



2023

Suntory Group Sustainability Site

PDF

SUNTORY

CONTENTS

Top Message	002
Suntory's Sustainable Management	005
The Suntory Group's Targets Toward 2030	010

Environment

● Environmental Management	018
● Water Sustainability	023
· Water Risk Assessment	
Special feature 1 Achieving the AWS Certification for Water Stewardship	
Special feature 2 Natural Water Sanctuary (Water Resource Cultivation/ Preserving Biodiversity)	
Special feature 3 Suntory Mizuiku - Education Program for Nature and Water	
● Climate Action	050
● Disclosure Based on TCFD	058
● Packaging & Resource Efficiency	066
Special feature 4 Reduce: Lightweighting	
Special feature 5 Recycle: Promote "Bottle to Bottle" Horizontal Recycling	
● Biodiversity	081
Special feature 6 Bird Conservation Activities	
● Pollution Prevention and Chemical Substance Management	087

Social

● Respect for Human Rights	090
● Sustainable Procurement	106
● Learning & Development	117
● Diversity, Equity & Inclusion	118
● Health & Safety	119
● Positive Choices	126
● Responsible Drinking	132
● Quality Management	142
● Customer Oriented Management	146

● Communities	157
· Suntory "Land of Water" Kumamoto Support Project	
· The Suntory Tohoku Sun-Sun Project	
· Supporting Challenged Sports	
● Empowering Children & Youth	179
● Arts & Culture	185
● Championing Sports	190

Governance

● Corporate Governance	194
· Basic Concepts and Operations for the Internal Control System	
● Compliance	201
· Suntory Group Code of Business Ethics	
● Risk Management	212
● Tax Policy	219

Others

● Corporate Mission "To Create Harmony with People and Nature" — How Suntory should Take Actions on Biodiversity	221
● Evaluation from External Parties	230
● Initiatives and Industry Alliances	233

Performance Data

● Environment	239
● Social	254

Top Message



With our Purpose, working towards a future where everyone can shine

For more than 120 years, the Suntory Group has made its mission to enrich the lives of people by providing the highest quality products and services while coexisting with a diverse society and environment. Guided by our Purpose "To inspire the brilliance of life, by creating rich experiences for people, in harmony with nature," the Suntory Group seeks to use our resources, scale and expertise to create solutions which address challenges facing society and help create an equitable future where everyone can shine. As a company supported by the blessing of nature and water, we have prioritized environmental sustainability initiatives as the most important business strategy of the Suntory Group, and we will continue to do so into the future.

Continue to take on challenges in a time of uncertainty

As COVID-19 restrictions on activities were drastically eased in many parts of the world, the business environment surrounding our company finally began to show signs of hope. On the other hand, this also was a difficult year, with a series of unexpected events such as the Ukrainian crisis, soaring prices on commodities and energy, and the rapidly weakening yen. In the years ahead, I expect to see continued uncertainty that will transform the landscape from what we are accustomed to.

In January 2023, I attended the World Economic Forum Annual Meeting in Davos, Switzerland. The theme of the meeting was "Cooperation in a Fragmented World," There, I was able to observe the active cooperation and commitment of European countries on sustainability. Even at a time when many have no choice but to increase the use of fossil fuels such as gas and oil to protect the lives of the people, there was a momentum to formulate a new industrial policy that will take firm measures against climate change and allow public-private partnership to move forward.



I am aware that sustainability is a pressing issue around the world, and I have renewed my desire to continue to challenge ourselves because of the uncertainty. I believe it is extremely important to be a global citizen by addressing global, environmental, and societal challenges. The Suntory Group will continue to promote sustainability management with an aspiration to create a society where people live in harmony with nature.

Leading the World in Promoting Water Sustainability

It is our responsibility to leave our beautiful planet for the next generation and that is the primary reason why the Suntory Group is committed to sustainability activities.

In particular, water is the lifeline of our business and we are striving to solve water sustainability challenges globally. This year marks the 20th anniversary of our Natural Water Sanctuaries, an initiative to nurture quality ground water at the source of our production sites in Japan. We now manage 22 forest areas, approximately 12,000 ha as Natural Water Sanctuaries, which is equal to the amount of land that recharge double the amount of groundwater we use in Japan. Our water source conservation activities have expanded to North America, Europe and India, and by 2030, we aim to be water positive to return more water than used at a majority of our plants worldwide.

We are also expanding "Mizuiku", a water education program for the next generation. The program began in Japan 2004 and has expanded to Southeast Asia, China, Europe, and other countries around the world, with approximately 470,000 people have participated to date.

These activities are highly regarded globally. In 2021, the Suntory Group partnered with the Alliance for Water Stewardship (AWS), a global organization leading the water stewardship, and became the first Japanese company to become a member.

In addition to the activities in locations where we operate, we are determined to be a global leader in water sustainability leveraging the knowledge and technology we have developed over the years which is becoming increasingly important for achieving water sustainability.

In 2022, two important Conference of the Parties (COP) were held; COP27, which is the 27th Session of the United Nations Framework Convention on Climate Change and COP15, the 15th Session of the Convention on Biological Diversity. I believe that addressing biodiversity, which is interdependent with climate change, is very important. How we take steps to preserve the natural environment, from oceans and forests, to mountains and rivers, needs to move forward along with actions for water sustainability and response to climate change as one.

Efforts to reduce greenhouse gas (GHG) emissions are a crucial part of this equation. To achieve carbon neutrality in 2050, the Suntory Group will reduce GHG emissions at our own sites by 50% and reduce GHG emissions across the entire value chain by 30% by 2030.

Responsible production and consumption play a role, as well. As part of our contribution to the recycling society, we aim to make all plastic bottle materials sustainable by 2030 globally, and to eliminate the use of new fossil-derived materials.

Although we are giving it our best efforts, we believe that there are limits to our own efforts to solve these environmental challenges. As the head of Suntory Group, it is my responsibility to actively work with diverse stakeholders to create technological innovations that will bring about global change.



Harness creativity to bring smiles to customers

The history of Suntory Group dates back to the time when our founder Shinjiro Torii took up the challenge of making wine and whisky and created a Western liquor culture in Japan when Japanese people were not yet familiar with Western liquors. Since then, we have continued to take on new challenges with the spirit of "Yatte Minahare" –a mentality that pushes one forward despite many failures. We entered the beer business when the market was dominated by few companies and created new categories in the market such as premium beer. In 2022, we expanded our non-alcohol lineups for providing expanded choice for consumers by continuously demonstrating such spirit.

We want to continue to be a value-creating company that brings excitement and smiles to our customers. To achieve this, it is necessary to thoroughly look at what is happening in the market and examine what consumers really want. We strive to have the courage to take on seemingly impossible challenges without fear of failure, and to hold the strong will to never give up once you have made up your mind.

Since the pandemic, society as a whole has been living in a world of discouragement. We believe it is our social mission to continue to create products that make our customers smile thinking "Suntory is 'OMOROI* '! In the area of sustainability, we will continue to demonstrate the "Yatte Minahare" spirit which has inherited our founding spirit and work together with our stakeholders to create a future filled with the "brilliance of life."

*intriguing everyone by achieving the impossible with extraordinary dedication, and at the same time being joyful, bold and brilliant.

April 2023
Takeshi Niinami
Chief Executive Officer
Suntory Holdings Limited

Suntory's Sustainable Management

Suntory Group Philosophy

Being true to our purpose "To inspire the brilliance of life, by creating rich experiences for people, in harmony with nature," we will practice our values of Growing for Good, "Yatte Minahare," and Giving Back to Society.

Suntory Group's Corporate Philosophy

Suntory Group's Corporate Philosophy consists of our purpose and values, based on our founding spirit and motto. It expresses our corporate aims and the principles we embrace to achieve them.

Our Purpose The goals of the Suntory Group's business and our corporate direction

**To inspire the brilliance of life,
by creating rich experiences for people, in harmony with nature.**

Our Values The values we embrace to achieve our purpose

Growing for Good

We keep growing, as individuals and as a corporation, towards a better world. By continuing to grow, we expand our capacity to improve society.

"Yatte Minahare"

We refuse to fear failure, refuse to give in or give up, and stay relentless in our quest to innovate new values.

Giving Back to Society

We give back from what our business earns, not only by reinvesting in our company, but by caring for our customers and partners and contributing to society.

The Suntory Group's vision on Sustainability

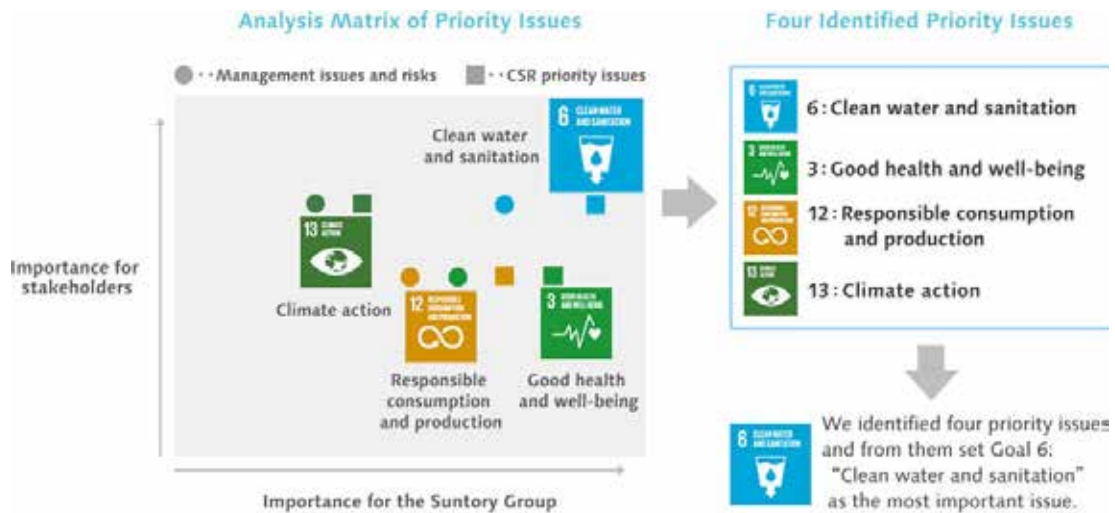
As a multifaceted beverage company, we are dedicated to realizing a sustainable society where enriching people's lives and conserving the natural environment go hand in hand. We deeply respect the blessings of nature on which our products rely, and engage in a range of activities to ensure sustainable use of natural resources and a healthy natural water cycle. In addition to delivering products and services that enrich peoples' lives, we strive to ensure that our business growth contributes to a sustainable society across our entire value chain.

The world faces a wide variety of environmental and social issues, such as water shortages and loss of biodiversity from changing climate, pollution and increasing waste, poverty, human rights violations. The Sustainable Development Goals (SDGs)* adopted at the 2015 UN Summit call on businesses to address social issues and to promote a sustainable society. As companies are expected to take proactive actions for achieving these goals, the Suntory Group, which operates globally, will also continue to take on the challenge of realizing a sustainable society by tackling global issues more sincerely than ever before.

* Sustainable Development Goals are goals adopted at a UN Summit in September 2015 that the whole world should tackle by 2030

Important Sustainability Themes for the Suntory Group

We used the SDGs to identify priority areas for future activities. Working with the third party and supported by external reports by the World Economic Forum, we assessed and identified materiality issues for our stakeholders and our company: Goal 6 - Clean Water and Sanitation, Goal 3 - Good Health and Well-being, Goal 12 - Responsible Consumption and Production, and Goal 13 - Climate Action. Of them, we place the highest priority on the sustainability of water, which is an important raw ingredient for our business. In addition to environmental conservation, the Suntory Group strives to create rich experiences for people through our products and services in harmony with nature through relentless innovation. We believe this is at the core of our sustainability vision.



Suntory Group Sustainability Vision

We established the Suntory Group Sustainability Vision in 2019 to drive sustainability management across our Group.

Suntory Group Sustainability Vision



















To create harmony with people and nature





As a multifaceted beverage company whose products rely on the blessings of nature, we aim to create a world in which people and nature beneficially impact one another long into the future, where people live more enriched lives and the natural environment is protected and nurtured.

The Suntory Group's 7 Sustainability Themes

Theme	Commitment	Related SDGs
Water	Water management, water resource conservation, water education	
CO ₂	CO ₂ emission reductions across all business activities	
Raw Ingredients	Response to water scarcity, changes in producing regions, and human rights problems at suppliers	
Containers & Packaging	Implement circular economy in main packaging materials including plastics	
Health	Promote better health through beverages and health foods, promote responsible drinking	
Human Rights	Protect human rights throughout the supply chain and promote diversity	
Enriching Life	Contribute to realizing a mentally and physically enriching society in all company activities	

The Suntory Group's 7 Sustainability Themes

Theme	Commitment	Related SDGs
Water 	Based on our Sustainable Water Philosophy, we as a group conduct activities including understanding of the water cycle, water conservation, recycling and wastewater management, watershed conservation, community engagement, and work with external stakeholders to achieve water sustainability.	  
CO₂ 	Aiming to realize the net zero-carbon society, we are working to reduce carbon emissions at our facilities as well as in our operations throughout the value chain by adopting the latest energy-saving technologies and use of renewable energy.	  
Raw ingredients 	For agricultural crops and other raw ingredients that rely on the blessings of nature and are essential to our products, we cooperate with suppliers across the supply chain to identify social and environmental challenges and promote sustainability initiatives that enable us to grow together and contribute to enriching communities.	  
Containers and packaging 	For our main packaging materials and containers, we strive to reduce environmental impact throughout the product life cycle—from product design to transportation and post-consumption recycling—and work to achieve a circular economy.	  
Health 	We believe that as a consumer-oriented company, it is important to support the pursuit of a balanced life both mentally and physically. Our consumers have different needs and preferences at different stages of life, and through our diverse business activities, we support wellness at each of these stages. By offering choices in products, services and experiences across our businesses in alcoholic and non-alcoholic beverages, health foods, and more, as well as by driving innovation to create value, we support consumers to achieve well-being and lead balanced lives.	

<p>Human Rights</p> 	<p>Group Employees</p> <p>In addition to ensuring workplace safety, we promote health management and provide employees with growth opportunities from a long-term perspective. Along with promoting respect and preventing harassment, we embrace diversity, including race, religion, gender, sexual orientation, age, nationality, language, and disability. We also embrace inclusion that accepts and values the individual differences and recognizes how differences make our Group stronger, and strive to create employee-friendly environments for all that are full of "Yatte Minahare" spirit.</p> <p>Value chain</p> <p>To contribute to the well-being of all people that make up the value chain, we carefully review and identify our businesses' impacts on human rights and cooperate with external stakeholders including suppliers to conduct activities for human rights protection.</p>	
<p>Enriching life</p> 	<p>In addition to providing products and services that bring mental and physical enrichment, we also promote innovation, create new value, and contribute to creating a more "human" society for all. Based on our founding spirit of "Giving Back to Society," we seek to address social challenges and contribute to the welfare of society, including through activities in the arts, culture, science, sports, and next-generation education. In the regions where we do business, we value dialogue with the local communities, and strive to help address local challenges to benefit people's lives.</p>	

Suntory Group's Mid- to Long-term Targets

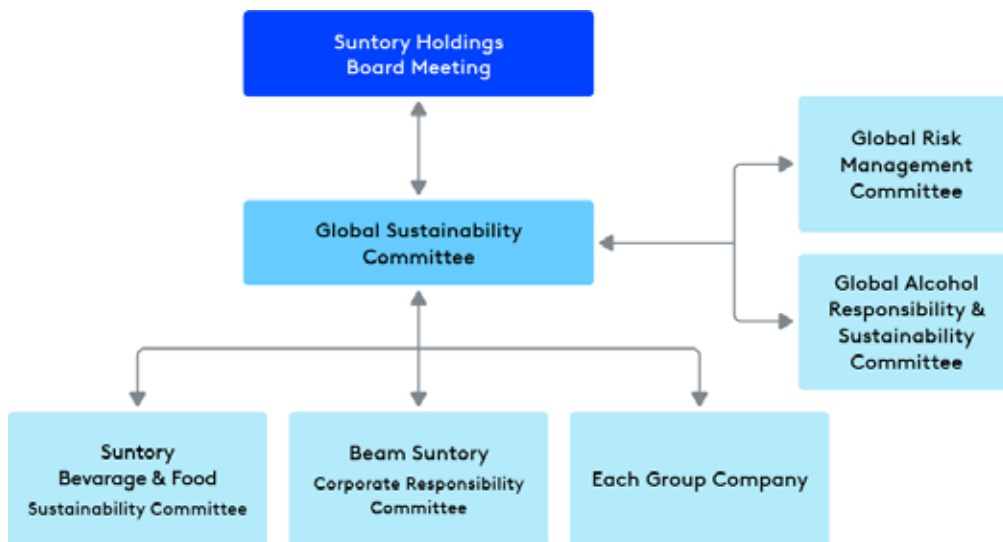
The world is facing a wide range of challenges today, and we will engage more than ever to seek solutions to them as well as continue our efforts to realize sustainability. We have set mid- to long-term targets and are implementing world-leading initiatives for water sustainability as well as for the pressing issues of reducing GHG emissions and plastics.



Promoting Structure

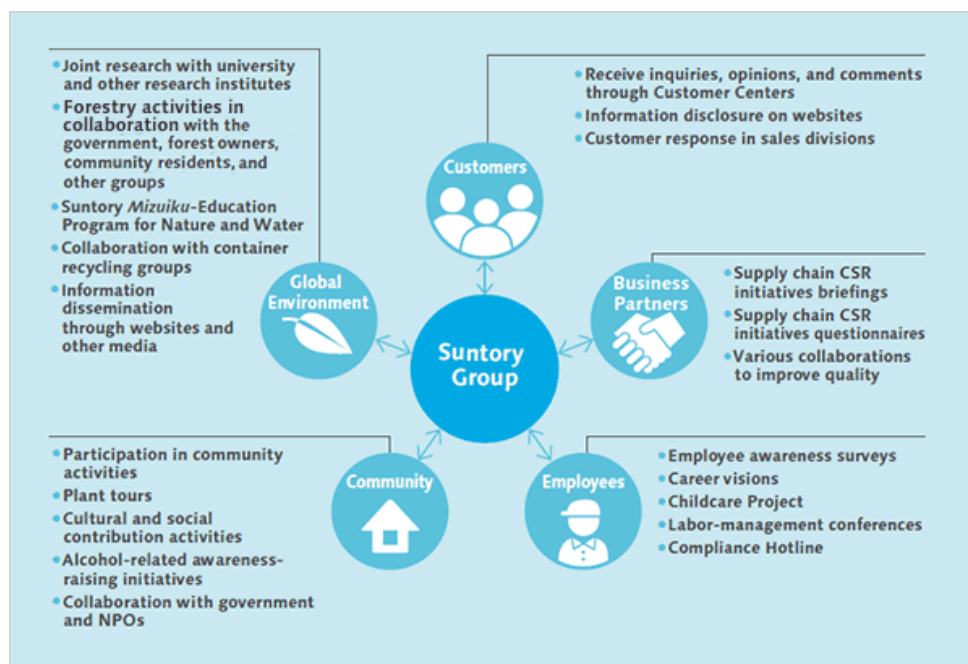
The Global Sustainability Committee (GSC) acts as an advisory committee to the Board of Directors for sustainability management. The GSC discusses the Group's sustainability strategies and confirms progress on priority themes (water, climate change, raw ingredients, containers and packaging, health and human rights) under the direction of the Chief Sustainability Officer. Progress on environmental and social activities as well as business risks and opportunities are reported to the Board of Directors on a quarterly basis. In addition, the Board of Directors is provided with opportunities to receive advice from third-party experts on sustainability management.

Suntory Group's Environmental Management Promoting Structure



Relations with Stakeholders

We pursue our business activities while engaging with a wide variety of stakeholders. We will make clear our responsibilities to our stakeholders and communicate with them in various ways so that we can continue making contributions to realizing sustainable society. We aim to incorporate feedback we receive and societal needs into our company activities and continuously work to build highly trustworthy and collaborative relationships with stakeholders.



Opportunities for Communication with Stakeholders

The Suntory Group's Targets Toward 2030

Targets for Water, Greenhouse Gas (GHG) emissions, and Containers and Packaging

We are engaged in seeking solutions to the wide range of challenges facing the world and are continuing efforts to realize sustainability. In 2019, we established the Suntory Group Sustainability Vision, consisting of seven themes, to drive sustainability management across the Suntory Group.

Among them, we have set targets toward 2030 for the three environment-related themes of water, GHG, and containers and packaging and are leading pioneering efforts in these areas.



Targets and Results

Reduction of Water Used in Direct Operation

Targets Toward 2030

Reduce the water intensity*¹ of production at our owned plants*²

by **35%**^{*3} globally.



2022 Progress

Reduced the water intensity of production

by **28.0%** compared to 2015.

Water Replenishment

Targets Toward 2030

Replenish

more than **100%**

of water used in at least 50% of our owned plants*² globally, including all those in highly water stressed areas, through local water source conservation efforts.



2022 Progress

Water resource cultivation activities implemented in

34%

of all owned plants globally. For the plants located in highly water stressed areas, activities are implemented in 30% of those areas.

Sustainable Water Use in Raw Ingredients

Targets Toward 2030

Collaborate with suppliers to improve water-use efficiency in the production of water-intensive key ingredients*⁴ in highly water stressed areas.



2022 Progress

- As an initiative on barley production through regenerative agriculture, we began working with our malt suppliers to verify the improvement of water use efficiency by improving soil water retention.
- Started building a pilot program to assess and support water use through regenerative agriculture for coffee farmers in the Cerrado region of Brazil.

Water Education and Access to Safe Water

Targets Toward 2030

Expand water education programs and initiatives to prove safe water access for

more than
1 million people.



2022 Progress

Total

810,000
people

Water education program: 510,000 people

Provision of safe water: 300,000 people

*1 Water intensity is the amount of water withdrawn per unit of production, which is 1 kiloliter of production

*2 Owned plants that manufactures finished products and excludes plants for packaging and ingredients

*3 Reduction of water intensity of production based on 2015 baseline year

*4 Coffee, barley, grapes

Water is a Precious Shared Resource and The Most Important Ingredient for the Suntory Group

In order to achieve "water sustainability," the first pillar of our Environmental Policy, we have shared the following philosophy across the Suntory Group and are implementing a wide range of initiatives.

Suntory Group's Sustainable Water Philosophy

1. Understanding the natural cycle of water

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

2. Promoting environmentally conscious water use

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

3. Conserving watersheds

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

4. Engaging with the local community

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

Our Initiatives

Suntory Natural Water Sanctuary Initiative Using Science-based Approaches

The Suntory Group started the Natural Water Sanctuary Initiative in 2003 for the purposes of improving water resource cultivation and preserving biodiversity. The initiative has now expanded to approximately 12,000 hectares in 22 locations in 15 prefectures across Japan and has already recharged twice the amount of water withdrawn by our plants in Japan. With the Suntory Institute for Water Science playing a central role, we collaborate with researchers from various fields to carry out ongoing activities based on science, looking ahead decades or even 100 years into the future. We are now extending this initiative for water resource cultivation to regions around the world.



Suntory Natural Water Sanctuary

Suntory *Mizuiku* - Education Program for Nature and Water Designed for The Next Generation

Suntory *Mizuiku* - Education Program for Nature and Water is a unique program designed for the next generation to think about the importance of forests that nurture groundwater and what they can do to ensure there is water in the future. The program started in Japan in 2004 and began activities outside Japan in 2015, starting in Vietnam. The program has since expanded to Thailand, Indonesia, France, China, and Spain with activities focused on local water issues.



Suntory *Mizuiku* - Education Program for Nature and Water in Indonesia



Greenhouse gas (GHG)

Related SDGs



Targets and Results

GHG emissions

▶ Targets Toward 2030

Reduce GHG emissions from our direct operations by

50%*



▶ 2022 Progress

16.9%
reduction compared to 2019

▶ Targets Toward 2030

Reduce GHG emissions across our entire value chain by

30%*



▶ 2022 Progress

3.5%
reduction compared to 2019

* Based on emissions in 2019.

Aim for Net Zero Greenhouse Gas Emissions Across the Whole Value Chain by 2050

In our Environmental Vision toward 2050, we aim to achieve net zero greenhouse gas emissions across the whole value chain by 2050. In our Environmental Targets toward 2030, we have set the targets of reducing GHG emissions from our direct operations by 50% and across the whole value chain by 30%. To safeguard the global environment that is essential to our business foundation, we are implementing sustainability management across our entire Group and taking steps to reduce GHG emissions in our direct operations as well as other operations apart from these across the whole value chain.

Our Initiatives

Use of Renewable Energy

The Suntory Group uses 100% renewable energy for electric power purchased at all of its alcohol and non-alcohol manufacturing sites and R&D facilities in Japan, the Americas, and Europe. This policy contributes to an annual reduction of approximately 230,000 tons* of GHG emissions. In addition to procured power, we are installing solar panels and introducing biomass boilers to generate renewable energy on site.

*Based on power procured, 2021



Solar panels at Suntory Kita Alps Shinano-no-Mori Water Plant

Switch to Green Hydrogen with Zero CO2 emissions

In 2022, we concluded a basic agreement with Yamanashi Prefecture toward realizing environmentally harmonious and sustainable society. Under the agreement, we are aiming to install the 16-megawatt Yamanashi Model Power-to-Gas (P2G) System, one of the largest systems to create green hydrogen in Japan, at the Suntory Minami Alps Hakushu Water Plant and the Suntory Hakushu Distillery by 2025. With the P2G System, the plants will switch to using green hydrogen as fuel for heat energy. We will also explore utilizing green hydrogen in the surrounding communities together with Yamanashi Prefecture.



Suntory Minami Alps Hakushu Water Plant and Suntory Hakushu Distillery



Containers and Packaging

Related SDGs



Targets and Results

*Sustainable materials in PET bottles by weight (recycled or plant-derived material)

Use of Sustainable Materials in PET Bottles*

▶ Targets Toward 2030

Percentage of PET bottles used globally made of sustainable materials

100%



▶ 2022 Progress

Percentage of PET bottles used globally made of sustainable materials

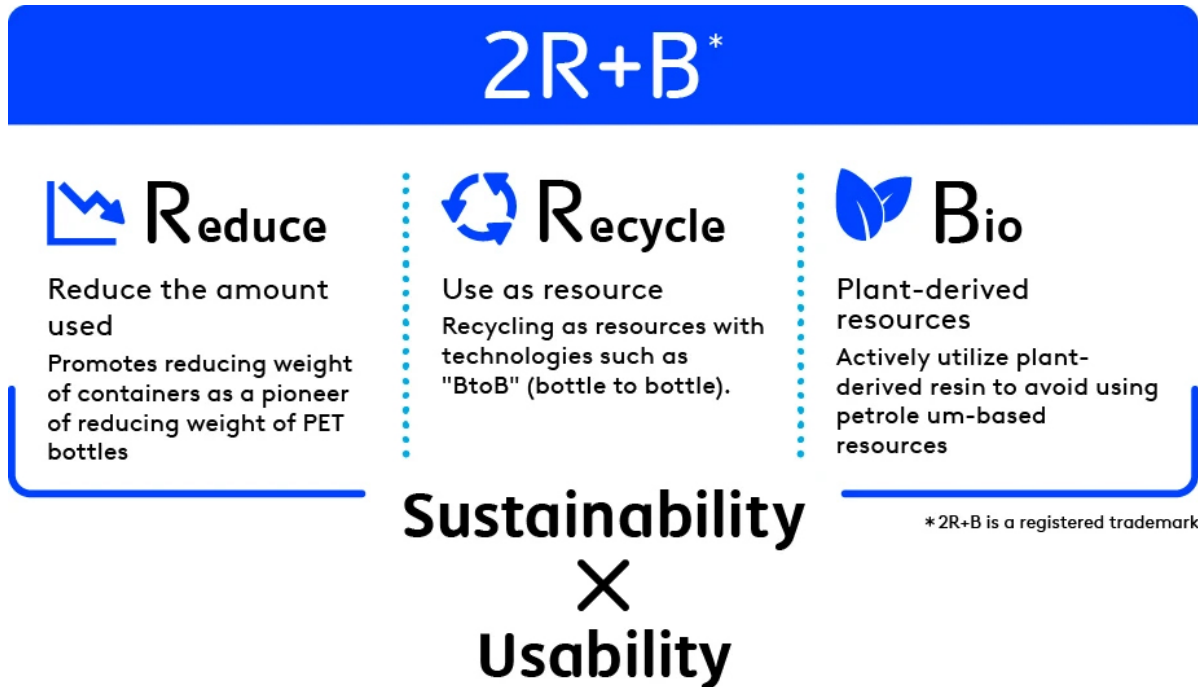
24%

(46% sustainable materials used in PET bottles in Suntory's soft drink business in Japan)

Make All PET bottles Used in The Suntory Group Sustainable by 2030

We have set the targets of switching all PET bottles used in the Suntory Group to recycled or plant-based material by 2030, and achieving zero use of virgin petroleum-based materials.

We are conducting activities based on our unique 2R+B (Reduce, Recycle + Bio) strategy to reduce the amount of plastic used by reducing the weight of containers (Reduce), recycling containers for use as a resource (Recycle), and using plant-derived resources (Bio).



Our Initiatives

Promoting "Bottle-to-Bottle (B-to-B)" Horizontal Recycling to Create New PET bottles from Used Ones

"Horizontal recycling" is recycling to make the same product as the original one. We developed the Japanese beverage industry's first bottle-to-bottle (B-to-B) horizontal recycling technology to create new PET bottles from used ones in 2011 and put the technology into practical use the following year. Currently, we have adopted the logo mark "Bottles are resources! Towards a Sustainable Bottle" on all PET bottle products in Japan*1 to more directly communicate to consumers that PET bottles are a resource that can be recycled multiple times. In 2022, we expanded the percentage of sustainable materials*2 we use to 46% of the total weight of PET bottles used in our non-alcoholic beverages business.

*1 Excluding label-less products

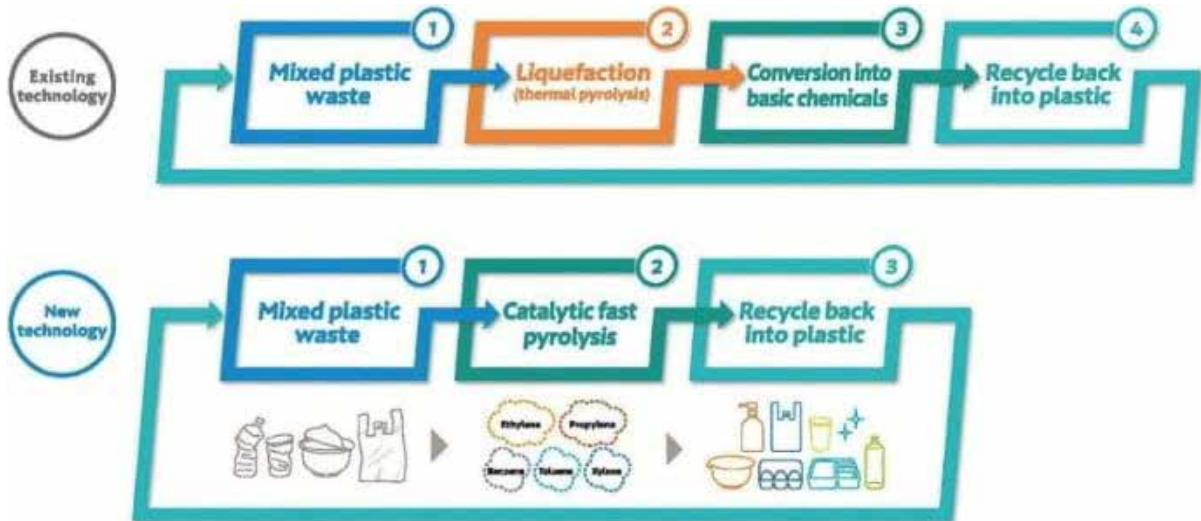
*2 PET bottles using only recycled or plant-derived material



R Plus Japan Ltd., A New Company Engaged in Recycling Used Plastics

We have established R Plus Japan Ltd., a new joint venture company engaged in recycling used plastics, aiming to make not only PET bottles but plastics in general a resource that is perpetually recycled to create greater sustainability. R Plus Japan aims to establish recycling technology that requires fewer processes than traditional chemical recycling that creates petrochemical feedstock, leading to reductions in CO₂ emissions and energy needs.

As of April 2023, the number of companies participating in R Plus Japan has expanded to 40, and cross-industry collaboration is advancing efforts for the social implementation of recycling technology.



R Plus Japan is working to develop innovative recycling technology which enables to generate the raw materials of general plastics from used plastics.

Environment

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Environmental Management

Policies and Our Approach

The circular system consisting from plants and forests nurtured by water, rivers, oceans, atmosphere, and the ecosystem made by living things are the basis of all life.

As a company that delivers the blessings of water and nature to our customers, we believe that protecting beautiful and clean water with healthy ecosystems, using them appropriately, and replenishing to nature is a great responsibility.

Ingraining this concept in every part of the Group, Suntory strives to build a prosperous and sustainable society by preserving and regenerating the natural environment and reducing environmental impact.

Suntory Group's Environmental Principles

Suntory Group sets principles that clearly indicate our prioritized environmental initiatives such as achieving water security, conserving and regenerating biodiverse ecosystems, promoting a circular economy and transitioning to a net zero carbon society (established 1997, revised 2022). To achieve a vibrant global environment, we are championing the transformation to a sustainable society by collaborating with our stakeholders, deepening dialogues with local communities, and transparently disclosing our progress.

Suntory Group's Environmental Principles

At the Suntory Group, environmental management is at the core of our business strategy.

In our commitment to cultivating a sustainable and vibrant society now and in the future, these environmental principles inform the actions we take each day across our entire value chain.

1. Achieving water security

Water is the most vital resource for our business. At Suntory, we aim to become net water positive by using water carefully and localizing water stewardship to contribute to nature's healthy water cycle.

2. Conserving and regenerating biodiverse ecosystems

Thriving water and agricultural systems are crucial to our business. We strive to protect and regenerate biodiversity through local water source conservation and sustainable agricultural practices.

3. Promoting a circular economy

To effectively reduce waste and efficiently utilize limited resources, we imbed sustainable principles throughout the lifecycle of our products, promote the 3Rs (reduce, reuse, recycle) for all raw materials, use renewable resources when available, and collaborate with stakeholders to build a fundamentally circular system.

4. Transitioning to a net zero-carbon society

In the face of climate change, we are doing our part to achieve a net-zero carbon society by reducing greenhouse gas emissions across our value chain.

5. Engaging with society

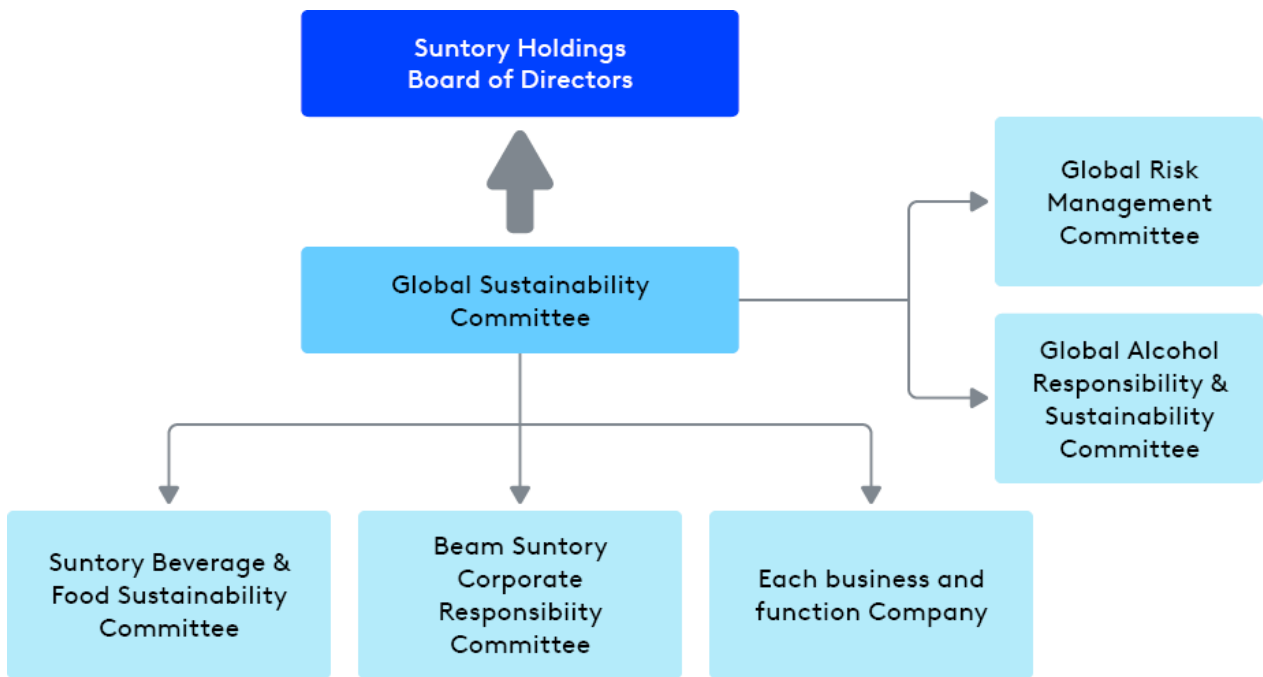
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Promoting Structure

Global Sustainability Committee

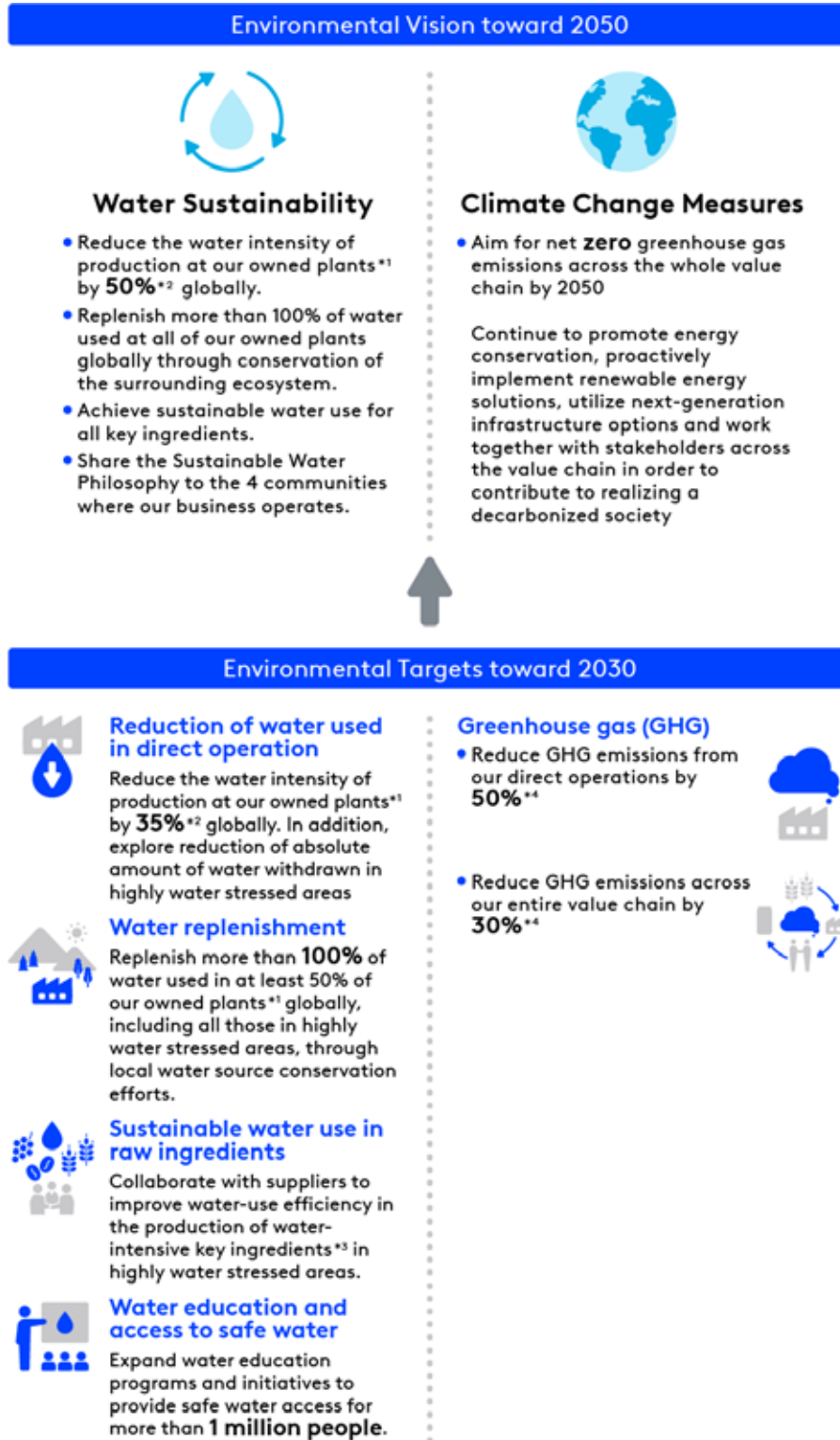
To promote sustainability management, the Global Sustainability Committee (GSC) acts as an advisory committee to the Board of Directors. The Group's sustainability strategies and the progress on priority themes (water, climate change, containers and packaging, raw ingredients, health, human rights and enriching life) are discussed in the GSC under the lead of the Chief Sustainability Officer. The progress of environmental and social activities as well as business risks and opportunities are reported to the Board of Directors on a quarterly basis. In addition, the Board of Directors are provided with the opportunities to hear advices from the third party experts on sustainability management.

Suntory Group's Environmental Management Promoting Structure



Targets and Progress

The Suntory Group established the Environmental Vision toward 2050 and Environmental Targets toward 2030 to provide clear direction to our environmental management. As we engage in greater efforts to address global issues and work toward the realization of a sustainable society, we revised the greenhouse gas (GHG) emissions reduction targets in the Environmental Targets toward 2030 in April 2021, and revised our water targets in December 2021.



*1 Suntory Group plants that manufactures finished products

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

*3 Coffee, barley, grapes

*4 Based on emissions in 2019



Water Sustainability

Reduction of water used in direct operation

- Reduced the water intensity of production by **28.0%** compared to 2015.

Water replenishment

- Water resource cultivation activities implemented in **34%** of all owned plants globally.

Sustainable water use in raw ingredients

- As an initiative on barley production through regenerative agriculture, we began working with our malt suppliers to verify the improvement of water use efficiency by improving soil water retention.
- Started building a pilot program to assess and support water use through regenerative agriculture for coffee farmers in the Cerrado region of Brazil.

Water education and access to safe water

- Total **810,000** people
Water education program: **510,000** people
Provision of safe water: **300,000** people



Climate Change Measures

Greenhouse gas (GHG)

- **16.9%** reduction compared to 2019
- **3.5%** reduction compared to 2019

Our Initiatives

Reducing Environmental Impact in the Entire Product Life Cycle

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

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



Compliance with environmental laws and regulations

In addition to complying with environmental laws and regulations (such as the Act on Promotion of Global Warming Countermeasures and the Energy Conservation Act in Japan), each Suntory Group plant is committed to environmental management by setting voluntary standards for wastewater treatment, boiler facilities and other environmental facilities that are equal to or more stringent than those set by laws and regulations.

In 2022, no serious accidents or violations affecting environmental pollution occurred.

Group-wide promotion of ISO 14001 Certification

We have actively advanced the acquisition of the international ISO14001 certification standard at each Group company as one method to continually evolve by integrating business and environmental activities. With the completion in acquiring the integrated certification and the start of operations at Group companies* in Japan, we are working to enhance management to abide by laws at sites with a low environmental burden and conduct even more efficient environmental management with these sites as targets from 2017. We are in the process of obtaining certifications at overseas Group companies with focus on our production sites. We are approximately 70% complete in certifying overseas Group company production sites as of 2021. We are enhancing the links between each department involved with the value change of businesses at each Suntory Group company to promote business activities from environmental perspectives in all stages from the procurement of ingredients to disposal.

*Group companies complying to the Japanese SOX Act

Introducing Environmental Accounting

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

Promoting Environmental Education in the Group

We promote environmental education to raise employees' environmental awareness. We implemented various environmental education initiatives including e-learning for all Group employees in Japan and sharing information on the Intranet. In addition, we regularly hold workshops and seminars to learn specific skills that are required in each operation. We also have started online program on sustainability management that can be taken by all Group employees globally.



Seminar on managing Wastes Disposal and Public Cleansing Act

First Hand Experience with Forestry at Suntory Natural Water Sanctuary

We are advancing employee forestry volunteer activity at Suntory Natural Water Sanctuaries. Many employees and their families have participated until 2013. From 2014, the program was conducted with an aim to deepen understanding of corporate philosophy and approximately 7,600 employees in alcoholic and non-alcoholic businesses have participated so far. The program is continuing as a part of new employee on-board programs.



Forestry Maintenance Training for Employees

Promoting Environmental Action on the Intranet and Internal Magazine

We are sharing basic environmental information, environmental laws and ordinances related to our business, internal guidelines and other materials on the intranet. We are also raising awareness in our employees and encouraging action through e-learning and sharing information on sustainability portal site.

