3	16.6	17.6	17.1	17.8

*SHD: Suntory Holdings Ltd.

*SBF: Suntory Beverage & Food Ltd.

Number of employees

			2013		2014		2015		2016		2017	
			SHD	SBF	SHD	SBF	SHD	SBF	SHD	SBF	SHD	SBF
New graduates	Male		66	22	75	26	81	20	79	20	68	17
	Female		45	10	51	16	43	18	43	19	48	20
Experienced workers	Male		23	1	20	0	19	2	17	0	13	4
	Female		15	12	11	9	8	6	7	5	3	7
Total			149	45	157	51	151	46	146	44	132	48

*SHD: Suntory Holdings Ltd.

*SBF: Suntory Beverage & Food Ltd.

Number of resignees and reasons/turnover rate

(employees)

		2013	2014	2015	2016	2017
	Retirement* ¹	47	29	42	39	39
	Personal circumstances* ²	33	45	42	53	43
	Corporate circumstances* ³	0	0	0	0	2
	Other	19	7	5	7	4
	Total* ⁴	99	81	89	99	88
	Turnover rate* ⁵	0.53%	0.70%	0.64%	0.80%	0.67%

*Data from 2013 is the total of Suntory Holdings Ltd. and Suntory Beverage & Food Ltd.

*1 Retirement includes flexible-age retirement

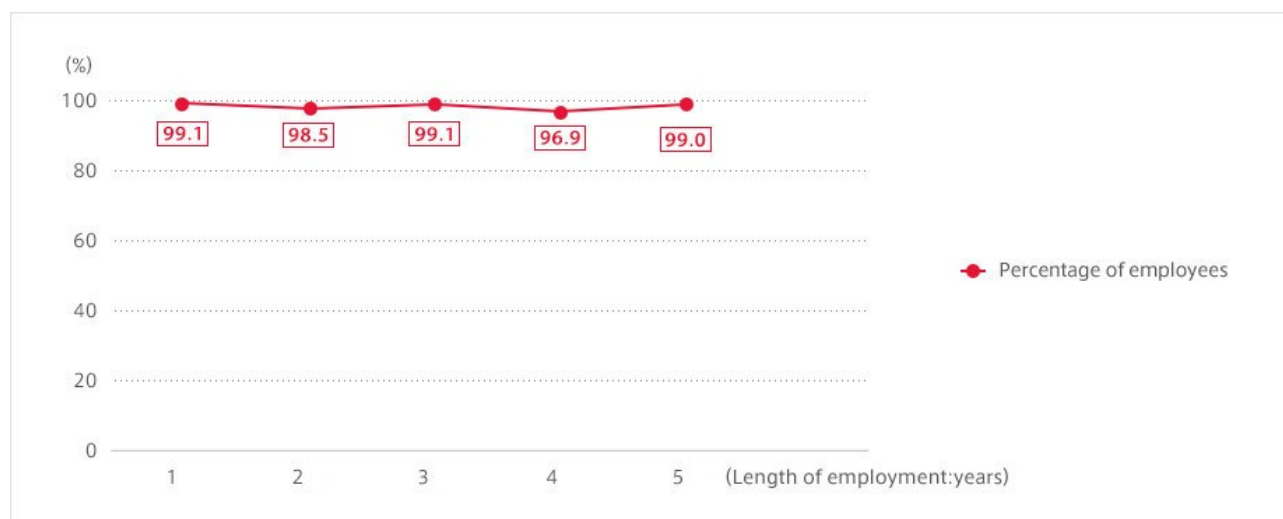
*2 Resignees of Suntory Beverage & Food (domestic) is 8 in 2015, 7 in 2016, and 11 in 2017.

*3 Company circumstances include factory closings and selling of business. Individual circumstances include employment transfers.

*4 Covers employees

*5 The turnover rate is calculated excluding mandatory age retirement

Retention rate of new graduate hires



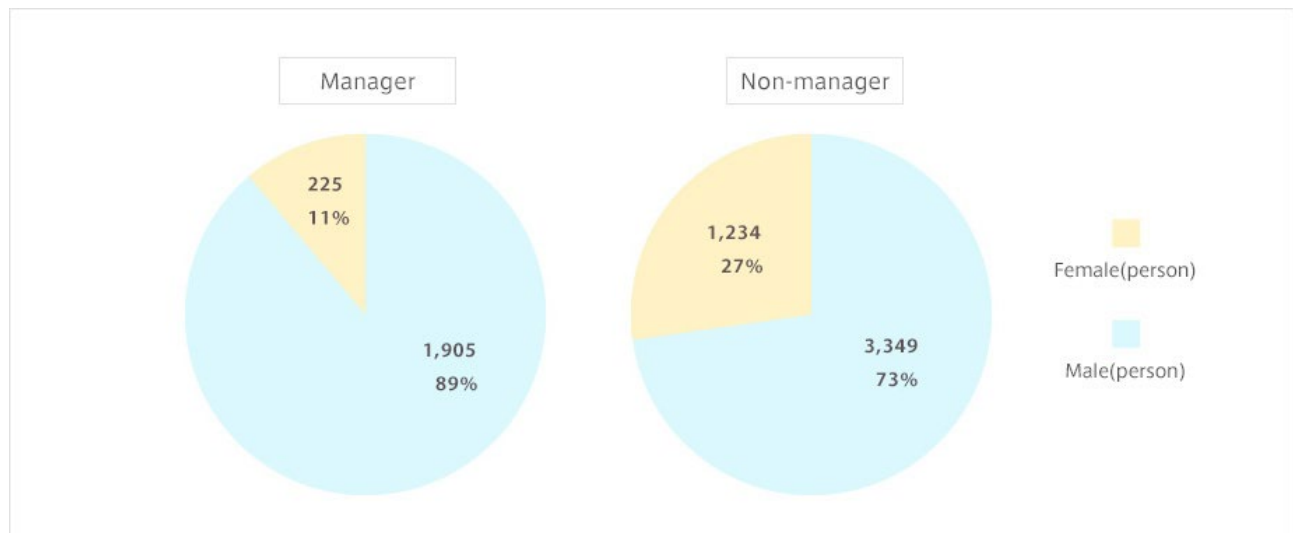
*Calculated based on new graduate hires from 2010 to 2012

