

SUNTORY

**Suntory Group
Corporate Social Responsibility Report
2012**



To the Readers of the Suntory Group CSR Report 2012

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 2012" describes the activities the Suntory Group has been pouring its energies into in recent years as well as more broadly the efforts of Group companies in Japan and overseas. The report offers details on our engagement with stakeholders based on the seven key themes behind ISO 26000 ("Guidance on social responsibility"). 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 business 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 2012, various other information such as the Group Company's CSR are also described on our website.



Suntory, Bringing Water to Life

<http://www.suntory.com/corporate/water/>

In addition to introducing our corporate message "Suntory, Bringing Water to Life" and the history of Suntory using videos, information including our initiatives toward environmental quality based on "Bringing Water to Life" is also described on our website.



Scope of Subjects Covered

• Organizations

200 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. (see pp.33-38)

• Time Frame

The data covers performance from January 1 to December 31, 2011. The activities covered include some of the most up-to-date events.

Guidelines Referenced

- GRI (Global Reporting Initiative)*, "Sustainability Reporting Guidelines 2006"
- 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.

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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

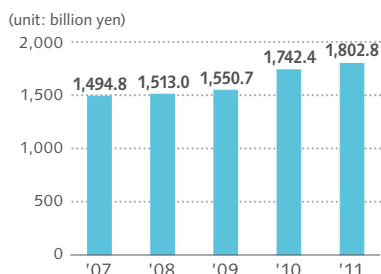
• Suntory Group

Group companies	200 (as of December 31, 2011)
Employees	28,532 (as of December 31, 2011)
Consolidated sales	¥1,802.8 billion (January 1 to December 31, 2011)
Consolidated ordinary income	¥109.0 billion (January 1 to December 31, 2011)

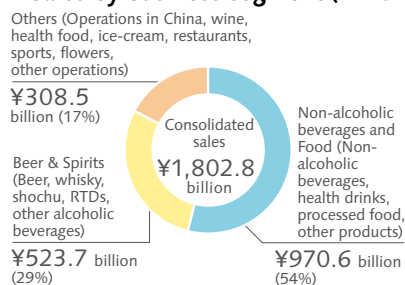
• Suntory Holdings Limited

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
President	Nobutada Saji
Capital	¥70 billion

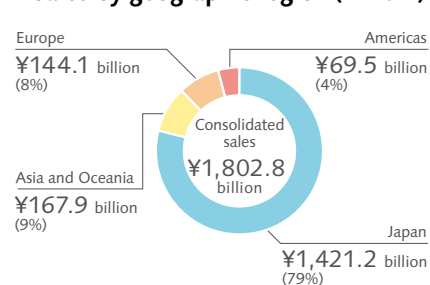
• Consolidated sales



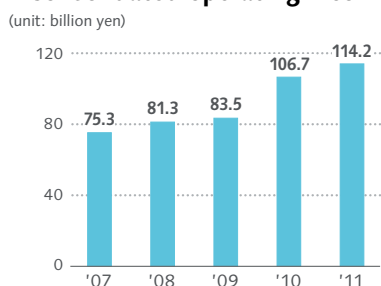
• Sales by business segment (FY 2011)



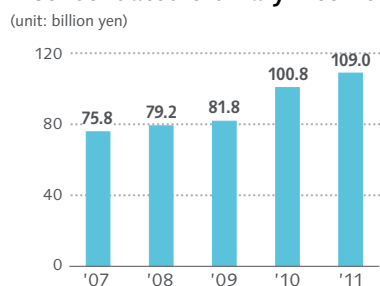
• Sales by geographic region (FY 2011)



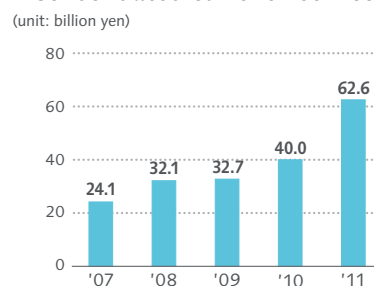
• Consolidated operating income



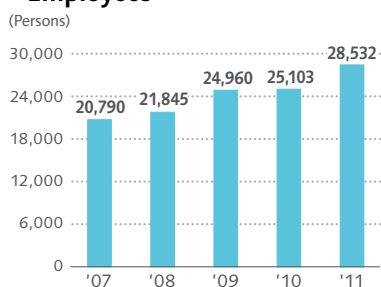
• Consolidated ordinary income



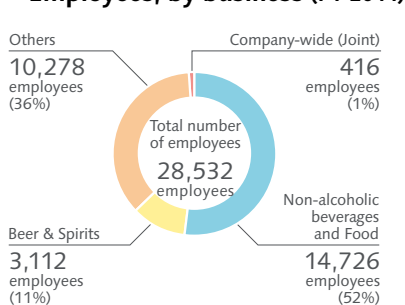
• Consolidated current net income



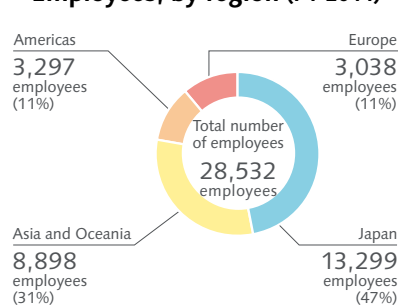
• Employees



• Employees, by business (FY 2011)



• Employees, by region (FY 2011)



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 green tea, oolong tea, canned coffee, carbonated drinks, and mineral water. 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 North America, Europe, and the Asia-Oceania region.



● Restaurants, Sports, Flowers, and Services

We are developing our restaurant business both in Japan and overseas. These businesses include bars, restaurants, fast food 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 lifestyles; these include the fitness business, flowers, greenification, promotional support, and providing reception services for cultural facilities.



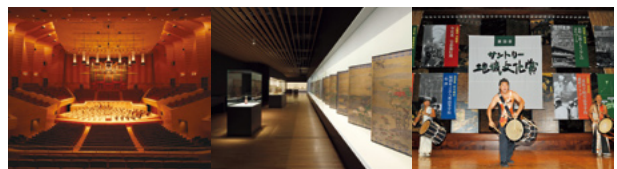
● Alcoholic Beverage Business

Suntory blazed the trail for Western liquor culture in Japan with the production of Akadama Port Wine. We also launched the first whisky business in the country, and today we not only manufacture and sell beer and various other alcoholic beverages, but also deliver to our customers some of the most famous liquors in the world. We are also expanding our business overseas in Asia-Oceania, the Americas, Europe, and Russia. When it comes to wine, we are engaged in winemaking of the highest quality domestically and have also linked up with noted wineries around the world to develop a wine business that is based on a global perspective.

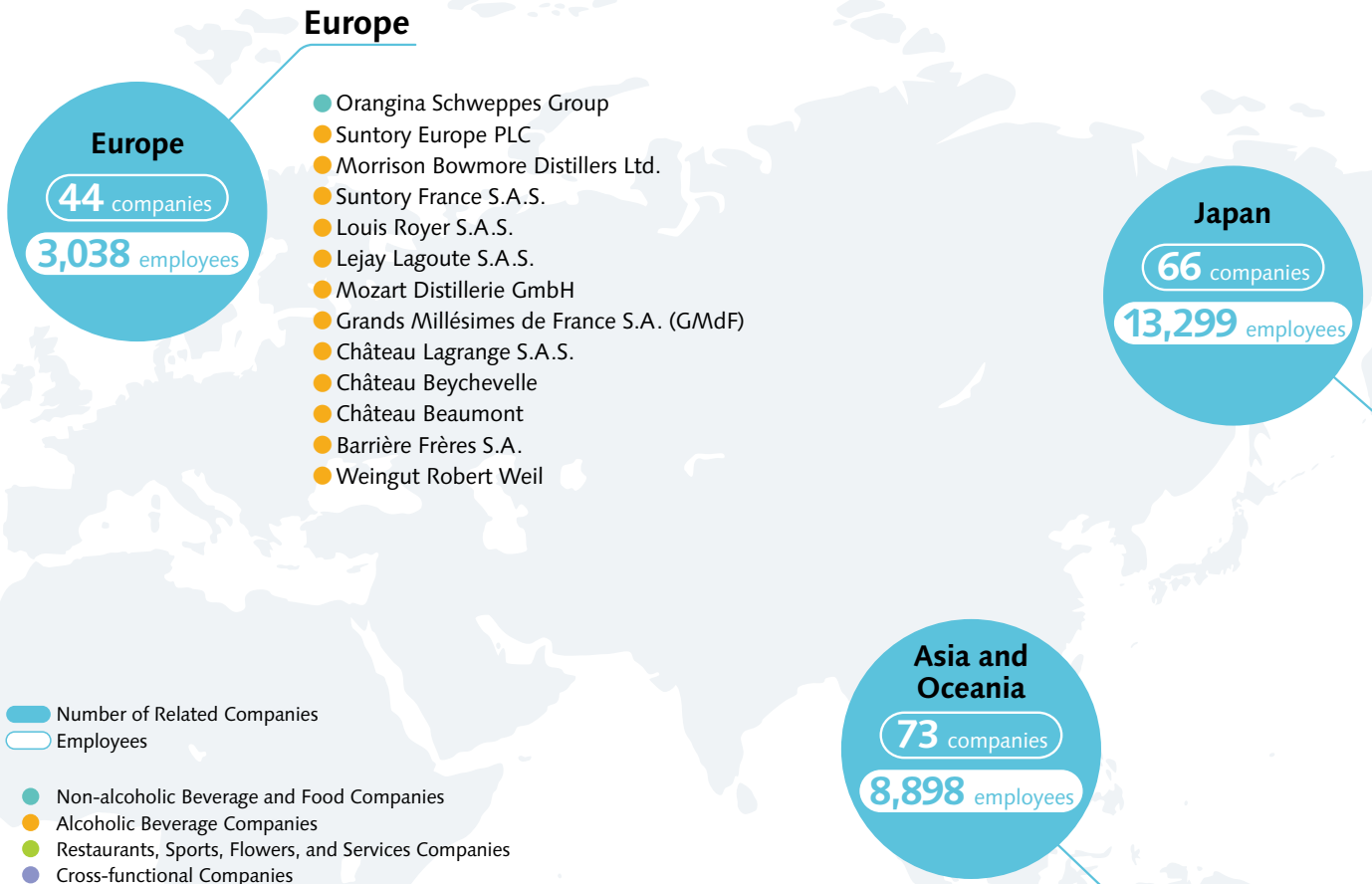


● Cross-functional Companies and Others

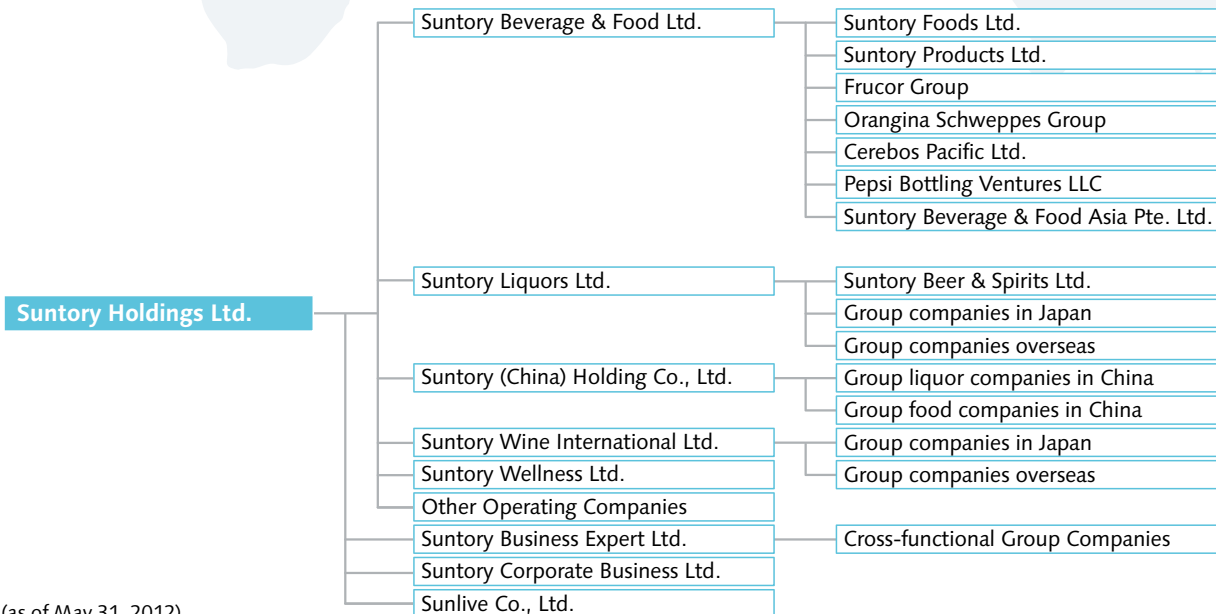
Suntory has established cross-functional companies that bring together operations that crosscut all Suntory Group companies, such as quality assurance, technological development, supply chain management, and business systems. Among the other tasks they handle are advertising and design, consumer relations, and the operation of cultural facilities. Our goal is to provide our customers with even better products and services by applying our expertise as professionals while further improving the efficiency of group management. In addition, we have established public interest incorporated foundations for the support of art and culture as well as academic research.



The Suntory Group Around the World



Group Organizational Diagram



(as of May 31, 2012)

Americas

The Americas

17 companies

3,297 employees

- Pepsi Bottling Ventures LLC
- Suntory International Corp.
- Suntory Mexicana, S.A. de C.V.
- Restaurant Suntory Mexico Group

Japan

- Suntory Beverage & Food Ltd.
- Suntory Foods Ltd.
- Hokkaido Pepsi-Cola Sales Co., Ltd.
- Tohoku Pepsi-Cola Sales Co., Ltd.
- Japan Pepsi-Cola Sales Co., Ltd.
- Chubu Pepsi-Cola Sales Co., Ltd.
- Kinkichushikoku Pepsi-Cola Sales Co., Ltd.
- Minami Kyushu Pepsi-Cola., Ltd.
- Okinawa Pepsi Beverage 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 Liquors Ltd.
- Suntory Beer & Spirits Ltd.
- H.B.I. Inc.
- Suntory Allied Ltd.
- Okinawa Suntory Ltd.
- Kyushu Suntory Techno Products Ltd.
- Sungrain Ltd.
- Myu Planning & Operators Inc.
- 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.
- Tipness 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.
- Sunmoretec Corp.
- Suntory Corporate Business Ltd.
- Sunlive Co., Ltd.

Asia and Oceania

- Frucor Group
- Cerebos Pacific Ltd.
- Suntory Beverage & Food Asia Pte. Ltd.
- PT Suntory Garuda Beverage
- Tipco F&B Co., Ltd.
- Suntory (China) Holding Co., Ltd.
- Suntory (Shanghai) Foods Marketing Co., Ltd.
- Suntory (Shanghai) Foods Marketing Co., Ltd. Beijing Branch
- Suntory (Shanghai) Foods Co., Ltd.
- Suntory (Aust) Pty Ltd.
- Suntory Taiwan Ltd.
- Suntory (China) Holding Co., Ltd.
- Suntory Brewing (Shanghai) Co., Ltd.
- Suntory Brewing (Kunshan) Co., Ltd.
- Suntory (Shanghai) Marketing Co., Ltd.
- Suntory Guangming Brewing (Shanghai) Co., Ltd.
- China Jiangsu Suntory Foods Co., Ltd.
- Wuxi Zhentai Winery Co., Ltd.
- ASC Fine Wines Holding Ltd.
- Suntory F&B International Group
- Gold Knoll Ltd.

Suntory Group's Philosophy on CSR

The Suntory Group sees it as its responsibility to undertake a variety of activities under the slogan of "Bringing Water to Life," the CSR vision statement which was adopted with an eye to Suntory becoming a truly valuable company that will achieve coexistence with nature and society.

The reason for the existence of the Suntory Group and the Group's ultimate goal have both been set down in its corporate philosophy of "In Harmony with People and Nature." Running through our philosophy is the enduring spirit of "Coexisting with Society" and "Coexisting with Nature" which has continued unchanged since the company was founded in 1899. We believe that the Suntory Group

has a corporate social responsibility to direct itself to bringing this corporate philosophy to fruition: as a company supported by its customers that is "Growing for Good," we must aim for the development of comfortable living and healthy conservation of the global environment, and continually take on new challenges to achieve this.

Mission, Vision & Values

Our Mission

■ In Harmony with People and Nature

Our Vision

■ 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.

Our Values

■ *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.

CSR Vision: "Bringing Water to Life"

We crafted the message "Suntory, Bringing Water to Life" because we share the fruits of our activities—grounded in our corporate philosophy of "In Harmony with People and Nature"—with society at large. Our message indicates that, as a company that delivers the bounties of water and nature to our customers in the form of whiskies, wines, beers, 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.



Stakeholders around the Suntory Group

The Suntory Group pursues its business activities amid a range of connections with a variety of stakeholders. To continue being a company that will put "Bringing Water to Life" into practice and contribute to achieving a better society, we have made it our goal to clarify the responsibilities we have

toward all of our stakeholders and ensure that various opinions and social needs are reflected in our corporate activities, while also continuously working to build deeply trusting and collaborative relationships with them.

Customers	Making "customer satisfaction" our top priority, we deliver safe and reliable products and services that our customers trust and enjoy. We also put a premium on two-way communications with our customers and work to make our business activities reflect their views and wishes.	>>> p.19
Business Partners	Business partners, such as suppliers and distributors supporting our business activities, work with us to mutually grow by improving quality and ensuring safety based on fair competition, evaluation, and selection. We also work with them to promote supply chain CSR initiatives.	>>> p.27
The Local Community	So that Suntory may continue to be a company that coexists with society, we work together with local governments, universities and research institutions, industry organizations, and NGOs and NPOs in carrying out activities rooted in the local community as well as our ongoing social welfare and social contribution activities.	>>> p.29
Employees	We are making efforts to improve the various policies and systems designed to support the "Yatte Minahare—Go for it!" spirit among employees so that Suntory will continue to be a fresh and vital company where each and every employee is able to take on new challenges.	>>> p.33
Global Environment	Suntory works to protect the global environment as a company that is "Bringing Water to Life." With environmental management providing the linchpin for business activities, various projects are being pursued throughout the whole Group that will make it possible to pass on to the next generation a sustainable society filled with the radiance of life.	>>> p.39

Striving to Become a Company “Growing for Good”



Introduction

Last year the world was affected by many major natural disasters, including great floods in Queensland, Australia, the Christchurch earthquake in New Zealand and the Great East Japan Earthquake here, and finally an outbreak of major flooding in Thailand as well.

Although our civilization may be advanced, even today humanity still fully recognizes that it is simply powerless when it comes to the fury of nature. The scars that the Great East Japan Earthquake of last March 11 left in its wake remain deep even a year later, and it is hard not to sense that the road to recovery and reconstruction is going to be a long one.

We wish once again to offer our prayers for all of those who lost their lives in the disasters that affected our world, and express our deepest sympathies to those who have suffered.

Activities to Support Recovery from the Great East Japan Earthquake

The Suntory Group contributed ¥300 million toward recovery and reconstruction efforts immediately after the Great East Japan Earthquake and provided 1 million bottles of mineral water. We further collected ¥4 billion drawn from sales of canned beer and soft drinks that was used to provide assistance to members of the fishing industry so they could obtain small fishing vessels and to help initiatives for the young. This year, to continue our efforts to support reconstruction, we have decided to

contribute another ¥2 billion to help the fishing industry. Our donations will top ¥6.3 billion, and as a group we will continue to make great efforts to help with the reconstruction and revival of the disaster area, focusing particularly on aid to the fishing industry and the younger generation.

The Origins of Suntory CSR Activities: Sharing the Profit with Society

In addition to these activities supporting recovery from the Great East Japan Earthquake, the Suntory Group also actively supported relief efforts for the great floods in Queensland and Thailand, and the Christchurch earthquake. Such initiatives are nothing less than the practice of “Sharing the Profit with Society” that has been handed down in the Group from our founding to the present day.

Suntory’s founder Shinjiro Torii strongly believed that “we are able to earn profits from our business thanks to people and society. I want those profits to be useful not only for reinvesting in business and providing services to our customers and business partners, but also for making a contribution to society.” Based on that belief, he put into practice the idea of “Sharing the Profit with Society.”

In an era that could hardly be called one of affluence, our founder poured his energies into charitable and social welfare activities for the less fortunate. The spirit of “Sharing the Profit with Society” is still with the Suntory Group today, and even now, just as we have

been doing since our very founding, we continue to operate a special nursing home for elderly people and a nursery school, as well as provide educational support for schools to promote the continuity of learning from kindergarden through high school.

Second president Keizo Saji assumed his post in 1961, the year that the Cabinet of Prime Minister Hayato Ikeda hammered out its income-doubling plan and Japan plunged headlong into a period of high-speed economic growth. Japan became a land of material abundance, but Keizo Saji thought that this material wealth also called for wealth of the soul and he directed his enthusiasm toward promoting the arts, culture, and scholarship.

He actively pursued initiatives that would generate richness in people's lives through a broad range of contributions related to cultural affairs, including the founding and promotion of the activities of the Suntory Museum of Art, which celebrated its 50th anniversary last year, the Suntory Hall, which marked its 25th, the Suntory Music Foundation*, and the Suntory Foundation.

* The business of the Suntory Music Foundation was transferred in September 2009 to a public interest incorporated foundation, the Suntory Foundation for Arts.

