

Suntory Group Corporate Social Responsibility Report 2014



To the Readers of the Suntory Group CSR Report 2014

Editorial Policy

Every year, the Suntory Group publishes its CSR (Corporate Social Responsibility) Report so that our stakeholders can understand the Group's ideas and activities related to fulfilling its social responsibilities, mindful of its goal of achieving a sustainable society. "The Suntory Group CSR Report 2014" describes the progress and results of the Six CSR Priority Areas and business activities of the Suntory Group companies in- and outside Japan. The Report also features the establishment of the Suntory Environmental Vision toward 2050 and recovery activities in support of areas affected by the Great East Japan Earthquake.

Relating to this report and the Suntory Group's CSR activities, third party opinion from Mr. Hiroshi Ishida, Executive Director of Caux Round Table-Japan, is also published at the end of this booklet. This booklet was drafted with the aim of conveying, in an understandable way, what the Suntory Group as a whole thinks and the kinds of activities it promotes in its efforts to better coexist with society and nature. We welcome any opinions or impressions you may have and ask that you send them to use via the company's website so that we may refer to them in our activities.

- **CSR-related information at the Suntory Group is publicized through the following websites**

Corporate Responsibility

<http://www.suntory.com/csr/>

In addition to introducing the contents of the Suntory Group's CSR Report 2014, various other information such as the Group Company's CSR are also described on our website.



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Scope of Subjects Covered

• Organizations

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

- For environmental data, focused on domestic manufacturing Group companies (24 plants in total)
- For personnel data, focused on employees who have employment contracts with Suntory Holdings Ltd.

• Time Frame

The data covers performance from January 1 to December 31, 2013. The activities covered include some of the most up-to-date events.

Guidelines Referenced

- GRI (Global Reporting Initiative)*, "Sustainability Reporting Guidelines 3rd and 4th Editions"
- Ministry of the Environment, "Ministry of the Environment Reporting Guidelines (2007 edition)"
- ISO 26000 ("Guidance on social responsibility")

* GRI is an international organization that creates global guidelines for reports that have environmental as well as social and economic dimensions.

Published

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* Group organizational diagram and name of Group companies on p.7-8 "The Suntory Group Around the World" has been updated to the latest information

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We continue pursuing the creation of new values to live up to the corporate philosophy, “In Harmony with People and Nature”

Holding our position as a globally trusted multi-faceted food and beverage company

Suntory Group celebrates 115 years since the inauguration of business in 1899. Since foundation, we have continually strived to create new values for the enrichment of lifestyles in the Suntory spirit of “*Yatte Minabare* — Go for it!” and achieve stable growth as a group by expansion in a wide range of businesses around the world, including alcoholic beverage and non-alcoholic beverages, health foods, restaurants, and flowers.

In December 2013, Suntory Group acquired Lucozade and Ribena, non-alcoholic beverages brands based in England as well as Africa and Asia, followed by another acquisition of Beam Inc., supplier of such world-class brands as Jim Beam, Maker’s Mark, and Sauza in May 2014. As a multi-faceted food and beverage company with the most diverse portfolios the world has ever seen, we continue to strive for innovation that enables us to deliver the highest quality products and services to customers throughout the world and contribute to their realization of a rich culture and lifestyle.

The expansion of the Suntory Group has meant an increasing impact on local communities and the global environment. In line with the corporate philosophy, “In Harmony with People and Nature,” we reaffirm our commitment not only to fulfilling our social responsibilities, but also to passing down a sustainable society to the next generation.

Continuation of recovery activities in support of areas affected by the Great East Japan Earthquake funded through the donation of 2 billion yen

Suntory founder Shinjiro Torii believed strongly in giving back part of the profits from business to the society and placed a high priority on activities that led to improving welfare throughout society. His strong beliefs have been passed down to us as a spirit of “Sharing the Profit with Society” and based on this spirit, we continue to engage in a wide range of activities with the goal of making significant contributions to culture and society.

Three years have passed since the Great East Japan Earthquake struck in March 2011. We extend our deepest sympathies to the victims of this tremendous disaster and our fervent hopes for a rapid recovery for both the people and areas affected by this tragedy. Immediately after the earthquake hit, Suntory Group launched the Suntory Tohoku Sun-Sun Project with the goal of providing quick-relief to the affected areas. As recovery efforts got underway, Suntory Group recognized the necessity of providing continuing support and made the decision to donate 2 billion yen in 2014. This has brought Suntory's total donations to 10.8 billion yen over a period of four years. It is our goal to bring hope and encouragement to people suffering in the aftermath of the quake through support for the restoration of fisheries, the development of the next generation, and the advancement of culture and sports. To extend our activities further, we are initiating a new seven-year program of support for sports for the disabled designed to continue until 2020, the year the Tokyo Paralympics are scheduled to take place. Suntory Group continues providing support to meet the needs of earthquake victims.

Creating “Suntory Environmental Vision toward 2050” to further promote the environmental management

The Suntory Group business is supported by precious resource from the nature such as water and agricultural products. Because nature itself provides the very basis of our business, it is an extremely important responsibility to contribute to the preservation of our rich global environment. We continue to promote environmental management on a global basis in accordance with the spirit of coexistence with nature, a spirit that has been cultivated in the company since foundation.

In January 2014, we established “Suntory Environmental Vision toward 2050” and set “Targets toward 2020.” Establishment of the vision and targets provide clear evidence of Suntory Group's promotion of environmental management based on the two axes of “preserving and regenerating the natural environment” and “reducing environmental impact.”

In Japan, we continue to reinforce activities in support

of Natural Water Sanctuary to preserve the forests that nurture the precious groundwater we use at our production facilities. We are planning to expand forest areas from the current 7,600ha to 12,000ha by 2020 with the goal of creating a bountiful ecosystem where raptors such as eagles and hawks can thrive and nurture their young. In addition, we have also begun considering support for the protection of wild birds on a global basis to contribute to the preservation of a healthy ecosystem.

We continue to focus on resource and energy saving to reduce our environmental impact through the reduction of container and package weight, expansion of the bottle-to-bottle system, through which plastic bottles are recycled into resins, and implementation of vending machines with the lowest power consumption in Japan. We set an ambitious target in the new vision to decrease environmental impact in all our business operations by half (compared with 2007) by 2050, and the Suntory Group will strive to achieve this important goal.

Working with our stakeholders toward the creation of a sustainable society

The Suntory Group continues striving to “Growing for Good” with the goal of realizing a rich culture and lifestyle for customers and contributing to the environment on a global basis in accordance with its corporate philosophy - In Harmony with People and Nature - by providing ever better products and services.

With our corporate philosophy, “In Harmony with People and Nature,” we will continue to expand our business globally and work toward the realization of a society in which people and nature coexist throughout the world. We strive to fulfill our social responsibility by meeting and exceeding the expectations of our stakeholders. We look forward to our stakeholder's ongoing support and cooperation in these endeavors.

Nobutada Saji
Chairman of the Board
Suntory Holdings Limited

Suntory Group Overview

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.

Corporate Overview

Suntory Group

Group companies: 228 (as of December 31, 2013)

Employees: 34,129 (as of December 31, 2013)

Consolidated sales:

¥2,040.2 billion (January 1 to December 31, 2013)

Consolidated ordinary income:

¥120.6 billion (January 1 to December 31, 2013)

Suntory Holdings Limited

Head Office: Dojimahama 2-1-40, Kita-ku, Osaka City, Osaka, JAPAN

Suntory World Headquarters: Daiba 2-3-3, Minato-ku, Tokyo, JAPAN

Inauguration of business: 1899

Establishment: February 16, 2009

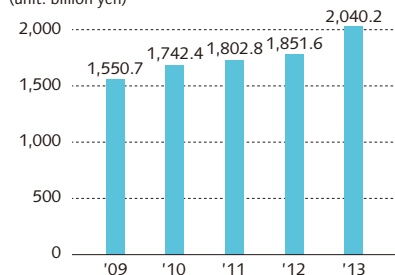
Chairman of the Board: Nobutada Saji

President, Member of the Board, Representative Director: Takeshi Niinami

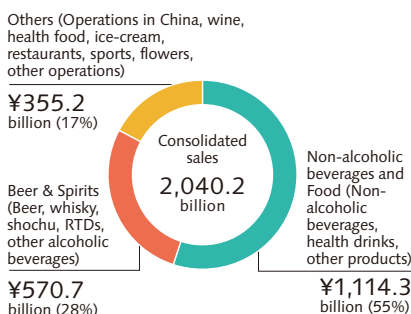
Capital: ¥70 billion

Consolidated sales

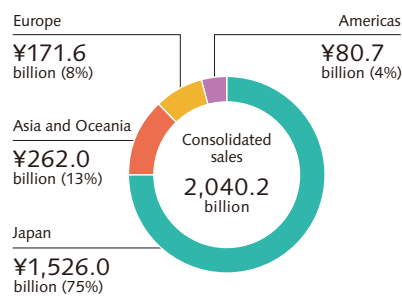
(unit: billion yen)



Sales by business segment (FY 2013)

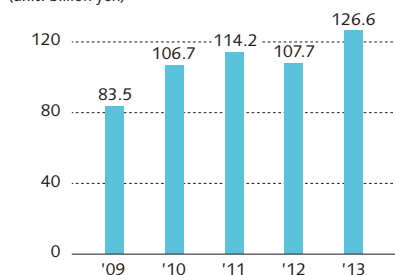


Sales by geographic region (FY 2013)



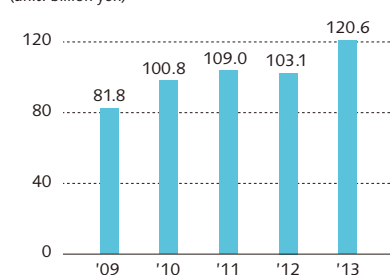
Consolidated operating income

(unit: billion yen)



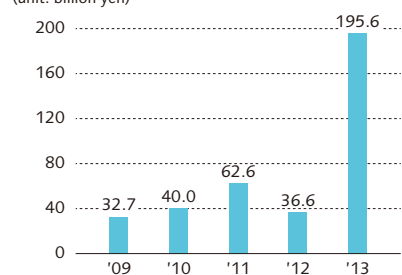
Consolidated ordinary income

(unit: billion yen)



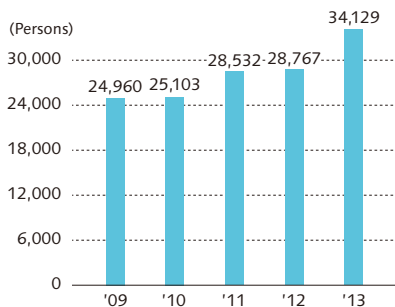
Consolidated current net income

(unit: billion yen)

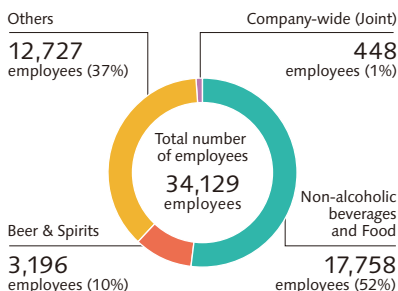


Employees

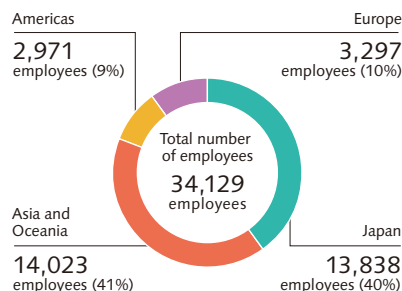
(Persons)



Employees, by business (FY 2013)



Employees, by region (FY 2013)



Business Overview

● Non-alcoholic Beverage and Food Business

We deliver a variety of products ranging from non-alcoholic beverages to health foods so that we may contribute to our customers leading rich and healthy lives. The company has been expanding its lineup in different categories that include mineral water, coffee, green tea, oolong tea, carbonated drinks, and drinks for specified health uses. For many years, we have also been developing a health food business in which we have made use of biotechnology and scientific research on foods. Furthermore, we have been making efforts to actively expand our businesses overseas in Europe, the Asia-Oceania, and the Americas.



● Alcoholic Beverage Business

Since the inauguration of its business in the production and sale of wine in 1899, the Suntory Group has continued taking on challenges in new businesses, including production of Japan's first whisky and entry into the beer market, to provide a wide variety of products manufactured both in- and outside Japan as a multi-faceted beverage company. We are expanding our business to various areas, including Asia, Australia, the Americas, and Europe. We are also moving forward in global expansion of the spirits business through a merger with Beam Inc. We are engaged in winemaking of the highest quality in Japan and Europe, and have also linked up with noted wineries around the world to develop a wine business based on a global perspective.



● Restaurants, Sports, Flowers, and Services

We are developing our restaurant business both in Japan and overseas. These businesses include Dynac Corp. bars and restaurants, Pronto, First Kitchen, Subway, and Maisen chains in Japan, and our restaurant business centered on Mexico and Asia.

We are also engaged in a variety of other business activities centered on the three themes of health, nature, and lifestyle; these include the Tipness fitness, flowers, greenification, advertising and sales promotion support, and reception services for cultural facilities.



● Cross-functional Companies and Others

Suntory has established cross-functional companies to bring together operations that crosscut all Suntory Group companies, such as Suntory Business Expert Ltd., which handles quality assurance, technological development, supply chain management, advertising and design, customer relations, and business systems, and other cross-functional companies handling fundamental research and business support.

As part of our program of cultural and social contribution activities, we provide support to three public interest incorporated foundations engaged in promoting the arts, academic research, and local culture, and to a social welfare organization that operates elderly care facilities and child day care centers.



The Suntory Group Around the World

Europe

115 companies

5,105 employees

- Suntory Beverage & Food Europe Ltd.
- Orangina Schweppes Group
- Lucozade Ribena Suntory Ltd.
- Grands Millésimes de France S.A. (GMdF)
- Château Lagrange S.A.S.
- Château Beychevelle
- Château Beaumont
- Barrière Frères S.A.
- Weingut Robert Weil

Japan

66 companies

14,073 employees

Asia and Oceania, etc.

99 companies

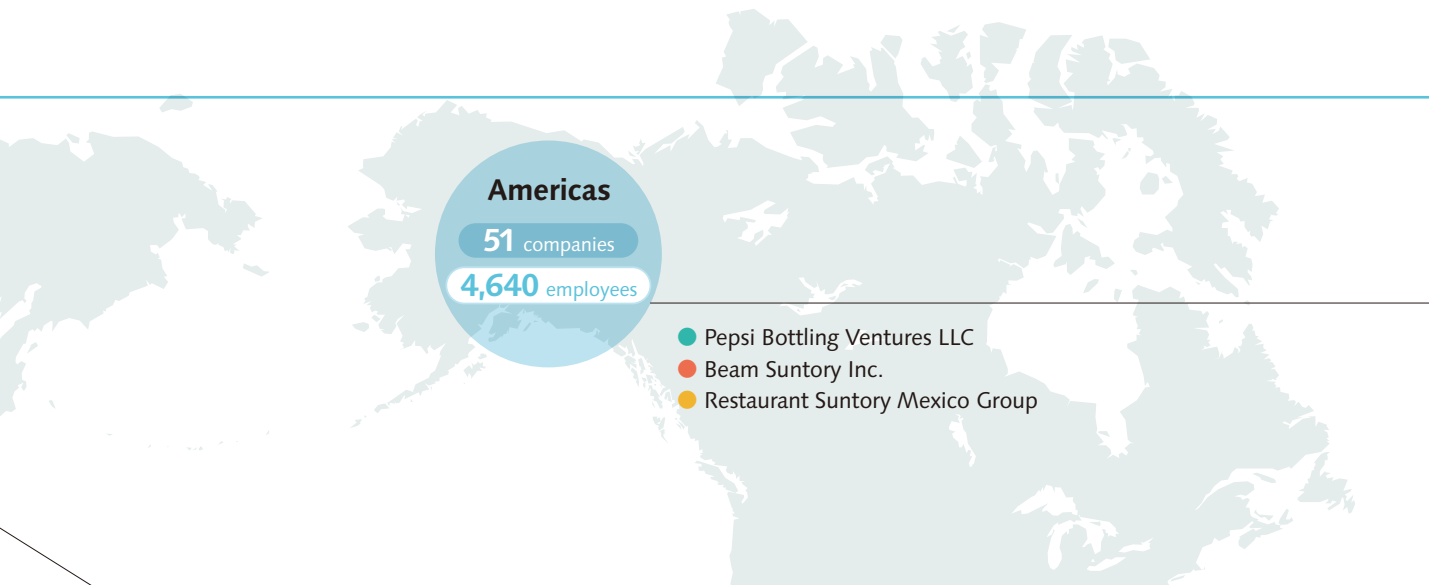
15,077 employees

- Suntory Beverage & Food Asia Pte. Ltd.
- Cerebos Pacific Ltd.
- PT Suntory Garuda Beverage
- Suntory Narang Pvt. Ltd.
- Suntory PepsiCo Vietnam Beverage Co., Ltd.
- Tipco F&B Co., Ltd.
- Frucor Group
- Suntory (China) Holding Co., Ltd.
- Suntory Wellness Taiwan Ltd.
- Suntory (China) Holding Co., Ltd.
- Suntory Tsingtao Brewery (Shanghai) Co., Ltd.
- Tsingtao Brewery Suntory (Shanghai) Sales Co., Ltd.
- Wuxi Zhentai Winery Co., Ltd.
- ASC Fine Wines Holding Ltd.
- Suntory F&B International Group
- Suntory Business Expert Asia Pte Ltd.
- Gold Knoll Ltd.

Number of Group Companies
Number of Employees

- Non-alcoholic Beverage and Food Companies
- Alcoholic Beverage Companies
- Restaurants, Flowers, and Services Companies
- Cross-functional Companies and Others

Number of Group companies and employees are as of June 30, 2014 (Group companies: 331, Employees: 38,895)
Group organizational diagram and name of Group companies are as of January 1, 2015



Americas
 51 companies
 4,640 employees

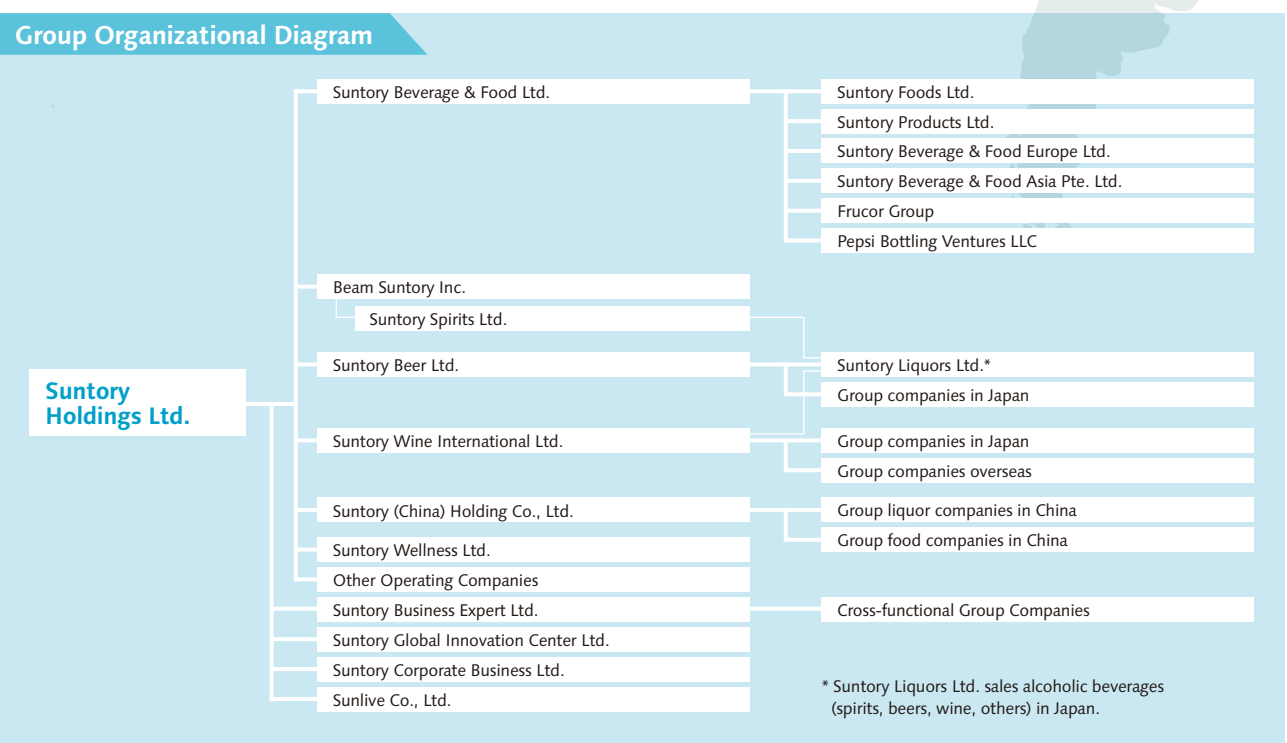
- Pepsi Bottling Ventures LLC
- Beam Suntory Inc.
- Restaurant Suntory Mexico Group

- Suntory Beverage & Food Ltd.
- Suntory Foods Ltd.
- Suntory Beverage Service Ltd.
- Okinawa Pepsi Beverage Co., Ltd.
- Sunvend Co., Ltd.
- Suntory Products Ltd.
- Suntory Food Industries Co., Ltd.
- Nihon Pepsi Cola Production Co., Ltd.
- Suntory Wellness Ltd.
- Connecto Co., Ltd.
- Häagen-Dazs Japan, Inc.
- Suntory Spirits Ltd.
- Suntory Beer Ltd.
- Suntory Liquors Ltd.
- H.B.I. Inc.
- Suntory Allied Ltd.
- Okinawa Suntory Ltd.
- Kyushu Suntory Techno Products Ltd.