*Figures are only for Suntory Holdings

Female employment data



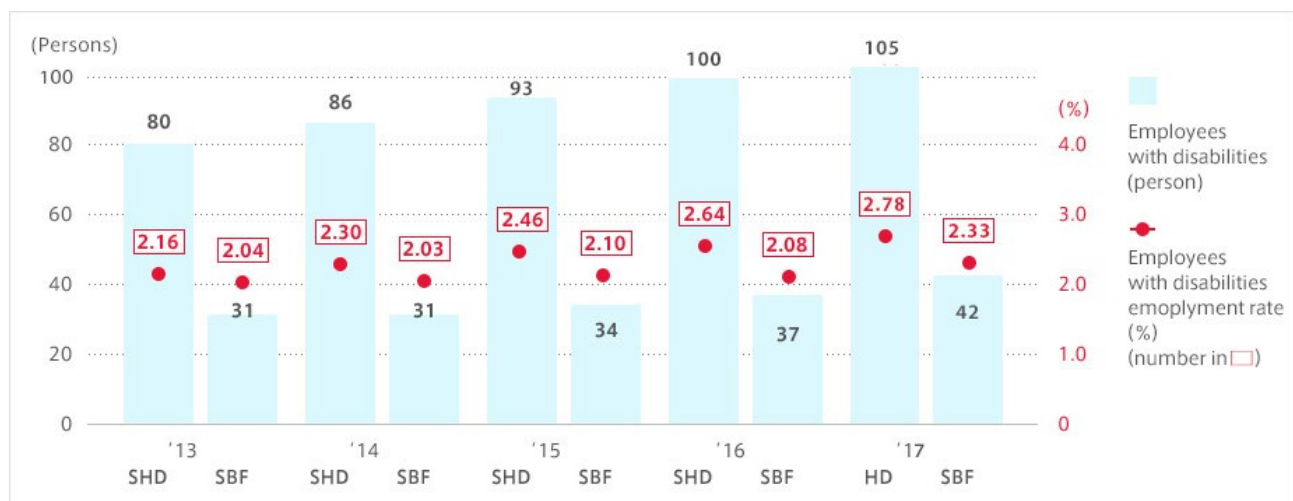
Number of male and female employees by Management or Non-management position



*December 31, 2017

*This is the total of Suntory Holdings Ltd. and Suntory Beverage & Food Ltd.

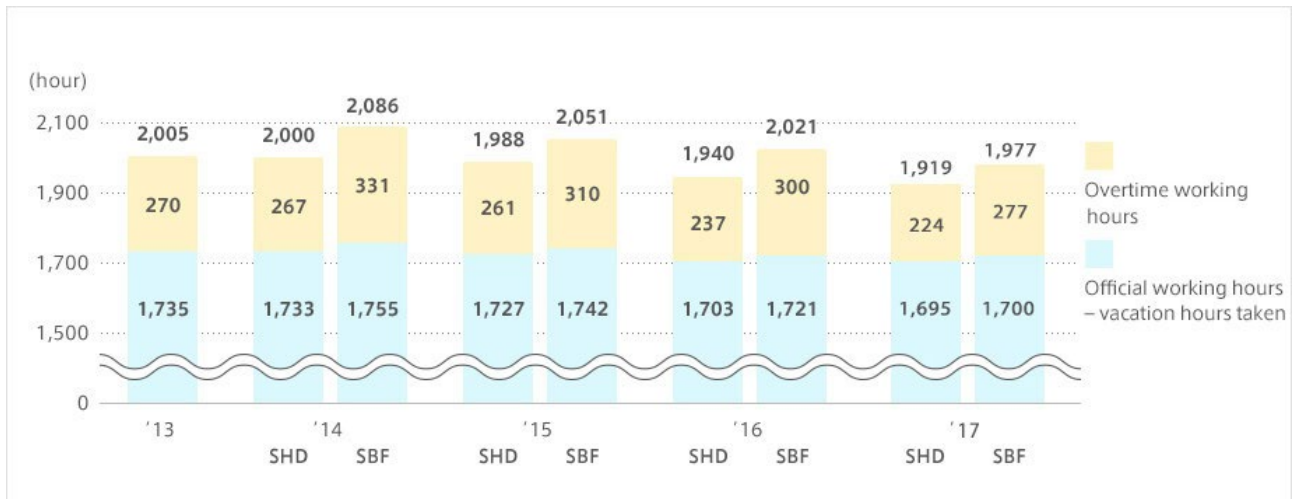
Number of employees with disabilities and employment rate (as of June 1, 2017)



*SHD: Suntory Holdings Ltd.

*SBF: Suntory Beverage & Food Ltd.

Total actual annual working hours



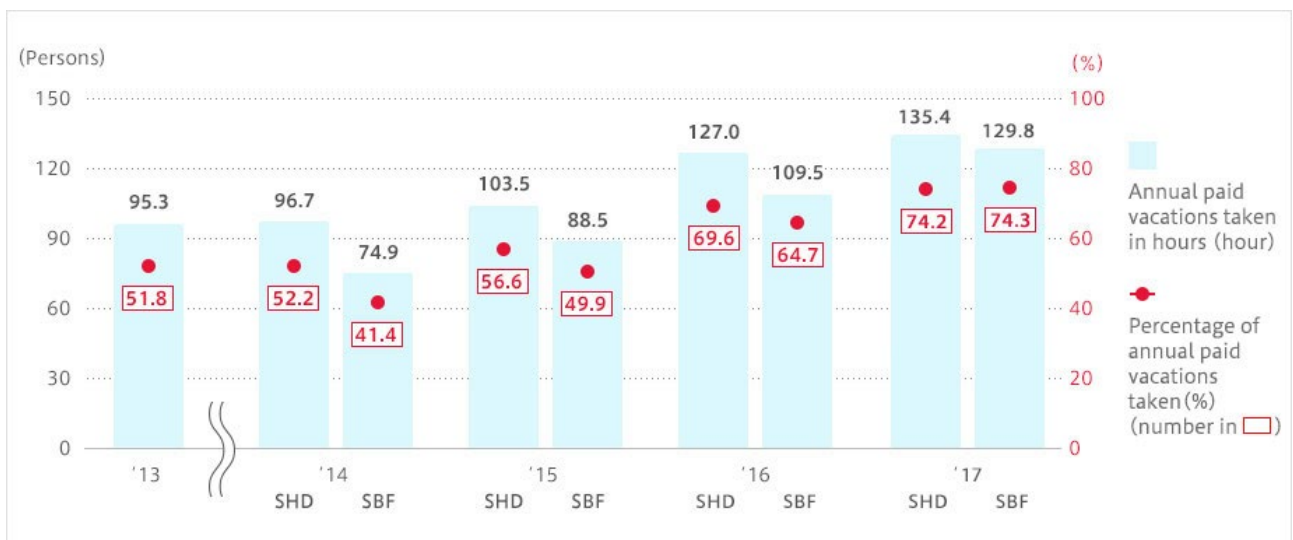
*Official working hours in the standard Suntory Group offices are 7.5 hours a day, 121 vacation days and the annual total official working hours is 1,830 hours.

*Through 2013, working hours were only for Suntory Holdings Ltd.

*SHD: Suntory Holdings Ltd.

*SBF: Suntory Beverage & Food Ltd.

Annual paid vacations taken



*Through 2013, working hours were only for Suntory Holdings Ltd.

*SHD: Suntory Holdings Ltd.

*SBF: Suntory Beverage & Food Ltd.

Results of Employees Taking Child Care Leave



*Figures through 2012 are only for Suntory Holdings Ltd.