Environmental Efforts

Currently, the Suntory Group is actively promoting environmental management practices that show our respect and gratitude for the blessings nature provides us and which are also intended to help create a sustainable society. Many of our businesses rely on such indispensable natural bounties as water and agricultural crops, and we believe that one of our most important duties is to pass on a healthy global environment to coming generations.

As a company whose whisky, beer, and soft drink businesses are positioned at the core of its operations, and as one whose CSR vision is expressed in the slogan "Bringing Water to Life," we pursuing a wide range of initiatives that aim to achieve water sustainability.

Since 2003, we have been cultivating water resources at our Natural Water Sanctuaries, which produce water above and beyond the groundwater used at our plants. Last year, we expanded the water resource cultivation areas to more than 7,000ha, thus achieving the goal we had initially set for the project. The Group has also enhanced its various water sustainability initiatives related to comprehensive quality control of water, water conservation in its plants, strict drainage controls, and its Water Education projects aimed at teaching the young generation about the importance of water.

We will continue to incorporate scientific knowledge

as we actively promote initiatives focused on the century ahead.

The Suntory Group is also pursuing research into improving efficiency when it comes to the resources and energy we use, and we are stepping up our efforts to implement the results.

Last year, we introduced the P-ecot bottle, a type of light-weight, eco friendly PET bottle that can be easily crushed after consumption. In addition, we were the first domestic beverage manufacturer to successfully develop a new system using recycled PET bottles. We began introducing RePET bottles that make use of this technology. By increasing the percentage of environmentally friendly bottles like these that we use, we are realizing great reductions in the volume of petroleum-based resources and energy we use.

In Closing

The world's first set of international guidance on social responsibility, ISO 26000, was announced in November 2010. They address seven core subjects: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development. The corporate philosophy of the Suntory Group is that we should be "In Harmony with People and Nature." As such, in keeping with the global guidance set down in ISO 26000, we are making every effort to provide high quality products and services that are safe and reliable, to respect the human rights of all people, to be all the more active in addressing global issues as a good corporate citizen, and to sustain and develop the global environment.

By maintaining an ongoing dialogue with all of our stakeholders, we are pushing forward in our endeavor to create a Suntory Group that is aware of and responsive to society's demands and expectations of it, and that as a "Growing for Good" company will continue to grow globally in coexistence with society.

I look forward to updating you on our progress.

Nobutada Saji
Chairman of the Board
Suntory Holdings Limited

June 2012

Activities to Support Recovery from the Great East Japan Earthquake

Linking the Lessons of the Earthquake to Improved Safety and Reliability

Based on what we have learned from last year's disaster, the Suntory Group has bolstered its risk management systems with respect in particular to large-scale disasters. What's more, as a manufacturer of beverages that help sustain people's lives, we are working together with our business partners on creating systems that make it possible to stably deliver safe and reliable products even after a disaster.

Preparations for Large Natural Disasters

Our Group has long been prepared to cope with major earthquakes and flooding due to torrential rains. We also have in place a system that uses mobile phones to confirm the whereabouts and safety of employees and their families. Furthermore, we have been regularly conducting disaster prevention drills based on the scenario of a major earthquake and drills focusing on how to get home from work on foot.



An emergency drill focused on getting home on foot

After a major natural disaster occurs, our first response procedures entail rapidly establishing a Response Task Force centered on the General Affairs Department of Suntory Holding Ltd., with Resonse Teams in each division placed under this department. The Response Task Force will handle all matters including confirming the safety and whereabouts of employees and their families, the collection and coordination of disaster-related information, the functional recovery of business offices, the distribution of relief supplies, and the provision of assistance to clients and the local community.

Based on our responses to the Great East Japan Earthquake, in 2011 we reviewed our Emergency Response Manual and our training procedures for communications through satellite phones and the like. We further worked to increase our stores of disaster supplies and enhanced systems including those at Group companies for coping when disasters occur.

Also, we have formulated a Business Continuity Plan (BCP) that will enable us to continue doing business as far as possible without interruption in the event of a disaster and stably provide high quality products and services to our customers. We are also implementing measures to fulfill our responsibilities to provide supplies. In the days and months ahead, we will formulate BCPs that will go beyond the manufacturing activities at Suntory Group plants to include raw material procurement and distribution as well as sales activities.

The Suntory Group's Quality Assurance Systems

The Suntory Group works to maintain meticulous quality control so that we can deliver safe products and services. We have also built inspection and assurance systems to address radioactive materials for our customers' peace of mind.

Product, Water, and Ingredient Safety

Product safety is guaranteed by insuring the safety of the water and ingredients used in manufacturing. We confirm the safety of the water and ingredients by obtaining information about them from national and local governments, their manufacturers, and others. We also analyze them for radioactive materials through in-house and outsourced testing. Moreover, the end products we deliver to consumers are regularly inspected at all our factories throughout the country.

Methods of Analyzing for Radioactive Materials and Future Responses

Suntory's Safety Science Institute added germanium detectors—which can quickly conduct detailed individual analyses of radioactive materials—to its equipment onsite, giving us the means for conducting our own inspections in-house by mid-April 2011. We subsequently added analytical equipment and beefed up our systems, and are also working to address the new standards that came into force in April 2012 by tightening up controls on radioactive materials in food.

We will continue to conduct our own analyses and work to guarantee safety while following guidelines from the government so that we can keep on providing our customers products they can rely on.



A germanium detector, which makes it possible to measure radioactive cesium precisely

Praying for the Speedy Recovery of Disaster Areas

The Suntory Group made contributions totaling ¥300 million to Iwate, Miyagi, and Fukushima prefectures and provided 1 million 550ml PET bottles of Suntory Natural Mineral Water (Minami Alps) as relief supplies in March 2011 immediately after the disaster occurred. Hoping it would help to hasten recovery in the disaster area, in April we decided to make further contributions totaling ¥4 billion to be used to support the recovery of the fishing industry and fund initiatives for the young, and to provide moral support through culture, the arts, and sports. In 2012, too, believing that further support was needed, Suntory decided to contribute another ¥2 billion toward obtaining fishing vessels. We will continue working to make effective use of the ¥6.3 billion in contributions that we have provided and work on recovery efforts based on the needs of the disaster area.

Activities to Support Recovery of the Fishing Industry

The Suntory Group is making efforts to support one of the disaster area's key industries, fishing, as a path to rebuilding the area's industry as a whole and helping the disaster victims to stand on their own feet. In concrete terms, we have donated ¥2 billion each to Iwate and Miyagi prefectures, which has been useful for reducing the burden on fishing industry workers by covering some of the costs for obtaining new fishing vessels. The plan in Iwate and Miyagi prefectures had been to acquire around 10,000 fishing vessels through a government initiative to support business recovery through shared-use fishing boats; the Suntory Group's assistance was used for all of those vessels.

The first 19-ton class fishing vessel using these contributions was completed in January 2012 and a launching ceremony was held at Kesenuma harbor in Miyagi Prefecture in conjunction with representatives of the local fishing industry.



Launching ceremony for the Dai-58 Daishinmaru (19 tons)

Youth Support Initiatives

Recognizing that support for children is an indispensable part of rebuilding from the disaster, we are working together with Save the Children Japan to implement the Suntory Tohoku Children's Assistance Project. As part of this, we have set up a scholarship program with the aim of supporting the development of the human resources who will be the future of the fishing industry. It provides funds (with no repayment obligation) to students from disaster areas at fisheries high schools and in fisheries programs in Aomori, Iwate, Miyagi, and Fukushima prefectures. The scholarship fund is expected to provide about ¥600 million to some 600 students at seven institutions for 3 years starting in April 2012.

Another key effort is aimed at giving children the opportunity to learn and play in a safe, relaxing atmosphere.

We have been providing support particularly for children from Fukushima Prefecture, whose activities have been restricted. The help has taken the form of summer camps and installing thermal sheeting to replace windows that cannot be closed at elementary and junior high schools. At Rikuzentakata City in Iwate Prefecture, we built an indoor Kids' Space where children living in temporary housing and evacuation centers can freely play.

Finally, in May 2012 we donated ¥200 million to help support the Momo-Kaki Orphans' Fund, an educational program for orphaned youngsters.



Scholarship awards ceremony at Kesenuma Fishery High School



Children playing in a Kids' Space

Support through Culture, the Arts, and Sports

Working with our close partners the Vienna Philharmonic Orchestra, we created in April 2012 the Vienna Philharmonic & Suntory Music Aid Fund to aid reconstruction through music. The Suntory Foundation for Arts will take the lead over the next decade in implementing projects to subsidize musical groups seeking to play concerts in the disaster areas and working to aid the reconstruction process.

The Suntory Foundation, meanwhile, gave the Suntory Prize for Community Cultural Activities in September 2011 to two groups to support cultural activities in the disaster area.

In addition, the Sunbirds volleyball club and Sungoliath rugby club held sports classrooms and clinics for elementary, junior, and senior high school students in July 2011 in the disaster-area cities of Sendai in Miyagi Prefecture and Oshu in Iwate. Around 750 youngsters attended.



Around 500 youngsters attended a 2-day rugby clinic held in Oshu City, Iwate Prefecture

Feature 1

Making Containers That Are Lighter, Easy to Use, and Environmental-friendly

PET bottles play a major role in preserving the quality of beverages until they are delivered to our consumers, but they consume considerable energy and resources on the road from manufacturing to disposal. Accordingly, at Suntory we have gradually developed new PET bottles through application of the Three Rs of “Reduce, Reuse, and Recycle”, with the basic idea of satisfying the needs for sustainability and quality at the point of consumption (which encompasses maintaining the quality of the container’s contents and its ease of use).



Reduce

Light and
Easily Crushed

P-ecot Bottles

We've reduced the weight of our containers by 46% by making them ourselves, while also creating a crushable bottle that can be disposed of easily. We have been using P-ecot Bottles for 550mL bottles of Suntory Natural Mineral Water since March 2011.



Recycle

Made from
PET Bottles

RePET Bottles

We have built a system that makes it possible for us to reuse the PET bottles collected from households to make new PET bottles. These RePET bottles have been used since May 2011 for 20 bottles of Suntory Oolong Tea.

Reduce

Creating a New Container Good for Both Consumers and the Environment

We greatly reduced the amount of resources we use by meticulously reducing the weight of everything—down to the thickness of the labels even—while still coming up with a shape anyone can easily use.

46% Lighter than Before

550mℓ Suntory Natural Mineral Water

The weight of Suntory Natural Mineral Water (Minami Alps) containers dropped from 25.0g to 13.5g. The P-ecot Bottles that were behind this 46% weight loss are not just light. We used both a spring and unique rib construction for the container, guaranteeing it has the strength needed to be stored in a warehouse and sit in vending machines.

Furthermore, we highlighted the “ice-mold design,” which symbolizes how easy they are to carry. We have also been using these lighter PET bottles for our Natural Mineral Waters (Aso and Okudaisen), and as a result have reduced our usage of petroleum resources by the crude oil equivalent of about 3,000kℓ.*

*Suntory estimate based on actual 2011 sales

Easy to Hold, Easy to Pour

2ℓ Suntory Natural Mineral Water

The issues when it comes to 2ℓ bottles are how easy they are to pour from and how easy they are to hold. Accordingly, based on opinion survey results, we analyzed the relationship between a container’s shape, hand size, and ease of grip. This led to improving the narrow dented “finger spots” that go around the bottle where we grip it. This improved the fit remarkably even for people with small hands. With Suntory Natural Mineral Water (Minami Alps), we reduced the weight of the bottles by 23% (from 47.0g to 36.2g) and also made them easier to crush. These lighter PET bottles have also been used for Natural Mineral Water (Aso and Okudaisen) products, which reduced our usage of petroleum resources by the crude oil equivalent of about 2,600kℓ.*

*Suntory estimate based on actual 2011 sales

World’s Thinnest Shrink Label

500mℓ Suntory Green Tea Iyemon

Suntory has worked to make our labels thinner to lessen their environmental impact. Together with our equipment manufacturer, we developed the Roll On Shrink On (ROSO) method of putting cylindrical labels onto containers, which can handle much thinner labels than the conventional heat-shrink method. By wrapping the labels directly on the container and heat shrinking them, we reduced their thickness from 40μm* to 18μm, cutting the crude oil used in the raw materials by about 50%. These labels went into use in March 2012 on bottles of Suntory Green Tea Iyemon sold in vending machines.

*μm = 1/1,000th of a millimeter

Lighter

Making containers lighter



As Thin as Possible

Making labels thinner



Easier to Hold

Universal design-related improvements



Recycle

Reusing PET Bottles Collected from Homes as New PET Bottles

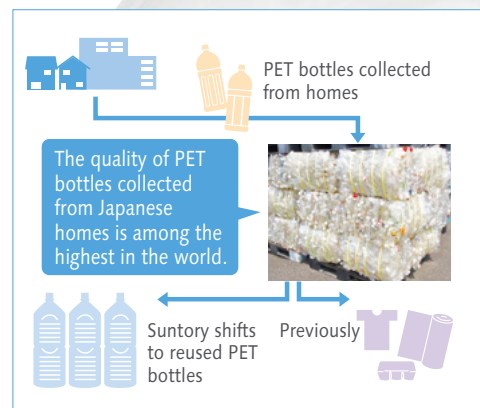
Suntory reexamined the resin regeneration cycle of recovered PET bottles and came up with the RePET bottle using recycling techniques with a low environmental impact. With this, we established a new cycle for resource recycling.

Japan's First New Cycle for Resource Recycling

2ℓ Suntory Oolong Tea

Most of the precious PET bottles collected from homes in Japan end up overseas and also many recycled resins are used in Japan for things other than bottles such as clothing or egg cartons. In 2009, Suntory reassessed the situation and made a concerted initiative to establish a "bottle to bottle" cycle where the bottles collected would be recycled into new PET bottles. The driving force behind this was a new technology called mechanical recycling.

In contrast to conventional chemical recycling, where the bottles collected are broken down chemically to the molecular level and used to make resin again, the mechanical recycling method takes the PET resin (polymer) in its existing state, siphons out deeply embedded impurities in a high-heat vacuum environment, and reuses it as a highly pure resin. In other words, this method greatly reduces the processes entailed and conserves the energy used in manufacturing. Working together with the company that established this technology, Kyohei Industry Co., Ltd., Suntory succeeded in developing the RePET bottle, which is made from a 50/50 blend of mechanically and chemically recycled resins. The RePET bottle went into use in May 2011 for 2ℓ bottles of Suntory Oolong Tea. Also, because in around a year of use we were able to confirm the great stability of RePET bottles at all stages of production, distribution, and consumption, we increased the percentage of mechanically recycled resins used 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% compared with bottles made completely from petroleum-based resources.



• Lower environmental impact of RePET bottles

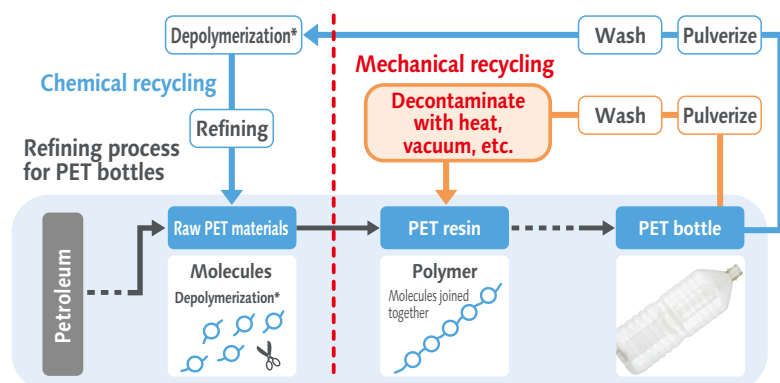


*Compared with virgin resin



Repeat use
New recycling system

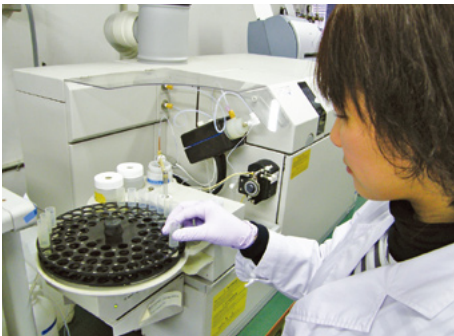
• Differences in PET bottle recycling processes due to recycling method used



*The process of breaking a polymer down into monomers or other smaller units

Verifying RePET Bottle Safety and Expanding Its Use

The most important concern when developing the RePET bottle was providing evidence of its safety. Through repeated and rigorous tests conducted over the course of a year, our in-house Safety Science Institute verified the impurity removal performance of the process used. We confirmed that our resin recycling plants are fully able to remove impurities based on benchmarks we set for ourselves that are stricter than the safety standards called for by the U.S. Food and Drug Administration (FDA). Furthermore, with our responsibilities as a food and beverage company accountable to our customers, we have developed a system that clarifies the mechanism for removing contamination, deriving numerical formulae for calculating the efficiency of eliminating contaminants at each stage of the process, and presenting papers on such at academic conferences.



The Safety Science Institute: Giving Scientific Backing to Safety and Reliability

The development of mechanical recycling has won great praise for paving the way for a new means of recycling resources and has also received many prizes, including the 21st Grand Prize for the Global Environment Award. Suntory has been using RePET bottles for Iyemon green tea and is gradually expanding their use to other products. We also made information about the technology publicly available in April 2012 and are participating in the drafting of government guidelines on mechanical recycling. Through such initiatives, we are continuing our efforts to disseminate this new



technology throughout the beverage industry and to improve the system for recycling PET bottles throughout Japanese society.

Receiving the 21st Grand Prize for the Global Environment Award

Using Japanese Technology to Jointly Develop a Light-weight Bottle

Operating in the beverage business mainly in Europe, the Orangina Schweppes Group launched a project in 2011 to reduce its environmental impact by cutting the weight of the 2ℓ PET bottles used for its Oasis fruit juice drink. Suntory's PET bottle designing capabilities and manufacturing technology were put to use for the project.

The Orangina project team received various advice and technological guidance from Suntory development and manufacturing staff, and worked on a structural design and bottle shape that would still retain the time-tested Oasis bottle design. They came up with a new bottle that reduced the weight by 27% from 57g to 42g. Drinks bottled in the new container went on sale in January 2012.



One of the regular meetings held to offer technological guidance



Bottling 2ℓ Oasis

Feature 2

Natural Water Sanctuaries Rich in Biodiversity

Suntory's creation of products is kept going by the groundwater that comes from water resources around Japan. Accordingly, we have positioned water sustainability—which aims to ensure our children have supplies of good quality water—at the core of our business, and we are continuing in our efforts to protect and nurture water resource cultivation* areas where our factories are located as Suntory Natural Water Sanctuaries.

Our basic policy is to cultivate groundwater in amounts greater than what we use in our plants.

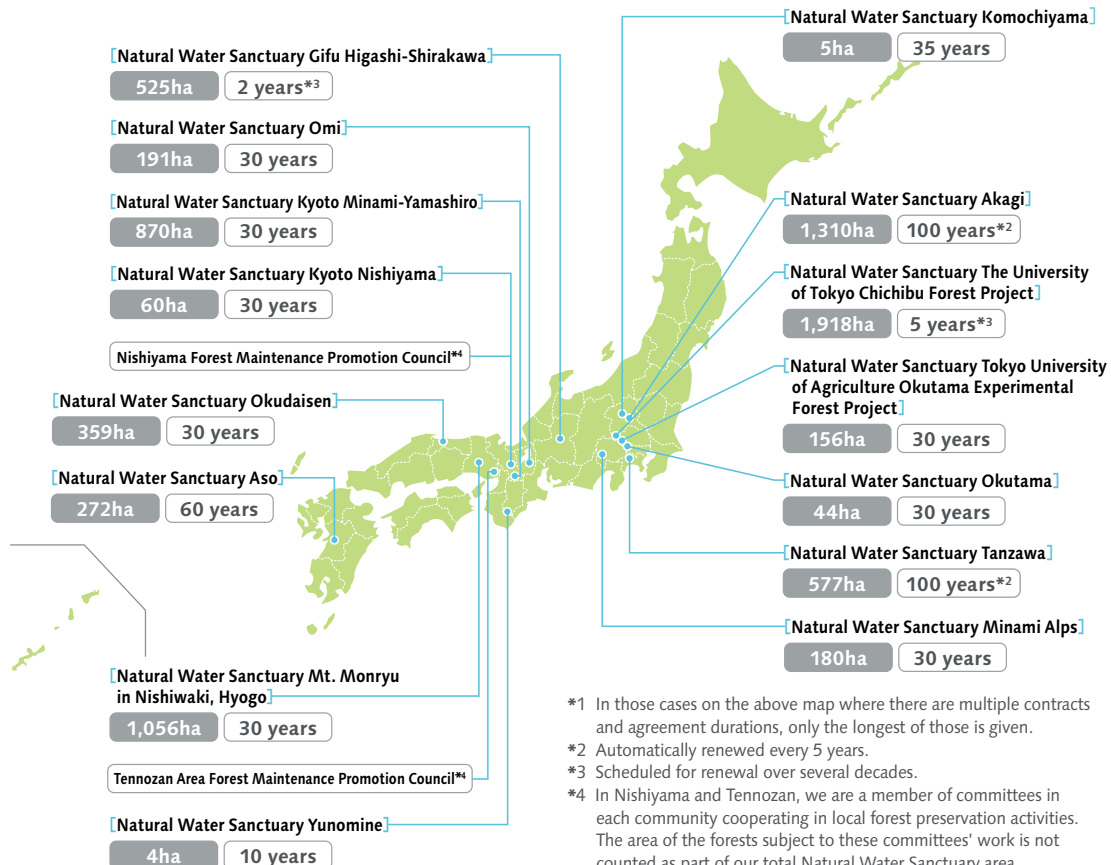
*Cultivation: In this context, it refers to using forests to store groundwater.