- Sungrain Ltd.
- Osumisyuzo Ltd.
- Suntory Wine International Ltd.
- Fwines Co., Ltd.
- Iwanohara Vineyard Co., Ltd.
- Monte Bussan K.K.
- Dynac Corp.
- Pronto Corp.
- First-Kitchen Ltd.
- Subway Japan Inc.
- Izutsu Maisen Co., Ltd.
- Suntory Flowers Ltd.
- Suntory Midorie Ltd.
- Suntory Shopping Club Ltd.
- Suntory Service Ltd.
- Suntory Publicity Service Ltd.
- Suntory Investment and Development Ltd.
- Sun-Ad Co., Ltd.

- Suntory Business Expert Ltd.
- Suncafé Ltd.
- Kanbaku Co., Ltd.
- Suntory Logistics Ltd.
- Suntory System Technology Ltd.
- Suntory Global Innovation Center Ltd.
- Suntory Corporate Business Ltd.
- Sunlive Co., Ltd.

- Public Interest Incorporated Foundation and Social Welfare Organizations
- Suntory Foundation for Arts
 - Suntory Foundation
 - Suntory Foundation for Life Sciences
 - Hojukai
- Cultural Facilities
- Suntory Museum of Art
 - Suntory Hall



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 mission of "In Harmony with People and Nature" by developing a variety of CSR activities together with stakeholders.

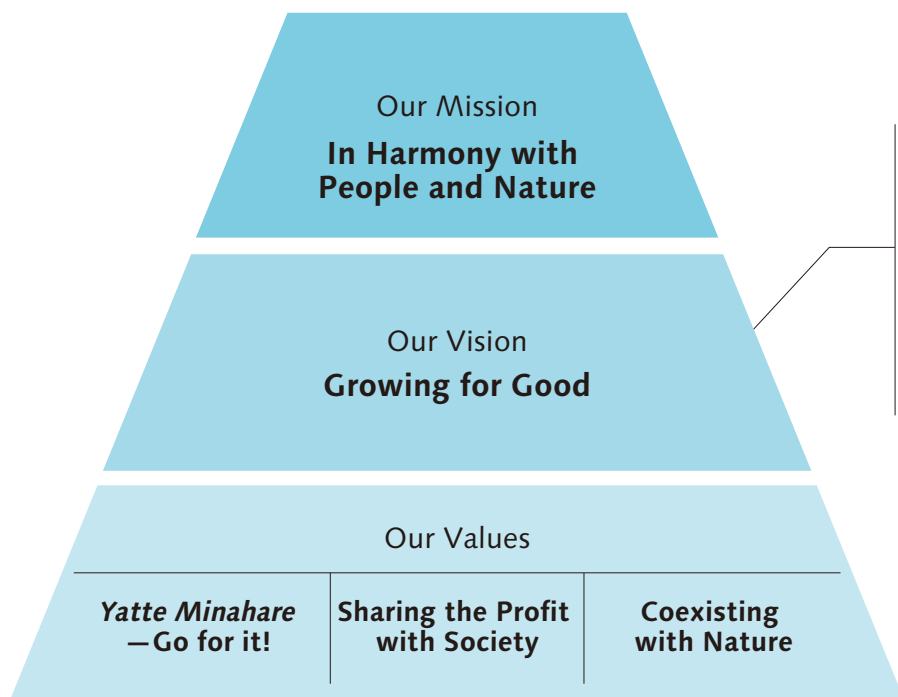
Mission, Vision & Values

Our corporate philosophy of the Group is "In Harmony with People and Nature." We aspire to coexist with all the people around the world and the magnificent nature that surrounds us. We not only provide the highest quality products and services based on customer needs, but we also believe it is our mission "In Harmony with People and Nature" to conserve the global environment as well as conduct social contribution activities in a variety of fields to contribute to the realization of a truly enriched society.

Running through our philosophy is the enduring spirit

of "Coexisting with Society" and "Coexisting with Nature," which has never changed since the company was founded in 1899, as well as taking on perpetual challenges based on the spirit of "Yatte Minahare—Go for it!"

We are developing our CSR activities with the belief that as a "Growing for Good" company supported by its stakeholders, we have a responsibility to strive to develop comfortable living and realize a sustainable global environment as well as continually take on challenges to achieve this.



Growing for Good

The Suntory Group promotes corporate activities that delivers the highest quality products and services to its customers, contributes to the fruitful development of culture and lifestyles as well as to the achievement of a global sustainable environment. We will continue to strive for worldwide growth by providing better products and services. Our further contributions to achieve rich cultures and lifestyles as well as to the environment will progress on a global scale.

Yatte Minahare—Go for it!

Continuing in the spirit of taking on new challenges exemplified by our founder who trailblazed the way for Western-style liquors such as whisky in Japan, we have broken new ground as a multi-faceted food and beverage company in a variety of new areas of businesses including beer, soft drinks, and health foods. This spirit has been a motivator for our open-minded corporate culture and the challenges we set ourselves to create new value.

Sharing the Profit with Society

Following the philosophy of Suntory's founder, we believe that business profits should not only be used for reinvestment into the business and providing services to clients and business partners, but for making a contribution to society. Carrying on in his spirit, we are aiming for sustainable growth with our stakeholders.

Coexisting with Nature

Many of our products, including whisky, wine, beer, and non-alcoholic beverages, are created thanks to such natural bounties as water and agricultural products. With a spirit unchanged since our founding, we fervently promote environmental management, maintaining respect and gratitude for the great workings of nature.

Suntory Group's CSR Statement

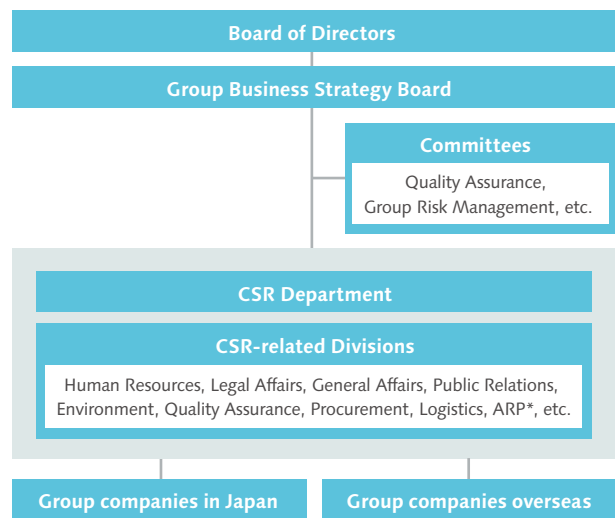
Suntory Group believe that our CSR can best be practiced by putting the Group's Mission, Vision and Values in action, and we are working together with the entire Group toward this. Our CSR statement sets out the following precepts, so that all employees can practice CSR through their ties with stakeholders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

The CSR Department was established in 2005 as a cross-functional department dedicated to the promotion of group-wide CSR activities. The CSR Department's tasks include formulating group-wide CSR strategy, addressing cross-divisional CSR issues, publicizing CSR information, and communicating with stakeholders. In coordination with CSR-related divisions, the Department formulates an action plan, holds regular meetings on specific CSR issues, reports on the status of activities, shares the issues at hand, holds discussions to resolve issues, and shares information on social trends as it develops CSR activities for the entire Group including in Japan and overseas.



*ARP: Alcohol-related problems

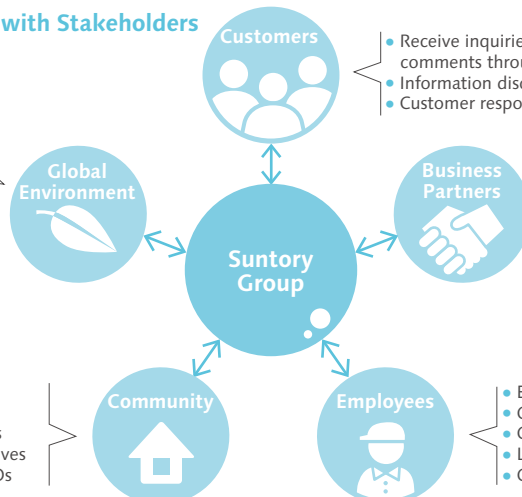
Relations with Stakeholders

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 working to build deeply trusting and collaborative relationships with them.

Opportunities for Communication with Stakeholders

- Joint research with university and other research institutes
- Forest husbandry collaborated with the government, forest owners, community residents, and other groups
- Suntory Mizuiku-Natural Water Education Program to teach the next generation about the environment
- Collaboration with container recycling groups
- Information dissemination through websites and other media



- Participation in community activities
- Plant tours
- Cultural and social contribution activities
- Alcohol-related awareness-raising initiatives
- Collaboration with government and NPOs

- Receive inquiries, opinions, and comments through Customer Centers
- Information disclosure on websites
- Customer response in sales divisions

- Supply chain CSR initiatives briefings
- Supply chain CSR initiatives questionnaires
- Various collaborations to improve quality

- Employee awareness surveys
- Career visions
- Childcare Project
- Labor-management conferences
- Compliance Hotline

Suntory Environmental

Suntory Group has set targets toward 2020 based on two axes: preserving and regenerating the natural environment and reducing environmental impact.

Preserving and Regenerating the Natural Environment

Global expansion of conservation activities to protect wild birds that are the symbol of biodiversity

- 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

Expand the area of Natural Water Sanctuaries to 12,000ha

- Expand areas that cultivate water resources to double the volume of groundwater supplied to Suntory plants in Japan



Corporate Philosophy

In Harmony with People and Nature

Targets Toward

2020

Reduce water consumption at the Suntory Group*1 plants by 35%*2

Reduce CO₂ emission in the entire Suntory Group*1 value chain by 24%*2

*1 The group of companies that covers more than 80% of the Suntory Group's sales for 2012 (including overseas companies)

*2 Reduction per unit production based on the business areas in 2007

Reducing Environmental Impact



Clarifying Targets Based on Predicted Conditions in 2050

As an integral part of our mission to deliver the best in high quality water products to consumers, we believe that protecting the precious clean water we use and returning it to nature is a top priority. Water is essential to the plants, forests, rivers, oceans, air, and living organisms in the ecosystems of the global environment that forms the foundation of Suntory Group business activities.

To fulfill the responsibility to ensure the protection of precious resources for the world, Suntory Group uses its business activities to promote environmental management and a wide range of environmental activities including

water resource cultivation in its Natural Water Sanctuaries, water and energy saving at production facilities, and the reduction of package weight.

In January 2014, Suntory Group established the Suntory Environmental Vision toward 2050 and set targets toward 2020 to provide clear direction to its environmental management. We strive to achieve the corporate philosophy - In Harmony with People and Nature - through the promotion of environmental management based on the two axes of "Preserving and Regenerating the Natural Environment" and "Reducing Environmental Impact."

Vision toward 2050

Challenge No. 1

A global leader in protecting the natural environment

Taking the initiative in preserving and regenerating
the natural environment in major business countries

2050

Suntory Environmental Vision toward 2050

In an aim to pass down a sustainable global environment to
the next generation based on the pillars of preserving and
regenerating the natural environment and reduction of
the environmental impact, and as the responsibility of a
corporation that is sustained by the great bounty of nature,
the Suntory Group will take on two challenges toward 2050.

Challenge No. 2

Reducing global environmental impact by half

Halving the environmental impact generated by business
activities (water consumption at company plants, CO₂
emission throughout the entire value chain) by 2050*1.

*1 Reduction per unit production based on the business areas in 2007

Stakeholder Dialogue

**Walking through the Natural Water
Sanctuary gave me a great opportunity
to appreciate the wonder of nature.**

Before the Environmental Vision toward 2050 opinion exchange session, I had the chance to take part in a water resource cultivation activity held at the Natural Water Sanctuary. This project is well known as an excellent approach in the field of biodiversity preservation. As I walked through the forest, I could feel Suntory's enthusiasm about the Natural Water Sanctuaries, and this made me realize how special this project is.

Suntory's involvement in such a wonderful project gives me the strong impression that it will continue working on higher-level approaches both in- and outside of Japan. I also hope Suntory will continue to be a global leader in considering the state of the environment and in setting high targets for the reduction of environmental impact.

See Suntory's official website for more details.

<http://www.suntory.co.jp/company/csr/dialogue/2014/environment/>

(in Japanese only)



Yasushi Hibi
Vice President,
Asia Policy,
Conservation
International Japan

Preserving and Reproducing the Natural Environment



Expansion of Natural Water Sanctuaries

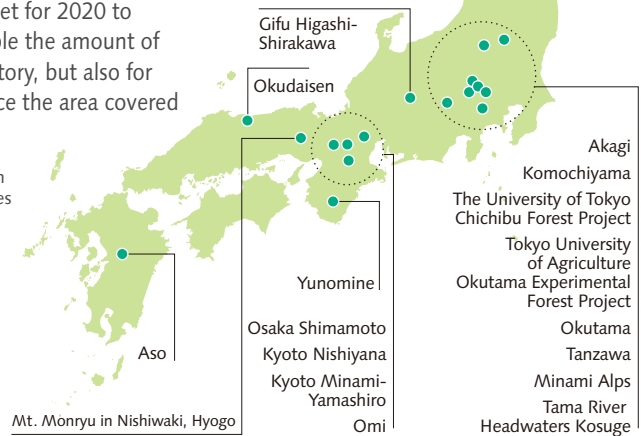
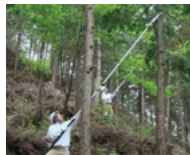
From "Water for Suntory" to "Water for the Society"

Because Suntory Group uses a large amount of groundwater in manufacturing the products it sells, it has been engaged in water resource cultivation activities, Natural Water Sanctuaries under long-term contract with forest owners from 2003 to preserve the forests that nurture the precious groundwater we use at production facilities. In 2009, we set a goal of expanding forests required to nurture groundwater more than the amount used at Suntory production facilities, and in 2013, we successfully expanded forests to 7,600ha, which exceeded our goal. Suntory sets a new target for 2020 to expand the areas of the forests to 12,000ha, which will nurture double the amount of groundwater used at its production facilities, not only for use by Suntory, but also for use by society*. 12,000ha is an area equivalent to approximately twice the area covered by the inner Yamanote Line that services Tokyo.

* The forest area required to nurture the groundwater used at Suntory production facilities in Japan is predicted to be 6,000ha in 2020 with water-saving activities at the facilities.

Starting Forest Development Training for Employees

Suntory has created Natural Water Sanctuaries that are maintained through the volunteer efforts of employees and their families to actualize its corporate philosophy - In Harmony with People and Nature. From fiscal 2014, it expands the target to approximately 6,000 employees at Suntory Holdings Ltd. and other group companies engaged in the alcoholic beverages and food business.



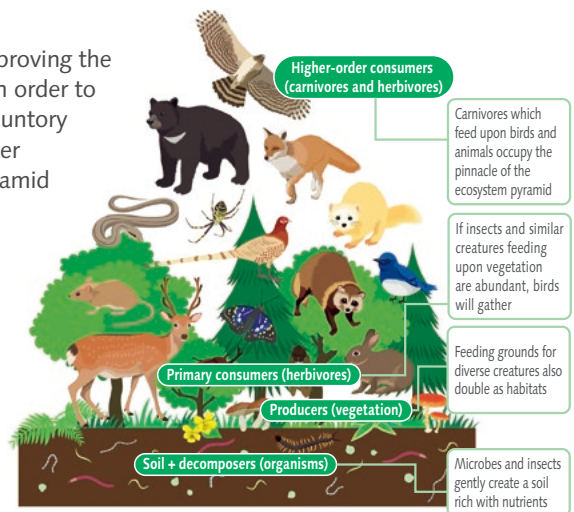
For Preserving Biodiversity

Expanding the affluence of the natural environment and bounty of the ecosystem so that eagles and hawks can thrive and nurture their young

The maintenance and improvement of biodiversity is essential to improving the water resource cultivation function of the Natural Water Sanctuaries. In order to do so, it is also necessary for the forests to have a healthy ecosystem. Suntory continues to improve the natural environment through its Natural Water Sanctuary project so that higher-order consumers in the ecosystem pyramid such as eagles and hawks can thrive and nurture their young.

Promotion of the Preservation of Global Environment through Protecting Wild Birds

Since 1973, Suntory has been involved in the Save the Birds! Campaign to share the importance of wild bird protection with society. In 1989, as one of the activities commemorating the 90th anniversary of our founding, the company established the Suntory Fund for Bird Conservation as a public trust to provide grants to organizations that promote wild bird protection activities in- and outside Japan. The first granting was conducted in fiscal 1990. Until fiscal 2014, the 25th granting, the Fund donated a total of ¥299.2 million to 275 organizations toward this greatly successful cause.



The Ecosystem Pyramid in Forests

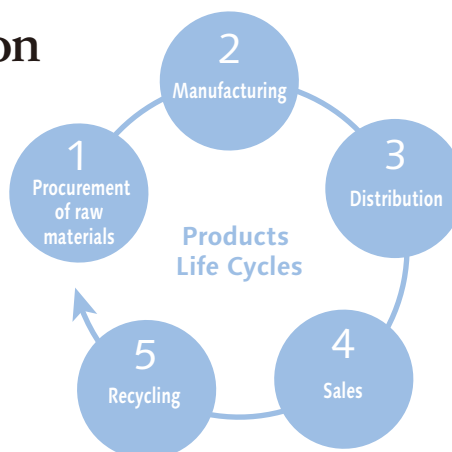
Protecting birds of prey such as mountain hawk-eagles, which are higher-order consumers, necessitates preserving the entire ecosystem pyramid.

Reducing Environmental Impact

Further Reductions in Resource and Energy Consumption

Reducing environmental impact throughout the entire value chain

Suntory Group promotes the lightening of package weight, the use of recycled materials, and the installation of energy-saving vending machines to reduce CO₂ emissions through the value chain, from product development and manufacture to distribution, sales, and recycling.



Achieving Lightweight and Thin Packaging

The 550mℓ plastic-bottled (Mineral Water) Suntory Tennensui renewed and launched in May 2013 is packaged in the lightest plastic bottle in Japan*¹ (11.3g) developed by Suntory's technology containing plant-derived ingredients at 30% (excluding the products sold by vending machines), which resulted in approximately 40% reduction of using petroleum-derived ingredients per bottle. In addition, Suntory's 2ℓ plastic bottle outside the mineral water category is also the lightest in its category in Japan (29.8g*²). With these two plastic bottles, Suntory has the lightest large and small bottles for mineral water in Japan. Suntory's next heavier 2ℓ plastic bottle is also the lightest in its category in Japan (31.3g)*². The plastic bottle has been used for 11 products*³ including Iyemon Green Tea and Suntory Oolong Tea since January 2014. Suntory provides this plastic bottle design know-how and production technology to the Orangina Schweppes Group for its soft drink business in Europe. Japanese staff from Suntory worked with the Orangina Schweppes Group to provide advice on structural design and shape for its Oasis series product bottles. As a result, we succeeded in reducing the bottle weight from 57g to 42g (approx. 26% reduction) in 2012. Suntory is now engaged in a project to reduce the weight even further. Suntory Group continues applying its technology and know-how to a wide variety of beverage packaging.

*1: Plastic bottles for domestic mineral water (500-600mℓ) As of the end of April 2013

*2: As of December 20, 2013

*3: Introduced for 11 products. The 11 products are Iyemon Green Tea, Iyemon Zeitaku Reicha, Iyemon Koime, Iyemon Genmaicha, Iyemon Hojicha, Suntory Oolong Tea, Abura Sappari Iki Sukkiri, GREEN DAKARA, GREEN DAKARA Yasashii Mugicha, DAKARA Fresh Start, and Vitamin Water.