Change in the number of employees that took advantage of child or nursing care policies

(employees)

			2013	2014	2015	2016			2017		
						SHD	SBF	SHD+SBF	SHD	SBF	SHD+SBF
Child and nursing care	Childcare leave		174	205	247	252	46	298	275	64	339
	Shortened and staggered working hour for child care	Men	-	-	-	80	22	102	22	34	56
		Women	-	-	-	172	24	196	24	30	54
	Newly taking childcare leave		108	118	143	148	32	180	179	50	229
	Number of employees returning after childcare leave	Men	-	-	-	-	-	-	122	33	155
		Women	-	-	-	-	-	-	61	9	70
	Number of employees that resigned during childcare leave	Men	-	-	-	-	-	-	0	0	0
		Women	-	-	-	-	-	-	0	0	0
	Ratio of employees returning after childcare leave	Men	-	-	-	-	-	-	100%	100%	100%
		Women	-	-	-	-	-	-	100%	100%	100%
	Number of employees remaining at end of the year after taking childcare leave previous year	Men	-	-	-	-	-	-	80	22	102
		Women	-	-	-	-	-	-	172	24	196
	Number of Employees Returning from Child Care Leave	Men	-	-	-	-	-	-	100%	100%	100%
		Women	-	-	-	-	-	-	100%	100%	100%
	Shortened and staggered working hour for child care		127	195	192	187	38	225	183	33	216
	Nursing leave		1	2	1	2	0	2	2	0	2
	Shortened and staggered working hour for nursing care		2	2	3	0	0	0	0	0	0
	Telecommuting Program*		3,243	3,196	3,577	3,390	1,070	4,460	3,657	1,188	4,845
	Child support leave		378	663	464	474	65	539	500	83	583
	Home helper		3	0	2	1	0	1	2	0	2
	At home child care service		35	37	16	24	2	26	27	2	29
Vacation	Refresh leave		927	791	933	525	177	702	603	198	801

*Only for child and nursing care from 2008 to 2009. Expanded in 2010.

Development of Human Resources

Name	Details	Number of participants 2017	2010 - 2017
Career Challenge Program	Individual tailored program for junior employees to enhance skills needed for global business (language, cultural awareness, cross-cultural communication, leadership, logical thinking, management through figures, etc.)	10	58
Company sponsored MBA	Sending talented high potential employees to overseas top business schools to study in global environment.	4	19
Trainee program	Sending employees to overseas group companies to experience global business environment through on the job training	10	53

Main self-development programs and the number of participants in FY2017

Type of training	Details	People
Elective training*	Elective training provides approximately 30 different types of courses (twice/year) with training designed to teach the necessary business skills to succeed in the career plans envisioned by our employees	1033
Enhancing English ability*	This program provides various courses such as in-office English lessons and online lessons aimed to enhance business communications skills in English. A wide range of support content is available so that students can effectively take the course best suited for their skill level.	271
e-Learning	This training program aims to heighten the ability to execute operations and gain the knowledge required for operational innovation. The courses include business skills, language acquisition, and computer skills.	95
Financial Support System for Attending School and Distance Learning	Suntory provides support for up to half the costs of schools and distance learning programs aimed at improving students skills (up to maximum limit). The courses that can be taken range from the skills necessary to execute operations (accounting, legal knowledge, etc.) to improving language skills and acquiring certifications	145

*These are elective programs that employees can participate on their own accord which the company will take on some of the training costs

■ Number of workplace accidents

(accidents)

	2010	2011	2012	2013	2014	2015	2016	2017
Number of lost work time accidents (including paid leave and substitute leave)	3	3	2	3	4	0	6	1
Number of accidents not accompanied by lost work time	14	10	8	12	13	8	18	12
Number of accidents resulting in death				0	0	0	0	0
Total	17	13	10	15	17	8	24	13
Lost time injury frequency rate	0.31	0.30	0.20	0.17	0.34	0.00	0.47	0.08★
Lost time injury severity rate	0.002	0.005	0.009	0.002	0.004	0.000	0.003	0.000

*Figures through 2012 are only for Suntory Holdings Ltd. The figures from fiscal 2014 onwards include data on workplace accidents for the following Suntory Group companies in Japan: Suntory Holdings Ltd., Suntory Beverage & Food Group companies ... and Suntory Global Innovation Center Ltd.

*One lost work time accident occurred in a plant in 2017. We investigated the accident and found that the cause of the accident was injury during operation. We addressed the accident by examination of all equipment, confirmation of safety, and distribution of the accident report to employees who handle similar operations, to prevent reoccurrences of similar accidents.

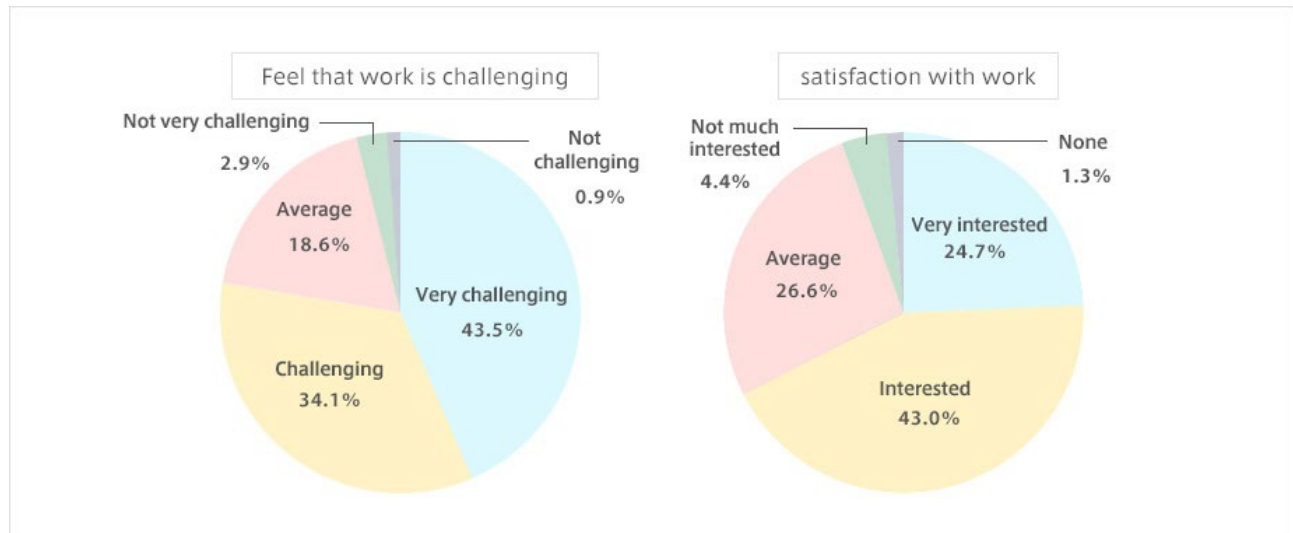
*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. since 2016. The assured value is indicated with ★.