The total area of our Natural Water Sanctuaries in 2011 grew beyond the 7,000ha needed to fulfill our Basic Policy. In short, our water cultivation business really begins now.

15 areas nationwide

Around 7,500ha

As of April 2012



*1 In those cases on the above map where there are multiple contracts and agreement durations, only the longest of those is given.

*2 Automatically renewed every 5 years.

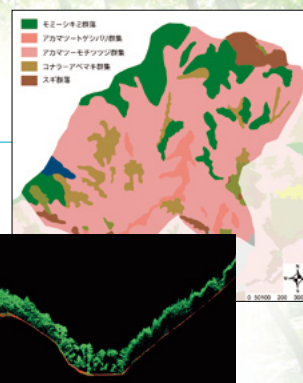
*3 Scheduled for renewal over several decades.

*4 In Nishiyama and Tennozsan, we are a member of committees in each community cooperating in local forest preservation activities. The area of the forests subject to these committees' work is not counted as part of our total Natural Water Sanctuary area.

Applying Specialists' Research Rapidly to Forest Husbandry Activities

We endeavor to integrate research with forest husbandry by asking specialists in various fields to conduct research on the issues each forest faces—regarding, for example, vegetation, soil, erosion, and insect damage—and applying that knowledge to their maintenance. For example, in 2011, starting with an experimental forest at a university, we began performing up-to-date surveys using helicopter-mounted lasers to collect detailed three-dimensional data.

By combining the data collected with vegetation surveys conducted on the ground, we can more rapidly assess such issues as the dangers of landslides and large-scale insect damage, along with the level of penetration by bamboo groves, determine those locations that will require emergency measures, set zones based on differences in vegetation, and more efficiently move ahead on drafting management plans for the future.



We combine 3D data collected by airborne laser measurements with vegetation surveys and apply it to further survey research and more efficient forest husbandry planning

Passing on the Master Skills of Experts to the Next Generation

What we need most to save Japan's forests is to train capable young people. For example, having one road through a forest is indispensable for husbandry purposes. These days, instead of the once-prevalent approach of cutting a massive road that has a major environmental impact, it is being increasingly common to create "strip roads" using only materials found in the mountains that are environmentally friendly and also will last longer. We have been working to train a new generation of workers at our Natural Water Sanctuaries on such practices by having experts give training classes and by dispatching skilled experts to serve as instructors. We are also working at building theories from and systematizing the skills and knowledge of experts alongside conducting joint research with universities.



Students learn how to make roads with a low environmental impact and forest management techniques at a training session given by a forest husbandry expert

The Key to Forest Husbandry and Water Cultivation Is Reproducing Biodiversity

What we have noticed through our work in the Natural Water Sanctuaries is that the source of a variety of issues appearing in Japan's forests today may be the result of humans having simplified the natural environment, resulting in the degradation of biodiversity. A forest that has 100 species of trees is healthier than one with only 10 species, and has the capacity to withstand even environmental changes. This also applies to the life that lives in the forest, and by extension, is linked to creating rich soil that has water-retaining capacity to produce pure water.

Our initiative to protect and develop Natural Water Sanctuaries where diverse life forms coexist in a healthy balance is a long-term project that looks 50 and even 100 years ahead. We are finally standing at the starting point.



Our care in choosing what saplings to plant extends to making sure the DNA is that of local species

Working with Suntory to Make Forests



Bringing the results from the Chichibu Forest to the wider community

Naoto Kamata
Professor, The University of Tokyo

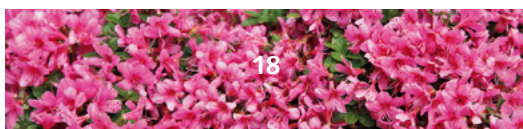
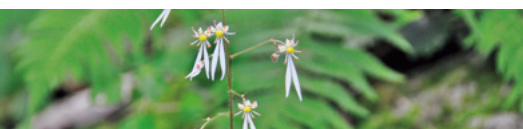
More than a few forests fall into ruin not just because of disease and insect damage or weather damage, but also, in the case of manmade forests, because of inadequate care. At The University of Tokyo's Chichibu Forest, we conduct experiments on the proper handling of forest management based on issues that come to us from the Natural Water Sanctuary project. My hope is that the research results we obtain at the Chichibu Forest can be made known not just at other Natural Water Sanctuaries but throughout Japan and the rest of the world.



Being able to send pristine water downstream is our responsibility

Shinichi Yasue
Mayor, Higashishirakawa Village, Gifu Prefecture

Mountains and forests make up 91% of Higashishirakawa Village. This lush and green natural setting produces pristine water. Living as we do at the upper reaches of the Kiso and Hida rivers, it is our obligation to send the water downriver in a pristine state. Everyone in our village has joined the Association of the Most Beautiful Villages in Japan to sustain that sentiment. We have concluded an agreement with Suntory's Natural Water Sanctuary project in the belief that the most important thing to do is for the public and private sectors and village residents to join in their aspirations to protect the mountains and pass nature in all its beauty down to the next generation.



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 provide enhanced quality assurance throughout the Group, both in Japan and overseas, in order to offer products that are safe and reliable.

● 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 to clarify our position on quality. It was revised in January 2012 to better express the quality policy of the Suntory Group as it globally expands. All of our employees are constantly working to guarantee and improve quality.

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

We have created the Suntory Group Quality Management Code as part of our Group Governance initiatives. We have also created Quality Management Guidelines that indicate the approaches, actions, and judgment criteria that each company in the Group should maintain. Moreover, in 2011, we revised part of the Suntory Group Quality Management Code to clarify the responsibilities for quality management of each Group company. We are steadily making these responsibilities a matter of common knowledge among all Group companies in Japan and overseas.

● 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 resolves quality issues faced by group management.

○ Strengthening the Quality Management Systems of Group Companies

As we had done in 2010, we carried out quality management system audits of our Group companies, conducted by the Executive General Manager of Suntory Holdings Ltd.'s Quality Strategy Planning Division. These audits verify the quality management situation with executives and staff who handle quality issues in each company. In 2011, we particularly placed emphasis on the prevention of quality-related problems in the restaurant business and conducted audits at four companies: Pront Corp., First-Kitchen Ltd., Subway Japan Inc., and Izutsu Maisen. Co., Ltd. In 2012 and beyond, we will continue to strengthen the quality management systems of major Group companies both in Japan and overseas.



Meeting with Subway Japan Inc.

○ 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 or physical hazards. We have been holding weekly meetings since 2006 for management and executive personnel from Production Research and other such divisions (Weekly Risk Assessment Committee) and also monitor our potential risk index, which helps us to assess potential risk in quantitative terms.

○ Building an Infrastructure of Information on Foreign Laws

The Overseas Group in the Quality Assurance Development Department at Suntory Business Expert Ltd., is at the core of an initiative to build a network inside as well as outside the company whose purpose is to boost quality assurance whenever we take steps to advance the Suntory brand



Briefing on foreign laws

overseas. This group has developed an infrastructure to swiftly and accurately collect information about foreign laws. We also conduct regulatory briefings in-house about Malaysia, Taiwan, Thailand, and Indonesia.

○ Improving Analytical Skills at Overseas Group Companies

We have helped workshops and provided on-the-spot advice for technicians at Louis Royer S.A.S. (France) and the China (Shanghai) Quality Assurance Center as a way of making available overseas the knowledge and precision analytical skills of the Safety Science Institute. We also use the Institute's analytical systems abroad, and have strengthened the framework for investigating what factors cause product contamination to occur and prevent it in the future.

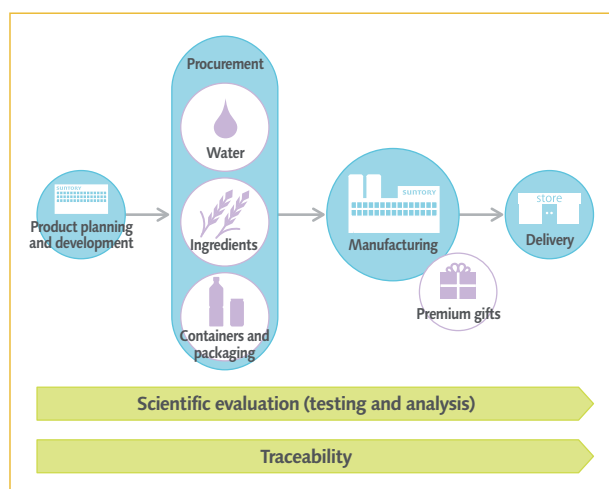


Consultation on analysis for technical staff at Louis Royer

Thorough Quality Control 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. After the Great East Japan Earthquake we have put in place a system to guarantee safety against radioactive substances so that our customers can enjoy our products with greater confidence. (See p.11 for details.)

● Overview of the Process



● Planning and Development: Design Stage Check

We carry out scientific research and investigations along with rigorous analysis and testing when planning and developing a product, thoroughly confirming that it is safe and in full compliance with regulations so the customer can enjoy it in full peace of mind.

● Procurement: Evaluating All the Risks of Ingredients

○ Water: Analyzing and Testing All Water Used to Check Safety

The Safety Science Institute is charged with scientifically assuring the quality of Suntory Group products. Institute staff take regular samples of all the water used for products as well as the water used in processes like cleaning from plants in Japan and overseas to conduct analyses and tests to confirm its safety.

○ Ingredients: Analyzing Every Imaginable Risk

We have created Safety Risk Management Groups for handling each ingredient individually. They analyze all of the risks that can be envisaged at every stage from the production of the ingredients to their final use. We are compliant with all laws and regulations and ensure safety. In regard to analysis of agricultural chemical residues in particular, we ascertain which agricultural chemicals are in use and also send away samples in advance of the purchase of ingredients so they can be analyzed, in order to confirm that they satisfy legal standards on chemical residues.



Production site visits

○ Containers and Packaging: Strictly Assessing Components

We have established our own strict standards for ensuring the safety of our containers and packaging. When procuring materials, we obtain them from packaging manufacturers who themselves have obtained a certificate of analysis from an official body, and the Safety Science Institute also conducts tests to make certain that the constituent materials comply with the relevant regulations. We carry out multifaceted assessments of performance and safety using cutting-edge testing and analytic technology.

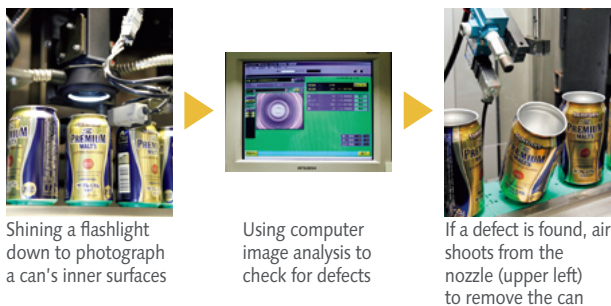
In addition, we conduct detailed analyses and tests to determine whether a product's container might affect its content, whether a product's ingredients might be absorbed by the container, and the possibility of oxygen or ambient light affecting the quality of the contents. All such activities are connected to the selection and development of safe containers and packaging. In 2011, as the RePET bottle was introduced, we strengthened quality assurance in the recycling process. (See pp.15-16 for details)

● Manufacturing: Conforming to International Standards

We employ testing equipment in all parts of the manufacturing process, including preparation, mixing, packing, and packaging. We also carry out multilayered quality checks, making sure that no foreign substances get into either the containers or their contents, and looking for container damage and leaks. We are also firmly committed to manufacturing our products with correct processes. Accordingly, we make note of and manage the details of all the jobs performed in each process.

Additionally, to strengthen our "food defenses" (defenses against food terrorism) in our manufacturing plants, we have

been gradually implementing the Food Defense Guidelines created in 2009 at our food and non-alcoholic beverage plants as well as our alcoholic beverage manufacturing plants. In 2011, we also started implementing the guidelines at distribution-related sites like our product storage warehouses. As a company that conducts global business, the Suntory Group is united in its current efforts to obtain such certifications as the internationally recognized ISO 9001 standard for quality management.



Shining a flashlight down to photograph a can's inner surfaces

Using computer image analysis to check for defects

If a defect is found, air shoots from the nozzle (upper left) to remove the can

Premium Gifts: Ensuring the Safety of Premium Gifts

We take the same position when it comes to confirming the safety of the premium gifts we use in sales promotions for our products as we do with the products themselves. The teams we organize to inspect premium gifts are composed of experts from four divisions. They apply their expertise in the advice they give to Suntory's Product Planning and Development divisions, and to the premium gift manufacturers. They also work together with the gift manufacturers to inspect the plants where the premium gifts are manufactured and to verify the ingredients, manufacturing processes, and methods used for inspecting the finished products.



Examples of premium gifts attached to products

Delivery: Commitment of Our Business Partners

Because we pay such particular attention to quality, we do what we can to ensure that this level of attention reaches our customers in just the way we intend it to be.

During Transport

We work to increase awareness at all of the companies who assist us with distribution so that they understand our needs and work with us when it comes to transport and storage. Suntory staff also make site visits to product warehouses and check how products are managed and stored there.

At the Point of Consumption

We hold draft beer seminars for restaurant and bar operators so that consumers will enjoy tastier draft beer. Suntory staff also pay regular visits to restaurants and bars.

In 2011, we analyzed information coming into the Draft Beer Call Center from businesses that serve our draft beer and promoted various measures that would improve product quality at the point of consumption.



Draft beer seminar

Scientific Evaluation: Product Analyses and Tests

The Safety Science Institute is a cross-functional organization that addresses analytical science, microbial guarantees, and biological safety. Using its expertise in these areas, it assesses the safety of the products that the Suntory Group manufactures and sells. The Institute analyzes and tests everything from the ingredients, finished products, and their flavors to the containers and packaging, processing aids, and the quality of the materials in the production equipment that comes into contact with the contents of the products themselves.

It checks the safety of those items based on the strict standards that Suntory has set independently as well as the relevant laws.



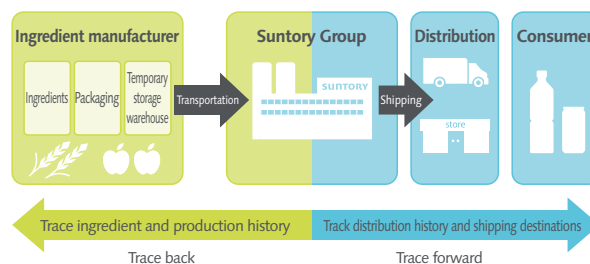
Safety Science Institute

Traceability: Instantly Checking a Product's History

We have been rolling out a traceability system, which has been implemented in most of our plants to date. This system uses QR codes* (two-dimensional codes) that can track the history of a product from its raw materials through to its manufacture and distribution. This enables us to check the history of a product that has been delivered to the customer as necessary. Then, if a potential issue is found after the product has been shipped, we have a system in place to immediately identify the shipping destination and take measures.

*QR codes is a registered trademark of Denso Wave Incorporated.

Traceability System



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 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 keeps allergies in mind when investigating ingredients. Product labels on food contain not only the seven items we are obliged to display under the Food Sanitation Law, but also another 18 recommended items.

TOPICS

■ Example of Product Labeling

Containers display the "Alcohol" logo so that low-alcohol drinks like Chu-Hi are not mistaken for soft drinks. In addition, we label our major products with the words "Contains Alcohol" on the lid and "Alcohol" written in Braille.

Can lids display the words "Contains Alcohol" so they are not mistaken for soft drinks.

The lid has "Alcohol" written in Braille so that persons with impaired vision do not mistake them for soft drinks.

Containers display the "Alcohol" logo so they are not mistaken for soft drinks.



The "Recycle" logo is displayed to promote recycling.

● 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.



Website: Suntory's Commitment to Safety and Reliability (in Japanese only)

We also provide information on Suntory's Commitment to Dealing with Radioactive Substances in a new section on our website about Suntory's Commitment to Safety and Reliability.

We will continue to increase our corporate value, striving for constant improvement to gain our customers' trust in our commitment to safety and reliability.



Website: Suntory's Commitment to Dealing with Radioactive Substances (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 2011 and April 2012.

Achievements and Objectives

2011 (achievements)

- Improved quality governance
- Improved quality assurance overseas
- Further improved quality at the point of consumption
- Further enhanced safe and reliable procurement of main ingredients

▶ 2012 (objectives)

- Strengthen quality management at overseas Group companies
- Improve quality assurance overseas
- Clearly define and establish policies on the nature of a quality network in order to improve combined power and demonstrate synergy
- Further improve quality at the point of consumption

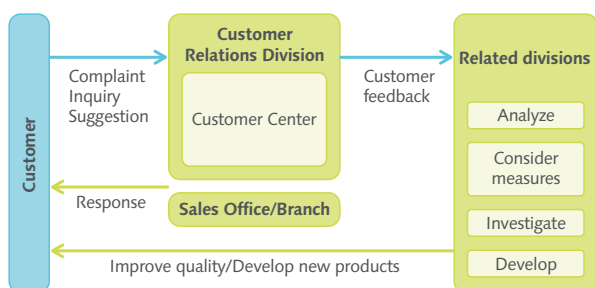
Communication with Customers

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.

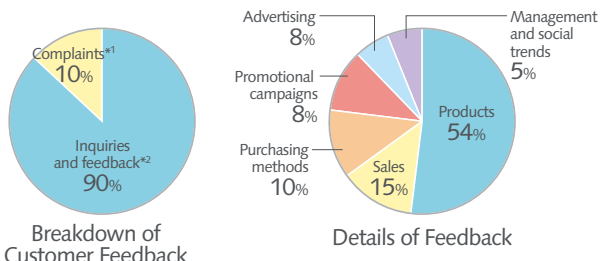
Reflecting the Voice of Our Customers

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 (2011 statistics: 124,503 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 Customer Satisfaction Project is 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 2011, we increased the number of times courses were offered and expanded our programs, resulting in the participation of approximately 2,470 employees.



Discover the Customer's Perspective Courses



Experience the Customer's Perspective Program

Making Use of Customer Opinions

We take customer feedback into account when it comes to quality improvements, new product development, and improving our ability to provide information. We are also committed to offering products and services that are simple for everybody to use. We therefore conduct preliminary checks from the standpoint of customers at the time of product development. In 2011, we strengthened checks on containers and packaging and promotional campaigns.

TOPICS

Making PET Bottle Labels Easier to Remove

Responding to customer requests to make our labels easier to remove, we introduced improved labels on PET bottles of Iyemon green tea in the 500ml size in March 2011. Small supplemental perforations were added at the end points of the perforation tear lines so that they can be torn off without undue effort.



Small supplemental perforations were added to the ends of the tear lines.

Achievements and Objectives

2011 (achievements)

- Disclosed information to gain customer reassurance and understanding
- Expanded the scope of our Customer Perspective Project
- Continued consulting with customers on their perspectives prior to introducing new containers

2012 (objectives)

- Further promote corporate activities based on customer perspectives
- Further expand sharing and application of customer feedback in-house
- Continue to support quality improvements for customers at all group companies

Measures for Healthy and Comfortable Lifestyles

The Suntory Group offers a variety of products and services that help customers to lead lives that are healthier and richer.

Contributing to Health

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

We research and develop food 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 have been working to verify through up-to-date scientific means and clarify using established technologies the usefulness of the natural effects of foods that humans have long consumed.

The basis for the Suntory Group's philosophy of "In Harmony with People and Nature" lies in the belief that "Wellness Life" —a life that is healthy, beautiful, and spiritually rich—is supported by the fact that human beings draw on their inherent ability to stay healthy as they live in harmony with nature and take advantage of nature's powers.

● Sales of Food for Specified Health Uses

We released Kuro Oolong Tea OTPP in 2006, after applying research showing that the polymerized polyphenols peculiar to oolong tea have a potent ability to inhibit fat absorption.

In 2007, we released Goma Mugicha, a sesame barley tea suitable for people with high blood pressure that contains sesame peptides extracted from sesame seeds.



Kuro Oolong Tea OTPP and Goma Mugicha

● 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 subsequently continued further research and released Sesamin E-Plus, which was even more effective due to the combination of vitamin E and tocotrienol.



Some of Suntory's health foods backed by science

Program for Creating New Value

Suntory's Institute for Health Care Science is at the center of our research and development projects related to foods for specified health uses and health foods. The Institute searches for materials that will contribute to health and beauty, and scientifically demonstrate their beneficial properties. Its mission is providing high-quality, safe, and reliable products in order to bring a brighter, healthier, and richer life to as many people as possible. Furthermore, our specialized research divisions such as the Safety Science Institute and our Frontiers of Value Centers (the Institute for Microbial Science, the Institute for Plant Science, and the Institute for Water Science) apply their distinctive fields of expertise and unique technologies and work together with the research and development divisions of the business enterprises of the entire Group.

● Announcing Research Results

The research and development divisions in the Suntory Group collaborate on research with Japanese and overseas universities as well as external research organizations. Their results are publicly released through presentations at academic conferences and in scholarly publications.

Promote Communication with Customers

We regularly provide health information to our customers through brochures and our website.



Brochures showing health and nutrition information



Website: Suntory R&D (in Japanese only)

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 120 times by the end of 2011.