Implementation of Extremely-Energy-Saving Vending Machines (Eco Active Machines)

Suntory Group has focused on the implementation of low energy consumption vending machines. With the aim of further reducing environmental impact, Suntory has worked in cooperation with vending machine manufacturers to develop Extremely-Energy-Saving Vending Machines (Eco Active Machines), which have the lowest energy consumption in Japan. Their energy saving has been drastically improved over the previously introduced environmentally friendly heat-pump vending machines. Since April 2014, Suntory has been introducing Eco Active Machines across the nation.

Equipped with two compressors, the Eco Active Machines are capable of controlling cooling and heating; and a combination of the most advanced technology, including inverter control, vacuum heat insulation material, and LED lights, allows optimization of energy consumption*.

Suntory has also striven to reduce energy consumption in vending machine product replenishment. In the past, we aggregated vending machine sales utilizing handy terminals. In 2013, Suntory introduced vending machine with wireless network connection, which allow us to obtain sales data automatically via the network. This has made it possible for us to analyze the most efficient replenishment routes, etc. As a result, we have greatly reduced company vehicle travel distance, which reduces fuel consumption and lowers environmental impact.

* As of April 2014. The Eco Active Machine has achieved the lowest annual energy consumption (420kWh/y) among the 25 selection vending machines offered by Japanese vending machine makers. Researched by Suntory Foods Ltd.



Eco Active Machines

Continuing Activities to Support Recovery from the Great East Japan Earthquake

Suntory launched the Suntory Tohoku Sun-Sun Project, through which we made donations of ¥4.3 billion in 2011, ¥2.0 billion in 2012, ¥2.5 billion in 2013, and ¥2.0 billion in 2014, bringing the scale of these activities to support recovery to ¥10.8 billion in total. Looking ahead, the Suntory Group will continue to collaborate with local governments, NGOs, NPOs, and other organizations in our support initiatives, with the aim of aiding people in the disaster affected area.



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.

SUNTORY
東北サンさん
プロジェクト
 since 2011

Suntory Tohoku Sun-Sun Project
 Since 2011



Number of incidents of support to cover costs of acquiring fishing vessels:
 About **10,000** vessels

Activities to Support Recovery of the Fishing Industry

We are helping fishing industry workers cover the costs of acquiring new fishing vessels, to support recovery of the industry.

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.



Number of incidents of support to restore fishing-related facilities:
 About **400** locations

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.



Guests at the Concerts for Children:

About **3,000**

Activities Receiving the Vienna Philharmonic & Suntory Music Aid Award:

28 groups

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 area.



Users of the Children's Center
(monthly average):
About **3,000**

Construction of the Ishinomaki City Children's Center

The Suntory Group is supporting construction of the Ishinomaki City Children's Center, based on the "Our Dream Town Plan."



TOMODACHI Suntory Music Scholarship

In cooperation with the U.S. government and the U.S.-Japan Council, the Suntory Group is helping students in the disaster affected area to enter musical universities in the U.S.



Student scholarship recipients (total): About **2,000**

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.

Youth Support Initiatives

We are providing scholarships to students at fisheries high schools and supporting initiatives to provide a safe and secure environment for children and young people.

Support through Culture, the Arts, and Sports

We strive to bring smiles and happiness through supporting culture, the arts, and sports.



Supports NPOs that help children: **40**

Participants in summer camps and other outdoor activities: About **3,900**

The Suntory-SCJ* Fukushima Susumu Project

To provide mid- to long-term assistance to children in Fukushima, the Suntory Group is funding NPOs that aid children, providing support for nursery care and other education, and creating spaces for indoor parks and other places where children can safely learn and play.

* Save the Children Japan (SCJ)



Participants in the Omoshiro Bijutsu Classroom:
About **310**

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.

Participants and invited spectators at sports classes:
About **3,080**



Rugby classes

The Suntory Sungoliath rugby club holds rugby classes every year in the disaster affected area.



Visitors: About **17,000**

Suntory Museum of Art Omoshiro Bijutsu Wonderland in Tohoku exhibition

In Sendai, the Suntory Group held a participatory, hands-on exhibition of Japanese arts featuring items from the collection of the Suntory Museum of Art.

Inviting children in the disaster affected area to sporting events

The Suntory Group invited children in the disaster affected area to a match between the Japan national rugby union team and the New Zealand national rugby union team (the All Blacks).

6 Initiatives of Sustainable Development

As a global, multi-faceted food and beverage company, we engage broadly with issues facing society and display the Suntory spirit as we aim for the creation of a sustainable society.

Since our founding in 1899, the Suntory Group has continuously tackled the creation of new value under the spirit of "*Yatte Minahare*—Go for it!" As a globally-growing, multi-faceted food and beverage company, we must offer value to customers around the world and, more than ever, must fulfill our responsibilities to local communities and to the global environment.

To meet global expectations and engage in activities worthy of the Suntory Group, in 2011 and 2012 we conducted a full review of CSR activities, using the ISO 26000 international standard concerning social responsibility.

We assessed our current status and identified issues for each of seven core subjects, and conducted stakeholder engagement.

Based on the results, we specified those global societal issues and business issues that involve high expectations and interest on the part of stakeholders and are also of high importance to the Suntory Group, and identified these as Six Prioritized CSR Initiatives.

We then formulated prioritized items and action plans (mid-term goals and an annual action plan) for each of the initiatives, and are engaged in CSR activities as a Group.



Prioritized Initiatives

1

We provide products and services that contribute to the safety, reliability, and healthy lifestyles of our customers first and foremost. p.19



Prioritized Initiatives

2

We coexist with Nature by committing to “Water Sustainability” and reducing environmental impact. p.25



Prioritized Initiatives

3

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. p.33



Prioritized Initiatives

4

We promote diversity in the workplace and support our employee’s career development to enable “*Yatte Minabare* —Go for it!” spirit. p.37



Prioritized Initiatives

5

We promote CSR throughout our entire supply chain, working with our business partners. p.43



Prioritized Initiatives

6

We commit to tackle alcohol-related issues as an alcoholic beverage company. p.47



Prioritized Initiatives **1**

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

The products and services that the Suntory Group provides are used every day by our customers. 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 VOC (Voice of Customer, or the reflection of feedback from customers in 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.

* The level of quality – the flavor, aroma, easy to use containers, and other goals set at the product development stage – that customers experience when enjoying the product.

Prioritized items	Mid-Term Targets	Results in FY 2013	FY 2014 Action Plan
Quality assurance based on the customer's perspective	Gain a higher level of trust from customers	<ul style="list-style-type: none"> Continuous identification of quality issues through analysis of customers' opinions Promotion of activities for the fast resolution of issues (training in beer server washing methods, etc.) Construction of a quality assurance system adapted to new fields Establishment of sustainable procurement mechanisms for domestic high-quality grapes Strengthening of the quality assurance system in plants 	<ul style="list-style-type: none"> Continuous identification of quality issues, and resolution of issues Promotion of activities for the strengthening of the quality assurance system in new fields Promotion of sustainable procurement of high-quality grapes Strengthening of Food Defense activities Holding of traveling classrooms for elementary schools to teach about quality
	Enhance group-wide quality assurance system and create synergy	<ul style="list-style-type: none"> The Suntory Group Quality Assurance Code Promotion of initiatives by Group restaurant companies to eliminate allergy troubles Construction of a new global quality assurance model and creation of synergies, in cooperation with Group companies overseas (establishment of safety evaluation systems for water, etc.) 	<ul style="list-style-type: none"> Completion of compliance with new food labeling laws and the Food Sanitation Law in the Group restaurants Strengthening of water safety evaluation in Group companies overseas Strengthening of the Suntory Group Quality Management Code based on initiatives by Group companies overseas
Communication with customers	Deepen relationships with customers by listening to customers' opinions more broadly and deeply than before	<ul style="list-style-type: none"> Strengthening of communication capabilities through adoption of a credo by the Customer Center and through enhancement of training Expansion of our website to meet customers' needs for information gathering and issue resolution (enhancement of Q&A, compatibility with smartphones, etc.) Understanding customers' opinions on SNS and blogs at Group companies overseas 	<ul style="list-style-type: none"> Thorough installment of the Customer Center credo Analysis and leveraging of customers' opinions received by telephone and e-mail and of customers' opinions gained through the comprehensive use of social listening by the Group as a whole Disclosure and communication of more useful information through proactive understanding of customers' diversifying needs
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"> Ongoing hosting of liaison conferences attended by 12 Group companies in Japan, and enhancement of conference content Assessment activities based on customers' opinions, and the start of sharing customers' opinions with Research & Development teams 	<ul style="list-style-type: none"> Resolution of issues through the leveraging of customers' opinions from the research and development stage

Quality Assurance

We are deeply committed to quality assurance in all of our processes, from product planning and development to material procurement, manufacture, distribution, sales, and services, in order to offer safe and reliable products to our customers.

Promoting Quality Assurance throughout the Group

We are working to construct and strengthen means to enhance quality assurance throughout the Suntory Group, both in Japan and overseas.

Our Philosophy Underpins Quality Assurance

The Suntory Group has worked to ensure the quality of its products and services ever since its founding, taking the position that "the customer is number 1."

In 2004, we established the Suntory Group's Quality Policy. All of our employees are constantly working to guarantee and improve quality to respond to the desires of our customers and earn their trust.

The Suntory Group's Quality Policy (Established 2004, revised January 2012)

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 customers and earn their trust.

1. Each and every member of the Suntory Group wholeheartedly strives to offer products and services from the customer's perspective.
2. We strive to provide our customers with accurate information that is easy to understand. We earnestly listen to 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.

Quality Management System for Group Companies

In line with the acceleration of its own global development, in 2013 the Suntory Group restructured its Quality Management Systems with the aim of Group Governance. Toward the regulation and standardization of product and service quality under the Suntory Group's Quality Policy, we established the Suntory Group Quality Assurance Code and revised the Suntory Group Quality Management Code.

We will continue making these responsibilities a matter of common knowledge among all Group companies in Japan and overseas, while we enhance the contents of the Quality Management Systems to meet the specific operational status of each overseas Group company.

Groupwide Commitment to Quality Assurance

We established a Quality Assurance Committee to promote

quality assurance throughout the Group. The Committee works to identify and reduce major quality risks, and to move forward on key strategic challenges related to quality. The Committee's discussions are reported as appropriate to the Group Business Strategy Board and it shares and quality issues faced by group management.

Strengthening of Quality Assurance Activities in the Restaurant-related Group

The Suntory Group has established a Restaurant Quality Assurance Committee underneath its Quality Assurance Committee, by which the seven companies of the restaurant-related Group share their initiatives to improve food and beverage quality at the point of consumption and prevent quality-related troubles during drinking and dining. In 2013, we set the elimination of allergy troubles as a major issue related to quality, and took measures, such as information dissemination to customers, matched to each company's business situation.

Auditing by the Chief Operating Officer, Quality Strategy Planning Division

The Suntory Group conducts audits by the Chief Operating Officer, Quality Strategy Planning Division to clarify the issues and strengths of each Group company, and to improve the quality assurance capabilities of the Group overall.

In 2013, we performed audits at five companies in Japan and two overseas, assessing quality management systems and identifying issues at each company.



Inspection of the Frucor Group's Wiri site

Identifying and Minimizing Potential Risks

We are continuing to move ahead with our efforts to carefully identify and minimize potential risks, focusing mainly on those risks related to serious crises such as law breaking and physical hazards. We have been holding weekly meetings since 2006 for management and executive personnel from Production Research and other divisions. We also monitor indexes that quantitatively capture changes in potential risks.

Establishing Quality Assurance Rules for Exporting the Suntory Brand

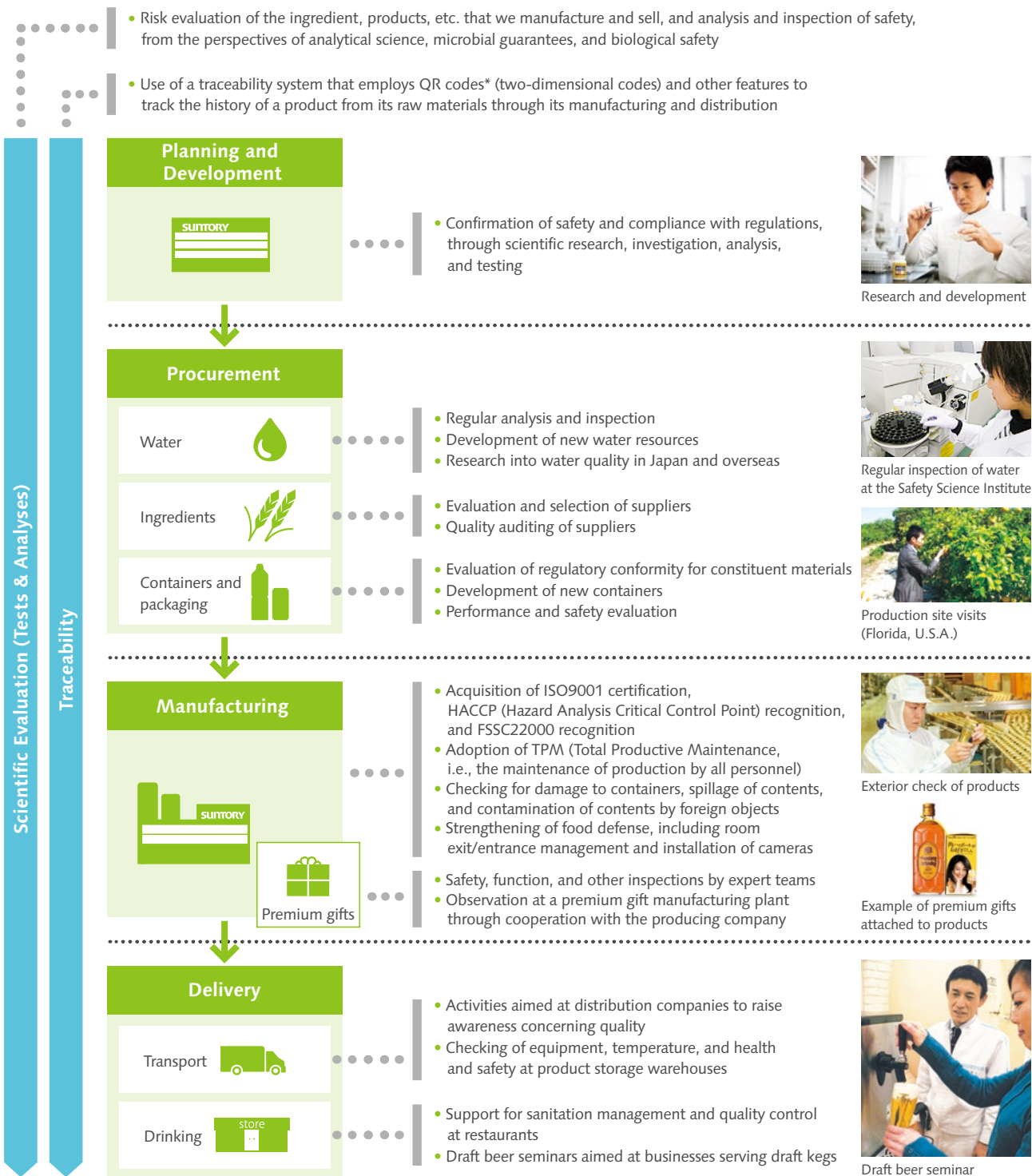
In 2013, we established quality assurance rules that set forth quality assurance items and the roles of each Division with regard to Suntory Group brands that are manufactured in Japan and exported overseas. From here on out, we will continue to ensure understanding and consistency with regard to these quality assurance rules.

Strengthening of Water Quality Assurance Overseas

In 2013, the Suntory Group established quality management guidelines and operating rules to ensure the safety of water, and constructed a mechanism for thorough quality assurance of water quality in the manufacturing of soft drinks and alcoholic beverages in Group companies overseas.

Quality Assurance from a Customer Perspective in All Processes

Grounded in the Suntory Group's 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, manufacture, distribution, sales, and services.



Appropriate Information Disclosure

The Suntory Group believes information should be disseminated about quality assurance and related activities in an appropriate and easy to understand way to ensure customers' peace of mind and trust in the products and services we provide.

Easy to Understand Product Labeling

Our Quality Assurance Development Department, operating under the Quality Assurance Division, reviews and checks product labels, as well as the language and depictions used in promotional materials and advertising, to ensure that they are appropriate and comply with the law. In addition, the department promotes the display of accurate information that is easy to understand, collaborating with the divisions in charge of development, production, public relations, and advertising.

It also investigates ingredients for potential allergens, confirming related disclosure requirements and displaying information in an appropriate and clear manner. Product labels on food contain not only the seven items we are obliged to display under the Food Sanitation Law, but also another 20 recommended items.

Disclosing Information that is Accurate and Easy to Understand

We constantly strive for proper release of information so that the information our customers receive is accurate

and easy to understand. The Suntory's Commitment to Safety and Reliability website provides a wide variety of its activities to promote consumer understanding of Suntory's approach to quality assurance. The new feature in 2013, "MONO HITO" introduces individual employees working in production.



Website: Suntory's Commitment to Safety and Reliability, and the "MONO HITO" page content (in Japanese only)

Voluntary Recalls

While we do our utmost to assure quality, we also disclose information appropriately and promptly when problems do arise.

Voluntary product recalls are announced by posting notices in newspapers. There were no recalls announced between January 2013 and May 2014.

Stakeholders Dialogue

The Suntory Group's quality assurance system

We received many comments from people seeing our quality assurance in the field.



Mika Takaoka
Professor, Department of Business, Rikkyo University

Toward continual Kaizen and strengthening of its quality assurance system, the Suntory Group invited Mika Takaoka to share her deep insights in this field and offer commentary from an objective perspective.

First, we showed her our quality assurance in the field at the Products Development Center. Managers there explained the various initiatives under their respective areas of responsibility, leading

Ms. Takaoka to comment on the thoroughness of the initiatives.

Following this, we commenced a dialog under two themes: quality assurance from the customer's perspective in all

processes, and quality assurance matched to our expanding business domains. Accordingly, while receiving praise for our initiatives to improve quality based on the voices of consumers and our response to the widening of regions and business domains, we also received valuable opinions on topics including ideal information dissemination that generates consumer response, and responses



to the aging of society and other changes in the social environment.

We plan to make use of the feedbacks and customer complaints that we received in the dialog to create better quality assurance systems in the future.

Prioritized Initiatives 1

Prioritized Initiatives 2

Prioritized Initiatives 3

Prioritized Initiatives 4

Prioritized Initiatives 5

Prioritized Initiatives 6

Communicating with Customers

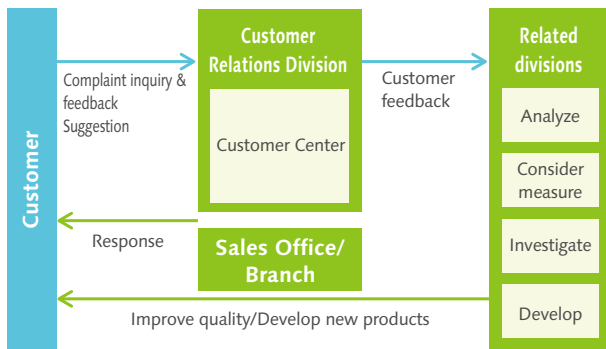
Since our founding, we have given top priority to customer satisfaction. We value regular communications with our customers and reflect their feedback in our corporate activities.

Realizing Customer Satisfaction

The Suntory Group values two-way communications with its customers in the belief it has held since its founding that customer satisfaction should be given top priority.

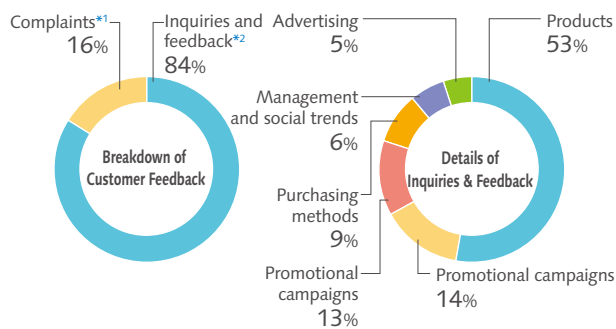
In 1976, we created the Consumer Department to handle inquiries from customers. The office now operates as the Customer Relations Division of Suntory Business Expert Ltd. This has further improved our ability to deal with customer feedback in earnest and ensure that their views are reflected broadly in our corporate activities.