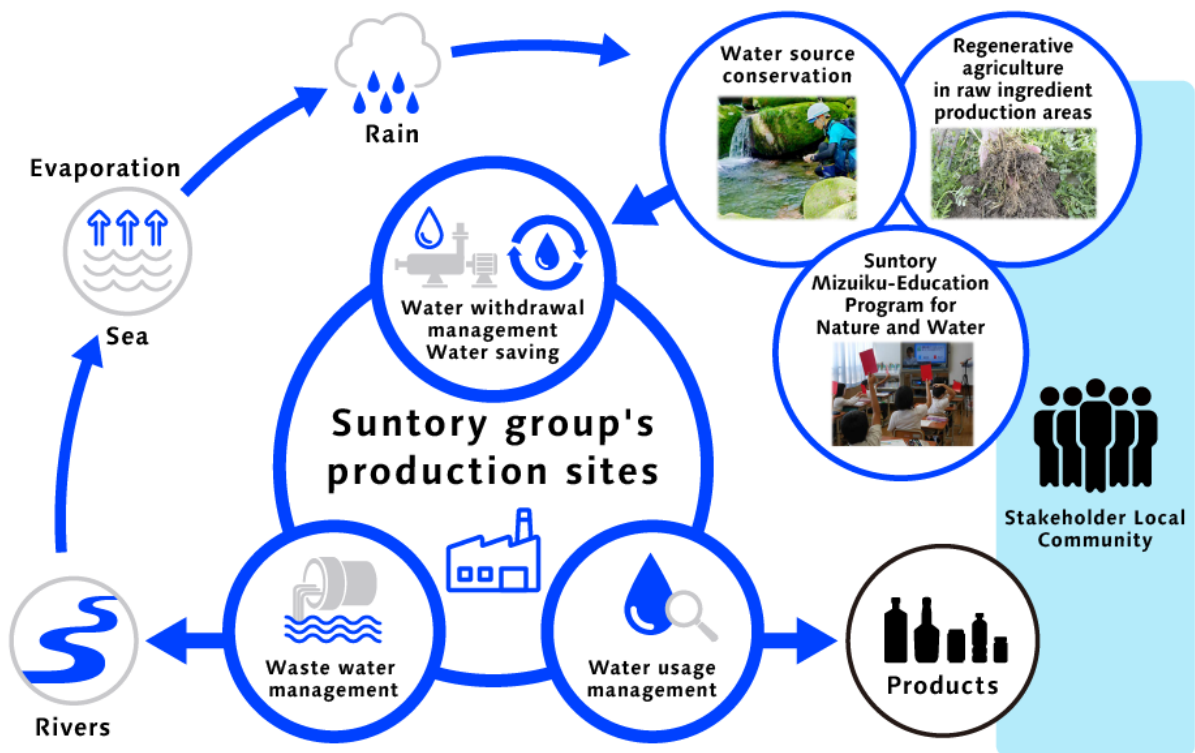
The internal magazine MADO and the e-MADO published on our intranet play a role in presenting the latest environmental activities and information of the Suntory Group to enlighten not only employees but also their families.

Water Sustainability

Policies and Our Approach

Water is a valuable resource for supporting people's lives and the source of the Suntory Group's corporate activities. Water is a renewable resource and will not disappear from the planet, but only about 0.01% of the planet's freshwater is available for human use. On the other hand, there is a prediction that people may face severe water scarcity in the future due to the increase of global population and climate change; that is to say, approximately five billion people will suffer from water shortages globally by 2050*. The global water scarcity involves numerous issues; in addition to drinking and domestic use, a substantial amount of water is used in food production. We have placed achieving water sustainability as the priority of the Suntory Group's Environmental Principles to promote various initiatives.

*World Meteorological Organization (WMO) "The State of Climate Services 2021"



Sustainable Water Philosophy

As a company that depends on and benefits from the water and as a company that operates globally, the Suntory Group must contribute towards a sustainable society by taking an honest look at the world's water challenges. Based on our Basic Environmental Principle, we have formulated the Suntory Group Sustainable Water Philosophy to develop initiatives that contribute to solving water issues in each world region of the world. Based on this philosophy, we are developing and promoting initiatives that are tailored to the conditions for water resources in each area of the world where we do business.

Suntory Group's Sustainable Water Philosophy (Established 2017)

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

1. Understanding the natural cycle of water

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

2. Promoting environmentally conscious water use

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

3. Conserving watersheds

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

4. Engaging with the local community

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

Promoting Structure

Global Sustainability Committee

To promote sustainability management, the Global Sustainability Committee (GSC) acts as an advisory committee to the Board of Directors. The Group's sustainability strategies and the progress on priority themes (water, climate change, containers and packaging, raw ingredients, health, human rights and enriching life) are discussed in the GSC under the lead of the Chief Sustainability Officer.

Targets and Progress

Environmental Vision toward 2050



Water Sustainability

- Reduce the water intensity of production at our owned plants*1 by **50%*2** globally.
- Replenish more than 100% of water used at all of our owned plants globally through conservation of the surrounding ecosystem.
- Achieve sustainable water use for all key ingredients.
- Share the Sustainable Water Philosophy to the 4 communities where our business operates.



Environmental Targets toward 2030

2022 Progress



Reduction of water used in direct operation

Reduce the water intensity of production at our owned plants*1 by **35%*2** globally. In addition, explore reduction of absolute amount of water withdrawn in highly water stressed areas



Water replenishment

Replenish more than **100%** of water used in at least 50% of our owned plants*1 globally, including all those in highly water stressed areas, through local water source conservation efforts.



Sustainable water use in raw ingredients

Collaborate with suppliers to improve water-use efficiency in the production of water-intensive key ingredients*3 in highly water stressed areas.



Water education and access to safe water

Expand water education programs and initiatives to provide safe water access for more than **1 million people**.

- Reduced the water intensity of production by **28.0%** compared to 2015.
- Water resource cultivation activities implemented in **34%** of all owned plants globally. For the plants located in highly water stressed areas, activities are implemented in **30%** of those areas.
- As an initiative on barley production through regenerative agriculture, we began working with our malt suppliers to verify the improvement of water use efficiency by improving soil water retention.
- Started building a pilot program to assess and support water use through regenerative agriculture for coffee farmers in the Cerrado region of Brazil.
- Total **810,000** people
Water education program: **510,000** people
Provision of safe water: **300,000** people

*1 Owned plants that manufactures finished products and excludes plants for packaging and ingredients

*2 Reduction of water intensity of production based on 2015 baseline year

*3 Coffee, barley, grapes

Our Initiatives

Initiatives at Production and Research Sites

Effective Use of Water Resources

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

*Reduction water intensity based on the business fields in 2015

A variety of activities related to the 3Rs are being implemented at the Minami Alps Hakushu Water Plant of Suntory Products Ltd. In particular, through advanced "water cascade" recycling process, we are an industry leader in terms of water usage per production unit.



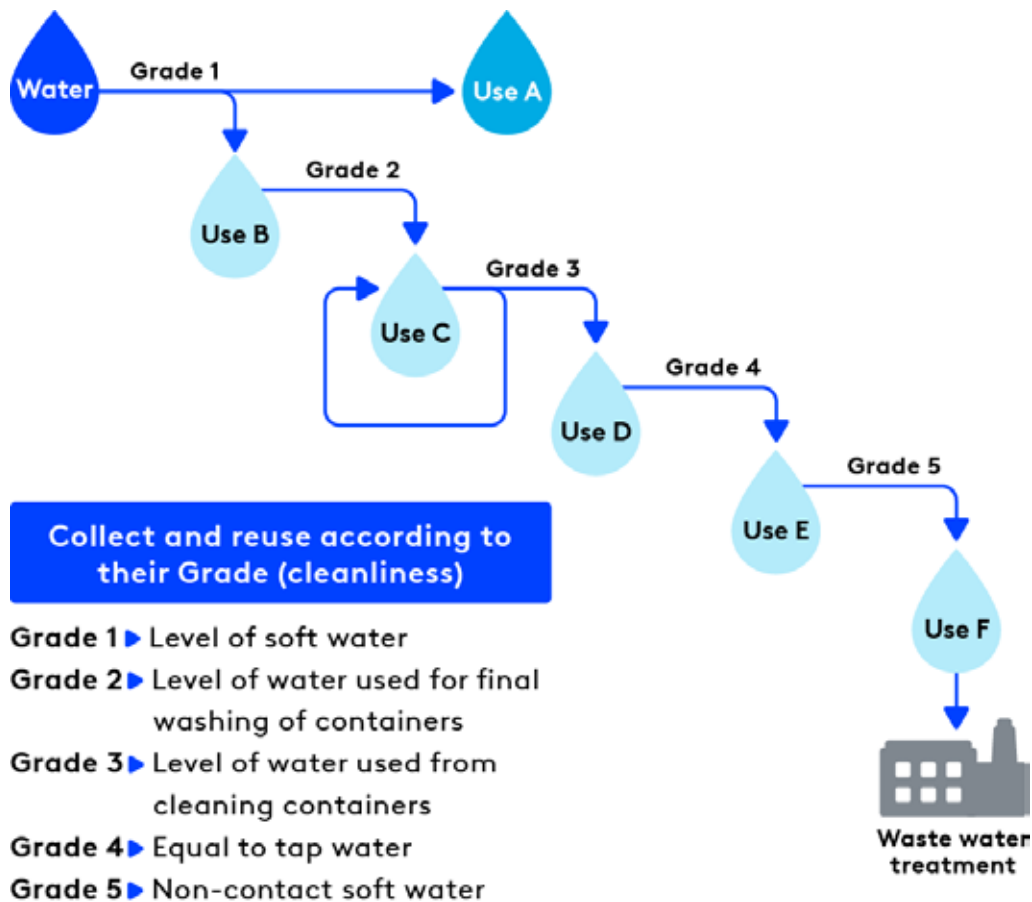
The Minami Alps Hakushu Water Plant of Suntory Products Ltd.



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

Water Cascade Recycling Process

Water used in the manufacturing process is classified into five grades based on quality, such as coolant water and cleaning water. This is a technology to reuse water in stages, from applications that require a higher grade to those that can be supplied at the next grade.



Effective Use of Rainwater

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



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

Strict Wastewater Management

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



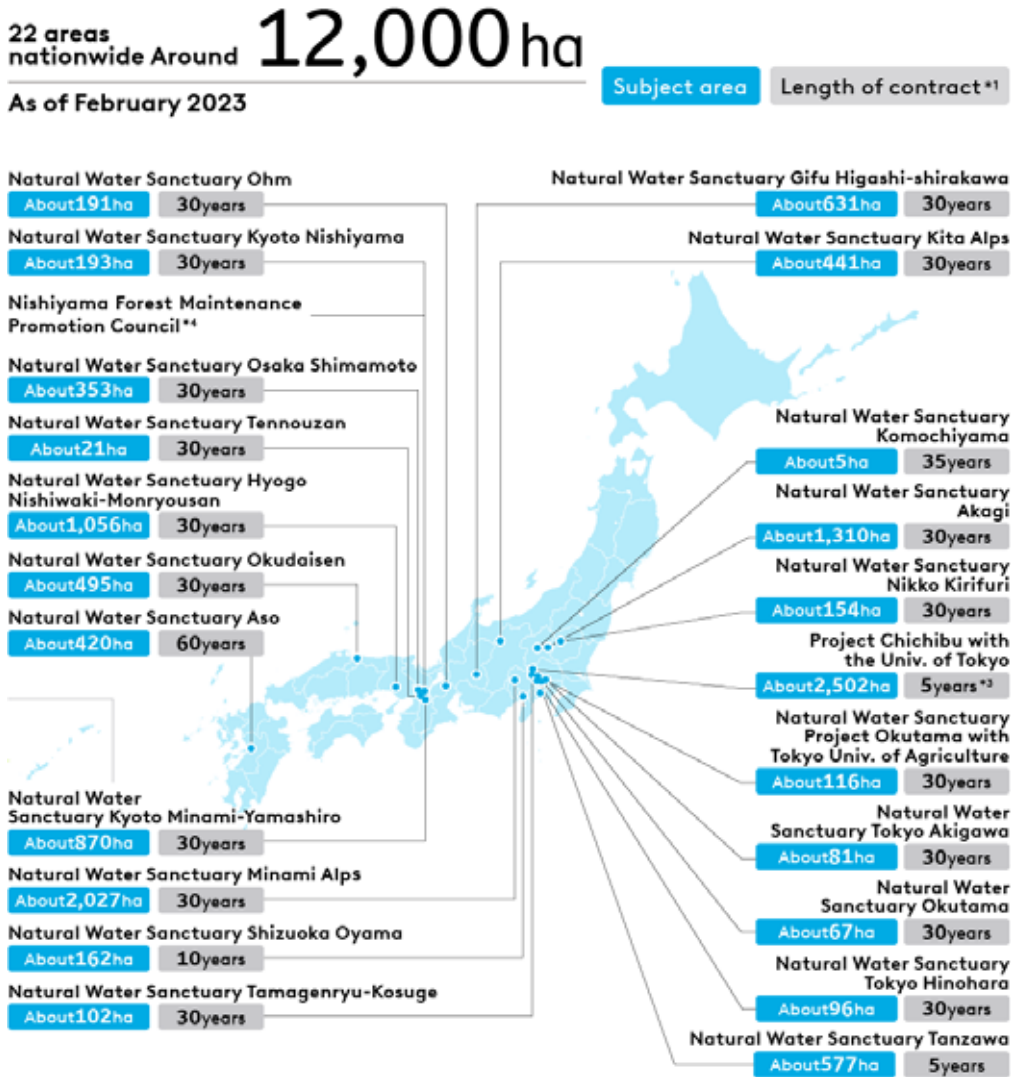
24-hour waste water management system

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

Initiatives at the Water Source

Suntory Natural Water Sanctuary (Water Source Conservation/ Preserving Biodiversity)

The Suntory Group started its Natural Water Sanctuary Initiative in 2003 to improve water resource cultivation and preserving biodiversity. The initiative has now expanded to approximately 12,000 hectares in 22 locations in 15 prefectures across Japan, and is recharging twice the volume of water it pumps from underground at its owned plants in Japan. With the Suntory Institute for Water Science playing a central role, we are collaborating with researchers from various fields to carry out ongoing activities based on science, looking ahead decades or even 100 years into the future.



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

*2 Planned to conserve for a century.

*3 Planned to conserve for several decades.

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

*For more details, see page40 "Feature 2:Natural Water Sanctuary (Water Resource Cultivation/ Preserving Biodiversity)".

Working with Local Communities

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

Suntory *Mizuiku* — Education Program for Nature and Water

Suntory *Mizuiku* — Education Program* for Nature and Water started in 2004 in Japan. The program is unique to Suntory and designed for the next generation to realize the beauty of nature and the importance of water and the forests that nurture groundwater. It also inspires students to think about what each of them can do for water sustainability. The program centers on two activities: Outdoor School of Forest and Water and Teaching Program at Schools. It started online in 2020, allowing more people to participate.

Mizuiku is currently deployed in Japan and eight other nations. As of December 31, 2022, the cumulative number of participants exceeded 510,000.

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

*For more details, see page46 "Feature 3:Suntory Mizuiku - Education Program for Nature and Water".



Water Initiatives Worldwide

The Suntory Group practices coexistence with nature in all regions of the world where we do business. We will continue to engage in various initiatives in the future with an aspiration of becoming a global pioneer of water sustainability.

United States of America

We have worked to preserve the natural environment, such as water conservation activities around our distilleries and the improvement of biodiversity in forests, to protect the precious natural resource of water. The Maker's Mark Water Sanctuary Project that began in 2016 planted American white oak trees on 33 acres of Maker's Mark distillery land (approx. 13 hectares) as a water resource cultivation effort. In 2018, new environmental conservation activities also began with the setup of a Natural Water Sanctuary on 15,625 acres of land (approx. 6,300 hectares) in the Bernheim Arboretum and Research Forest, a water resource of the Jim Beam distillery.



Mexico

In Mexico, Casa Sauza has been participating in a collaborative watershed initiative with other beverage manufacturing companies, to restore and protect the Santiago River Basin in the buffer zone of the natural protected area of Cerro Viejo through restoration against the loss of connectivity between forest and the lagoon due to the construction of a highway.

Scotland

In Scotland, the Peatland Water Sanctuary, a large-scale series of peatland restoration and conservation and watershed conservation projects, was launched in 2021. We plan to invest more than \$4 million in the restoration and conservation of 1,300 hectares of peatlands by 2030, enough to produce the amount of peat that Beam Suntory harvests every year in making its Scotch whiskies on an ongoing basis. Through this activity, we will contribute to water quality, water retention function enhancement, and biodiversity conservation. Peatlands also contribute to GHG emission control, thanks to their ability to store carbon.



France

In France, Suntory Beverage & Food Europe entered into a 20-year partnership for the conservation of water resources in 2017 with Grand Parc Miribel Jonage, a nature park located next to the Meyzieu Plant. This partnership conducts conservation activities in the forest spanning the Grand Parc Miribel Jonage and supports educational programs for children, in addition to protecting water resources and the natural environment near the plant as well as promoting cultivation activities with the local community.

Spain

In Spain, Suntory Beverage & Food Europe engaged in ecosystem conservation activities with the cooperation of the local community, in the hope of revitalizing the ecosystem in and around the Júcar river near its plant in Carcagente. In addition, together with local universities and specialist institutions, we are conducting a hydrological survey for water source conservation activities in the Tagus River basin, centering on the Guajaraz reservoir, which is the Toledo Plant's water source.



Vietnam

In Vietnam, Suntory Beverage & Food Asia has been contributing to repairs and installations of toilets and washrooms mainly at schools taking part in the Suntory *Mizuiku* since 2015 to improve the sanitary environment for children.

Thailand

Since 2019, we have been engaged in water resource preservation activities in the northern province of Chiang Mai and the southern province of Nakhon Nayok. Such activities include slowing stream currents to prevent sediment-based erosion, installing small weirs to support permeation of underground water, and planting trees to prevent soil from flowing into streams.

Water Risk Assessment

The Suntory Group, which has made achieving water security a vital issue in Suntory Group's Environmental Principles, continues to conduct various water-related assessments at the Institute for Water Science, established in 2003. We conduct water-related risk assessments for sustainable business activities and use these assessments to promote environmental management. We also consider water risk assessment when developing new businesses.

Water Risk Assessment of Suntory Group's Direct Operation sites

Water is the most vital ingredient for our business, as well as a precious shared resource. As such, the Suntory Group must understand the impact on our business, local communities, and the ecosystem based on water risk assessment for sustainable business growth.

Based on this, the Suntory Group conducted a risk assessment of water sustainability at direct operation sites*.

*Suntory Group plants that manufacture finished products: 23 plants in Japan, 54 plants overseas

1. Water stress situation in countries where direct operation sites are located

We identified the water stress situation in countries where direct operation sites are located using Baseline Water Stress, an indicator in the Aqueduct Country Ranking developed by the World Resources Institute. The Aqueduct Country Ranking is a global tool for uniformly assessing the water risk of each country.

Baseline Water Stress	
Extremely high	India
High	Mexico, Spain
Medium-high	France, Thailand, Indonesia, Germany
Low-medium	Japan, USA, UK
Low	Canada, Ireland, Taiwan, Vietnam, Malaysia, New Zealand

Based on country scores for Baseline Water Stress as used in Aqueduct by World Resources Institute.

2. Water risk assessment in watersheds where direct operation sites are located

In addition to assessing the water stress situation in countries where direct operation sites are located, we prioritized the area by determining the water supply risk of all watersheds where they are in to manage the risks. The following is the assessment process and progress of risk management.

Primary Assessment — Prioritization (Screening) of sites based on water stress assessment

The primary assessment was conducted using a method we developed based on the knowledge acquired during the Science Based Targets (SBT) for Water pilot study program in which we participated in 2021.

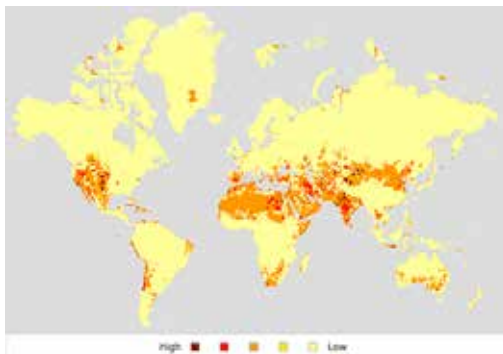
As a first step, we identified materiality related to water based on the characteristics of the beverage industry. Through this, we found that the most critical materiality is the water availability in watersheds where direct operation sites are located. We also found that groundwater and surface water are the ecosystem services we depend on most.

Next, we assessed the risks related to water availability in all watersheds where our sites are located to narrow down the plants that need water risk management as a priority. For assessment, in addition to the indicator of the Aqueduct mentioned earlier, we also referred to the Water Risk Filter developed by World Wide Fund for Nature (WWF). From those tools, we adopted four indicators that we can use to assess risks related to water availability. These indicators were used to determine the water availability based on the ratio between the amount of water supplied to the watershed by precipitation and the amount of water demand in the watershed, estimated based on population statistics. Three of the four indicators assessed "current" water stress levels, such as Water Depletion in the Water Risk Filter. We defined the average score of three indices as the current water risk score. For the remaining indicator, we adopted the 2040 Water Stress of the Aqueduct, which estimates the water availability in 2040 based on climate change scenarios, etc., as "future" water risk score. All indices are scored in five risk levels and we categorized sites in watersheds with average current water risk score of "5: Extremely High" and "4: High" as sites with "Extremely high water-stressed" and sites with future water risk score of four or above as sites with "Highly water-stressed."

Supposing the total water withdrawal by all our plants in 2021 as 100%, 3% were by sites with "Extremely high water-stressed," and 15% were by sites with "Highly water-stressed." In the secondary assessment, we have set 18% of the plants as priority plants to prioritize in risk reduction.

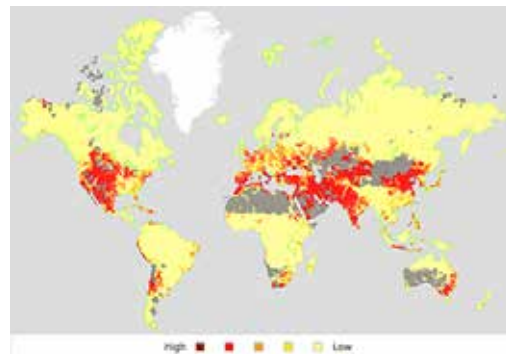
*Pilot study to verify methodology related to SBT settings for water by Science Based Targets Network

Water Depletion of Water Risk Filter (Five Levels)

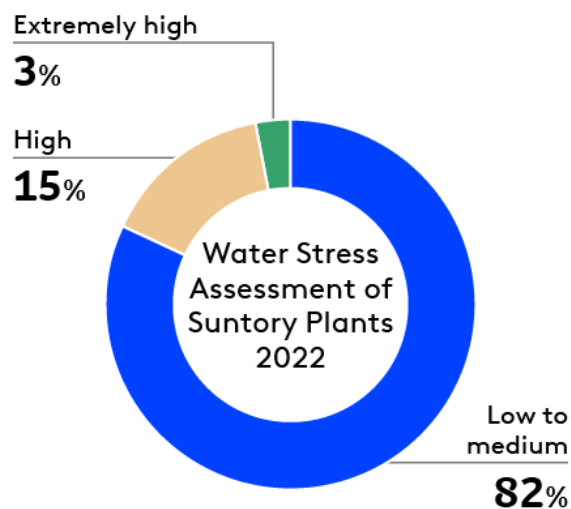


Source: Created based on Water Risk Filter of World Wide Fund for Nature (WWF)

2040 Water Stress BAU Scenario of Aqueduct (Five Levels)



Source: Created based on Aqueduct Project of World Resources Institute



Secondary assessment — Assessing the level of risk reduction measures at each plant

The level of risk reduction measures progress from the perspective of water management (water withdrawal and water-saving) and coexistence with the communities at sites narrowed down in the primary assessment as we assessed priority plants. Since the condition of the water resource is different in each watershed where our sites are located, we conduct measures to reduce risks that correspond with local conditions.

a. Water management (Water withdrawal and water-saving management)

As water is a precious resource shared with the community and ecosystem, our plants must manage water in a responsibly and appropriately.

Our plants water sources fall into two main categories: municipal water and natural water (surface water and/or groundwater). Since municipal water is generally shared with various users in the community, its source area is extensive, and the local water authorities are the primary entity responsible for managing water withdrawal from the source. The plant needs to follow the water supply management policies and plans of the water authorities, including climate change adaptation plans, and promote appropriate water-saving management. On the other hand, if a plant uses natural water as a source, the primary entity responsible for managing water withdrawal is the plant, which has water intake inside the site. Therefore, the plant needs to take the initiative in water withdrawal and water-saving management to adapt to environmental changes such as climate change.

Based on the above points, we have assessed the level of measures progress to manage water withdrawal and water-saving at each plant. We evaluated the following two items:

(1)Water withdrawal management

The ability to prove that water withdrawal is managed properly (that water is not excessively withdrawn)

*Plants that use municipal water are not covered as the water authorities manage the water withdrawal

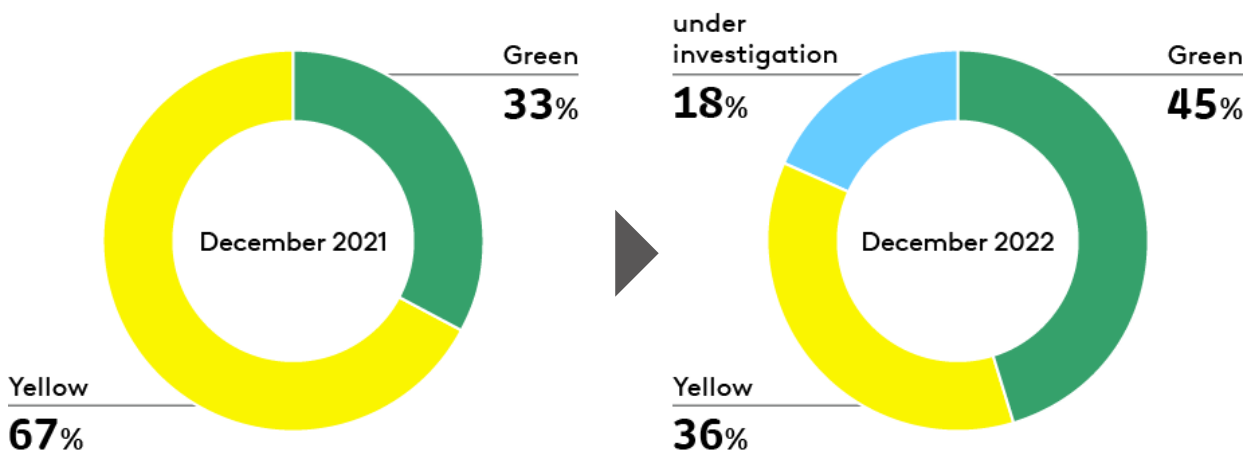
<Assessment criteria>

- The ability to collect the required water withdrawal data to demonstrate that water withdrawals are not significantly impacting local river and groundwater levels.
- Required water withdrawal data is being collected.

Required water withdrawal data is not collected	→	Red
Part of the required water withdrawal data is collected	→	Yellow
All required water withdrawal data is collected, and water withdrawal is appropriately managed	→	Green

<Assessment Results>

The following is water withdrawal management level of each plant represented as a pie chart. As a result of corrective actions taken at plants with assessed as having insufficient measures of progress, the percentage of plants whose progress level is Green has changed from 33% (December 2021) to 45% (December 2022).



(2)Water Saving Management

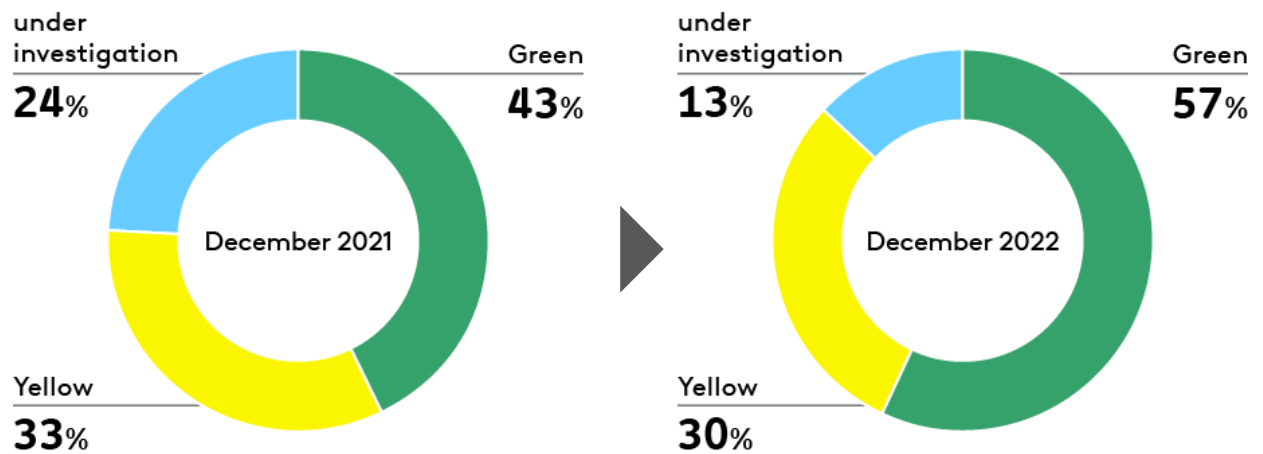
The ability to demonstrate that the progress of water saving activities is adequately managed

<Assessment standard>

<ul style="list-style-type: none">●Target was established to promote efficient use of water.●Conducting activities to achieve the target yearly.●Target is achieved yearly.	
No med-term target for water intensity	→ Red
No yearly target for water intensity or not achieved	→ Yellow
The yearly target for water intensity has achieved	→ Green

<Assessment results>

The following is the water-saving management level of each plant represented as a pie chart. As a result of setting a medium-term target and conducting water-saving measures to achieve the yearly target, the percentage of plants that have the water-saving management level of Green increased from 43% (December 2021) to 57% (December 2022).



We will continue to conduct measures to reduce risks using this process.

b. Coexistence with the community

As we are users of water as a shared resource with the community, Suntory recognizes ourselves as a part of the many stakeholders in the watershed; we aim to contribute to the development of the watershed society by conserving the water resource in each watershed to work hand-in-hand with the other stakeholders.

Precisely, following the roadmap for water source conservation efforts in the Environmental Targets toward 2030, we are identifying water-related issues in the watershed where our sites are located with local stakeholders. With the agreement of major stakeholders, we then begin conducting measures to conserve the water source area upstream of the site.

Based on the above points, we have assessed the progress of measures to co-exist with the community at each plant.

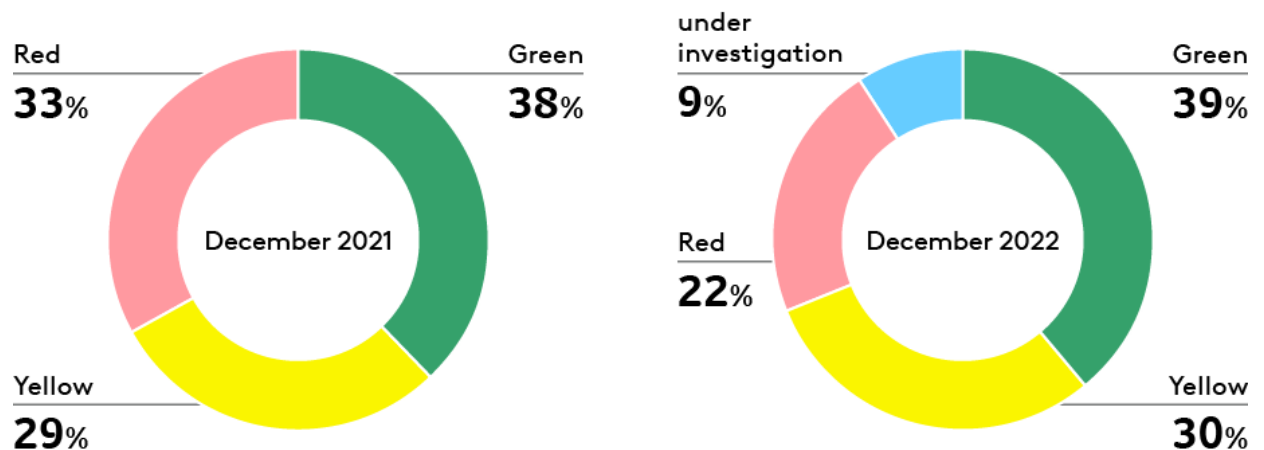
<Assessment standard>

- Have identified issues related to ensuring water sustainability in the watershed.
- Have worked with local stakeholders to implement measures that contribute to resolving the issues.

Water-related issues in the watershed are not identified	→ Red
Water-related issues in the watershed are identified	→ Yellow
Working with the community to resolve water-related issues in the watershed	→ Green

<Assessment results>

The following is the progress of measures related to coexisting with the local community at each plant, represented as a pie chart. As a result of steady efforts at each plant, 39% of the plants reached the level of Green (December 2022).



In each area, we identify water-related issues and progress water source conservation efforts with experts such as university professors. At the Behror Plant in India, we have implemented activities to recharge the aquifers, which are the water source, by utilizing reservoirs that can collect rainwater based on a local hydrological survey regarding the water balance of the entire watershed where the plant belongs. In addition, at the Toledo Plant in Spain, we collaborate with a local NGO and a university in researching the ecosystem and conducting hydrological surveys to improve the water quality of the Tagus River basin through a project called "Guardians of the Tagus." We are running a more detailed field survey of the upstream of a municipal water reservoir used by the plant, which is identified as the recharge area, to make a plan for conservation activities. Furthermore, at the Bogor Plant in Indonesia, we have identified the recharge area of the groundwater aquifer our plant use based on the hydrological survey of the watershed about river flow rates considering the rainy and dry seasons, water quality, and geological structure in cooperation with a local university in preparation for formulating a plan for groundwater conservation. We will continue to follow the roadmap toward 2030 for water source conservation efforts and steadily conduct those activities.

We will also conduct "Mizuiku" - Education Program for Nature and Water at areas we perform these activities to teach the importance of conserving the water source to the local children who will lead the next generation.

Feature 1

Achieving the AWS Certification for Water Stewardship

First in Japan to earn International Certification for Water Stewardship, the Alliance for Water Stewardship (AWS)

The Suntory Group has achieved the first AWS International Certification in Japan for the Suntory Okudaisen Bunanomori Water Plant (Tottori Prefecture) in 2018, followed by the Kyushu Kumamoto Plant (Kumamoto Prefecture) in 2019, the Minami Alps Hakushu Water Plant (Yamanashi Prefecture) was the third to be certified in 2021, and the Suntory Kyushu Kumamoto Plant has received "Platinum," the highest rating within the Alliance for Water Stewardship (AWS) certification in 2023. This page introduces its significance.

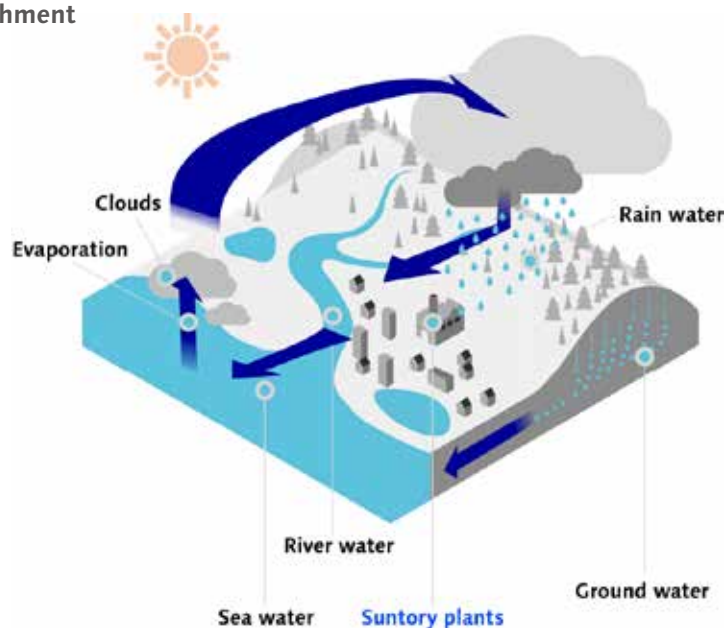


Harumichi Seta
General Manager, Sustainability Management Division
Suntory Holdings Limited

Why Suntory is promoting the AWS

Suntory has been providing new values to people through its products and services to enrich their lives, which is the core of our business. Water is the most critical resource required for us to continue offering value to the customers and the essential resource for local communities and the ecosystem. Furthermore, water is a local resource that circulates depending on the local climate and geographical conditions. Evaporated sea water becomes clouds, rain down to become part of a river or groundwater, and then join larger rivers and back to the sea. This geographical zone is called a catchment. The water we withdraw to produce our products is part of the water cycle, connected to the more significant flow of the catchment like rivers or underground aquifers. Suntory regards itself as a part of the natural water cycle and promotes water stewardship activities in catchments around its plants to preserve the healthy water cycle.

Water Cycle in a Catchment



Water stewardship indicates the responsible management and planning of water resources at the catchment level in collaboration with key stakeholders such as governmental agencies and the local community, in addition to managing water within our own plants. The initiative aims to promote the use of water that is socially and culturally equitable, environmentally sustainable, and economically beneficial throughout the entire catchment. The Suntory Group conduct initiatives to contribute to a healthy water cycle in the watersheds based on the Suntory Group's "Sustainable Water Philosophy," which has four pillars — understanding the natural water cycle, promoting environmentally conscious water use, conserving watersheds, and engaging with the local community. In addition to using water carefully through continuous water-saving activities and wastewater management at plants, the Suntory Group established the Institute for Water Science in 2003 to conduct hydrologic studies and scientifically understand the water cycle in watersheds around our plants. In the same year, the Natural Water Sanctuary Initiative began in the Kyushu Kumamoto Plant to conserve the water source, have now expanded the area to 22 locations totaling about 12,000ha in Japan and achieved the target of recharging more than twice the amount of water withdrawn by our plants in Japan. We continue to realize our vision for the next 50 and 100 years with the support of experts in various fields and residents and to create a forest that nurture groundwater for the watersheds.

Moreover, we conduct the Suntory *Mizuiku*-Education Program for Nature and Water at the Natural Water Sanctuaries and local elementary schools near Tennensui Water Plants and cooperate with local government agencies and the community to monitor the catchments' groundwater level and water resources. Furthermore, we implement forest maintenance and paddy impounding to recharge groundwater and disseminate attractiveness to vitalize local communities under signed partnership agreements with local government agencies. Suntory became the first company to earn the internationally respected standard for water stewardship in Japan, the AWS Certification, to continuously deepen such integrated water resource management itself along the "Sustainable Water Philosophy."

Integrated Water Resource Management



About AWS

The Alliance for Water Stewardship (AWS) is an organization globally promoting water sustainability established by NGOs, such as the World Wildlife Fund (WWF), The Nature Conservancy (TNC), and companies. The AWS Certification is an international certificate for sustainable water use targeting plants globally and aims to promote water stewardship.

For the certificate audit of Okudaisen Bunanomori Water Plant, Suntory Kyushu Kumamoto Plant, and The Minami Alps Hakushu Water Plant, the assessment body were highly evaluated our integrated water resource management; understanding of the water balance in the catchment around the plants, in line with the Suntory Group's "Sustainable Water Philosophy," water source conservation based on scientific data, water saving and water quality management initiatives at plants, our work with stakeholders, and appropriate disclosure.

About the Partnership Agreement

Suntory Holdings received the request from the AWS to take leadership as a company that leads the promotion of water sustainability in Japan. Endorsing its purpose, we signed a partnership agreement with AWS Asia Pacific in February 2021 followed by signing between Suntory Holdings and AWS International Secretariat in 2023. We also became the first company with AWS membership in Japan.

As the initiatives under the partnership agreement, we supervised the Japanese edition of the AWS International Standards issued in August 2021. We also introduced the certification of the AWS for Suntory Kyushu Kumamoto Plant through a case study, etc., of water source conservation activities by winter paddy impounding at the 4th Asia Pacific Summit held in April 2022, in cooperation with the Water Stewardship Asia Pacific. Suntory will advocate the importance of water resource management by the private sector. In addition, in February 2023, we established the AWS Japan Day Executive Committee with WWF Japan and held Japan's first "AWS Conference - Responsible Management of Water Resources in the Watershed for Businesses," which was attended by numerous Japanese companies, central ministries, local governments, universities, and NGOs. We will continue to lead the networking with stakeholders to promote water stewardship.

Achieving the AWS Certification by Suntory

2018

<First in Japan>

Suntory Okudaisen Bunanomori Water Plant
Achieved the AWS Certification



2019

Suntory Kyushu Kumamoto Plant
Achieved the AWS Certification



2021

<First in Japan>

Signed partnership agreement with AWS Asia Pacific

<First in Japan>

Member of the AWS Supporting Companies

Suntory Minami Alps Hakushu Water Plant
Achieved the AWS Certification



2023

<First in Japan>

Suntory Kyushu Kumamoto Plant
Achieved the AWS "Platinum" Certification



We will continue to further engage in AWS activities

Feature 2

Natural Water Sanctuary (Water Resource Cultivation/ Preserving Biodiversity)

Natural Water Sanctuary Initiative — For the future of water and life

Suntory is a "water" company.

Without high quality water, we are unable to produce any beer, soft drinks, or whisky.

This is because water, especially groundwater, serves as Suntory's lifeline.

This precious groundwater is nurtured in the forest.

In order to maintain safety and reliability of groundwater as well as sustainability, we are cultivating water resources in forests which is more than twice the amount of water withdrawn by our plants. Therefore, plant water source recharge areas are specified, with a focus on our Institute for Water Science, and mid-to-long-term agreements are established with local government and forest owners to maintain forests, leading to the establishment of Natural Water Sanctuaries.

In addition to the first sanctuary location established in Aso City, Kumamoto Prefecture in 2003 and the newest sanctuary called "Natural Water Sanctuary Tokyo Hinohara" (located in Hinohara Village, Tokyo) in February 2023, there are 22 Suntory Natural Water Sanctuaries in 15 prefectures which comprise a total area of approximately 12,000ha.



<Natural Water Sanctuary> Development Targets

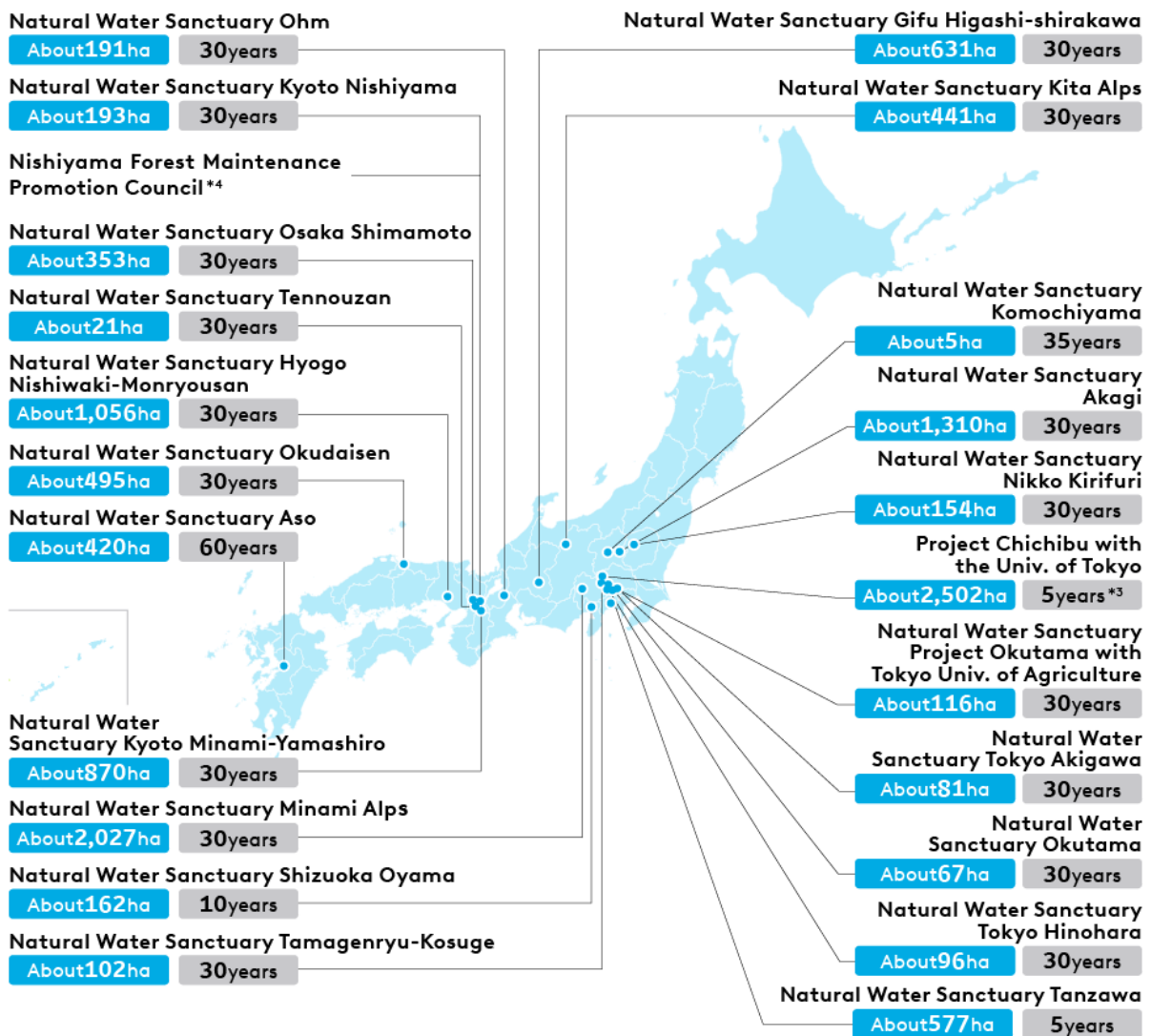
- (1) Forests with a great capacity for cultivating water resources
- (2) Forests rich in biodiversity
- (3) Forests able to withstand flooding and landslides
- (4) Forests with great CO₂ absorption capabilities
- (5) Beautiful forests where visitors can encounter nature in all its abundance
(used for education programs, etc.)

22 areas nationwide Around **12,000 ha**

As of February 2023

Subject area

Length of contract*1



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

*2 Planned to conserve for a century.

*3 Planned to conserve for several decades.

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

Looking at Groundwater — Comparing simulation models with results from field surveys

One of the main purposes of our Natural Water Sanctuary Initiative to improve the function of forests for recharging water resources. As a way to evaluate the results, Suntory has been trying to quantitatively evaluate the amount of groundwater recharge using a groundwater flow simulation model since 2006 and is finally approaching a level of accuracy which would allow the model to be used. Through the simulation of groundwater flow, we attempt to simulate where groundwater passes and how long it takes to reach the factory, and combine it with field survey information to deepen understanding of the underground which we normally cannot see. We would like to incorporate these results into the maintenance plan which will lead to more effective cultivation of water source recharge areas.