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



Moderation advertising campaign (December 2011 version)

Achievements and Objectives

2011 (achievements)

- Extended initiatives to deal responsibly with alcohol-related problems to the whole group
- Continued to enhance the dissemination of information about responsible drinking
- Expanded use of the "Alcohol" logo to all canned products with alcohol under 10% and to containers smaller than 300mℓ

▶ 2012 (objectives)

- Continuously promote appropriate Group-wide responses to alcohol-related problems
- Step up further the dissemination of information about responsible drinking
- Continue to participate in initiatives dealing with alcohol-related problems in developing and newly emerging nations

Raising Awareness and Preventing Drunk Driving

The Suntory Group is strengthening its 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—an area in which the U.S. and Europe have taken the lead—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 in line with industry standards 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)*, we are partnered with major manufacturers of alcoholic beverages around the world. In anticipation of a WHO review to be conducted in 2013 of how our strategies are being implemented, we are supporting various activities such as working to prevent drunk driving in developing and newly emerging countries, setting our own standards, and working to deal with illegal drinking.

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

Activities of Group Companies in Japan

Better Communication with Customers

Häagen-Dazs Japan, Inc.

We value communicating with our customers and strive to ensure our business activities reflect their views. In 2010, we drafted a Basic Policy on Customer Satisfaction, and all of our employees conduct themselves in accordance with this policy.

When we develop new products, we interview customers, conduct marketing research, and hand out questionnaires to determine what customers want and then provide products and services that respond to their desires and expectations. We make use of the customer views that come to us through our Customer Consultation Office, and are working to improve our products and services through such activities as displaying nutritional information that had not been displayed before and making the icons on product packaging (flavor photos) easier to understand.

Responding Quickly to Consumer Opinion

Subway Japan Inc.

We take the inquiries and opinions provided by our customers seriously and work to reflect them in our business activities. To respond to all such communications quickly, we have set up a dedicated phone line for customer comments with specialist staff in place to handle their calls.

We also accept e-mail inquiries through our website, and share that feedback with everyone throughout the company.



Screenshot of customer contact page

Supplying Products that Satisfy Customer Wishes

Suntory Shopping Club Ltd.

Sharing inquiries, comments, and complaints from customers throughout our company is connected with developing new products and improving quality. We have heard from customers about how cocktails and so forth may have a different composition or flavor depending on who made them, so we developed a pump dispenser that serves out alcohol in precise proportions for one serving.

Initiatives such as this are part of our efforts to improve the quality of the beverages that restaurants and bars serve.



Pump dispenser

Delivering Safe and Reliable Products

First-Kitchen Ltd.

As part of our efforts to serve customers products that are safe and reliable, on our website we provide information for all of our products related to allergens and calories that covers 25 ingredients, such as eggs and wheats, and indicate the countries of origin for eight essential ingredients. Also, to ensure that food hygiene is rigorously maintained, we regularly inspect sanitary conditions at our restaurants and arrange for staff to have intestinal exams. We are also working to raise awareness by going around to the restaurants to give instructions and by training all of our managers in maintaining hygiene.



Food allergy information on our website

Working Rigorously to Maintain Customer Safety

Tipness Ltd.

Tipness has drafted Club Safety Standards that put the safety of our customers first so they can use our fitness clubs with peace of mind. These are shared throughout the company to ensure that safety is rigorously maintained. We also (1) conduct evacuation drills, (2) have in place emergency responses to deal with injury and illness, and (3) have installed automated external defibrillators (AEDs) and trained staff in their use. As to hygiene, we rigorously manage swimming pool water quality as set down by law and perform regular maintenance of our exercise machines.



Club staff being trained in lifesaving

Training Based on Our Service Charter

Suntory Publicity Service Ltd.

We have our own service charter, which we call "Our Credo," in place to stimulate and maintain the hospitality mindset that providing service requires, and we provide training on how to put it into practice. We regularly hold workshops that cut across division boundaries to make staff more sensitive to service from a perspective that goes beyond what their daily duties entail. Through role-playing and shared service experiences, we are identifying through diverse means how we can offer our customers services in line with their sensitivities.



A meeting to review the intent of Our Credo

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 December 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 December 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 help with their CSR initiatives and their efforts to raise awareness among their employees.

● 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 2011, we conducted quality audits—on site when necessary, in Japan and overseas—at 83 ingredient suppliers (who account for about 23% of the amount on all of our purchases) as well as the companies that supply our packaging materials.



Visually inspecting some of the ingredients that go into our health food product, Maca

● 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 understand our

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

Safe and Eco-friendly Distribution

The Suntory Group created the Safety Committee in partnership with the distribution affiliates to which we contract transportation operations. As of the end of 2011, the Committee had 250 members from 60 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.

● The Safety Committee's Joint Activities

Each year, we hold a Safety Promotion conference attended by safety representatives from 120 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.



11th Safety Promotion Conference (2011)



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 2011),

for a certification rate of 96%. This greatly exceeds the 20% certification rate (according to a December 2011 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.

● Green Management Certification at Partner Companies

As part of our commitment to reducing our environmental impact from distribution, we are encouraging our affiliates to gain certifications for Green Management*, as well as ISO 14001, Eco Stage, and other certifications. As of the end of 2011, 71 of our distribution affiliates' total of 82 sites (87%) have obtained these certifications. We will continue to promote obtaining certification. We also collect data on CO₂ emissions by our distribution affiliates in accordance with the revised Law Concerning the Rational Use of Energy. The emissions data is based on distances traveled, fuel used, load volumes, and other data for our distribution affiliates, by month and by vehicle. We then use this data to set reduction targets.

* Green Management is a certification promoted by the Foundation for Promoting Personal Mobility and Ecological Transportation, in accordance with the Environmental Action Plan of the MLIT.

● Giving Greater Consideration to the Environment

Starting in 2008, we replaced the shrink wrap used to prevent cargo from spilling during transport with "Green Eco Belt® (environmentally friendly belt)" that can be used over and over. We are promoting their use for long-distance transport among all of our distributors in our ongoing efforts to reduce our environmental impact.

● 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. 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 Suntory Natural Mineral Water 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.

Achievements and Objectives

2011 (achievements)

- Enacted Suntory Group's Basic Policy on Supply Chain CSR
- Promoted safety, quality assurance, and CSR activities in distribution

▶ 2012 (objectives)

- Distribute questionnaires among business partners on supply chain CSR initiatives
- Maintain and enhance the promotion of safety in distribution

Contributions Rooted in the Local Community

We are intent on continuing to exist as a company in harmony with the local community. As such, we value initiatives and communications as a member of that community.

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.

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.

● 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 Tour of the Suntory Products Ltd. Minami Alps Hakushu Water Plant

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.

Suntory Foods Ltd. has also installed approximately 5,000 emergency beverage vending machines (as of the end of 2011) at government facilities, companies, and hospitals that dispense products free of charge during emergencies such as disasters. We will be working to increase the number of these machines we have installed.



Emergency beverage vending machine

● Activities to Support Recovery from the Great East Japan Earthquake

The Suntory Group contributed ¥300 million and provided 1 million bottles of mineral water as relief supplies immediately after the Great East Japan Earthquake. We made further contributions totaling ¥4 billion to support recovery of the fishing industry, fund initiatives for the young, and offer moral support through culture, the arts, and sports. We also decided to donate a further ¥2 billion in 2012 to fishing industry workers to help cover the costs of obtaining new fishing vessels. (For details, please see p.12.)

● Assistance for Damage Caused by Natural Disasters around the World

The Suntory Group has also provided assistance to cope with damage from natural disasters around the world. In November 2011, we provided 10,000 cases* of soft drinks as relief supplies to flood victims in Thailand. Wanting also to offer help toward rebuilding the disaster area, we made contributions totaling THB 1 million (approx. ¥2.5 million).

* 550ml PET bottles, 24 per case

● Major Charitable Donations

2011 onwards

- **Flood disaster in Thailand**
Donated approximately ¥2.5 million to the Royal Thai Government
- **Great East Japan Earthquake**
Contributed ¥6.3 billion to support reconstruction efforts
* Details on p.12
- **2011 Christchurch (New Zealand) Earthquake**
Donated ¥6.2 million to the New Zealand Red Cross
- **Flood disaster in Queensland, Australia**
Donated ¥8 million to the State of Queensland

2010

- **2010 Canterbury (New Zealand) Earthquake**
Donated ¥3.25 million to the Christchurch Earthquake Appeal fund
- **Foot-and-mouth disease outbreak in Miyazaki prefecture**
Donated ¥10 million to Miyazaki Prefectural Community Chest
- **Chile Earthquake**
Made a ¥5 million donation to the Chilean Embassy
- **Haiti Earthquake**
Made a ¥10 million donation to the Japan Red Cross

Cultural Activities and Contributions to Society

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."

Ongoing Social Contributions

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. In 2011, it celebrated its 90th anniversary. 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 Asashi-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's dedication to enriching lives and culture continues to this day. Our first step in that direction was the Suntory Museum of Art, which opened in 1961 and celebrated its 50th anniversary in 2011. Also in 2011, Suntory Hall, which opened in 1986, marked its 25th anniversary.

In addition to operating cultural facilities, the Suntory Group also conducts a diverse range of other activities such as providing support for the arts and scholarship.

Our activities also include support for charity concerts for reconstruction efforts following the Great East Japan Earthquake, the establishment of the Vienna Philharmonic & Suntory Music Aid Fund, and the awarding of the Special Prize of the Suntory Prize for Community Cultural Activities to two organizations in the Tohoku region.

● Suntory Foundation for Arts

The Suntory Foundation for Arts was established in 2009 with the goal of creating synergy between activities conducted in the fields of music and the arts by the Suntory Music Foundation and Suntory Museum of Art, as well as to make new contributions to society. In addition, Suntory Hall has been operated by the Foundation since April 2012.

○ Suntory Museum of Art

The Suntory Museum of Art opened in 1961 with a basic principle of Art in Life. In 2011, it celebrated its 50th anniversary and holds exhibitions centered on its collection, which includes national treasures and important cultural assets, under the theme of "Art Revisited, Beauty Revealed."



○ Suntory Hall

Suntory Hall opened in 1986 as Tokyo's first dedicated concert hall. To mark the Hall's 25th anniversary, we have further enriched our lineup of performances by the world's leading musicians and of diverse programs of our own design, all under the theme of "Music Moves our Hearts as One."



○ Music Division

The Music Division was established in 1969, with the aims of developing Western music in Japan and improving music culture. The division promotes classical music and nurtures budding composers through such programs as the Suntory Music Award, the Keizo Saji Prize, and the Akutagawa Award for Music Composition.



● Suntory Foundation

The Suntory Foundation was established in 1979. It awards grants for international and high-caliber academic research, and nurtures and provides grants to outstanding individuals, through such programs as the Suntory Prize for Social Sciences and Humanities and the Suntory Prize for Community Cultural Activities.



● Suntory Foundation for Life Sciences

Preceded by the Institute of Food Chemistry, which began operating in 1946, the Suntory Foundation for Life Sciences was established in 1979 as the Suntory Institute for Bioorganic Research. The Institute was renamed in January 2011 and incorporated. In addition to its research activities, the foundation also awards grants for young researchers.

● Support for "Suntory Presents Beethoven's 9th with a Cast of 10000"

The events held to commemorate the opening of Osaka-jo Hall in 1983 began with a performance of Beethoven's 9th Symphony with a 10000-strong choir, sponsored by the Suntory Group. Suntory Group has provided support from the very start for this concert event that has become a year-end holiday season ritual.

In 2011, the 29th such concert took place under the

theme of Suntory Presents Beethoven's 9th with a Cast of 10000 together with Tohoku. The theme was to unite through song the Osaka-centered Kansai region, which had successfully recovered from the Great Hanshin Earthquake of 1995, with the Tohoku region which is firmly set on recovery from the Great East Japan Earthquake. The main Osaka-jo Hall concert site was linked with Sendai Hall in the northeast, and "Ode to Joy" rang out to the sound of 11,000 singers who had experienced hardships and shared in hopes for the future.



Suntory Presents Beethoven's 9th with a Cast of 10000

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.



Rugby team Sungoliath



Volleyball team Sunbirds

Strengthening Support for Youth Education

The Suntory Group's cultural facilities and sports teams provide children with opportunities to meet top athletes and come into contact with genuine works in fields such as sports, music, and the arts. Since Japan's birth rate is declining, it is increasingly important to help coming generations in their development. Given such circumstances, we are enhancing our activities in this area and helping to form the characters and individuality of children.

Suntory Hall hosts the events Carnegie Kids at Suntory Hall, in which children aged 3 to 6 years old can listen to music performed by leading musicians sitting close to them, and Concerts for Children, which is intended to encourage children to feel close to classical music. The Suntory Museum of Art operates an education program that provides a venue for exchanges linking visitors with the museum, and also holds a variety of other programs tied into individual exhibitions such as lectures and workshops.

Additionally, we are also actively working to provide guidance about sports through our rugby and volleyball teams.



Carnegie Kids 2011



Rugby clinic held in Miyagi Prefecture

Employees Support for Social Contribution

In 2011, 26 employees took advantage of our Volunteer Leave Program to take part in various voluntary activities. We have also created a Volunteer Activity Support Program which subsidizes the purchases of equipment, materials, and other items by NPOs at which our employees volunteer. These NPOs work in such areas as social welfare, environmental conservation, and international exchange.

The Suntory Group also encourages its employees to participate in the various activities the Group operates and is working to raise their awareness about activities that contribute to society.



Cleaning at Hojukai



Planting at Hojukai

TOPICS

■ Participation in Volunteer Activities in the Great East Japan Earthquake Disaster Areas

The labor union at the Suntory Group issued a call for members interested in participating in a volunteer effort from April to September 2011 overseen by the Japanese Trade Union Confederation (commonly known as Rengo ["the Confederation"]), and 20 union members responded. Working in cities in the disaster area such as Sendai, Ishinomaki, Kesenuma, and Rikuzentakata, they helped to remove debris from houses and the like that had been strewn about by the tsunami, take out old flooring, and remove sludge remaining inside as well as around buildings.



Activities of Group Companies in Japan

Dietary Education in Schools and Visits to the Company

Häagen-Dazs Japan, Inc.

We presented a special dietary education class called "Ice Cream School" on site for elementary schools in Tokyo, Chiba, Saitama, and Kanagawa prefectures. In the classes, we described how ice cream is manufactured, explained the importance of temperature control, and so forth. Junior and senior high school students were welcomed on a visit to the headquarters of Häagen-Dazs Japan, where they learned about the careful attention we pay to quality and our brand.



Dietary education class at a school

Providing Instruction on Exercising to Prevent Future Nursing Care Needs

Tipness Ltd.

Tipness is carrying out an initiative mainly in the Kanto (Tokyo) and Kansai (Kobe-Osaka-Kyoto) regions designed to prevent future nursing care needs. In 2011 we offered the program on exercising to help prevent such needs at 117 sessions held at public and private sector locations, and 3,550 senior citizens took part. Nearly all of the seniors who took part once have gone on to continue attending and their numbers show signs of increasing every year.



Instruction on exercises to prevent future care needs

Disaster Assistance

Suntory Publicity Service Ltd.

The public cultural institutions that we administer and operate as their designated administrators are visited by many people from the local community and elsewhere. In light of this, to enable us to respond rapidly and smoothly in the event of a disaster or emergency, we regularly hold disaster-prevention drills and provide training related to emergency relief and in the use of automated external defibrillators (AEDs) under the direction of local fire departments.



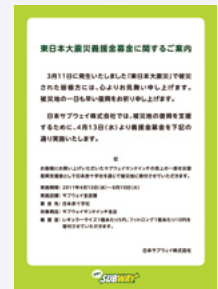
Conducting a disaster-prevention drill

Supporting Recovery from the Great East Japan Earthquake

Subway Japan Inc.

We donated a portion of the sales generated from the sandwiches bought by our customers (¥9,029,475 in all) to the disaster area through the Japan Red Cross in order to help with recovery efforts.

Some employees also volunteered to sell sandwiches in Natori City, Miyagi Prefecture, and donated the proceeds.



A poster soliciting support for recovery efforts

Donations of Flowers and Plant Seedlings for Areas Affected by the Great East Japan Earthquake

Suntory Flowers Ltd.

We provided flower seedlings in May 2011 to the Flowerbed Revival Program operated by the MUFG-UNESCO Great East Japan Earthquake Recovery Scholarship Fund, and also provided seedlings for use at elementary schools in Miyagi Prefecture and for the activities of "Green Advisers" in the disaster areas. Furthermore, in July some of our employees visited Rikuzentakata City, Iwate Prefecture, to add some of the flowers we have bred—the Million Bells and Sun Venus breeds—to planters and deliver them to people living in temporary housing.



Employees on their visit to Rikuzentakata City, Iwate Prefecture

Contributing through business to urban afforestation in China

Suntory Midorie Ltd.

In April 2012, Suntory Midorie announced the founding in Shanghai of Toyota Suntory Midorie (Shanghai) Co., Ltd., a joint venture with the Toyota Motor Corp. that will participate in urban afforestation initiatives in China. Suntory Midorie has already been involved in urban afforestation work in China, but by using the greening products developed by Toyota in combination with our Pafcal soil-replacement product, we believe we can speed up the process of creating green urban landscapes and help to control the heat island effect.



A "wall of flowers" installed in the Nagoya offices of Toyota Motor Corp.

Basic Philosophy of Human Resources, and Hiring and Employment Situation

We are committed to creating an organization where everyone works autonomously as a professional and continues to create new value for our customers and stakeholders.

Basic Philosophy of Human Resources

To realize our vision of "Growing for Good," the Suntory Group has a basic human resource philosophy that aims to have each employee energetically engage in rewarding work to his or her best ability, and pursues "diversity management" which takes diversity among individual employees as given.

- Hiring on the basis of the individual without regard to nationality, gender, age, disability, or other factors
- Assigning the right person to the right job in order to get the most out of each individual's capabilities
- Offering compensation based on performance, in accordance with each employee's role and results

A Committee to Promote Human Rights

The Suntory Group eliminates all forms of unjust discrimination and harassment as stated in its Corporate Ethical Standards. To do this, we have created the Committee to Promote Human Rights Education, whose goal is to promote respect for human rights and eliminate all forms of discrimination, including those based on nationality, gender, age, and disability. Suntory has also implemented human rights education and awareness programs at seminars for new managers and new employees, and is continually engaged in consciousness-raising efforts so that all employees will have a proper awareness of human rights.

Hiring and Employment

● Employee data (as of December 31, 2011) (Persons)

	2009	2010	2011
Male	39	41	43
Female	0	0	0
Directors	39	41	43
Male	1,407	1,408	1,420
Female	96	109	129
Manager level	1,503	1,517	1,549
Male	2,521	2,512	2,497
Female	859	860	871
Non-manager level	3,380	3,372	3,368
Employees	4,883	4,889	4,917
Male	351	435	431
Female	94	90	80
Contract employees*	445	525	511
Temporary employees	719	743	629

*Contract and temporary employees: includes non-regular and part-time staff

● Average age and average length of employment (as of December 31, 2011)

	2009	2010	2011
Average age	38.6	38.3	38.3
Average length of employment (Years)	16.0	15.4	15.4

● Number of employees (Persons)

		2009	2010	2011
New graduates	Male	155	161	106
	Female	59	27	33
New hires	Male	44	18	4
	Female	8	5	14
Total		266	211	157

● Number of resignees and reasons (Persons)

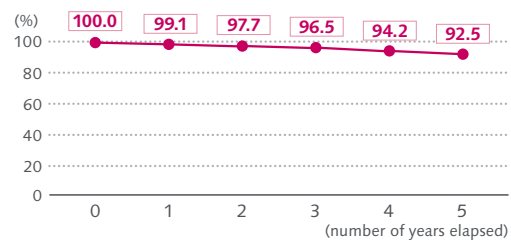
	2009	2010	2011
Retirement age*1	208	166	99
Personal reasons	38	25	21
Company reasons	0	0	0
Other	6	7	10
Total*2	252	198	130
Turnover rate*3	0.78%	0.51%	0.43%

*1: Retirement age includes people who chose to retire themselves

*2: Includes regular employees only

*3: Turnover rate is calculated based on resignees excluding retirees

● Retention rate of new graduate hires



*Calculated based on new graduate hires from 2004 to 2006

* This applies to 4,917 employees who have an employment contract with Suntory Holdings Ltd. and work at such Group companies as Suntory Holdings Ltd., Suntory Beverage & Food Ltd., Suntory Products Ltd., Suntory Wellness Ltd., Suntory Liquors Ltd., Suntory Beer & Spirits Ltd., Suntory Wine International Ltd., and Suntory Business Expert Ltd.

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 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 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.

Developing Human Resources Worldwide

As a truly global company, it is crucial that the Suntory Group develops human resources who can do excellent work globally so the company may achieve even greater things. We have therefore set up a system that helps domestic employees perform effectively in global business.

We provide a place for global interactions by holding the Global Human Resources Meeting for human resource managers from Group companies overseas, and promote exchanges among employees and utilization of human resources.

Moreover, with regard to recruitment activities, we have



Global Human Resources Meeting

enhanced our global activities by creating an English-language website for recruitment and by holding seminars for international students.

● Implementing a Global Human Resources Training Program

In 2010 we introduced a program whose purpose is to develop truly global personnel. Twenty-five of the 84 applicants successfully made their way through the screening process in 2011 and are going through various training programs. One of these programs, Global Leadership Training, is being offered both in Japan and in areas overseas where the Group does business, and includes participants not only from staff at companies in Japan but from Group companies around the world. (Implemented in Japan, China, and Australia in 2011.)

● Training Programs

Name	Details
Global Leadership Training	Acquire the skill kit needed by managers who will be active globally
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

Supporting Career Development

We place emphasis on the chain of human resource development in career development. In this chain, 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 the stages 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 providing individual consultations and workshops with expert advisers. Workshops are conducted on an application basis for all employees at 4 years and 10 years after joining the company, and for employees in their 40s and 50s. The Section helps employees to reexamine

their careers and make the rest of their lives something even more positive.