Flow of customer information



Details on customer inquiries, feedback, and complaints

(2013 statistics: 91,069 cases)



*1 Complaints: Includes expressions of dissatisfaction by customers about products or corporate activities

*2 Inquiries and feedback: Includes a wide range of questions and opinions expressed by customers other than complaints

Customer Satisfaction Project

The Suntory Group continues its Customer Satisfaction Project 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. Our Discover the Customer's Perspective Courses and

Experience the Customer's Perspective Program form the core of the project. In 2013, 3,687 employees participated in the programs.



Discover the Customer's Perspective Courses



Experience the Customer's Perspective Program

Making Use of Customer Opinions

By listening to the voices of customers to capture their diverse needs and expectations, we aim to provide the products and services that customers will trust even more. In addition, we perform prior checks from the perspective of customers when developing products, when changing containers and packaging, and when conducting campaigns.

TOPICS

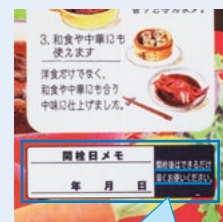
Improving the product handling notes for Ryori Tengoku

Based on customers' comments of "I forget when I opened the carton" and "Should this be kept in the refrigerator after opening?" we have improved the label of our Ryori Tengoku cooking wine.

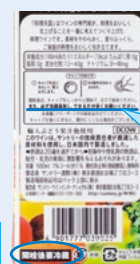
From September 2013, we left a space on the label for noting the date of opening. We also added a note of "Please keep refrigerated and use as quickly as possible after opening" to the label, making it easier for customers to understand how to handle the product after opening.



Ryori Tengoku (red and white)



Please use as quickly as possible after opening.



Please keep refrigerated and use as quickly as possible after opening.

Measures for Healthy and Comfortable Lifestyles

The Suntory Group provides a range of products and services to support healthy and comfortable lifestyles.

Contributing to Healthy Lifestyle through Products and Services

The Suntory Group is helping our customers lead healthier and richer lives by offering products and services matched to their needs and preferences, ever mindful of their health.

Suntory's history of research and development goes back to 1919, when the company established a laboratory directly supervised by the President, under the "Quality First" motto of Suntory founder Shinjiro Torii. Since then, in addition to the development of whiskeys, wines, beers, and non-alcoholic beverages, we have set a focus on the polyphenol contained in the plants that are our ingredients and are conducting ongoing research into its efficacy. The basic research efforts that Suntory has accumulated over the years have led to the creation of health foods and food for specified health uses (FOSHU).

We research and develop the foods for specified health uses (FOSHU) and health foods bearing in mind that we provide products and services that are scientifically proven to be safe and beneficial and to make a positive contribution to people's health. Accordingly, we aim to support our customers' healthy daily lives and realize our corporate philosophy of "In Harmony with People and Nature."

Research and Development in Food for Specified Health Uses

Suntory sells food for specified health uses (FOSHU) that offer diverse efficacies. These include Kuro Oolong Tea OTPP, which was developed based on research showing that the polymerized polyphenols peculiar to oolong tea have an ability to inhibit fat absorption; Goma Mugicha, a sesame barley tea suitable for people with high blood pressure; Pepsi Special and BOSS GREEN, which prevents fat absorption; and Tokucha (FOSHU Iyemon), which for the first time clearly demonstrated the lipolytic action of quercetin glucoside. Suntory will contribute to our customers' health through our diverse lineup of products, as we pursue the achievement of both health and pleasing taste.



Suntory FOSHU beverages recommended by the Japan Association of Ningen Dock Kenshin

Unraveling the Function of Sesamin

Taking on the challenge of understanding why sesame is good for our health, we succeeded in scientifically explaining the workings of sesamin, a sesame lignan which is a microscopic component of sesame. We brought it to market in 1993 in the form of our first health food product.

We released Sesamin EX, which was even more effective due to the combination of vitamin E, tocotrienol, and Oriza Plus, a component of brown rice.

Suntory Wellness Ltd. produces other health food products based on our research.



Some of Suntory's health foods backed by science

Suntory's Research and Development System that Contributes to Health

Centered on research groups in the Suntory Wellness Ltd. Institute for Health Care Science and the Suntory Global Innovation Center Ltd., the Suntory Group searches for materials that aid health and beauty, scientifically researches their functions, and develops health foods and food for specified health uses (FOSHU) in partnership with Product Development Department and Quality Assurance teams. These related divisions engage in horizontal collaboration and cooperation to undertake diverse research and technological development projects, and will continue to create new value for the Group as a whole and offer solutions to customers.

Promote Communication with Customers

We provide a variety of information to our customers through brochures and our website.



Product Information website Website content "FOSHU Recommendations"

Brochures showing health and nutrition information



Website Suntory Global Innovation Center

Prioritized Initiatives 1

Prioritized Initiatives 2

Prioritized Initiatives 3

Prioritized Initiatives 4

Prioritized Initiatives 5

Prioritized Initiatives 6



Prioritized Initiatives **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 — In Harmony with People and Nature — so that we may pass down a rich global environment to future generations.

With a priority on living up to our corporate slogan of “Bringing Water to Life” as we engage in water sustainability through business activities in harmony with water circulation, 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 January 2014.

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

→ See page 11 “Feature 1: Suntory Environmental Vision toward 2050” for more details about the environmental vision.

Prioritized items	Mid-Term Targets	Results in FY 2013	FY 2014 Action Plan
Preserving and Regenerating the Natural Environment	Global expansion of conservation activities to protect wild birds that are the symbol of biodiversity <ul style="list-style-type: none"> 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"> Research on birds and plant life in all Natural Water Sanctuaries in Japan to foster biodiversity Considered intensifying the protection of wild birds through the Suntory Fund for Bird Conservation Considered support measures for the protection of wild birds overseas Improving the websites to support smartphone and enhancing the contents (Encyclopedia of Japanese Birds, Bird Watching Seminar and so on) 	<ul style="list-style-type: none"> Sort challenges found from the study of birds in Natural Water Sanctuaries and set up specific activities Intensify activities to protect wild birds through the Suntory Fund for Bird Conservation Pragmatize support measures for the Suntory bird conservation activities overseas Strengthen and continue information dissemination through websites related to the Suntory bird conservation activities.
	Expand the area of Natural Water Sanctuaries to 12,000 ha <ul style="list-style-type: none"> Expand areas that cultivate water resources to double the volume of groundwater supplied to Suntory plants in Japan 	<ul style="list-style-type: none"> Implementation of forest management based on the Mid-term Plan (such as forest thinning, service road maintenance and coping with vermin) Announcement of the policy to expand the areas of Natural Water Sanctuaries to 12,000ha by the year 2020, as a part of social contribution 	<ul style="list-style-type: none"> Continue with forest management based on the Mid-term Plan (such as forest thinning, service road maintenance and coping with vermin) Establish a mid- to long-term vision for each Natural Water Sanctuary Detailed plans to increase the area of Natural Water Sanctuaries to 12,000ha
	Raising awareness on the importance of water and sharing of our values	<ul style="list-style-type: none"> Expansion the participants in the Suntory <i>Mizuiku</i>-Natural Water Education Program (1,700 in “Outdoor School of Forest and Water,” and 11,400 in “Teaching about Water at Schools”) 	<ul style="list-style-type: none"> Increase the participants in the Suntory <i>Mizuiku</i>-Natural Water Education Program (aiming at 3,000 people in “Outdoor School of Forest and Water,” and 15,000 in “Teaching about Water at Schools”) Expand the “Teaching about Water at Schools” to include Aichi Prefecture
Reducing the Environmental Impact	Reduce water consumption at the Suntory Group*1 plants by 35%*2	<ul style="list-style-type: none"> Further reduce water usage at Group plants (Per unit production: 21% reduction compared to 2007) Establishment of the basis for Environmental Management of Group companies overseas 	<ul style="list-style-type: none"> Further reduction of water used at Group company plants (reduction of water used for manufacturing equipment, washing and cooling of containers) Continue organizing the basis for Environmental Management of Group companies overseas
	Reduce CO ₂ emission in the entire Suntory Group*1 value chain by 24%*2	<ul style="list-style-type: none"> Further reduce CO₂ emissions throughout the entire value chain (Per unit production: 20% reduction compared to 2007) Establishment of the basis for Environmental Management of Group companies overseas 	<ul style="list-style-type: none"> Further reduction of CO₂ emissions throughout the entire value chain (Reduce the weight of containers, energy conservation at plants, pro-actively introduce vending machines that consume the least amount of electricity in Japan) Continue organizing the basis for Environmental Management of Group companies overseas

*1 The group of companies that covers more than 80% of the Suntory Group’s sales for 2012 (including overseas companies)

*2 Reduction per unit production based on the business areas in 2007

Environmental Management

The entire Suntory Group is committed to environmental management in order to pass on to coming generations a global environment that is an important business resource for the Group.

Group-Wide Commitment

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 from the perspectives of reducing the environmental impact and preserving and reproducing the natural environment, based on the foundation provided by the Basic Principles of Suntory Group's Environmental Policy. Additionally, we are committed to creating a worldwide environmental management regime based on the environmental management initiatives that have thus far been operated only at Group companies in Japan.

Basic Principles of Suntory Group's Environmental Policy (Established 1997, Revised 2010)

As a group of companies that shares with its customers in the blessings of water, the land, and the sun, the Suntory Group positions environmental management as the foundation of its business activities, and is committed to passing on a sustainable and vibrant society to future generations.

- 1. Achieving water sustainability**
In line with our corporate message, "Bringing Water to Life," we take great care in our use of water, which we recognize as the source of all life and the substance upon which our own business is based. We return water to the natural environment only after it has been thoroughly purified and ensure we protect forests and other natural ecosystems so that they can produce even more of the water than we use.
- 2. Maximizing resource usage by promoting the 3Rs through innovative technologies**
Aiming to help bring about a sustainable society, we promote the 3Rs (reduce, reuse, recycle) of raw materials and energy resources, at all levels throughout our organization, by continuously refining our technologies. We also work in other ways to develop our business in a sustainable manner.
- 3. Mobilizing group-wide efforts to become a low-carbon company**
As a global citizen, we approach environmental conservation from a global perspective and make efforts to reduce CO₂ emissions along our entire value chain.
- 4. Maintaining dialogue with society and educating the future generations**
To protect our precious natural environment so that we can pass it on to future generations, we are engaged in an ongoing dialogue with society, disclosing information appropriately, and providing environmental education for young people.
- 5. Constantly striving to be a "Good Company"**
By constantly raising the eco-consciousness of our employees, we strive to become a company "Growing for Good" that makes efforts to conserve biodiversity in harmony with people and nature and continues to create new value.

Environmental Management

Obtaining ISO 14001 Certification as a Group

As a means of unifying business activities and environmental activities and bringing about their continuous development, all of the Group companies have aggressively promoted acquisition of ISO 14001 certification, the international standard for environmental management systems. The process of obtaining integrated certification for all of the Group companies in Japan* has been completed, as well as Group companies overseas, mainly manufacturing facilities, have obtained certification.

* Group companies subject to Japan's SOX law

Environmental Risk Management Strategies

The Suntory Group carries out environmental impact assessments in accordance with ISO 14001 standards on the actual frontlines of its businesses. We identify priorities and are committed to develop measures to prevent in advance risks that might otherwise arise. In particular, we are working at risk management in the manufacturing process, having completed and put into use an operations manual that has paid close attention to the surrounding environment.

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. (In 2013, we made environmental investments of ¥3.1 billion and had environmental costs of ¥10.5 billion.)

Environmental Communication

Through the release of information specific to the environment, the Suntory Group values communication with its stakeholders and strives to provide comprehensive information to the public concerning our environmental activities. The Environmental Activities page within the Suntory website provides detailed information concerning our various environmental initiatives. This information is periodically enhanced and updated to ensure the latest and most accurate data is available to the public.

Furthermore, our TV commercial, "Suntory Natural Water Sanctuary (Soil Cultivation)," received the Award for Excellence in the Environmental TV Commercial category of the Environmental Communication Awards 2013 sponsored by Ministry of the Environment and the Global Environmental Forum.



Newspaper Advertisement "Suntory Natural Water Sanctuary"



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

Prioritized Initiatives 1

Prioritized Initiatives 2

Prioritized Initiatives 3

Prioritized Initiatives 4

Prioritized Initiatives 5

Prioritized Initiatives 6

Preserving and Regenerating the Natural Environment

Natural Water Sanctuaries (Water Resource Cultivation/Preserving Biodiversity)

The entire Suntory Group is committed to the Suntory bird conservation activities and Suntory *Mizuiku*-Natural Water Education Program in order to protect water which is the lifeblood of our business, to promote water resource cultivation and preserve biodiversity with Natural Water Sanctuaries, and to share the significance of Coexisting with Nature with society.

Natural Water Sanctuary Activities

The Suntory Group uses large amounts of quality groundwater in every step of the manufacturing process of our products. To maintain the sustainability of that groundwater, we signed long-term contracts that last decades with forest owners and in 2003 began developing forests in Japan that create water.

Suntory has given the name of Natural Water Sanctuaries to our forest development project, as our primary aim is conservation of "forests that protect water and the future of life on Earth."

Objectives of Natural Water Sanctuary Project

Approximately 70% of Japan's land mass is said to be forested, but not all forests are healthy. To improve forest conditions, Suntory established the following objectives for the Natural Water Sanctuaries and continues to work with local communities in a variety of ways.

We aim to develop:

1. forests with a great capacity for cultivating water resources
2. forests rich in biodiversity
3. forests well able to withstand flooding and landslides
4. forests with great CO₂ absorption capabilities
5. beautiful forests where visitors can encounter nature in all its abundance

Scientifically-based Surveys and Research

In order for Natural Water Sanctuaries to yield ideal forests in dozens or even a hundred years from now, it is important to understand characteristics of the respective regions. Toward that end, the contribution of specialists in areas such as geology, vegetation, soil, forestry, erosion control, birds, insects, and microbes is vital.

For forest husbandry, we collaborate with university and other researchers to utilize cutting-edge technology in each of the above areas, further cooperating with governments, forest owners, local communities, businesses, and volunteers in our initiatives.

TOPICS

The surveys and husbandry work related to our Natural Water Sanctuaries covers a broad spectrum of activities. Aiming to propose even better planning ideas, we held our 2013 Water Sciences Forum in October 2013. A group of specialists were invited to cover all aspects of research related to the Natural Water Sanctuaries, from hydrology, soil and vegetation, to birds, microorganisms, forestation, use of lumber, erosion control and terrain analysis, comprehensively reporting on research conducted at Natural Water Sanctuaries and discussing future courses of action.

Supporting the Cultivation of Human Resources in Forest Husbandry

In order to improve forest conditions nationwide, we must expend efforts not only in Natural Water Sanctuaries, but throughout the country. To ensure our technology and expertise vital to forest husbandry, such as effective forest management technology and service road work, is carried on by future generations, we are conducting research and seminars as fieldwork at Natural Water Sanctuaries, supporting the development of human resources.

Preserving Biodiversity

When forests are restored in the way they should be, there will be changes in fauna and flora growing there. Forests where birds of prey at the top of the food chain, such as eagles and hawks, can thrive and nurture their offspring form a well-balanced ecosystem. Through our wild birds monitoring activities, we can strive to create forests rich in biodiversity based on how birds view the nature of our Natural Water Sanctuaries.

The Suntory 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 protection activities in 1973, the importance of which was expressed in the Suntory bird conservation activities.

Suntory Fund for Bird Conservation

As one of the activities commemorating the 90th anniversary of our founding, we enhanced the Suntory bird conservation activities with the 1989 establishment of the Suntory Fund for Bird Conservation as a public trust. 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.

The first granting was conducted in fiscal 1990. Until fiscal 2014, the 25th granting, the Fund donated a total of ¥299.2 million to 275 organizations toward this greatly successful cause.



The 25th Fund Granting Ceremony of Public Trust Suntory Fund for Bird Conservation

The Hakushu Distillery Bird Sanctuary

We started the Suntory 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 together with customers and the local people engage forest preservation activities to maintain an environment by various activities including carrying out regular bird-watching parties, nest box hanging and other activities.



Blue-and-white flycatcher
(*Cyanoptila cyanomelana*)



Hanging boxes in the Bird Sanctuary

Public Awareness Initiatives

In order to expand awareness of wild birds, Suntory offers a variety of information on our website and through other tools. Encyclopedia of Japanese Birds, on the Suntory website features illustrated explanations allowing users to not only learn more about birds, but also to listen in on their beautiful tweets and warbles, helping increase familiarity with these wild creatures. Our Bird Watching Seminar website uses abundant natural settings such as the Natural Water Sanctuaries as the stage for feathered wildlife observation, offering helpful hints and cautions, enabling users to come into contact with even rare bird species.

In addition, we have prepared a leaflet aimed at heightening the sheer fun of bird watching "How to Spot Familiar Birds Easily," a partner leaflet describing how to attract birds, "Setting up Feed Perches, Birdbaths, and Hanging Bird Nest Boxes," and a number of posters.



From the Website "Bird Watching Seminar"



Public Awareness Leaflet

Suntory Mizuiku-Natural Water Education Program

As a company utilizing the blessings of water to manufacture products for customers, we offer the natural water education program. It is a unique hands-on program from Suntory to teach children the importance of nature's role in water resource cultivation so that water resources may be handed down to future generations. We named it *Mizuiku* as Suntory original program (*mizu* stands for "water" and *iku* stands for education).

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 Suntory Natural Mineral Water.

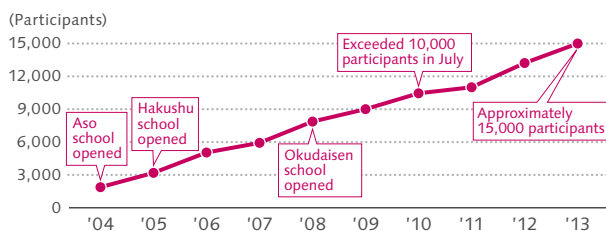
Participants experience for themselves the importance of water and of the forests that produce it amid the great outdoors at Hakushu (Yamanashi prefecture), Okudaisen (Tottori prefecture), and Aso (Kumamoto prefecture). Around 15,000 students and their parents took part in the program since it began in 2004 through 2013.

The Outdoor School of Forest and Water staff collaborate with local instructors involved in environmental education, planning and implementing programs.



Water Education: Outdoor School of Forest and Water

Number of participants (cumulative)



Teaching about Water at Schools

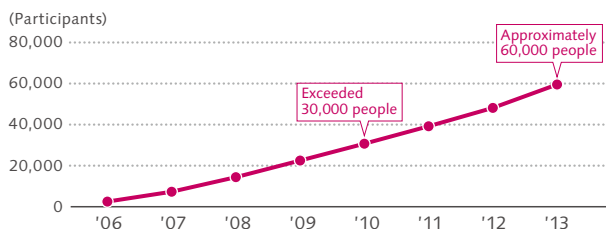
We offer study programs for students in grades 4 and 5 in elementary schools together with their teachers. Through experiments and videos, students learn the system of nature and think what they can do to hand down water to future generations. The program is run in the Tokyo metropolitan area and the second largest economic area (including Kyoto, Osaka, Kobe), as well as in other local prefectures (Yamanashi, Tottori, and Kumamoto) where we have Natural Mineral Water plants. Approximately 60,000 students from about 780 schools participated by 2013.

In 2014, we started offering the program in Aichi prefecture too.



Teaching about Water at Schools

Number of participants (cumulative)



Reducing the Environmental Impact

Reducing the Environmental Impact Across the Entire Value Chain

The Suntory Group is working on water conservation and energy conservation at plants, developing lighter containers and packaging, and installation of energy-saving vending machines in order to reduce environmental impact throughout the entire value chain.

Enhanced 3Rs for Water to Reduce Water Usage

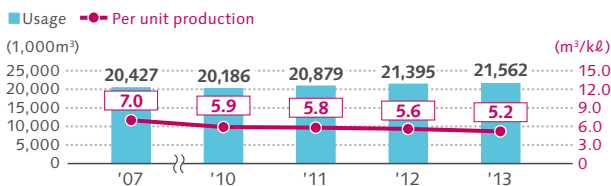
The Suntory Group's plants use a great deal of water in, for example, cleaning production equipment and cooling, in addition to that used as an ingredient in our products.

In order to conserve limited water resources, we intensify our activities to achieve targets toward 2020 of "Reduce water consumption at the Suntory Group*1 plants by 35%*2" 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). In 2013, Suntory plants carried out water conservation activities, and achieved 21% reduction compared to 2007 in water usage per unit production.

*1 The group of companies that covers more than 80% of the Suntory Group's sales for 2012 (including overseas companies)

*2 Reduction per unit production based on the business areas in 2007

Water usage (at 24 plants in Japan)



The Lowest Level of Water Usage Achieved per Unit Production in the Industry

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.