Number of users for various health measures

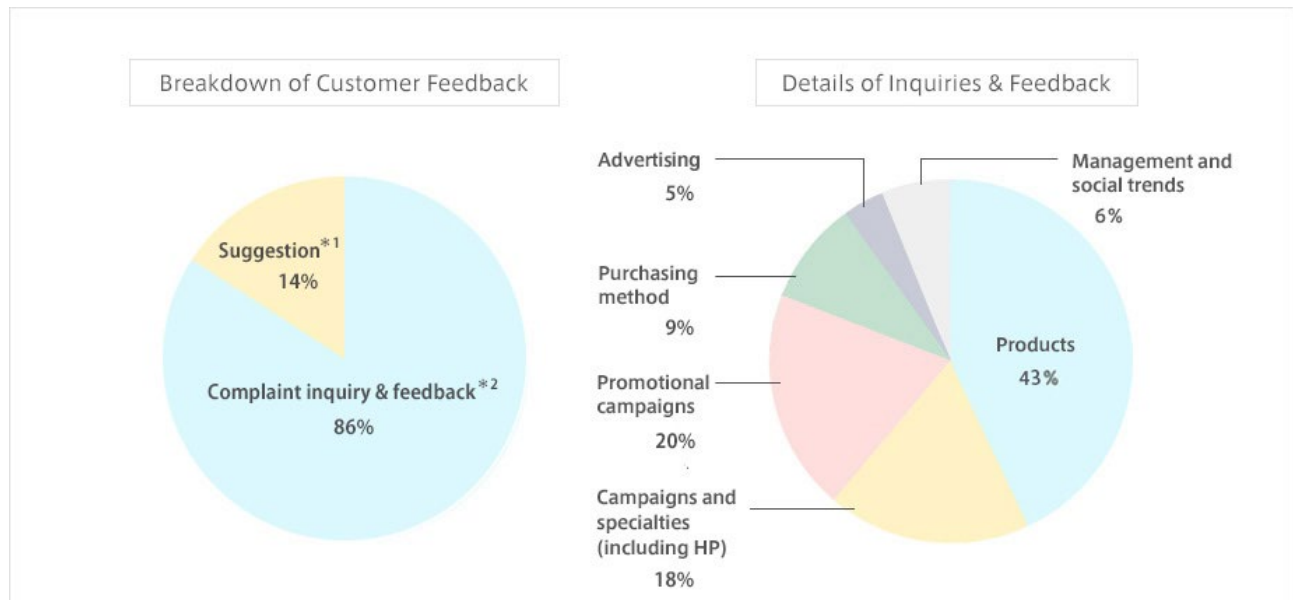
(people)

		2013	2014	2015	2016	2017
Illnesses, injuries, and disasters	Special leave that uses expired leave	47	48	53	65	34
	Hospital room subsidies for remaining balance	40	33	20	36	38
Use of physical examinations		3,048	3,046	3,280	3,333	3,286
Physical examinations (over 30 years of age)		896	894	866	1,014	1,141
Physical examinations (family)		1,766	1,837	1,950	2,046	
Dental examinations		3,571	3,617	3,753	3,632	3,773
Health telephone consultation system		124	139	120	110	
Mental-health consultation and telephone consultation		183	209	114	64	

FY2017 Work Awareness



Details on consumer inquiries, feedback, and complaints (Results of 2017: 88,915)



*1 Complaints: Includes expressions of dissatisfaction by consumers about products or corporate activities

*2 Inquiries and feedback: Includes a wide range of questions and opinions expressed by consumers other than complaints

■ Disaster Recovery Support

Main Donations

Year	Incident	Amount Donated	Beneficiary	News release
2010	2010 Canterbury (Christchurch) Earthquake (New Zealand's South Island)	3.25 million yen	Christchurch earthquake appeal fund	
2010	Foot-and-Mouth Disease Outbreak in Miyazaki Prefecture	10 million yen	Miyazaki Prefecture, and the Miyazaki Community Chest Association Social Welfare Organization	Suntory Relief Aid for Foot-and-Mount Disease in Miyazaki Prefecture (in Japanese only)
2010	Chile Earthquake	5 million yen	Chile Embassy	Suntory Relief Aid for Earthquake Recovery in Chile
2010	Haiti Earthquake	10 million yen	The Japanese Red Cross Society	Suntory Haiti Earthquake Aid
2011	Thailand floods	Approx. 2.5 million yen	The Government of the Kingdom of Thailand	Support for Recovery from Flood Damage in Thailand
2011	2011 Canterbury (Christchurch) Earthquake (New Zealand's South Island)	6.2 million yen	New Zealand Red Cross	Earthquake Relief Donation to New Zealand
2011	Floods in Queensland, Australia	8 million yen	Queensland The Premier's Disaster Relief Appeal	Flood Relief Donation to Queensland Australia
2011-	Great East Japan Earthquake	4.3 billion yen in 2011 2.0 billion yen in 2012 2.5 billion yen in 2013 2.0 billion yen in 2014 (total: 10.8 billion yen)	Iwate Prefecture, Miyagi Prefecture, Fukushima Prefecture, Save The Children Japan, et al.	Relief Donation for Earthquake in the Tohoku Region of Japan
2014	Landslide disasters in Hiroshima	1 million yen	Chugoku Shimbun Social Welfare Services Corporation	
2015	Nepal Earthquake	3 million yen	Nepal Earthquake	
2016	Kumamoto Earthquake	¥0.1 billion in April ¥0.3 billion in October	Kumamoto Prefecture	Release of Contributions to Kumamoto Prefecture
2017	Storm Disaster in Northern Kyushu	Fukuoka Prefecture (5 million yen) Oita Prefecture (5 million yen)	Fukuoka Prefecture/Oita Prefecture	Relief Donation for the Storm Disaster in Northern Kyushu
2017	Aid Following the Massive Hurricane Disaster in the United States	Approx. 110 million yen (1 million dollars)	American Red Cross	About Aid Following the Massive Hurricane Disasters in the United States
2017	Aid Following the Earthquake in Mexico	Approx. 22 million yen (200,000 dollars)	Mexican Red Cross	About Aid Following the Earthquake in Mexico

GRI Standards Content Index

This website is created in accordance with "Core" level of the Sustainability Reporting Standard of the Global Reporting Initiative (GRI).

Universal Disclosures

No.	Disclosure Title	Description	Reference page title
Organizational profile			
102-1	Name of the organization	a. Name of the organization.	· Company Profile
102-2	Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	· Our Business
102-3	Location of headquarters	a. Location of the organization's headquarters.	· Corporate Overview
102-4	Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	· CSR Activities of Each Group Company
102-5	Ownership and legal form	a. Nature of ownership and legal form.	· Corporate Overview
102-6	Markets served	a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	· CSR Activities of Each Group Company
102-7	Scale of the organization	a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	· CSR Activities of Each Group Company
102-8	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.	· Employment Status

102-9	Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	<ul style="list-style-type: none"> · CSR Procurement · Quality Assurance from a Customer Perspective in All Processes
102-10	Significant changes to the organization and its supply chain	a. Significant changes to the organization's size, structure, ownership, or supply chain, including: <ul style="list-style-type: none"> i. changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination. 	-Not applicable within this reporting period-
102-11	Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach.	<ul style="list-style-type: none"> · Business Activities and Environmental Impact · Environmental Management
102-12	External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	· Suntory Group's Philosophy on CSR: United Nations Global Compact
102-13	Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	· Suntory Group's Philosophy on CSR: Initiatives as a Global Company
Strategy			
102-14	Statement from senior decision-maker	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	· Top Commitment
102-15	Key impacts, risks, and opportunities	a. A description of key impacts, risks, and opportunities.	· Risk Management
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.	· The Suntory Group's Code of Business Ethics
102-17	Mechanisms for advice and concerns about ethics	a. A description of internal and external mechanisms for: <ul style="list-style-type: none"> i. seeking advice about ethical and lawful behavior, and organizational integrity; ii. reporting concerns about unethical or unlawful behavior, and organizational integrity. 	· Compliance: Enhancing the Hotline for Early Discovery and Resolution of Problems
Governance			
102-18	Governance structure	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	<ul style="list-style-type: none"> · Suntory Group's Philosophy on CSR: Promoting CSR Management · Corporate Governance · Environmental Management: Environmental Management Promotion System

102-19	Delegating authority	a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	
102-20	Executive-level responsibility for economic, environmental, and social topics	a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body.	<ul style="list-style-type: none"> · Suntory Group's Philosophy on CSR: Promoting CSR Management · Corporate Governance · Environmental Management: Environmental Management Promotion System
102-21	Consulting stakeholders on economic, environmental, and social topics	a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	<ul style="list-style-type: none"> · Suntory Group's Philosophy on CSR: Promoting CSR Management · Corporate Governance · Environmental Management: Sustainable Management Promotion System
102-22	Composition of the highest governance body and its committees	a. Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation.	
102-23	Chair of the highest governance body	a. Whether the chair of the highest governance body is also an executive officer in the organization. b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.	
102-24	Nominating and selecting the highest governance body	a. Nomination and selection processes for the highest governance body and its committees. b. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered.	
102-25	Conflicts of interest	a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: i. cross-board membership; ii. cross-shareholding with suppliers and other stakeholders; iii. existence of controlling shareholder; iv. related party disclosures.	