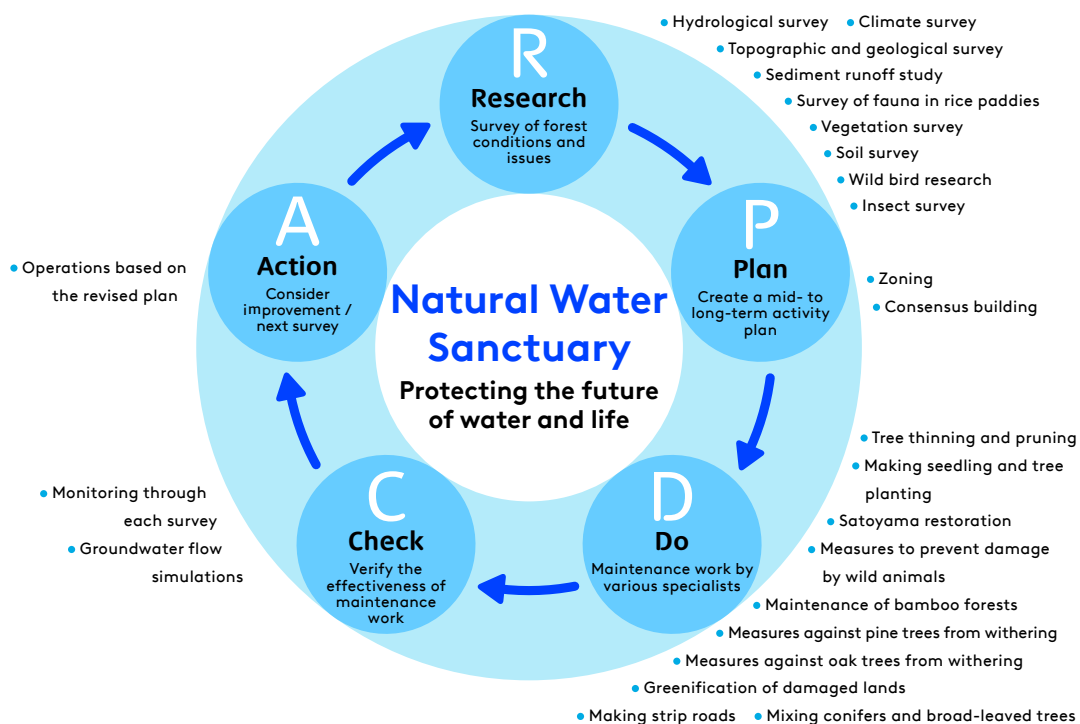
In addition to simulation results, it is also important to combine these results with results based on information gathered in the field during hydrologic surveys, etc. for verification.

Forest Cultivation Which Looks 50 years and 100 Years Into the Future

All forests are different. So what are the special characteristics of each Natural Water Sanctuary as well as the issues that they face?

At first, we engage in activities that follow the RPDCA cycle which includes scientifically-based survey and research (Research), which serves as the foundation, creation of a vision (development plan) suited to each forest (Plan), maintenance work conducted by professionals (Do), verification of results (Check), and consideration of measures for improvement/conducting re-examination (Action).

The areas and fields of investigation and research targeted by Natural Water Sanctuary Initiative are diverse and linked organically. In doing so, cooperation based on the knowledge and skills of experts in various fields and of people in local communities are indispensable. We also use Natural Water Sanctuaries to conduct activities including human resource development support for passing on knowledge and skills (road creation, preventing damage from harmful animals, etc.), Suntory *Mizuiku* - Education Program for Nature and Water, which allows children to experience the importance of forests since they cultivate water, and The training program of First Hand Experience with Forestry by Suntory employees. Suntory continues implementation of Natural Water Sanctuary Initiative in order to provide the blessing of nature, something that cannot be replaced, to our children, grandchildren, and future generations to come by first humbly listening to various related issues and work together with local communities to gain knowledge.



A Healthy Forest is One Full of Life — Protecting Biodiversity

If there are many different types of plants in a forest, there will be an increase in the types of small animals that eat them, resulting in attracting animals that eat those small animals. In a healthy environment like this, a pyramid formed by various organisms is completed.

In 2022, we published the Suntory Natural Water Sanctuary Biodiversity Restoration Report. This report consists of two sections, a "Facts & Data" section that summarizes various issues facing Japanese forests and an "Actions" section which provides simple explanations and examples of activities taken to address these issues in "Suntory Natural Water Sanctuary."



Ecological Pyramid of a Forest: Protecting the soil and vegetation leads to the protection of the entire ecosystem.



Suntory Natural Water Sanctuary Biodiversity Restoration Report Published

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

The plant and animal life living in the forest will change if the typical functions of the forest can be revitalized. Focusing on wild birds, which are said to serve as a barometer of a given environment, we conduct wild bird surveys by specialists in the Natural Water Sanctuaries every year based on the idea that it is possible to comprehensively grasp the changes in the entire ecosystem that supports them.

In addition, We have been promoting the project of nest building and rearing of chicks by eagles and hawks at all the Natural Water Sanctuaries in Japan with the purpose of advancing the development of a forest rich with biodiversity by taking the perspective of natural wild birds in the Natural Water Sanctuaries.

Becoming More Familiar with Natural Water Sanctuaries

Ikurinzaï - Timber From Cultivated Forests Project

It is necessary to cut down trees in order to keep a forest healthy. The Suntory Group calls wood material made from Natural Water Sanctuary Initiative to nurture sustainable water and forests "Ikurinzaï - Timber from cultivated forests, carefully using all the conifer and broad-leaved trees removed during tree cutting, road creation, and other activities.

Case Examples of Timber Utilization Inside and Outside of the Company



Research Location: Timber used to create the entrance (flooring, etc.) of Suntory World Research Center



All table tops at PRONTO mbs Tamachi shop.

Natural Water Sanctuary Forum

Based on the goal of "Creating Forests Which Nurture Water and Life," specialists in a variety of fields who provide coaching and collaborate in Natural Water Sanctuary Initiative are invited the form which serves as an opportunity to share the newest expertise and policies for future activities. The forum was held nine times in total from 2011 to 2019.



A poster session where guests can ask lecturers questions and exchange opinions

Training Program for Employees

Many group employees and their families have volunteered for the forest stewardship program in Natural Water Sanctuaries up to 2013. Since 2014, so that each employee experiences and understands the values of our corporate philosophy "To Create Harmony with People and Nature," a total of about 7,400 people (including about 800 volunteers) participated in the First Hand Experience with Forestry as a training program for Suntory Group company employees, mainly current employees of Suntory Holdings Ltd. and Suntory Beverage & Food Ltd.



Employees cutting undergrowth at a Natural Water Sanctuary



Employees pruning trees at a Natural Water Sanctuary

Participate in "30by30 Alliance for Biodiversity" in Japan

The Suntory Group joined the "30by30 Alliance for Biodiversity" in Japan, which targets to halt and reverse biodiversity loss by 2030. As a coalition of governments, companies, and non-profit organizations, the "30by30 Alliance for Biodiversity" has been established in Japan to achieve the "30by30" targets to conserve or protect at least 30 percent of the country's land and ocean by 2030.

The objective of this alliance is to promote and actively communicate the initiatives that aim to expand national parks and register socio-ecological production landscapes (Satochi-satoyama) and company-owned forests to the World Database as OECM*. The Suntory Group aims to contribute to achieving the global "30by30" goal by having its Natural Water Sanctuaries certified as OECM through participating in this alliance. The company will continue to promote sustainability management in order to preserve biodiversity and to realize a sustainable society.



*OECM is an acronym for "Other Effective area-based Conservation Measures." OECM is an area conserved by initiatives of private organizations or an area where conservation is achieved mainly as a by-product of other management.

Wisdom of Water (Suntory) Corporate Sponsored Research Program Organization for Interdisciplinary Research Project The University of Tokyo

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

Activity Case Examples



"Water Map of Japan"



"Water Drill" educational contents for elementary students



The Wisdom of Water and Scientific Study of Forests and Water websites

Official Partnership for National Parks

The Suntory Group has concluded the "Official Partnership for National Parks" with the Ministry of the Environment in 2016. Through this program, we aim to deepen people's understanding of the conservation of the natural environment and to revitalize the areas where the national parks are located. We will continue to promote the wonders of the national park along with our Natural Water Sanctuary Initiative.



Feature 3

Suntory *Mizuiku* - Education Program for Nature and Water

The Suntory Group is supported by the bounty of water and nature, and we engage in environmental activities to preserve beautiful water for the future, including Natural Water Sanctuary initiatives to protect forests where water is nurtured.

One of these activities is Suntory *Mizuiku* — Education Program for Nature and Water, a next-generation environmental education program launched in 2004. *Mizuiku* is a program unique to Suntory that helps children experience the wonder of nature, become aware of the importance of water and the forests nurturing it, and consider what they can do to pass on water to future generations.

The program is deployed in Japan and, in collaboration with local NGOs and other organizations, in eight other nations. As of December 31, 2022, the cumulative number of participants exceeded 450,000.

Suntory *Mizuiku* Expanding in 9 Countries



Japan

Mizuiku education in Japan is centered on two programs: the Outdoor School of Forest and Water, offering shared hands-on nature experiences for parents and children, and the Teaching Program at Schools, a program for elementary schools. Suntory *Mizuiku* — Education Program for Nature and Water received the Ministry of Education, Culture, Sports, Science and Technology's Jury Award for Excellence for Companies Promoting Youth Experiential Activities in fiscal 2022.

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

Outdoor School of Forest and Water

This hands-on nature program, geared to elementary school students from grades 3 through 6 and their parents or guardians, is held in the home regions of (Mineral Water) Suntory Tennensui. Participants experience for themselves the importance of water and of the forests that produce it amid the great outdoors at Hakushu (Yamanashi prefecture), Kita Alps (Nagano prefecture), Okudaisen (Tottori prefecture), and Aso (Kumamoto prefecture). We also operate a remote school that enables participants to experience nature from home. The Outdoor School of Forest and Water staff conduct the program together with expert instructors who play active roles locally in environmental education.



Outdoor School of Forest and Water

Teaching Program at Schools

We offer study programs for students in grades 4 and 5 in elementary schools together with their teachers. We believe we can make a difference by teaching the cycle and importance of nature through videos and experiments, so that together we can pass down water to future generations. We also conduct online classes, and elementary schools all over Japan can participate.



Teaching Program at Schools

Vietnam

Since March 2015, we have offered a *Mizuiku* program in Vietnam.

In cooperation with international NGOs, we have developed original teaching materials, and since 2017 we have been working with the Young Pioneer Organization (CCYPO) of the Central Committee of the Communist Party of Vietnam. Moreover, since 2022, we have been collaborating with the Ministry of Education and Training to provide classes for elementary school students in grades 3 and 4 on the importance of water, water sanitation, and water source conservation. In addition, we are contributing to the installation of toilets and washrooms at elementary schools to improve sanitary environment of children.

This activity was created to contribute to Target 6.B of Sustainable Development Goal 6 "Ensure access to water and sanitation for all."

In December 2022, Suntory PepsiCo Vietnam Beverage concluded a comprehensive collaboration agreement with the Ministry of Education and Training to deploy *Mizuiku* programs across Vietnam over a three-year period.



Suntory *Mizuiku* — Education Program for Nature and Water in Vietnam

Thailand

We have offered a *Mizuiku* program in Thailand since July 2019.

With cooperation from local NGOs, we are developing water awareness projects in elementary schools in the capital of Bangkok, as well as in Rayong and Saraburi provinces. We are also engaged in erosion prevention projects in the northern province of Chiang Mai and the southern province of Nakhon Nayok. By slowing stream currents, installing small weirs to support permeation of underground water, and planting trees to prevent soil from flowing into streams, we can prevent sediment-related erosion, and we plan to continue these efforts.



Suntory *Mizuiku* — Education Program for Nature and Water in Thailand

Indonesia

We have also offered a *Mizuiku* program in Indonesia since July 2019.

In collaboration with local environmental education associations, we implemented programs in Gowa, South Sulawesi; Banjarbaru, South Kalimantan; Sidoarjo, East Java; Tangerang, Banten; the capital of Jakarta; Bogor, West Java; and Pati, Central Java. The classes teach children about the importance of water, the healthy water cycle, and the importance of preserving water resources, and have contributed to raising their environmental awareness.

In collaboration with the Ministry of Environment and Forestry and the Ministry of Education, Culture, Research, and Technology, PT Suntory Garuda Beverage has also prepared a *Mizuiku* Teacher's Guide that can be used by more teachers, and we will continue to expand water education into the future.



Suntory *Mizuiku* — Education Program for Nature and Water in Indonesia

France

In July 2020, Suntory Beverage & Food France established a workshop-based water education program for elementary school students in partnership with Grand Parc Miribel Jonage, a nature park located near its Meyzieu Plant. The program includes content on the role forests have in cultivating water, experiments to show how rainwater becomes underground water, and more.

In 2017, Suntory Beverage & Food France initiated a 20-year water-conservancy partnership with Grand Parc Miribel Jonage. Together with the local community, we are promoting conservation activities in forests extending into the park, including protecting and nurturing the water and natural environment in areas near factories. We are also conducting *Mizuiku* educational activities in line with this partnership.



Workshop-based water education program in France

China

Since September 2021, with the cooperation of the Shanghai Volunteer Foundation, a local public interest group, we have been conducting a *Mizuiku* program for grade 3 and 4 elementary school students in Shanghai. This program teaches elementary school students the basic knowledge about water and the habit of saving water, through experiments and videos about how nature works with contents tailored to the local situation such as by questioning "where does city water come from and end up in?"



Suntory *Mizuiku* — Education Program for Nature and Water in China

Spain

Since May 2022, we have been conducting a *Mizuiku* program in Spain. With support from local environmental experts, we are offering an educational program for elementary school students in the province of Toledo. The field activities are carried out in the natural environment of the Guajaraz reservoir in the vicinity of Toledo, where the main factory of Suntory Beverage & Food Spain is based and source their water from. The program teaches children the importance of water, such as by deepening their understanding of the natural water cycle and how it relates to their daily lives, how to use water responsibly, and the relationship between water and biodiversity, as well as provides training and ideas on how to preserve and improve the quality and quantity of water in the future.



Suntory *Mizuiku* - Education Program for Nature and Water in Spain

United Kingdom

In May 2023, we launched a *Mizuiku* program in the United Kingdom. In collaboration with a charitable organization that conserves the environment of local rivers, we are developing a nature experience program for children up to elementary school age and their families in the Severn River basin, the water source for the Coleford Factory. The program teaches students about the importance of water and water conservation, including basic knowledge about water and the water cycle, and the relationship between water and biodiversity.



Suntory *Mizuiku* - Education Program for Nature and Water in the United Kingdom

New Zealand

In May 2023, we launched a *Mizuiku* program in New Zealand. In collaboration with an NPO that works to preserve local river environments, we are developing on-site classes for elementary school students. The program conveys to students the mechanisms of nature and the importance of water, and covers basic water knowledge, including the water cycle, as well as ocean pollution prevention, including upstream river cleanup.



Suntory *Mizuiku* - Education Program for Nature and Water in New Zealand

Climate Action

Policies and Our Approach

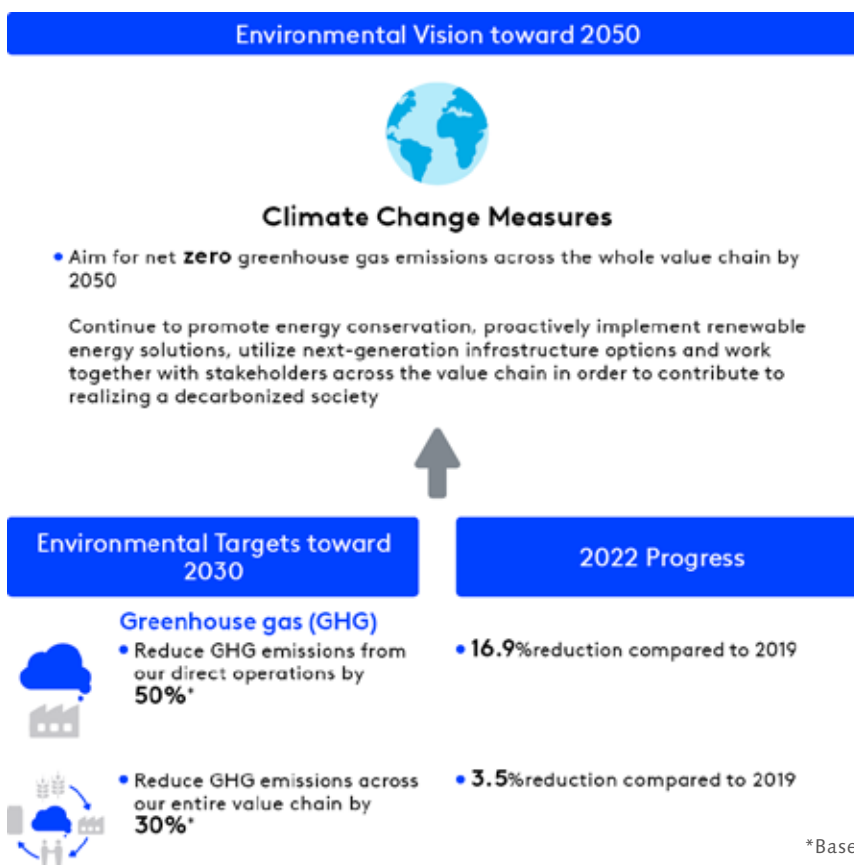
An ongoing stable supply of products will be difficult if the effects of global warming more drastically change the climate patterns as well as greatly impact water resources, which are crucial for beverage manufacturers. The Suntory Group recognizes global warming as one of the major challenges in business continuity due to the potential risk for great increases in production costs caused by a depletion of resources. Therefore, we need to unify as a Group to prevent global warming with the goal of reducing the environmental impact throughout the entire value chain by joining the environmental efforts of governments and local municipalities and by supporting public policy and regulations aimed to mitigate global warming. In May 2019, the Suntory Group expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations established by the Financial Stability Board (FSB).

Promoting Structure

Global Sustainability Committee

To promote sustainability management, the Global Sustainability Committee (GSC) acts as an advisory committee to the Board of Directors. The Group's sustainability strategies and the progress on priority themes (water, climate change, containers and packaging, raw ingredients, health, human rights and enriching life) are discussed in the GSC under the lead of the Chief Sustainability Officer

Targets and Progress



Our Initiatives

Internal carbon price

The Suntory Group introduced internal carbon pricing to from 2021 and plan to invest a total of approximately 100 billion yen by 2030 to promote decarbonization. The company estimates that these actions together will amount to a reduction of approximately 1 million tons of greenhouse gas (GHG) emissions in its direct operations compared to a business-as-usual projection for 2030.

Initiatives in Production and R&D

Use of Renewable Energy

The Suntory Group uses 100% renewable energy for electric power purchased at all of its alcohol and non-alcohol manufacturing sites and R&D facilities in Japan, the Americas, and Europe. This policy contributes to an annual reduction of approximately 230,000 tons* of GHG emissions.

In addition to procured power, we are installing solar panels and introducing biomass boilers as required to generate renewable energy on site.

*Based on power procured, 2021



Suntory Minami Alps Hakushu Water Plant



Suntory Kita Alps Shinano-no-Mori Water Plant



Carcaixent Plant (Spain)



Biomass boiler (Chita Distillery)



Biomass boiler (Suntory Kita Alps Shinano-no-Mori Water Plant)



Fred B. Noe Craft Distillery (Beam Suntory, North America)

Installing Japan's largest 16-megawatt P2G (Power to Gas) system for in-house green hydrogen production

On September 5, 2022, Suntory Holdings Ltd. signed a basic agreement with Yamanashi Prefecture for realizing an environmentally harmonious and sustainable society. Suntory will collaborate with Yamanashi Prefecture on decarbonizing Suntory Hakushu Distillery and Suntory MInami Alps Hakushu Water Plant by installing the Yamanashi Model Power to Gas (P2G)System* at the company's Hakushu facilities by 2025. This will constitute Japan's largest green hydrogen production system, and does not emit any greenhouse gas (GHG). The green hydrogen produced will not only be used as fuel for heat energy at the company's Hakushu facilities, but are also planned to be utilized in the surrounding communities.



Governor Kotaro Nagasaki (Yamanashi Prefecture) and then-Managing Executive Officer Makiko Ono (Suntory Holdings) (2022)

Promoting Energy Conservation

At Suntory Spirits Ltd. Gunma Brewery, expansion of beer production capacity has boosted energy efficiency by about 20%. The Tequila Sauza Plant in Mexico has been selected for the Financing Programme for JCM Model Projects in 2016 that contributes to reducing GHG emissions for its initiatives to improve heat recovery rate and the installment of once-through boilers.

In addition, a wide range of energy conservation initiatives are underway at locations such as the Suntory World Research Center, which utilizes natural energy actively and has introduced equipment to reduce its environmental impact, and Iwanohara Vineyard, which takes advantage of its location in an area with heavy snowfall to control wine fermentation and storage temperatures by using a "snow room" that stores winter snow throughout the year.



Suntory Spirits Ltd. Gunma Brewery



Newly installed boiler at the Beam Suntory Sauza Plant in Mexico



Suntory World Research Center



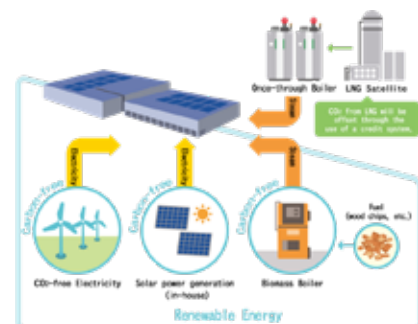
Snow room at Okudaisen Bunanomori Water Plant of Suntory Products Ltd.

Suntory Group's first net-zero CO₂ Emissions plant in Japan

The Kita Alps Shinano-no-Mori Water Plant (Omachi City, Nagano Prefecture) which started operation in May 2021 as a fourth water source for Suntory Tennensui Mineral Water, become the Suntory Group's first net-zero CO₂ Emissions plant in Japan through adoption of solar power generation facility and boilers which use biomass fuel, electric power procurement derived from renewable energy as well as offsetting.

In June 2023, the Kita Alps Shinano-no-Mori Water Plant has been proved to be a carbon-neutral facility after receiving a PAS2060*1 verification from the British Standards Institution (BSI). This is the first verification received by a food & beverage factory in Japan.

*1 Abbreviation for Publicly Available Specification 2060, an international standard issued by BSI to quantify, reduce, and carbon offset greenhouse gas (GHG) emissions from products/services/activities, thereby declaring them neutral (i.e., emissions of GHGs are effectively zero).



Initiatives in Logistics

The Suntory Group is working to reduce the environmental impact of its logistics operations, including transport and delivery operations and warehouse operations.

We are working to shorten transport and delivery distances traveled from plants to customers by promoting local production for local consumption, maximizing utilization of large vehicle load capacity, and switching to next-generation fuels and transport modes with lower GHG emission levels.

In warehouse operations, we are working to shorten operating hours and reduce power consumption.

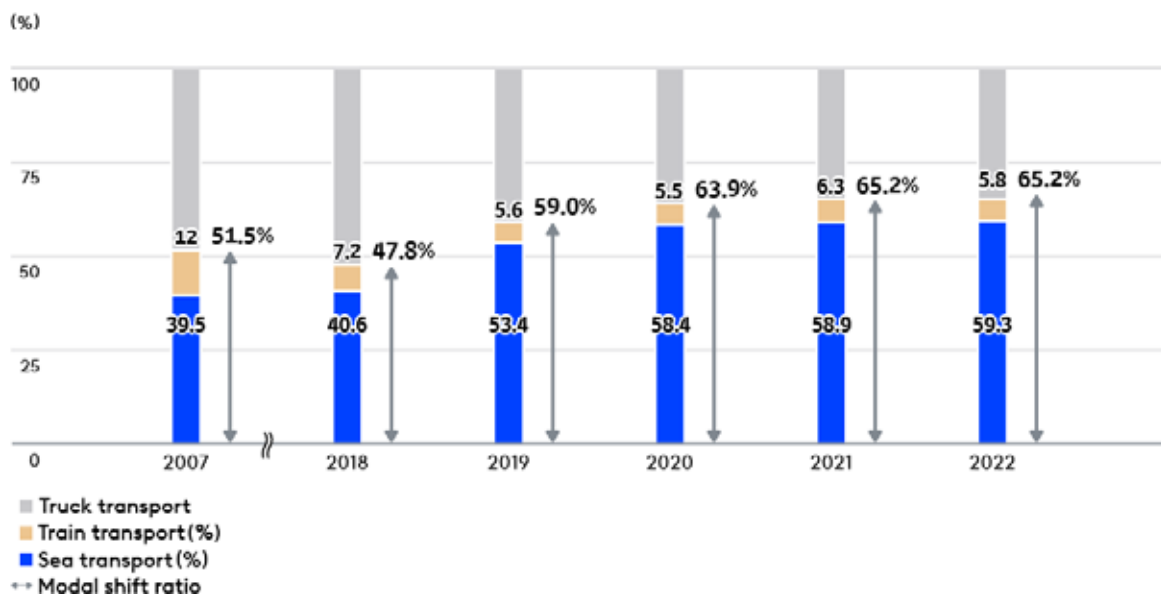
During 2022, sales (KL) expanded by 7% over the previous year. GHG emissions rose 9% to 150,000 CO₂-tons* while the basic unit was 22.7 CO₂-ton/thousand KL sold.

*Due to a supply/demand mismatch caused by extremely high summer temperatures, transportation distances and frequency of travel increased.

Reducing GHG Emissions with a Modal Transport Shift

Enhancing the modal shift rate

We are promoting a modal shift to rail and ocean transport, which emits less GHG than trucks. The 2022 modal shift rate rose over the previous year.



Enhancing usage of fuels with less GHG emissions

To encourage our transportation partners to use next-generation fuels that emit less GHGs than conventional fuels, we identified issues for expanded use in the future and are engaged in discussions for solving those issues. In 2022, a total of four companies used renewable fuels.

Collaborative Efforts with Logistics Affiliates

201 of our logistics affiliates (as of 2021) have acquired certifications, such as the ISO14001 (52 sites) and Eco Stage (23 sites) as well as Green Management advocated by the Ministry of Land, Infrastructure, Transport and Tourism, with the aim to further reduce the environmental impact. In addition, in response to amendments to the Rationalization in Energy Use Law, the Suntory Group collected GHG emissions data such as the monthly distance driven by vehicles, the amount of fuel consumed, and the useful load of logistics affiliates.

Collaborative Efforts with Other Companies

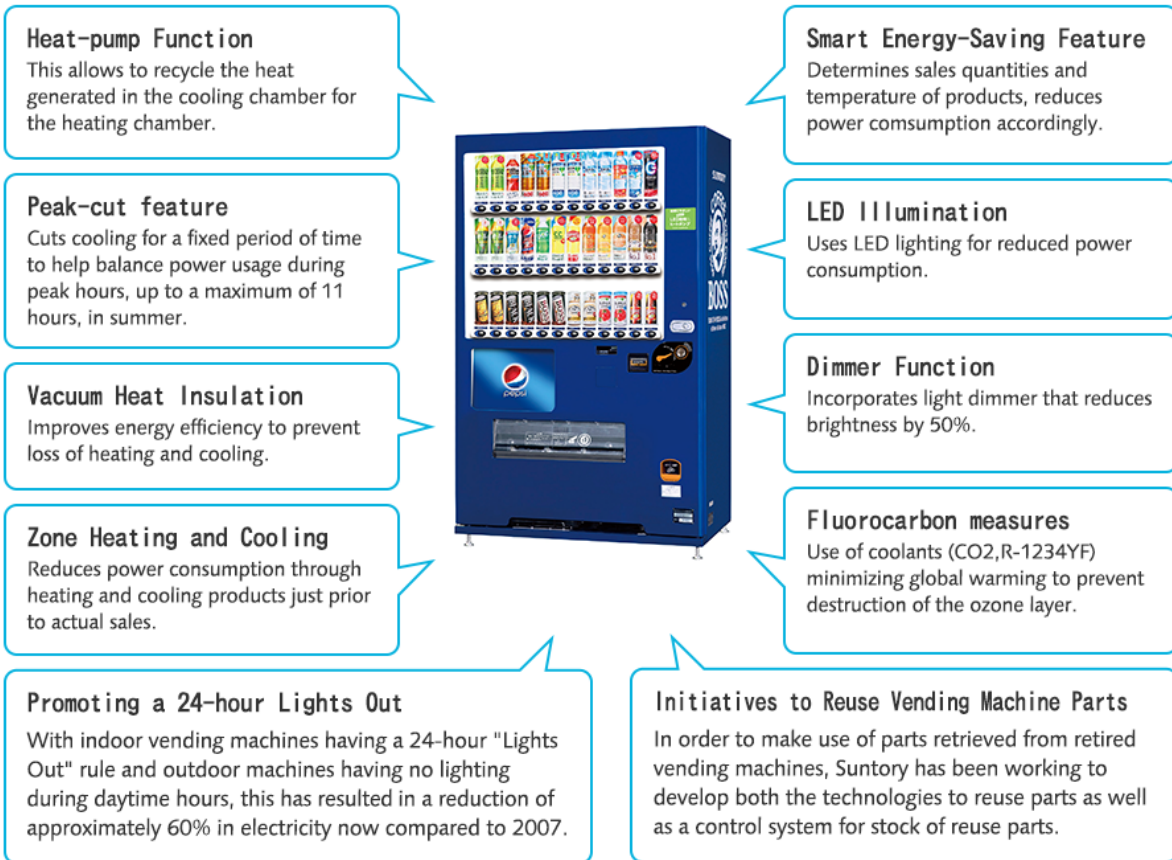
We are partnering with other companies for reducing environmental impact in logistics through joint distribution and joint use of containers.

Coordination	Description	Starting from	Results
Kirin Group	Joint distribution of soft-drink beverages within Chiba prefecture	July 2009	Reduced GHG emissions approx. 46 tons/year
Toyobo Logistics Co., Ltd.	Each company packs cargo on return trips in vehicles that only have one-way cargo	January 2010	Reduced GHG emissions approx. 100 tons/year
Toshiba Lighting & Technology Corporation	Joint use of railway containers	January 2011	Reduced GHG emissions approx. 140 tons/year
Four major beer companies in Japan	Joint distribution in some areas of Hokkaido (Kushiro/Nemuro)	September 2017	Reduction of approximately 330 tons of GHG emissions per year (*Figures apply to all four beer companies)
Four major beer companies in Japan	Joint distribution for transport between Kansai/Chugoku area and Kyushu area	April 2018	Reduction of approximately 1,500 tons of GHG emissions per year (*Figures apply to all four beer companies)
Four major beer companies in Japan	Joint collection of beer pallets	November 2018	Reduction of approximately 4778 tons of GHG emissions per year (*Figures apply to all four beer companies)
Unicharm Corporation	Joint use of railway containers between Shizuoka area and Fukuoka area	February 2021	Reduction of approximately 2 tons of GHG emissions per year (*Total figures for both companies)
Daio Logistics Co., Ltd.	Joint Kanto-Kansai transport	August 2022	Approximate annual GHG reduction of 115 tons (*Two-company total)
Daio Logistics Co., Ltd.	Parties share one-way rail containers	August 2022	Approximate annual GHG reduction of 100 tons

Energy Conservation in Vending Machines

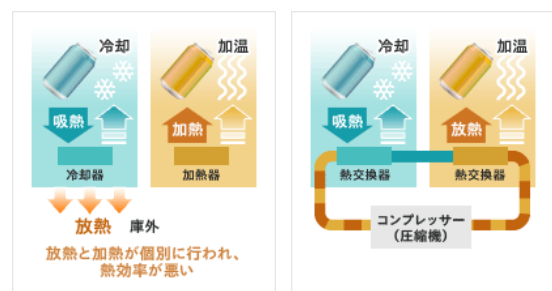
We are implementing various initiatives to save energy in vending machines in Japan as one of priority initiatives to reduce GHG in the entire value chain.

Key Features of Suntory Vending Machines



What is a heat-pump vending machine?

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



Vending machines prior to heat-pump type

Heat-pump vending machine

Ensuring Reasonable Waste Disposal of Vending Machines

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

Initiatives in Offices and Other Facilities

Actions in the Offices

Our major offices purchase 100% renewable electricity. In addition, various initiatives are carried out by all employees daily with higher awareness on saving energy in each office. The Odaiba Office in Tokyo installs use of reused water, automatic lighting control system, and human detection sensors for lights in toilets and escalators. Reduction of greenhouse gas(GHG) emission are being promoted in each office by implementing cool biz and warm biz and actively using web conference system.

Suntory Hall and Suntory Museum of Art Purchase 100% Renewable Electricity

From April 2022, the Suntory Group purchases 100% renewable electricity for all 30 directly owned manufacturing sites and R&D facilities in Japan. Suntory Hall and Suntory Museum of Art have also switched to purchasing 100% of their electricity from renewable energy sources. Through these efforts, the two facilities have been able to reduce CO2 emissions by approximately 800 tons per year compared to the past.



Reducing Environmental Impact of Sales Vehicles and Vehicle Accidents

We are proactively saving energy by replacing most of the vehicles used in our sales activities with hybrid vehicles. In addition, by introducing vehicle operation management systems and drive recorders that can acquire driving data such as driving distance, driving behavior, and fuel efficiency in sales vehicles. We promote safe driving and eco-driving by feeding back the result of the analysis of collected data.

Initiatives in Raw Ingredients

The Suntory Group is working to mitigate the impact of climate change on its business with respect to raw ingredients, including green tea and blackcurrant.

Green Tea

To promote sustainable tea leaf procurement, the raw material for green tea beverages, the Suntory Group has launched a long-term initiative in collaboration with tea farming areas. By working with the Kuma Regional Agricultural Cooperative (JA Kuma) to introduce environmentally friendly tea farming processes, we have reduced GHG emissions by over 30%* compared to conventional processes.



In conjunction with the pursuit of high-quality tea production, we hope to go on contributing to stable succession and training of successors in tea farming regions.

*GHG emitted per weight unit during the production of green tea material, from raw leaves to rough tea

Blackcurrant

Suntory Beverage & Food Great Britain and Ireland has been conducting research on new, climate change-resistant species of blackcurrant. In July 2020, after years of research in collaboration with the James Hutton Institute, an agricultural research facility, we harvested a new climate change-resistant species, named Ben Lawers.



Wine Grapes

In collaboration with University of Yamanashi, Suntory Tominooka Winery has introduced a new, secondary-shoot cultivation technique for wine grapes. The daily temperature range normally begins to expand as nighttime temperatures start to drop around mid-July, causing the sugar content of grapes to increase as they ripen. However, climate warming has recently slowed the ripening process. In secondary-shoot cultivation, the tips of shoots that sprout in April are trimmed, and the resulting side shoots are nurtured. This shifts the start of ripening from mid-July to early September, when temperatures start to drop, and grapes are harvested in mid-November.

In other vineyard initiatives, we are promoting formation of soil rich in biodiversity by minimizing the use of pesticides and fertilizer. This boosts the population of microorganisms and beneficial insects in the soil and decreases the population of pests. We also store carbon by carbonizing pruned branches and mixing them into the soil.



Disclosure Based on TCFD

In order to sustain business and continue to create value, the Suntory Group believe it is necessary to identify risks due to climate change as well as their potential impact on business and respond appropriately.



In May 2019, the Suntory Group has declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations established by the Financial Stability Board (FSB).

In July 2019, we also established seven important sustainability themes for the group including the reduction of greenhouse gas (GHG) emissions as one of the key themes.

In 2022, risks and opportunities related to climate change that effect the society and corporations were assessed and identified to calculate the monetary impact on business. We aim to improve resilience by incorporating specific measures for actualized risks and opportunities in the strategy. We will continue to expand disclosure of related information.

1. Governance

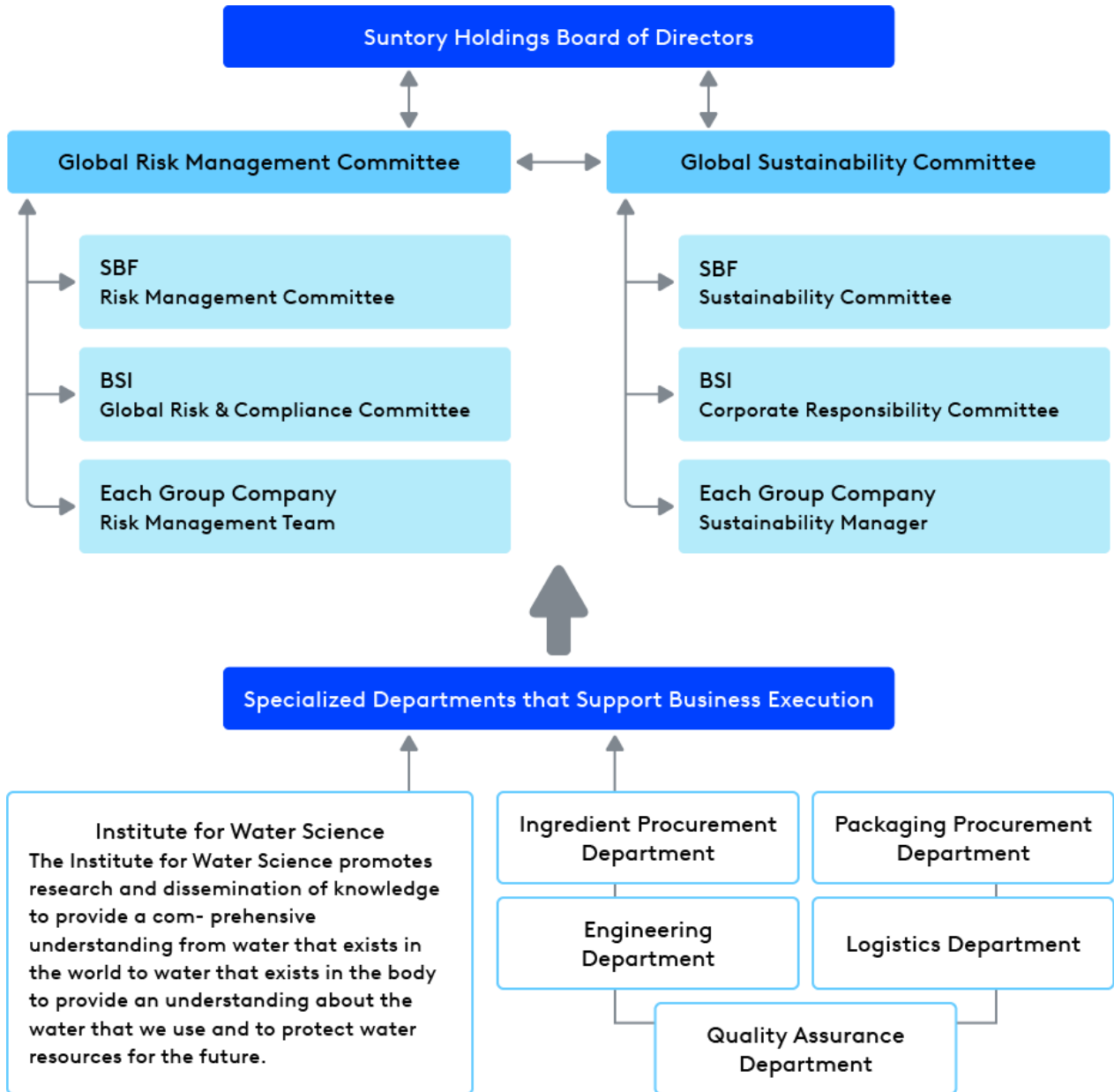
In April 2015, we established The Global Risk Management Committee (GRMC) to strengthen risk management throughout the entire Group. We have established a risk management committee and risk management team based on this GRMC (e.g. installation of a Risk Management Committee at Suntory Beverage & Foods Ltd. (SBF), the Global Risk & Compliance Committee at Beam Suntory Inc. (BSI), and the Risk Management Team at Suntory Spirits Ltd.). Meeting four times a year, the GRMC identifies the entire Group's risks, executes countermeasures, and engages in activities related to the establishment of crisis management systems. Climate related risks, one of the most important risk categories, are discussed by the GRMC and the responses to those risks are then monitored.

The Global Sustainability Committee (GSC) discusses medium- to long-term strategies relating to the seven themes defined by the Sustainability Vision, and also discusses initiatives relating to climate change. In addition, we have established committees at each business in order to hold discussions about more specific strategies and initiatives (e.g., the Sustainability Committee was established at Suntory Beverage & Foods Ltd. and the Corporate Responsibility Committee was established at Beam Suntory).

The GRMC and GSC are in constant cooperation, and important matters to be discussed are further deliberated and resolved by the Board of Directors. Progress in implementing strategies related to climate change, and business risks and growth opportunities are reported to the Board of Directors on a quarterly basis. In addition, the Board of Directors provides opportunities to receive advice on climate change and sustainability management, such as by regularly holding study sessions led by invited external experts.

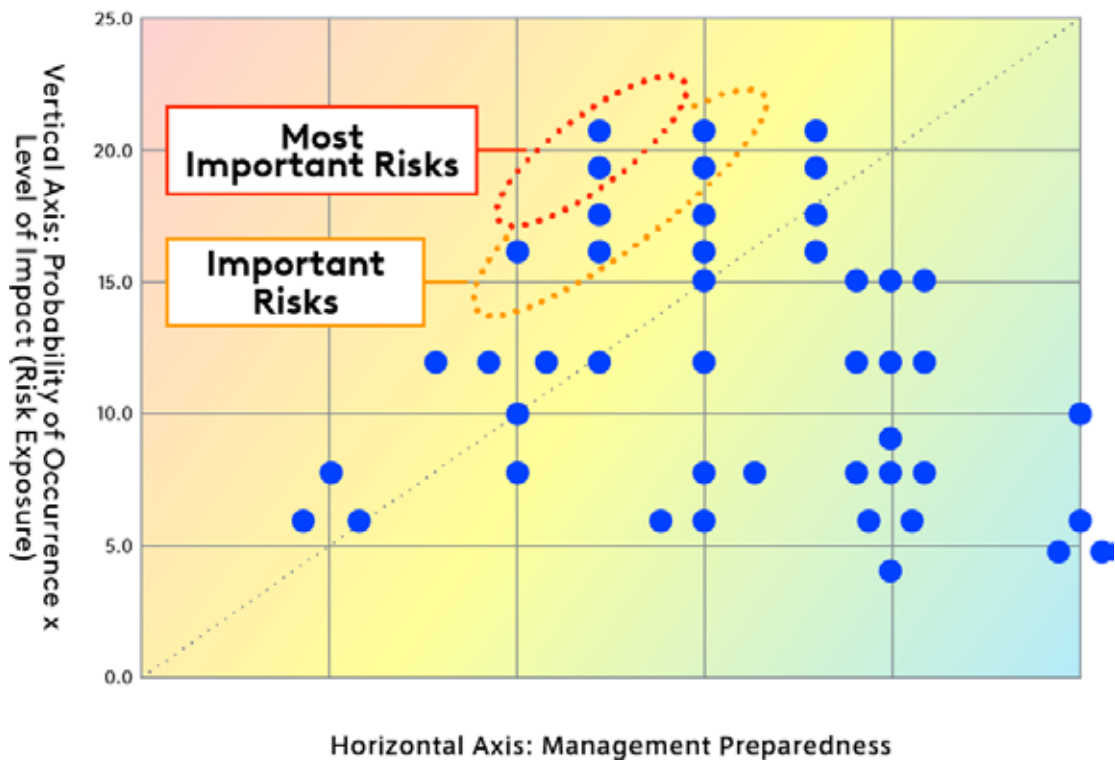
Climate related KPIs are set in the management strategy meeting. CEO is responsible for climate related issues and CSO is responsible for assessment of climate related risks and opportunities as well as their management Sustainability is included as target used for business performance which determine officer remunerations.

Organizational Chart



2. Strategy

The Suntory Group assesses climate change related issue based on their importance. For risks that are expected to have a large impact on business, we have set medium- to long-term targets and are proceeding with initiatives. As the approach to identifying risks and their assessment, we create a heat map of the identified risks based on the two axes of "Risk Exposure" and "Degree of Response," evaluate their importance, especially for group-wide material risks, on a three-point scale, and identify the risks to be prioritized. "Risk Exposure" is calculated by probability of occurrence (probability) x magnitude of impact (impact), and "Degree of Response" is calculated by the degree of preparation for countermeasures. As a result of the evaluation, climate-related risks are positioned as one of the most important risk types.



With consumers, investors, and other stakeholders increasing interest in GHG emissions by corporations, we recognize that risks and opportunities related to climate change may greatly affect our business strategy. We conduct scenario analysis to understand and take measures against risks and opportunities related to climate change that may impact business and consider them during financial planning.

Risks and Opportunities (Identify risks and opportunities, estimate the amount of monetary impact)

To identify important financial risks and opportunities for an organization, impact and frequency of each item in the span of short (0 to 3 years), medium (3 to 10 years), and long (10 to 30 years) term were considered. Result of the internal assessment is organized and shown below. Of the identified risks and opportunities, we recognized that increase in costs due to introduction of carbon tax, opportunity loss due to insufficient supply of water at production sites, and increase in raw material costs due to decrease in yield of agricultural products are the three items that may have a significantly impact and estimated the amount of their monetary impact on business. For the basis of analyzing risks and opportunities, we used RCP 8.5 as global warming scenario and IEA NZE 2050 and other scenarios as decarbonization scenario.