* Water used in the manufacturing process is classified into five grades, such as coolant water and cleaning water, based on cleanliness. 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.

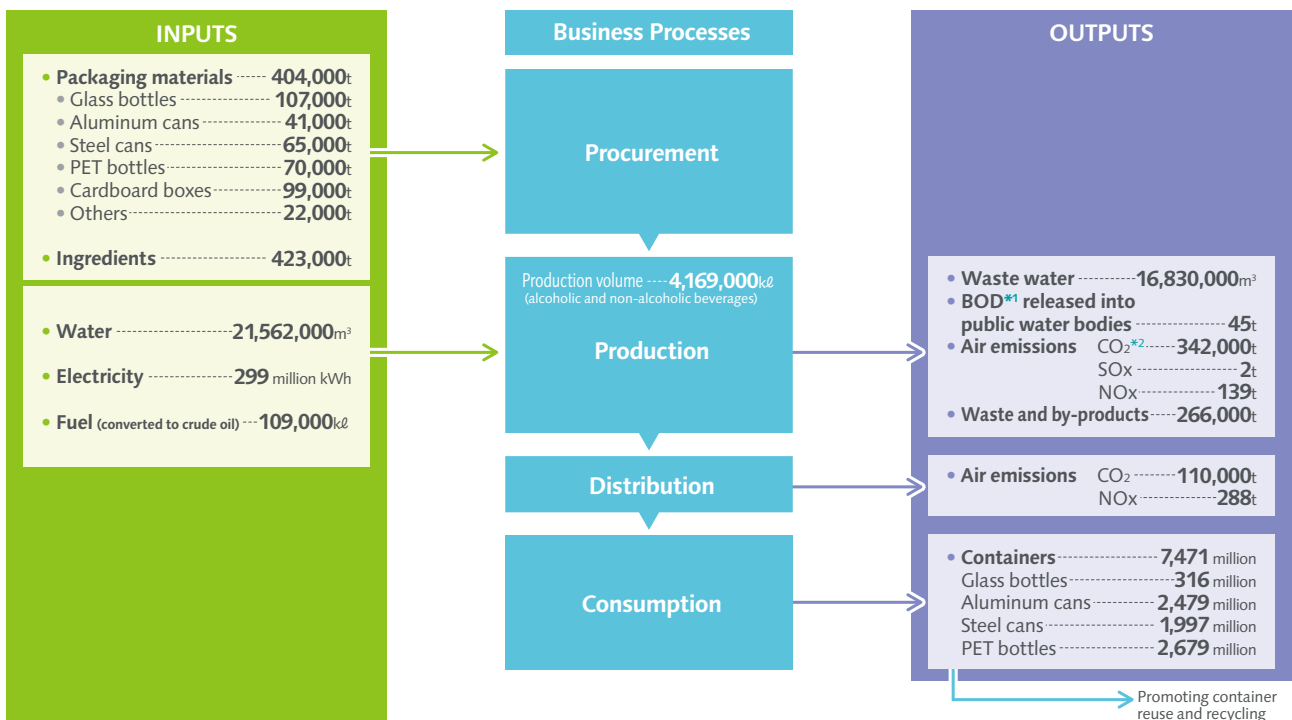
Comprehensive Waste Water Management

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.

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

Overview of business activities and environmental impact

(from January 1 to December 31 in 2013, manufacturing facilities in Japan, excluding outsourcing contractors)



*1 BOD (biochemical oxygen demand): an indicator of water pollution

*2 CO2 emissions from electricity are calculated using an emission coefficient based on the actual emissions of each electric power company

Reducing CO₂ Emissions throughout the Value Chain

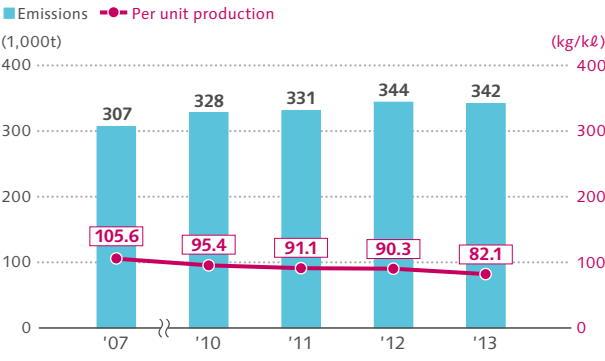
We have set challenges for each division to reduce CO₂ emissions throughout the value chain related to our domestic operations, from product development and manufacture to distribution and sales. We are further strengthening activities to meet our targets toward 2020 of "Reduce CO₂ emission in the entire Suntory Group*¹ value chain by 24%*²." In 2013, we reduced the weight of our product containers, utilized recycled materials, installed heat pump-equipped vending machines, and used renewable energy in our manufacturing activities, as well as offset emissions by purchasing CO₂ emission rights. CO₂ emissions were, however, reduced by 20% per unit production relative to 2007 levels.

*1 The group of companies that covers more than 80% of the Suntory Group's sales for 2012 (including overseas companies)
 *2 Reduction per unit production based on the business areas in 2007

Initiatives in Manufacturing

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. Every plant within Japan has a council of engineers that meets regularly, and activities are conducted across the board in all Group companies equally. CO₂ emissions totals and per unit emissions both decreased in 2013 despite a rise in production at plants in Japan in 2013, thanks to multifaceted energy-saving measures including reexamination of the conditions under which facilities were run.

CO₂ emissions (at 24 plants in Japan)



* Along with a change in the coefficient for CO₂ emissions from electricity in Fiscal 2013, there have been changes in the emissions and per unit production in Fiscal 2012 and before.

Promoting the Use of Renewable Energy

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

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 about 20% of the plant's power on clear days, 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.

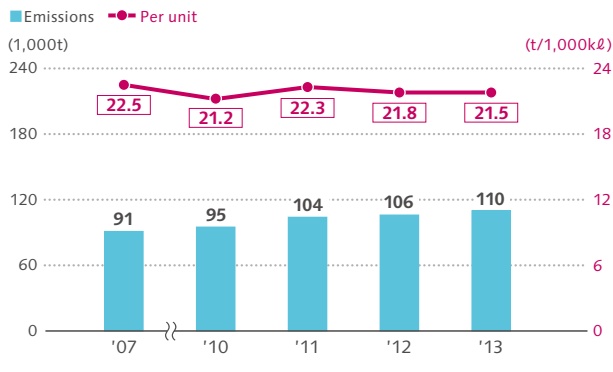
In addition, the Haruna Plant of Suntory Products Ltd. and the Kyushu-Kumamoto Brewery of Suntory Beer Ltd. are continuing with their plans to begin operations in 2014 of solar roofs and large-scale solar generators, purchased from SOLAR FRONTIER K.K.

* As of April 30, 2014, for internal-consumption only

Initiatives in Distribution

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. We are promoting a modal shift and a shift toward the use of larger vehicles, and also have introduced the Suntory Integrated Transportation Arrangement® System, a highly efficient truck transport system in place thanks to a computerized system we developed in-house. It aims to reduce the number of trucks in use and the time and distance trucks run when their loads are empty. In addition, by combining loads with those of other companies, we reduce losses in transport times.

CO₂ emissions during transportation (business in Japan)



Energy Conservation in Vending Machines

Key Features of Suntory Vending Machines

We introduce Japan's top-class energy-efficient* vending machines to promote energy conservation.



See page 11 "Feature 1: Suntory Environmental Vision toward 2050" for more details about the latest initiatives.

* As of April 2014, among the 25 selection vending machines which are the main selection type in major Japanese vending machine makers

Three Rs of Containers and Packaging

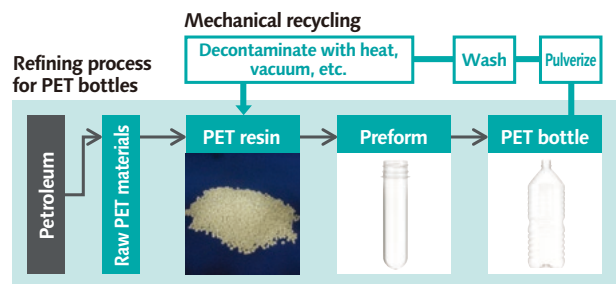
The Suntory Group works to develop containers and packaging that give consideration to the environment, based on the Three Rs of "Reduce, Reuse, and Recycle."

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.

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*2 system for PET bottles.

With roughly a year of results under our belts, we expanded the reused PET resin from 50% to 100%. Doing so has made it possible for us to manufacture recycled PET bottles that can reduce CO₂ emissions including those generated when manufacturing PET resin by 83%*3 compared with bottles made completely from petroleum-based resources.



*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

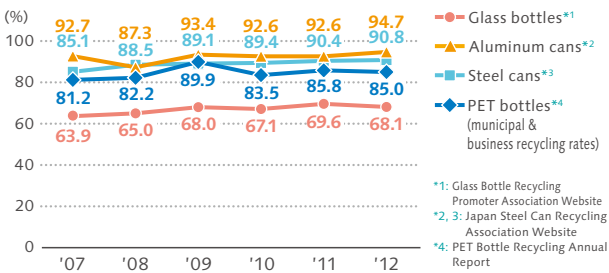
In addition, we are promoting innovative 3Rs, including product labels recycled from PET bottles.

■ Collaboration for Container Recycling

We are committed to recycling containers in collaboration with industry organizations and local governments, as well as with our consumers.

The Suntory Group— which naturally abides by the Container and Packaging Recycling Law and meets its recycling obligations as a business operator— is working hard to create an efficient recycling system.

Container recycle rate

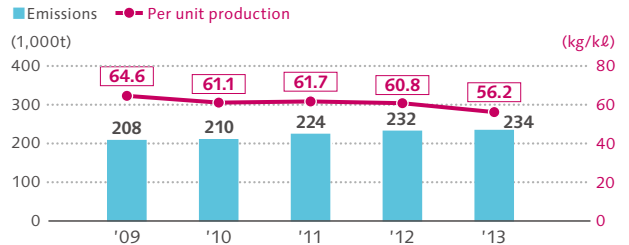


Promoting the Reduction and Recycling of Waste

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

In 2013, our plants in Japan (including Group companies) generated 234,214 tons of by-products and waste. This meant a 1% year-on-year increase, yet a 7.5% decrease per unit production. We also achieved a 100% resource recycling rate.

By-products and waste emissions (24 domestic plants)



Reducing Sludge with Anaerobic Waste Water Treatment Facilities

We have introduced anaerobic waste water treatment facilities for processing waste water generated from cleaning production equipment and other processes to our plants.

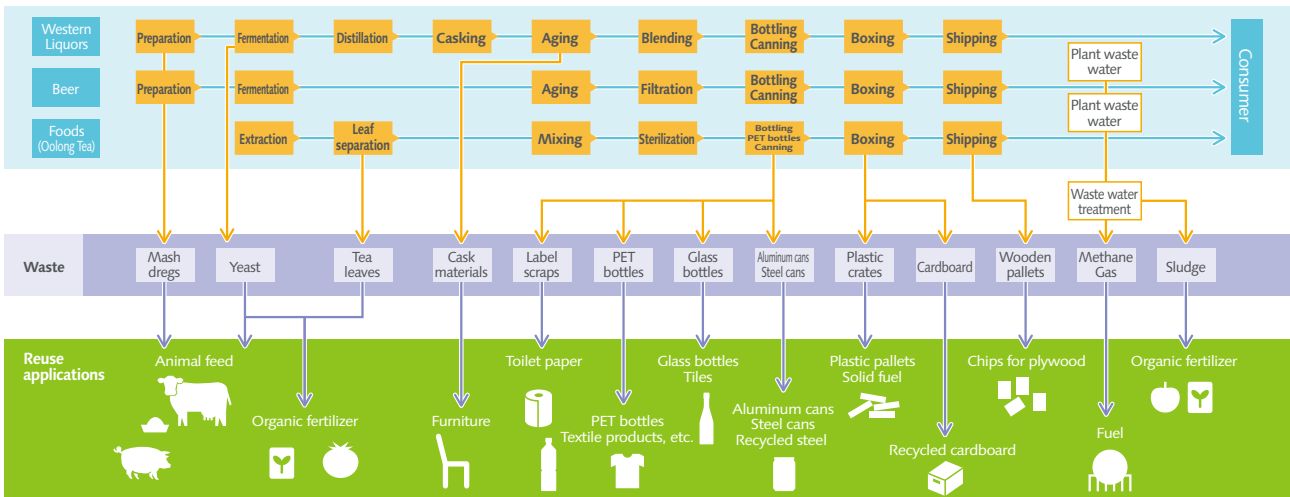
Anaerobic treatment uses microbes called anaerobic bacteria that are active when there is no oxygen. This method breaks down water contaminants and makes it possible to generate significantly less sludge compared to the method of aerobic waste water treatment, which uses aerobic bacteria (that require oxygen). In turn, the methane gas generated from those processes is used as a fuel at those locations.

Comprehensive Legal Compliance based on Electronic Manifest

Starting in 2013, Suntory is equipping manufacturing plants and research centers with a new management system based on an electronic manifest, providing a comprehensive renewal of its industrial waste processing system.

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

A variety of by-products and waste are generated in the manufacturing process. The largest source of waste is vegetable waste derived from produce used as ingredients in our products. Next largest is the sludge from our waste water treatment processes.





Prioritized Initiatives **3**

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.

Following the philosophy of Suntory's founder, we believe that business profits should not only be used for reinvestment into the business and providing services to clients and business partners, but also for contributions to society. His strong beliefs have been passed down to us as the spirit of sharing the profit with society. Since first opening its doors, Suntory has been involved in a wide range of cultural and social contribution activities to promote public welfare, education, disaster relief, and the cultivation 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. Suntory Group continues to strengthen its cooperative relationships with Group companies around the world while it promotes social welfare, culture, sports, and the cultivation of the next generation through activities suited to the individual countries and regions where Suntory has a presence.

Prioritized items	Mid-Term Targets	Results in FY 2013	FY 2014 Action Plan
Activities to Support Recovery from the Great East Japan Earthquake	Enhance activities to support recovery coordinated with local governments, NPOs, etc.	<ul style="list-style-type: none"> Additional donations of 2.5 billion yen to expand activities to support recovery of the fishing industry, youth support initiatives, and support through culture and sports 	<ul style="list-style-type: none"> Donate an additional 2 billion yen and start an initiative for sports for the disabled while continuing support activities
Global development of social contribution activities	Promote social contribution activities in areas entered to do business	<ul style="list-style-type: none"> Grasped needs and actual situation in Southeast Asia together with relevant local NPOs 	<ul style="list-style-type: none"> Start social contribution activities in Southeast Asia
Support for next generation	Strengthen next generation support programs through cultural and sports activities (target of 100,000 participants in 2015)	<ul style="list-style-type: none"> Provision of next generation support programs through cultural and sports activities (73,000 participants) 	<ul style="list-style-type: none"> Expand participants in next generation support programs through cultural and sports activities (target of 113,000 participants)

Contributions Rooted in the Local Community

We offer a wide variety of contributions rooted in the local community, such as provision of plant tours, support for disaster affected areas, and participation of our employees in cleaning activities in 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 greenification initiatives on their grounds.

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.



Natural mineral water plant tour



Special seminar held at a beer plant

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 2013, Suntory participated in the Tokyo Bay Cleanup Campaign, becoming a supporter and co-sponsor from 2003, with employees and family members joining local residents and businesses in ultimately gathering roughly 200kg of litter, twice as much as was gathered in the previous year.



Tokyo Bay Cleanup Campaign



Musashino brewery employees and family members help clean up the banks of the Tama River

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. (For details on Activities to Support Recovery from the Great East Japan Earthquake, please see pp. 15-16.)

Courtesy Provision of Emergency Beverages

Suntory Foods Ltd. developed an "emergency beverage vending machine" and is promoting its installation across Japan. The machine normally performs as a typical vending machine but dispenses beverages at no charge in times of emergency. During power failures, beverages can be removed easily without a key. In the aftermath of the March 2011 Great East Japan Earthquake, many individuals made use of these machines. More was done to advance their placement in 2013 around buildings such as government facilities and hospitals, so that as of December 31, 2013, there were roughly 12,000 units in place, the largest number in the industry. We will actively be introducing many more of this type of vending machine moving forward as well.



Emergency beverage vending machine

Support for Employee Volunteer Activities

For employees to actively engage in social contribution, the Suntory Group has Volunteer Leave Program.

In 2013, 37 employees took advantage of this program and participated in various activities. We are also taking initiatives to promote participation of our employees in volunteer activities such as planning company volunteer activities cleaning windows or weeding at Hojukai, a care facility for silver citizens, or programs in which employees can participate outside their working hours inside their offices.



Cleaning at Hojukai



Experiencing volunteer activities within the company

Prioritized Initiatives 1

Prioritized Initiatives 2

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Prioritized Initiatives 5

Prioritized Initiatives 6

Cultural and Social Contribution Activities

Since its founding, the Suntory Group has contributed to culture and society with the aim of enriching lives and culture based on the spirit of "Sharing the Profit with Society."

History of Social Contribution Since its Founding

In the spirit of our founder, Shinjiro Torii, who called for "Sharing the Profit with 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 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 Hojukai

Hojukai was founded in connection with the establishment of a free clinic in 1921. Now incorporated as a social welfare organization, it operates a special care facility for seniors called Takadonoen (established in 1974), a general-purpose welfare facility called Domyoji Takadonoen (2008), the Tsubomi Nursery School (1975), and the West Asahi-ku Community General Support Center (commissioned by Osaka City in April 2011).

The organization has responded to more current needs in recent years by also providing in-home care services such as home-visit care (helpers), ambulatory care (day services), and in-home care support (care plan).



Domyoji Takadonoen



Socializing at Takadonoen and Tsubomi Nursery School

Helping to Enrich Lives and Culture

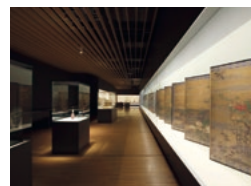
The Suntory Group is dedicated to comfortable living and culture. This we do through operating cultural facilities such as the Suntory Museum of Art, Suntory Hall and other cultural facilities and other support for arts and culture. In addition to promoting art and culture, we also support social science 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.

• Suntory Foundation for Arts

The Suntory Foundation for Arts was established in 2009, amalgamating Suntory's activities in the field of art. Through unique and a wide variety of activities, we aim to contribute to the further spread and development of Japanese music and art.

Suntory Museum of Art

Opened in 1961 based on the principle of "Art in Life," the museum moved to new premises in the Tokyo Midtown complex in 2007. It exhibits items, including National Treasures and Important Cultural Properties, from its collection under the theme of "Art Revisited, Beauty Revealed."



Suntory Hall

Opened in 1986 as Tokyo's first dedicated concert hall. The hall hosts more than 550 performances a year attracting nearly 600,000 concertgoers. Performances include concerts by world's leading musicians and concert series planned by Suntory Hall.



Music Division

Since its establishment in 1969 as a music foundation, it offers the Suntory Music Award, the Keizo Saji Prize, and the Akutagawa Award for Music Composition, in recognition of the achievements of individuals with superior marks in the field of music, and promotes classical music and the development of up-and-coming composers.



• Suntory Foundation

Established in 1979. It offers the Suntory Prize for Social Sciences and Humanities and the Suntory Prize for Community Cultural Activities and provides grants for international and interdisciplinary academic research to promote the social sciences and humanities and community culture.



• Suntory Foundation for Life Sciences

Preceded by the Institute of Food Chemistry which was established in 1946, the Suntory Foundation for Life Sciences was established in 1979 as the Suntory Institute for Bioorganic Research. The Institute was renamed and incorporated in January 2011. In addition to its research activities in bio-organic chemistry research, the foundation provides grants to researchers.

Support for "Suntory Presents Beethoven's 9th with a Cast of 10,000"

The events held to commemorate the opening of Osaka-jo Hall in 1983 began with a performance of Beethoven's 9th Symphony with a 10,000-strong choir, sponsored by the Suntory Group. Offering an opportunity to share in the joy of singing and the wonder of classical music, a wide range of ages, from elementary school students through to seniors, participate. Suntory Group has provided support from the very start for this concert event that has become a year-end holiday season ritual.

Celebrating the 31st anniversary of the event in 2013, as it was last year and the year before that, we set up a live link with a concert hall in the Tohoku region, which is progressing in the recovery, and "Ode to Joy" rang out to the sound of 11,000 singers.



Suntory Presents Beethoven's 9th with a Cast of 10,000

Sporting Activities That Inspire and Excite

We actively participate in corporate sporting events and support 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 classes mainly during the off-season.