102-26	Role of highest governance body in setting purpose, values, and strategy	a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	· Suntory Group's Philosophy on CSR: Promoting CSR Management
102-27	Collective knowledge of highest governance body	a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	
102-28	Evaluating the highest governance body's performance	a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. b. Whether such evaluation is independent or not, and its frequency. c. Whether such evaluation is a self-assessment. d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.	
102-29	Identifying and managing economic, environmental, and social impacts	a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities - including its role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.	· Corporate Governance
102-30	Effectiveness of risk management processes	a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	· Risk Management · Corporate Governance
102-31	Review of economic, environmental, and social topics	a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	· Suntory Group's Philosophy on CSR: Promoting CSR Management
102-32	Highest governance body's role in sustainability reporting	a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	
102-33	Communicating critical concerns	a. Process for communicating critical concerns to the highest governance body.	· Corporate Governance
102-34	Nature and total number of critical concerns	a. Total number and nature of critical concerns that were communicated to the highest governance body. b. Mechanism(s) used to address and resolve critical concerns.	

102-35	Remuneration policies	<p>a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:</p> <p>i. fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;</p> <p>ii. sign-on bonuses or recruitment incentive payments;</p> <p>iii. termination payments;</p> <p>iv. clawbacks;</p> <p>v. retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.</p> <p>b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.</p>	
102-36	Process for determining remuneration	<p>a. Process for determining remuneration.</p> <p>b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.</p> <p>c. Any other relationships that the remuneration consultants have with the organization.</p>	
102-37	Stakeholders' involvement in remuneration	<p>a. How stakeholders' views are sought and taken into account regarding remuneration.</p> <p>b. If applicable, the results of votes on remuneration policies and proposals.</p>	
102-38	Annual total compensation ratio	a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	
102-39	Percentage increase in annual total compensation ratio	a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	
Stakeholder engagement			
102-40	List of stakeholder groups	a. A list of stakeholder groups engaged by the organization.	<ul style="list-style-type: none"> • Dialogue with Society • Suntory Group's Philosophy on CSR: Relations with Stakeholders
102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	<ul style="list-style-type: none"> • Labor/Management Relations: Creating Employee-Friendly Workplaces
102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	<ul style="list-style-type: none"> • Dialogue with Society • Suntory Group's Philosophy on CSR: Relations with Stakeholders
102-43	Approach to stakeholder engagement	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<ul style="list-style-type: none"> • Dialogue with Society : Brainstorming sessions held in 2017 • Suntory Group's Philosophy on CSR: Relations with Stakeholders

102-44	Key topics and concerns raised	<p>a. Key topics and concerns that have been raised through stakeholder engagement, including:</p> <p>i. how the organization has responded to those key topics and concerns, including through its reporting;</p> <p>ii. the stakeholder groups that raised each of the key topics and concerns.</p>	<ul style="list-style-type: none"> Dialogue with Society : Brainstorming sessions held in 2017
Reporting practice			
102-45	Entities included in the consolidated financial statements	<p>a. A list of all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	<ul style="list-style-type: none"> Suntory Holdings Limited and its Subsidiaries
102-46	Defining report content and topic Boundaries	<p>a. An explanation of the process for defining the report content and the topic Boundaries.</p> <p>b. An explanation of how the organization has implemented the Reporting Principles for defining report content.</p>	<ul style="list-style-type: none"> Suntory Group's Philosophy on CSR: Four CSR Initiatives, Identification of Priority Issues Enhancing CSR Activities Using ISO26000: Six Prioritized CSR Initiatives
102-47	List of material topics	<p>a. A list of the material topics identified in the process for defining report content.</p>	<ul style="list-style-type: none"> Suntory Group's Philosophy on CSR: Four CSR Initiatives, Identification of Priority Issues Enhancing CSR Activities Using ISO26000: Six Prioritized CSR Initiatives
102-48	Restatements of information	<p>a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.</p>	<ul style="list-style-type: none"> -Not applicable within this reporting period-
102-49	Changes in reporting	<p>a. Significant changes from previous reporting periods in the list of material topics and topic boundaries.</p>	<ul style="list-style-type: none"> -Not applicable within this reporting period-
102-50	Reporting period	<p>a. Reporting period for the information provided.</p>	<ul style="list-style-type: none"> Editorial Policy on CSR Information: Time Frame
102-51	Date of most recent report	<p>a. If applicable, the date of the most recent previous report.</p>	<ul style="list-style-type: none"> Editorial Policy on CSR Information: Published
102-52	Reporting cycle	<p>a. Reporting cycle</p>	<ul style="list-style-type: none"> Editorial Policy on CSR Information: Published
102-53	Contact point for questions regarding the report	<p>a. The contact point for questions regarding the report or its contents.</p>	<ul style="list-style-type: none"> Editorial Policy on CSR Information: We welcome your feedback
102-54	Claims of reporting in accordance with the GRI Standards	<p>a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either:</p> <p>i. 'This report has been prepared in accordance with the GRI Standards: Core option';</p> <p>ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'</p>	<p>Our sustainability reporting is done in accordance with "Core" level of the GRI Standards.</p>

102-55	GRI content index	<p>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.</p> <p>b. For each disclosure, the content index shall include:</p> <p>i. the number of the disclosure (for disclosures covered by the GRI Standards);</p> <p>ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials;</p> <p>iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.</p>	<ul style="list-style-type: none"> · GRI Standards Reference
102-56	External assurance	<p>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <p>i. a reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</p> <p>ii. the relationship between the organization and the assurance provider;</p> <p>iii. whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.</p>	<ul style="list-style-type: none"> · Preventing Global Warming: Scope 1, 2 Emissions (Independent assurance report) · Effective Use of Water Resources: Water Use Performance 2017 (Independent assurance report) · Promoting the Reduction and Recycling of Waste: Byproducts and Waste Generation Performance 2017 (Independent assurance report)
103 : Management Approach			
103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<ul style="list-style-type: none"> · Suntory Group's Philosophy on CSR: Four CSR Initiatives, Identification of Priority Issues · Enhancing CSR Activities Using ISO26000: Six Prioritized CSR Initiatives · Business Activities and Environmental Impact