1. Identify major risks and opportunities		2. Assess the impact of each risks and opportunities on business (For most important risk, estimate the amount of monetary impact)		3. Determine/conduct response measures
Types of Risks and Opportunities		Estimated impact on business		Measures to reduce risks/seize opportunities
Transition Risk	New regulation	Increase in production costs due to introduction of carbon pricing	<ul style="list-style-type: none"> · Increase in financial burden due to introduction of carbon tax and its tax rate increase · Estimated impact on business: JPY 17.0 billion in 2030 and JPY 33.5 billion in 2050 ^(Note 1) 	<ul style="list-style-type: none"> · Introduction of internal carbon pricing and use it for decision making related to investment · Plan to invest an approximately JPY 100 billion (shift to renewable energy, utilization of heat pumps, etc.) by 2030 to promote decarbonization. · If the targets set in "Environmental Targets toward 2030" and "Environmental Vision toward 2050" are met, effects of reduction will be JPY 8.5 billion in 2030 and JPY 33.5 billion in 2050.
	Physical risks	Chronic risks	Impact of insufficient supply of water on operation of production sites	<ul style="list-style-type: none"> · Opportunity loss due to suspension of plant operations caused by insufficient supply of water, Group's most important raw material · Estimated impact on business: JPY 26.5 billion ^(Note 2)
Increase in procurement costs due to decline in yield of agricultural products			<ul style="list-style-type: none"> · Increase in costs to procure raw materials with same level of quality as now · Estimated impact on business: JPY 11.0 billion (RCP 8.5 scenario, 2050) (For details, refer to "Activities for stable procurement of raw materials") 	<ul style="list-style-type: none"> · Assess the impact of estimated future yield considering climate change and other factors by origin of raw materials and formulate strategy for stable procurement · Start trial of sustainable farming (For details, refer to "Activities for stable procurement of raw materials")
Acute risks		Flood, etc. caused by large typhoon or heavy rain	<ul style="list-style-type: none"> · Suspension of operations due to flooding, disruption of value chain, and other damages from a flood 	<ul style="list-style-type: none"> · Build a system or assessing risk of all productions sites at the Global Risk Management Committee

Note 1: Estimated using our Scope 1 and 2 emissions in 2019 and carbon tax price independently estimated based on forecast figures of the International Energy Agency (IEA)'s "Net Zero by 2050: A Roadmap for the Global Energy Sector (NZE)."

● 2030: Japan, Europe, and Americas. US\$130/ton, APAC US\$90/ton.

● 2050: Japan, Europe, and Americas. US\$250/ton, APAC US\$200/ton.

Note 2: Estimated impact on profit if all plants located in areas with high level of water stress have restriction on water withdrawal. Aqueduct Country Ranking developed by World Resources Institute and Water Risk Filter developed by World Wide Fund for Nature (WWF) are used for assessing water stress level of areas where our plants are located in.

(Exchange rate as US\$1 = JPY139)

1. Identify major risks and opportunities		2. Assess the impact of each risks and opportunities on business (For most important risk, estimate the amount of monetary impact)	3. Determine/conduct response measures	
Types of Risks and Opportunities		Estimated impact on business	Measures to reduce risks/seize opportunities	
Opportunities	Products/ Services	Impact on health due to rising temperatures	<ul style="list-style-type: none"> · Rising average temperatures and heat waves will increase the need for anti-heat stroke beverages and water beverages 	<ul style="list-style-type: none"> · Invested in capital to increase production capability and stable supply system · Products development that meet consumer needs
		Change in consumer behavior due to increased environmental awareness	<ul style="list-style-type: none"> · Enhancement of brand value through public recognition of the company's commitment to the conservation of water resources 	<ul style="list-style-type: none"> · Continue and strengthen water cultivation activities based on scientific data, water-saving and water quality management activities at plants, and "Mizuiku" - Natural Water Education Program as well as sharing information with the public
	Resource efficiency	Cost reduction due to introduction of new technology	<ul style="list-style-type: none"> · Reduction in use of petroleum resources and CO2 emissions due to development of new technology · Cost reduction in taxes related to one way plastics 	<ul style="list-style-type: none"> · Development of new technology for more efficient PET preform manufacturing process (F-to-P direct recycling technology, etc.) · Development of efficient used plastic recycling technology (R Plus Japan Ltd.)

We aim to resilient by considering both scenarios and taking strategic approach toward the above actualized risks and opportunities. We have been focusing on identifying water supply risks, proper management of water, water resource cultivation activities, and other water sustainability activities but are considering risks related to raw material procurement and other aspects. In addition, in order to reduce GHG emissions throughout the value chain, from raw material procurement to manufacturing, distribution, sales, and recycling, we set challenges for each department and take action. For opportunities, we are expanding product portfolio of beverages with ingredients which are recommended by the Ministry of Environment of Japan as products addressing climate change. We believe that continuing and enhancing water resource cultivation activities, "Mizuiku" - Natural Water Education Program and other activities related to water as well as sharing information about Suntory Group's approach to water to the public will raise are brand value and lead to increased sales. In terms of resource efficiency, we are actively promoting recycle of plastic bottles.

Water Risk Assessment

Water is the most important ingredient of our products, as well as a precious shared resource, it is imperative for the Suntory Group to understand the impact that water risk has on our business, local communities, and the ecosystem based on water risk assessment for sustained business growth.

Based on this, the Suntory Group conducted a risk assessment of water sustainability at its own plants*.

*Owned plants that manufacture finished products and exclude plants for packaging and ingredients: 23 plants in Japan, 56 plants overseas

*For more details, see page31 "Water Risk Assessment".

Stable Procurement of Raw ingredients

With regard to agricultural products and other raw ingredients, it is predicted that extreme weather, such as drought and flooding, occurring due to the rise in the Earth's average temperature due to climate change will have a major impact on their production activities, including fluctuations in yield and the need to move production to other areas which offer suitable cultivation. As corporate activities become more and more globalized, need to appropriately manage human rights of people who work in the supply chain and other social issues increase.

To offer our consumers high-quality products and services, we believe it is crucial to promote sustainability throughout our entire supply chain. This means we need to give due consideration to environment and society, as well as to safety and reliability. Based on this belief, we established and promote long-term strategy for safe, reliable, and sustainable supply of raw materials.

*For more details, see page106 "Sustainable Procurement".

3. Risk Management

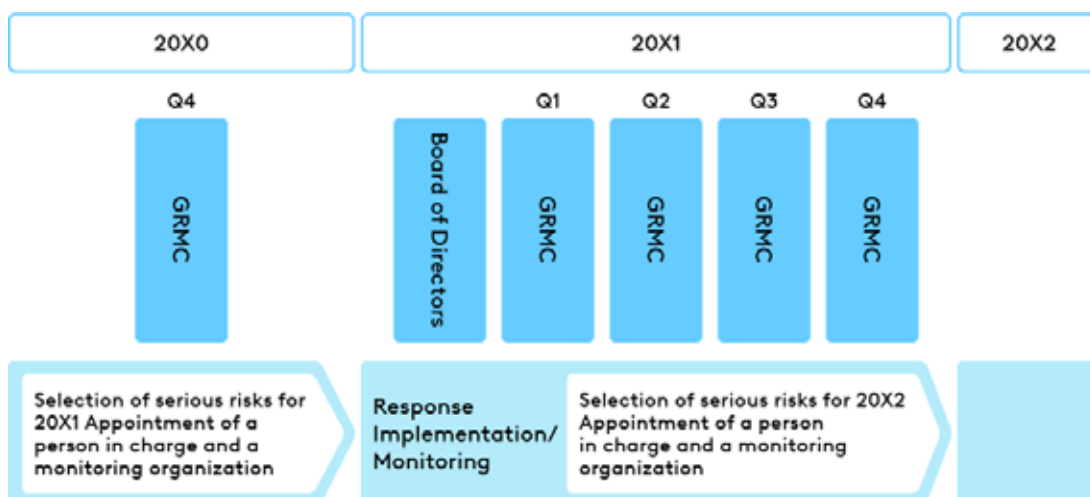
We define risk as current and future uncertainties that may affect the execution of business strategy and the achievement of business objectives. Through the Global Risk Management Committee (GRMC) and the risk management committees and risk management teams established at each group company, we identify and evaluate climate change and other important risks for the entire group and identify risks that should be prioritized for our company, consider countermeasures, and reviewing them on an annual basis.

Risk Management System



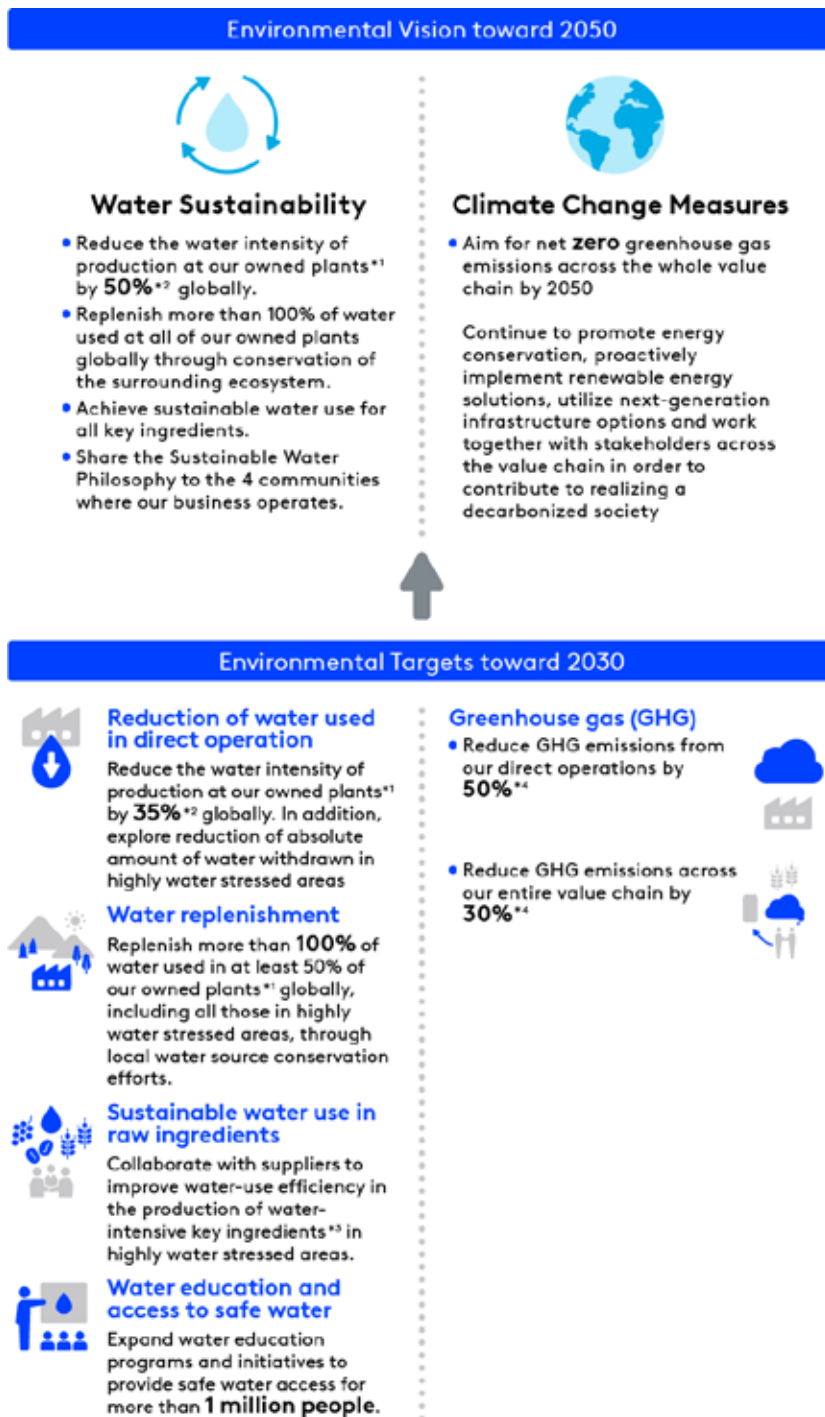
Approach to Managing Identified Risks

For the identified risks that should be prioritized, a person in charge and a monitoring organization will be appointed to implement the risk countermeasures. The response status is reported and discussed by the Global Risk Management Committee (GRMC), and the PDCA cycle of extraction, evaluation, countermeasures, and monitoring is carried out by selecting important risks for the next fiscal year based on the response results.



4. Indicators and Targets

Regarding climate change and water, which are expected to have a large impact on business, the Suntory Group has established "Environmental Targets toward 2030" as the medium-term targets with 2030 as the target year and "Environmental Vision toward 2050" as the long-term vision with 2050 as the target year, and are moving ahead with initiatives.



*1 Suntory Group plants that manufactures finished products

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

*3 Coffee, barley, grapes

*4 Based on emissions in 2019

Initiatives

To achieve the 2030 target, we are globally promoting various water-related initiatives such as activities to conserve and restore the natural environment. We started the Natural Water Sanctuary Initiative to cultivate water resources in forests in 2003. Now we have 22 Suntory Natural Water Sanctuaries in 15 prefectures which cover a total area of approximately 12,000ha and supply more than twice the amount of water used by our plants in Japan. In 2021, we signed a partnership agreement with the Alliance for Water Stewardship, an internationally prestigious organization that promotes water conservation and stewardship (responsible management of water resources) globally, to take a leadership role in promoting water stewardship in Japan.

As part of our GHG reduction efforts, we have switched purchased electricity to 100% renewable in all our 63 manufacturing sites and R&D facilities in Japan, the Americas and Europe by 2022. In addition, we introduced internal carbon pricing to from 2021 and plan to invest a total of approximately 100 billion yen by 2030 to promote decarbonization. The company estimates that these actions together will amount to a reduction of approximately 1 million tons of greenhouse gas (GHG) emissions in its direct operations compared to a business-as-usual projection for 2030. For GHG related measures, we are reducing Scope 3 emissions through strengthening recycling of plastic bottles as well as starting project on regenerative agriculture. We have also approached raw ingredient suppliers to kick start collaborations.

2022 Progress



Water Sustainability

Reduction of water used in direct operation

- Reduced the water intensity of production by **28.0%** compared to 2015.

Water replenishment

- Water resource cultivation activities implemented in **34%** of all owned plants globally.

Sustainable water use in raw ingredients

- As an initiative on barley production through regenerative agriculture, we began working with our malt suppliers to verify the improvement of water use efficiency by improving soil water retention.
- Started building a pilot program to assess and support water use through regenerative agriculture for coffee farmers in the Cerrado region of Brazil.

Water education and access to safe water

- Total **810,000** people
Water education program: **510,000** people
Provision of safe water: **300,000** people



Climate Change Measures

Greenhouse gas (GHG)

- **16.9%** reduction compared to 2019
- **3.5%** reduction compared to 2019

Packaging & Resource Efficiency

Policies and Our Approach

To build a recycling-oriented society, the Suntory group will promote problem-solving efforts together with various stakeholders. Each employee of Suntory will work on taking responsible action to solve problems and take the initiative in bringing about a sustainable society.

Containers and packaging protect and preserve the quality of products until they reach customers. However, most end up becoming post-consumer waste.

The Suntory Group recognizes the social and environmental impacts that containers and packaging cause and established voluntary "Guidelines for the Environmental Design of Containers and Packaging" in 1997. Designs are made following the Guideline such as selecting material for labels and color of glass bottles that consider recycling. In addition, we are engaging in initiatives from the stand point of Life Cycle Assessment (LCA) to reduce environmental impact of containers and packaging.

3Rs of Containers and Packaging

The Suntory Group works to develop containers and packaging that give consideration to the environment, based on the 3Rs of "Reduce, Reuse, and Recycle." We work on reducing the weight, using materials with less environmental impact, and designing packaging that is easy to recycle, while taking into consideration usability from the time customers drink the product to the time it is recycled. We also work in collaboration with various recycling organizations and local governments to promote recycling.

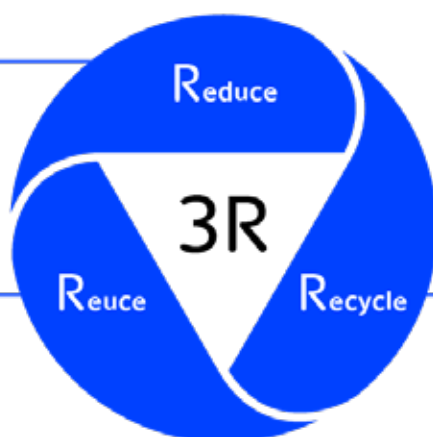
3Rs of Containers and Packaging

Reduce the Amount Used

We are coming up with ways to reduce the amount of materials used in containers, by, for example, making them lighter, to better value our resources.

Use Over Again

We are reusing containers such as beer bottles and casks, as well as on-premise non-alcoholic beverage bottles.



Use as a Resource

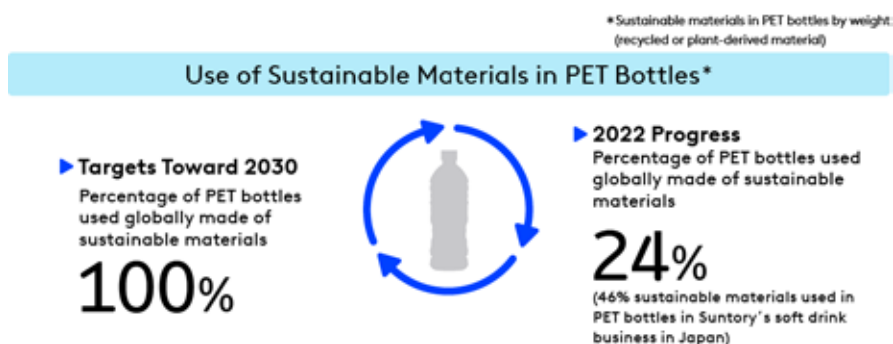
We are actively using recycled materials. We are also incorporating processes and designs to make it easier to recycle.

Promoting Structure

Global Sustainability Committee

To promote sustainability management, the Global Sustainability Committee (GSC) acts as an advisory committee to the Board of Directors. The Group's sustainability strategies and the progress on priority themes (water, GHG, containers and packaging, raw ingredients, health, human rights and enriching life) are discussed in the GSC under the lead of the Chief Sustainability Officer.

Targets and Progress



Our Initiatives

Initiatives for Plastic

Plastic products have enriched our lives through their usefulness. On the other hand, the environmental impact caused by improper handling of used plastics has become a social problem. In Japan, the Ministry of the Environment has formulated the "Plastic Resource Recycling Strategy" as a strategy to comprehensively promote resource recycling while recognizing the convenience of plastic products.

The Suntory Group also formulated the Plastic Policy in 2019 in order to strongly lead the transformation to a recycling-oriented and decarbonized society. Based on this policy, we aim to achieve 100% sustainable bottle by using only recycled or plant-derived materials for all our PET bottles used globally by 2030 and eliminating the use of virgin petroleum-based materials.

Suntory Group Plastic Policy

Expressing gratitude toward the Blessings of Nature that are the source of Suntory's products, the Suntory Group will provide strong leadership for transforming into a recycling-oriented and zero carbon society to bring about a world where diverse animal and plant life shines and resonates. With its diversity in usage and convenience, plastic has made our lives easier.

The plastic containers and packaging we use serve a useful function, but to prevent them from having a negative impact on the global environment, we will promote problem-solving efforts together with various stakeholders. Each employee of Suntory will work on taking responsible action to solve problems and take the initiative in bringing about a sustainable society.

1. Recycle & Renewable:

- (1) Aim to switch all the PET bottles used globally for Suntory products to be made of recycled or plant-derived material by 2030, achieving zero use of virgin petroleum-based materials.
- (2) Actively work and collaborate with government agencies, industry, environmental non-governmental and non-profit organizations for the measures necessary to develop an efficient recycling system based on the situation of each country where we do business.

2. Reduce & Replacement:

Reduce the amount of plastic used by changing the design of containers and packaging and look for the introduction of alternative containers that do not negatively impact the environment in order to effectively utilize resources.

3. Innovation:

Actively invest in innovation for materials and processes that improve the recycling rate and minimize environmental impact.

4. New Behavior :

Promote activities that drive change in consumer behavior. Each Suntory employee will work to change their lifestyle, promote sorting and collection, and actively participate in social contribution activities such as cleaning up rivers and beaches.

2R+B Strategy

In regards to PET bottle containers, we are taking action based on the 2R+B (Reduce/Recycle + Bio) strategy, which is unique to Suntory. The concept is to replace fossil-fuel-derived materials with renewable materials to the extent possible, while reducing the use of resin and using recycled materials in development to achieve thorough and effective use of resources.



Reduce: Lightweighting

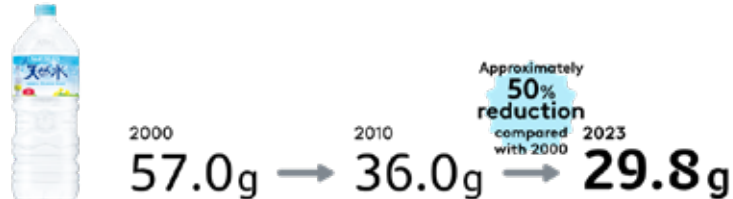
For approximately 20 years now, Suntory Group has been working to make PET bottles as well as their caps and labels lighter and thinner. We are aiming to effectively use resources while maintaining and improving bottle quality (maintaining beverage quality and ease of bottle use) while drinking.

Change in Weight of 550-mℓ Suntory Tennensui PET Bottles*1

*1 500-mℓ capacity through 2009



Change in Weight of 2-ℓ Suntory Tennensui PET Bottles



Recycle: Recycling PET Bottles

Suntory Group engages in "bottle to bottle" horizontal recycling, where used PET bottles are turned into new ones.

Starting with introducing the Japanese soft drink industry's first PET bottles using 100% recycled materials in 2012, we have continued to advance "bottle to bottle" horizontal recycling, including development of the world's first F-to-P direct recycling technology, which has lower CO₂ emissions compared with conventional recycling methods.



Suntory Group continues to advance "bottle to bottle" horizontal recycling, including development of the world's first F-to-P direct recycling technology, which has lower CO₂ emissions compared with conventional recycling methods.

Bio: PET Bottles Using Plant-Derived Material

We have set the Suntory Group target of switching all products to using 100% sustainable PET bottles (made of recycled or plant-derived material) by 2030. Prioritizing environmentally friendly "bottle to bottle" horizontal recycling, we are aiming to achieve PET bottle circularity by repeatedly recycling PET bottles as a resource.

Meanwhile, there are needs in the soft drink industry as a whole to provide new resources to make up for some PET bottles being recycled for other purposes as well as the growth of the PET bottle beverage market. In response, in addition to "bottle to bottle" horizontal recycling, we are also working to develop PET bottles using plant-derived material.

In 2013, we launched a 550-mℓ PET bottle for Suntory Tennensui natural mineral water that uses 30% plant-derived material*. We started releasing a 2-ℓ version in April 2023 and have plans for all Suntory Tennensui PET bottles to use plant-derived material by the fall of 2023.

*Excluding some products for vending machines



Current PET bottle (using 30% plant-derived material) (left)
PET bottle using 100% plant-derived material (right)

Suntory Holdings Ltd. and Anellotech, Inc., a green innovation and technology company in the United States, are working on collaborative development of a PET bottle that uses 100% plant-derived material. Construction began in 2016 on a development and testing plant to produce PET bottle materials in the state of Texas, and testing of the technology for commercialization was completed in 2019. We have achieved to produce paraxylene, a precursor of terephthalic acid that constitutes 70% of PET bottle materials, exclusively from inedible plant-derived material (woodchips) that does not affect the supply chain of materials for food use. We successfully created a PET bottle made from 100% plant-derived material using this technology in December 2021. This marks a breakthrough in commercializing PET bottles made from 100% plant-derived material that do not affect the supply chain of materials for food use.

Cooperation with Stakeholders

Establishment of R Plus Japan to Work on the Recycling of Used Plastics

12 companies (including Suntory) within the plastics supply chain established R Plus Japan Ltd., a joint venture company focused on the recycling of used plastics. As of April 2023, the number of participating companies has expanded to 40, and together with Anellotech, we are developing technologies to recycle used plastics.

Many types of plastic apart from PET bottles are reportedly incinerated* in Japan at present. This technology enables plastics including PET bottles to be chemically recycled by directly turning such plastics into base chemicals (benzene, toluene, xylene, ethylene, propylene and other chemicals). It requires fewer treatment processes compared to other chemical recycling that requires liquefaction and is anticipated to reduce CO2 emissions and energy use. Establishing this technology will allow more used plastic to be recycled efficiently.

RPlus Japan Corporation aims to contribute to the solution of the plastics problem, which is common worldwide, through collaboration across industries, in addition to technological development and its implementation in society.

*Includes thermal recovery (heat utilization), in which heat generated during incineration is recovered and utilized for power generation and heat supply



Social Activities

Suntory employees strive to change their lifestyle, promote sorting and collection, and actively participate in social contribution activities such as cleaning up rivers and beaches.

In September 2022, Suntory PepsiCo Vietnam Beverages in Vietnam conducted a beach cleanup near Hanoi in cooperation with Ocean Conservancy, a global marine nature conservation organization, with more than 150 participants, including employees and their families.



Cans/Bottles/Barrels/Paper Packaging/Cardboard

Reduce: Lightweighting

Lightweighting in Cans

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

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



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

Lightweighting in Glass Bottles

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



The Premium Malt's medium glass bottle

Reducing the Weight of Cardboard

To reduce our environmental impact, we are using short flap cardboard cartons in cooperation with the industry, beginning with using them for beverages in small PET bottles since the spring of 2012. Through this, we have reduced the use of paper by about 20% compared to conventional cardboard cartons. Short flap cardboard cartons have been used for beer and RTD products since 2019.



Short flap cardboard cartons that reduce cardboard usage on its sides

Reuse: Promoting Collection and Reuse of Containers

Reusing Glass Bottles and Barrels

Returnable containers (bottles, barrels) for beers and non-alcoholic beverages for restaurants are used often and we collect them via our own route and wash them for repeated use. Furthermore, we support the collection of glass bottles that are disposed of by liquor stores and restaurants through building collection routes in the distribution channel by specialized business operators since 1974.

One-way bottles are collected through effective sorting and collection routes by municipalities and other organizations.

Reuse: Promoting Collection and Reuse of Containers

The World's First 100% Recycled Aluminum Can

Suntory Spirits Ltd. (Suntory) launched the world's first 100% recycled aluminum can*¹ in its limited editions of The Premium Malt's CO₂ Reduction Can (350 mℓ, 5.5% ABV) and The Premium Malt's <Kaoru> Ale CO₂ Reduction Can (350 mℓ, 6% ABV) in September 2022. This first of its kind 100% recycled aluminum can*¹ was jointly developed by UACJ Corporation and Toyo Seikan Group Holdings, Ltd. and emits 60% less CO₂ compared to when creating a regular aluminum can*².



*¹ First as a commercialized SOT (Stay on Tabs) can which uses only recycled aluminum derived from canned materials (based on research by Toyo Seikan Group and UACJ, as of July 2022)

*² 350 mℓ beverage aluminum can produced by Toyo Seikan using UACJ aluminum material

Shifting to Recycled Paper Containers

Paper containers were introduced for shochu and spirits in April 2010 and for wines in February 2014. Approximately 90% of the containers for alcoholic beverages have been changed to more recyclable paper containers*.

We have been using containers with evaporated aluminum on its inside for preserving quality but it was difficult to separate paper and aluminum when recycling. The new paper container implements vapor deposition of non-aluminum transparent material to improve ease of recycling.

*As of April 2023



Suntory Umeshu
Delica Maison

Use of FSC[®]-Certified Cardboard

Suntory Group is gradually adopting paper packaging materials that have obtained FSC certification*, which ensures proper management of international forests, for products made in Japan. We introduced FSC-certified cardboard packaging for Suntory Tennensui natural mineral water products manufactured after August 2017. Since 2018, we have switched to FSC-certified cardboard for the packaging of all Suntory Tennensui brand products. We are promoting the use of FSC-certified paper packaging materials throughout the Suntory Group, with the phased adoption of these materials for the cardboard cartons of non-alcoholic and alcoholic beverage products and for the packaging of six-can packs.

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



Overview of Waste Management

Promoting Waste Reduction and Recycling

As part of our efforts toward establishing a recycling-oriented society, we are working to reduce emissions of by-products and waste and to achieve 100% recycling.

Suntory Beverage & Food Europe has set the target of zero waste from its factories and is engaging in waste-reduction and recycling activities. With the target of reducing food waste from products by 50%, it is donating surplus products to charitable organizations to support people struggling with poverty as part of its efforts to achieve this target.

By-products and Waste Generation Performance

Area	Amount of discharge (thousand tons)		
	2020	2021	2022
Japan	228	218	230
Americas	156	410	541
Europe	95	119	144
Asia	32	30	54
Oceania	7	7	6
Africa	0	0	0
Total	518	783	975★

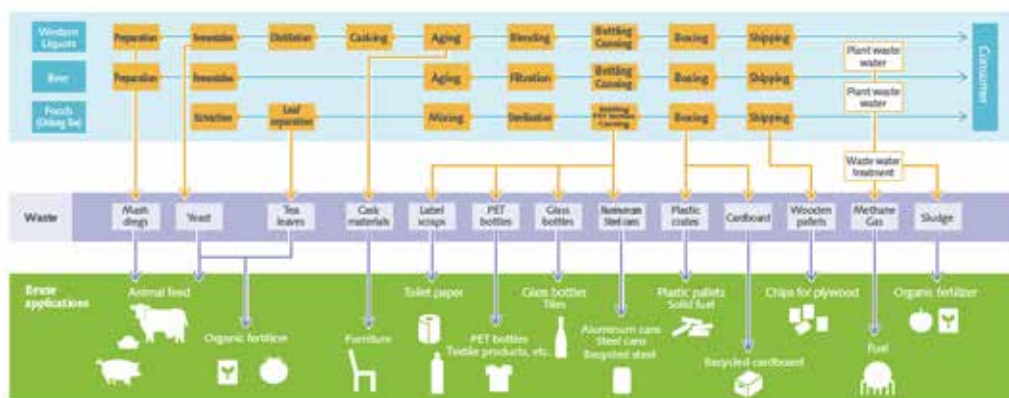
*Data covers 27 production plants in Japan and 62 production plants overseas.

*The increase in emissions in the Americas is due to the addition of waste and by-products to be included from FY2021. The amount of the waste and by-products increased by 238 thousand tons due to the addition.

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured numerical values are indicated with ★.

Recycling Rate of Japanese Plants and Flow for reuse of by-products and waste generated in each production process

	2020	2021	2022
Amount of discharge (thousand ton)	228	218	230
Amount recycled (thousand ton)	228	217	230
Recycling rate (%)	100.0	99.7	100.0



By-products and Waste Generation, Recycling Rate and the Purpose of Use for Recycled Products

Type of waste	Main purpose of use	2020		2021		2022	
		Generation (t)	Recycling rate (%)	Generation (t)	Recycling rate (%)	Generation (t)	Recycling rate (%)
Vegetable (glycation, tea, coffee dregs, etc.)	<ul style="list-style-type: none"> Animal feed Fertilizer 	164,185	100	158,823	100	167,855	100
Sludge (excess sludge, etc.)	<ul style="list-style-type: none"> Fertilizer 	30,275	100	27,337	100	28,396	100
Wood waste (cask, pallets)	<ul style="list-style-type: none"> Animal feed Fertilizer 	5,186	100	5,267	100	3,658	100
Glass and ceramic scrap	<ul style="list-style-type: none"> Glass materials Base course material 	2,285	100	1,337	100	1,172	100
Paper scraps (cardboards, paper labels, etc.)	<ul style="list-style-type: none"> Recycled paper Cardboard materials 	5,520	100	5,398	100	5,735	100
Plastic	<ul style="list-style-type: none"> Pallet Solid fuel Supplementary fuel 	6,033	100	5,796	100	5,810	100
Metal scraps (aluminum, steel)	<ul style="list-style-type: none"> Aluminum Steel ingredients 	3,314	100	3,506	100	3,123	100
Other		11,558	100	9,731	100	13,979	100
Total		228,355	100	217,925	100	229,728	100

*Data covers 27 production plants in Japan

Applications of Recycled Materials

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



Barrel cabinet



Dining Set "TARURU"



Drink sampling tray made from barrel

Products in the line-up of "Suntory Barrel Story" created from whiskey cask materials that have fulfilled their distillery role

Building a Recycling Circulation Cycle for Food Waste — Izutsu Maisen Co., Ltd.

Izutsu Maisen Co., Ltd. is actively working to reduce and reuse food waste so as not to waste the precious gifts of nature. One predominate initiative is the setup of a recycling circulation cycle for the crusts of bread.

Izutsu Maisen cuts off the crusts of the bread when they make their popular fried Pork fillet cutlet sandwiches. These bread crusts are generally given to business operators who are able to recycle them as feed, but Izutsu Maisen launched their original Amai-Yuwaku pork brand that raises pigs on this feed in 2012 because the crusts are suitable as feed. This is an initiative that uses the bread crusts once again in a cycle as a raw material such as in the pork cutlets once.



Original Amai-Yuwaku pork brand

Feature4 Reduce: Lightweighting

Lightweighting of PET Bottles

The 550-mℓ Suntory Tennensui natural mineral water PET bottle (excluding products for vending machines) was developed by Suntory and is the lightest such bottle made in Japan* (11.9 g).

The bottle design reduces the use of fossil-fuel-derived materials by approximately 40% per bottle compared with conventional bottles (13.5 g). For the 2-ℓ version, we were the first in Japan to achieve a 2-ℓ bottle of less than 30 g by reducing the weight by approximately 20% to 29.8 g per bottle from conventional bottles (36.2 g).

*PET bottles for mineral water (500 mℓ to 600 mℓ) in Japan. As of April 2023

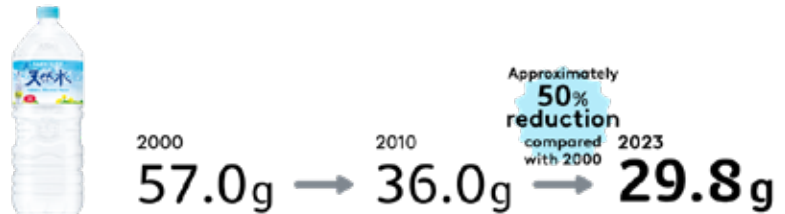


Change in Weight of 550-mℓ Suntory Tennensui PET Bottles*1

*1 500-mℓ capacity through 2009



Change in Weight of 2-ℓ Suntory Tennensui PET Bottles



Thinnest Roll Label*1 for PET Bottle Beverages in Japan

We are reducing the weight of product labels on PET bottles to reduce their environmental impact. We achieved the thinnest PET bottle roll label in Japan at 16 micrometers (μm^2) in 2012. We launched an even thinner label of 12 μm for the 2-ℓ and 550-mℓ PET bottles of Suntory Tennensui natural mineral water in April 2014. Thereafter, we have been extending the label to all of our products that use roll labels. This has allowed us to reduce CO₂ emissions by 25%*³ compared to the existing (16 μm) labels.

*1 Labels that peel off from the glued area instead of peeling off at the perforations

*2 1/1,000 mm

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



12 μm thick roll label, thinnest in Japan

Lightest PET Bottle Caps in Japan

We are also reducing our environmental impact for the bottle caps on PET bottles. Since September 2016, we have adopted 1.85-g bottle caps, which are the lightest in Japan*¹ and use 30% plant-derived material, for Suntory Minami-Alps Tennensui natural mineral water. This innovation reduces the use of fossil-fuel-derived material by 35%*² and decreases CO₂ emissions by 27% compared to conventional PET bottle caps.

In addition, in March 2019 we began using polyethylene caps*³ made of 100% plant-derived ethylene for 550-mℓ Suntory Aso Tennensui natural mineral water, which is manufactured at our Kyushu Kumamoto Plant. This innovation reduces the use of fossil-fuel-derived material by 90% and decreases CO₂ emissions by 56%*⁴ compared to conventional PET bottle caps.

*1 As of April 2023

*2 Per bottle of Suntory Tennensui natural mineral water (550 mℓ)

*3 Polyethylene caps with 100% plant-derived ethylene as the main raw material. Excluding trace amounts of fossil-fuel-derived components and colorant components at the time of production line changeover.

*4 Per bottle cap of Suntory Tennensui natural mineral water (550 mℓ)

Adopting Technology to PET Bottle for Spirits Products

We are taking great advantage of the technology cultivated in our soft drink business in our spirits business. Suntory Spirits Ltd. has launched the 4-ℓ PET bottle weighing 110 g, which is the lightest in Japan, to whisky products such as Kakubin, Torys and other alcoholic products starting from June 2016. By making it up to 18% lighter than the conventional 134 g or 120 g, the use of PET resin is reduced, resulting in an annual CO₂ emissions reduction of approximately 460 tons (17%)*. We have also removed the grip used on conventional PET bottles and adopted a new deep grip section in the center of the bottle for ease of use in collaboration with the PET bottle manufacturer.

*Based on our calculations



Old 4-ℓ PET bottle and new lightweight 4-ℓ PET bottle

Development of World's Lightest* Heat-resistant PET Bottle in Southeast Asia Leveraging Japanese Technological Capabilities

The Japanese manufacturing technology and design capabilities for reducing weight of PET bottles have been used in Group companies in Europe and Asia. In 2020, we succeeded in developing the world's lightest* PET bottle weighing 15 g in heat-resistant filled containers that also pursue functionality, versatility, and design. This heat-resistant PET bottle utilizes technology that prevents deformation of the bottle by dropping nitrogen to create positive pressure.

We have introduced this bottle to Suntory PepsiCo Beverage (Thailand) and Suntory Garuda Beverage (Indonesia) and Suntory PepsiCo Vietnam Beverage (Vietnam). We also have started using 100% recycled materials for these bottles from 2023.

*In the 450-mℓ class of heat-resistant PET bottles (as of April 2023, according to our own research)



Lightest Heat-Resistant Bottle with Liquid Nitrogen Injection in Southeast Asia

PET Bottle Self-Manufacturing Technology at Beam Suntory

Beam Suntory has been introducing its first bottle self-manufacturing technology for 1.75-ℓ spirits since 2017. This self-manufacturing process has enabled weight reduction of bottles by 14%. In addition, reduction in weight and transporting preforms instead of bottles have greatly improved efficiency in transport, contributing to the reduction of environmental impact.

We plan to introduce even lighter bottles by 2023, and expect to reduce the bottle weight by approximately 26% compared to the weight before the 2017 self-manufacturing project. We are also considering using the self-manufactured bottle technology obtained through this initiative to further expand to other capacities, such as 100 mℓ to 1 ℓ.

Feature 5

Recycle: Promote "Bottle to Bottle" Horizontal Recycling

Initiatives in Japan

"Bottle to Bottle" Horizontal Recycling

"Bottle to bottle" horizontal recycling refers to recycling used PET bottles into new ones. PET bottles are a resource that can be recycled many times, which can help reduce the use of fossil-fuel-derived materials and CO₂ emissions. "Bottle to bottle" horizontal recycling through



mechanical recycling* is the recycling method with the least environmental impact (CO₂ emissions in processes from raw materials procurement to PET preform production). In 2011, Suntory was the first company in the Japanese beverage industry to establish this technology, and has continued promoting "bottle to bottle" horizontal recycling since then.

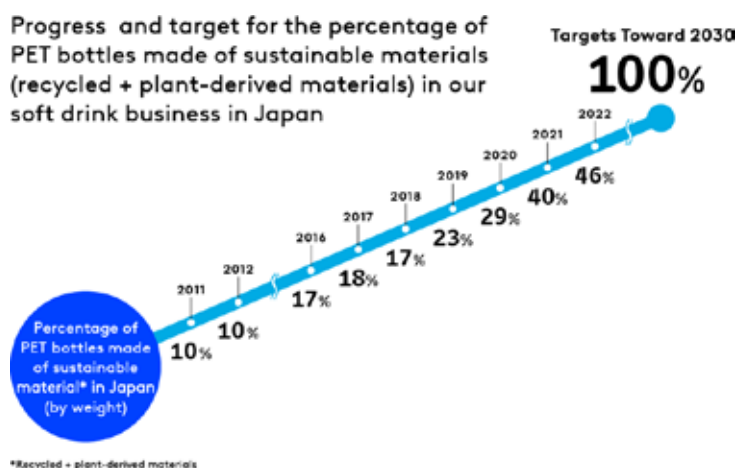
*Mechanical recycling: A method in which recycled resin obtained by material recycling (used products are processed by crushing, washing, and made into raw materials for products again) is further processed under high temperature and reduced pressure for a certain period of time to remove impurities in the recycled material and make PET resin of suitable quality for beverage containers.

History of Efforts to Create 100% Sustainable PET Bottles

Toward realization of a sustainable society, we have led the industry in recycling used PET bottles into beverage PET bottles together with cooperating companies for more than 10 years. In cooperation with Kyoei Sangyo Co., Ltd., in 2011 we built the first "bottle to bottle" horizontal recycling system in the Japanese beverage industry. Starting with launching the first PET bottle made of 100% recycled material*¹ in the Japanese soft drink industry in 2012, we have made technological innovations over these many years, including development of the world's first F-to-P direct recycling technology*² to reduce CO₂ emissions more than conventional technology, and have proactively commercialized and promoted "bottle to bottle" horizontal recycling.

In 2019, we established the Suntory Group Plastic Policy. In it, we set the 2030 target of using 100% sustainable PET bottles globally by using only recycled or plant-derived material with zero use of virgin fossil-fuel-derived materials and are conducting various activities toward this target. In 2022, we expanded use of sustainable PET bottles (using only recycled or plant-derived material) in our soft drink business in Japan to 46% of all PET bottles Group-wide by weight. We will continue to actively promote "bottle to bottle" horizontal recycling and the use of plant-derived material, aiming to achieve more than 50% use of sustainable PET bottles among all PET bottles by weight in 2023.

*¹ Mechanical recycling *² Joint development among four companies including Kyoei Sangyo Co., Ltd.



Promoting Horizontal Recycling with Local Governments and Corporations

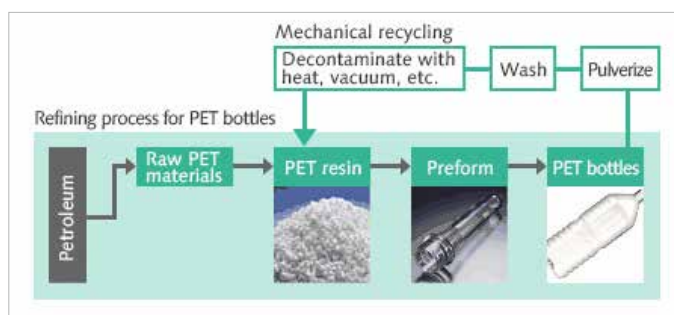
With the aim of realizing a recycling-oriented society, the Suntory Group has been working on "bottle to bottle" horizontal recycling, in which used PET bottles are recycled into new PET bottles, in cooperation with local governments and companies. We have concluded similar agreements with distribution companies and commercial facilities to recycle used PET bottles collected at stores and other locations into Suntory beverage bottles through "bottle to bottle" horizontal recycling and hold consumer awareness events.

Also, by concluding an agreement on "bottle to bottle" horizontal recycling with local governments, we will recycle PET bottles discharged by residents as resources into new PET bottles for Suntory beverages. In addition, educational classes on PET bottle recycling are held at elementary and junior high schools in municipalities with which we have concluded agreements.

Development of the "Bottle to Bottle" Horizontal Recycling System

In 2011, in collaboration with Suntory Beverage & Food Ltd. and Kyoei Sangyo Co., Ltd., we built the first "bottle to bottle" mechanical recycling system*1 for PET bottles in the Japanese beverage industry. In addition, we published a joint assessment*2 on the safety of recycled PET bottles in 2012.

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



The recycled PET bottles produced by mechanical recycling take on a color during the process but they have no quality issues and safety issues. The mechanical recycling system have highest cost efficiency and lowest environmental impact*3 (CO₂ emissions from raw material procurement to preform manufacturing) among PET bottle recycling systems adopted in Japan as of April 2023.

*1 Mechanical recycling: A method in which recycled resin obtained through material recycling (where used PET bottles are crushed, washed and otherwise processed into materials to make more PET bottles) is further processed under high temperature and reduced pressure for a certain period of time to remove impurities in the recycled material and make PET resin of suitable quality for beverage containers.

*2 Japanese Journal of Food Chemistry and Safety, Vol. 19 (1), 2012, pp. 7-13

*3 Based on our research

Adoption of F-to-P direct recycling technology

In 2017, as part of our recycling efforts, we collaborated with Kyoei Sangyo Co., Ltd. and overseas machinery manufacturers (EREMA in Austria and SIPA in Italy) to develop F-to-P direct recycling technology which is expected to further reduce environmental impact. We began production in the fall of 2018. F-to-P direct recycling technology is a technology that can directly manufacture preforms after melting and filtering flakes made from collected PET bottles that have been crushed and washed at high temperatures.

The F-to-P direct recycling technology can reduce CO₂ emissions by 70%* compared with virgin PET bottles made of fossil-fuel-derived material. (Current mechanical recycling can reduce CO₂ emissions by 60%*.)

*Processes from used PET bottles to the preform production



Products that use F-to-P direct recycling technology

Active Implementation of Recycled PET Bottles within the Group

To achieve the 2030 fully sustainable PET bottle goal, we are promoting implementation of recycled PET bottles globally.

In Japan, we have introduced PET bottles made of 100% recycled PET bottles for GREEN DA-KA-RA Yasashii Mugi-cha (680 mℓ, 600 mℓ). In addition, we use 100% recycled PET bottles for many of our products, including Craft Boss and Iyemon.

We have adopted the logo mark "Bottles are resources! Towards a Sustainable Bottle" on all PET bottled products* to communicate to consumers that PET bottles are a resource that can be recycled many times. Apart from the soft drink business in Japan, we also use 100% recycled PET bottles for 720-mℓ wine products in Japan. We will continue to accelerate these efforts Group-wide.

*Excluding label-less products



Yasashii Mugicha 680 mℓ
Delica Maison Red 720-mℓ
PET bottle

Logo "Bottles are resources!
Towards a Sustainable Bottle"

"Bottle to Bottle" Horizontal Recycling Progress Through Packaging Improvements

"Label-free" PET bottle products do not have the plastic label wrap found on conventional PET bottle products. This provides greater user convenience from not having to remove the label. We believe that giving customers a more convenient sorting experience for recycling will help encourage "bottle to bottle" horizontal recycling that turns used PET bottles into new ones. We introduced label-free bottles in 2020 and have adopted them in flagship products including for the Suntory Tennensui natural mineral water, CRAFT BOSS and Iyemon brands.