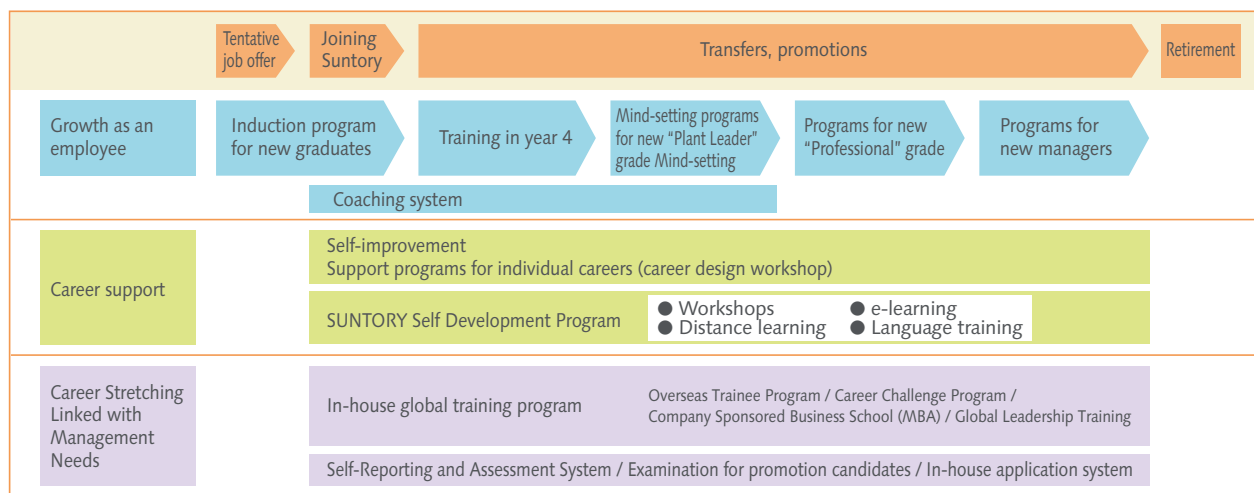
● Assign the Appropriate Person for the Right Job

Based on our Self-Reporting Program that allows employees to request transfers (once a year), we have built an internal open recruiting system that recruits specific personnel from within the company. We also created the Career Challenge Program through which employees gain inservice experience in year-long training programs. Through these programs, 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 10 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.

● Common Programs for Group Companies in Japan

A SUNTORY Self Development Program was established that can be enrolled in by all employees. Any Group company employee in Japan can choose from and enroll in approximately 450 courses offered in the common program. Also, we are considering holding seminars that are the same across the domestic Group companies and which are designed for different employment levels. For 2012 we are planning to implement a common seminar program for new managers.

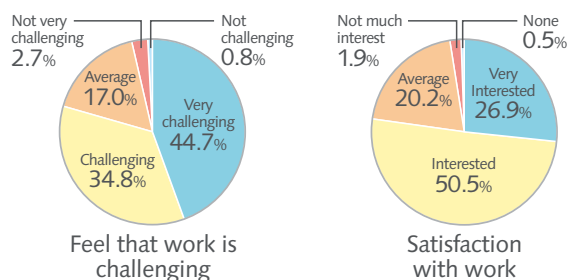
● Career development structure



● Employee Awareness and Corporate Culture Surveys

To find out about each employee's current work conditions and confirm their awareness towards work, Suntory implements a Self Reporting and Assessment survey for all employees at the beginning of the year. 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 2011 (from the Self Reporting and Assessment Survey)



Achievements and Objectives

2011 (achievements)

- Further improved programs for training global human resources (including exchanges of human resources by bolstering collaboration with overseas Group companies)
- Systematized human resources basic training

▶ 2012 (objectives)

- Further strengthen and expand programs for training global human resources
- Strengthen programs common to the domestic Group companies

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.

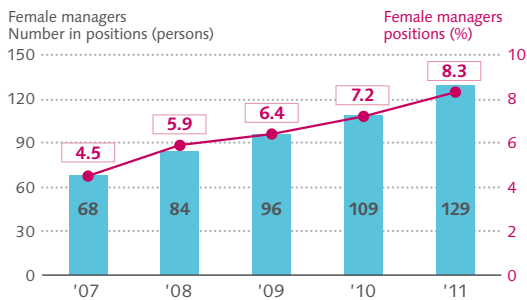
Establish a Diversity Promotion Section

If we are to continue ceaselessly in the creation of new value, then it is important for us to actively accept a diverse range of personnel and values. We created in 2011 a Diversity Promotion Section, which has been involved in handling the issues that have been raised in various projects with employee involvement, such as childcare, the status of women in the sales division, short-term employees, and so forth, and getting them acted upon through reports to management. Additionally, with the goal of achieving diversity in management, we have been working on such efforts as expanding participation by women, encouraging the employment of people with disabilities, enhancing our programs for rehiring retirees, and working to boost the hiring of foreigners and personnel exchanges with Group companies overseas.

The Advancement of Female Employees

The Suntory Group actively promotes ambitious and skilled employees, with no distinctions made with respect to gender. As a result of this policy, as of December 2011, 8.3% of our managerial positions are filled by female employees. In order to create a company where women can work comfortably and produce results, we constantly innovate ways to work and change our employees' attitudes.

Female employment data

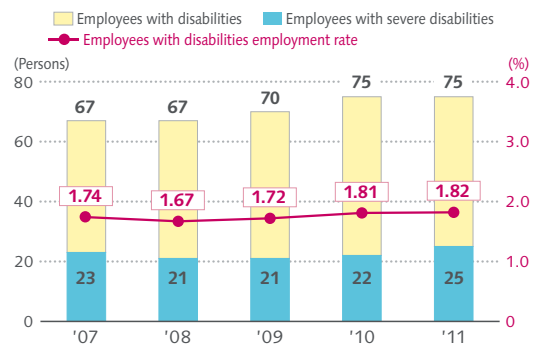


Employing Persons with Disabilities

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. As of June 1, 2011, we have 75 employees with disabilities (25 of

whom have severe disabilities), and the employment rate of 1.82% exceeds the legally mandated employment rate. Also, we are promoting the employment of persons with disabilities in Group companies as a whole and are planning to hold a joint employment guidance session in 2012.

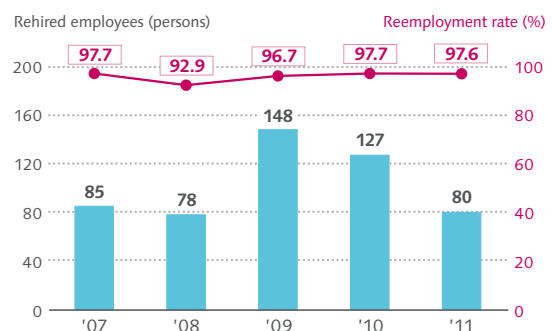
Number of employees with disabilities and employment rate (as of June 1, 2011)



Expanding Programs for Rehiring Retirees

The Suntory Group has introduced its Elder Partner Program for rehiring mandatory retirees, offering positions for everyone who wants one and who meets certain conditions regarding their state of health and commute to work. Approximately 86% of mandatory retirees in 2011 desired reemployment, and 98% of them (80 persons) were rehired. In 2006 we began a phased increase of the rehiring period to extend it to 5 years. We promote work performed actively by our older employees.

Rehiring of mandatory retirees



Achievements and Objectives

2011 (achievements)

- Created the Diversity Promotion Section
- Launched multiple projects for employee participation
- Promoted workforce diversification (hiring of persons with disabilities, etc.)

2012 (objectives)

- Resolve issues discovered through projects and systematize the approaches used
- Promote workforce diversification (expand the range of work performed by older employees, start employment of persons with disabilities at domestic Group companies)

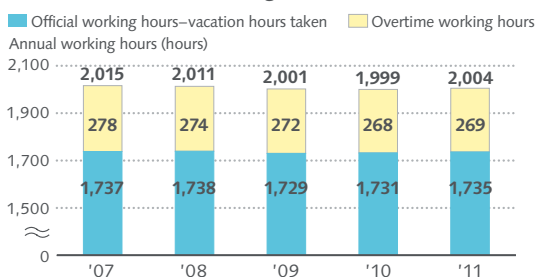
Promoting the Work-Life Balance

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. We also ensure that everyone is familiar with the Working Hours Handbook which summarizes measures and information about reasonable working hours. In 2009, we introduced a Planned Annual Vacation Program to allow employees to take more annual paid vacation. (The proportion of planned annual vacation taken in 2011 was 54.9%.)

Total actual annual working hours



S-Style Work Practices Initiative

We have been trying to establish Suntory-Style (S-Style) Work Practices. The goal is to revolutionize work styles through the use of information technology, by helping employees to achieve a balance between work and life while achieving further growth in our business activities. We have been promoting the use of flexi-time and telecommuting* with the aim of producing the greatest performance possible in a fixed period of time. To do this, we regularly hold information sessions and seminars for the entire company.

* Telecommuting: Working at home or otherwise outside the office

Promoting the Work-Life Balance

We have been working toward expanding our programs that help employees to maintain the balance between work and personal life while being responsive to individual circumstances, through the creation of programs providing benefits that exceed what is legally required.

Achievements and Objectives

2011 (achievements)

- Increased flexible modes of working (promoted use of flexi-time and telecommuting programs)
- Expanded childcare support program (provided partial salary while on childcare leave)

2012 (objectives)

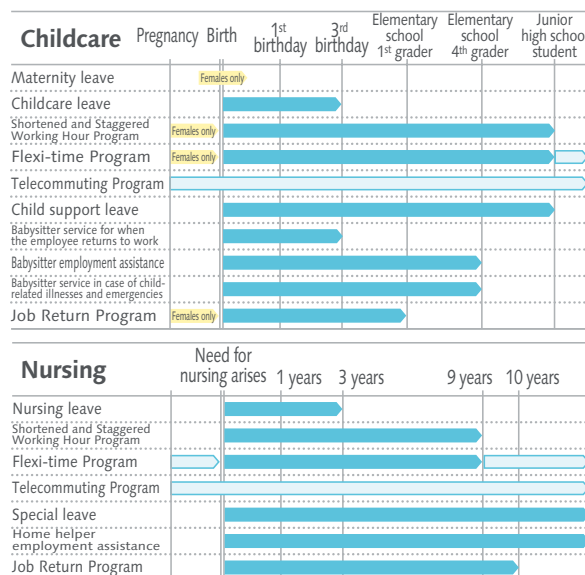
- Increase flexible modes of working (hold briefing sessions in all workplaces)
- Bolster initiatives to support staff engaged in childcare and nursing (create a safety net to provide support linked to returning to work, support in the case of illness or emergency, etc.)

Supporting Working with Child and Nursing Care

We have instituted programs for childcare leave and shortened and staggered working hours. In 2011, 62 employees took childcare leave (100% of those eligible took it, with a return-to-work rate of 98%; two of them were male), while 105 employees newly took advantage of the Shortened and Staggered Working Hour Program. As for programs for nursing care, the requirements for leave of absence have been clarified, and the requirements for shortened and staggered working hours and the use of flexi-time have been relaxed.

Overview of policies to support child and nursing care

Can also be used for reasons other than child or nursing care



TOPICS

Improving support for resuming work after taking childcare leave

In 2011, we introduced the following support measures based on the proposals generated with employee participation by the Childcare Environment Project.

Before going on leave: Provide explanations to all employees concerned before they go on leave, with the goals of familiarizing them with the system and creating a network of staff on leave

While on leave: Company to regularly communicate with them. Also provide them with the means for contacting other staff also on leave

When returning to work: If there are difficulties like getting children into day-care, introduce staff to babysitters and help with costs for fixed period

After returning to work: Boost support for getting a babysitter in the event of child-related illnesses or emergencies, provide help for working with children after returning to work

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 2011, we had 26 work-related accidents, with a frequency rate*¹ of 1.93% and a severity rate*² of 0.005%. We 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. We also offer 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

Lifestyle diseases are on the rise due to changes in diet and exercise habits. 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. We have also been working together with health insurance associations to provide specialized examinations and health guidance for employees aged over 40 as required by law since 2008.

● Initiatives for Preventing Mental Health Problems

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 shopfloor 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 2011.

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	Four times a year	Verify situation regarding issues related to working hours and work toward improvements
Committee Investigate Work-Life Balance Conditions	Once a year	Efforts to promote a better work-life balance
Conference on Interviews	Four times a year	Verify the state of the various interviews conducted in human resource contexts and work toward improvements

Achievements and Objectives

2011 (achievements)

- Revised mental health support systems

▶ 2012 (objectives)

- Assign industrial physicians in all Group companies

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 Division, 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 on the foundation provided by the Basic Principles of Suntory'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 October 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.

Setting Mid-Term Targets and Progress Reports

In 2009, we set medium-term targets aimed at improving our environmental management. As shown below, one target is to expand our water resource cultivation areas (expanses of forest promoting the creation of water), and the other is to reduce CO₂ emissions.

- Expand the total area of Natural Water Sanctuary Forests (for water resource cultivation) to around 7,000 hectares by the end of 2011 (approximately 1,795 hectares in place as of the end of 2008)
- Reduce CO₂ emissions from all domestic business activities by 20% from 2007 levels by 2012

The size of the water resource cultivation areas reached approximately 7,500 hectares in April 2012, exceeding our target of 7,000 hectares. Owing to production increases that far exceeded what had been planned, in 2011 we reduced CO₂ emissions by only 2% compared to 2007, while CO₂ emissions per unit production were reduced by 14% relative to the 2007 level. However, we will be stepping up the efforts of the entire Group in this direction in the years to come.

Reducing Products' Environmental Impact

The Suntory Group generates a wide variety of waste and by-products across its diverse range of businesses. Throughout the entire lifecycle of each product, from its planning and development to its disposal, we strive to quantitatively assess its effects and reduce its impact on the environment.

Furthermore, as we expand our business overseas, we are committed to examining and determining the environmental impact of our overseas manufacturing sites so as to assess how much of an environmental impact we have worldwide.

Environmental Management

● Obtaining ISO 14001 Certification as a Group

The Suntory Group has been actively pursuing certification for ISO 14001 (international standards for environmental management systems) for all Suntory Group companies in order to improve environmental management for the entire Group. The process of obtaining certification for all of the Group companies in Japan* has been completed, and certification is being obtained by Group companies overseas*, mainly manufacturing facilities.

Uniting efforts by the headquarters and the production, research and development, and sales departments, the Group companies promote business operations that incorporate environmental perspectives at all stages from procurement of raw materials to disposal of products.

*Group companies subject to Japan's SOX law

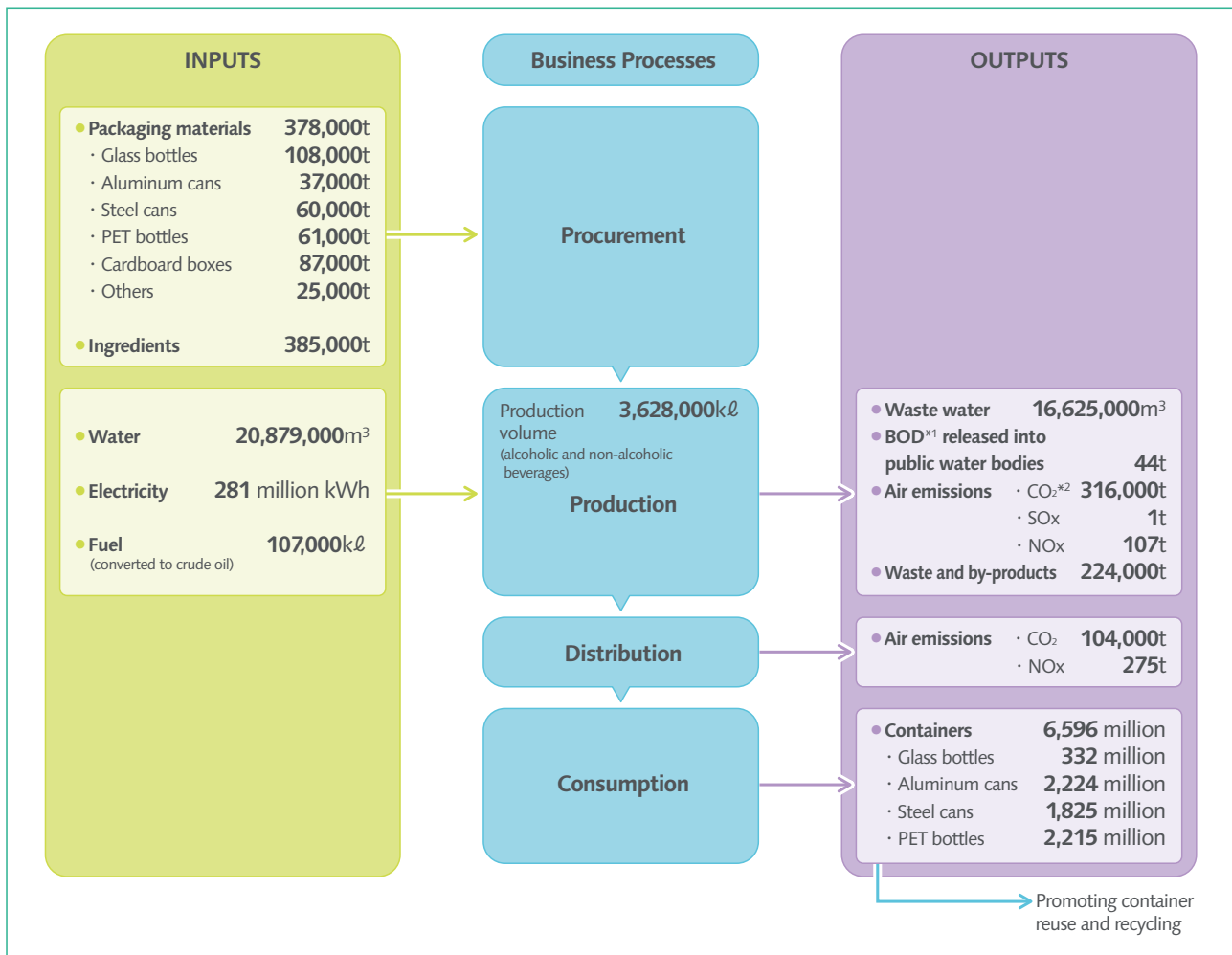
● Environmental Risk Management Strategies

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 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 quantitatively evaluating our environmental-conservation initiatives in our business activities. (In 2011, we made environmental investments of ¥2.2 billion and had environmental costs of ¥10 billion.)

● Overview of environmental activities and environmental impact (for the period January 1 to December 31, 2011, domestic production sites [excluding contracted sites])



*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

Achievements and Objectives

2011 (achievements)

- Completed ISO 14001 integration at 18 of 24 production sites

▶ 2012 (objectives)

- Complete ISO 14001 integration of all production sites

Water Sustainability and Preserving Biodiversity

The Suntory Group is committed to business activities that give consideration to biodiversity and do not have an impact on the natural cycle of water, so that we may leave for the future the water resources that are the lifeline of the Group's business.

Commitment to Water Sustainability

The bounty of nature, water and agricultural products, underpins the main businesses of the Suntory Group. As a company that is "Bringing Water to Life," above all else we prioritize carrying out business activities in a way that does not stress the water cycle. The most important challenge we at the Suntory Group face in our business activities is achieving water sustainability; in other words, protecting the forests that nurture water, carefully using it, and returning it to nature in its pristine state.

Expanding Water Resource Cultivation

The Suntory Group uses large amounts of 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 that create water. Centered on the water-resource cultivation areas around our plants, our Natural Water Sanctuary Project is conducted in collaboration with national and local governments, local communities, and experts. Under this Project, we are carrying out water-resource cultivation activities at 15 locations in 12 prefectures nationwide. The Project entails carrying out thorough surveys before beginning work, giving full consideration to the natural environment and ecosystem peculiar to the area, and developing forests with a great capacity for cultivating water resources. (For details, please see p.17-18.)

● Objectives of Suntory's Natural Water Sanctuary Project 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

● Employees Getting First-hand Experience with Forestry

As part of their environmental education, we offer employees the chance to get first-hand experience in forestry at our Natural Water Sanctuaries. In 2011, experiences were offered at the Natural Water Sanctuary Akagi and two other sanctuaries, with 199 Group employees and their families taking part.



Getting first-hand forestry experience at a Natural Water Sanctuary

TOPICS

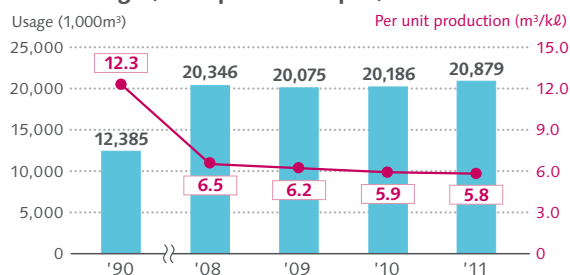
■ Water Sciences Forum Convened

The surveys and husbandry work related to our Natural Water Sanctuaries covers a broad spectrum of activities. In April 2011, we held a Water Sciences Forum that brought together a group of specialists from whom we routinely ask advice and assistance, with the goals of sharing the knowledge they have acquired in their work and drafting better forest management plans. The Forum resulted in a comprehensive portrait as specialists from diverse fields gave presentations on their research at our Natural Water Sanctuaries and future courses of action.