Suntory's rugby club Sungoliath



Suntory's volleyball club Sunbirds

Strengthening Support for Youth Education

The 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. Through this we are helping to form the characters and individuality of children.

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 classic music into their lives. In collaboration with New York's Carnegie Hall, Suntory Hall organizes "Carnegie Kids at Suntory Hall," in which children aged three to six years old can listen to live music close at hand, and "Concerts for Children" which is Japan's first regular orchestra concerts for children.

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.



Carnegie Kids 2013



Concerts for Children

Art Appreciation Opportunities

The Suntory Museum of Art is actively taking initiatives to educate the next generation. We offer free admission to children in middle school and younger, and also distribute a leaflet known as the "Omoshiro Bijutsu Book." As an education program that provides a venue for exchanges linking visitors with the art museum, we also conduct a parent-child workshop and interactive mini lecture for each exhibition, and on Saturdays, we offer "Friendly Talks" designed to familiarize viewers with the arts using simple slides. Furthermore, we host memorial lectures and special performances related to exhibitions.



Friendly Talks



Omoshiro Bijutsu Book (Photo: Shinichiro Mikuriya)



Prioritized Initiatives **4**

We promote diversity in the workplace and support our employee's career development to enable "Yatte Minahare—Go for it!" spirit.

Based on the challenge spirit, "Yatte Minahare—Go for it!", Suntory Group has accelerated expansion over a wide range of business, not only alcohol and non-alcoholic beverages, but also health food, food services, sports, and flowers with the goal of globalizing the Group. Suntory Group has a basic human resource philosophy, which we refer to as diversity management. We promote human resource diversification and application of a diverse sense of values and ideas, which leads to the creation of greater values.

The most important themes for Suntory Group are the cultivation of employees motivated to create new values and a sound working environment, in which employees can exercise their abilities to the fullest. Having periodical dialogue between supervisors and employees makes it possible to set individual roles and targets, which lead to individual development. We have also established a system to evaluate employees who work hard to achieve higher goals without the fear of failure.

Prioritized items	Mid-Term Targets	Results in FY 2013	FY 2014 Action Plan
Respect for human rights	Cultivate an organizational culture that puts respect for human rights first and establish group-wide human rights management mechanisms	<ul style="list-style-type: none"> Creation of a human rights risk map, incorporating outside opinions 	<ul style="list-style-type: none"> Review managers regarding the human rights risk map and share the information with relevant divisions
Development of human resources	Strengthen human resources development system and promote "Yatte Minahare—Go for it!" spirit among employees	<ul style="list-style-type: none"> Introduction of a system to consider the mid- to long-term career of each person (such as "Career Vision") Completion of introduction of the mechanism called "challenge targets" to promote the "Yatte Minahare—Go for it!" spirit Expansion of human resource exchanges with overseas (23 people from 11 companies participated in the Ambassador Program) 	<ul style="list-style-type: none"> Hold briefings to introduce a new system regarding mid- to long-term careers at each site Continue the Ambassador Program and promote human resource exchanges in Japan and overseas
Promoting diversity	Achieve diversity in management that creates greater value by accepting and capitalizing on diverse values and ideas	<ul style="list-style-type: none"> Conducted trainings for worksite managers (all General Managers) who support "individual thought and action" Completion of finding out challenges such as hearings with all female employees in managerial positions for further advancement of female employees Completion of introduction of mandatory retirement age of 65. Started life career support measures 	<ul style="list-style-type: none"> Strengthen support to promote the participation of older employees Enhance initiatives such as holding forums for female employees for further advancement of female employees Further promote employment of persons with disabilities in Group companies as a whole
Promoting the work-life balance	Revolutionize work styles and create workplaces in which each and every employee is able to fully demonstrate their capabilities	<ul style="list-style-type: none"> Operation of working hour management for each employee Continued implementation of Premium Time, and introduction of the system to share information and good practices 	<ul style="list-style-type: none"> Introduce a system to promote transformation of prudent actions in managers Strengthen the working hour management system

* This applies to 6,283 employees who have an employment contract with Suntory Holdings Ltd. or Suntory Beverage & Food Ltd. and work at such Group companies as 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 Business Expert Ltd. and Suntory Global Innovation Center Ltd. (as of December 31, 2013)

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.

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

Fair and Reasonable Evaluations

Four times a year, the Suntory Group holds interviews between superiors and subordinates where we strive to provide evaluations that each and every employee can agree with.

Based on individual Work Plans created at the beginning of the year, our employees are evaluated by reviewing their levels of achievement and the process of their efforts.

Feedback interviews from their superiors that follow the evaluations are used to pass on the results, discuss expectations and areas for improvement, and encourage understanding of both the evaluation and further development and growth in their capabilities. The labor

union at the Suntory Group surveys its members on the interviews to examine how reasonable each employee found them.

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.

Introduction of Challenge Targets

In 2013, we introduced "challenge targets" for non-manager level employees. In addition to their regular duties, by having the employees voluntarily set their own more ambitious and difficult-to-achieve targets, we are going to strengthen our corporate culture of "Yatte Minahare—Go for it!" that is the Suntory Group's DNA.

Introduction of "Career Vision"

In Autumn 2013, we created "Career Vision" for development of each employee and for assignment of the appropriate person to the right job. Based on the "Career Vision Sheet" filled out by each employee, they discuss with their managers regarding their long-term career goal and what efforts need to be made to achieve the goal.

Developing Human Resources Worldwide

As a truly global company, it is crucial that the Suntory Group develops employees individually to be human resources who can do excellent work globally so the

Employment status data (2013)

Employees		(Persons)		
		SHD	SBF	Total
Directors	Male	37	17	54
	Female	2	0	2
Directors		39	17	56
Manager level	Male	1,309	634	1,943
	Female	132	29	161
Manager level		1,441	663	2,104
Non-manager level	Male	2,393	704	3,097
	Female	931	151	1,082
Non-manager level		3,324	855	4,179
Employees		4,765	1,518	6,283
Contract employees*	Male	389	54	443
	Female	93	15	108
Contract employees*		482	69	551
Temporary employees		566	44	610

* Contractors and temporary employees: includes non-regular and part-time staff
 * SHD: Suntory Holdings Ltd.
 * SBF: Suntory Beverage & Food Ltd.

Average age and average length of employment

	Average age		Average length of employment (Years)	
	Male	Female	Male	Female
SHD	38.8	37.1	15.7	14.2
SBF	41.3	34.0	17.7	11.3

Number of employees

	New graduates		New hires	
	Male	Female	Male	Female
SHD	66	45	23	15
SBF	22	10	1	12

Number of resignees and reasons/turnover rate

	(persons, %)
SHD+SBF	
Retirement age	47
Personal reasons	33
Company reasons	0
Executives and other upper management	19
Total	99
Turnover rate	0.53%

Retention rate of new graduate hires

Number of years elapsed	(%)
SHD	
0	100
1	100
2	99
3	98
4	97
5	96

* Calculated based on new graduate hires from 2006 to 2008

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company may achieve even greater things. We have therefore set up a system that helps domestic employees perform effectively in global business.

Improving a Global Human Resources Training Program

In 2010 we introduced a program whose purpose is to develop truly global personnel. Twenty-one of the 97 applicants successfully made their way through the screening process in 2013 and are going through various training programs.

For one of the training programs, the Career Challenge, we offer an international research venue as a location for presentations on what participants have learned throughout the year. Our theme for 2013 was Proposals for Business Development, and it included eight days of field work in Myanmar.

Training programs

Name	Details
Global Leadership Training	Development of human resources to drive the global growth of the Suntory Group
Career Challenge Program	Acquire the skills needed to do business globally
Company-Sponsored Business School	Acquire a MBA (Master of Business Administration) at a business school in Japan or overseas
Overseas Trainee Program	Go to a Group company, or participate in a program from an outside institution or school in an unadvanced area (a developing nation, etc.), and acquire language skills, communication abilities, or knowledge of a foreign culture

Accepting Internship from Overseas

In 2013, we started an internship accepting students overseas.

In the first year, students from India were selected, and they had hands-on experiences at manufacturing plants and made proposals for improvement based on analysis of problems.



During the internship

Supporting Career Development

The Suntory Group places emphasis on its progress toward greater growth for employees both in Japan and throughout the world. Based on this messaging, people grow in a process in which each person helps in the development of another, and we focus on training on the actual frontlines. In addition, for every stage of human resource growth and training from hiring to retirement, we have clarified the type of employees sought, abilities that are hoped to be unleashed, and the value of an employee, have created a core training program for each stage, and provide in-service training in all divisions including sales and manufacturing.

Career Development Support for All Employees

We have in place a Career Support Section that helps individual employees develop autonomous careers, by implementing, for example, individual consultations and workshops with expert advisers. Workshops are conducted for all employees at four years and ten years after joining the company, and for employees in their 40s on an application basis. Various career development support options are offered for employees in their 50s under the mandatory retirement age of 65.

Assign the Appropriate Person for the Right Job

Through programs such as the Career Vision Program, wherein employees meet with their superiors for a one-on-one discussion once a year, and the internal open recruiting system and the Career Challenge Program, we support more autonomous career trajectories for our employees. Also, to broaden the possibilities of our younger employees, we have introduced a rotation program under which they gain experience working at three different divisions during the first ten years after being hired. One-on-one interviews are also conducted between the Human Resources Department and employees during their 4th year with the company and again in their 9th year.

Prepared the SUNTORY Self Development Program

We offer the "SUNTORY Self Development Program (SDP)" which consists of 390 programs to support self development of employees. Any Group company employees in Japan can enroll in the common programs.

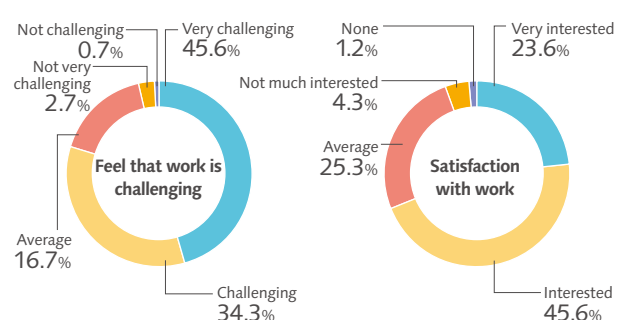
Received Award for Companies Providing Career Support

Suntory Holdings Ltd. was selected as a winner for Minister's Award for "Companies Providing Career Support in 2013" (hosted by the Ministry of Health, Labour and Welfare) which is given to companies actively supporting career formation of their employees.

Employee Awareness and Corporate Culture Surveys

To find out about each employee's current work conditions and confirm their awareness towards work, Suntory uses the one-on-one discussions from the Career Vision Program. We also monitor the consciousness of members at work through our employee awareness survey and use the results for management initiatives.

Awareness towards work in FY 2013



Promoting Diversity

We are focused on creating workplaces that not only promote diversity in the nature of our workforce, but also are accepting of differences and make the most of them so that our diverse workforce can demonstrate their "Yatte Minahare—Go for it!" spirit to the fullest.

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. The Section promotes creation of organizations that aim to diversify the attributes of their employees and capitalize on their individuality and character traits. Four prioritized activities areas were set forth in 2012 toward achieving diversity in management.

In the spring of 2013, we carried out a new program that focused on those at the General Manager level. Taking Change Management as its theme, the program used experiential role playing and discussions to advance changes in thinking with regard to the best ways for management to act in order for employees to maximize their potential.

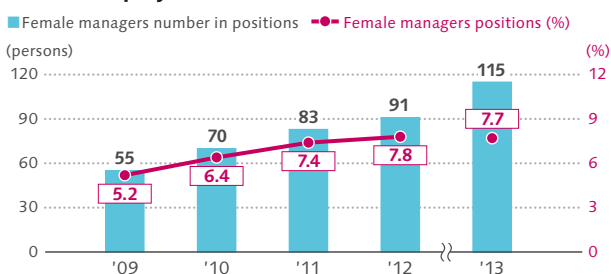
Development of Various Projects with Employee Involvement

We have created various projects with employee involvement, such as childcare, the status of women in the sales division, short-term employees, and so forth, identified issues in the projects, and are getting them acted upon through reports to management. We are also developing a series of Diversity Seminars as an opportunity for employees to consider their work style through familiar circumstances and topics and encourage self-reform of their mindset.

The Advancement of Female Employees

The Suntory Group is aiming to increase the ratio of female employees in managerial positions to 20% by 2025. In 2013, led by the Diversity Promotion Section we conducted a questionnaire survey targeting all female employees in managerial positions, and carried out hearings with female employees in managerial positions and male officers. Based on the challenges extracted from the result, we improved mid- to long-term career formation and awareness of duties.

Female employment data

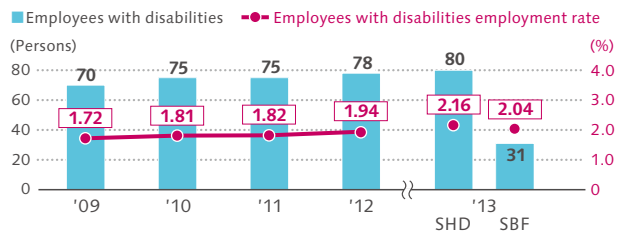


* Through 2012, figures were only for Suntory Holdings Ltd.

Employing Persons with Disabilities

The Suntory Group is working to expand the possibilities for persons with disabilities by hiring without setting limits on the scope of an employee's responsibilities. In addition to opening dedicated lines for the hiring of persons with disabilities as new graduates and experienced hires, we are also planning to cross-promote with the Public Employment Security Office (for what is known in Japan as "Hello Work"). Also, we are promoting the employment of persons with disabilities in Group companies as a whole, and are holding joint employment guidance sessions from 2012 onward.

Number of employees with disabilities and employment rate



* Up to 2012 shows only data of the Suntory Holdings Ltd.

* SHD: Suntory Holdings Ltd.

* SBF: Suntory Beverage & Food Ltd.

Introduction of Mandatory Retirement Age of 65

To expand the opportunities for older employees to use their experience and high skill and also to respond to employment needs of employees age 60 or older, we introduced a mandatory retirement age of 65 from April 2013. According to the qualification and role when employees reach age 60, they take one of the three qualifications (Expert, Member, or Support). In addition, we continue evaluating performance and prudent actions after employees reach age 60 or older based on the target management system.

TOPICS

Conducting the "Ambassador Program"

For the purpose of global human resource exchanges, we started the Ambassador Program in 2012, in which employees of the Group companies overseas visit Japan and learn the Suntory Group's DNA. Participants return to their companies after the program, and pass on the Suntory Group's DNA as a "missionary."

In 2013, 23 participants from 11 companies visited Japan from Indonesia, Vietnam, New Zealand and other countries. In 2014, we are planning to hold the program overseas.



Commemorative photo at Suntory Hall

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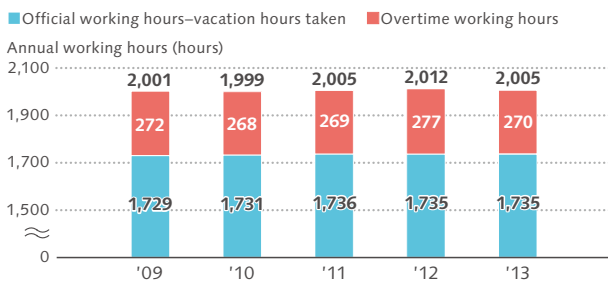
Promoting the Work-Life Balance

We strive to create employee-friendly workplaces mindful of the balance between work and personal lives where a diverse workforce can fully demonstrate their capabilities.

Ensuring Reasonable Working Hours

As part of our efforts to create a corporate culture in which employees can work in the best of physical and mental health, labor and management are working together to reduce long working hours. We have abolished unpaid overtime, have been strictly enforcing the rule of turning off all lights throughout the company in order to encourage the employees to go home early, and have revised our business procedures to both increase time away from work and production efficiency while at work. We also do our best to ensure that everyone is familiar with the Working Hours Handbook which summarizes measures and information about reasonable working hours. In addition, we introduced a Planned Annual Vacation Program to allow employees to take more annual paid vacation. (The proportion of planned annual vacation taken in 2013 was 51.8%.)

Total actual annual working hours



* Numbers are only for Suntory Holdings Ltd.

Work Style Innovations

The Suntory Group is taking steps to innovate work styles with the objectives of generating high productivity, high-quality output, and new value creation as well as allowing diverse employees to work with enthusiasm.

We have been expanding the use of flexi-time and telecommuting* since 2010 with the aim of removing restrictions on the place and time of work and realizing more flexible work styles. New work styles utilizing IT, such as use of smartphones in sales activities, are making steady inroads.

From December 2012, we took these efforts one creative step further and began a new initiative to bring more innovation and Suntory Group character to work styles.

Specifically, we established Premium Time to allow employees to think through on-site impressions and qualities and introduced e-mail sending rules to prevent employees from being flooded with information.

In addition, with the April 2013 launch of the new research and development company, Suntory Global Innovation Center Ltd., we were able to introduce at that company a flex-time work system, advancing our involvement in a work-style revolution that is particularly suited to research and development work.

* Telecommuting: Working at home or otherwise outside the office

Promoting the Work-Life Balance

The Suntory Group has 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.

Supporting Working with Child and Nursing Care

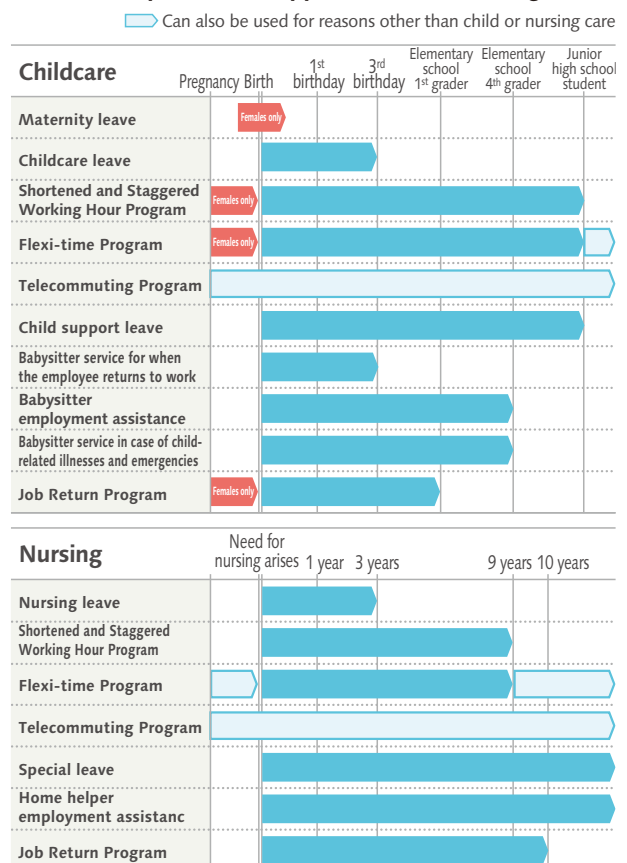
As for maternity and childcare support, we have instituted programs such as childcare leave and the Shortened and Staggered Working Hour Program, setting the target period longer than the legal period.

In 2013, 108 employees started using childcare leave, the acquisition rate of those eligible and the return-to-work rate were both 100%, and a total of 174 employees took it in the year.

Among them, 35 employees were male. They used the partially paid childcare leave which was set up for the purpose of increasing the rate of male employees to take childcare leave. Furthermore, 127 employees are taking advantage of the Shortened and Staggered Working Hour Program.

As for programs for nursing care, the requirements for leave of absence were clarified in 2011, and the requirements for shortened and staggered working hours and the use of flexi-time have been relaxed to promote expanded use of the programs.

Overview of policies to support child and nursing care



Creating Employee-Friendly Workplaces

We strive to create relaxed, employee-friendly workplaces in the belief that there is a connection between the vitality of the company and employees being happy and healthy at work.

Commitment to Workplace Safety

Safety is one of our criteria for evaluating worksite performance at our plants. Our Health and Safety Committee plays a central role in our efforts, which are matched to the characteristics of the business processes and the circumstances of each worksite. In 2013, Suntory Holdings Ltd. had 15 work-related accidents, with a frequency rate*1 of 0.31 and a severity rate*2 of 0.003, and Suntory Beverage & Food Ltd. had three such accidents with a frequency rate of 0.00 and a severity rate of 0.000. We will continue working to increase employee awareness and to improve the safety regime we have in place for when employees are making their commutes and when they are in the workplace.

*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

A Variety of Programs to Promote Employee Health

Considering the physical and mental health of employees, we conduct comprehensive health examinations and have established a follow-up program so that our employees can thrive in their work.