103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. policies</p> <p>ii. commitments</p> <p>iii. goals and targets</p> <p>iv. responsibilities</p> <p>v. resources</p> <p>vi. grievance mechanisms</p> <p>vii. specific actions, such as processes, projects, programs and initiatives</p>	<p>Goal</p> <ul style="list-style-type: none"> · FY2017 Targets, Results and Evaluation · Enhancing CSR Activities Using ISO26000: CSR Action Plan · Environmental Vision: 2050 Environmental Vision, 2030 Environmental Targets <p>Policy</p> <ul style="list-style-type: none"> · Environmental Vision: Basic Policy on Group's Environmental Activity · CSR Procurement: The Suntory Group's Basic Policy on Supply Chain CSR · Respect for Human Rights: Initiatives on Human Rights Issues · Promotion of Group Quality Management: Suntory Quality Policy · Basic Policy on Social Activities: Suntory Group Basic Policy on Social Activities · Communicating with Customers : Basic Policy on Customer Satisfaction and Course of Action · To Create Harmony with Employee Diversity Management <p>Responsibility</p> <ul style="list-style-type: none"> · Suntory Group's Philosophy on CSR: Promoting CSR Management · Environmental Management: Environmental Management Promotion System · Promotion of Group Quality Management <p>Customer Complaint Response Mechanism</p> <ul style="list-style-type: none"> · Compliance
103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<ul style="list-style-type: none"> · FY2017 Targets, Results and Evaluation · Enhancing CSR Activities Using ISO26000: CSR Action Plan · Quality Assurance from a Customer Perspective in All Processes · Preventing Global Warming: Scope 1, 2 Emissions, Water Use Performance 2017, Byproducts and Waste Generation Performance 2017

Topic-specific Disclosures

No	Disclosure Title	Description	Reference page title
Economic			
201: Economic Performance			
201-1	Direct economic value generated and distributed	<p>a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <p>i. Direct economic value generated: revenues;</p> <p>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;</p> <p>iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.</p> <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	<ul style="list-style-type: none"> · Environmental Management : Introducing Environmental Accounting
201-2	Financial implications and other risks and opportunities due to climate change	<p>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:</p> <p>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</p> <p>ii. a description of the impact associated with the risk or opportunity;</p> <p>iii. the financial implications of the risk or opportunity before action is taken;</p> <p>iv. the methods used to manage the risk or opportunity;</p> <p>v. the costs of actions taken to manage the risk or opportunity.</p>	<ul style="list-style-type: none"> · Environmental Management : Introducing Environmental Accounting · Business Activities and Environmental Impact : Quantitative Evaluation Through Natural Capital · Environmental Vision: 2050 Environmental Vision
201-3	Defined benefit plan obligations and other retirement plans	<p>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</p> <p>b. If a separate fund exists to pay the plan's pension liabilities:</p> <p>i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;</p> <p>ii. the basis on which that estimate has been arrived at;</p> <p>iii. when that estimate was made.</p> <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer.</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</p>	

201-4	Financial assistance received from government	<p>a. Total monetary value of financial assistance</p> <p>i. tax relief and tax credits;</p> <p>ii. subsidies;</p> <p>iii. investment grants, research and development grants, and other relevant types of grant;</p> <p>iv. awards;</p> <p>v. royalty holidays;</p> <p>vi. financial assistance from Export Credit Agencies (ECAs);</p> <p>vii. financial incentives;</p> <p>viii. other financial benefits received or receivable from any government for any operation.</p> <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>	-Not applicable within this reporting period-
202: Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for 'significant locations of operation'.</p>	-Not applicable within this reporting period-
202-2	Proportion of senior management hired from the local community	<p>a. Percentage of senior management at significant locations of operation that are hired from the local community.</p> <p>b. The definition used for 'senior management'.</p> <p>c. The organization's geographical definition of 'local'.</p> <p>d. The definition used for 'significant locations of operation'.</p>	<ul style="list-style-type: none"> Basic Policy on Human Resource : Commitment to Local Employment
203: Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	<p>a. Extent of development of significant infrastructure investments and services supported.</p> <p>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p> <p>c. Whether these investments and services are commercial, in-kind, or pro bono engagements.</p>	<ul style="list-style-type: none"> Natural Water Sanctuaries (Water Resource Cultivation/ Preserving Biodiversity) Bird Conservation Activities Suntory Mizuiku - Education Program for Nature and Water Sports Activities Social Welfare Developing the Next Generation

203-2	Significant indirect economic impacts	<p>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</p> <p>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>	-Not applicable within this reporting period-
204: Procurement Practices			
204-1	Proportion of spending on local suppliers	<p>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. The organization's geographical definition of 'local'.</p> <p>c. The definition used for 'significant locations of operation'.</p>	CSR Procurement : Supplier Ratio by Region
205: Anti Corruption			
205-1	Operations assessed for risks related to corruption	<p>a. Total number and percentage of operations assessed for risks related to corruption.</p> <p>b. Significant risks related to corruption identified through the risk assessment.</p>	
205-2	Communication and training about anti-corruption policies and procedures	<p>a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.</p> <p>b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.</p> <p>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	<ul style="list-style-type: none"> Compliance Risk Management : Anti-bribery
205-3	Confirmed incidents of corruption and actions taken	<p>a. Total number and nature of confirmed incidents of corruption.</p> <p>b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p> <p>c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p> <p>d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	-Not applicable within this reporting period-

206: Anti competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<p>a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.</p> <p>b. Main outcomes of completed legal actions, including any decisions or judgments.</p>	-Not applicable within this reporting period-
Enviroment			
301: Materials			
301-1	Materials used by weight or volume	<p>a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:</p> <p>i. non-renewable materials used;</p> <p>ii. renewable materials used.</p>	· Business Activities and Environmental Impact : Overview of business activities and environmental impact
301-2	Recycled input materials used	a. Percentage of recycled input materials used to manufacture the organization's primary products and services.	
301-3	Reclaimed products and their packaging materials	<p>a. Percentage of reclaimed products and their packaging materials for each product category.</p> <p>b. How the data for this disclosure have been collected.</p>	· Promoting the Reduction and Recycling of Waste: Maintaining a 100% Resource Recycling Rate
302 : Energy			
302-1	Energy consumption within the organization	<p>a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.</p> <p>b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.</p> <p>c. In joules, watt-hours or multiples, the total:</p> <p>i. electricity consumption</p> <p>ii. heating consumption</p> <p>iii. cooling consumption</p> <p>iv. steam consumption</p> <p>d. In joules, watt-hours or multiples, the total:</p> <p>i. electricity sold</p> <p>ii. heating sold</p> <p>iii. cooling sold</p> <p>iv. steam sold</p> <p>e. Total energy consumption within the organization, in joules or multiples.</p> <p>f. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>g. Source of the conversion factors used.</p>	· Data Sheet (Major CSR Data)
302-2	Energy consumption outside of the organization	<p>a. Energy consumption outside of the organization, in joules or multiples.</p> <p>b. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>c. Source of the conversion factors used.</p>	
302-3	Energy intensity	<p>a. Energy intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>d. Whether the ratio uses energy consumption within the organization, outside of it, or both.</p>	· Data Sheet (Major CSR Data)