We developed a new 2-ℓ PET bottle for Suntory Tennensui natural mineral water that is easy to fold into a size about one-sixth its original shape when empty and launched it in April 2023. This new bottle resolves some dissatisfaction in the home with empty PET bottles, namely how the bottles pop back to their original shape after being crushed and how they take up space until collection day. The new bottle is also expected to help create higher-quality recycling for PET bottles by making it easier for consumers to sort PET bottles without having to remove their cap or label.



Awareness-raising Activities for Horizontal Recycling

The Suntory Group has been working to promote understanding of horizontal recycling initiatives and sorted collection of PET bottles through seminars outside the company to help realize a sustainable society. In 2021, we signed an agreement with Waseda University on the realization of a resource-recycling society, and we are also making efforts for the next generation.

At elementary and junior high schools in municipalities with which we have concluded "bottle to bottle" agreements, we conduct educational classes on the significance of horizontal "bottle to bottle" recycling and how to correctly sort PET bottles, providing an opportunity for students to think about recycling and resource circularity. At companies with which we have concluded these agreements, we also hold educational seminars for employees and events for their families.



Communication with Consumers

Since 2022, we have released a series of digital videos in Japanese using a cat cartoon character to highlight simple, ordinary things that people do without even thinking that are in fact sustainable practices. We are also proactively communicating with consumers and raising awareness for sustainability in other ways, including holding "PET bottle post" events based on the concept of having as many people as possible think of PET bottles not as garbage but as a resource, and of recycling bins not as garbage bins but as something more like postal boxes that "deliver" the resource to the next person.



Sustainability digital video series



PET bottle post

Promoting Horizontal Recycling Through Industry Cooperation

From the fall of 2022, we will start deploying recycling boxes with industry-standard specifications for outdoor areas where there is a lot of contamination.

New recycling boxes with innovations such as a downward-facing insertion slot have been shown to reduce the amount of foreign matter put into them. This improves the quality of collected PET bottles and contributes to "bottle to bottle" horizontal recycling. Using recycling boxes with industry-standard specifications will improve efficiency for vending machine operators and recycling processes and promote PET bottle resource circularity.



Initiatives outside Japan

Introducing Recycled PET Bottles Overseas

Suntory Beverage & Food Europe brand Ribena was the first soft drinks brand in the UK to use a 100% PET bottle made from recycled plastic in 2007. The company has been increasing its use of recycled plastic — in 2021 this included the introduction of 100% recycled PET in May Tea and Pulco in France. In 2022, Suntory Beverage & Food Europe has started 100% recycled PET bottles in its Lucozade Sport brand in the UK and Ireland.

Suntory Beverage & Food Asia Pacific, with its main operations in Vietnam, Thailand and Indonesia, is also strengthening its efforts on recycling and has introduced the company's first 100% recycled PET bottles in Vietnam in 2022.



100% sustainable Ribena bottle

Development of New Technology to Drive Horizontal Recycling

Suntory Beverage & Food Europe (SBFE) is participating in a consortium with green biotech company Carbios. In June 2021, the consortium successfully developed the world's first PET bottle of food-grade quality made from chemical recycling using enzymatic technology*. A prototype was made for SBFE's Orangina brand, and a Japanese technical team helped test aspects of the prototype that Carbios was not able to, including the safety and ease of manufacturing the bottle. In September 2021, Carbios opened its first demonstration plant with the goal of launching commercial plant operations in 2025. This innovative technology breaks down polyethylene terephthalate (PET) into its building blocks using a special enzyme that only breaks down PET plastic to create the raw materials of PET bottles that can then be reused. This technology is anticipated to enable recycling of PET bottles that are not properly sorted and color PET bottles that are commonly used in Europe to the quality level of virgin PET bottles.

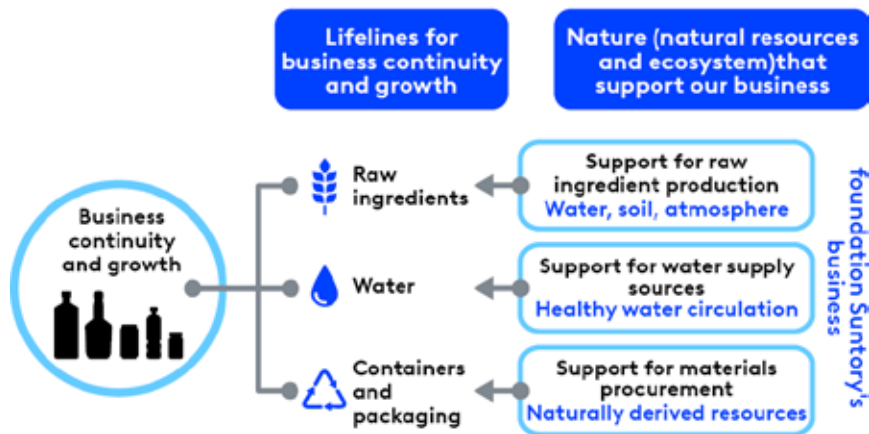
*Based on our research

Biodiversity

Our Policy and Approach

The nature and its ecosystem - forests nurtured by water, rivers, oceans, atmosphere and living creatures - are the valuable management foundation of the Suntory Group's business. As a company whose products rely on blessings of nature, we strive to protect nature and its ecosystem at the source of our water and ingredients through water source conservation, bird conservation activities, and a shift to sustainable agricultural practices.

The nature and its ecosystem - forests nurtured by water, rivers, oceans, atmosphere and living creatures - are the foundation of the Suntory Group's business.



Promoting Structure

Global Sustainability Committee (GSC)

To promote sustainability management, the Global Sustainability Committee (GSC) acts as an advisory committee to the Board of Directors. The Group's sustainability strategies and the progress on priority themes (water, climate change, containers and packaging, raw ingredients, health, human rights and enriching life) are discussed in the GSC under the lead of the Chief Sustainability Officer.

Initiatives

Water Sustainability

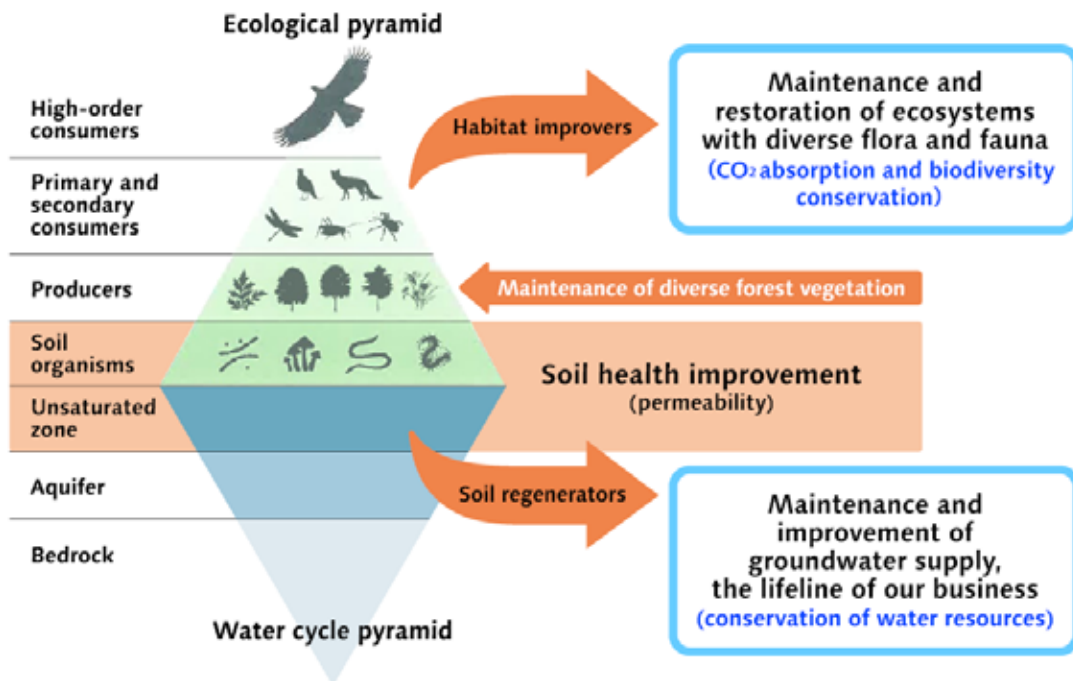
Suntory Natural Water Sanctuary

To preserve the integrity and sustainability of groundwater, the Suntory Group has been cultivating forests in the watersheds around our plants as sanctuaries to nurture groundwater. These forests recharge more than twice the amount of water withdrawn by our plants in Japan.

Forests that nurture pristine groundwater are also rich in biodiversity. When the forest ecosystem is restored, the flora and fauna also begin to thrive in new ways. The Suntory Natural Water Sanctuary is managed systematically through continuous monitoring of the ecosystem, which includes plants, birds, and other wildlife.

Considering how wild birds are a barometer of environmental health, we have experts conduct a wild bird survey every year to furnish a broader understanding of the changes taking place in the entire supporting ecosystem.

At Natural Water Sanctuaries in Japan, we are carrying out an Eagle and Hawk Chick-Rearing Support Project to support the nesting and breeding of birds of prey, which are at the top of the ecological pyramid. The aim is to continue maintaining forests rich in biodiversity from the perspective of protecting birds.



30by30 Alliance for Biodiversity

In April 2022, the Suntory Group joined the 30by30 Alliance for Biodiversity. The alliance is formed as a voluntary coalition of local governments, companies, and NPOs to conserve or protect at least 30% of Japan's land and sea areas by 2030 to halt loss and restore biodiversity. Its objective is to promote and to actively communicate the initiative to expand Japan's national parks and to register socio-ecological production landscapes (satochi-satoyama) and company-owned forests in the World Database as OECMs*.

As a member of this alliance, the Suntory Group aims to contribute to achieving the "30by30" goals by having its Natural Water Sanctuaries certified as OECMs. The company will continue to promote sustainability management to conserve biodiversity and to achieve sustainable society.

*OECM stands for "Other Effective area-based Conservation Measures." OECMs are areas conserved at the initiative of private organizations or areas where the conservation of nature is achieved mainly as a by-product of other management.



The "Suntory Natural Water Sanctuary Biodiversity Restoration Report" was issued in September 2022. The report is structured into two parts — a "Facts & Data" section that summarizes various issues facing Japanese forests and an "Actions" section which provides simple explanations and examples of activities taken to address these issues in the Suntory Natural Water Sanctuary.



Suntory's Peatland Water Sanctuary Initiative in Scotland

The Suntory Group acknowledges the immeasurable amount of learning it has received from Scotland and scotch whisky, which has been utilized in the production of whisky in Japan. Today, Suntory owns several distilleries in Scotland, including the Bowmore and Laphroaig distilleries. Peat, an accumulation of partially decayed vegetation or organic matter in wetland areas known as peatlands, is an important natural material for drying the barley from which whisky is made. Suntory's Peatland Water Sanctuary initiative started in November 2022 to protect these peatlands and conserve watersheds at various locations in Scotland. The initial peatland restoration project was undertaken on nearly 15ha near the Ardmore distillery in partnership with the Forestry and Land Scotland, which owns the land, and the James Hutton Institute, which is assisting with the research, planning, and execution of the restoration. Additional projects in other areas are expected to launch, and the Suntory Group aims to have restored sufficient peatlands by 2040 to equate to twice the volume of peat that the Suntory Group harvests to make its scotch whiskies. The work will have a long-term positive impact on water retention and quality, and will also support carbon sequestration and biodiversity in Scotland's natural environment.



Restored peatland with a variety of marsh plants (Courtesy of Andrew McBride)



Ardmore Distillery

Raw Ingredients

As a beneficiary of nature's bounty, the Suntory Group is committed to preserving biodiversity in the raw ingredient crops it uses for raw ingredients. Suntory Beverage & Food Great Britain and Ireland has been providing blackcurrant farmers with sustainable farming support since 2004. The company has established a biodiversity roadmap tailored to each farm and its surrounding habitat and is promoting ecosystem conservation for rivers and wetlands. In 2022, the company has shared the results from its Farm Stewardship Programme which aims to boost biodiversity on blackcurrant farms across the UK. Other efforts within the Group include adopting regenerative agriculture methods that help improve soil organism diversity such as the use of mulching at vineyards and start of pilot program for sourcing barley produced using regenerative agriculture practices.



Cover crops



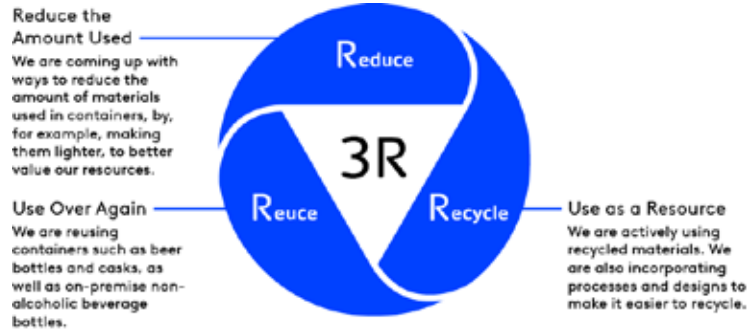
Vineyard with grass mulch at Suntory Tominooka Winery



Farm Stewardship Programme Report

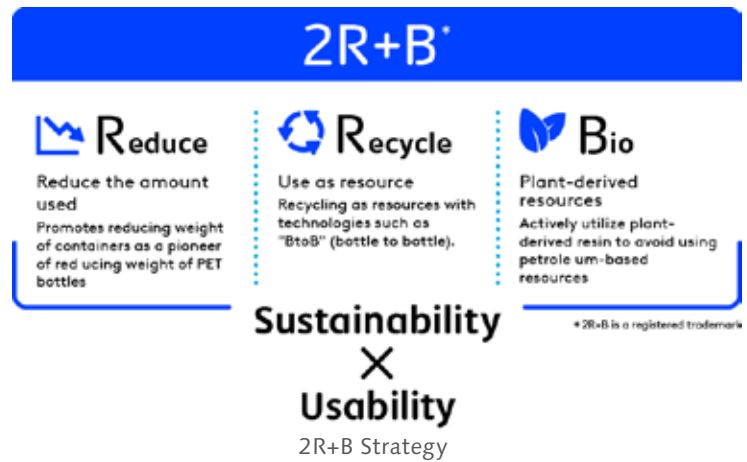
Containers and Packaging

In addition to ecological efforts in water and crops, the Suntory Group aims to make effective use of limited natural resources by promoting the 3Rs (reduce, reuse, recycle), employing renewable resources, collaborating with diverse stakeholders to build efficient recycling systems, and working to reduce the environmental impact of our products throughout their lifecycles.



Concept of 3Rs in Containers and Packaging

In regard to PET bottles specifically, the Suntory Group has a unique 2R+B (Reduce/Recycle + Bio) strategy. We are pursuing the efficient use of resources by developing bottles with reduced resin content and enhanced use of plant-based materials and thereby replacing petroleum-derived materials with renewable materials as far as possible.



Bird Conservation

Recognizing that wild birds are barometers of the environment, Suntory has advocated that protecting birds leads to protecting human beings and the natural environment and started its bird conservation activities in 1973. The company established the Suntory Fund for Bird Conservation in 1989 to promote environmental conservation by providing grants to various bird conservation activities. The Fund has granted a total of approximately 600 million Japanese yen to a total of 494 organizations as of the end of 2022.



1st Save the Birds! Campaign newspaper ad

Feature6 Bird Conservation Activities

Wild birds are said to be barometers of natural environment. This is because birds have wings and fly away when the environment deteriorates and return when it improves. The Suntory Group, which is taking advantage of the rich blessings of nature, is committed to "Today Birds, Tomorrow Humans - Happiness that happens to birds today may make tomorrow's humans happy. Understanding that the wild bird protection is linked to the protection of humans and the natural environment, we began our involvement in bird conservation activities in 1973.

History of Suntory Bird Conservation Activities

Year of activity	Content
1973	-Start of Save the Birds! Campaign (May) -The first publication of a newspaper ad with an illustration of wild birds (received Asahi Advertising Award) -Established a bird sanctuary in the Hakushu Distillery (Yamanashi prefecture)
1989	-Foundation of the Suntory Fund for Bird Conservation
1990	-The 1st Fund Granting Ceremony of the public trust, Suntory Fund for Bird Conservation
1993	-Start of the Save 1000 Albatrosses! Campaign
2006	-Newly established Grant for Community Bird Activities to the Suntory Fund for Bird Conservation
2014	-Newly established Grant for Riparian Large Bird Conservation to the Suntory Fund for Bird Conservation
2016	-Received the Wood Pencil at the D&AD Awards 2016, the ADC Award at the 2016 ADC Awards and the monetary prize at the Design for Asia Awards (DFAA) for the Line of Life Project to build kites of birds with children in the hopes of returning storks to a habitat where they can live normally
2018	-Relevant businesses certified under Japan Committee for the United Nations Decade on Biodiversity (UNDB-J)
2021	-Supported "eBird Japan," the Japanese version of "eBird," the world's largest bird observation database.
2023	-The 34st Fund Granting Ceremony of the public trust, Suntory Fund for Bird Conservation (Total of ¥662.5 million from the 1st to 34st fund granting have been made to 494 organizations)



1st Save the Birds! Campaign newspaper ad

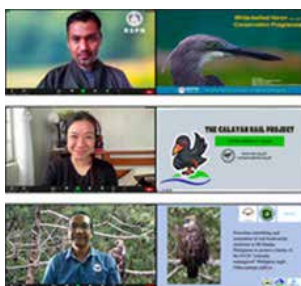
The Suntory Fund for Bird Conservation

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

Over the 34 years since becoming a charitable trust in 1990, the Foundation has granted total of ¥662.5 million to 494 organizations up to 2023, making great achievements. The 2020 presentation ceremony was cancelled to avoid the risk of new coronavirus(Covid-19) infection; the 2021 and 2022 ceremonies were held online; the 2023 ceremony was held at the venue with an online connection to overseas organizations.



The 34th Fund Granting Ceremony of Public Trust Suntory Fund for Bird Conservation



Presentation of activities of foreign grantees who participated online in the presentation ceremony



The members of the "Grants for Community Bird Activities" category

The Hakushu Distillery Bird Sanctuary

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

Surrounded by rich forests and many clear streams, the Hakushu Distillery is a relay point of migration for wild birds. In the bird sanctuary, Suntory periodically conducts bird research with the advice of experts and uses the data as one of the guidelines for creating a better environment for birds and other living creatures.



Blue-and-white Flycatcher



Ural Owl



Red-flanked Bluetail



Narcissus Flycatcher



Hanging boxes in the Bird Sanctuary

Communication

We are putting out a broad range of information through our websites and other tools to familiarize more people with these wild birds. On the Japanese Bird Encyclopedia website, anyone can enjoy learning about over 200 species of wild birds through illustrations with explanations, bird calls, and pictures.

The portal site "eBird Japan" (operated by Cornell University Lab of Ornithology and the Wild Bird Society of Japan), which provides access to the world's largest bird observation database of birdwatchers' records, and the bird identification app Merlin are tools that make it easy to enjoy birdwatching activities in Japan and overseas. Suntory is working to promote the use of these tools as the main sponsor.

We provide leaflets on how to easily distinguish the birds around you to help in bird watching.



Japanese Bird Encyclopedia website



The portal site "eBird Japan" (operated by Cornell University Lab of Ornithology and the Wild Bird Society of Japan)



Save the Birds Activity leaflets

Pollution Prevention and Chemical Substance Management

Policies and Our Approach

Many of the products handled by the Suntory Group are made mainly from agricultural products and water, the risk of environmental pollution caused by chemical substances is considered to be small and compared to other industries. However, the production process is not free from the risk of polluting the surrounding environment, as exhaust gas is generated from boiler combustion and chemicals are used to clean and sterilize equipment. Therefore, we assume all kinds of abnormal and emergency situations, assess the risks that may arise, and take measures to deal with them.

Our Initiatives

Preventing Air Pollution

The Suntory Group strives to reduce SO_x and NO_x emissions by switching to gas fuel that does not contain sulfur and adopting low NO_x burners. We have set voluntary standards that are stricter than legal limits and control air pollutants in exhaust gas from boilers.

Preventing Water Pollution

Wastewater management is conducted at each factory by setting voluntary standards that are stricter than legal limits.

Preventing Soil Pollution

The Suntory Group's plants use chemical substances for cleaning equipment and other purposes. These substances are strictly controlled to prevent leakage. However, in the unlikely event of a leakage of cleaning agents or chemicals, each plant has installed dikes around chemical tanks and conducts periodic inspections to prevent soil contamination.

Measures for Alcohol Evaporation

Some amount of alcohol vaporizes from the cask during the storage of whisky. We place collection equipment to prevent any evaporated alcohol from escaping the plant. In addition, regular monitoring (concentration measurement, etc.) is done to confirm if alcohol evaporation can be reduced.

Chemical Substance Management

The Suntory Group manages chemical substances in accordance with Pollutant Release and Transfer Register (PRTR) Law, Poisonous and Deleterious Substances Control Act, Fire Service Act and other related laws.

Waste Management

We promote to introduce an electronic manifest system for compliance with waste law and enhance information control of waste. In addition, we continue to implement training programs for production sites, sales offices, cultural sites, head office functions, and group companies to improve their knowledge and skills in waste management through methods such as group training, on-site visits, and role-playing to ensure the proper disposal of waste. We call such a lecture as "Waste management seminar" and "Surveillance seminar at waste treatment facility" to skill them up the knowledge and the audit ability on waste management. We continue initiatives for thorough implementation of proper disposal of waste.

Management of PCB Disposal

We store PCB wastes appropriately and report their storage status to the local government based on "Law Concerning Special Measures Against PCB Waste." We have registered to Japan Environmental Storage & Safety Corporation (JESCO) as a subcontractor for the disposal of PCB and began disposal of equipment that includes PCB from 2007. Status of the use and storage of equipment that includes PCB is as follows.

Quantity of equipment that uses PCB (as of January 2022)

	Stored	Used	Total owned
Capacitor	2	0	2
Transformer	5	0	5
Stabilizer for lighting device	1	0	1

Claims, Accidents and Lawsuits

There were no serious accidents or lawsuits related to the environment in 2022.

Social

- **Respect for Human Rights** 090
- **Sustainable Procurement** 106
- **Learning & Development** 117
- **Diversity, Equity & Inclusion** 118
- **Health & Safety** 119
- **Positive Choices** 126
- **Responsible Drinking** 132
- **Quality Management** 142
- **Customer Oriented Management** 146
- **Communities** 157
 - **Suntory "Land of Water" Kumamoto Support Project**
 - **The Suntory Tohoku Sun-Sun Project**
 - **Supporting Challenged Sports**
- **Empowering Children & Youth** 179
- **Arts & Culture** 185
- **Championing Sports** 190

Respect for Human Rights

The Suntory Group considers respect for human rights of all stakeholders a highly important issue and reflects it in its Sustainability Vision. We have also formulated the Suntory Group Human Rights Policy to further strengthen our commitment and promote human rights due diligence and engage employees and suppliers.

Human Rights Due Diligence Organization to Promote Human Rights Due Diligence

The Suntory Group has identified six key human rights themes, including child labor and forced labor, as set forth in its Human Rights Policy, and is promoting human rights due diligence globally.

Organization and Processes

In promoting human rights due diligence, the Human Rights Working Team, consisting of seven divisions including the Human Resources, Procurement, and Sustainability Management Divisions, serves as the driving force behind the activities, regularly formulating strategies and confirming the progress of activities. The team reports on the progress of activities to the Global Sustainability Committee, an advisory committee to the Board of Directors, and reports to the Board of Directors as necessary. The Committee addressed human rights issues within the Group and in the supply chain twice in 2021, in June and August. In this process, the committee also consulted with external experts and human rights NPOs, and took their opinions into account in internal discussions. Under the responsibility of the Chief Sustainability Officer, day-to-day operations of the Group are conducted in cooperation with the Human Rights Group of the Sustainability Management Division (consisting of section manager and member) and the Sustainability Promotion Group of the Supply Chain Division (consisting of a full-time general manager, section manager, and member). The Chief Sustainability Officer's compensation evaluation includes activities on human rights themes, such as child labor and forced labor, as an incentive to promote initiatives.

The Sustainability Officer is responsible for human rights, and her/his evaluation includes performance related to human rights due diligence, providing thus an additional incentive to further promote activities on this area (child labor and forced labor are particularly important issues).

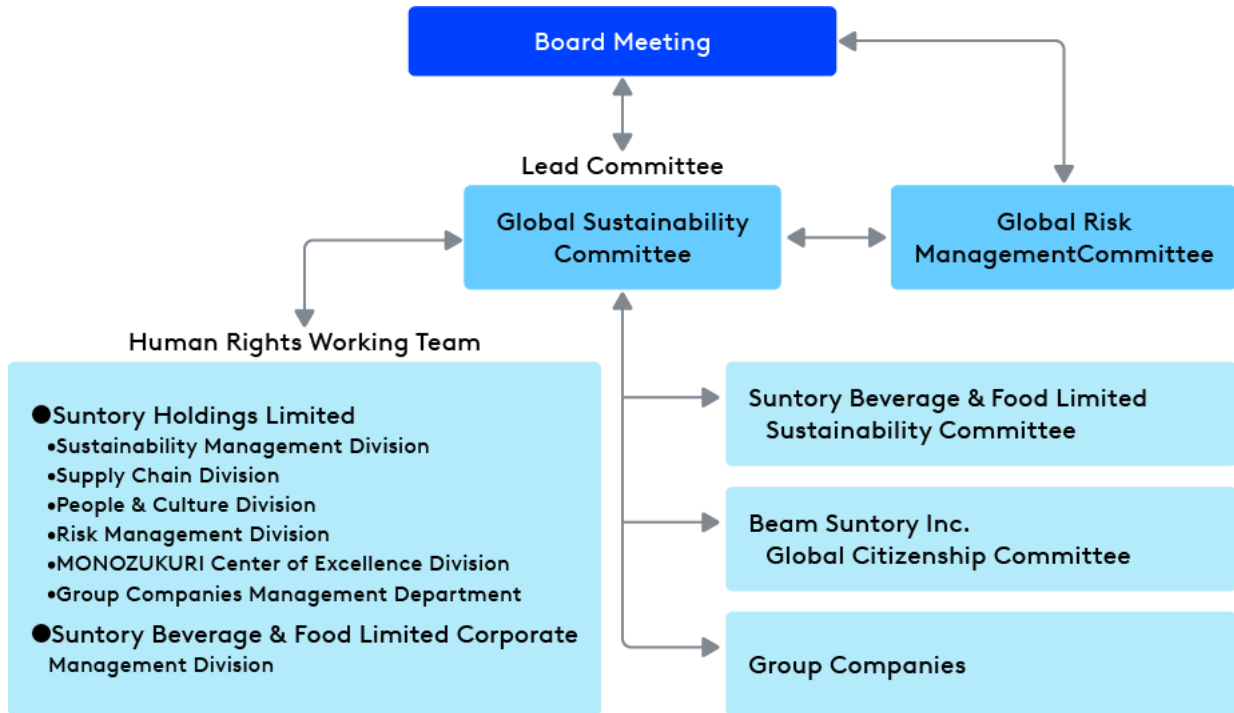
Similarly, within the Sustainability Management Division, the evaluation of senior managers in charge of human rights includes activities on human rights due diligence, providing thus an additional incentive to further promote activities on this area.

Integration with Corporate Risk Management

The Global Sustainability Committee assesses human rights risks as a top-priority issue in our corporate management in cooperation with the Global Risk Management Committee, which is in charge of risk management for the entire Group, and regularly engage in information sharing and discussions about corporate risk management. We also collaborate and communicate with outside experts, such as lawyers specializing in human rights.

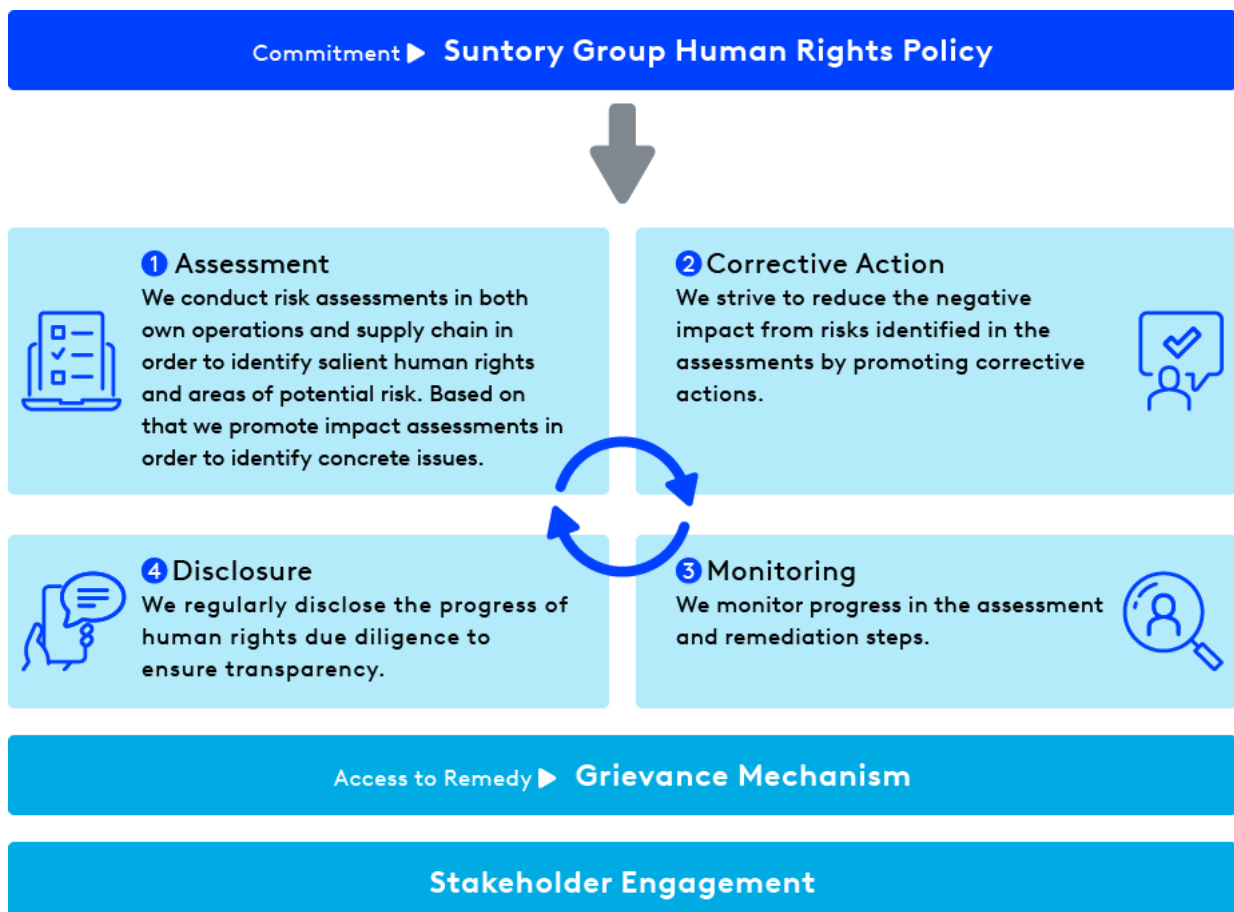
The discussions of the Global Sustainability Committee and Global Risk Management Committee are reported to the Board of Directors as appropriate. In addition, we respond to Japanese traditional human rights issues through our Human Rights Education Promotion Committee, which consists of a central committee and Human Rights Promotion Committee members from each business location.

Promoting Structure



Due Diligence Process

Based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) as a framework for implementation, we comply with relevant laws and regulations in each country or region where we operate, and conduct human rights due diligence in own operations and supply chain under the following process.



Identifying Stakeholders

We believe that identifying and engaging stakeholders is important when promoting human rights due diligence. Stakeholders mentioned here include rightholders, as well as other related stakeholders (NGOs / NPOs, experts, etc.). We have discussed with external human rights experts to identify our key stakeholders in consideration of our business structure. These key stakeholders are:

- (1) Our employees, outsourced manufacturing employees, and the local community around the plants.
- (2) Our business partners' employees (suppliers, farms), the local community around our business partners' plants and agricultural fields.
- (3) Investors, benchmarking organizations
- (4) NGOs, experts
- (5) Customers

Commitment

Formulation of the Suntory Group Human Rights Policy

The Suntory Group establishes a policy on human rights and promotes its compliance. We have established Suntory Group's Code of Business Ethics as an internal policy and Supplier Guidelines as a policy in the supply chain.

Suntory Group Human Rights Policy

The Suntory Group's purpose is "To inspire the brilliance of life, by creating rich experiences for people, in harmony with nature," in order to contribute to realize a thriving society.

The Suntory Group recognizes that it may directly or indirectly affect human rights in the course of its business activities, and in order to respect the human rights of all people involved in its business activities, the Suntory Group Human Rights Policy (Hereafter, this policy) set here will promote our efforts to respect human rights.

1. Basic thinking

As a member of society, the Suntory Group recognizes the importance of respecting human rights in all business activities. Based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) as a framework for implementation, we comply with relevant laws and regulations in each country or region where we operate, respect international standards of conduct and fully respect the following international human rights principles. We also support and respect the 10 principles of the UN Global Compact as a Global Compact signatory company.

- United Nations (UN) International Bill of Human Rights
- OECD Guidelines for Multinational Enterprises
- ILO Tripartite declaration of principles concerning multinational enterprises and social policy and ILO Declaration on Fundamental Principles and Rights at Work

2. Scope

The Suntory Group applies this policy to all Suntory Group executives and employees. We also require all business partners involved in our products and services to understand and comply with this policy.

3. Responsibility for respect for human rights

The Suntory Group strives not to violate the human rights of anyone involved in its business activities, and takes appropriate measures to correct any negative impact on human rights, thereby taking responsibility for respect for human rights to build a sustainable supply chain.

4. Due Diligence & Remedy

The Suntory Group will establish a human rights due diligence system, identify its potential negative impact on human rights, and work to prevent and mitigate such negative effects. In addition, if it becomes clear that any of its business activities have directly caused negative impacts on human rights, or if indirect effects through business relations become clear, the Suntory Group will commence dialogue based on international standards through appropriate procedures.

5. Disclosure

The Suntory Group will disclose the progress and results of its efforts to respect human rights on its website, etc.

6. Dialogue

In the course of implementing this policy, the Suntory Group takes the advice of independent experts, and will diligently engage in dialogue and consultation with stakeholders.

7. Education and training

The Suntory Group provides appropriate education and training to all officers and employees so that this policy will be integrated into all business activities and implemented effectively.

8. Officer in charge

The Suntory Group will clarify the officer responsible for the implementation of this policy and ensure its effectiveness.

9. Important themes regarding human rights

The Suntory Group aims to realize a corporate group that is rewarding, respects diversity and human rights, and positions the following items based on the Suntory Group Code of Business Ethics as key themes in human rights compliance.

● Child Labor and Forced Labor

We strictly prohibit the use of child labor or other illegal labor practices in any of our corporate activities.

● Discrimination and Harassment

We will respect the rights and personalities of each individual and will eliminate any and all discrimination and harassment based on reasons from ethnicity, religion, gender, sexual orientation, age, national or social origin, property, birth, language or disability to build a workplace where everyone is treated fairly. In the event a violation to human rights is discovered, Suntory will execute the appropriate response immediately and make sure to prevent recurrence while protecting the privacy of the concerned parties.

● Freedom of Association

We will respect the basic rights of our employees to engage in freedom of association and collective bargaining.

● Employee-friendly Workplaces

We will promote work styles that find balance between the professional and private lives of our employees while building a workplace that allows each person to work safely, securely and with enthusiasm in ways that are healthy both mentally and physically.

● Open-minded Workplaces

We will foster an open-minded workplace that respects one another's beliefs, values, and diversity and where each and every employee can candidly express and share their views. We will also build cooperative relationships founded with unity through active communication throughout the Suntory Group.

● Perseverance and Growth

We will realize the growth of individuals by fostering a feeling of pride and responsibility toward work in each and every individual so that they may independently persevere in achieving their goals.

This policy has been approved by the Board of Directors of Suntory Holdings

Wednesday, July 10, 2019

Human Rights of Vulnerable Group of People

In conducting our business activities, we believe it is crucial to be aware particularly of the human rights of vulnerable groups of people (women, children, migrant workers, etc.) in our own operations and supply chain. As a corporate signatory to the UN Global Compact, we promote human rights due diligence with awareness of global frameworks such as the Women's Empowerment Principles, the Children's Rights and Business Principles, and the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families. Furthermore, we also expect Suntory Group's suppliers to the same and respect the human rights of people in circumstances of vulnerability.

We also consider it crucial to protect land tenure, water access rights, and the rights of indigenous peoples. We will therefore promote human rights due diligence taking into account global frameworks such as the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), the IFC Format Standard, and ILO Indigenous and Tribal Peoples Convention (No. 169). Furthermore, we expect the same respect from the Suntory Group's suppliers, including respect for ILO labor standards.

Additionally, we understand the important role played by human rights defenders, and regard them as stakeholders with whom we can collaborate in promoting human rights due diligence. We do not tolerate any discrimination or violence of any kind toward human rights defenders, and we require the same commitment from our suppliers.

Suntory Group Migrant Worker Employment Guidelines

Regarding migrant workers, who are specially vulnerable to forced labor, in February 2023 we established the "Suntory Group Migrant Worker Employment Guidelines," an internal policy that gives guidance to own operations related divisions as well as suppliers and business partners on how to prevent risks from materializing, and also how to provide remedy based on the IHRB's "Employer Pays Principle" in the case that risks have been materialized. These guidelines define the main issues that migrant workers might face, including their vulnerability to bear recruitment costs and related costs, document retention, decent housing, etc., and explain the steps to be taken depending on the different situations that might occur.

- (1) In regard of forced labor-related risks, based on the "Suntory Group Migrant Worker Employment Guidelines" mentioned above and aligned with our Sedex and SMETA management practices, the Suntory Group promote the IHRB's "Employer Pays Principle" and require that no worker should pay for a job, meaning that the costs of recruitment-related fees and other costs (as stipulated by the ILO) should be borne by the employer and not by the worker.
- (2) The Suntory Group implement this principle by sharing our "Suntory Group Migrant Worker Employment Guidelines" with key internal divisions as well as with relevant suppliers and business partners in order to create awareness of this potential issue and promote both prevention and prompt mitigation in case of manifestation. Based on these core principles, we leverage the Sedex and SMETA management processes (including several checkpoints regarding labor practices on migrant workers) in order to prevent the charging of fees to supply chain workers.

Assessment

Identifying Human Rights Risks

With the establishment of the Suntory Group Human Rights Policy, we identified six important themes regarding human rights in our global business activities listed in the above policy, in cooperation with external experts. The process involved understanding the characteristics of our own plants and our supply chain, particularly the agricultural products from which our products are made, while also leveraging information from a variety of external human rights-related reports. As we move forward, in formulating an action plan we will continue to assess the risks in the own operations and supply chain focusing on these six themes. We held expert dialogues in 2019 and 2020 with representatives from global organizations such as Human Rights NPOs (CRT), the IHRB, the Danish Institute for Human Rights and the UNDP to discuss about our human rights risks, and use this information on our human rights due diligence strategy. For example, in response to the growing risk in the global labor market of migrant workers being subject to forced labor, we were advised to identify this risk in Japan as well. This led us to conduct third-party interviews of migrant workers (foreign technical intern trainees) in our Japan group company Izutsu Maisen at the end of 2021.

In addition to the above efforts, we further enhance our risk identification process by using risk data from the global consulting firm Verisk Maplecroft.

Assessing Human Rights Risks

For the human rights risks identified by the human rights NPOs, experts, and global data sources mentioned above, a specific risk assessment is made through Sedex's SAQ and risk assessment tools, SMETA information, and third-party interviews. These assessments include consideration of the geographic, economic, and social perspectives of the different regions and rightholders that are prone to specific human rights risks. Based on this information, we promote evaluation and corrective actions starting from high risk areas/issues (i.e., corrective actions on key findings at suppliers, interviews with migrant workers, etc.).

[Risk Assessment]

● Internal Operations

In order to promote risk assessment as a part of our human rights due diligence process, we have conducted a potential risk assessment in collaboration with Verisk Maplecroft, a global risk consulting company, for the countries in which our 90 factories globally are located, using general country and industry data.

Potential risk assessment results (overall*):

Low risk:	61 factories	68%
Mid risk:	21 factories	23%
High risk:	8 factories	9%
Very high risk:	0 factories	0%

*Covered human rights risks: child labor, forced labor, working hours, fair wages and welfare, discrimination, harassment, freedom of association and right to collective bargaining, access to remedy, health and safety

Of these, India, Vietnam, Mexico, Thailand, and Malaysia were countries with high risk of child labor and forced labor where we have plants.

From now on, we will carry out individual evaluations on the factories located in high-risk areas.

● Supply Chain

In order to promote risk assessment as a part of our human rights due diligence process, we have conducted a potential risk assessment in collaboration with Verisk Maplecroft, a global risk consulting company, for our major ingredients using general country and industry data. (major ingredients × country combinations for a total of 124 patterns)

Potential risk assessment results (overall*):

Low risk:	21 items	17%
Mid risk:	58 items	47%
High risk:	37 items	30%
Very high risk:	8 items	6%

* Covered human rights risks: child labor, forced labor, working hours, fair wages and welfare, discrimination, harassment, freedom of association and right to collective bargaining, access to remedy, health and safety

Of these, following were items that have very high risks and impact (have high sales volume) on child labor and forced labor.

Forced labor: coffee, oolong tea, ethanol, and sugar

Child labor: coffee and sugar

[Impact Assessment]

● Own Operations

Impact Assessment at Own Plants

In the first half of 2022, we implemented Sedex in all of our 20 factories in Japan (beer business, spirits business, beverage business) and 6 spirits and beverage factories in India, Mexico, Vietnam, Thailand and Malaysia in order to visualize human rights risks and strengthen management at our own plants. We assessed the management capability toward potential risks in 4 categories: (1) labor practices, (2) health and safety, (3) business ethics, and (4) environment.

(Number of plants)

	Potential risks			Management capability		
	High	Medium	Low	High	Medium	Low
Japan	0	2	18	20	0	0
India	0	1	0	1	0	0
Mexico	0	1	0	1	0	0
Malaysia	0	1	0	0	1	0
Vietnam	0	1	0	1	0	0
Thailand	0	2	0	2	0	0

As shown in the figure above, of the 26 factories, 25 factories had "high" management capability, 1 factory had "medium" management capability, and no factory had "low" management capability toward the potential risks. Regarding child labor and forced labor, which we consider to be important human rights risks, for the factories located in India, Mexico, Vietnam, Thailand and Malaysia (high-risk countries), the data gathered did not show any actualized case of these risks:

- Child labor

There are no workers under the age of 15 or 18 years old, and therefore there seems to be no risk of child labor.

- Forced labor

We have confirmed that there are several migrant workers in one of our plants overseas. We are currently working to assess the situation.

For factories with lower management capability, we will continue to strengthen management of important human rights risks. In the second half of 2022, we plan to expand Sedex to all remaining plants (spirits and beverages), aiming to cover all major global business plants, and continue human rights management from 2023 onwards.

● Supply Chain

The Suntory Group is working to promote activities for respecting human rights throughout the entire supply chain while linking to business partners by establishing the Basic Policy on Supply Chain Sustainability.

Impact Assessment by Sedex

We joined Sedex in June 2019, and since then we are requesting our suppliers to share information through Sedex by answering to the SAQ*. These SAQs evaluate the potential social risks in the supply chain by focusing on child labor, forced labor and other human rights issues as well as considerations toward the work environment and occupational safety. As of May 2023, we have confirmed that over 1,150 manufacturing sites of approximately 750 major suppliers have joined the Sedex. We will continue to promote all major suppliers to join the Sedex. We will prioritize the strategy for each region based on the result of the risk assessment to formulate an action plan and promote corrective actions when needed.

*SAQ:Self-Assessment Questionnaire

Impact Assessment Status

The Suntory Group identifies potential and actualized risks using a risk assessment tool offered by Sedex. Specifically, we evaluate the ability to manage potential and actualized risks of the suppliers with SAQ. In addition, we also confirm actualized risks based on third-party audit information that can be checked on Sedex.

Potential Risks of Suppliers (As of May 2023)

We continued our risk assessments through Sedex, during which we obtained data for 1,078 manufacturing plants from suppliers worldwide (an increase of 57 from November 2022).

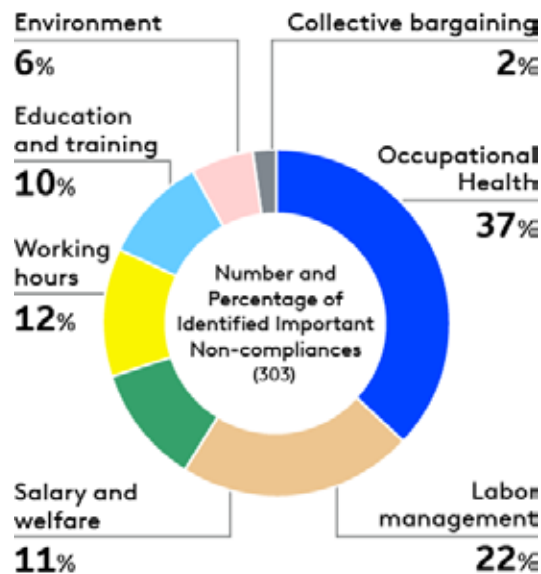
(Number of manufacturing sites/%)

	May 2023		Fluctuation	November 2022	
Low	292	27%	10	282	27%
Medium	616	57%	1	615	59%
High	95	9%	9	86	8%
Waiting for answer	75	7%	-14	89	9%
Total	1078			1072	

Actualized Risks of Suppliers

(As of May 2023)

The total number of non-compliances identified was 303 (an increase of 57 from November 2022).



Monitoring through Supplier Assessment Questionnaires

We also conduct sustainable procurement questionnaires targeting suppliers that have not joined Sedex. We examine not only our existing suppliers to identify those that are at high risk, but also assess potential new suppliers before we start business relationships.