Further Reducing 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. Each plant sets medium-term goals for the reduction of water usage in order to get the most out of this finite resource. We also promote effective water use through the introduction of technologies for reusing and recycling water. Although our water usage increased in 2011 as production increased, we actually reduced per unit production usage through water conservation efforts at our plants.

● Water usage (at 24 plants in Japan)



*Usage per unit of production is the water used per kℓ of product manufactured

● Using Cascades of Water

A variety of activities related to the Three Rs 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 have been using our limited water resources in the most efficient way possible, making us an industry leader when it comes to per unit production in relation to the volume of water used.



Storage tanks for recovered water

Comprehensive Waste Water Management

We set voluntary standards for waste water that are stricter than the legal regulations and manage its 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 water quality and temperature under a 24-hour monitoring regime.

Preserving Biodiversity

The Suntory Group uses water and agricultural products as ingredients in its products; consequently, its business activities are underpinned by a healthy ecosystem. We consider the protection of this ecosystem to be our rightful responsibility. Based on this recognition, we have set down under the Basic Principles of Suntory's Environmental Policy our intention to work toward preserving biodiversity and create new value. We are pursuing a number of projects tied to biodiversity and protecting the environment that supports it.

We also added our name in January 2011 to the list of "The Declaration of Biodiversity by Nippon Keidanren" Promotion Partners. We are taking the lead in working toward the creation of society rich in biodiversity.

● Business Activities with Consideration to Biodiversity

We give consideration to biodiversity in our business activities. As an example, we study and analyze the impact on the surrounding ecosystem when we build our plants.

● Biodiversity in Greenification

We have been working to increase biodiversity in our greenification efforts on the grounds of Okudaisen Bunanomori Natural Mineral Water Plant of Suntory Products Ltd. Under the direction of Professor Yoshiyuki Hioki from Tottori University Faculty of Agriculture, we have been planting tree species with a preference for varieties that are local down to their DNA, including beech (*buna*, hence the forest's name), *konara* oak, Mongolian oak, Japanese big-leaf magnolia, mountain ash, Japanese bird cherry, and *koshiabura*. We also restored in one section of the grounds a field of Japanese pampas grass—part of the archetypal landscape for this region—and have been working to preserve fields of native grass. For these

activities, in 2011 we received the Technology Award from the Japanese Society of Revegetation Technology.



The Okudaisen Bunanomori Natural Mineral Water Plant

● Nature Conservation by Protecting Wild Birds

Wild birds are said to be an indicator of natural environment. We believe that protecting wild birds leads to protecting people and nature. We began our Save the Birds! campaign in 1973, with the aim of protecting nature by protecting wild birds. We opened the first bird sanctuary by a private enterprise that year at the Hakushu Distillery of Suntory Liquors Ltd., and continue to carry out such activities as surveying the bird population and hanging boxes for bird nests.

We also conduct activities together with our customers and local communities, including collecting donations for the recovery of the short-tailed albatross—an endangered species—and producing and selling leaflets that raise awareness about protecting wild birds.



Hanging boxes in the Hakushu Distillery Bird Sanctuary

TOPICS

■ Winner of Environment Minister's Award in the Ikimono-Nigiwai Corporate Activities Competition

Suntory's Natural Water Sanctuary project in 2011 received the Environment Minister's Award in the 2nd Ikimono-Nigiwai Corporate Activities Competition, International Year of Forests Special Division. We see winning this award as a mark of approval for all of our work aimed at coexisting with the natural environment that produces the water we need, including of course the forest husbandry work we do with its long-term, scientifically grounded perspective.

Achievements and Objectives

2011 (achievements)

- Increased total area of our Natural Water Sanctuaries to 7,300 hectares or more
- Gradually built up a framework for cooperative research with experts and conducted a wide range of research investigations and scientific forestry management activities
- Reduced water used per unit production in domestic production activities by 1.9% relative to the previous year

▶ 2012 (objectives)

- Generate a mid- to long-term husbandry plan based on investigation results obtained at our Natural Water Sanctuaries
- Establish frameworks for cooperation with academics, government administrators, and forestry professionals, and continue our pursuit of multifaceted water resource cultivation projects
- Strive further to reduce the amount of water used in domestic production activities

Commitment to Being a Low-Carbon Company

We at the Suntory Group have set reduction targets throughout the entire value chain and are working hard to combat global warming as a Group.

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. In 2009, we set a new medium-term target: to reduce emissions of CO₂ from all business activities in the Suntory Group in Japan by 20% from 2007 levels by the year 2012.

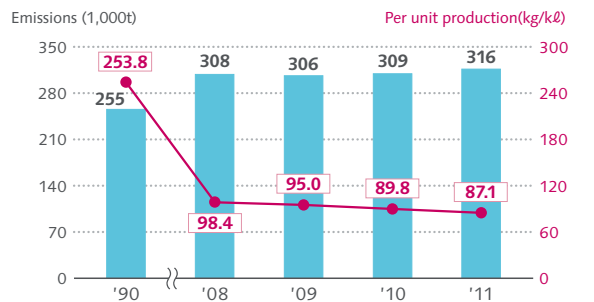
To meet this target, in 2011 we reduced the weight of our product containers, utilized recycled materials, installed heat pump-equipped vending machines, and used renewable energy in our manufacturing activities, all of which led to a mere 2% reduction compared to 2007 owing to production increases that far exceeded the planned amounts (value chain CO₂ emissions per unit production were reduced by 14% compared to 2007). We will continue striving to reduce CO₂ throughout the value chain.

Reducing CO₂ at Our Plants

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 establishing 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 has a council of engineers that meets regularly, and activities are conducted across the board in all Group companies equally.

Although CO₂ emissions increased in 2011 accompanying a rise in production, per unit production was reduced thanks to multifaceted energy-saving measures including reexamination of the conditions under which facilities were run.

CO₂ emissions (at 24 plants in Japan)



*Emissions per unit production refers to emissions per kiloliter of a product produced

Reductions Made by Introducing Cogeneration Systems

We are introducing cogeneration systems into our production activities, which reduce CO₂ emissions at each plant by 20–30%. As of December 2011, we have introduced the systems at four plants in all: our Haruna Plant, Tonegawa Beer Plant, Kyoto Beer Plant, and Osaka Plant.

Switching to Fuels Low in CO₂ Emissions

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

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.

We began using solar energy in February 2010 at the Minami Alps Hakushu Water Plant of Suntory Products Ltd. with the installation of 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 compared to when we buy electricity from a power company.

Furthermore, in October 2011 we became the first private company to operate lithium ion-battery equipped electric buses for use on plant tours at the aforementioned plant and the neighboring Hakushu Distillery.

In addition, taking advantage of the fact that the Okudaisen Bunanomori Water Plant of Suntory Products Ltd. is in a location that gets heavy snowfalls, we created snow rooms that collect some of the snow that falls in the winter to take care of some of our cooling needs in the spring.

*As of the end of April 2012

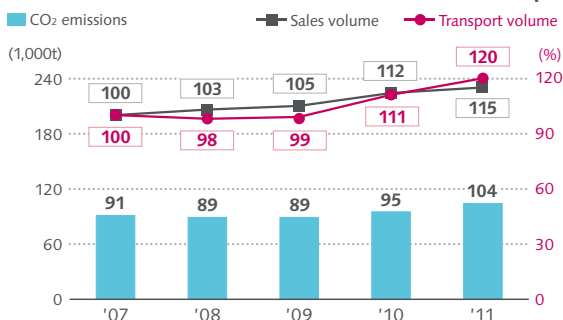


An electric-powered bus for plant tours around the Minami Alps Hakushu Water Plant and Hakushu Distillery

Reducing CO₂ 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. More specifically, we are promoting a modal shift and a shift toward the use of larger vehicles, and also have a highly efficient truck transport system in place thanks to a computerized system we developed in-house. In 2011, our CO₂ emissions rose by 9.5% over the previous year to approximately 104,000 tons as a result of an increase in long-haul shipping routes in the aftermath of the Great East Japan Earthquake.

Trends in CO₂ emissions from distribution and transport



*Setting sales volume and transport volume from 2007 as 100

Switching to the Use of Larger Vehicles

The Suntory Group is switching over to using larger vehicles in order to reduce the number of vehicles we have on the road. Our plan is to switch more to larger vehicles by using trailer rigs in conjunction with our Integrated Transportation Arrangement System, particularly when it comes to truck transportation from our manufacturing plants to local product warehouses.

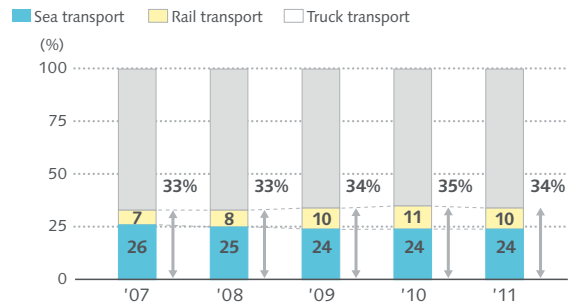
Modal Shift

Rail and sea transport produces fewer CO₂ emissions than trucks when transporting over medium to long distances. We are thus shifting from using truck to rail and sea transport. This process is called a "modal shift." In 2011, the modal shift ratio was 34%, which is similar to the ratio for the previous year. The modal shift ratio for transportation over 500km or more reached 66%.

In March 2011, Suntory Liquors Ltd., Suntory Wine International Ltd., and Suntory Foods Ltd. received an Eco-Rail Mark certification from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) for being companies making active use of eco-friendly rail transport and actively grappling with global environment problems.



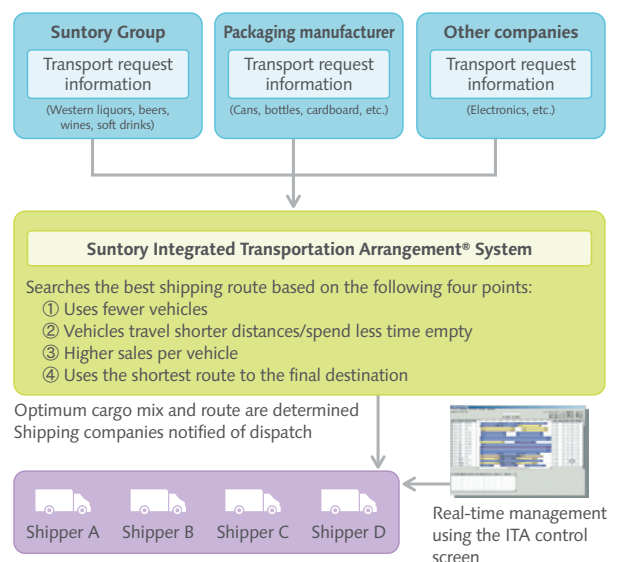
Trends in modal shift ratio



Transporting a Variety of Cargo through a Single Shipper

The Suntory Group has introduced an Integrated Transportation Arrangement® System for calculating the optimal combination of trucks and routes for various types of cargo and shipping centers. We are working to reduce the number of trucks used as well as the distances and times trucks run without any load. The goal is to further reduce our environmental impact by cutting down on losses in transportation time such as by sharing cargo information with other companies in order to combine cargo from several companies on one vehicle. Also, we request our distribution affiliates to rigorously pursue environmentally friendly driving which can be achieved by, for example, turning off the engine while the vehicle is not in motion and installing a digital tachometer that enables the driver to precisely know and control the way the vehicle is running.

Conceptual image of Integrated Transportation Arrangement® System



Installing Eco-Friendly Vending Machines

The Suntory Group views the electricity usage of vending machines as one of our key challenges for reducing CO₂ emissions in the value chain. In 1995, we introduced a peak-cut feature that cuts off the cooling equipment for a fixed period of time at peak times during the summer. Since 2007, we have been promoting installation of heat-pump* vending machines that give due consideration to the environment. These machines can reduce power usage by approximately 37% compared to conventional vending machines (2007 models) and with that also reduce our CO₂ emissions. Nearly all of the vending machines we put into use in 2010 were heat-pump models, and in 2011 we chose heat-pump vending machines for all newly installed machines (excluding certain specific machines). We are installing heat-pump vending machines in the same manner in 2012 and onwards. We project that by the end of 2015 heat-pump vending machines will account for more than 60% of the vending machines that the Suntory Group will be operating.

Also, since 2011, we have steadily put into use heat-pump vending machines equipped with LED lighting.

In 2012, we will start to equip all of the newly installed vending machines with LED lighting in an attempt to further promote energy conservation.

Also starting in 2012, we will be installing hybrid heat-pump vending machines, which can reduce electricity consumption by an additional 20% compared to ordinary heat-pump vending machines.

*The heat pump makes effective use of heat by recovering heat from the refrigeration chamber and radiating it into the heating chamber.



Heat-pump vending machine

● Initiatives to Reuse Vending Machine Parts

From our desire to reuse vending machine parts, Suntory has been working to develop both the technologies to reuse parts as well as a control system to oversee the procuring of parts for reuse. In 2011, in terms of weight,

we used approximately 270 tons of reused parts when conducting maintenance and repairs, thus eliminating about 2,000 tons* of CO₂ in the product lifecycle compared to when using new parts. We will continue working to expand our efforts to utilize reuse parts and employ resources efficiently.

*Estimate based on research conducted in conjunction with Mie University.

Conserving Energy in Offices and Labs

We made it a goal in 2011 to reduce the amount of electricity used in our offices by 5% relative to the previous year. With the added need to conserve energy in the wake of the Great East Japan Earthquake, we actually reduced our use by 18% year on year. We also installed photovoltaic facilities at our Product Development Center in December 2010. They produced about 100,000kWh of power annually, accounting for about 4% of the power used there, and reduced our CO₂ emissions by 38 tons.



Solar panels at the Products Development Center

Using Green Electricity

In January 2011, Suntory Hall and the Suntory Museum of Art introduced a green electricity system. This system makes use of the Green Power Certification system made by Energygreen Co., Ltd. All 2.5 million kWh of electrical energy the two facilities use each year is regarded as having been provided using green energy, the effect of which is to reduce CO₂ emissions by approximately 960 tons per year.

Additionally, green energy was also used for some of the games played by the Suntory Sunbirds volleyball team and the Suntory Sungoliath rugby team.



Green Energy logo

Achievements and Objectives

2011 (achievements)

- Reduced basic unit of CO₂ emissions at production sites by 3.0%
- Became the first private company to operate lithium ion battery-equipped electric buses for plant tours at the Minami Alps Hakushu Water Plant and Hakushu Distillery
- Switched to green power at Suntory Hall and the Suntory Museum of Art

▶ 2012 (objectives)

- Make further efforts throughout the value chain to reduce CO₂ emissions

Effective Use of Resources

The Suntory Group is strengthening its commitment to the effective use of resources through practicing the Three Rs of "Reduce, Reuse, and Recycle" when dealing with the waste and by-products generated by containers and packaging. We also contribute to the building of a recycling-oriented society in the manufacturing process.

Three Rs for Containers and Packaging

We work on designs that take into account usability from the moment 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.

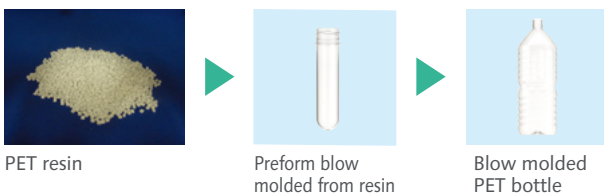
The Suntory Group works to develop containers and packaging that gives consideration to the environment, based on the Three Rs of "Reduce, Reuse, and Recycle." (For details, please see pp.13-16.)

Reduce: Making Containers Lighter

We are striving to reduce weight in many ways as part of our efforts to conserve resources and conserve energy during transport. We are working to reduce the weight of containers such as PET and glass bottles, as well as other items such as caps, labeling, and the cardboard boxes in which we pack our products.

● Blow Molding PET Bottles In-House

The Suntory Group is increasing the number of plants equipped for the process of inflating the preforms that provide the pattern for PET bottles and making them into PET bottles. Additionally, at some plants we are blow molding preforms from PET resin. This enables us to design and control everything from bottle blow molding to filling the contents, thus reducing our resin usage and making it easier to reduce bottle weight. We have also been able to reduce the fuel needed for transport and our CO₂ emissions compared to when we were purchasing PET bottles as completed products.



Reuse: Collecting and Reusing Containers

On our routes, we collect, clean, and put back into use returnable containers used for soft drinks for restaurants and for beer (the amount collected and reused in 2011 reached 118 million units). We have also been working to improve bottle quality, for example, by creating shapes with mouths that will not chip when they have been opened using a bottle opener.

Recycle: From Container Design to Collection

We pay attention to a variety of things from the moment we start designing our containers, in order to maintain the quality of the containers we make from the recycled packaging materials we have collected. We collaborate with local governments to make the most of efficient collection routes since many different types of containers flow together and get mixed up with containers from other companies when they are collected.

For glass bottles in commercial channels that are disposed of by liquor stores, restaurants, and bars, specialist companies developed a collection route for us in 1974 that helps when it comes to collections from the distribution channel.

● Developing Easy-to-Remove Labels

We introduced easily removable roll labels for use with smaller containers like 280ml PET bottles. They promote recycling by reducing the work customers have to do when disposing of the bottles.



An easy-to-remove roll label

Innovative Approaches to the Three Rs

Along with existing approaches to the Three Rs, we are also pushing forward with innovative approaches by aggressively taking on the challenge of developing new technologies, such as those that make use of renewable resources.

● Introduction and further development of product labels made from recycled PET bottles

Suntory Beverage & Food Ltd. began to use labels made from recycled materials in November 2010 for some of its major soft drink products in the 2ℓ PET bottle size including Suntory Natural Mineral Water, Iyemon green tea, and Suntory Oolong Tea. Currently, we use roll-style labels*¹ for all of our products.

These labels are the first such labels in the industry made from recycled PET bottles. Reused PET resin generated from PET bottles recovered from the marketplace accounts for 60% of their composition; the resulting mixture is used to make labels for soft drinks in 2ℓ PET bottles sold in Japan that at their thinnest are 18μm*² thick.

Furthermore, in March 2012, using the same method,

we will put into use technology that increases the ratio of reused PET resin to 80% and produces labels for domestically manufactured soft drinks served in PET bottles that at their thinnest are 16µm thick. We gradually began introducing them for use on Natural Mineral Water products in May. This allowed us to reduce our CO₂ emissions by about 23%*³ compared with today's roll labels.

We will extend its use to other products including Iyemon green tea and Suntory Oolong Tea, and over the course of 2012 introduce the material for all products that use roll labels.

*1: Product labels that can be torn off from where they are pasted rather than those torn along a perforation.
 *2: 1µm = 1/1,000mm
 *3: Percentage reduction in the film (label) manufacturing process.



Roll labels made from recycled PET bottles

● Significant Reduction of Petroleum-Derived Ingredients with the Use of Plant-Derived Ingredients

We have been using plant-derived ingredients for the labels on some of our Natchan 1.5ℓ PET bottle products since February 2011. Polylactic acid—the principal ingredient of which is starch—makes up approximately 70% of the material used to make these labels. The use of these labels reduces environmental impact compared to conventional labels as the use of petroleum-derived ingredients can be significantly reduced.

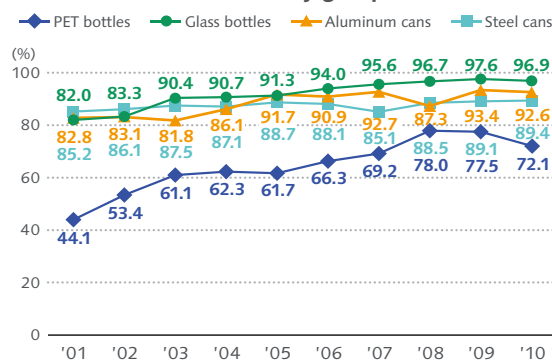


Natchan 1.5ℓ PET bottle

Collaboration for Container Recycling

We are committed to recycling containers in collaboration with industry organizations and local governments, as well as with the assistance of 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.

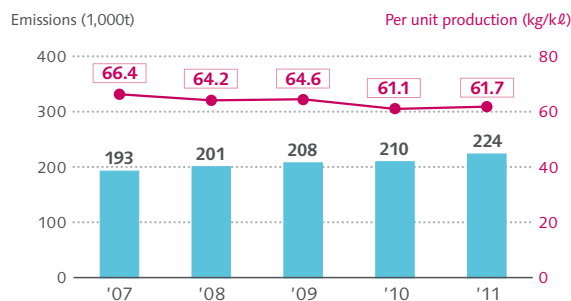
● Trends in container collection rates (based on data from industry groups)



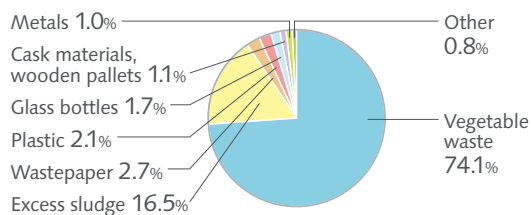
Reducing and Recycling Waste

We are committed to reducing the by-product and waste emissions generated in the manufacturing processes at Suntory Group plants in Japan, and recycling resources 100%. In 2011, our plants in Japan (including Group companies) generated 224,012 tons of by-products and waste. This meant a 7% year-on-year increase and a 1% increase per unit production. However, we achieved a 100% resource recycling rate.

● By-product and waste emissions, and per unit production (24 domestic plants)



● By-product and waste emissions breakdown (2011)



● Pioneering Uses for Each Type of Recycled Resource

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. We pay special attention to ensure that these types of waste are recycled. We recycle the waste and by-products that the Suntory Group generates for the uses listed in the figure on the next page.