Providing Comprehensive Health Examinations

We provide 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 which is generally borne entirely by the company). We are also offering telephone and face-to-face counseling on health issues. We are further working toward improving our employees' lifestyle and preventing lifestyle diseases, and are helping our employees maintain and improve their health.

Introducing Programs to Prevent Lifestyle Diseases

The Suntory Group has introduced a Lifestyle Program (Walking Program) with the goal of preventing and ameliorating lifestyle diseases.

The program provides employees with opportunities to reexamine their daily lives and improve them on their own.

TOPICS

Installation of "Health Keeper Room"

In the Odaiba office and the Osaka office, we installed a "health keeper (in-house massager) room" where health keepers who possess national qualifications practice massage or finger pressure, and more than 2,000 people use it a year.



A look at treatment

We have also been working together with health insurance associations to provide specialized examinations and health guidance for employees aged over 40.

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 also encourage employees to make use of consultations with in-house specialist physicians and outside counselors as needed, as well as to engage in mental-health self checks.

We have further developed programs to help employees who have taken time off for mental health issues to return to work, through such means as improved support by specialist physicians.

Creating Employee-Friendly Workplaces

We have various councils that meet regularly to enable labor and management to study and discuss key management challenges facing the Suntory Group. These include the President's Council, 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 the management policies.

We operate and revise our programs involving human resources and labor based on thorough consultations rooted in mutual awareness of the issues.



Business conditions conference

Promoting Labor-Management Cooperation

The councils meet regularly to take up topics of shared importance to labor and management. Councils met some 40 times during 2013.

Name	Frequency of meetings	Discussion details
Business Conditions Conference	Twice a year	Company's management policy, business conditions, conditions regarding carrying out operations, etc.
Quarterly Report Conference	Twice a year	Sharing information about the Group's consolidated performance
Division-specific conferences	Once a year (each division)	Issues in R&D, manufacturing, and sales divisions, etc.
Committee Investigating Working Hours-related Issues	Three times a year	Verify situation regarding issues related to working hours and work toward improvements
Conference on Interviews	Four times a year	Verify the state of the various interviews conducted in human resource contexts and work toward improvements

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Inspecting the ingredients of our health food product, Maca

Prioritized Initiatives **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. In fact, some global companies have been accused of not giving due consideration to human rights and labor environments in their business transactions with suppliers.

Suntory Group 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.

We also give Supply Chain CSR Initiative Briefings and Questionnaires to business partners to monitor the status of CSR initiatives.

Prioritized items	Mid-Term Targets	Results in FY 2013	FY 2014 Action Plan
Promoting CSR activities in raw material procurement and distribution	Promote supply chain CSR Initiatives	<ul style="list-style-type: none"> Continuation of supply chain CSR initiatives questionnaires Sharing of the "Suntory Group's Basic Policy on Supply Chain CSR" with Group companies in Japan 	<ul style="list-style-type: none"> Continue supply chain CSR initiatives questionnaires Conduct hearings with ingredient (malt and hop) suppliers of major products 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"> Strengthen continuous safety improvements in the distribution system

Supply Chain CSR Initiatives and Working with Our Business Partners

We are supported in our business activities by our business partners. Accordingly, we work with these partners to mutually improve quality and ensure safety based on a foundation of fair competitive opportunities, evaluation, and selection. We also cooperatively promote supply chain CSR initiatives.

The Enactment of a Basic Policy on Supply Chain CSR

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

Accordingly, in 2011 we drafted the Suntory Group's new Basic Policy on Supply Chain CSR in order to further bolster CSR activities in the supply chain. The policy is focused on six core items—legal compliance, human rights and labor standards, quality, the environment, information security, and coexisting with society—and it provides the basis for the efforts we are making in conjunction with our business partners to promote social responsibility in the supply chain.

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 "In 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

In keeping with the Suntory Group's 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

In keeping 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

Proprietary 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.

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 the CSR-oriented initiatives each company undertakes related to such factors as the quality and availability of their products and services, their finances, how well they maintain security, environmental protection, and social contribution. On the basis of this evaluation, we decide whether to make them a business partner or whether to even continue doing business with them.

Improving Cooperation with Business Partners

The Suntory Group is working together with its supply chain business partners to promote social responsibility in its supply chain CSR practices. Along with educating our own staff, we hold briefings for our major business partners—our raw materials suppliers, manufacturing licensees, and distributors—and conduct written surveys among them regarding CSR in supply chains. We also raise awareness and offer support so that our customers might better understand the need for their involvement in CSR.

Evaluating Business Partners

We evaluate and issue reports on our business partners once a year with the goals of improving quality and business practices both among our business partners and within the Suntory Group. We also visit our raw material suppliers to check on quality at the manufacturing site and exchange information and opinions. In 2013, we conducted quality audits—on site when necessary, in Japan and overseas—at the companies that supply our packaging materials as well as our ingredient suppliers, including those in international locations.



Inspecting the Suntory Oolong tea



Production site visits (Florida, U.S.A.)

Reflecting Feedback from Business Partners

In addition to our daily interactions with business partners, we have set up opportunities for regular dialogues with our business partners. We explain the Suntory Group's philosophy at policy briefing sessions and quality workshops, and have our business partners answer questionnaires to let us know the degree to which they

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understand our thinking and give us their thoughts. The questionnaires are thoroughly analyzed and their content reflected in our business activities.

Efforts with Ingredient Suppliers

Through our business partners, the Suntory Group requests and verifies that each production region uses agricultural chemicals in compliance with the Food Sanitation Law and the Agricultural Chemicals Regulation Law. This is important not only to ensure the safety and security of ingredients, but also from the perspective of preventing soil and water contamination. We plan to review these activities from a CSR perspective and incorporate them as items in business partner evaluation and selection.

In addition, since 2009 we have made efforts to stably procure hops, a main ingredient of beer, by supporting management of hops farms.

Promoting Distribution Considering Safety

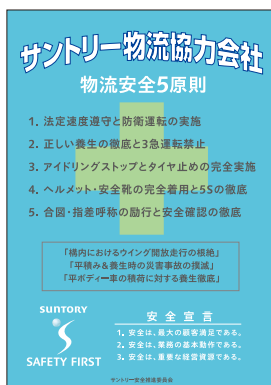
As of the end of 2013, the Safety Committee, which grew out of our connection to our distribution affiliates, to which we outsource the distribution of our product had 260 members from 64 companies.

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.

* The bureau is made up of managers and operators from the Distribution Service & Ordering Department of Suntory Business 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 safety representatives from 140 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 through the showcasing of outstanding initiatives and providing thorough safety education through study groups and contests and by presenting awards to safe drivers and sites.



13th Safety Promotion conference



Receiving an award at the Safety Promotion conference

Enhancing Safety Management at Partner Companies

We are pursuing certifications under the Top Safety Site Program being 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 79 of the 82 dispatching and shipping sites operated by the Suntory Group's distribution affiliates (as of the end of 2013), for a certification rate of 96%. This greatly exceeds the 21.6% certification rate (according to a December 2012 Japan Trucking Association survey) for the trucking industry as a whole.

Also, in 2008, we expanded the scope of certification from direct contractors to include secondary affiliates, and we are striving to enhance safety management in dispatching and transport.

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 also created an action plan for an earthquake with an epicenter directly below the Tokyo or 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.

Respect for Human Rights

As globalization of business practices has advanced, society is increasingly interested in the initiatives companies take on human rights. The Suntory Group considers respecting human rights of stakeholders highly important when taking CSR initiatives. To promote activities considering human rights, we further strengthen existing initiatives by approaching employees and supply chains, while getting the current situation straight by making a human rights risk map.

Initiatives on Human Rights Issues

To make further efforts on human rights issues, the Suntory Group started creating a human rights risk map and monitoring of suppliers in 2013, in addition to the existing framework such as the Code of Business Ethics.

Formulation of Human Rights Policy

The Suntory Group set down the activity policy on human rights and complies with the policy.

The Suntory Group's Code of Business Ethics (Excerpts) (Issued in 2003, revised April 2012)

II. Suntory Group Standards for Business Conduct

6. We respect human rights and endeavor to create a corporate group where employees are engaged and satisfied.
 - i. We strictly prohibit the use of child labor or other illegal labor practices in any of our corporate activities.
 - ii. We are committed to providing a workplace environment that respects human rights and the values of every individual, is free of discrimination and harassment, and ensures fair treatment of all. In the event that a human rights violation is discovered, we will immediately respond using proper means, including taking action to prevent future occurrences, while also safeguarding the privacy of the parties concerned.
 - iii. We strive to create safe and employee-friendly workplaces.
 - iv. 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.
 - v. We will aspire to remain a dynamic corporate group where employees are accountable and proud of their work, tackle challenging targets proactively by leveraging their unique skill sets, and can achieve a positive work-life balance.

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 "In 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.

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.

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.

Initiatives for Improving Employee Awareness

To improve human rights awareness and create corporate culture that respects human rights, we are promoting educational activities.

Proactively Promoting In-house Human Rights Training and Educational Activities

We carry out human rights education continuously in training conducted separately for different positions such as new officers, new managers, manufacturing plant leaders, and new employees.

We also continue to host human rights lectures inviting lecturers from outside the company. For two years from 2014 to 2015, our theme is "human rights for a healthy workplace." The Human Resources Department visits each office, and conducts a seminar using a DVD.



Human rights lecture

Anti-Harassment e-Learning

In 2013, we conducted e-learning for employees of Group companies in Japan in order to deepen their proper understanding of harassment, and fostered awareness.

Supply Chain CSR with Suppliers

Checking with Questionnaires

The Suntory Group is conducting supply chain CSR initiatives questionnaires targeting major business partners of the Purchasing Department (Raw Material) and the Packaging Material Development Department from 2012. In the questionnaires we mainly check whether they respect basic human rights and are mindful of labor conditions and health and safety.

Starting Monitoring on Child Labor and Forced Labor

The Suntory Group will start hearings visiting suppliers overseas from 2014, regarding human rights such as child labor and forced labor. In 2014, we are planning to conduct hearings with producers of malt and hops in Europe.



Prioritized Initiatives **6**

We commit to tackle alcohol-related issues as an 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 and relief in daily life, and has played a significant role in celebrations over the centuries. However, alcohol has also created issues in society, issues such as underage drinking, driving while intoxicated, and alcoholism.

As a multi-faceted food and beverage producer and supplier, Suntory Group has a responsibility to address these issues.

Suntory Group has established Basic Principles and Course of Action regarding responsible drinking, works to increase awareness about responsible drinking among the public, conducts in-house checks on sales and advertising activities, and participates in, cooperates with, and supports research institutions. It also participates in a wide range of activities regarding responsible drinking inside and outside Japan in cooperation with industries and the World Health Organization.

Prioritized items	Mid-Term Targets	Results in FY 2013	FY 2014 Action Plan
Awareness-raising initiatives promoting responsible drinking	Popularize and raise awareness of responsible drinking among consumers	<ul style="list-style-type: none"> Continued awareness-raising initiatives to prevent underage drinking and binge drinking (created posters, booklets, and turn down application) 	<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"> Continued review of the Japanese voluntary standards in Brewers Association of Japan 	<ul style="list-style-type: none"> Carry out specific measures for industry commitment

Tackling Alcohol-related Issues

We have the responsibility as a company that manufactures and sells alcoholic beverages to actively deal with alcohol-related issues.

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 ARP* Committee dedicated to addressing alcohol-related issues and the ARP Bureau (now the ARP Department). We are working to raise awareness about responsible drinking both within and outside the company, conduct in-house checks on how alcohol is sold and advertised, and have joined, work with, and support research organizations that deal with the matter.

* ARP: Alcohol-related problems

Revised Voluntary Standards in Marketing

We have revised the standards we have set for ourselves in response to social conditions, based on the shared voluntary standards that were drafted by the Japan Liquor Industry Council. We started including warnings in our television commercials in 2010 regarding liquor consumption by pregnant women. We also extended the hours during which we refrain from running TV commercials for liquor on weekends and holidays throughout the year, blocking out the 13-hour period from 5 a.m. to 6 p.m.

Raising Awareness of Responsible Drinking among Customers and Employees

Since 1986, the Suntory Group has been running a moderation advertising campaign in Japan's major national newspapers urging customers of all legal ages (20 or older) to exercise moderation in drinking alcohol. The advertisements appeared more than 140 times by the end of 2013.

We also support the goals of the "No Binge Drinking! Campaign" sponsored by the Council for the Prevention of Binge Drinking. We have been involved with the creation of novelty branding, such as posters and flyers, since the initial campaign in 1993.

As a company manufacturing and selling liquors, we recognize the importance of raising awareness about responsible drinking among employees and based on that, encourage employees of domestic Group companies to be informed about it.



Moderation advertising campaign (December 2013 version)



2014 "No Binge Drinking! No Alcohol Harassment! Campaign" poster

Raising Awareness and Preventing Drunk Driving

The Suntory Group is involved in awareness-raising efforts to prevent drunk driving. These include advertisements that warn people not to drink and drive, the distribution of posters to restaurants and bars, and information dissemination through our website.

We have also introduced a designated driver program—a system wherein at least one person is designated as the sober driver per vehicle—for when we give tours of our plants. We double check which people will be driving when they arrive and again in the tasting room, and give non-alcoholic drinks to the drivers.

We no longer hold tastings of alcoholic beverages at shops to ensure that we are engaging in responsible advertising and sales of alcoholic beverages.

Awareness-raising Initiatives with Industry Partners

In Japan, we are a member of the Brewers Association of Japan, the Japan Spirits and Liquor Makers Association, and other bodies. As a member of these organizations, we create posters against underage drinking that target junior and senior high school students, organize campaigns soliciting slogans, run awareness-raising advertisements in newspapers and magazines, and add warning labels to product packaging aimed at preventing drinking by pregnant and nursing mothers.



STOP! Underage Drinking logo



Warning labels on product packaging

Global Initiatives to Reduce Alcohol Issues

The World Health Organization (WHO) holds discussions with national governments and specialists from public health organizations about how to reduce alcohol-related problems.

In 2010, the alcoholic beverage industry as a major stakeholder adopted a global strategy aimed at reducing harmful uses of alcohol. As a member of the Global Alcohol Producers Group (GAPG)*, Suntory Spirits Ltd. and Suntory Beer Ltd. are partnered with major manufacturers of alcoholic beverages around the world. Starting in 2013, in anticipation of WHO's global strategy efforts, we are increasing our commitment to reducing harmful drinking.

* GAPG is an alliance of major manufacturers of alcoholic beverages around the world that aims to reduce alcohol-related problems.

Prioritized Initiatives 1

Prioritized Initiatives 2

Prioritized Initiatives 3

Prioritized Initiatives 4

Prioritized Initiatives 5

Prioritized Initiatives 6

Corporate Governance/ Compliance/ Risk Management

We are striving to strengthen and improve the management system to ensure we continue to be a company that is trusted by our customers and society.

Suntory Group Corporate Governance

The Suntory Group is introducing a new management system based on a pure holding-company system separated into "group management" and "business operations." To achieve our mission of "In Harmony with People and Nature," we must continue to have the trust of society and to be needed by society. To that end, we have improved our operational efficiency and 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

The Board of Directors of Suntory Holdings Ltd. has 11 members (of which one is an external director). The Board's role is to make decisions on issues relating to group management, and to supervise the operations of each Group company. There is also a Group Business Strategy Board under the Board of Directors. The Group Business Strategy Board, whose members are drawn from top management, manages the Group efficiently through specific consideration and discussion of management issues pertaining to the Group as a whole.

We have also introduced an executive officer system and separated corporate decision-making and operational execution to create a structure that enables swift corporate decision-making.

The Management Auditing System

Suntory Holdings Ltd. has a Board of Auditors consisting of four Audit & Supervisory Board Members, two of whom are external auditors.

The Board of Auditors audits the state of the internal control system (including the operations of the Directors), and the operations of group management in general.

The external auditors also audit our accounts, verifying the appropriateness and legality of our accounts and internal accounting systems from a third-party perspective.

We also have a Group Auditing Department that acts as

our Internal Audit Division, auditing and verifying matters including the operational status of each of our Group companies. The Group Auditing Department works to maintain appropriate and sound operations in accordance with our internal regulations.

Enhancing Our Internal Control System

The Board of Directors of Suntory Holdings Ltd. has established our "Basic Policy on Internal Control Systems," which commits us to building a more effective governance structure by enhancing our compliance, information management, and risk management efforts.

TOPICS

Suntory Beverage & Food Ltd.'s Corporate Governance

Suntory Beverage & Food Ltd., which was listed on the Tokyo Stock Exchange in July 2013, holds Board of Director meetings with nine directors (of which one is an external director) and four Audit & Supervisory Board Members (of which two are external auditors) and maintains a structure to ensure highly transparent corporate governance.

We have also drafted the "Basic Policy on Internal Control Systems" and have in place a Risk Management Committee and Quality Assurance Committee appointed by the Board of Directors to comprehensively and inclusively manage serious risks in Group management.

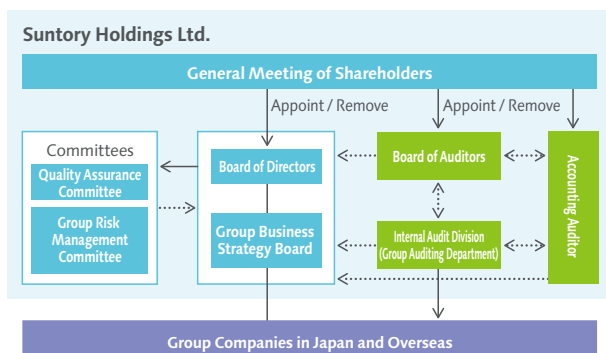
Compliance by Code of Business Ethics

In 2003, we created the Suntory Group's Code of Business Ethics to enable all Group employees to carry out their duties with common values and standards of conduct.

Based on this code, we have prepared a compliance promotion system that takes into consideration the Group as a whole.

In addition, we established Our Principles in 2012 as a foundation upon which our corporate philosophy could be put into action. The principles incorporate new policies to guide our Code of Business Ethics in terms of thought and action, and are based on ISO 26000, which is specific to corporate responsibility.

Corporate governance structure



The Suntory Group Code of Business Ethics (Issued in 2003, revised in April 2012)

I. Suntory Group Ethical Principles

For stakeholders worldwide,

1. Be honest and act with integrity
2. Be fair and equitable
3. Be open and transparent
4. Fulfill our social responsibility
5. Accept the existence of diverse values
6. Treat people with respect and compassion

II. Suntory Group Standards for Business Conduct

1. 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.
2. We undertake all business activities in compliance with laws and regulations, and in accordance with a strong sense of ethical values.
3. We engage in fair and transparent business activities.
4. We, as a good corporate citizen, will actively make contributions to society.
5. 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.
6. We respect human rights and endeavor to create a corporate group where employees are engaged and satisfied.
7. We endeavor to properly manage and effectively utilize corporate assets and information and respect the rights of third parties.

Compliance Hotline Operations

We established a Compliance Hotline in our Compliance Department and at an external law office. The Compliance Hotline is a common group-wide point of contact for quickly discovering and resolving actions that are in conflict with our Code of Business Ethics. We have also set up independent points of contact within the 11 companies in our national group. In 2013, the hotline received 132 calls from across the Group, of which two-thirds were consultations about labor relations, human resources and management. The Compliance Department and the departments in all of the Group companies respond to calls to the hotline by, for example, issuing notifications of the need for improvement, which are based on investigations that take into account the privacy of all persons involved. We also ensure that issues are resolved or mitigated, and that comprehensive actions are taken to prevent recurrence.

Ensuring Transparent and Well-Established Compliance

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.

We also regularly post information on our intranet to further boost compliance activities. We implemented an e-Learning program in 2013 for Group companies in Japan on the topic of harassment, and we ran a survey of all international Group companies to determine how they were progressing with compliance promotion.

Risk Management

The basic principle of risk management at the Suntory Group is self-management at operational level by each Group company. We are also establishing a Group Risk Management Committee and a Quality Assurance Committee which are dedicated to resolving issues related to risk, in order to strengthen our group-wide total risk management system.

Risk Assessment and Identification

Every year, we send out a questionnaire to all Suntory Group companies to determine the risks at each company that potentially could significantly impact all our stakeholders and formulate countermeasures.

In preparation for disasters such as large earthquakes, we have been working on formulation of the Business Continuity Plan (BCP), arrangement of a system and handling procedure at the time of disaster, and establishment of a safety confirmation system.

The most important risks that we identified in 2013 included major natural disasters, outbreak of infectious disease (such as a new strain of influenza), data leaks, mental health, long working hours/uncompensated overtime, and alcohol-related problems (drunk driving and drunken disturbances).