In addition, the Suntory Group shares the Suntory Group Supplier Guidelines with our overseas Group companies and verifies initiatives toward sustainability at each company at the Global Procurement Conference in which our overseas Group companies participate.

Conducting Human Rights Due Diligence Related to Migrant Workers

As advised in the dialogue with overseas experts and Caux Round Table Japan (CRT) in 2019, we are assessing the labor conditions of migrant workers including foreign technical intern trainees, which are a particularly vulnerable type of rightsholders in Japan.

We engaged CRT and conducted third-party interviews (impact assessment) for human rights at the Tsuzuki and Takatsu plants of Izutsu Maisen, a group company that hires foreign technical intern trainees, and interviewed them in 2021. Taking into consideration that all interviewees were foreigners and women, we identified particularly important human rights risks that could arise in their context, and conducted direct interviews based on these risks, in a way that allowed rightsholders to freely express their opinions with total anonymity. As a result, CRT Executive Director Mr. Ishida commented that there are no human rights issues of particular concern as of now, and that a trusting relationship has been built in a family-like atmosphere. Aiming to further improve their workplace environment, we will carry out proactive communication and continue to maintain a proper plant management system.

Corrective Action

As part of our efforts to promote corrective measures, if it becomes clear that Suntory Group business activities have directly caused negative impacts on human rights, or if indirect negative impact through business relations come to light or are suspected, the Suntory Group will take corrective measures (remedy) through dialogue with related parts, based on international standards and through appropriate procedures. Furthermore, we expect Suntory Group's suppliers to undertake corrective measures (remedy) as well. In order to implement corrective measures, we will also work with external organizations such as human rights experts (NPOs) and Sedex to engage suppliers regarding any issues discovered, and to work together on corrective steps.

Corrective Process (Remedy)

As stated in our Human Rights Policy, our key themes in human rights include child labor, forced labor, discrimination and harassment, freedom of association, and a good working environment (health and safety). We have identified numerous questions in the Sedex SAQ that relate to each of these key themes, and we use them for assessment and ongoing monitoring in our own plants and supply chain. We currently conduct continuous monitoring of our suppliers through Sedex, representing over 70% of our purchasing volume globally, and we strongly engage suppliers which we have been able to identify actualized risks. The monitoring process leverages also SMETA audit information on the supply chain, including interviews with local workers. In this way, we try to leverage the voices of rightholders.

Our remedy process using Sedex and SMETA information is as follows:

Cases of Potential Risk

1. Goal: to confirm that sufficient measures are taken toward avoiding potential risks.
2. Index: Sedex risk and management scores.
3. Timeframe: check the risk score and management capability score periodically (about once every six months), and confirm the status of the improvement activities of business partners.

Cases of Actualized Risk

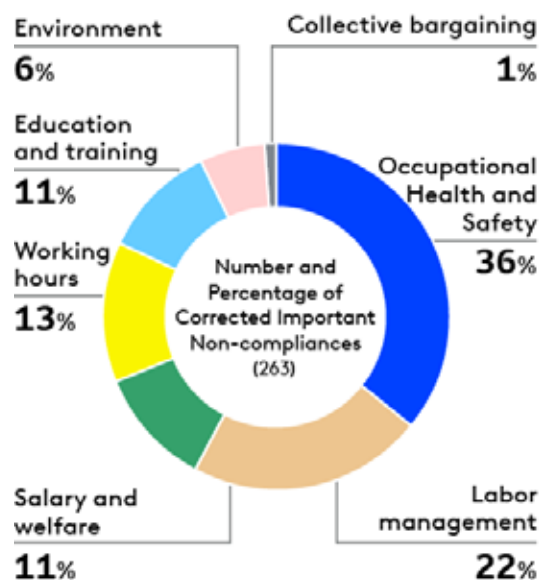
1. Goal: bring actualized risks down to zero.
2. Index: key findings of third-party audit.
3. Timeframe: confirm within 6 months that the identified issues have been resolved.

Potential Risks of Suppliers (As of May 2023)

Regarding the above-mentioned potential risks that can be confirmed in Sedex, we also assess the management capability of our supplier's manufacturing sites in respect to the potential risks. Based on that, we engage manufacturing sites, in particular sites with "high risk + low management capability" and work together to improve their management capability. As a result, from the start of these engagements with the suppliers in January 2021 to the end of May 2023, there were 266 manufacturing sites with at least 10% improvement in their management capability (29% of the total of sites), which is an increase of 163 manufacturing sites since the end of January 2021. Going forward, we will continue to engage our suppliers and promote improvement activities.

Actualized Risks of Suppliers (As of May 2023)

We communicate directly with suppliers regarding issues identified in Sedex by third-party audits, and we check that these issues are corrected within six months of having been pointed out. Of a total of 303 important non-compliances specified as of the end of May 2023, we confirmed that 263 have been corrected. We will continue to engage with suppliers on the remaining non-compliances as we move ahead with remedial actions.



More specifically, we have reviewed all Sedex SAQ responses regarding the following key human rights themes, and identified data indicating potential risks. At the same time, we have reviewed the findings of SMETA audits, to be check whether any potential risks have been actualized. In those cases, we engaged our suppliers and confirmed the status of the corrective actions taken.

● Child Labor

We regard child labor as one of the key human rights risks in supply chains, and are strengthening management of suppliers through Sedex and SMETA information. For example, we use the questions in Sedex to identify direct and indirect workers who may be considered underage workers (under 15). In addition, based on actual on-site audits conducted through SMETA, we confirmed that worker age verification is being performed properly, and corrective actions are being taken when issues become apparent.

A review of SAQ responses from approximately 1,000 manufacturing sites indicated that there was no child labor by those under the age of 15. At 5% of plants, there were workers of ages 16-17, which by itself is a legal working age on the countries where those workers were found. The findings of one SMETA audit also noted a 17-year-old worker, but we have confirmed that this was not a problem under local law.

4 instances of inadequate worker age records were also noted, but we have engaged the suppliers and confirmed that the recording methods have been corrected.

● Forced Labor

We consider forced labor to be one of the key human rights risks in supply chains and are strengthening management of suppliers through Sedex and SMETA information.

1) Recruitment fees

A review of SAQ responses from approximately 1,000 supplier manufacturing sites showed that 1% of the respondents had no initiatives to address the burden of recruitment fees on workers. In addition, 3% of the respondents indicated that the workers bear costs in some form. Two SMETA audit also found non-compliances related to the burden of recruitment fees on workers, but we confirmed that this has already been addressed by revising the supplier's internal regulations. Similarly, there were three findings regarding wage reductions, but we confirmed that there were no deductions that were problematic under local law.

2) Wages

A review of SAQ responses from approximately 1,000 supplier manufacturing sites showed that 8% of the responses indicated possible issues with overtime pay.

The review also showed lack of visibility regarding indirect employees' minimum wage. SMETA audit findings also included 21 non-compliances related to wages and 25 non-compliances related to the management of overtime. We have engaged our suppliers and confirmed that currently there are no confirmed cases of uncorrected wage issues (the issues found had been solved).

3) Freedom of movement

No risk information regarding freedom of movement was found in the SAQ responses or the SMETA audit.

● Freedom of Association and Collective Bargaining

We consider impediments to freedom of association and collective bargaining to be one of the key human rights risks in supply chains, and are strengthening management of suppliers through Sedex and SMETA information to prevent infringement of these rights. For example, we leverage questions in Sedex to check the presence of labor unions, as well as processes and organizations in which workers can participate and have their participation reflected in decision-making by the supplier company. In addition, we confirm through SMETA audit data whether the rights to freedom of association and collective bargaining are being protected, and engage in corrective actions when issues become apparent and are uncorrected.

On the point of whether processes, organizations, and arrangements were in place for workers to use and reflect in company decision making, the SAQ data indicated that 12% of supplier manufacturing sites did not have these mechanisms in place. In addition, data from the SMETA audit included three findings related to freedom of association and collective bargaining, but we have confirmed that corrections have already been made

● Health and Safety

We regard health and safety to be one of the key human rights risks in supply chains, and we are strengthening management of our dealings with our suppliers through Sedex and SMETA information to promote their health and safety conditions. For example, we leverage questions in Sedex to check facts such as whether a health and safety policy is in place, whether there have been any serious work accidents, the numbers of participants in fire safety drills, and the supplier's existing efforts to enhance health and safety. We also analyze similar data through SMETA audits and engage in corrective actions when issues are apparent and uncorrected.

The SAQ data showed that 2% of production plants had more than 100 recorded accidents in the past 12 months, in which 1% reported more than 20 serious accidents. We will engage with these high-risk supplier manufacturing sites and work toward enhancing their occupational safety. Data from the SMETA audit also showed 64 non-compliances, with remedial actions having already been taken on 55 of them. We will continue to engage with suppliers on the remaining 9 issues for which corrective actions are still pending. Corrective actions for the health and safety risks found through the Sedex's SAQ answers and non-compliance by SMETA were shared with other suppliers to improve health and safety management.

● Land Rights

We are strengthening management of suppliers through Sedex information to identify human rights risks related to land rights. Specifically, we leverage questions in Sedex to determine whether the land on which a given supplier's production plant is sited was used as a residence before construction. The SAQ results showed that 1% of such land was used for residential buildings prior to conversion to an industrial site. We will engage with the suppliers to confirm whether there is a possibility that the conversion could have led to a violation of land rights.

● Water Access and Sanitation

We are strengthening management of suppliers through Sedex data to understand risks related to the water access and sanitation rights of local communities. For example, we leverage questions in Sedex to check various pollution risks (soil, rivers, etc.) from supplier operations, their water usage volumes, whether they manage wastewater, and management of water quality impacts on local areas. The SAQ results showed that 2% of the manufacturing plants were not managing quality of their wastewater. The SMETA audit data showed two non-compliances, one of which has already been corrected. For the other, we are working with the supplier to solve the issue.

● Women's Rights

We are strengthening management of suppliers through Sedex data to identify risks related to women's rights. For example, we leverage questions in Sedex to check the ratio of male to female workers, the ratio of female managers, whether anti-discrimination policies are in place, and rates of absenteeism and turnover among female workers. The SAQ data showed that 5% of manufacturing sites did not have separate washing facilities for men and women, 5% of manufacturing sites had a turnover rate among female workers of more than 50% during the previous year, and 2% of manufacturing sites had an absenteeism rate among female workers of more than 30% during the previous year. The data from the SMETA audits, however, did not confirm any non-compliance in this respect.

■ Measuring the Effectiveness of Actions Taken

We measure the effectiveness of our assessment and remediation efforts through Sedex at our plants and in our supply chain by measuring the degree of improvement across multiple risks (health and safety, worker age, discrimination, work based on free choice, etc.) before and after the execution of remediation efforts addressing the risks we have identified through the Sedex. In the case of Sedex assessment, there are items for which it is challenging to reduce the potential risk, but even if the potential risk is high, the risk can be controlled if the management capability is high. Based on this premise, we focus on improving management capability as we undertake corrective actions at our own plants and with our suppliers.

Furthermore, as part of the series of steps noted above, we provide feedback to stakeholders on the results of our effectiveness measurement, and carry out direct engagement that leads to further actions for improvement.

■ Action Plan

While taking into consideration the risks and other factors identified through the above process, we will implement the following priority initiatives as our action plan.

● Own Plants

We will proceed with the Sedex rollout at the remaining Suntory-owned plants worldwide during the second half of 2022, and determine whether there are any human rights risks.

● Supply Chain

With regard to 1st tier suppliers, we will continue to promote the remedy of important non-compliances that have become apparent through Sedex, and will continue to encourage suppliers to improve their management capabilities with regard to potential risks. In addition, we will move forward with impact assessments for upstream suppliers in our main raw materials supply chain.

● Migrant Workers

We will identify sites other than our own plants where migrant workers (especially technical intern trainees) are present, and consider necessary steps depending on the degree to which the significant risk of forced labor is present.

Access to Remedy

Internal Reporting System

● Hotline

The basic rule in Suntory is that when an employee discovers actions that breach the Suntory Group's Code of Business Ethics, he or she must first report it to the supervisors and seek their advice. However, we have also established a Compliance Hotline both internally (our Compliance Office) and externally (3rd party law firm) as contact point for all of the Group companies in Japan in order to quickly discover and resolve compliance issues when reporting or consulting with a supervisor is not appropriate.

Both mechanisms are available in multiple languages so that foreign employees who do not speak Japanese fluently can use easily use them. In addition, we provide an independent internal contact point at 11 Group companies and conduct annual training to improve the response of those in charge of this independent contact point in the Compliance Department.

We have also implemented a global contact point for compliance issues encompassing all Group companies in Japan and globally as part of our global risk management system.

This contact point supports multiple languages such as English, Chinese, and Spanish, and accepts reports and consultations from multiple countries. Additionally, in order to avoid accessibility issues due to technical or financial reasons, we have made this mechanism accessible to all employees through different methods (digital and analog), including web, smartphones, telephone, and mail. The internal awareness of this mechanism is measured every year through initiatives such as the "Employee Awareness Survey" as a way to engage users and assess the current mechanism, and the current awareness rate is over 90%. We also strive to keep improving the awareness rate and accessibility of this mechanism by sharing these results (including comparisons with previous year) with our top management.

In 2021, a total of 181 reports were received through these contact points in Japan and overseas (89 reports were received by Suntory Beverage & Food Group). Roughly 60% of the reports received in Japan were about labor, personnel and management issues, including human rights related issues.

If there is a suspicion of non-compliance based on the content of the report, we take into consideration the privacy protection of all persons involved in accordance with the Suntory Group Internal Reporting System Regulations. In that case, the compliance officer promptly conducts a confidential investigation within the company, and promptly requests correction while escalating to the relevant executive in charge, so that measures can be taken as soon as possible in order to avoid any negative impact to the reporter. The results of the survey are shared to the reporter and management, respectively, to promote corrective measures and prevent recurrence. After a certain period of time has passed after the response, we close the case once we receive a report on the state of change from senior management as a follow-up.

Furthermore, regarding measures against harassment, which is a priority issue, in many cases there is a difference in values with colleagues and related parties, so we aim to create a culture where both sides can recognize the difference by providing an opportunity to learn about "conscious bias," and in this respect we are holding seminars to promote a more tolerant organization.

Protecting the Reporters

Based on our internal regulations, the Suntory Group prohibits any type of negative impact such as retaliation or spread of rumors and does not force confidentiality on the reporters. In order to achieve this, when the Compliance Office conducts an investigation, it identifies the persons concerned and then confirms the "internal reporting system regulations," protecting thus the rights of the reporter. In addition, during the interviews with the reporter on the closing of each case, we also check that reporters have not suffered any disadvantages during the process. Furthermore, we are working to create a culture in which compliance reports are protected not only by the persons concerned, but also by the entire workplace by proactively disseminating the "internal reporting system regulations" within the company on a daily basis.

External Reporting System

Since its founding, the Suntory Group has placed customer satisfaction first and valued proactive communication with customers. In addition, based on our belief that all our stakeholders are customers, suppliers are also regarded as important customers. Therefore, when promoting human rights due diligence, we think it is important that not only our employees, but also our direct suppliers, their own suppliers, as well as other related parties (their local community, etc.) have access to a grievance mechanism, including human rights issues.

Furthermore, as stated in our supplier guidelines, we expect suppliers to establish similar grievance mechanisms (with no retaliation) within their own supply chain, thereby striving to promote access to remedy upstream in our supply chain. Currently, we have established a Customer Center as a contact point for suppliers and their related parties (communities) to use. The Customer Center accepts inquiries from all customers.

For human rights issues and other inquiries from suppliers, please contact us using the form below (English/Japanese available)

Grievance Mechanism for Migrant Workers

In order to strengthen our human rights due diligence efforts, the Suntory Group is joining the multi-stakeholder initiative "Japan Platform for Migrant Workers towards Responsible and Inclusive Society" (JP-MIRAI) in 2023. With this step, we aim at building a grievance mechanism in which we can gather not only the voices of our supply chain workers and/or their representatives without any type of retaliation or censorship (particularly from vulnerable groups such as migrant workers), but also directly share with them helpful information regarding life in a foreign country, how to obtain language support, etc. in order to improve their quality of life and protect their rights.

Users can seek for help anonymously by phone, chat, or email, and they are first connected to an independent NPO specialized in supporting migrant workers, who then escalates to us based on the contents shared by the worker. After that, we promptly analyze if any risks may be occurring, and engage the corresponding parties in order to help the worker and deliver remedy as soon as possible.

This service is available in 9 languages: "easy" Japanese, English, Spanish, Portuguese, Bahasa Indonesia, Vietnamese, Tagalog, Chinese and Burmese.



Stakeholder Engagement

We utilize information on Sedex and third-party interviews as key processes to engage with stakeholders (rightsholders). As an example of information gathering through Sedex, when we implement Sedex at our own plants, we communicate directly with the office management of each plant to exchange opinions from the perspective of human rights risks. An example of our third-party interviews can be seen in the third-party interviews conducted by CRT with migrant workers (foreign technical intern trainees) at our group company Izutsu Maisen in 2021. In doing so, we listened to their perspectives on human rights and related issues of migrant workers (communication, cross-cultural understanding, and creating a more comfortable workplace). We regard this as important information to be used in our future human rights due diligence efforts.

Stakeholder Communication

We believe that communicating with stakeholders on human rights risks and impact is critical to our stakeholder engagement.

For example, we carry out direct communication that is attentive to rightsholders (as in the interviews with migrant workers at Izutsu Maisen described above), and we communicate through briefings for suppliers (on supplier guideline compliance).

On the other hand, while identifying and approaching rightsholders upstream in the supply chain is a very important component of stakeholder communication, it is also a challenging area of activity that must be addressed step by step and after proper prioritization. We plan to engage and communicate with the main stakeholders of the high-potential-risk and high-impact raw materials that we identified in 2021.

Dialogue with Experts

The Suntory Group holds regular dialogue with experts on human rights from Japan and overseas with the cooperation of Caux Round Table Japan (CRT Japan) Committee to strengthen initiatives related to human rights. We conducted online dialogue in October for FY2020. We share the progress of our activities related to human rights with the experts and discussed due diligence during the COVID-19 pandemic in this dialogue.

For the dialogue in 2019, we were advised to assess two types of risks: ethical manufacturing activities in our production sites and foreign workers. We reported that we have begun assessing the risks at our plants and foreign workers labor in the 2020 dialogue to the experts. We also discussed about an efficient and effective way to risk assessment of raw materials and immigrant workers we began 2020 during the COVID-19 pandemic.

We will continue to conduct dialogue with wide range of stakeholders to improve activities related to human rights, including the founding in this dialogue.

- Experts: Neill Wilkins (Institute for Human Rights and Business) and Tulika Bansal (Danish Institute for Human Rights)
- Facilitator: Hiroshi Ishida (CRT Japan Committee)

<Dialogue with Experts in Recent Years>

Year	Contents
2019	· Ethical production activities and migrant workers in the Group's production sites
2020	· Progress of the risk assessment activities for the Group's own factories and migrant workers. · How to proceed efficiently and effectively risk assessment on raw ingredients and migrant workers in the corona disaster.

Raising Internal and External Awareness

Initiatives to Raise Awareness

Every year, the Suntory Group conducts a sustainability e-learning program for approximately 20,000 employees to learn about global ESG trends, including human rights, and the company's initiatives. In addition, to facilitate understanding of the Suntory Group's Code of Business Ethics (including human rights) among all officers and employees of the Suntory Group, and to encourage them to practice these ethics in their daily activities, we have included the Code in a booklet that summarizes the Suntory Group's system of philosophy, which is distributed to all employees. To promote global understanding, we have translated the booklet into 11 languages, and its contents are read and signed once each year. Group companies outside Japan also carry out similar efforts to promote compliance and human rights understanding in various regions.

Regarding our corporate management, every year we provide briefings on sustainability encompassing human rights as part of our annual training for newly appointed managers. In addition, members and management of the procurement department, which is closely involved with human rights initiatives, are all provided with briefings on sustainability encompassing human rights.

As for sharing with external stakeholders, we disclose our Human Rights Policy on our official website and share it with our raw material, packaging, and logistics suppliers at annual supplier briefings through our supplier guidelines, which include our human rights commitment, covering more than 98% of the Suntory Group's purchasing volume.

Initiatives to Improve Awareness of employees

(Human Rights Workshop Between Suntory Employees and External Experts)

In April 2019, under the guidance of human rights experts (Caux Round Table Japan), we discussed global trends such as the approval of the United Nations Guiding Principles on Business and Human Rights and the efforts of companies in Japan and overseas, and related departments exchanged opinions regarding the importance of human rights in today's world and the key themes for the Suntory Group.

Human Rights Training on Human Rights in the Workplace

The Suntory Group is holding human rights lectures and seminars at a departmental level in addition to conducting human rights training for new managers, new employees, and other staff in Japan. In 2018, we held a lecture on human rights titled "Human rights issues in companies surrounding sexual minorities." The DVD of the video recording of the lecture is used at seminars mainly at sale offices throughout Japan. We are holding seminars to raise awareness related to human rights that are more closely related to human rights issues in the workplace through in-person and online from 2020.

Human Rights Training on Human Rights toward suppliers

In 2022, the Suntory Group has started to hold annual training sessions on sustainability towards our main suppliers, with an agenda on human rights including child labor and forced labor, in which we engage our ingredients suppliers to think about these risks and act towards prevention and mitigation. On our first instance of these training sessions, we engaged more than 50 suppliers and 120 attendees. The effectiveness of this training is measured through the following Sedex results on human rights related scores.

Sustainable Procurement

Policies and Our Approach

Basic Policy on Sustainable Procurement

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

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

In order to avoid that our purchasing practices affect negatively the human rights of our suppliers' workers, we agree on estimated lead times in advance with our suppliers, and share our payment terms in advance. We also implement the necessary mechanisms and procedures so that payments are executed on the timeframe agreed with the supplier.

Furthermore, if we assume that there is a high human rights risk in one particular ingredient, we review our purchasing practices and strive to reduce the risk. For example, in some of our business units we switch to sustainable-certified palm oil in order to minimize human rights and environmental risks.

The Suntory Group's Basic Policy on Sustainable Procurement (Established 2011)

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

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

1. Legal Compliance and Respect for International Standards of Conduct

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

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

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

3. Guaranteeing Quality and Safety

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

4. Consideration for the Global Environment

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

5. Preservation of Information Security

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

6. Coexistence with Society

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

Furthermore, as stated in our Human Rights Policy, we require our suppliers to understand and comply with the International Labour Organization (ILO) Tripartite declaration of principles concerning multinational enterprises and social policy and ILO Declaration on Fundamental Principles and Rights at Work. We expect compliance through the voluntary efforts of our suppliers, even if the ILO principles are not adequately protected by local law.

Establishing Supplier Guidelines

We established the Suntory Group Supplier Guidelines based on the Basic Policy on the Sustainable Procurement in June 2017 to contribute to the realization of a sustainable society while also accelerating sustainable procurement within the Suntory Group. These guidelines put in place specific compliance items required in each field from human rights and legal compliance to the environment for suppliers of Suntory in Japan and overseas to confirm the same ethical values are shared between the Suntory Group and its suppliers. Compliance with our human rights commitments is a prerequisite for engaging in a business relationship with suppliers, and we require signing our Code of Conduct/Supplier Guidelines to both new and current suppliers. If a serious law-breaking human rights violation is discovered and it is recognized that the supplier has no intention of improving even after communication, it may lead to the termination of the contract. In order to comply with our Supplier Guidelines, we are promoting joint efforts with suppliers, such as sharing those guidelines at supplier meetings or sharing related information through Sedex.

In addition, in terms of human rights commitments, we request suppliers to cascade down those commitments to their own suppliers.

Promoting Green Procurement

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

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

Suntory Group Green Procurement Standard (revised 2011)

1. Basic policy

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

2. Prioritized items

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

Promoting Structure

Global Sustainability Committee

To promote sustainability management, the Global Sustainability Committee (GSC) acts as an advisory committee to the Board of Directors. The Group's sustainability strategies and the progress on priority themes (water, climate change, containers and packaging, raw ingredients, health, human rights and enriching life) are discussed in the GSC under the lead of the Chief Sustainability Officer.

Our Initiatives

Supply Chain-related Human Rights Due Diligence

The Suntory Group has established a Basic Policy on Sustainable Procurement, and in collaboration with our business partners, promotes initiatives to respect human rights throughout the supply chain.

In 2019, we joined Sedex, the world's largest ethical information sharing platform for suppliers. We request that our suppliers join Sedex and share information, including SAQ* participation, to enable us to identify issues, if any.

* Self-Assessment Questionnaire

Activities for Stable Procurement of Raw Ingredients

With regard to agricultural products and other raw ingredients that are essential to our products, we cooperate with business partners across the supply chain, identify social and environmental issues, and promote sustainability initiatives that enable us to grow together, thereby enriching our communities.

It is predicted that extreme weather, such as drought and flooding, occurring due to the rise in the Earth's average temperature due to climate change will have a major impact on production activities, including causing fluctuations in production volumes and creating the need to move to other locations which offer suitable cultivation. Furthermore, with the increasing globalization of corporate activities, demand for right responses to social issues is growing, such as consideration for the human rights of people working in the supply chain. To offer our customers high-quality products and services, at the Suntory Group we believe it is crucial to promote sustainability throughout our entire supply chain. This means we need to give due consideration to environment and society, as well as to safety and reliability.

Based on this belief, the Suntory Group is formulating long-term strategy and promoting activities for optimum and sustainable procurement throughout the Group.

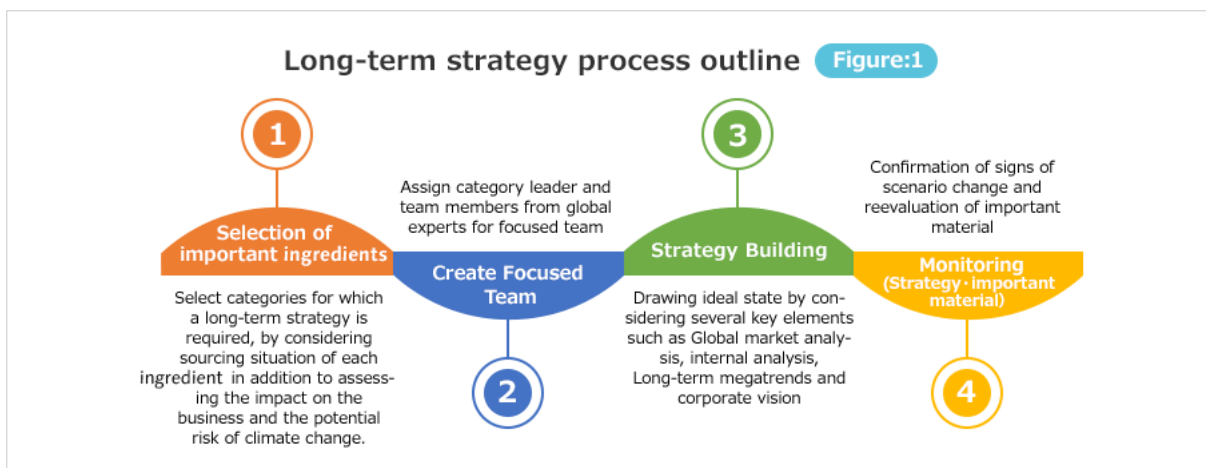
Overview of Long-term Strategy

The TCFD framework is used to formulate the strategy and we also referred to open scenarios from RCP2.6 (scenarios below 2 °C), RCP 8.5 (4 °C scenario) from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) for identifying risks and opportunities. The documents, information, and data referred to in this exercise are current as of the time of the review, and the analyses and calculations based on them are subject to uncertainty.

By focusing on our policies such as Environmental Vision toward 2050 and The Suntory Group's Basic Policy on Supply Chain Sustainability in addition to long-term trends specific to raw ingredients, we aim to create a vision of what we would like raw ingredient procurement to be in the future, find countermeasures based on the gaps between the current situation and be ready to respond to a wider range of social and environmental sustainability issues.

Activity Overview

The strategy development is based on the following steps:



1. Selection of important raw ingredients

- Identify ingredients that are particularly important for our business activities.
- Conduct risk assessment of ingredients handled in our business.
- Based on the results of the assessments, the ingredients category for which long-term strategies are to be formulated are selected through consultations with related parties.

<Risk assessment process>

1) Extraction of important raw ingredients

The impact is defined as the loss of product sales that the business would suffer if there were a problem with the supply of raw ingredients, and raw ingredients with a high impact were extracted as priority raw ingredients, including agricultural products such as barley and corn, the ingredient that undergo a certain processing such as sugar, vitamin C, and oak wood.

2) Risk Assessment

To evaluate the possibility of problems in the supply of the extracted key raw ingredients — the effects of climate change on yield and suitable areas for cultivation, which are considered to have the greatest impact on future supply, were studied and evaluated from the research and statistical perspectives. One of the results is shown in Figure 2. For raw ingredients that undergo a certain amount of processing, the risk assessment considers the impact of climate change on the production area of the base ingredient and the ratio of raw ingredients used in the process. (Example: for sugar, see the results of climate change impact assessment for sugar cane and sugar beet)

Based on the above approach, we found that the yields of agricultural raw ingredients such as barley and corn used in both alcoholic beverages and non-alcoholic beverages, oak and hops used in the alcoholic beverage business, coffee beans used in non-alcoholic beverages, will be significantly impacted in several production areas.

Figure 2: the results of a climate change impact study
4°C temperature increases scenario in 2050: Study of the effects of yield and suitable land on major raw ingredients and production area

-/+ Impact Below 10% ↓/↑
More than 10% ~ below50% ↓↓/↑↑
More than 50% ↓↓↓/↑↑↑

Business Sector	Ingredient	North America	Latin America	Asia	Europe/Africa	Oceania
Alcoholic and non-alcoholic beverage*	Barley	Canada Yield: ↓↓			UK Yield: ↓↓ France Yield: ↓↓	
Alcoholic and non-alcoholic beverage*	Corn	USA Yield: ↓	Brazil Yield: ↓↓	China Yield: ↓↓		
Alcoholic and non-alcoholic beverage*	Sugarcane		Brazil Yield: ↑↑	Thailand Yield: ↑↑		Australia Yield: ↑↑
Alcoholic beverage	Oak	USA Wood quantity: ↑↑		Japan Suitable land: ↓↓↓	Spain Suitable land: ↓↓↓	
Alcoholic beverage	Hop	USA Yield: ↓			Germany Yield: ↓ Czech Yield: ↓	
Non-alcoholic beverage	Coffee beans		Brazil Yield: ↓↓ Colombia Yield: ↓↓ Guatemala Yield: ↓↓↓			

* Include origin of processed ingredient

3) Formulation of activity plan

Based on the results of the survey, we consulted with the relevant departments and selected the following raw ingredient commodities for which we will formulate a long-term strategy based on our overall judgment in 2021.

2021: Ethanol, Coffee, Oak, Oolong Tea and Corn

2022: Barley, Sugar, High Fructose Corn Syrup (HFCS), Vitamin C and Citric Acid

2023: Lemon, Orange, Grapefruit, and Black Tea

2024: Dairy, Wheat and Rye

Note) Coffee refers to the results of a climate change impact study on coffee beans. Similarly, sugar refers sugarcane etc. HFCS, vitamin C, and citric acid refer to the results of a climate change impact study on corn.

2. Creation of focused teams

- A taskforce consisting of experts within the group from various departments such as research, development, procurement, and quality assurance is formed to work on the selected ingredients

3. Building strategy

- Analysis of market, company, and trends by team of experts
- Analysis of future world scenarios and description of the ideal state within those scenarios
- Design of activities by backcasting from the future world back to the present to set issues

4. Strategy monitoring

- Monitoring of signs of scenario change and strategy revision based on prior assumption of change
- Revising road map of strategy building by reevaluating ingredients risk

Strategy Execution

The long-term strategy formulated by the team of experts is discussed with each operating company to promote its activities. The Global Sustainability Committee, which is an advisory body to the Board of Directors, also discusses the strategy on a regular basis.

Progress of Activity in 2022

Based on the aforementioned approach to strategy formulation, we have implemented the following activities In 2022.

1. Expansion of climate change risk assessment

We have introduced S&P Global Climanomics to quantitatively evaluate the impact of climate change on detailed production areas. The Climanomics platform comprehensively covers recommendations in line with the TCFD framework with scientific data, and by entering corporate asset information (Purchase amount in the case of raw ingredients) into the service, it will show potential financial impact associated with climate risk out to 2100. It is also enables us to grasp information such as where the area which will contain future climate risk is.

2. Creation of new focused teams

Continuing from 2021, focused taskforces for barley, sugar, HFCS, vitamin C, and citric acid have been formed based on the activity plan for 2022. In addition to the above, taskforces were formed in consideration of the importance of hops and agave (ingredients for tequila), which are used in specific product categories in the alcoholic beverage business.

3. Strategy Development

We look ahead year 2050 for the raw ingredient items for the task force was formed, while referring to publicly available scenarios from the IPCC, IEA, and other organizations, we envision changes in the future world at that time from an environmental perspective, including climate change impacts as well as from a social perspective, including financial impacts on human rights. Then, based on the trend analysis and the company's own goals, the ideal state of raw ingredient procurement in the future world is drawn, and the way to reach this goal is examined. We used the newly introduced Climanomics platform to conduct detailed analysis and evaluation of the impact of future climate change on business. (Figure.3)

(Figure.3) Impact on business
4°C Scenario in 2050 :Total impact: ¥11.0 Billion

Coffee	¥8.5 Billion
Oolong	¥0.5 Billion
Corn	¥2.0 Billion

- * Currency exchanged rate 1USD=139 JPY
- * Scope of company: Beam Suntory Inc.,
Suntory Beverage & Food Limited, Suntory Spirits Ltd.
- * For corn, for which efforts began in 2021,
only estimates were made for alcoholic beverage use.

4. Promotion of activities derived from strategy

(1) Sustainable Agriculture Initiatives

As a concrete activity based on our strategy, we recognized the need to further improve the sustainability of agricultural raw ingredients and joined the Sustainable Agriculture Initiative (SAI) platform, an international organization established in 2002 to promote sustainable agriculture as the Suntory Group. This is the first time for a Japanese company to participate in the platform.

(2) Start Pilot of Regenerative Agriculture

We have started a pilot program of regenerative agriculture, which is expected to have a positive effect on climate change mitigation and adaptation by reducing GHG through reduced use of chemical fertilizers and pesticides, and by regenerating biodiversity in the soil, making the soil more fertile and enabling effective use of water.

Our practices began in UK for barley and agave in Mexico.

Next Step

Based on activity plans for strategy development and ongoing dialogue with operation unit, we will keep forming focused taskforce for important raw ingredients, build long-term strategies, and share formulated strategies within the Suntory Group. In addition, based on the formulated strategy, we will consider and proceed initiatives for regenerative agriculture, which is expected to have mitigation and adaptation effects for high climate change risk ingredients or high GHG emissions ingredients in future.

In Strategy Monitoring, we will periodically check for the occurrence of events such as the junctures of multiple possible scenarios and the success of technological innovations necessary to achieve the desired goals. This will enable us to capture important changes as much as possible in advance and revise the strategy to incorporate them.

We will also revise road map of strategy building by regular reevaluating ingredients risk.

Sustainability Sourced Raw Ingredients

Reduce Barley Production Emissions through Regenerative Agriculture

The Suntory Group has launched a new initiative to reduce greenhouse gas (GHG) emissions by procuring UK-grown barley produced using regenerative agriculture practices. In collaboration with UK based Malt supplier Muntions Plc (Muntions), sustainable agriculture and supply chain consultancy Future Food Solutions Ltd, and local barley farmers in the East Anglia region, the project will start production from 2023 with the ambition to produce barley with 50% lower GHG emissions within five years. Regenerative agriculture is a sustainable farming method that reduces the application of chemical fertilizers and pesticides through the use of cover crops and no-till farming. It not only lowers GHG emissions but also increases soil biodiversity, thus improving soil fertility and water retention, leading to sustainable use of agricultural land.



Initiatives in Collaboration with Green Tea Production Area

In order to promote sustainable procurement of tea leaves used for green tea beverages, the Suntory Group has launched a long-term initiative in collaboration with tea production area. Collaborating with Kuma Regional Agricultural Cooperative (JA Kuma), we have succeeded in reducing GHG emissions by more than 30%* compared to the general method by introducing an environmentally friendly process in the tea leaf production process at JA Kuma. In addition to pursuing high-quality tea production, we hope to contribute to the continuation of tea production in the region and the training of successors in tea farming.



* Emissions per unit production weight in the production of green tea raw ingredients in the process from leaves to Aracha tea

Supporting Sustainable Agriculture of Blackcurrant Farmers

Suntory Beverage & Food Great Britain and Ireland (SBF GB&I) manufactures and sells Ribena, a soft drink loved by many in Europe and other regions. 90% of the blackcurrants grown in the UK are used by this iconic juice drink brand. SBF GB&I began supporting sustainable agriculture of blackcurrant farmers in UK from 2004. SBF GB&I employs agronomists, that directly advice farmers and design biodiversity plans according to the biological habitat of each farm and surrounding area to protect the ecosystem of rivers and wetlands. We also conduct research on new species of blackcurrant that are resilient to climate change. In July 2020, a new variety of blackcurrant that is more resilient to climate change named Ben Lawers blackcurrant was harvested. This was a result of a long-term joint research with the James Hutton Institute, a research institute for agriculture.



Promoting Sustainable Procurement in Upstream Supply Chain for Coffee

<Guatemala>

The Suntory Group is supporting Guatemala coffee export company Unex on promoting their program "farmer aid," aimed at helping coffee farmers to tackle different environmental and social challenges and strengthen the sustainability of the coffee beans they produce. The farmer aid program is based on 4 pillars: health, education, sustainability, climate change. In 2022, The Suntory group financially supported this program in 2 ways:



(1) Child care center in Alotenango

This child care center is open during school holidays (from October to January) and is used as a free education and recreation place for coffee farmer's children, and also serves the purpose of minimizing the risk of child labor by taking care of the children during harvesting season. The center also provides medical services to both children and their parents.



(2) Coffee Farmer Training in Santa Barbara

We are supporting the current sustainable practices of the farm via training providing which benefits small producers to strengthen their coffee production and improve their families livelihood. We also empower women through farming practice trainings in order to contribute to a better livelihood for them and their families. Through the farmer aid sponsorship, we are being able to create positive impact on approximately 300 families, including children, in Guatemala.



<Brazil>

In order to expand our human rights diligence efforts to upper tiers of our supply chain, we are planning to formalize a partnership with Itochu and their local partner in Brazil Sucafina to start a pilot program to assess and support coffee farmers in the Cerrado region of Brazil.

The pilot leverages Sucafina's responsible sourcing program "IMPACT," and its founded on 5 main pillars: carbon emissions, deforestation, human rights, living income, and regenerative agriculture. IMPACT standard verification ensures compliance with 80 social, environmental, and economic standards modelled on the Global Coffee Platform's Sustainability Reference Code, with independent audits done every 3 years. Regarding human rights, IMPACT has key indicators such as health and wellbeing, forced labor, child labor, freedom of association, grievance, working hours, discrimination and land rights. From now on we will monitor and improve the working conditions of the targeted farms during the initial 3 years of this pilot.



Engagement with Local Coffee Farm to Improve Community Resilience

The Suntory Group procures a portion of its coffee beans, from the "Fazenda Bau" farm, which is a specialty coffee farm in Minas Gerais, Brazil, as we aim for the highest quality and sustainable supply of coffee beans. Fazenda Bau has acquired international sustainable certifications, and their thorough quality management and workplace environment are highly praised.



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



Supplier Engagement and Educational Activities

The Suntory Group strives to promote sustainable procurement together with all of its business partners in the supply chain.

In addition to providing education to our employees, we hold annual policy briefings for our major business partners, such as raw material suppliers, contract manufacturers, and logistics partners. We are promoting better awareness and support for sustainability initiatives within each company or in cooperation with the Suntory Group by introducing Suntory Group initiatives and providing questionnaires.

Collaboration with Logistics Partners

As of the end of 2022, the Safety Committee launched in collaboration with our logistics partners had 325 members from 76 companies promoting initiatives to ensure safety, environmental friendliness, and risk management. The committee holds an annual Safety Promotion conference for managers of 150 sites nationwide, including distribution centers, warehouses of logistics partners, and transportation and delivery operations. At this convention, we conduct thorough safety education through study sessions and contests, share information by introducing outstanding case studies, and present awards to outstanding drivers and logistics bases to encourage and strengthen safety initiatives of each company. To underpin safety management levels at our logistics subcontractors and improve them continuously, we promote Top Safety Site certification, an initiative of the Ministry of Land, Infrastructure, Transport and Tourism. As of the end of 2022, 635 of the Suntory Group's 1047 logistics partners had already acquired certification, and 98 were scheduled to acquire certification in 2023, bringing the total certification rate to 70%. In 2008, the scope of certification was expanded from direct subcontractors to secondary subcontractors, to further strengthen safety management systems for transportation and delivery.

Industry Collaboration Initiatives

In addition, the Suntory Group participates in the Consumer Goods Forum Japan*, which promotes distribution networks of consumer goods across the industry, to reduce the environmental impact of the Suntory supply chain.

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

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 Sustainability. At the same time, we fairly evaluate efforts regarding the quality and supply capabilities of the products and services, financial status, assured safety, environmental conservation, and social contribution of each company, when we select new suppliers or determine whether to continue business with our existing business partners.

By joining forces with our business partners as mutually reliable partners, we aim to provide products and services that delight our customers.

Learning & Development

Our Approach

The Suntory Group takes a medium-to-long-term approach to human resource development and strive to present opportunities for growth to all of our employees, regardless of nationality, age, etc.

· Providing new challenges through growth fields (by business, region and function)

The Suntory Group started out as a merchant in foreign liquors and expanded into beer, soft drinks, health foods, dining, flowers, and many other areas of business. We also grew internationally out of Japan, and today we do business as a manufacturer in the Americas, Europe, Asia, and Oceania, extending across functions and the value chain. As the corporate group develops further in global foods and liquors, we aim to provide ongoing opportunities for career challenges and growth for all employees through our company-wide talent development system.

· Suntory University — a place for Suntory employees worldwide to learn, develop skills, and absorb the corporate philosophy

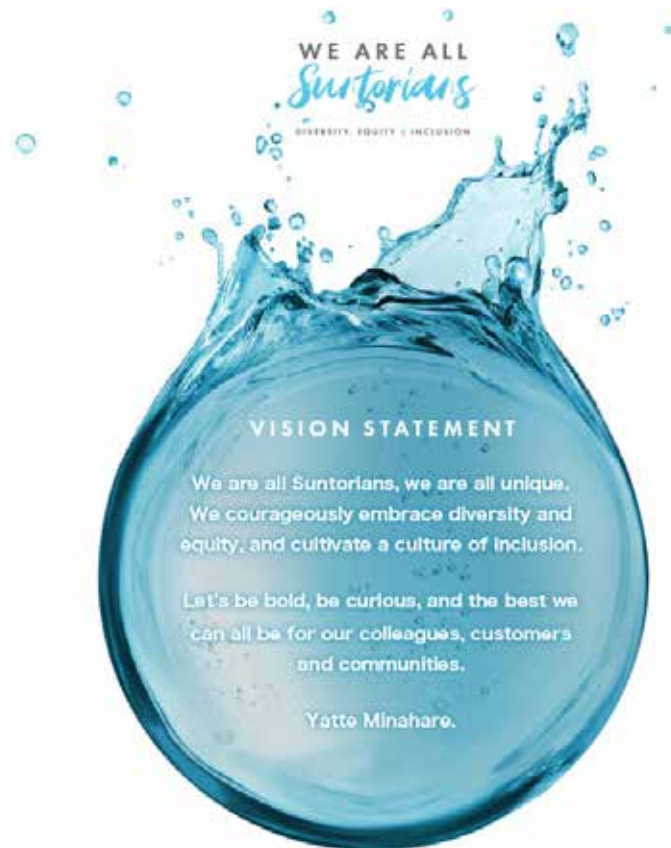
The Suntory Group opened Suntory University in April 2015 for employees to strengthen our framework for day-to-day learning and build a culture of learning — for developing talent within the group. Suntory University develops a variety of programs for all employees in the group based on four aspects — cultivating a culture of self-development and continued personal growth, sharing and implementing the founding spirit, leadership development, and skills development for the future.

Diversity, Equity & Inclusion

Our Approach

Individuality and diversity as strengths: DEI

DEI stands for diversity, equity, and inclusion. Suntory has established a DEI vision statement and strategic pillars based on the active inclusion of people who share different backgrounds and values. We aim to assure fair treatment for everyone, valuing full participation regardless of age, nationality, gender, etc. That is how we can constantly generate new value. Our initiatives as a group extend globally to achieve these ends.



DIVERSE WORKFORCE

We bring people together as Suntorians. We treat our uniqueness as strengths where everyone can feel pride for who they are by unleashing their spirit. We embrace equity for all and seek to develop talents from diverse backgrounds at every level and region of our organization.



INCLUSIVE WORKPLACE

We educate, advocate and communicate from the top to foster an inclusive workplace to empower individuals to thrive at their best. We cultivate a culture where everyone feels a sense of belonging and feels safe to bring their whole selves to work.



CUSTOMERS & COMMUNITIES

Growing for Good. Be the preferred brand in the markets we serve by fostering partnerships with our diverse customers, suppliers, and vendors that reflect our values and behaviors. We support underrepresented communities and businesses for a sustainable future.

Health & Safety

Our Approach

The Suntory Group's Aim for Health Management

We believe that the health of our employees and their families is the source of workplace energy and innovation at the Suntory Group. Based on this, we aim to maintain good working conditions for all of our employees — conditions that promote positive motivation at work and excellent mental and physical health. In 2016 we set forth a Health Management Declaration, and have been implementing various measures since, led by our Global Chief Health Officer, in association with the Suntory Health Insurance Association and the Suntory Union.

Health Management Declaration (Established in 2016)

Based on the idea that the health of our employees and their families is the source of the Suntory Group's challenge and innovation, we aim to have all employees work in a healthy and motivated state, both physically and mentally.