Furniture made from whisky cask materials

● Significantly Reducing Sludge Volumes

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

TOPICS

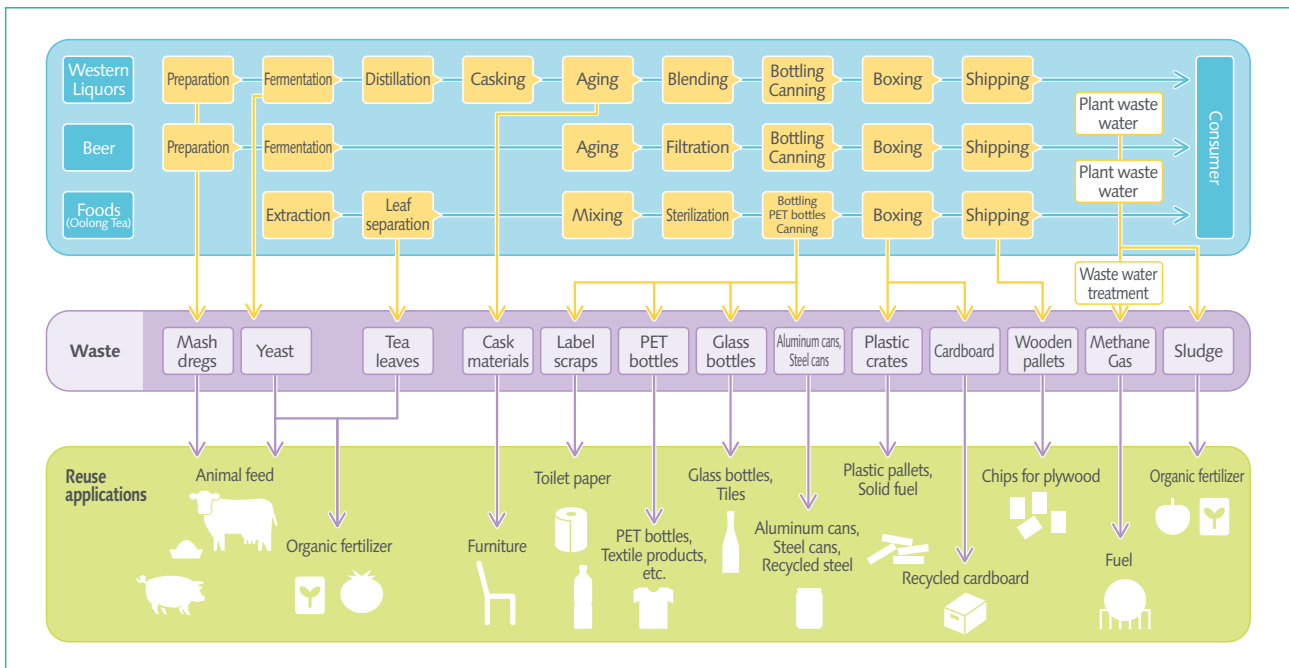
■ Introduction of Anaerobic Wastewater Processing Equipment

Using anaerobic wastewater processing equipment at the Kisogawa Plant of Suntory Products Ltd. produced a 40% reduction on the conventional ratio in the volume of sludge generated there. Furthermore, using the biomass produced through processing also contributed to reducing our use of resources and energy.



Anaerobic wastewater processing equipment at the Kisogawa Plant

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



Achievements and Objectives

2011 (achievements)

- Reduce: Reduced weight of 550ml bottles of Suntory Natural Mineral Water Minami Alps by 46%
- Reuse: Maintained returnable bottle system
- Recycle: Worked to construct efficient, effective container recycling system
- Achieved 100% resource recycling rates at the plants and the Odaiba and Osaka offices
- Achieved targets for different industries in line with the Food Recycling Law

▶ 2012 (objectives)

- Reduce: Reduce PET bottle weight further
- Reuse: Maintain returnable bottle system
- Recycle: Increase use of RePET bottles
- Maintain the 100% resource recycling rates at the plants and the Odaiba and Osaka offices
- Achieve targets for different industries in line with the Food Recycling Law

Coexisting with the Community through Environmental Activities

We at the Suntory Group are striving to spread information about the environment out in the world, by raising awareness and getting the word out about environmental issues.

Promoting Litter Control for Empty Containers

We are carrying out litter control activities for empty containers in order to beautify the environment and promote effective use of resources. We place one empty container collection box at every vending machine. We are also making efforts to raise awareness about recycling by affixing a Beautification Mark on vending machines as a way to prevent littering. The Suntory Group is also one of six beverage industry organizations participating in the Beverage Industry Environment Beautification Association.



Empty container collection box

Disclosure Information and Communication

The Suntory Group values dialogue on the environment and discussions with all of its stakeholders. The opinions and requests we receive are linked to improvements in our activities. We also actively communicate information about the environment through such means as publishing CSR Reports and via our website.

● Taking Part in the Eco-Products Exhibition

The Suntory Group takes part every year in Japan's largest environment-related exposition, the Eco-Products exhibition. We operated two booths at Eco-Products 2011, one dedicated to our initiatives in environmentally friendly containers and the other on our Water Education programs to teach youths about the environment.

At our environmentally friendly container booth, we presented in an easily understood way information about the RePET and P-ecot bottles we have begun using as part of our resource and energy-saving efforts.

Our Water Education booth, meanwhile, used tablet computers so that visitors could see how—through quizzes and direct experience with soil and the like—elementary and junior high school students enjoyably learn about the relationship between water and their lives and about the connection between forests and water.



The Suntory booth at Eco-Products 2011 Our Water Education booth

Environmental Education for Coming Generations

To protect our rich natural environment and live in harmony with nature, there are many issues that will need to be solved, including global warming and the depletion of resources. It is the mission of those of us who are alive today to actively educate the children representing the next generation about the environment in order to build a sustainable future.

● Suntory Water Education

The Suntory Group's independently developed program of Water Education takes a hands-on approach to learning so that our rich natural environment and the water resources borne of it may be handed down to future generations. The goal is to raise children who will realize the importance of water and instill in them the ability to think and act for themselves to protect water by giving them information about it. The main programs we are pursuing in Water Education are the Outdoor School of Forest and Water and the Study Support Program.

● Outdoor School of Forest and Water

This hands-on nature course geared to elementary school students from grades 3 through 6 and their parents 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 12,000 students and their parents took part in the program from 2004 through 2011.



● Study Support Program

Under the Study Support Program we travel to elementary schools to tell students in grades 4 and 5 about the importance of water. The program is run in the Tokyo metropolitan area and the Kyoto-Osaka-Kobe area, as well as in Yamanashi, Tottori, and Kumamoto prefectures where we have Natural Mineral Water plants. Through experiments and videos, we explain Suntory's water-related efforts involving the Natural Water Sanctuary and water conservation at the plants, and have the students think of things that they themselves can do so that the future generations can also enjoy the benefits of water. By 2011, approximately 39,000 students from 516 schools participated in the program.



Achievements and Objectives

2011 (achievements)

- Outdoor School of Forest and Water convened 31 times with about 940 participants
- Study Support Program conducted at 108 schools for approximately 8,500 children

▶ 2012 (objectives)

- Outdoor School of Forest and Water, planned to be convened 38 times with about 1,400 attendees expected
- Study Support Program, planned to be conducted at 100 schools for about 8,000 children

Activities of Group Companies in Japan

Reducing CO₂ Emissions by Promoting a Change in Fuels

Tipness Ltd.

Boilers are used at Tipness fitness clubs to supply warm water for our swimming pools and other facilities. The fuel for those boilers comes from heavy oil, but we have been working at five of the clubs to switch them over to natural gas. The changeover has already been completed at three of the clubs, and it has reduced CO₂ emissions by about 290 tons.



A Tipness swimming pool

Encouraging Energy Saving at Our Locations

First-Kitchen Ltd.

We have been working at all branches of the First-Kitchen fast food restaurant chain to conserve water and power as part of our drive to save energy. In June 2010, we undertook efforts at our Hiratsuka store—remodeled to be our “evolutionary First-Kitchen”—to create an environmentally friendly restaurant that included upgrading the kitchen facilities and HVAC installations with energy-saving equipment. The result was a restaurant that reduced both the amount of electricity used and its CO₂ emissions by about 20% compared to its conventional peers, giving it an energy-saving rate of 25%.

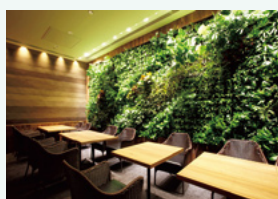


LED lighting now in use

Proposals for Environmentally Friendly Locations

Myu Planning & Operators Inc.

Myu Planning & Operators—which provides a broad range of restaurant consulting services including planning, design, and operations—has come up with proposals for environmentally friendly locations in the design work it has done both for directly operated locations and in its proposals to clients. The proposals include from the earliest stages energy-saving lighting and air conditioning, greenified walls, reuse of old materials, and the selection of environmentally friendly construction and finishing materials. We believe that lowering our environmental impact and making restaurants that marry design sense with functionality are essential issues for us to tackle in our operations.

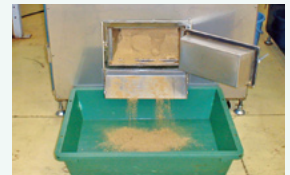


Adding vegetation to the inside walls at The Garden (Ours Inn Hankyu branch)

Reducing Waste and Resource Recovery

Pronto Corp.

The Pronto Group is making a concerted effort to carefully separate the trash at all the cafes, bars, and other facilities in its line of business. At tenant branches where direct contracts can be signed with designated waste disposal operators, the designated disposers turn all of the food waste they collect into fertilizer. The designated disposers also turn all of the noncombustible waste into solid fuel or flakes, or recycle it into fibrous raw material or other various types of products.



Raw material of fertilizer made from food waste

Lowering Our Environmental Impact through Our Choice of Vegetables

Subway Japan Inc.

The sandwich specialty chain Subway Japan has been working together with its contracted farmers to create healthy soil by making every effort to avoid the use of chemically synthesized agrochemicals and fertilizers and making the most of the microorganisms in the soil. In 2012, we plan to grow around half of the tomatoes and lettuce used at all of our restaurants using this method. We also plan to expand the cultivars used and begin the contracted cultivation of ball onions and green peppers.



A Subway-contracted farm

Promoting Energy-Saving and Environmental Initiatives

Dynac Corp.

Dynac has set targets for reducing the amount of electricity, water, and gas used at the restaurants it operates as one of its energy-saving initiatives. We have also switched part of our fleet of company cars over to hybrid vehicles, which have a lower environmental impact.

Furthermore, some of our employees volunteered to plant saplings in the name of the company as part of the Umi-no-mori (Sea Forest) Project. Sponsored by Tokyo Metropolitan Government, the aim of the project is to plant saplings on reclaimed land created within the central breakwater in Tokyo Bay using garbage and construction waste soil, with the eventual goal of turning it into a beautiful forest.



Dynac employees who volunteered to plant seedlings

Corporate Governance

We are striving to enhance our corporate governance to ensure we continue to be a company that is trusted by our customers.

Suntory Group's System of Management

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 the Group's corporate vision 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 maintained our good relationships with all stakeholders including local communities, customers, and business partners, while striving to enhance our corporate governance, so that we may fulfil our social responsibilities as a company.

● Boards Responsible for Group Management

The Board of Directors of Suntory Holdings Ltd. has 9 members. 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, creating a structure that enables swift decision making and operations.

● The Audit System Monitoring and Supervising Management

Suntory Holdings Ltd. has a Board of Auditors consisting of 4 Statutory Auditors, 2 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.

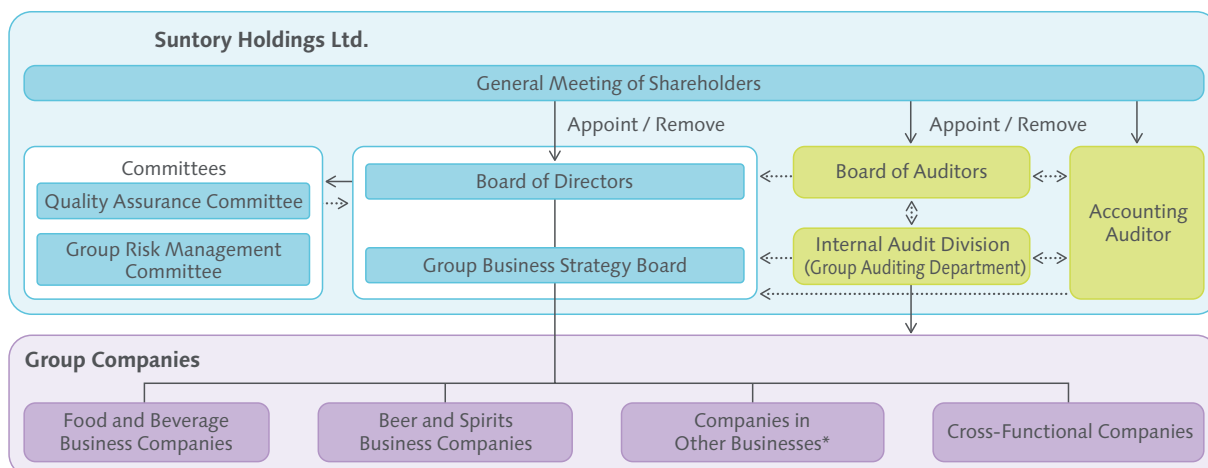
● Enhancing Our Internal Control System

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.

● CSR Management

We have created a dedicated CSR Department to promote CSR management in the Suntory Group. The CSR Department raises awareness of our CSR vision of "Bringing Water to Life" across the Suntory Group. Through these actions, the department works to raise the awareness of all Group employees and promotes various activities such as environmental preservation, cultural activities, and contributions to society in each of our Group companies. The department also coordinates organized, group-wide initiatives to resolve critical CSR issues, and it has various specialized committees that coordinate with individual departments.

● Corporate Governance Structure



* Other Businesses: Businesses in China, wine, health foods, icecream, restaurants, sports, flowers, etc.

Compliance and Risk Management

We are building group-wide systems to meet the expectations of our customers and society, and to maintain continuous business operations.

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 revised the code in April 2012 to take into account the ISO 26000 standard regarding social responsibility.

● 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 18 companies in our national group. In 2011, the hotline received 120 calls from across the Group. These calls included consultations about labor relations and human resources. 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

We are continually employing measures to ensure that compliance is transparent and well established in our company, such as through various training courses for our Group employees and by uploading information to our intranet. In 2011, we made particular efforts to train managerial staff and we implemented a program coordinated to the needs of all Group companies and divisions.

Total Risk Management System

The basic principle of risk management at the Suntory Group is self-management at operational level by each Group company. We have also created 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.

Achievements and Objectives

2011 (achievements)

- Trained managerial staff focusing on various individual issues
- Created Crisis First-Response Manual
- "Suntory Group Social Media Policy" enacted

Risk Assessment and Identification

Every year, we send out a questionnaire to all Suntory Group companies to determine those risks that potentially could significantly impact our stakeholders. The most important risks that we identified in 2011 for the entire Group included major natural disasters, H1N1 influenza, data leaks, mental health, long working hours, and uncompensated overtime. We are working as a group toward reducing these risks.

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 March 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. (Please refer to p.11 for measures taken in response to major disasters.)

Tightening Information Security

We have set down the Suntory Group's Basic Principles for Governance of Information Security, with a focus on "security," "use of information," and "maintaining business continuity."

Also, to cope with such risks as information leaks over social media, the user base of which has rapidly expanded in recent years, in October 2011 we enacted the Suntory Group Social Media Policy, which lays out our position on the use of such media. We will manage information throughout the Group based on these policies, while also working to increase the awareness of all our employees.

▶ 2012 (objectives)

- Implement initiatives to promote compliance connected to understanding and implementation in actual workplaces
- Reinforce foundations for risk-management systems throughout the Group

CSR at the Orangina Schweppes Group

About the Orangina Schweppes Group

The Orangina Schweppes Group handles a variety of drinks that satisfy the desires of health-conscious consumers, led by the carbonated fruit drink Orangina which is consumed by many regularly across the globe. It is sold in more than 80 countries spread across Europe (23 countries), Africa, Asia, Oceania, and America.

Head Office: France (Paris), Spain (Barcelona),
The Netherlands (Amsterdam)

Sales: EUR 1,182 million (fiscal 2011)

Employees: approx. 2,500

Business activities: Soft drink production and sales

Website: <http://www.oranginaschweppes.com/>

Our Mission

Delighting our local consumers with fun, refreshing, and natural moments of pleasure

Our Vision

We will be the most daring and admired brand builder in the beverages industry

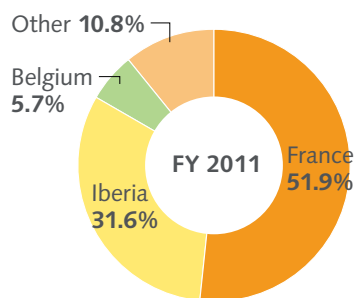
Our Values

- **Entrepreneurial spirit:** Always open minded, we dare to innovate in everything we do and we grow the Orangina Schweppes Group as if it was our company
 - **Teamwork:** We benefit from each other's talent and trust each other
 - **Passion:** Our energy and enthusiasm drive our success that we celebrate
 - **Engagement:** We are accountable and responsible in everything we do

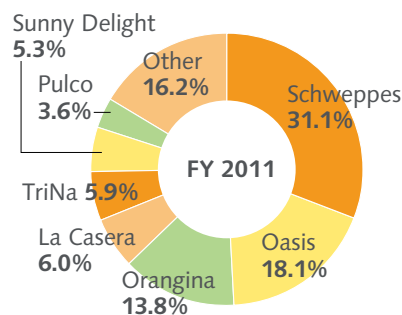
Our Working Mindset

Think big, More fast and Be Naturally Daring

Sales by geographic region



Sales by brand



Core Brands



We naturally dare for a sustainable delight



Luis Bach
Chairman & Chief Executive Officer

Our daring spirit naturally drives our mission to delight our consumers with beverages that respect people as well as the environment, and is combined with a determination to use our natural energy to promote sustainable lifestyles.

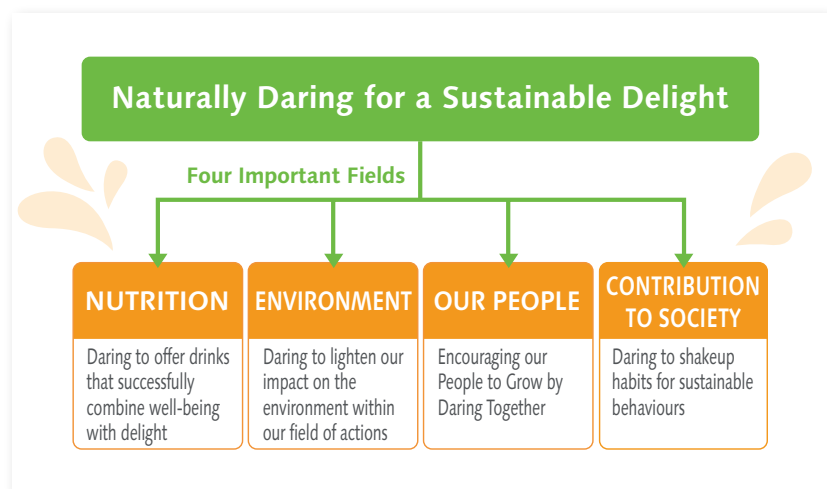
Nutrition and quality are at the heart of our commitments: we make great efforts to produce drinks that are good for our consumers' wellbeing. We dare to break new ground by offering drinks that successfully combine good form with delight, convinced that naturalness can be delightful.

As our drinks are made with ingredients from our planet, we therefore have a natural interest in acting to protect it! This is the reason why we are actively committed to making sure our activities have a lighter impact on the environment.

Acting internally to develop sustainable products, we believe that we also have a role to play externally, by using our naturally daring spirit and energy to encourage people to adopt sustainable behaviours and lifestyles, always in a positive and fun way!

CSR Platform

We believe our social mission is to bring delight to our consumers, the community, and the global environment by preserving nature in the frame of our business activities, for instance in the production process of our products. We have made nutrition, environment, human resources, and social contributions our priority areas, and are working hard to put our mission into practice. Our approach is continually evolving thanks to our daring spirit and constant creativity towards both our products and employees while using our natural energy to promote sustainable lifestyles.



NUTRITION

Daring to offer drinks that successfully combine well-being with delight

Working to maintain deliciousness while reducing the sugar content of our drinks

Controlling daily sugar consumption is a key point for maintaining a healthy lifestyle. Accordingly, the Orangina Schweppes Group has pursued initiatives across all of our business units to reduce the sugar content of our products while maintaining their traditional deliciousness. In France, we have reduced the average added sugar content by 14% compared to 2006 (results dating from 2011). We also constantly aim at developing and manufacturing products that are close to being additive free. Not only have we been refining the raw materials and using colourings and flavourings from natural ingredients, we have also been reducing the preservatives and have reformulated most of our products. A concrete example of this measure is TriNa, a product sold in Spain, which is already "made with 100% ingredients from natural origins."

This was preceded by another step we took in 2008, when we became the first and so far only soft drink



beverage company signatory of the charter of the French government's national nutrition and health programme, the Programme National Nutrition-Santé (PNNS).

ENVIRONMENT

Daring to lighten our impact on the environment within our field of actions

Reducing the environmental impact in all processes ranging from the procurement of ingredients to distribution

In every process from procurement to distribution, the Orangina Schweppes Group is reducing waste materials, water usage, greenhouse gas emissions, and energy consumption, while improving its recycling rates.