302-4	Reduction of energy consumption	<p>a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</p> <p>b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>· Data Sheet (Major CSR Data) : Environmental Preservation Effect of Suntory Group (production sites in Japan)</p>
302-5	Reductions in energy requirements of products and services	<p>a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.</p> <p>b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	
303: Water			
303-1	Water withdrawal by source	<p>a. Total volume of water withdrawn, with a breakdown by the following sources:</p> <p>i. surface water, including water from wetlands, rivers, lakes, and oceans;</p> <p>ii. ground water;</p> <p>iii. rainwater collected directly and stored by the organization;</p> <p>iv. waste water from another organization;</p> <p>v. municipal water supplies or other public or private water utilities.</p> <p>b. Standards, methodologies, and assumptions used.</p>	<p>· Data Sheet (Major CSR Data) : Water use reduction</p> <p>· Effective Use of Water Resources : Water Source</p>
303-2	Water sources significantly affected by withdrawal of water	<p>a. Total number of water sources significantly affected by withdrawal by type:</p> <p>i. size of the water source;</p> <p>ii. whether the source is designated as a nationally or internationally protected area;</p> <p>iii. biodiversity value (such as species diversity and endemism, and total number of protected species);</p> <p>iv. value or importance of the water source to local communities and indigenous peoples.</p> <p>b. Standards, methodologies, and assumptions used.</p>	
303-3	Water recycled and reused	<p>a. Total volume of water recycled and reused by the organization.</p> <p>b. Total volume of water recycled and reused as a percentage of the total water withdrawal as specified in Disclosure 303-1.</p> <p>c. Standards, methodologies, and assumptions used</p>	

304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<p>a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information:</p> <p>i. geographic location;</p> <p>ii. subsurface and underground land that may be owned, leased, or managed by the organization;</p> <p>iii. position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas;</p> <p>iv. type of operation (office, manufacturing or production, or extractive);</p> <p>v. size of operational site in km² (or another unit, if appropriate);</p> <p>vi. biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem);</p> <p>vii. biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).</p>	
304-2	Significant impacts of activities, products, and services on biodiversity	<p>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:</p> <p>i. construction or use of manufacturing plants, mines, and transport infrastructure;</p> <p>ii. pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources);</p> <p>iii. introduction of invasive species, pests, and pathogens;</p> <p>iv. reduction of species;</p> <p>v. habitat conversion;</p> <p>vi. changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level).</p> <p>b. Significant direct and indirect positive and negative impacts with reference to the following:</p> <p>i. species affected;</p> <p>ii. extent of areas impacted;</p> <p>iii. duration of impacts;</p> <p>iv. reversibility or irreversibility of the impacts.</p>	
304-3	Habitats protected or restored	<p>a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals.</p> <p>b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.</p> <p>c. Status of each area based on its condition at the close of the reporting period.</p> <p>d. Standards, methodologies, and assumptions used.</p>	<ul style="list-style-type: none"> Natural Water Sanctuaries (Water Resource Cultivation/ Preserving Biodiversity)
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<p>a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk:</p> <p>i. critically endangered</p> <p>ii. endangered</p> <p>iii. vulnerable</p> <p>iv. near threatened</p> <p>v. least concern</p>	-Not applicable within this reporting period-

305: Emissions			
305-1	Direct (Scope 1) GHG emissions	<p>a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</p> <p>d. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<ul style="list-style-type: none"> • Data Sheet (Major CSR Data) : Preventing Global Warming
305-2	Energy indirect (Scope 2) GHG emissions	<p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.</p> <p>c. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>d. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<ul style="list-style-type: none"> • Data Sheet (Major CSR Data) : Preventing Global Warming
305-3	Other indirect (Scope 3) GHG emissions	<p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</p> <p>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</p> <p>e. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<ul style="list-style-type: none"> • Preventing Global Warming: FY2017 Results

305-4	GHG emissions intensity	<p>a. GHG emissions intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>d. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p>	· Preventing Global Warming: FY2017 Results
305-5	Reduction of GHG emissions	<p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>e. Standards, methodologies, assumptions, and/or calculation tools used.</p>	· Data Sheet (Major CSR Data)
305-6	Emissions of ozone-depleting substances (ODS)	<p>a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.</p> <p>b. Substances included in the calculation.</p> <p>c. Source of the emission factors used.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	<p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ul style="list-style-type: none"> i. NO_x ii. SO_x iii. persistent organic pollutants (POP) iv. volatile organic compounds (VOC) v. hazardous air pollutants (HAP) vi. particulate matter (PM) vii. other standard categories of air emissions identified in relevant regulations <p>b. source of the emission factors used.</p> <p>c. standards, methodologies, assumptions, and/or calculation tools used.</p>	· Data Sheet (Major CSR Data) : Preventing Air Pollution
306: Effluents and Waste			
306-1	Water discharge by quality and destination	<p>a. Total volume of planned and unplanned water discharges by:</p> <ul style="list-style-type: none"> i. destination; ii. quality of the water, including treatment method; iii. whether the water was reused by another organization. <p>b. Standards, methodologies, and assumptions used.</p>	· Data Sheet (Major CSR Data) : Comprehensive Waste Water Management

306-2	Waste by type and disposal method	<p>a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ul style="list-style-type: none"> i. reuse ii. recycling iii. composting iv. recovery, including energy recovery v. incineration (mass burn) vi. deep well injection vii. landfill viii. on-site storage ix. other (to be specified by the organization) <p>b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ul style="list-style-type: none"> i. reuse ii. recycling iii. composting iv. recovery, including energy recovery v. incineration (mass burn) vi. deep well injection vii. landfill viii. on-site storage ix. other (to be specified by the organization) <p>c. How the waste disposal method has been determined:</p> <ul style="list-style-type: none"> i. disposed of directly by the organization, or otherwise directly confirmed ii. information provided by the waste disposal contractor iii. organizational defaults of the waste disposal contractor 	· Data Sheet (Major CSR Data) : Reducing Waste
306-3	Significant spills	<p>a. Total number and total volume of recorded significant spills.</p> <p>b. The following additional information for each spill that was reported in the organization's financial statements:</p> <ul style="list-style-type: none"> i. location of spill; ii. volume of spill; iii. material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization). <p>c. Impacts of significant spills.</p>	-Not applicable within this reporting period-
306-4	Transport of hazardous waste	<p>a. Total weight for each of the following:</p> <ul style="list-style-type: none"> i. hazardous waste transported ii. hazardous waste imported iii. hazardous waste exported iv. hazardous waste treated <p>b. Percentage of hazardous waste shipped internationally.</p> <p>c. Standards, methodologies, and assumptions used.</p>	-Not applicable within this reporting period-
306-5	Water bodies affected by water discharges and/or runoff	<p>a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on:</p> <ul style="list-style-type: none"> i. the size of the water body and related habitat; ii. whether the water body and related habitat is designated as a nationally or internationally protected area; iii. the biodiversity value, such as total number of protected species. 	-Not applicable within this reporting period-