Basic Policy

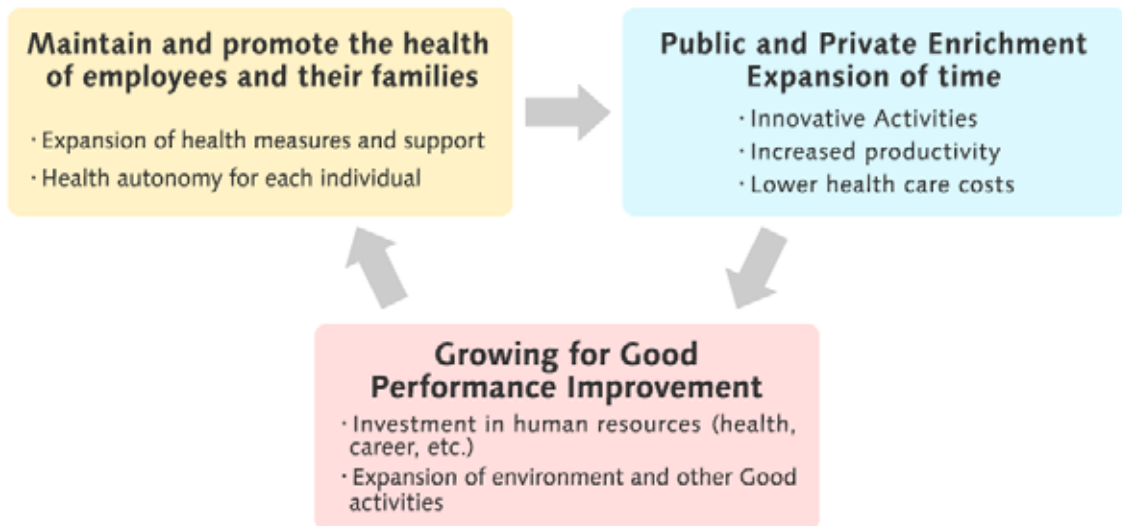
- We will promote the creation of a foundation for employee health by improving the workplace environment and through work style reform.
- We will work to improve health literacy by providing health information and individual support to employees.
- We will work to improve lifestyle habits and promote physical health through prevention, early detection, and support for balancing work and family life.
- We will provide support so that each employee can understand about mental health and take appropriate care.
- Through these efforts, we aim to help our employees and their families realize enriched, fulfilling lives.



Significance of Health Management

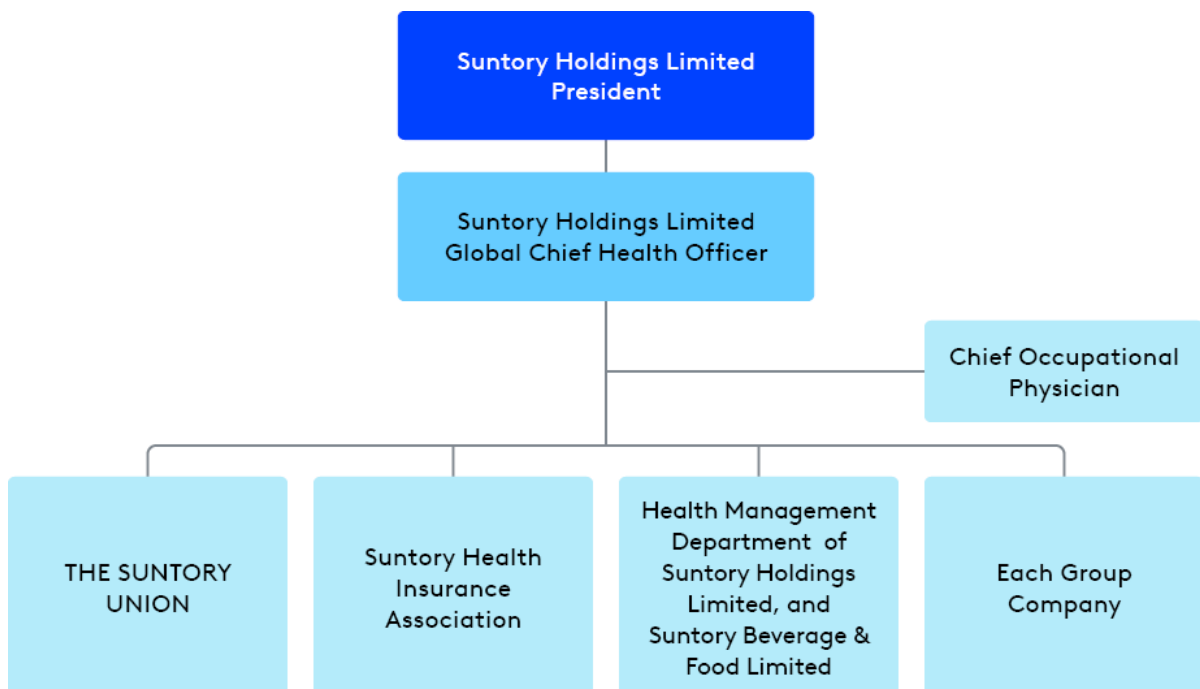
Working to maintain and improve the health of employees and their families will lead to more time for both personal and professional enrichment.

As a result, business performance improves, allowing for further investment in human resources and in resolving social issues, such as environmental investment. By promoting health management, we will realize our aspiration of Growing for Good.



Promoting Structure

Health and Productivity Management Promoting Structure



Major Health and Productivity Management Meetings

Meeting name	Main attendees		Meetings per year	Description
Consultative meeting with management	<ul style="list-style-type: none"> Global Chief Health Officer (GCHO) Director in charge of human resources Chief occupational physician 	<ul style="list-style-type: none"> Nursing staff Persons in charge of health management department 	2	Confirmation of company policies and health status, discussion related to future health measures, etc.
Health Management Promotion Committee	<ul style="list-style-type: none"> Suntory Health Insurance Association Chief occupational physician Nursing staff 	<ul style="list-style-type: none"> Suntory Union Persons in charge of health management department 	3	Evaluation and discussion of Suntory Health Insurance Association's health services and activities throughout the year
Group-Company Human Resource Managers' Meeting	<ul style="list-style-type: none"> Persons in charge of human resources at group companies Nursing staff 	<ul style="list-style-type: none"> Persons in charge of health management department 	1	Confirmation of the health of employees at each group company and health measures being promoted, and discussion to make improvements
Company-wide Health and Safety Committee	<ul style="list-style-type: none"> Chief occupational physician Suntory Union 	<ul style="list-style-type: none"> Persons in charge of labor affairs in the human resources department Persons in charge of health management department 	1	Confirmation of the health of employees throughout the company and the status of health measures being promoted, and discussion with Suntory Union headquarters to make improvements
Nationwide Conference of Health Managers and Promoters	<ul style="list-style-type: none"> Occupational health managers and occupational health promoters at each business site Chief occupational physician 	<ul style="list-style-type: none"> Nursing staff Persons in charge of health management department 	1	Confirmation of the health of employees at each business site and the status of health measures being promoted, and discussion to make improvements

Safety is one of our criteria for evaluating worksite performance at our plants. Our Health and Safety Committee, which includes employee representatives, plays a central role in the promotion of activities that, based on the discussions with employees, are customized to match the characteristics and circumstances of each worksite. We will continue working to increase employee awareness and to improve their safety during working hours and commuting with the goal of zero occupational health and safety accidents.

Targets and Progress

2025 Mid-term Goals

	FY2021 Results	FY2030 Target
Percentage of people with exercise habits※ 1	28.6%	80%
Percentage of regular eating habits (breakfast intake, early dinner)	50.2%	80%
Percentage of people who can rest on their sleep	81.2%	90%
Percentage of non-smokers	82.7%	95%
Percentage of people who practice DrinkSmart※ 2	64.7%	90%
Result of stress checks Ratio of low-stress	93.0%	95.0%
Presenteeism※ 3	79.2%	90%

*1 At least one day off per week

*2 Those that answered "Already working on it" for a question "Do you plan to improve your lifestyle habit such as exercising and daily diet?".

3 Work productivity when 100% in the absence of illness or injury 4-week average

Our Initiatives

Health Consultation Support System

Suntory has introduced a nurse in charge system where nurses are assigned to all business locations to support all employees. The nurse in charge acts as a contact point for employee consultations, while industrial physicians, psychiatrist, clinical psychotherapists, and others work together to provide consultation services and support to allow employees to work while maintaining good health.

In addition to our in-house occupational health staff, we have also set up external consultation services such as the E-Partner Consultation Service, which provides consultation on private family issues, and First Call, an online service that provides medical consultations 24 hours a day, 365 days a year.



Internal Consultation Services	With Nurse	Provides support as a person deeply familiar with each employee through daily contact, including health interviews.
	With Occupational Physician	With the supervising occupational physician taking a central role, occupational physicians provide post-treatment measures for regular health checkups, guidance for various interviews, and support for balancing treatment and work.
	With Psychiatrist	Psychiatrists who are familiar with mental health issues in the workplace work together with occupational physicians and nurses to support employees.
	With Clinical Psychotherapist	Counseling based on psychological knowledge is provided to care for employees who are troubled to help them resolve their problems.
External Consultation Services	EAP	An external consultation service that allows employees to consult with an external counselor about a variety of issues, including personal and family problems.
	Online chat-based consultation service	An online service that allows employees to consult with a doctor via chat or video phone 24 hours a day, 365 days a year.

*1 AP (Employees Assistance Program): An employee support program provided by businesses outside the company. In response to consultations from companies, the program provides stress diagnosis, counseling (telephone counseling, e-mail counseling, and face-to-face counseling), medical recommendations, mental health education and training, consultation for human resources and managers, and programs to support an employee's return to work.

Various Measures

As a foundation for all activities, we conduct not only regular health checkups, but also health consultations with employees conducted by in-house nurses to support individual health maintenance and encourage participation in measures tailored to each employee's condition.

Work Environment Creation/Health Literacy Training

We are working on health literacy education to foster health awareness among the younger generation and those who are not currently experiencing any health issues. In the monthly Healthma newsletter distributed by our nursing staff, we try to make people feel closer to health by introducing health information and measures. We also strive to provide opportunities for health seminars for the entire company, as well as seminars for each office in line with the issues they face.

We promote health management while firmly connecting that management to work style innovation.

Physical Health - Efforts for improving daily habits

Since daily lifestyle habits such as eating habits, exercise, sleep, alcohol consumption, and smoking are deeply related to the onset and progression of diseases, various measures are implemented to improve and maintain lifestyle habits. In addition to specific health guidance, we also provide guidance comparable to specific health guidance to those under 40 years old who are subject to the same criteria, and are making efforts to raise awareness among the younger generation. At the same time, we are actively recommending that they undergo re-examinations and precision examinations, and are also working to support early detection and balance health and wellness.



Mental Health - Initiatives for Mental Health

We have created two mental health management initiatives for the prevention and early detection of mental health problems: our self-care initiatives which aim to make employees aware of stress and take appropriate measures to counter it, and our line-care initiatives in which managers strive to improve the working environment and provide individual counseling. We are properly engaged in various health care efforts that include self-care in group training, courses in employee care overseen by a line manager, introduction of complete stress checks and counseling through clinical psychologist. We have also put in place a return to work support system for employees on leave to smoothly return to work.

Examples of Mental Health Care Initiatives

Point	Measure	Content
Self-care	Early detection and prevention through self-check	Self-check during regular check up
		Mental self-check (required for all employees once a year) and follow up for those that need attention
Line care	Raising awareness through lecture on basic knowledge about mental health	<ul style="list-style-type: none"> • Provide information through Mental Health Hand book that summarize basic knowledge • Implement mental health e-learning • Self-care lectures during group training • Line care lecture during new manger training • Regularly stream mini-seminars by in-house counselors
		Implementing support when returning to work
Care by health staff in the office	Establishing in-house consultation	Implementing a system to support returning to work with doctor specializing in mental health
		<ul style="list-style-type: none"> • Consultation by doctor specializing in mental health • Consultation by in-house career counselor
Care by resources outside the office	Establishing external consultation	Telephone consultation and interview by external specialized agency

Content of the Policy

One Suntory Walk is a program aimed to raise awareness of health among the participants and make exercise a habit through competing the number of steps they take within a month. The program has been held every year since 2017 targeting all Suntory employees, totaling approximately 40,000. This event is considered to be an event that unite Suntory globally and help promote health management. Engaging in sustainability of water, source of Suntory Group's business activities, at a global scale is put forth as message and core aspect of the event to raise awareness among the employees.



Three Core Aspects of the Event



2021 activity results

One of the participants commented that awareness toward number of steps taken raise during October along with the will to increase them. In addition, walking rallies are held independently at each office at the same time, proving that the exercise is becoming a habit through events. We will continue to hold this event every year with "October is One Suntory Walk month" as the slogan.

- Number of participants: **7,014**
- Steps taken and distances traveled: **10.32 billion steps (786,607km)**
- Participating countries: **34**
- Total donations: **70,140 USD (7,715,400 JPY)**
 10USD was donated per participant to MSF Covid-19 Crisis Fund of the Medecins sans Frontieres



Photo posted on the bulletin board by a participant

Positive Choices

Policies and Our Approach

We believe that as a consumer-oriented company, it is important to support the pursuit of a balanced lifestyle both in body and mind. Our consumers have different needs and preferences at different life stages, and through our diverse business activities, the Suntory Group will support consumer wellness at each of those stages. By offering choice in products, services and experiences through our soft drinks, health foods, alcoholic beverage and other businesses, as well as by innovating in relevant fields, we will support the wellbeing and balanced lifestyles of our consumers.

Soft Drinks

In addition to leveraging Japan-led research on and development of "Natural and Healthy" beverages, Suntory Beverage & Food address health and wellness concerns through beverages to allow consumers to make positive choices in pursuit of a natural, healthy, convenient and rich lifestyle.

Suntory Beverage & Food Limited Health Policy

1. In order to satisfy the health needs of consumers worldwide, we will continue to expand our portfolio of products which satisfy your taste buds, body and mind, as well as provide services to contribute to healthy and positive lifestyles.
2. We will perform research that contributes to the health of consumers and will develop more natural, healthy products for world by using the expertise we have cultivated in Japan over many years in developing beverages which are sugar-free, low-sugar, and fortified for better health.
3. We will base labeling and communication on the guidelines from government agencies and industry groups in each country and region, and will endeavor to make it easier for consumers to select healthy beverages.
4. We will contribute to solving global health issues through joint research with external specialized institutions and through other communication with various stakeholders.

Alcoholic Beverages

As a provider of alcoholic beverages including beer, wine and spirits, Suntory seeks to inspire human connections and to celebrate the milestones of our lives. To this end, we are committed to promoting the moderate consumption of our products and encouraging responsible choices surrounding alcohol. With our Drink Smart alcohol responsibility program as a core, we work both within the Suntory Group and in partnership with industry peers and other partners to reduce harmful consumption of alcohol, including overconsumption, driving under the influence, underage drinking, and drinking during and after pregnancy. We also offer non-alcoholic and low-alcoholic products to meet customer preferences and support healthy lifestyles.

Health Foods

With an aim to realize a society where everyone, regardless of age, can live a full and fulfilling life being true to themselves, Suntory Wellness supply health food and beauty products to a total of over 2 million customers annually through mail order. To help customers begin to live a wellness life — a healthy, beautiful and fulfilling life, we offer them reliable products harnessing the power of nature that are scientifically proven to provide health benefits, through a heart-to-heart dialogue with each customer.

Our Initiatives

Soft Drinks

Developing Food for Specified Health Uses Based on Research

Suntory currently offers a variety of products known as food for specified health uses (FOSHU*) due to their positive health benefits. This portfolio lineup includes Black Oolong Tea OTPP, which was developed based on research results to apply prevention of fat absorption in polymerized polyphenols of oolong tea characteristics; Suntory Goma Mugicha (Barley Tea), which is suitable for people with high blood pressure; Pepsi Special, which prevents fat absorption; and Tokucha (FOSHU Iyemon), which is the world's first drink to clarify the lipolytic action of quercetin glycoside. Our portfolio also includes other products which contribute to our consumers' well-being, such as Iyemon Plus, functional beverage which has the ability to lower bad cholesterol (LDL). For all of our products, we pay special attention to taste, and we will continue conducting product research and development to ensure that products both taste good and are good for you.

* Foods for Specified Health Uses



Expanding Our Lineup of Products that are Healthy for the Mind and Body

For decades the expansion of the world beverage market has been driven by consumer demand for drinks, especially carbonated products, which contain large amounts of sugar. In recent years, there has been an accelerating shift in demand toward healthier and more natural drinks. Utilizing knowledge gained through many years of research in Japan regarding the development of low- and no-sugar beverages (such as tea and water), we are developing new beverages that are healthy for the mind and body.

In Vietnam we released Tea+ Oolong Tea, an oolong tea with Oolong Tea Polymerized Polyphenols (OTPP) that reduce fat absorption and mitigate the raise of neutral fat in blood, and in Indonesia we released MYTEA Oolong Tea. Both of these products have been received positively by consumers.



We have also released a low-sugar iced tea called MayTea in Europe. MayTea comes in a variety of flavors and was developed using Suntory's expertise in tea products.

In addition to beverages, we also offer health foods. Under the BRAND's umbrella, we offer the much-loved Essence of Chicken supplement drink in Thailand and other Asian countries. Essence of Chicken is an all-natural extract made of fine quality chicken without artificial chemicals or preservatives.

Initiatives on Low- and No-Sugar Products

Suntory Beverage & Food is developing products that contain amounts as minimal as possible of sugar, artificial coloring, and artificial flavoring. In Europe, we have set a target to reduce the use of sugar in all our products by 35% by 2025 compared to 2015. We have already made progress toward this goal, and as the end of 2021, we have succeeded in reducing the amount of sugar used in our products by 23% compared to 2015. As well as re-formulating our drinks to lower the sugar content we are also putting investment behind our lower-calorie brand such as Lucozade Zero in the UK. Across all European Export and Commercial Markets, the amount of sugar added to our beverages was reduced by 6% in 2021.



In the UK and Ireland we've reduced sugar across our core drink range by 57%, removing 25,000 tonnes of sugar and 98BN calories through a far-reaching reformulation programme. We've been bold with our decisions on our most famous drinks, introducing a zero or low-calorie alternative for each one of them.

In 2021, the total reduction of sugar was - 24% compared to 2006 on Oasis in France, without using sweeteners. All the recipes of the brand are renovated with less sugar and no sweetener while still retaining a delicious taste that consumers know and love!

In Spain we have managed to reduce the sugar in our drinks by 42% (vs 2015) and we have also introduced low calorie Schweppes Lemon, Orange, Pink, Ginger Ale, and recently/in 2022 also Agrum and Tonic Lemon.

In Oceania, we aim to increase the portion of our portfolio that is low- and no-sugar to 1/3 by 2030. As a road map for achieving the goal, we will promote 1) Lower sugar through innovation, leveraging Suntory Group relationship 2) Introduce greater choice through new products, 3) Continue to introduce smaller pack sizes. As of 2021, one in six drinks sold become low, or contain no sugar.

Reducing Artificial Colorings and Flavors

Suntory Beverage & Food focus on developing products that use a minimal amount of artificial colorings and flavors. In Europe, we have set a target to remove artificial colorings and flavors by 2025. In France, our product Oasis was renewed to a recipe which uses less sugar and only 100% natural ingredients. In the UK, Lucozade Revive is made from natural fruit flavors and does not use any artificial colorings.

In Indonesia, our product Good Mood is a popular low sugar beverage made from natural fruit extracts and does not include any preservatives, synthetic colorings, or synthetic sweeteners.



Appropriate Information Disclosure

The Suntory Group strives to offer information related to safety and reliability to the customers in an appropriate and timely manner. We also indicate information on product labels, commercials, and ads in a way that is clear and avoid misunderstanding. Furthermore, the Suntory Group's Code of Business Ethics stipulates that we must conduct responsible marketing as a corporate group that offers diverse products and services.

We promote the display of accurate product information in a way that is accessible and easily understood by consumers. In order to ensure the accuracy of product information, we collaborate with the related divisions in charge of development and production, and also confirm the compliancy and accuracy of disclosed information through our Quality Assurance Division.

In Japan, Suntory conducts thorough reviews of raw ingredients used in our products in order to display energy, carbohydrates, and sodium chloride (salt equivalent) as well as confirm the need for allergen labeling. We are sure to include not just the 7 items required by law to be shown on our labels, but the 20 items recommended to be displayed.

In Oceania, adapting the Health Star Rating* food labeling scheme for the customers to make choices on which product to choose.

* Health Star Rating System...A front-of-pack labeling system that ranks and labels packaged food's overall nutrition profile from half a star to five stars.

Responsible Marketing

Suntory Beverage & Food Europe participate in UNESDA's* responsible marketing in schools program.

We have become a founding signatory of the new EU Code of Conduct on Responsible Food Business and Marketing Practices in 2021. Our commitments towards reformulation of our drinks, food waste reduction and the creation of sustainable packaging fully support the EU's objective to place healthier products on the market and to support the transition towards a circular economy.

The UK has created its own voluntary marketing code to ensure that responsible corporate citizenship is at the heart of everything we do. This includes our commitment not to directly market products categorized as high in fat, sugar and salt ("HFSS") to consumers who are under the age of 16, and under the age of 18 in Ireland.

In France, we volunteered in 2009 to not communicate on screens and in magazines aimed specifically at children under the age of 12-year-old. Since 2013, our commitments go further because we prohibit all advertising in generalist programmes where children constitute more than 35% of the audience.

In Spain, our code of marketing practice specifically states that we do not advertise to children under 12 years of age or sponsor events aimed at children in schools. We also convey messages in all our advertising campaigns promoting healthy lifestyle habits. In Oceania, we are ensuring our marketing activities are responsible and do not actively target children. Also we partnered with New Zealand government as part of the Healthy Kids Industry Pledge. We directly sell only water to primary and intermediate schools in New Zealand.

* UNESDA = Union of EU (European Union) Soft Drinks Associations

Proposal of Healthier Lifestyle

In accordance with our aim to be a company which promotes consumer well-being, we launched the "100 Year Life Project" in 2018 in Japan. This project supports consumers in their efforts to achieve healthy and positive lifestyles in line with their own goals. We also promote joint research with external experts, conduct research and development to strengthen our portfolio of beverages that address lifestyle diseases, and run programs to improve lifestyle habits.

In Europe, we published the Moving on Health and Wellbeing Report and are promoting various initiatives such as providing active lifestyle programs to approximately one million people, reducing the amount of sugar used in our major brands by half, engaging with employees to develop more effective health programs in the office, and promoting the physical and mental wellbeing of all employees in the workplace.

Alcoholic Beverages

In addition to raising awareness regarding responsible drinking, the Suntory Group is striving to promote non-alcoholic drinks for a broad range of adult consumers of legal drinking age to enjoy without worrying about the effects of alcohol. In 2010, we launched "All Free" and in 2011 "Non-arukibun", pioneering the creation of a market for non-alcoholic beverages with an alcohol content of 0.00%. In recent years, we have expanded our product lineup with the release of "All Free for Your Body," a food with functional claims that responds to growing health consciousness, "Non-arubanshaku Lemon Sour Non-alcoholic," a lemon sour-flavored beverage, and "Non-alude-wine-no-kyujitsu," a new wine-flavored non-alcoholic beverage.



Health Foods

Sesamin — From Elucidation of Function to the Launch of Health Food Product

Taking on the challenge of clarifying the functions of sesame, which has been known to be good for health, we have scientifically proven the health benefits of "Sesamin," one of the sesame lignans found in a small amount in sesame seeds. We commercialized it into our first health food product in 1993.

Subsequently, we launched "Sesamin EX," a powered-up version that combines vitamin E, tocotrienols, and brown rice-derived ingredient "Oryza Plus."

Suntory Wellness also sells a variety of other health food products such as "DHA & EPA + Sesamin EX," "Locomoa," and "Omega Aid."



Making each Customer's lifestyle shine throughout their lives

As customers get older, their health conditions, way of living and purpose in life change, causing their lifestyles to become more diverse. At Suntory Wellness, we help customers of all ages live full and bright lives, by providing products and services that meet their individual needs throughout their lives, leveraging the power of science that we have cultivated over many years, the power of communication we have mastered through our close engagement with customers, as well as the latest digital technology.



With this in mind, Suntory Wellness promote "Be supporters!" project which is built around the concept of "providing opportunities to shine for everyone who wants to be excited no matter how old they are." This project aims to make people who usually need support for daily lives such as elderly people living in nursing care facilities and people with dementia, become healthy both physically and mentally by encouraging them to become supporters of a local soccer club.

Promoting Communication with Customers

We are delivering a wide-range of information to customers through our website and booklets



Suntory Global Innovation Center website



Healthy Drink NAVI website



Suntory Wellness website (Japanese)

Responsible Drinking

Policies and Our Approach

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

"DRINK SMART" approach by the Suntory Group

Harmful use of alcohol can impact not only the individual's health, both physical and mental, but also harm to others including family, workplace and community through a variety of social issues.

Reducing alcohol misuse is one of the global health targets established by the World Health Organization (WHO). In Japan, Ministry of Health, Labour and Welfare adopted the "Basic Plan for Promotion of Measures against Alcohol-related Harm" in 2016 to prevent and reduce alcohol-related harms including alcohol use disorder and putting them as a national priority. Our "DRINK SMART" goal is to ensure that people have a proper knowledge of alcohol for a healthier and enriching life by getting along well with alcohol.

Reducing the harmful use of alcohol is an important issue for society.

The Suntory Group is actively promoting responsible marketing practices and "DRINK SMART" activities to raise moderate drinking awareness.

Responsible Consumption - Suntory Group's Principle and Course of Action

Basic Principle

The Suntory Group strives to prevent misuse of alcohol and raise awareness of responsible consumption thus contributing to healthier lifestyles:

1. We recognize the intoxicating effects of alcohol and its potential for misuse, which can lead to various physical, mental and social issues, and we strive to prevent alcohol-related harms.
2. We strive to create a culture of responsible consumption in which differences in physical constitution and conditions, as well as drinking styles or attitudes towards alcohol, are respected. We understand and respect that for some people, the best choice is not to consume alcohol.
3. We recognize that responsible consumption can support a well-balanced lifestyle and that it can play a positive role in social occasions; we strive to promote responsible consumption whenever alcohol is consumed.

Course of Action

1. We are committed to responsible marketing, providing consumer information and responsible product innovation.
2. We actively cooperate in social activities, including but not limited to;
 - Eliminating under legal drinking age drinking
 - Eliminating drunk driving
 - Eliminating binge drinking
 - Eliminating alcohol related harassment
3. We will comply with laws and industry standards.

Promoting Structure

In 1976, the Suntory Group established the Suntory Advertising Code, making it an industry leader in exercising self-regulation in its promotions and advertisements related to alcoholic beverages. We subsequently established the Alcohol Responsibility and Sustainability (ARS) Committee and the Global ARS Department in 1991 to address alcohol-related problems. We focus on (1) responsible marketing, (2) promotion of moderate drinking. In 2021, we declared the New DRINK SMART COMMITMENT*¹ toward Suntory Group employees in Japan. We designated every November as the Suntory Group ARS Month and strengthen our initiatives.

*¹ The DRINK SMART COMMITMENT was declared in 2018. The new COMMITMENT was declared in light of the changes in the environment surrounding alcohol since then. It consists of two tenets: "All Suntorians have the correct knowledge about alcohol and will drink in a respectful and considerate manner." and "All Suntorians recognize that we are a member of the world's leading liquor company group, and we will promote responsible drinking as we regard others as valued customers."

Our Goals

Under "DRINK SMART" commitment, the Suntory Group has been leading the industry by actively addressing the alcohol-related problems. We will continue to engage in the initiatives to raise awareness of responsible drinking for the consumers and also for the employees globally.

Goals in Japan

Key Performance Indicator	Targets	Results in 2022
Reach out to consumers in Japan with messages of "Drink in Moderation" (by the end of 2024)	100 million people in total	28 million people reached as of the end of 2022. In addition to running advertisements promoting drinking in moderation in newspapers and digital media, we also held seminars for companies to raise awareness of drinking in moderation.
Provide alcohol content information on the packaging (sequentially from February 2022 onward)	Domestically produced beers, RTDs*, wines in cans	We started labeling the information on certain domestic products in February 2022 and plan to complete the labeling for all target products by the end of 2023. *Excluding 250mℓ beer cans
Intensify development and sales of non/low-alcohol products in Japan	In major categories	We expanded our portfolio by launching a selection of non-alcoholic products. We held campaigns and events to promote the non-alcoholic beverages, like limited-edition bars that featured our non-alcoholic beverage.
Employees to participate in programs aimed at raising awareness of responsible drinking (by the end of 2022)	All Group employees in Japan	99% of employees of group companies in Japan participated in the e-learning program in 2021. In addition, we provided alcohol metabolism genetic testing for applicants.

* Abbreviation for "Ready to Drink." Pre-mixed alcohol beverages such as canned chu-hi, canned cocktails, and canned highballs.

Goals in Overseas

Beam Suntory Inc. promotes proper drinking awareness through its DRINK SMART® program. To further elevate the commitment to reducing harmful drinking and empowering consumers to make the right choices for them, we are progressing goals that include:

- Investing \$500 million to promote responsible decisions and positively impact behavior by significantly expanding responsibility-led brand communications, elevating the Drink Smart platform, and supporting evidence-based partner programs.
- The company aims to engage more than 300 million consumers by 2030 with messages and tools designed to promote responsible decisions and reduce harmful drinking.
- Enabling expanded choices by developing, introducing and investing in awareness of low- or no-ABV products in key categories, including whiskey, tequila, gin, vodka and ready-to-drink, by 2030.
- Providing nutrition and alcohol content information on packaging or online for 100 percent of products by 2030.

Our Initiatives

Practice Responsible Marketing

The Global ARS Department reviews all marketing activities for products containing alcohol prior to launch. In 2006, we systematized pre-screening for product labeling and in 2007, we revised our internal standards for advertising and sales promotion activities for alcoholic beverages to further strengthen our activities. Since 2007, we have continued to promote responsible marketing activities by updating our standards in cooperation with industry associations and by conducting regular training sessions in relevant departments.

Continuous Enhancement of Marketing Standards (Industry / Internal)

We support and continuously enhance self-regulatory marketing standards in partnership with the Council on Alcohol Consumption, as well as follow our own internal marketing code to correspond with societal trends. We introduced warnings for pregnant and nursing mothers in all communications beginning in 2010. We also ceased TV ads between 5:00 am and 6:00 pm.

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

1. Promoting Non-alcoholic Drinks

The Suntory Group is striving to promote non-alcoholic beverages to respond to a broad range of consumer interests and occasions.

We established the same internal marketing standards on these products as alcohol products in order to ensure that all marketing activity is directed only to legal drinking age adults in each region.

The market for non/low-alcohol beverages is expanding due to diversification of consumers drinking behaviors influenced by the COVID-19. We are going to continue to lead this growing market, by further improving the quality of our existing products and developing the new product lineup.

2. Warning Labels on Package

All our beverage alcohol products carry health warning messages to pregnant and nursing women and warning messages to stop under 20 drinking, based on the voluntary standards established by the alcohol industry. We also put alcohol beverage symbols on beer and RTD (ready-to-drink) beverages that are low in alcohol to prevent accidental consumption.



3. Establishing Age Verification Gates to Alcohol Brand Website

Since 2015, we have used age gates to our alcohol brand websites in order to confirm visitors are at least 20 years of age, the legal drinking age in Japan.



4. Conducting Seminars for Sales Representatives and Marketing Staffs

The Global ARS department conducts seminars for sales representatives and marketing staffs to deepen the knowledge on the industry's voluntary code of conduct and Suntory's own marketing code. The seminar provides them with the necessary viewpoints ranging from product development to sales promotion through case studies.

Activities to Raise Awareness of Responsible Drinking

Internal Initiatives

As a member of a company that manufactures and sells alcoholic beverages, it is important that our employees are aware of responsible drinking at all times. We clearly state in our employment regulation that any employee who drinks and drives during or outside the working hours will be dismissed under instruction.



Moderate Drinking Awareness Program for Group employees in Japan

We conduct an e-learning program to raise awareness on knowledge necessary for employees of a corporate group that manufactures and sells alcoholic beverages, such as the mechanism of intoxication and differences due to genetics and physical constitution.



Alcohol Metabolism Genetic Testing for Group employees in Japan

We offer alcohol metabolism genetic testing to all group employees in Japan for their consideration for others and to deepen understanding of moderate drinking.



Intranet Page on Global ARS

Every employee can access information regarding responsible consumption, as well as our voluntary standards, examples of responsible marketing, and seminar tools.

In addition, we also raise awareness of moderate drinking through seminars for executives and sales representatives, and "Drink in Moderation Campaign" posters.

External Initiatives

We are committed to providing customers and consumers with information about alcohol so that they can make informed choices about alcohol and consume in moderation.

We provide the alcohol content information (in grams) of our major brands sold in Japan on our website. In addition, we have started labeling the amount of pure alcohol in grams per containers from February 2022 (canned beer, RTD (ready to drink) and wine that are manufactured in Japan)

ザ・プレミアム・モルツ



このプレミアムモルツは、選りすぐりの麦芽のプレミアムビールです。日本醸造家協会から認定を受けており、品質を追求する一方で、心ゆくまで楽しむための、さらさらとした飲み心地を実現しています。

[オンラインサイト](#)

容量 330ml JANコード 490117720204
賞味期限 3ヶ月
©2022 Suntory Beverage & Food Limited. All rights reserved.

容量・サイズ 330ml缶 250ml缶 500ml缶 330ml樽

成分別	含有率(%)	含有率(%)
アルコール度数	5.0%	
純アルコール量 (330mlあたり)	14.0g	

※アルコール量は、以下成分別に表示されています。
純アルコール量(330mlあたり) = アルコール度数(%) × 330ml × 10

こだわり酒場のレモンサワー 〈追い足しレモン〉

栄養成分表示(100mlあたり)	
エネルギー	32kcal
たんぱく質	0g
脂質	0g
炭水化物	0.5~1.0g
糖類	0g
食塩相当量	0.14~0.24g
プリン体	0mg**
*g/100ml(食品表示基準による)	
**100mlあたりプリン体0.5mg未満	
純アルコール量	14.0g(350mlあたり)

Suntory receives multiple awards for its activities to raise awareness of responsible drinking

Our programs to promote responsible consumption have been recognized by key industry groups including the Award for Excellence in Independent Advertising for our moderation advertising campaign. In 2018, we received the Company BtoC Website Award for Excellence at the 6th Web Grand Prix sponsored by the Web Advertising Bureau of the Japan Advertisers Association for our DRINK SMART advertising on our website. In addition, we received the Newspaper Advertisement Award at the 38th Newspaper Advertising Prize event for our poster with ways to decline invitations to drink, and days to go without alcohol using soccer vocabulary and humorous illustrations.

Responsible Consumption Campaigns by Suntory

● Responsible Drinking



We have been advertising "Drink in Moderation" in national newspapers since 1986, to communicate responsible consumption through humor.



On Suntory's website, we feature DRINK SMART to promote moderate consumption for the healthier and well balanced lifestyle by understanding the facts about alcohol and enjoying it responsibly.



We conduct "Drink Smart Seminars" to provide the facts about alcohol and individual differences, such as how gender, height, weight and ethnicity can affect of alcohol metabolism. We also released "DRINK SMART MOVIE" for responsible drinking.



Two "DRINK SMART Short Film" (15 seconds each)



A new DRINK SMART RAP video was launched for the purpose of promoting responsible drinking mainly targeting the 20s and 30s. MC KANZO (Liver) warns against binge drinking, forced drinking, and annoying drinking.



Drink Smart Ambassadors

We encourage our employees to be a "Drink Smart Ambassador" who conducts Drink Smart Seminars for our customers and third parties.

● Recommend Drinking in Moderation



Raising awareness about drinking in moderation with humorous illustrations and witty approach to decline invitations to drink on non-drinking days advertisement.

飲みたガールの週末
～立英さん描き下ろし!～



Original digital comic book on the weekend of three women enjoying alcoholic beverages responsibly.

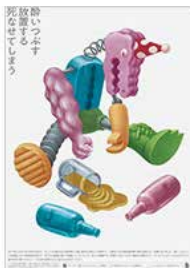
● Prevent the Abuse of Alcohol



Educational movie to prevent under 20 drinking



In response to young people's interests, we produced and distributed a comic book for young people who are at least 20 years old to learn how to drink responsibly. We also conduct seminars at universities.



No Binge Drinking! Campaign, collaborated with NGOs - Council for the Prevention of Binge Drinking.



We engage in the STOP! under 20 Drinking Campaign twice a year primarily on public transportation advertisements.



Railway station posters to alert platform accidents by intoxicated passengers - collaboration with JR West



We are providing information to prevent at-risk women from using alcohol irresponsibly.

We also have been putting health warning messages on our products, advertisement, and POP materials to prevent consumption of alcohol when pregnant.

Global Initiatives to Reduce Alcohol Issues

The World Health Organization (WHO) adopted the Global Strategy to Reduce Harmful Use of Alcohol in 2010. Reduction of harmful effects of alcohol is one of the goals of the action plan for NCD (non-communicable diseases/lifestyle-related diseases) prevention established in 2013 as well as one of the UN SDGs (Sustainable Development Goals) in the health field established in 2015, and it is positioned as one of the global problems that must be addressed through cooperation with national governments, specialists from public health organizations, and other related parties. The manufactures of alcohol beverages are regarded as important stakeholders in these efforts.

The Suntory Group is participating in the IARD organization (<http://www.iard.org/>) that makes efforts to promote responsible drinking internationally to respond to these alcohol-related issues. Since 2013, we have been working to promote the Industry Commitment for Reducing Harmful Use of Alcohol which involves major alcohol beverage manufacturers from around the world.

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

The Suntory Group has established a company section dedicated to reducing harmful use of alcohol, regularly holds Global ARS Committee meetings, and consolidates global marketing regulations under the mid-to-long-term vision in order to realize responsible marketing activities on a global level and raise awareness of responsible drinking.

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

About the IARD

The IARD (International Alliance for Responsible Drinking) is a non-profit organization headquartered in Washington D.C. in which 13 of the major alcoholic beverage manufacturers from around the world participate.

The Suntory Group has participated in the IARD since its establishment as Beam Suntory and has also been deeply involved in the formulation of the Industry Commitment for Reducing Harmful Use of Alcohol, an effort by the alcoholic beverage industry in response to the World Health Organization's Global Strategy to Reduce Harmful Use of Alcohol (adopted in 2010).

The Industry Commitment for Reducing Harmful Use of Alcohol promoted five initiatives over a five-year period starting in 2013.

- (1) Reduction of alcohol consumption by minors
- (2) Development and strengthening of industry voluntary standards on expression of drinking
- (3) Responsible product development and disclosure of information to consumers
- (4) Drunk driving reduction
- (5) Strengthening of collaboration with the retail field

Commitment related progress reports and evaluations are conducted by third parties and reported annually in the form of a progress report.

The Suntory Group's efforts in major markets including Japan and the United States have been reported and evaluated, including the distribution of educational materials for parents and children to prevent under 20 drinking in Japan and education programs for drunk driving offenders in conjunction with traffic courts in the United States. These efforts unique to Suntory as well as collaborative efforts with liquor associations in various countries have been highly praised.

In addition, an IARD CEO meeting is held annually during which serious discussions take place on matters that the liquor industry should tackle over the medium-to-long term and on a global level.



IARD-CEO meeting (2019)



Progress Report



Joint Declaration of digital media (2018),
Trend report of underage drinking (2019)

Overseas Activities to Raise Awareness of Responsible Drinking

1) Reducing Drunk Driving

DWI Courts

Beam Suntory is a lead supporter of America's National Center for DWI Courts, designed to get hardcore offenders who are most likely to repeat the treatment they need in an evidence-based program.

2) Reducing High-risk Drinking in University

Building Resilience in Campus Communities (BRICC) Coalition

BRICC works to reduce high-risk drinking at individual, group, organization and community levels at the University of Louisville and University of Kentucky.

Quality Management

Policies and Our Approach

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

Suntory Quality Policy

All for the Quality*

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

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

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

SUNTORY

Promoting Structure

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

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

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

The Suntory Group believe that it is our duty to continually deliver high quality products with new value, safety and reliability, able to bring joy to consumers worldwide. Thus, we are committed to producing high-quality, safe and reliable products that delight consumers across the globe. This promise is shared within the group through the Suntory's MONOZUKURI Manufacturing Values and Code of Conduct, which we have held dear and consistently delivered on since our founding.

Our Initiatives

Assuring Quality in All Processes

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

Water, Agricultural crops, and Natural resources

Water



- Regular analysis and inspection
- Development of new water resources
- Research into water quality in Japan and overseas



Regular inspection of water at the Safety Science Institute

Raw material



- Evaluation and selection of suppliers
- Quality auditing of suppliers
- Developing new ingredients and sustainable procurement



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

Research and technology development, Product planning and design

Product design Scientific evaluation



- Designs that pursue good taste and functionality
- Risk assessment, from an analytical chemistry perspective, microbiological perspective, and biological perspective, of the products to be manufactured and sold, and safety analysis and inspections



Research and development

Containers and packaging



- Evaluation of regulatory conformity for constituent materials
- Developing new containers and sustainable procurement
- Performance and safety evaluation

Product labeling



- Accurate labeling using easy-to-understand language
- Compliance of food labeling regulations and standards for all products

Manufacturing

Manufacturing



- Acquisition of ISO9001 certification, HACCP (Hazard Analysis Critical Control Point) recognition, and FSSC22000 recognition
- Adoption of TPM (Total Production by foreign objects)
- Preventing and checking damage to containers, spillage of contents, and contamination of contents by foreign objects
- Strengthening of food defense, including room exit/entrance management and installation of cameras



Exterior check of products

Premium gifts



- Safety, function, and other inspections by expert teams of premium gifts



Example of premium gifts attached to products

Traceability*

Delivering

Transport



- Sharing quality assurance knowledge with logistics companies
- Checking facilities, temperature, safety and hygiene in warehouses for product storage

Sales



- Support for sanitation management and quality control at restaurants
- Seminars on improving quality at the point of consumption aimed at business serving keg draft beer



Draft beer consumption quality improvement seminar

Customers

Dissemination of information



- Easy-to-understand introduction of safety and security initiatives



Suntory Group's Quality Initiatives Website

*Traceability

Ingredient traceability system such as using two-dimensional codes and social quality assurance activities related to sustainable procurement to realize a sustainable society

Accurate and Easy to Understand Labeling

In terms of product labeling, the Group Quality Division has established a system to check for legal compliance and appropriateness, and promotes accurate labeling and easy-to-understand expressions in collaboration with the relevant teams including development and production of each Group company.

Examples of Labeling on Products

Labeling example to prevent drinking alcohol by mistake

A mark that shows that this is an alcoholic beverage is put on products to prevent people from mistaking low-alcoholic beverages such as Chu-Hi for soft drinks. We also put a mark telling that "this is an alcoholic beverage" on the lid of the can and in Braille on our major products. In addition we also display "Drinking while pregnant or breastfeeding may be harmful to the development of unborn babies or infants" on products in order to evoke caution about alcohol in pregnant and nursing mothers.



Allergen Labeling

Suntory has investigated raw materials and has confirmed whether or not they need to be indicated on products as allergenic. For our soft drinks, we not only comply 8 mandatory items required to put on the label by the Food Labeling Standards set by the Consumer Affairs Agency, but also include 20 recommended items. Although alcoholic beverages are exempted from allergen labeling requirement, we voluntarily put allergen information on our low-alcoholic beverages such as beer and Chu-Hi.

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

The best-by dates of soft drinks are generally indicated by a "date/month/year." In order to reduce the environmental impact of inventory management along with ease of understanding for customers, the Suntory Group is working to label products with the best-by date of one year or more as "month/year."

Voluntary Recalls

While we do our best to assure quality, we also disclose information appropriately and promptly when problems do arise. During the period from January 2022 until December 2022, there were no cases of recalls announced in newspapers or on the company's website due to violations of related regulations and our internal standards*.

* The following Suntory Group companies are eligible

Suntory Holdings Ltd., Suntory Beverage & Food Ltd., Suntory Foods Ltd., Suntory Spirits Ltd., Suntory Wellness Ltd., Suntory Flowers Ltd., Izutsu Maisen Co., Ltd., Pronto Corporation, DYNAC HOLDINGS CORPORATION, Häagen-Dazs Japan, Inc. and Monte Bussan K.K.

Customer Oriented Management

Policies and Our Approach

Voluntary Declaration toward Consumer Orientation

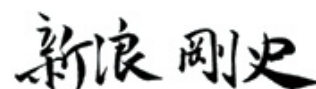
The philosophy and policy of customer orientation, which has been handed down from generation to generation since the company's foundation, is clearly stated in the Voluntary Declaration of Customer Orientation.

Voluntary Declaration toward Consumer Orientation

April 2017

Takeshi Niinami

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



Philosophy

Under the corporate mission of "To create harmony with people and nature," we will offer products and services that pursue highest quality and enrich the lifestyles of people around the world and contribute in realizing a sustainable natural environment.

We strive to be a Growing for Good company that is a good corporate citizen and trusted by the customers following this corporate mission.

Initiative Policies

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

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

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

Grounded in the Suntory Group All for the Quality Policy, we will continually work to maintain and improve quality in all of our processes, from planning and development of products and services to material procurement such as water, agricultural products and packaging to manufacturing, distribution, sales, and services. We strive to improve the quality of our product and services while preventing quality risks through the Quality Assurance Committee which promotes quality management in the entire Group.

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

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

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

We are promoting accurate indicators and easy to understand expressions for the labeling of our products, promotional materials and advertisements. We also work to enhance information on our websites for customers themselves to search for online in addition to the communication received through the Customer Center such as telephone calls, letters, and emails. We will offer information about quality in an easy to understand manner for the customers.

(5) We will foster a culture and awareness among employees to take action from the viewpoint of customers

The Suntory Group will continue its Customer Satisfaction Cultivation Activities in our attempt to foster a corporate culture in which all of our employees keep the viewpoint of customers 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.