◆ Guaranteeing Sustainable Production Practices for Our Ingredients

We guarantee sustainable production practices for our ingredients to ensure high quality, as well as social and environmental respect, by pursuing a responsible policy towards our suppliers. For instance, in 2011, we

implemented in 9 countries an extensive and thorough diagnosis of our key fruit suppliers (80% of our fruit volumes), and defined ethical purchasing guidelines in all our suppliers' tools.

◆ Optimizing Container Packaging to Reduce CO₂ Emissions

Our 2007 carbon analysis revealed that packaging is a key lever to reduce CO₂ emissions. In light of this, we have directed our efforts towards the following goals.

- Using packaging that is 100% recyclable (PET bottle, aluminum, steel, glass)
- Reducing the tonnage of our packaging by 13% compared to 2006, eliminating 4,000 tons of materials/year
 - Reducing the weight of Oasis 2ℓ bottles, 15g lighter than the previous ones
- Using more and more recyclable materials
 - Using reprocessed resin in Orangina PET bottles for France and Belgium

These packaging improvements will contribute greatly to reduce our products' CO₂ emissions.



OUR PEOPLE

Encouraging our People to Grow by Daring Together

Becoming a "Great Place to Work," where staff can feel the pleasure of growing

At the Orangina Schweppes Group, we pour our energies into developing the capabilities of our employees. We have developed job schemes and workplace environments that make it easy for them to show their entrepreneurial spirit, and the entire group is increasing staff opportunities to grow by daring together.

We also believe that supporting healthy eating habits among our employees is one of our corporate responsibilities. We have held seminars in France to deepen their understanding of nutrition basics and provide financial help to encourage our employees to participate in

sports activities.

Our company is part of the "Great Place to Work" rankings from 2011 that surveys initiatives for employees' wellbeing based on a shared global standard. The chart revealed that 87% of our employees take pride and pleasure in belonging to the Orangina Schweppes Group.



CONTRIBUTION TO SOCIETY AND COMMUNITY

Daring to shakeup habits for sustainable behaviours

Encouraging people enjoy a well-balanced and sustainable lifestyle

The Orangina Schweppes Group has carried out programmes in its role as a non-alcoholic beverage company that makes it possible for people to enjoy a well-balanced and sustainable lifestyle.

◆ **Involving Ourselves for Families' Nutritional Information and Education**

Acting on the ground with local stakeholders, we support initiatives which stimulate positive nutritional habits, educating children and their families on the way they drink and eat, such as the promotion of fruits consumption.

Since 2009, we have therefore been involved in a successful programme, supported by the European Commission in the field of obesity prevention, EPODE, based on educating children and their families on how to balance their diets and lifestyles. More than 250 European towns are already involved in this programme, which has had effective results.



◆ **Promoting Physical Activity as an Integral Part of a Well-balanced Life, by Educating Young People to the Taste of Sports and Moving**

Being convinced that sports play a main role in children's education, as a key reference of both healthy lifestyles and human values, we actively support national sports reflecting our values such as rugby, handball, and tennis.

As an illustration of this, in France, we have been partnered with the UNSS (Union Nationale des Sports Scolaires-School National Sports Union), providing access to more than 80 different sporting disciplines for all secondary school pupils, while taking the opportunity to promote nutritional messages on each UNSS event.

◆ **Using the Strength of Our Brands to Stimulate Positive Social Change**

We are fully aware that powerful product brands can have a great influence on society. We convey the originality, pleasure, and energy of our brands through messages that can lead to positive lifestyle changes. The following initiatives are some examples.

- Nutritional information (including daily calorie intake guidelines) has been indicated on all our product packagings since 2009
- All our products are developed in accordance with specific nutritional guidelines
- Communication focused on naturalness for some of our major brands such as Oasis, Pulco, and TriNa
- Recycle labeling of our brands is being promoted, to encourage consumers to separate different packaging materials in an easy-to-understand and fun way



The logo used to encourage recycling that appears on products

Relations with Stakeholders

Quality Management

France



Château Lagrange S.A.S.

Wine producer

Focusing on quality management and product safety

Château Lagrange painstakingly selects the grapes it uses plot by plot to obtain those that best bring out the unique characteristics of the land where the vineyards are located and the varieties being cultivated. We also pay careful attention to how pesticides are used at the vineyards mindful of the health of the consumer.

For quality management, we employ a quality manager to oversee quality control in all parts of the manufacturing process, from pruning the vines to shipping the final product. In 2007, Château Lagrange installed a state-

of-the-art bottling production line, the use of which prevents foreign materials such as glass fragments and insects from getting mixed in at the bottling stage.



Verifying grape quality

France

Louis Royer S.A.S.

Distilling of cognac and brandy, production and sales of liqueurs and spirits

Quest for Food Standard Certifications and Safety

All of Louis Royer's operations have been certified under the British Retail Consortium's Global Standard for Food Safety Issue 5. Our affiliate companies Louis Saveur and La Carthaginoise have also each obtained ISO 22000 and International Food Standard (IFS) certification. Our goal is to maintain the highest levels of product safety, which includes ensuring full traceability for every bottle that we produce.

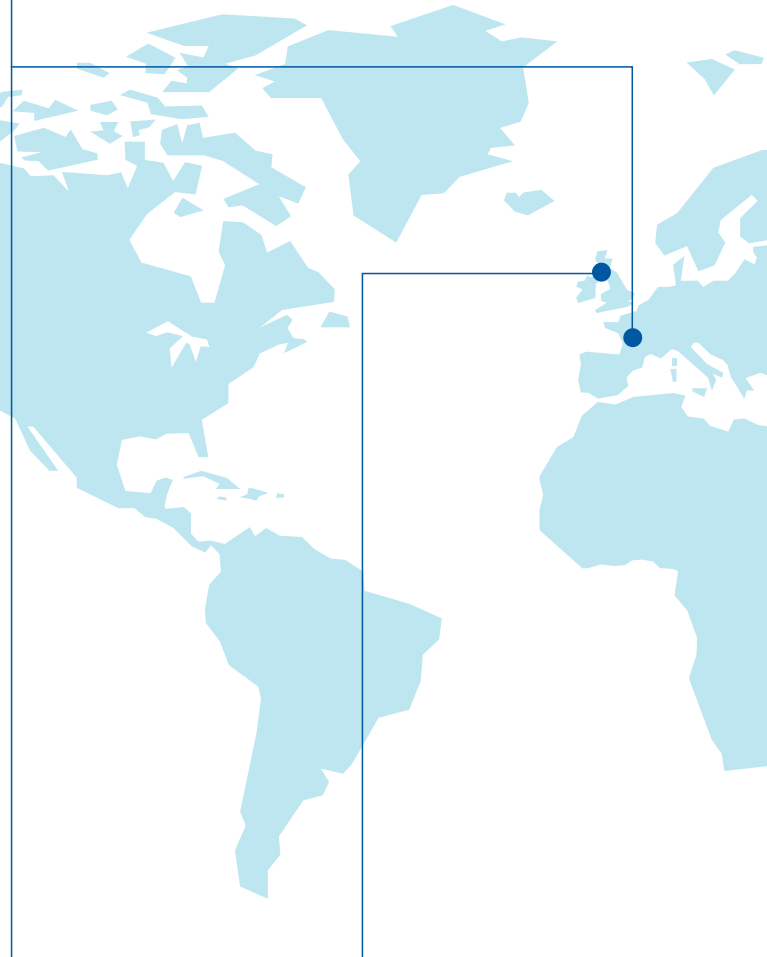
Since 2003, we have been operating an advanced bottling plant built to Suntory Group specifications, and every day we are putting into practice the business strategy of continuous improvement (*kaizen*).



State-of-the-art bottling line facility



Providing instruction to improve techniques



Relations with Business Partners

United Kingdom



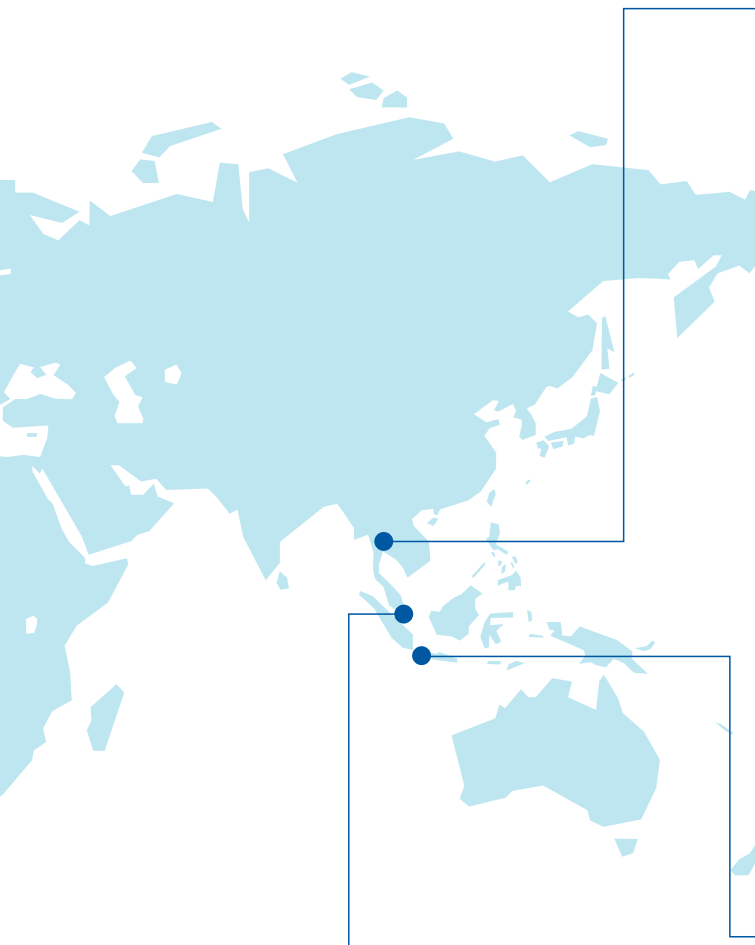
Morrison Bowmore Distillers Ltd.

Production and sales of Scotch whisky

Working with Business Partners and Fair and Equitable Business Practices

Morrison Bowmore Distillers' basic procurement philosophy is to work on a cooperative basis with our business partners. For both social and environmental reasons, we prioritize sourcing from within Scotland wherever possible, and then the other parts the UK.

To confirm that we procure components that meet the high quality standards we demand and expect at the best possible prices, we periodically issue tenders from a wide range of suppliers.



Relations with the Local Community



Thailand

Tipco F&B Co., Ltd.

Soft drink production and sales

Aid in Response to the Floods in Thailand and the Great East Japan Earthquake

As part of our Friends Help Friends (FHF) project, the Tipco Group donated one million bottles of AURA Mineral Water through government institutions and around another 200,000 through the Red Cross, its local branches, and media organizations as assistance to employees and local residents who were victims of the 2011 floods in Thailand.

Group employees also donated about THB 1.15 million through the Thai Red Cross to aid victims of the Great East Japan Earthquake.



Donations of AURA Mineral Water



Donations to the Thai Red Cross

Relations with Customers



Singapore

Cerebos Pacific Ltd.

Production and sales of "BRAND'S Essence of Chicken" and other health supplements and of processed foods including instant coffee and sauces

Keeping Customers Satisfied

Since 2002, Cerebos Pacific has made maintaining closer relationships with our customers one of our basic marketing principles. As part of that, we have been operating Customer Relationship Management (CRM) systems in all regions, allowing us to better measure customer satisfaction and needs. Our customer database now holds information on 1.75 million customers. It allows us to communicate directly with our customers, which we believe helps to strengthen familiarity with our brand.

Relations with the Local Community



Indonesia

PT Suntory Garuda Beverage

Soft drink production and sales

Community relations through plant tours

PT Suntory Garuda Beverage has been offering plant tours for elementary, junior high, senior high, and university students so that they might better understand the processes for manufacturing safe and reliable products.



Students taking a plant tour



Coexisting with the Environment

Protecting water resources

United States



Pepsi Bottling Ventures LLC

Production and sales of PepsiCo's beverage brands in the U.S. East Coast

Continually reducing water usage

Pepsi Bottling Ventures (PBV) views reducing its water usage as an extremely important task. Although we increased production output by 9.5% from 2008 to 2011, our water usage increased by only 1% thanks to our aggressive pursuit of water efficiency projects. Thanks to such initiatives, we have maintained a highly efficient production system where the basic unit of water consumption at present is 1.60m³/kℓ.



PBV is aggressively pursuing water efficiency projects

Global warming prevention

Mexico



Suntory Mexicana, S.A. De C.V.

Production and sales of alcoholic beverages (Midori, Plum Dew); import and sales of alcoholic beverages (Hibiki, Yamazaki, Mozart)

Changing equipment to reduce CO₂ emissions

Since 2009, we have been working to determine the basic amounts of energy and fuel we use at our plants, set annual reduction targets, and develop new approaches. We review our findings on a monthly basis.

As a result, we replaced our aging water-tube boilers with miniature, cutting-edge flow-through boilers, which improved our fuel-use efficiency and reduced NOx emissions. We have making other efforts to reduce our environmental impact, such as installing highly efficient screw compressors in 2011 to lessen the amount of energy we use.



New utility building



A highly efficient screw compressor

Effective use of resources

United Kingdom



Morrison Bowmore Distillers Ltd.

Production and sales of Scotch whisky

Working to recycle container and packaging waste

Morrison Bowmore Distillers has been moving ahead with efforts to separate and recycle waste matter such as glass, metals, paper, wood, plastic, and cardboard.

Casks that have exceeded the period for which they can be used for aging are reused for corking material for newly filled casks. We also cut old casks in half, and sell them at our distillery and other locations as gardening planters. Naturally occurring byproducts of the distilling process are used on our grounds as fertilizer.

Through these initiatives we have already achieved over 80% recycling on all waste streams generated and aim to continue to improve this further.



Global warming prevention

China



Suntory (China) Holding Co., Ltd.

Holding company for group companies in China

Reusing methane gas generated while processing wastewater

In 2011 at the Suntory Beer (Shanghai) plant, we installed boilers dedicated to reusing the methane gas produced when processing anaerobic wastewater. By using methane gas in place of liquid natural gas (LNG), we were able to reduce the amount of LNG used annually by about 500,000Nm³. This reduced our annual CO₂ emissions by approximately 850 tons.



Methane gas boiler



Biological desulfurization equipment

Effective use of resources

Singapore



Cerebos Pacific Ltd.

Production and sales of "BRAND'S Essence of Chicken" and other health supplements and of processed foods including instant coffee and sauces

Waste reduction program

We have introduced waste reduction and recycling programs in our Singapore office. This program involves employee re-education about environmental activities, and an expansion of our integrative approach towards environmental management. As a result, our recycling rate has already reached 60%, higher than the national average of 57%. We are currently planning on extending this program to all of our offices. We are also gradually introducing other environmental policies, such as reducing our power usage.



Recycling boxes at our Singapore office

Global warming prevention

New Zealand



Frucor Group

Production and sales of non-alcoholic beverages

Effectively using energy and water resources

In 2009, Frucor Group conducted an energy audit supported by a government grant, and based on its recommendations we have implemented energy efficiency improvement measures. In 2009, we also worked with the University of Auckland School of Engineering to perform a water and liquid waste survey, and have been utilizing its results to improve production line efficiency as part of our continuous improvement plan.



"V" energy drink production line

Stakeholder Engagement

The Suntory Group actively carries out dialogues with a variety of stakeholders in order to precisely determine social expectations and demands and apply them to the company's activities.

ISO 26000 and Stakeholder Engagement

In November 2010, the ISO 26000 set of international guidance on social responsibility was published. The guidance sets identifying and engaging with stakeholders as a core undertaking for corporations with respect to social responsibility. Stakeholder engagement refers to

efforts to understand where the interests of various stakeholders lie through dialogue with them and then reflect this in corporate activities and decision making. The Suntory Group will continue working to improve its efforts in this regard through ongoing dialogue.

Stepping Up CSR Activities Based on ISO 26000 Guidance

The Suntory Group is treating the ISO 26000 guidance internally as a shared set of global standards for promoting CSR. As a first step, in 2012 we held an all-organization CSR meeting at which representatives from the Group's main CSR-related divisions were brought together to firm up their understanding of the guidance and to identify and share the stakeholder engagement processes to be

pursued in the future. Next, using check sheets to self-evaluate compliance with ISO 26000 guidance, the divisions assessed the current state of their CSR activities and discussed the major issues that Suntory Group needs to prioritize in regard to the guidance's seven core subjects. We also verified the major issues being discussed in-house through a brainstorming session with outside experts.



The team of experts who conducted our brainstorming session

[Core Subjects]

■ Organizational governance



Mitsuhiro Umezu
Associate Professor,
Keio University Faculty of
Business and Commerce

■ Human rights ■ Labor practices



Kenichi Kumagai
Member, Editorial Planning Board,
The Japan Association for the
Advancement of ILO Activities
Former Member, ISO/SR
International Drafting Committee

■ Environment



Toshihiko Goto
Chief Executive,
NPO Sustainability Forum
Japan

■ Fair business practices ■ Consumer issues



Yukiko Furuya
Board Member,
Nippon Association of
Consumer Specialists
Former Member,
ISO/SR Japan Committee

■ Community involvement and development



Kaori Kuroda
Secretary-General and Director,
CSO Network Japan
Former Member,
ISO/SR Japan Committee

Experts' Perspective

Here we introduce the assessments of the Suntory Group's activities that our outside experts offered at the first brainstorming session, along with the future issues they identified.

■ Organizational governance

Even though Suntory is an unlisted company and therefore does not have shareholders, who are an important group of stakeholders for a company, the Group's structures for ensuring effectiveness and transparency in organizational governance are equivalent to those of a listed company. The Group's stance on disclosing information of its own accord through internal control reports and the like and proactively holding labor-management consultations can be given high marks. With respect also to the governance of group companies overseas and the spread of CSR activities there, we can sympathize with the Group's approach of having respect for the thinking of local companies while trying to share the values that Suntory has esteemed since its founding and seeking growth. Doing even more to promote diversity will become more important as the company globalizes.

■ Human rights

It can be surmised with respect to Group companies in Japan that this issue is generally managed uniformly and handled willingly. However, human rights as treated in the ISO 26000 guidance are even more broadly important by the standards of international society than Japanese think. For this reason, in the course of doing business overseas, it is possible that the company will unexpectedly face a human rights problem. It will be necessary to pay attention to cultural differences while checking on such matters as child or forced labor in the supply chain and being mindful of indigenous or minority peoples. The company should also take care not to aid or abet human rights problems.

■ Labor practices

That the company regards diversity as a business challenge and is dealing with it straight on is to be praised. Major issues facing Japanese companies at home include work-life balance, mental health issues, and the handling of non-permanent employees. We expect the company's advanced approaches related to a work-life balance to be adopted by group companies around Japan. Also, as the company globalizes, it would be good with respect to the labor practices in the overseas supply chain to exchange information with Group companies already making such efforts while working to implement them equally throughout the Group.

■ Environment

The Suntory Group's environmental management efforts are of the highest level in Japan, including initiatives related to water sustainability, innovative containers and packaging, and prevention of global warming. They are in accord with the thinking on sustainability emphasized in the ISO 26000 guidance. On the other hand, when doing business in the newly developing countries of Asia and elsewhere where the idea of CSR and the principles outlined in ISO 26000 are still in the process of being adopted, attention must be paid to the supply chain. On-the-ground awareness will be indispensable to making sure that out-of-sight business partners are not creating problems when it comes to the environment, human rights, labor practices, and the like.

If such problems occur, the relevant divisions will need to work together to decide the items to be checked, standardize and develop manuals for inspection methods, and conduct training and exercises for local employees. The Group should also engage in environmental activities optimized for the locale in countries and regions where the inherent advantages and disadvantages including water resources are mixed together.

■ Fair business practices

The Group's basic stance of emphasizing relationships of trust with business partners while working to make improvements from a mid- to long-term perspective accords with the "solve problems together" approach set forth in the ISO 26000 guidance. In the future, as the Group emphasizes CSR in its supply chain CSR Initiatives, we expect it will develop mechanisms for hearing the various things that business partners have to say as it works to detect social issues, and then together with the relevant institutions in its supply chain be involved in their resolution.

■ Consumer issues

The Group's quality assurance activities and initiatives to maintain communications with its customers are at very high level even among Japanese companies. We are also sympathetic to the Group's thinking on changing product specifications for local markets, through which it demonstrates respect for local customs and cultures in the foreign marketplace while working to improve consumer safety and peace of mind. Also praiseworthy is the company's stance on providing information about radioactive materials in the wake of the Great East Japan Earthquake, and being mindful of the social impact and, with scientific backing, dealing carefully with its diverse body of consumers. In the future, we hope the Group will work to detect and resolve social problems based on a perspective of "consumers" that goes beyond just that of "customers" from a company's point of view.

■ Community involvement and development

It is amazing that ever since Suntory's founding making contributions to the community and society have been at the core of its business, and it continues to be engaged in charitable enterprises and supporting culture and the arts. Also deserving of praise is the fact that the Group's recovery activities related to the Great East Japan Earthquake are of a mid-to-long-term nature rather than stopgap measures. The important thing is not choosing issues from the company's perspective, but rather understanding what sort of social responsibilities the company has through communication with people from the community and satisfying community expectations. For that reason, forming alliances with multiple stakeholders is indispensable. We expect the Suntory Group also to apply the achievements and know-how in its social contribution activities cultivated in Japan to newly developing and developing countries, and actively contribute toward resolving the issues that communities face based on mutual understanding with the local community.