307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	<p>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:</p> <p>i. total monetary value of significant fines;</p> <p>ii. total number of non-monetary sanctions;</p> <p>iii. cases brought through dispute resolution mechanisms.</p> <p>b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.</p>	-Not applicable within this reporting period-
308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	a. Percentage of new suppliers that were screened using environmental criteria.	· CSR Procurement : Promoting Sustainability Throughout the Entire Supply Chain
308-2	Negative environmental impacts in the supply chain and actions taken	<p>a. Number of suppliers assessed for environmental impacts.</p> <p>b. Number of suppliers identified as having significant actual and potential negative environmental impacts.</p> <p>c. Significant actual and potential negative environmental impacts identified in the supply chain.</p> <p>d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment.</p> <p>e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.</p>	
Social			
401: Employment			
401-1	New employee hires and employee turnover	<p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	· Data Sheet (Major CSR Data) : Number of Employees
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:</p> <p>i. life insurance;</p> <p>ii. health care;</p> <p>iii. disability and invalidity coverage;</p> <p>iv. parental leave;</p> <p>v. retirement provision;</p> <p>vi. stock ownership;</p> <p>vii. others.</p> <p>b. The definition used for 'significant locations of operation'.</p>	

401-3	Parental leave	<p>a. Total number of employees that were entitled to parental leave, by gender.</p> <p>b. Total number of employees that took parental leave, by gender.</p> <p>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</p> <p>d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.</p> <p>e. Return to work and retention rates of employees that took parental leave, by gender.</p>	<ul style="list-style-type: none"> · Data Sheet (Major CSR Data) : Number of Employees Taking Child Care Leave · Promoting Work-Life Balance : Change in the number of employees that took advantage of child or nursing care policies
402: Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	<p>a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	
403: Occupational Health and Safety			
403-1	Workers representation in formal joint management-worker health and safety committees	<p>a. The level at which each formal joint management-worker health and safety committee typically operates within the organization.</p> <p>b. Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees</p>	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<p>a. Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by:</p> <p>i. region;</p> <p>ii. gender.</p> <p>b. Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, with a breakdown by:</p> <p>i. region;</p> <p>ii. gender.</p> <p>c. The system of rules applied in recording and reporting accident statistics.</p>	<ul style="list-style-type: none"> · Data Sheet (Major CSR Data) : Number of workplace accidents
403-3	Workers with high incidence or high risk of diseases related to their occupation	<p>a. Whether there are workers whose work, or workplace, is controlled by the organization, involved in occupational activities who have a high incidence or high risk of specific diseases.</p>	
403-4	Health and safety topics covered in formal agreements with trade unions	<p>a. Whether formal agreements (either local or global) with trade unions cover health and safety.</p> <p>b. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements.</p>	

404: Training and Education			
404-1	Average hours of training per year per employee	a. Average hours of training that the organization's employees have undertaken during the reporting period, by: i. gender; ii. employee category.	
404-2	Programs for upgrading employee skills and transition assistance programs	a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	· Data Sheet (Major CSR Data) : Main self-development programs and the number of participants in FY2017
404-3	Percentage of employees receiving regular performance and career development reviews	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	
405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. gender; ii. age group: under 30 years old, 30-50 years old, over 50 years old; iii. other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: i. gender; ii. age group: under 30 years old, 30-50 years old, over 50 years old; iii. other indicators of diversity where relevant (such as minority or vulnerable groups).	· Data Sheet (Major CSR Data) : Number of male and female employees by Management and Non-management positions (Group) · Employment Status
405-2	Ratio of basic salary and remuneration of women to men	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'.	
406: Non discrimination			
406-1	Incidents of discrimination and corrective actions taken	a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. incident reviewed by the organization; ii. remediation plans being implemented; iii. remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. incident no longer subject to action.	· Respect for Human Rights: Establishing a Committee to Promote Respect for Human Rights

407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	· Labor/Management Relations
408: Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	a. Operations and suppliers considered to have significant risk for incidents of: i. child labor; ii. young workers exposed to hazardous work. b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.	· CSR Procurement
409: Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.	· CSR Procurement
410: Security Practices			
410-1	Security personnel trained in human rights policies or procedures	a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security. b. Whether training requirements also apply to third-party organizations providing security personnel.	
411: Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. incident reviewed by the organization; ii. remediation plans being implemented; iii. remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. incident no longer subject to action.	-Not applicable within this reporting period-

412: Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	· Respect for Human Rights
412-2	Employee training on human rights policies or procedures	a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations. b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	· Respect for Human Rights: Establishing a Committee to Promote Respect for Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. b. The definition used for 'significant investment agreements'.	
413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes.	<ul style="list-style-type: none"> · To Create Harmony with Society Cultural and Social Contribution · Natural Water Sanctuaries (Water Resource Cultivation/ Preserving Biodiversity) · Bird Conservation Activities · <i>Suntory Mizuiku</i> - Education Program for Nature and Water · Sports Activities · Social Welfare · Developing the Next Generation
413-2	Operations with significant actual and potential negative impacts on local communities	a. Operations with significant actual and potential negative impacts on local communities, including: i. the location of the operations; ii. the significant actual and potential negative impacts of operations.	

414:Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	a. Percentage of new suppliers that were screened using social criteria.	· CSR Procurement : Promoting Sustainability Throughout the Entire Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	
415: Public Policy			
415-1	Political contributions	a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. b. If applicable, how the monetary value of in-kind contributions was estimated.	
416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	· Quality Assurance from a Customer Perspective in All Processes
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	· Appropriate Information Disclosure : Voluntary Recalls
417:Marketing and Labeling			
417-1	Requirements for product and service information and labeling	a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling: i. the sourcing of components of the product or service; ii. content, particularly with regard to substances that might produce an environmental or social impact; iii. safe use of the product or service; iv. disposal of the product and environmental or social impacts; v. other (explain). b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.	· Appropriate Information Disclosure

417-2	Incidents of non-compliance concerning product and service information and labeling	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by:</p> <p>i. incidents of non-compliance with regulations resulting in a fine or penalty;</p> <p>ii. incidents of non-compliance with regulations resulting in a warning;</p> <p>iii. incidents of non-compliance with voluntary codes</p> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	· Appropriate Information Disclosure : Voluntary Recalls
417-3	Incidents of non-compliance concerning marketing communications	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <p>i. incidents of non-compliance with regulations resulting in a fine or penalty;</p> <p>ii. incidents of non-compliance with regulations resulting in a warning;</p> <p>iii. incidents of non-compliance with voluntary codes.</p> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	
418:Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <p>i. complaints received from outside parties and substantiated by the organization;</p> <p>ii. complaints from regulatory bodies.</p> <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	-Not applicable within this reporting period-
419:Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	<p>a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:</p> <p>i. total monetary value of significant fines;</p> <p>ii. total number of non-monetary sanctions;</p> <p>iii. cases brought through dispute resolution mechanisms.</p> <p>b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.</p> <p>c. The context against which significant fines and non-monetary sanctions were incurred.</p>	-Not applicable within this reporting period-

Aspects with High Relevance to the Four Initiatives

- To Create Harmony with Customers and Partners: Products and Services
- To Create Harmony with Nature: Environment
- To Create Harmony with Society: Cultural and Social Contribution
- To Create Harmony with Employees: Diversity Management

Suntory Group actively engages in initiatives to address following aspects which are closely related to the above four initiatives.

[Customer Health and Safety] [Product and Service Labeling] [Energy] [Water] [Biodiversity] [Local Communities]
[Training and Education] [Diversity and Equal Opportunity] [Supplier Environmental Assessment] [Supplier
Assessment for Labor Practices] [Supplier Human Rights Assessment] [Supplier Assessment for Impacts on Society]
[Marketing Communications]