Preparing a Crisis Management System

We are building up the crisis-response infrastructure at the Suntory Group. This initiative includes having drawn up a "Risk and Crisis First-Response Manual" (created in 2011). The goal is to minimize the impact and damage a risk may cause and preserve social trust in the Group when a serious crisis occurs, by making decisions and distributing information rapidly and taking the appropriate course of action.

Tightening Information Security

We have set down the Suntory Group's Basic Principles for Governance of Information Security, from the perspective of "security," "use of information," and "maintaining business continuity." Also, to cope with such risks as information leaks over social media, we enacted the Suntory Group Social Media Policy, which lays out our position on the use of such media.

Contributions to Communities

As a company rooted in related communities, the Suntory Group contributes to the growth of culture and lifestyle in communities in a global level.

Château Lagrange S.A.S.

Thirtieth Year of Our Participating in Management Hosting la Fête de la Fleur, the Prestigious Flower Festival

Château Lagrange, located in a particularly superior red wine region of Medoc in Bordeaux, France, is classified as Troisème Crus (Third Growths) in the Bordeaux wine official classification of 1855. In its impressive history, the name of chateau was found in a document dating back to 1631. We began participating in the management of the chateau in 1983. This was the source of much talk, as the French government had never before allowed a non-Western business to participate in chateau ownership.

Back then, everything, from the buildings and equipment to even the vineyards themselves, was in a desolate state. We totally renewed the equipment by combining traditional and modern techniques, and went forward with the replanting of over 60 hectares of the abandoned and deserted vineyards. In order to achieve the reconstruction preserving the good old local traditions, we hired young and talented French engineers and experts with rich experiences from the local area at important positions in wine-making and management. The Japanese representatives have always taken a long-term view in the management of the chateau in cooperation with them. And finally, Château Lagrange has resurrected its reputation enough to have been chosen as the venue for 2013 la Fête de la Fleur* (the Flower Festival), the most important event in the wine industry after 30 years since the acquisition by Suntory. On the day of the event, some 1,500 people were in attendance, including wine producers, distributors and journalists from all over the world, as well as celebrities in various fields. After a solemn and historic Commanderie du Bontemps (Médoc, Graves and Sauternes Wine Brotherhood) investiture ceremony, a great feast was held along the full 108 meter length of the wine-aging cellar. La Fête de la Fleur was an excellent opportunity for the people of the world to directly experience Suntory's long-term perspective on management, as well as the value of Château Lagrange.

* An event on the final day of Vinexpo, a biennial exhibition in Bordeaux



Château Lagrange S.A.S., 2005



The Great Feast at la Fête de la Fleur held at Château Lagrange S.A.S. in June of 2013



The 2013 Investiture Ceremony for Honorary Members of the Commanderie du Bontemps



A hand-picked, gentle harvest in the vineyards



Students from Komei Special Needs School listening raptly to the second movement of Beethoven's Piano Trio in B Flat Major, the Gausshenhauer

Suntory Hall

Chamber Music Concerts for Wheelchair Users

Since its opening in 1986, Suntory Hall has been involved in a variety of projects to make it more approachable to all people, including children, young musicians, and persons with disabilities. As a part of that, we sponsor the Chamber Music Concerts for Wheelchair Users in the hope of bringing music to those who would otherwise have fewer chances to visit a concert hall. One teacher from a special needs school left a very positive remark on the event to note that most students do not get the chance to go out and experience art and music. A concert where they can experience live music is a truly valuable opportunity.

Suncaf  Ltd.

Trainings and Social Assistance Program in Coffee Country

Suncaf  Ltd., a company roasting coffee beans and manufacturing various coffee and tea extracts has on-site training program for the harvesting and selection of coffee beans with local farmers in Guatemala, a key supplier country of the main ingredient for our BOSS brand of canned coffee. With ITOCHU Corporation's local subsidiary, UNEX (GUATEMALA), S.A., the company is working on to provide various assistance programs to support the local communities. In 2013, 11 participants from our group companies, including Suntory Beverage & Food Ltd. and Pronto Corp., visited Guatemala. In addition to experiencing the differences that climate and terroir can have on the qualities of aroma and flavor of the coffee, they visited clinics the Suntory Group supports and met with several farmers.



Practicing harvesting the coffee cherries



Personnel from Pronto Corp. and a mother and her children waiting for a medical examination



Practicing drying the coffee parchment



Making tortillas with local families

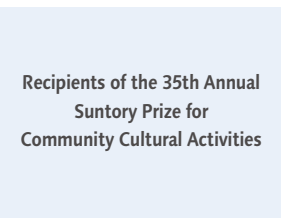
Suntory Foundation

Fostering the Growth of Local Culture, the Suntory Prize for Community Cultural Activities has had 189 Honorees

The Suntory Foundation was established in 1979 to contribute to the development of academic research and culture. It is now celebrating its 35th anniversary this year. The Suntory Prize for Community Cultural Activities is awarded to individuals and organizations that have contributed to the cultural improvement and revitalization of their local communities, as part of an effort to support research activities in the fields of social studies and humanities as well as to foster the rich cultural heritage of Japan's various communities. There have been a total of 189 honorees in the 35 years since 1979, and recipients have been selected from every prefecture in Japan, where they continue to work as cultural leaders in their local communities. And as leaders, they are forging a path for the growth of local culture in Japan.



Miyoshi City, Tokushima Prefecture: The Unexplored Mountain Castle of Shikoku, Yamashiro Oboke Ghost Village



Iwata City, Shizuoka Prefecture: Okegayanuma Preservation for Dragonflies



Nagahama City, Shiga Prefecture: Kohoku Library



Miyazu City, Kyoto Prefecture: Tangofuji Weaving Preservation Society



Taketomi Township, Okinawa Prefecture: Ufudaki Association and the Kohama Island Grannies Choir

Developing the Next Generation

The Suntory Group is not only interested in supporting students who aim to become entrepreneurs with the use of management resources. We also support the development of a wealth of originality and character in children through our support for a variety of different activities, including sports, music and the arts.

Suntory PepsiCo Vietnam Beverage Co., Ltd.

Eleven Years of Continued Support for the Dynamic Contest, a Program to Support the Education of Students Aiming for Management Positions

Suntory PepsiCo Vietnam Beverage Co., Ltd. is engaged in various programs to support the development of human resources over the long-term in Vietnam including various educational programs, talent development contests, scholarships to ambitious disadvantaged students and equipping facilities to schools of all levels across the country. As part of that, it has served continuously for the past 11 years as the main sponsor of the Dynamic Contest, a program to support the education of students who aim to become managers in Vietnam. Every year, thousands of applications pour in from various regions of the country. Students compete in written tests on financial, managerial and environmental subjects, as well as essays and speeches. Winners are afforded the opportunity to meet with various management executives of PepsiCo and Suntory as well as exchanging knowledge and culture with international students. In addition to contributing to the networking and human resource development that will support growth over the long-term in Vietnam. Through corporate philosophy of "Sharing Profit with Society," Suntory PepsiCo Vietnam Beverage has been focusing on four key CSR areas that are Education, Healthcare, Water and environment, and Helping hands, a voluntary funding program raised by SPVB employees. In each category, with the enthusiastic engagement of its employees, Suntory PepsiCo Vietnam Beverage has been carrying out many activities that contribute effectively for the local community where the company operates.



The 2013 Dynamic Contest Award Ceremony



The four finalist Students



The judges



Award winner announcement



Reception for students and members of the press

Tipness Ltd.

Offering One Stop After School Daycare Services for Athletic and Intellectual Training

Given the increasing importance of daycare centers as the number of households where both parents work grows, Tipness Ltd., which is engaged in the promulgation of fitness clubs, started a partnership in 2013 with WISDOM ACADEMY, a company with a proven track record in private daycare centers, to offer the daycare service for primary school children, Tipness Kids Afterschool supported by WISDOM ACADEMY. What makes it unique is that it is a complete one stop service, by setting up a daycare center within an existing sports club facility, we can offer both athletic training activities such as swimming, ballet and dance, and intellectual training activities, such as English conversation, abacus lessons, and calligraphy. As of April 2014, this service was available at four clubs in the greater Tokyo area. In addition to the benefit of being able to learn various things in one location, the service also solved the issue of waiting-list children who couldn't get into other daycare centers. Tipness Ltd. is planning further growth for the service in the years ahead in the greater Tokyo area.



Learning activities for athletic (swimming, ballet) and intellectual (English conversation, arts & crafts) training

Cerebos Pacific Ltd.

Presenting Sponsor for ChildAid Asia 2014, Which Benefits Underprivileged Children

Aiming to be a socially trusted company, Cerebos Pacific Ltd., which manufactures and sells health supplements and processed food, is pouring efforts into activities that contribute to the formation of richer communities and better lives through diverse fields, including health, education, sports and the arts. An important part of its efforts has been its support for the ChildAid Concerts held in Singapore since 2005, whose mission is "To provide children, including underprivileged children, with opportunities to participate in artistic activities and to let them find their artistic potentialities and dreams." Support grew to actively include the activities of ChildAid Asia, which seeks to expand their program throughout all of Asia; Japan became involved starting in 2011. In January of 2014, to commemorate the 40th Year of ASEAN-Japan Friendship and Cooperation, ChildAid Asia 2014 was held as the Third ChildAid Asia Concert at Suntory Hall. The concert started with a video message from Japanese Prime Minister Shinzo Abe. In attendance was Her Imperial Highness Princess Akishino of Japan. There was a wonderful performance from 126 children, ranging in age from three to seventeen, from Singapore, Indonesia, Malaysia and Japan. Cerebos Pacific Ltd. is involved in a wide variety of other local contributions, and has won awards as a leading CSR business.



Joint performance featuring a traditional Japanese instrument, Tsugaru shamisen and a traditional Indonesian instrument, Sasando



A four-person comedic combo from Singapore playing a single piano



Suntory Hall, and 126 performers, ranging in age from three to seventeen

Suntory Museum of Art

Developing Diverse Programs that Children Can Enjoy, including Friendly Talks and Parent-child Workshops

The Suntory Museum of Art, in an effort to foster fans of Japanese art, offers free admission to children in middle school and younger, distributes a leaflet known as "Omoshiro Bijutsu Book," and operates education programs for each exhibition such as "Friendly Talks" and Parent-child Workshop. In 2012 we sponsored an exhibition "See, Feel and Enjoy: Omoshiro Bijutsu Wonderland Exhibition." The exhibition allowed, as a Japanese art theme park, both children and adults to experience and explore the wonders of Japanese art.

We are also actively involved in working with local communities and schools to bring school groups in to the museum and to go out as well as to teach about Japanese art at schools.

And it is through these educational activities that children gain a greater appreciation for art, and we contribute to the fostering of richer spirits in general.



Living national treasure, Kazumi Murose, teaching about Japanese lacquer art at schools as a part of our program



"Omoshiro Bijutsu Wonderland Exhibition"



Parent-child Workshop: "Learning Together: The Secrets of Folding Screens"

Environmental Preservation

The Suntory Group strives to coexist with the global environment. Each company within the group is working to promote a variety of environmental preservation activities that suit their specific business characteristics.

Suntory (China) Holding Co., Ltd.

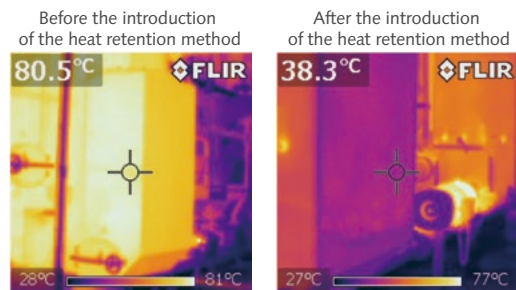
Focusing on Energy Conservation through Heat Retention from the External Circumference of Bottle Washers



Heating tanks

Suntory (China) Holding Co., Ltd. is involved in a variety of activities designed to reduce the environmental impact that occurs at manufacturing. In one project in 2013, the company was engaged in a program to reduce the amount of steam energy used in bottle washers. The method employed at breweries in Shanghai, Kunshan and Guangming was a heat retention technique using heating water tanks around the circumference of each of four bottle washers. As a result, the amount of steam used in the bottle washers decreased on average by 25%, for an annual decrease of roughly 15,000 tons. This allowed for a decrease in annual CO₂ emissions of 2,400 tons (based on a calculation for the steam energy from natural gas heat). The use of the heat retention also had an insulating effect. The surface

temperature of the body of the bottle washer dropped by roughly 40 degrees Celsius (104 degrees Fahrenheit), which lowered the indoor temperature by seven degrees Celsius. This led in turn to an improvement in the summertime working environment.



Changes in the surface temperature of the body of the bottle washer before and after introducing the heat retention

Izutsu Maisen. Co., Ltd.

Maisen Presents an Original Brand of Pork, *Amai Yuwaku* (Sweet Temptation), Effectively Leveraging Bread Crusts



Amai Yuwaku, the original pork brand



A pork cutlet made from *Amai Yuwaku* pork



甘い誘惑

甘誘惑は、肉の誘惑。肉の誘惑は、肉の誘惑。肉の誘惑は、肉の誘惑。

Izutsu Maisen. Co., Ltd. is very conscious of not wasting any of our precious resources and is therefore actively involved in reducing and reusing food waste. Symbolic of that effort would be the Maisen original brand of pork, *Amai Yuwaku*: the hogs are fed on the bread crusts produced during the making of their pork fillet cutlet sandwiches. Maisen spent roughly two years to develop the product, working together with pig farmers and feed companies. The company launched a menu using *Amai Yuwaku* pork in December of 2012 at the main restaurant in Aoyama (Tokyo), and then deployed it to other restaurants. The name (Sweet Temptation in English) comes from the delicately tender meatiness, the sweetly melting fattiness, and the juicy and rich taste that is embossed into the tongue. Leveraging the bread crusts as fattening feed helps better digestion, producing meatier pork with less fat. As of the end of 2013, production was limited to roughly 12 pigs per month, but plans call for that number to increase moving forward. Maisen also sells the chopped off bread crusts to manufacturers of bread crumbs and sells them as ingredients for making rusk biscottes. These are just some of the ways in which Maisen is engaged in the effective use of resources.

***Amai Yuwaku* pork at Tonkatsu Maisen**
<http://mai-sen.com/amai-yuwaku/>
 (in Japanese only)



Subway-contract farm

Subway Japan Inc.

Working to Keep Soil in Healthy Conditions

For its sandwiches, Subway Japan Inc., uses fresh vegetables that tell how they were grown. Such project involves the carefully selected soil management through adding *towadaishi*, a type of tuff, found in Akita Prefecture. Its experiments in lettuce cultivation have yielded results: lettuce with higher oxidation resistance and greater sugar content. Not only have we seen bigger heads of lettuce, but they are crispier and sweeter to the taste.



We are also working together with our contract farmers nationwide for healthier soil management, using fewer agrochemicals and fertilizers. The company is currently recruiting more farmers to work in this project, as it strives to create an even better production system.



Towadaishi

Häagen-Dazs Japan, Inc.

The Home Regions for the Milk for Häagen-Dazs and Environmental Preservation Activities for the Kiritappu Wetland

It could be said that what makes Häagen-Dazs ice cream so delicious is its principal ingredient: milk. Within the Nemuro/Kushiro region of Hokkaido, where that milk is produced, Häagen-Dazs has supported



since 2007 the Kiritappu Wetland National Trust NPO in Hamanaka in the Akkeshi District. Kiritappu Wetland is the third largest wetlands in Japan, and is registered under the Ramsar Convention. They believe that preserving this important natural resource will contribute to the preservation of an environment where healthy cows can be raised, leading in turn to the continuous production of quality milk. Furthermore, employees from Häagen-Dazs Japan, Inc. visit the Kiritappu Wetland every year to volunteer to preserve the scenery at the wetlands, repairing the wooden walkways and building bird watching terraces with the local staff. In the seventh trip in 2013, 22 employees participated. The company is broadening its initiatives moving forward to include support for educational activities, such that the local children can increase their understanding of and awareness for the need to protect Kiritappu Wetland.



Kiritappu Wetland



Hamanaka, a realm of dairy farming where more than 20,000 dairy cows are being raised



The wooden walkway repairs that took place in 2013

Third Party Opinion

We have received third party opinion from Mr. Hiroshi Ishida, who reviewed various companies' reports based on his professional expertise.



Hiroshi Ishida

Executive Director of Caux Round Table-Japan
Instructor, Faculty of Economics, Kyushu University

As the design for the cover of the 2014 CSR Report implies, the sustainability initiatives of Suntory Holdings Limited include various leading-edge challenge initiatives for both the natural and social environments. Based on its “*Yatte Minabare—Go for it!*” spirit and with the mission of being “In Harmony with People and Nature,” Suntory Holdings Limited can capitalize on its initiatives as a global multi-faceted food and beverage company.

The following is what I have based my opinion on.

Praiseworthy points

- Particularly worth noting is how the overall structure of this 2014 CSR Report, along with the dialogue with experts, has resulted in a clearer message, comprised of the Six Prioritized CSR Initiatives formulated last year.
- It should be noted that they developed a human rights risk map in cooperation with the related divisions, based on human rights due diligence procedures, and then held hearings with respected international agencies to evaluate the effort undertaken to take stock of their existing initiatives.
- Feature 1: I find their promulgation of the “Suntory Environmental Vision toward 2050” to be praiseworthy. Based on their corporate philosophy, the two axes of “preserving and

regenerating the natural environment” and “reducing environmental impact” combine with Vision toward 2050 and targets toward 2020. The company is fulfilling its duties as a forward-looking multi-faceted food and beverage company.

- Feature 2: The Suntory Tohoku Sun-Sun Project, which considers the needs of the affected area of the Great East Japan Earthquake, has started offering support for sports programs for persons with disabilities, in addition to the support that takes into account request from local residents and local culture to benefit the fishing industry, which could be considered the backbone of the disaster affected area’s industry and culture. As a result of three years of continuous support, the impact generated by the project overall is beginning to spread. This is proof of how well the initiative has taken root in the local communities.

Points where future results are anticipated

- Moving forward, I would like Suntory to put its unique style into its support for the globalization of business, while remaining true to global sustainability standards.
- Prioritized initiative number 5, regarding an implementation of CSR to the supply chain, should begin with monitoring specific to child labor and forced labor. I look forward to seeing the scope of activities gradually grow as Suntory achieve success in its implemented initiatives.
- There will be more and more expectations for initiatives based on human rights due diligence procedures. I would like to see the Suntory Group apply its experience in Japan to solving issues at the global level as well as strive to realize with an indefatigable spirit of challenge “Growing for Good” in the area of sustainability.

Receiving the Third Party Opinion



Satoshi Hamaoka

Executive Officer and Chief Operating Officer,
Corporate Communication Division
Suntory Holdings Limited

In addition to his comments for the last issue, I would like to thank Professor Ishida for his valuable opinions for the Suntory Group 2014 CSR Report.

The Suntory Group formulated and promotes its prioritized CSR initiatives and action plan based on its corporate philosophy, “In Harmony with People and Nature.” Unlike the last report that was organized in a stakeholder-based structure, this report is based on our Six Prioritized CSR Initiatives. This enabled us to more clearly identify the policy and actions specific to each prioritized initiative. We also offered two Features in this report. The first was on our Environmental Vision toward 2050, formulated as a means to promote even more environmental

management. The second took up the additional support we have decided to enact as part of our Activities to Support Recovery from the Great East Japan Earthquake.

All of us are grateful for the praise and critical feedback we have received. We will continue striving to perform our CSR activities at even higher levels.

Professor Ishida pointed out that Suntory should remain true to global sustainability standards. We will keep that in mind as we move forward with a higher level of global CSR activities. And when it comes to carrying out our corporate duties in our own unique ways, as we continue to realize CSR activities that form a platform for our supply chain CSR initiatives and human rights initiatives, we will do so with an indefatigable spirit.

As a multi-faceted food and beverage company, the Suntory Group aims to be a company “Growing for Good” and will continue striving to promote its Group CSR activities.

We welcome the frank comments and opinions from all of our stakeholders regarding this report.

Corporate Message

Suntory, Bringing Water to Life

We crafted the message “Suntory, Bringing Water to Life” because we share the fruits of our philosophy—grounded in our corporate philosophy of “In Harmony with People and Nature”—with society at large. Our slogan indicates that, as a company that delivers the bounties of water and nature to our customers in the form of whiskies, beers, wines, soft drinks, and health foods, we are working to protect both water, a precious resource for the world, and the environment that produces that water. It also evokes the idea that we aim to enrich the lives of our customers and satisfy the needs of society as a whole just as water enriches the life of our world. We put “bringing water to life” into practice in order to bring us into harmony with people, society, and nature.