Voluntary Declaration toward Consumer Orientation Activity Report

The results of initiatives and improvements made to activities based on the above-mentioned Voluntary Declaration of Consumer Orientation are published on an annual basis.

<p>Voluntary Declaration of Consumer-orientation Activity Report </p> <p>(FY2022) PDF file: 21.9MB</p>	<p>Voluntary Declaration of Consumer-orientation Activity Report </p> <p>(FY2021) PDF file: 23.7MB</p>	<p>Voluntary Declaration of Consumer-orientation Activity Report </p> <p>(FY2020) PDF file: 28.7MB</p>
<p>Voluntary Declaration of Consumer-orientation Activity Report </p> <p>(FY2019) PDF file: 19.2MB</p>	<p>Voluntary Declaration of Consumer-orientation Activity Report </p> <p>(FY2018)</p>	<p>Voluntary Declaration of Consumer-orientation Activity Report </p> <p>(FY2017)</p>

Basic Policy on Customer Satisfaction and Course of Action

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



Customer Center

Basic Policy on Customer Satisfaction

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

Course of Action for Customer Center

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

Customer Response Standard

Suntory Holdings Ltd. and 12 Group companies* have formulated a Course of Action that follow ISO10002 (JIS Q 10002) as a working mindset for acting according to the basic policy and course of action. We recognize the right of customers to make inquiries and complaints in these regulations, which are clarifying the active efforts and responsibility to respond to customers with the objective of maintaining and improving customer satisfaction through our corporate activities. In addition, we will formulate and thoroughly familiarize employees with standards and procedures based on this course of action.

*Suntory Beverage & Food Ltd., Suntory Foods Ltd., Suntory Beverage Solution Ltd., Suntory Foods Okinawa Ltd., Suntory Products Ltd., Suntory Spirits Ltd., Okinawa Suntory Ltd., Suntory Business System Limited, Suntory System Technology Ltd. Suntory Global Innovation Center Ltd., Suntory Corporate Business Ltd. and Suntory Field Expert Co., Ltd. (as of July 2023)

CREDO (SUNTORY MIND for Customer Service)

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

CREDO
SUNTORY MIND
for Customer Service

私たちは、お客様に、一緒に働く仲間たちに、そして自分自身に約束したいことがあります。

その約束が「クレド」です。
そしてこれは、サントリーのお客様対応を担う者として、いかに行動すべきかという指針です。

私たち一人ひとりが自分の行動を見つめ、さらに一歩前に進みたいときに、この「クレド」を読み返します。

～ GRAND CREDO ～

No.1 私たちは、お客様の「安心」を育むものは「信頼」であり、お客様とサントリーの「信頼を築く」のは自分たちであることを忘れません。

No.2 お客様のお役に立ちたいという心を常にもちながら誠心誠意、お応えします。

No.3 そして、「サントリーファンづくりの最前線」に立っていることを胸に刻み、お問い合わせていただいた方に、いままで以上にサントリーを好きになってもらえるように心がけます。

お客様への約束

No.4 私たちは、ひとつひとつのお問い合わせがお客様にとっては「初めて」であり、「かけがえのない大切なし」と受け止め、丁寧な接客に向き合います。

No.5 私たちは、お問い合わせてくださったことに感謝し、ご指導をいただいた時でも、感謝の心を忘れません。

No.6 私たちは、一人一人のお客様の声に、素直に真摯に耳を傾け、共感に努めます。そして、お客様の心に向き合い、お客様が喜ばれていることに応えます。

No.7 私たちは、お客様がお問い合わせいただいた理由や状況を理解し、常にお客様の立場に立って、お応えします。

No.8 私たちは、お客様の心を動かすのは、誠意あるおもてなしの心であることを忘れません。

No.9 私たちは、明るく温かい心を忘れずに、声に笑顔をのせてお客様に好まれます。

一緒に働く仲間への約束

No.10 私たちは、一緒に働く仲間を信頼し、互いに尊重し合います。そして、チームでの対応が必要な時には、みんなが最高の心で、心ひとつの協働の体制づくりを心がけます。

No.11 私たちは、仲直りがいつもベストな状態で、最上のお客様対応が出来るようサポートします。

No.12 私たちは、一緒に働く仲間とのダイレクト (face to face) コミュニケーションを大切にします。

No.13 私たちは、一緒に働く仲間が笑顔で働くことを忘れません。良いところを褒めあい、高めあひながら、共に向上していきます。

自分への約束

No.14 私たちは、「サントリーグループ」の代表として、プロとしての誇りを持ち、自ら考え、お客様にとってベストな対応を目指します。

No.15 私たちは、お客様から学び、成長し続けます。そのために自分の変化を促して、柔軟に変化し、進化することに挑戦します。

No.16 私たちは、お客様がいただいたひとつひとつの声を大切に扱い、貴重な財産として、社内へ還元していきます。

No.17 私たちは、お客様に喜びを伝えられるように、美味しい食事や飲み物を楽しみ、楽しい会話のある話を心がけ、自分自身の心身の健康も大切にします。

私たちのクレド
これはお客様、仲間、そして自分への約束です

Promoting Structure

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

Our Initiatives

Communicating with Customers

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

Responding, Sharing and Utilizing Customer Feedback

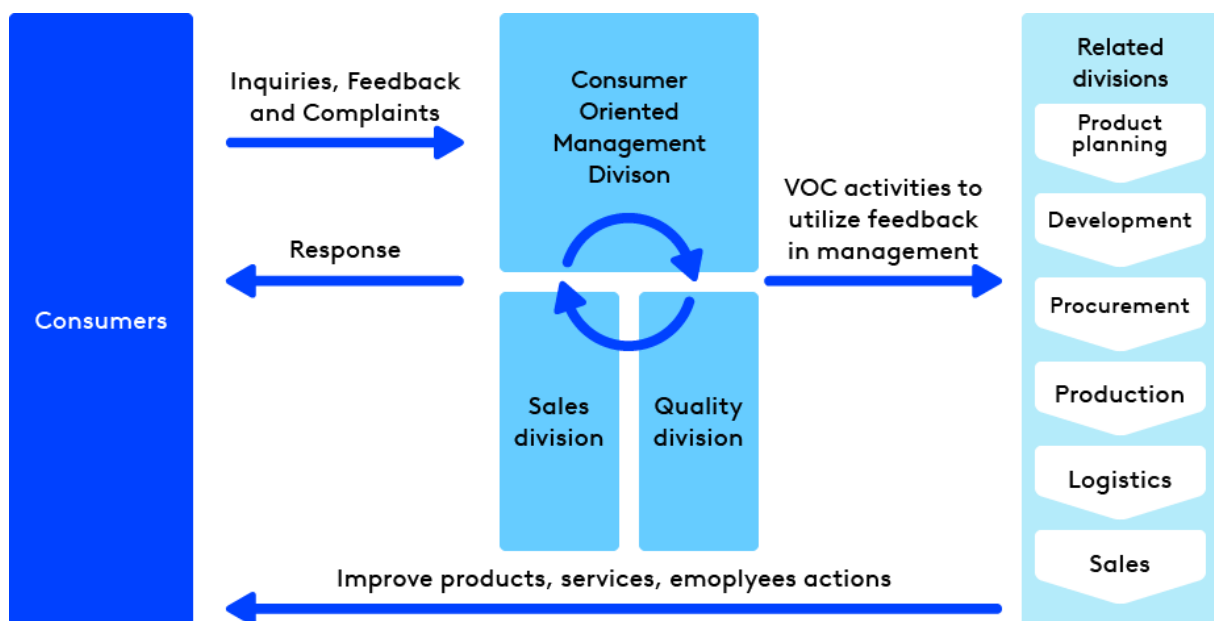
Our Customer Center uses a proprietary information search system to respond quickly and accurately to customers so that those who make inquiries are not left waiting.

By recording the inquiry and our response in our core information management system upon receiving the inquiry, valuable information from the customers is shared immediately with relevant departments to enhance quality and improve risk management.

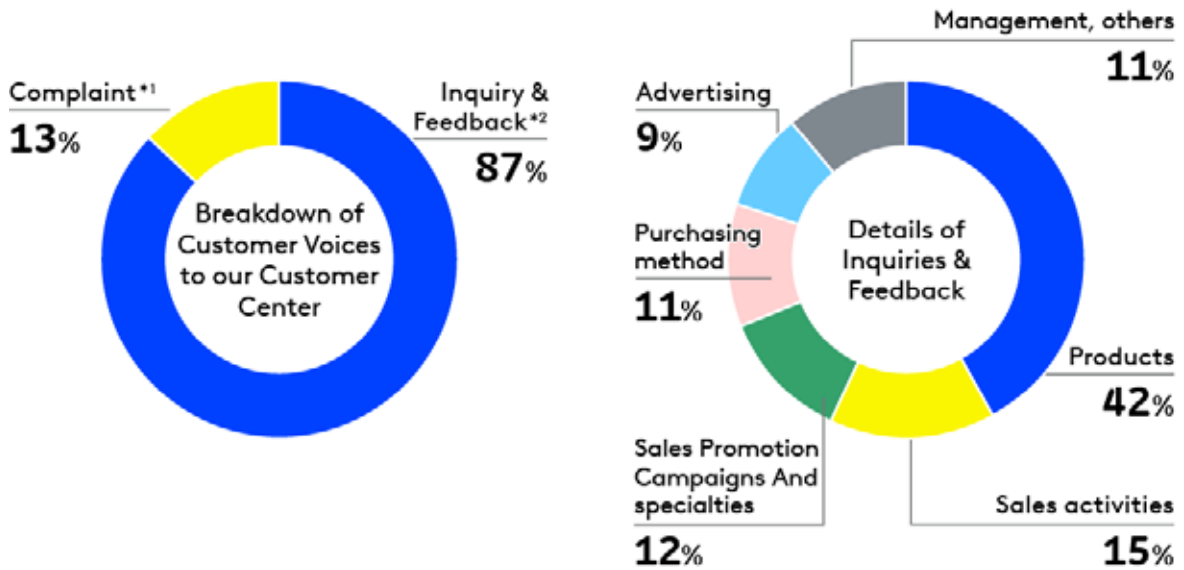
We periodically share the feedback we receive from the customers with relevant departments to strengthen our VOC activities* that reflect this feedback in our corporate activities and employees course for action, which includes improving our products and services and enhancing our provision of information.

*VOC (Voice of Customer) activities: Activity to reflect customer feedback in management policy.

Flow of Consumer information



Customer voices to our Customer Center (Results of 2022: Approx. 74,000)



*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

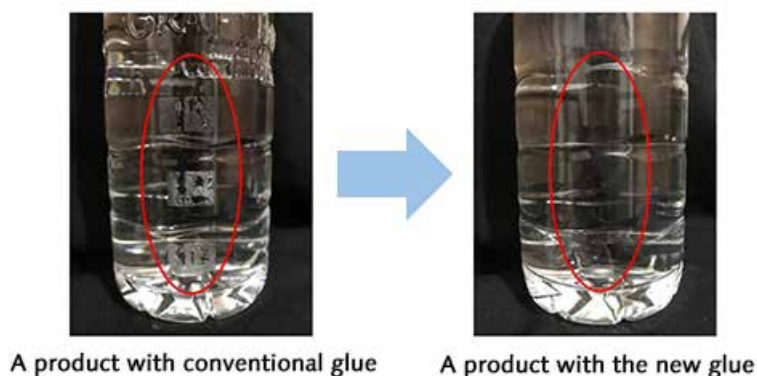
Valuing Customer Feedback for Product Development

We are aiming to improve quality, product development and the provision of information through incorporating opinions and requests from the customers. Having a point of view of the customers is crucial in developing products that are safe and easy to use. We carefully listen to the feedback of the customers, and aim to provide kinder, gentler products to all people. We listen to customer feedback carefully and use it to continuously improve our products and services. Customer feedback regarding products of other companies and products in other categories are shared with the development division to stimulate new findings from a wider perspective and make prior checks from the customer's point of view.

<Examples Utilizing Feedback in Products>

Roll label on PET bottles now uses newly developed glue that makes the label easy to remove

In response to our customer's feedback that pointed out that the label on PET bottles is difficult to remove and leaves glue residue, we have developed glue that makes it easier to remove the label while maintaining adhesive strength. The new glue will be used for a wide range of products.



Renewed bottle for Iyemon green tea "Ocha Dozo" withstands both heating and cooling

Iyemon green tea "Ocha Dozo" is popular for its PET bottle that is suitable for being served to visitors during the coronavirus pandemic. At the request of customers who want to heat the bottle up in cold months, we have upgraded the bottle that can be used for both cold and hot tea. To indicate the bottle can now withstand both heating and cooling, we have added a description saying "It is delicious either hot or chilled."



[BOSS Cafe Base] Reviving a graduated bottle

When we discontinued the scale that served as a guide for the amount of pouring so that customers could enjoy it at their preferred strength, we received requests from customers to bring it back as it was useful. We have therefore brought back the scale so that customers have an option to either pour freely or use scale as a guide.



[All-Free] Placing "purine-free" information on the front of the can

Since the "purine-free" information was removed from the front of the can due to the renewal, we have received inquiries from customers asking why the "zero purine" information has been removed. In response to this, we put the "zero purine" information back on the front of the can.



[Green tea "Iyemon"] Posting a notification on our website to inform customers of a deposit forming on the bottom of the bottle

As we received inquiries about a sediment found on the bottom of the "Iyemon" bottle, we have placed a notification on our website to inform customers that matcha used for "Iyemon" is stone-milled and leaves a sediment on the bottom the bottle, which plays an important role in bringing out the true taste of green tea.



[Maker's Mark] Posting on our website instructions on how to open red sealing wax

In response to inquiries about how to open the red wax seal of "Maker's Mark," we have posted an explanation of how to open it on our website. In addition, a guide to the website is provided on the back label.



How to open a bottle

[Horoyoi] Changing the design of "Iced Tea Sour" and "Cassis and Orange" to make it easier to distinguish between them

At the request of our customers, we have revised the design to make it easy for customers to distinguish between "Iced Tea Sour" and "Cassis and Orange" at a glance.



Expanding communication outlets: Use of Digital and Social Media tools

We work to enhance information on the Customer Center website leveraging videos and illustrations for customers who prefer to search for information online, in addition to the communication via telephone calls, letters, and emails. English inquiry form is also available to respond to inquiries from overseas customers.



Suntry Customer Center website(PC)



Suntry Customer Center website(Smartphone)

Communicating Our Consumer Oriented Initiatives To Society

The Suntry Group actively communicates its Consumer oriented management philosophy and initiatives through various media and activities.

Voluntary Declaration of Consumer Orientation and Activity Report

In April 2017, we revised our customer oriented philosophy and initiative policies passed down since the founding of Suntry to draw up and release Voluntary Declaration of Consumer orientation. The specific activities that we have undertaken based on the declaration are reported to society in the Voluntary Declaration of Consumer Orientation Activity Report. We were awarded the Commissioner award in January 2020 for the 2019 Award for good practices of consumer-oriented management hosted by the Consumer Affairs Agency.

As a company that discloses its Voluntary Declaration of Consumer Orientation, we have provided the declaration and content of activities on the Customer Affairs Agency website.

Employees with Customer Oriented Mindset

In order to promote Consumer Oriented Management, we conduct enlightenment activities for employees for nurturing customer oriented mindset.

Continuing to Meet Consumers Expectations

We focus on Customer-oriented Enlightenment Activities and culture-building, with the aim that each employee will deepen his or her understanding of changes in customer attitudes and interests, and be capable of delivering products and services that exceed customer expectations.

Overview of Internal Enlightenment Activities

Customer Oriented Spirit Cultivation

Initiative	Target	FY2022 results
Top commitment (Homepage/Video)	All employees	Held in May
Customer oriented spirit development seminar	All employees	Held from November to December
Customer oriented spirit month discussion at all departments	All departments	Held in May
Customer oriented spirit month leader program	All salea sites	Held year-round
VOC monitoring by management	Executive	Held in February

Human Resource Development

Initiative(Suntory University)	Target	FY2022 results
New manager training Lecture about "What is customer-oriented decision making?"	New managers	Held in February and August
4th year training Customer experience program	4th year employes	Held in October
New employee training Lecture on basics of customer oriented spirit	New employees	Held in April

Enhancing VOC* Contact Points

Initiative	Target	FY2022 results
Mounthly report	All employees	Once a mounth
Weekly report	Management Level	Once a week
Online seminars	All employees	Once a year

* VOC : Voice of Customer

A Series of Online Seminars

The social environment is changing drastically and what customers expect from companies is also changing constantly. Against this backdrop, we have launched a series of online seminars that look at customer feedback on various themes we set for the purpose of understanding the changing needs of customers and applying leanings to our customer-oriented thinking and acting in each of our business segments.

Through these seminars, we aim to further understand the customers' interest and the background behind the feedback we receive, and leverage this information to improve our customer-oriented mindset as well as to gain hints for our on the ground activities.



Webinar instructor

Consumer Oriented Behavior Promotion (Nurturing of Work Ethics)

Enlightenment Seminars for Suntory Group Employees

We hold the Customer Oriented Brush-up Seminar annually for all employees. Each employee listens to voices including the words of encouragement from Customers and is presented with examples of Customers oriented activities being undertaken at each site in the company to deepen a Customer oriented mindset and encourage action. In addition, seminars at each Group company nurture a Customer oriented mindset and action in all of the activities at the Suntory Group.

お客様志向経営の重要性について
SHD新浪社長からのメッセージ



(動画：約4分半)

Top message



(動画：約6分半)

Video Introducing examples of customer-oriented activities

Real-time Monitoring of Customer Calls by Management

Suntory provides a program for management to listen to calls from customers received by the customer center in real-time. Managers in charge of each department can hear the questions, concerns and opinions that customers have about Suntory products and services in daily life. This puts in place an opportunity to utilize all of this customer feedback to better address their needs.



Top management listening to customer feedback



Senior managements listening to customer feedback



Senior managements listening to customer feedback

Customer Month - For Enhancing Suntory's Customer Oriented Spirit

Designating every May as Customer Appreciation Month, we all rethink what we can do for our customers. Each department discusses "who are their customers" and "what they can do with their customer-oriented approach." In addition, each employee writes down what he or she can do on their "My Voluntary Declaration Toward Consumer Orientation Cards."



5月は5流「お客様志向」月間です

関わるすべての人々がお客様

すべての人々をお客様と見え、お客様の満足と喜びのために、私は日々の活動において以下のように取り組みます。

年 月 日

氏名

SUNTORY

私のお客様志向自主宣言

2018年5月

Front side

SUNTORY

お客様志向自主宣言

2017年4月発表

「人と自然と響きあう」という企業理念のもと、最高の品質を目指した商品やサービスをお届けし世界の人々の豊かな生活文化の発展、持続可能な地球環境の実現に貢献していきます。この企業理念の実践を通じて、よき企業市民としてお客様に支持される「Growing for Good」な企業を目指していきます。

■取組方針

1. お客様の心に響く商品・サービスをお届けします
2. お客様の立場に立って、安全・安心を確保します
3. お客様の声を企業活動に生かします
4. お客様への情報提供を充実します
5. お客様視点で行動する従業員の高士・意識を醸成します

THE SUNTORY GROUP WAY

サントリーグループWay

お客様視点で考える

すべての人々をお客様と捉え、お客様満足を第一に考えます。醸成した現場主義によりお客様の声を日々の活動に反映し、お客様の信頼と期待に応えます。

Back side

Assigning On-site Customer Relations Promotion Leaders

Beginning in 2018, we have assigned "Customer Relations Promotion Leaders" to play a central role in further penetrating and establishing customer orientation, particularly at sales offices that have many direct points of contact with customers.

Talent Development at Every Level



As a part of our Talent development program Suntory University, we carry out training in line with the career path of each employee. At first, during new employee training, participants will learn about the Suntory Group's Customer oriented spirit that has been continuously passed down since its foundation. As mid-level employees, by listening to the voices of our customers in groups and discussing their thoughts and expectations, we learn about the importance of customer orientation. Employees who are being promoted to manager are practically taught important Customer oriented decision-making techniques such as through group discussions based on case studies.

Enhancing Opportunities for Employees to Listen to Customers

We engage in activities to strengthen opportunities to share customer feedback with employees, even those who have less opportunities interacting with customers directly.

Sharing Voices of Customers via Intranet and Email

We share customer opinions and requests widely within the company on a weekly and monthly basis via the intranet and email, with the aim of having all employees respond to customer opinions about our products and corporate activities and link them to their own work and actions.



Harmonics Report provided to employees via our intranet

Communities

Policies and Our Approach

Basic Policy on Social Activities

Since first opening its doors, the Suntory Group has been involved in community contribution, arts, culture, sports and environmental activities based on the spirit of Giving back to Society. The social activities of the Suntory Group contribute to sustainable growth of its businesses while solving issues in local communities.

Suntory Group Basic Policy on Social Activities

The Suntory Group follows the principle of "Giving Back to Society" established by our founder. We actively engage in undertakings for the public benefit to create a world in which people can lead meaningful lives.

"To inspire the brilliance of life, by creating rich experiences for people, in harmony with nature," which is our corporate philosophy, we strive to deliver the highest quality products and services to customers while taking responsibility for contributing to enriching society and sustainable planet.

1. Promote activities based on the standpoint of the next generation and actual situation worldwide together with our employees around the fields of arts and culture, sports, social welfare, and the natural environment.
2. Focus on a dialog with stakeholders and work to generate links and cooperation.
3. Support the wide-range of volunteer activities of employees.

Our Initiatives

Social Contribution and Welfare

Social Contribution for Helping Prevent the Spread of COVID-19

While the COVID-19 spreads across the globe, we strive to promote social contribution activities based on our founding spirit of "Giving Back to Society" to overcome this hardship. The Suntory Group companies around the world are engaging in activities to support local communities, medical practitioners, and food and beverages industry of their respective region.

Support through the Social Welfare Organization

Social Welfare Organization Hojukai

Suntory founder Shinjiro Torii began the Hojukai in 1921 with the establishment of the "Imamiya Dispensary" free clinic in the Airin district of Osaka City to assist people living in financial hardship based on his strong belief in social contribution. The Hojukai was named by combining one Japanese kanji character of Shinjiro Torii's wife's name and one Japanese kanji character from our Kotobukiya company name from that time. During the turmoil after the Second World War, accommodation facility was provided for victims of war, people that returned from overseas and people that did not have a place to go, which are currently used as special elderly nursing home and nursery schools. Hojukai continued activities as a social welfare organization and it operates Takadonoen (special care facility for seniors established in 1974), Domyoji Takadonoen (a general-purpose welfare facility established in 2008), the Tsubomi Nursery School (1975), and the West Asahi-ku Community General Support Center (commissioned by Osaka City in April 2011).

To respond to the current needs, The Hojukai has been putting efforts in at-home nursing care services such as home-visit nursing care, outpatient nursing care, and in-home long-term nursing care services. In the spring of 2017, Tsubomi Nursery School moved to a new premise with the aim of an even more unique and comfortable facility as well as a nursery school that nurtures a wealth of sensibility.

"Hojukai," the first corporation to conduct social welfare activities in Osaka, celebrates its 100th anniversary in 2021.



Takadonoen, special care facility for seniors and Tsubomi Nursery School



Domyoji-Takadonoen, a general-purpose welfare facility



West Asahi-ku Community General Support Center

Donating Suntory Products to Children Homes with the Cooperation of Food Bank Activities

The Suntory Group has donated approximately 94,000 cases of food and drinks to entities such as orphanages, welfare institutes, community centers, and disaster affected areas since 2010 through the Second Harvest non-profit organization that engages in Food Bank activities. The products that are donated are given under the condition that they have the same quality as the products sold commercially. We also conduct the same level or quality assurance, customer service, and all other operations for those products as the products sold commercially. This program started in Tokyo Metropolitan area in 2010 and was later expanded to include Okinawa in 2013. In the future, we will continue this food bank activity to deliver the appropriate amount of food as necessary.



Endowments to inner-city children homes

Engaging in Charitable and Voluntary Activities

The Suntory Group will continue to conduct community contribution activities through charities.

Employee Volunteer Activities

The Suntory Group conducts a wide range of social contribution activities based on its spirit of Giving back to Society, but a relationship between society and every Group employee is also important.

We actively suggest that employees use time created through work style reform promoted throughout the entire Group to participate in employee volunteer activities to discover new value and serve as opportunities for individual growth.

Suntory Ladies Open Golf Tournament

Entry fees to the amateur-professional charity tournament, money from charity corner sales, etc. from the Suntory Ladies Open Golf Tournament (started in 1990) have been used to support Kobe City's disaster recovery efforts from the Great Hanshin-Awaji Earthquake. The support continued from 1995 to 2010. Since 2011, we have donated fire trucks and other equipment to Natori City and Sendai City in Miyagi Prefecture as support for disaster-affected areas that were severely damaged by the Great East Japan Earthquake. Since 2016, we have been providing recovery support to areas affected by the Kumamoto Earthquake and the Great East Japan Earthquake.

Although the 2020 event has been cancelled, we have made a donation to Hyogo Prefecture to support medical professionals.



A Fire truck donated to Natori City, Miyagi Prefecture

Suntory Dream Match

Suntory Dream Match is an event held from 1995 where proceeds from the sales of beer and other beverages, baseball goods, charity seats, as well as part of the proceeds from the sales of baseball uniforms signed by participating athletes are used as donations to organize baseball and catch ball classes with the participation of active and retired professional baseball players in order to support the recovery of baseball in the Tohoku region since 2016.



A baseball workshop held in Kumamoto Prefecture in November 2020



Catch ball class in disaster affected areas using charity

Disaster Recovery Support

The Suntory Group launched programs to support programs that aim to build the future of Tohoku and Kumamoto as part of the initiatives to continue supporting the recovery activities in the regions after the Great East Japan Earthquake and Kumamoto Earthquake.



Support for Disaster Areas

The Suntory Group provides help to the people and places afflicted by disasters by providing relief contributions and drinking water when large disasters strike Japan or other countries.

Main Donations

Year	Incident	Amount Donated	Beneficiary	News release
2010	2010 Canterbury (Darfield) Earthquake (New Zealand's South Island)	3.25 million yen	Christchurch Earthquake Appeal Trast	
2010	Haund-foot-and-mouth Disease Outbreak in Miyazaki Prefecture	10 million yen	Miyazaki Prefecture, and the Miyazaki Community Chest Association Social Welfare Organization	Suntory Relief Aid for Haund-foot-and-mouth Disease in Miyazaki Prefecture (in Japanese only)
2010	Chilean Earthquake	50 million yen	Chile Embassy	Suntory Relief Aid for Earthquake Recovery in Chile
2010	Haiti Earthquake	10 million yen	The Japanese Red Cross Society	Suntory Haiti Earthquake Aid
2011	Thailand Floods	Approx. 2.5 million yen	The Government of the Kingdom of Thailand	Support for Recovery from Flood Damage in Thailand
2011	Christchurch Earthquake (New Zealand's South Island)	6.2 million yen	New Zealand Red Cross	Earthquake Relief Donation, to New Zealand
2011	Queensland Floods, Australia	8 million yen	Queensland Fund, Disaster Relief Appeal	Flood Relief Donation to Queensland, Australia
2011-	Great East Japan Earthquake	4.3 billion yen in 2011 2.0 billion yen in 2012 2.5 billion yen in 2013 2.0 billion yen in 2014 (total: 10.8 billion yen)	Iwate Prefecture, Miyagi Prefecture, Fukushima Prefecture, Save The Children Japan, et al.	Relief Donation for Earthquake in the Tohoku Region of Japan
2014	Landslide disasters in Hiroshima	1 million yen	Chugoku Shimbun Social Welfare Services Corporation	
2015	Nepal Earthquake	3 million yen	Nepal Earthquake	
2016	Kumamoto Earthquake	100 million yen in May 2016 300 million yen in October 2016	Kumamoto Prefecture	Release of Contributions to Kumamoto Prefecture
2017	Storm Disaster in Northern Kyushu	Fukuoka Prefecture (5 million yen) Oita Prefecture (5 million yen)	Fukuoka Prefecture/Oita Prefecture	Relief Donation for the Storm Disaster in Northern Kyushu
2017	Massive Hurricane Disaster in United States	Approx. 110 million yen (1 million dollars)	American Red Cross	About Aid Following the Massive Hurricane Disasters in the United States
2017	Earthquake in Mexico	Approx. 22 million yen (200,000 dollars)	Mexican Red Cross	About Aid Following the Earthquake in Mexico
2017	Hurricane Maria, the Virgin Islands	Approx. 55 million yen (500,000 dollars)	Virgin Islands Aid Fund	

Year	Incident	Amount Donated	Beneficiary	News release
2018	Torrential Rains of July 2018 (in Western Japan)	900 million yen (Hiroshima, Okayama, and Ehime Prefectures received 300 million yen each)	Hiroshima Prefecture: Japanese Red Cross Society Hiroshima Okayama and Ehime Prefectures: Aid provided directly to each prefectural government	Information About the Donations for the Torrential Rains of July 2018
2018	Hokkaido Eastern Iburu Earthquake	100 million yen	Hokkaido	Information About Support Provided for the 2018 Hokkaido Eastern Iburu Earthquake
2018	Midousuji Gingko Namiki Damage by Typhoon No.21	50 million yen	Osaka City	
2019	Typhoon No.15	50 million yen	Chiba Prefecture	Suntory Pledges ¥50 million to support Typhoon No. 15 Relief and Recovery
2019	Typhoon No.19	550 million yen	Iwate Prefecture, Miyagi Prefecture, Fukushima Prefecture, Ibaraki Prefecture, Tochigi Prefecture, Gunma Prefecture, Saitama Prefecture, Kanagawa Prefecture, Niigata Prefecture, Nagano Prefecture and Shizuoka Prefecture	Suntory Pledges ¥550 million to support Typhoon No. 19 Relief and Recovery
2020	Bushfire Relife and recovery in Australia	\$500,000 AUD	Australian Red Cross, the New South Wales Rural Fire Service and the New South Wales Wildlife Information Rescue and Education Service (WIRES)	SUNTORY GROUP PLEDGES \$500,000 TO SUPPORT BUSHFIRE RELIEF AND RECOVERY IN AUSTRALIA
2020	Australian Bushfires	50 million yen	Kumamoto Prefecture	Suntory Pledges ¥50 million to support the Relief and Recovery of the Kumamoto area affected by the heavy rain
2021	COVID-19 Relief in India	\$600,000 (approx. INR 44,184,000)	British Asian Trust Confederation of Indian Industry National Restaurant Association of India Government-led relief efforts	Suntory Holdings and Beam Suntory Donate \$600,000 to Organizations Supporting COVID-19 Relief in India
2021	Tornados in Kentucky	\$1 million	Team Western Kentucky Tornado Relief Fund American Red Cross's Disaster Relief Fund	SUNTORY HOLDINGS AND BEAM SUNTORY CONTRIBUTE \$1 MILLION TO SUPPORT RECOVERY FROM DEVASTATING TORNADOS IN KENTUCKY
2022	Tonga's Volcanic Eruption and Tsunami	US \$87,700 (10 million Japanese yen)	Kingdom of Tonga	Suntory Group to Donate Over US \$100,000 to Support Tonga's Volcanic Eruption and Tsunami Response
2022	Humanitarian Assistance in Ukraine	\$600,000	Humanitarian organizations such as the United Nations World Food Programme (WFP)	Suntory Group to Support Humanitarian Relief Efforts in Ukraine
2023	Maui Fire and Disaster Relief	US \$70,000	Maui Strong Fund, Hawai'i Community Foundation	Suntory Holdings to Donate US \$70,000 To Support the Maui Fire and Disaster Relief

Providing Free Beverages When Disasters Strike

Suntory Foods Ltd. has developed and is furthering the installation of emergency beverage vending machines. This system normally sells beverages from vending machines in peace times but will provide them for free during emergencies such as when disasters strike. Beverages can be easily accessed even if the power goes out. Many people used this system after the Great East Japan Earthquake that struck in March of 2011. We are furthering the installation on premises with focus on public facilities and hospitals.



Emergency beverage vending machine

Coexisting with Communities around Our Plants

The Suntory Group's major plants are making efforts to engage in dialogue with local residents. We also work to provide venues for interacting with the local community through measures such as opening parks and trails created at our plants. We have third parties conduct environmental impact assessments when we construct new plants and work to get the understanding of the people who neighbor the site. We also make efforts to harmonize the plants with nature by preserving the sites' biodiversity and pursuing greening initiatives on their grounds.

Promoting Greening of Plants

The Suntory Group's plants consider biodiversity and promote greening that is in harmony with local environment, receiving awards in various locations as model green plants.

Model greening plant commendation (hosted by Japan Greenery Research and Development Center)

Year of commendation	Plant of commendation	Name of commendation
1987	Suntory Tonegawa Brewery	Tokyo Commerce and Industry Bureau Director's Award
1989	Hakushu Distillery	Prime Minister's Award
1993	Azusa-No-Mori Plant	Minister's Commerce and Industry Prize
2002	Yamazaki Distillery	Minister Prize of Economic, Trade and Industry
2006	Kyushu Kumamoto Plant	Japan Greenery Research and Development Center Award
2008	Takasago Plant	Japan Greenery Research and Development Center Award
2014	Suntory Tonegawa Brewery	Minister Prize of Economic, Trade and Industry
2014	Kyushu Kumamoto Plant	Minister Prize of Economic, Trade and Industry
2014	Haruna Plant	Japan Greenery Research and Development Center Award
2019	Kyushu Kumamoto Plant	Prime Minister's Award

Other greenification commendations

Year of commendation	Plant of commendation	Name of commendation	Hosted by
1986	Kyushu Kumamoto Plant	Kyushu Bureau of Economy, Trade and Industry Greenery Award	Kyushu Bureau of Economy, Trade and Industry
1997	Suntory Tonegawa Brewery	National Arbor Day Awards Grand Prize in the Contest for Environmental Greening	Gunma Prefecture
2005	Kyushu Kumamoto Plant	Prize for Kumamoto Scenery/Prize for Local Scenery	Kumamoto Prefecture
2011	Okudaisen Bunanomori Natural Mineral Water Plant	Award from The Japanese Society of Revegetation Technology (Technology Award)	The Japanese Society of Revegetation Technology

Dialogue with Customers through Plant Tours

We offer plant tours of our breweries, whisky distilleries, wineries, and natural mineral water plants so that more people can become familiar with our dedication to good taste and safety, our concern for the environment, and the approaches we take through our products. While viewing our production processes, visitors will be provided with easy to understand explanations about the detail that goes into our work and enjoy tasting and other activities. In addition, special seminars to learn the commitment toward brewing beer and ways to enjoy whisky are held, attracting approximately 660,000 visitors each year.



Natural mineral water plant tour



Special seminar held at a beer plant

Suntory "Land of Water" Kumamoto Support Project

Supporting Kumamoto Earthquake Recovery Efforts

Suntory Holdings Ltd. started Group-wide recovery support activities as the Suntory Land of Water Kumamoto Support Project to support the revitalization of Kumamoto after the earthquake that struck in 2016.

We have delivered approximately 210,000 bottles of Suntory Tennensui mineral water in April 2016 and contributed 100 million yen in relief aid to municipalities affected by the Kumamoto earthquake in May 2016.

Thereafter, Suntory decided to provide additional support of ¥300 million in October 2016. We launched the Suntory Land of Water Kumamoto Support Project, and we will continue to focus on activities that ensure the sustainability of groundwater in the Kumamoto region as well as those that support the livelihoods of the community members in affected areas through culture, arts, and sports based on the desire to contribute to the recovery of the prefecture as a company with the Suntory Kyushu Kumamoto Plant located in Kumamoto.



More information about these initiatives

Activities to Contribute to Sustainably of Groundwater in the Kumamoto Area

Suntory Kumamoto Groundwater Mirai Project

「サントリー熊本地下水みらいプロジェクト」



Recovery of Winter Rice Fields



Renovations



Planting Event



Long Awaited Harvest

Activities to Support the Mind and Body Through Culture, Arts and Sports

Holding sports classes

We hold volleyball and rugby classes by Suntory's sports teams and baseball classes in disaster affected areas.

Number of participants

Approx. **2,200**



Suntory SUNGOLIATH
Rugby Classes



Watching tour of RUGBY WORLD CUP
JAPAN 2019 with Suntory SUNGOLIATH



Suntory SUNBIRDS
Volleyball Classes

Suntory Dream Match Live



Vienna Philharmonic Recovery & Remembrance Concert

In cooperation with the Vienna Philharmonic Orchestra, we established a fund, and, in addition to presenting performances by orchestra members, we provided grants and technical support to local organizations.

Number of participants

Approx. **1,300**



Recovery & Remembrance Concert Led by Super Kids Orchestra Yutaka Sado

Supporting recovery concert activities since 2015 by Super Kids Orchestra led by international conductor and Super Kids Orchestra Artistic Director Yutaka Sado.

Number of participants

Approx. **3,000**



"Minna no Machi" concerts held through the cooperation of Kumamoto Prefectural Theater, the Kyushu Symphony Orchestra, and Suntory

We have been holding concerts at elementary schools, public halls, and other locations around the Kyushu Kumamoto Plant in cooperation with Kumamoto Prefectural Theater and the Kyushu Symphony Orchestra since 2018.

Number of participants

Approx. **3,000**



Community Support

Support Activities Using Suntory Capital Expanded with Focus on Kashima, Mashiki and Mifune around the Kyushu Kumamoto Plant in Kyushu

In cooperation with Suntory Flowers, we deliver flower seeds and flower pots to local people and hold workshops



Everyone Afflicted by the Disaster from Kashima, Mashiki and Mifune around the Kyushu Kumamoto Plant in Kyushu Invited to a Plant Tour

Invited people living in temporary housings in Kashima, Mashiki and Mifune around the Kyushu Kumamoto Plant

Number of participants
Approx. **850**



Kumamoto Future Vision Program



Five years after the Kumamoto Earthquake, and beyond.

In 2021, Suntory, as a local company, will continue to think about the future of Kumamoto together with the next generation and continue our efforts to be close to the community.

The Suntory Tohoku Sun-Sun Project

Activities to Support the Recovery from the Great East Japan Earthquake

The Suntory Group is expanding its support for recovery from the Great East Japan Earthquake. Immediately after the earthquake, the Suntory Group provided 1 million bottles of mineral water as emergency relief supplies and donated ¥300 million to the three affected prefectures. We also worked to provide support for the reconstruction with contributions equivalent to a total of 10.8 billion yen: 4 billion yen in 2011, 2 billion yen in 2012, 2.5 billion yen in 2013, and 2 billion yen in 2014.

The Suntory Group launched the "Suntory Tohoku Sun-Sun Project" and actively continues its support activities with focus on "Support Recovery of the Fishing Industry," "Youth Support Initiatives," "Challenged Sports," and "Support through Culture, the Arts, and Sports" with the hope to bring warm light like the sunshine, and smiles and joy to disaster affected areas.

We support the purchase of fishing vessels, fishing equipment and fixed fishing nets to assist the early recovery of the fishing industry. We award grants to students at fisheries high schools, provide a safe and secure environment for children to learn and play such as childcare facilities, and support NPOs that help children such as Save the Children Japan. We engage in other various cultural and sports activities to bring smiles and joy.

Since 2014, we have been providing support for Challenged Sports in Iwate, Miyagi, and Fukushima prefectures, based on our desire to deliver hopes and dreams. We will donate the equivalent of 1 billion yen over the period of six years focusing on Challenged Athlete Subsidy aimed at supporting individual athletes and organizations, Challenged Sports Academy aimed at providing opportunities mainly for children to experience challenged sports and engage with athletes, and Challenged Sports Training Support aimed at popularizing, strengthening and supporting them.

In February 2021, thinking that there must be something we can do to help the efforts of these people in Tohoku, we started the "Mirai Challenge Program." To help build the future of Tohoku, this program will provide support through grants to people working toward regional revitalization in the prefectures of Iwate, Miyagi, and Fukushima.

SUNTORY
東北サンせん
プロジェクト
 since 2011

Result of Support

Recovery Support for the Fishing Industry

Donating to the reconstruction of the prefectures' fishing industries

To support early reconstruction through the auspices of prefectural governments, Suntory donated ¥3.0 billion to Miyagi Prefecture and ¥2.5 billion to Iwate Prefecture



Support to cover costs of acquiring fishing vessels

To ease the burden on fishermen, the Suntory Group is acting through the auspices of Miyagi Prefecture and Iwate Prefecture to shoulder a portion of the costs to acquire new fishing vessels. The Group is supporting the restoration of about 10,000 vessels of all sizes and types, from deep-sea tuna vessels to squid fishing vessels

Amount of support to cover costs of acquiring fishing vessels

Approx. **10,000** ships



Support to restore fishing-related facilities

Donations for the reconstruction of the fishing industry in Miyagi Prefecture and Iwate Prefecture are also used in the restoration of fixed fishing nets and aquaculture facilities

Amount of support for fishing vessels

Approx. **1,100** locations

Amount of support for fixed shore nets

Approx. **400** locations



Youth Support Initiatives

Scholarships for fisheries high schools

For five years beginning in 2012, the Suntory Group is providing free scholarships to disaster affected students at seven fisheries high schools

Number of scholarship recipients (total)

Approx. **3,000**



Support for building a place for children in Fukushima to learn and play

We build childcare facilities, hold workshops conducted by various Suntory Group companies, provide training for instructors, excursions, etc. so that children in Fukushima Prefecture can learn and play in safety

Number of childcare facilities built

5 facilities

Number of outdoor activity participants such as summer camps

Approx. **8,800**



Providing assistance to NPOs that support the children of Fukushima

We provide three year aid for organizations that provide intensive support to children in Fukushima Prefecture who have been living in evacuation centers for long period of time

Number of organizations that were awarded grants

57 organizations



Construction of Ishinomaki City Children's Center "Raitsu" and Yamada Fureai Center "Hapine"

We provided aid for the total cost of construction for the Ishinomaki City Children's Center "Raitsu" (Miyagi Prefecture) and Yamada Fureai Center "Hapine" (Iwate Prefecture) facilities that were planned and designed by the children

Number of Ishinomaki City Children's Center "Raitsu" users annually

Approx. **3,300**

Number of Yamada Fureai Center "Hapine" users annually

Approx. **67,000**



Cooperative program through music with the TOMODACHI Initiative

We are supporting students in disaster affected areas to attend music school in the United States with the cooperation of the TOMODACHI Initiative led by the US Embassy and U.S.-Japan Council. In the TOMODACHI Suntory Fukushima Mirai Music Program, we provide opportunities for the music club of Fukushima Futaba Mirai Gakuen High School to learn at workshops conducted by the New York Philharmonic orchestra in the United States

Donation

Approx. \$ **1,000,000**



Supporting Challenged Sports

Challenged sports experience classroom

We have been holding classes where children from Iwate, Miyagi, and Fukushima prefectures can experience playing various Challenged Sports together with challenged athletes from the Tohoku region

Number of participants

Approx. **1,000**



Visits by athletes

Athletes visit schools to provide children at elementary schools and junior high schools in areas affected by the disaster to allow them to experience wheelchair basketball and conduct boccia experience activities at special needs schools

Number of participants

Approx. **4,646**



Challenged athlete subsidy

We provide grants to individuals and organizations as a way to support the training of athletes on par with global standards and to develop and popularize challenged sports

Individual

Total **294** people

Organization

Total **129** teams

(As of January 2020)



Challenged sports training support

We support strengthening the base and improving the environment of Challenged Sports through renovating public facilities and donating sports wheelchairs in order to develop and popularize them

Hosting introductory workshops for wheelchair sports to cultivate challenged sports coaches in each prefecture

Sports wheelchairs

35

STT table-tennis tables

5

Facility renovations

3 locations

Introductory Workshop to Wheelchair Sports

Held **13** times



Support through Culture, the Arts and Sports

Vienna Philharmonic & Suntory Music Aid Fund

Together with the Vienna Philharmonic Orchestra, Suntory is providing aid for music-related initiatives and is bringing concerts to the disaster affected areas

The number of attendees at Concerts for Kids

Approx. **14,000**

Performance held by Vienna Philharmonic & Suntory Music Aid Award activities

128 organizations



Suntory and Japan Kogei Association Omoshiro Bijutsu Classroom in Tohoku

The Suntory Group conducted visit to schools by designated Preservers of Important Intangible Cultural Properties (also known as Living National Treasures) and other traditional handicraft artists

Number of participants in the Omoshiro Bijutsu Classroom

Approx. **1,200**



Suntory Museum of Art Traveling Exhibition

We hold exhibitions of Japanese art with items in the collection of Suntory Museum of Art in Sendai City and Koriyama City

Number of visitors

Approx. **14,000**



Michinoku Wind Orchestra

We operate a project which provides an opportunity for junior high and high school brass band members in disaster-affected areas to ultimately perform at Suntory Hall afterpractice.

Number of participants

Approx. **350**



Music for Everyone Concert held by Suntory and the Sendai Philharmonic Orchestra

Touring concerts were held for disaster affected area in Tohoku from 2016 through collaboration with the Sendai Philharmonic Orchestra centrally located in Sendai.

Number of participants

Approx. **5,000**



Inviting the people from the disaster affected areas to cultural and sports events

We invited the people from the disaster affected areas to cultural events, such as Suntory Presents Beethoven's 9th with a Cast of 10,000, and sports events, such as Suntory Dream Match and international rugby match

Number of visitors to cultural events

Approx. **9,400**



Number of visitors to sporting events

Approx. **21,500**



Holding sports workshops

Each year we hold volleyball, rugby and baseball workshops led by Suntory's sports teams in disaster affected areas

Sports workshop participants and competition attendees

Approx. **6,200**



Mirai Challenge Program

Thinking that there must be something we can do to help the efforts of these people in Tohoku, we started the "Mirai Challenge Program"

This new program will award a total of approximately

100 million JPY over

three years from July 2021 to June 2024 (approx. 30 million JPY per year) to groups or individuals seeking to start new projects to revitalize the local community in Iwate, Miyagi and Fukushima prefectures.

In 2022, as Phase1 and Phase2, we support 74 challenges.



Supporting Challenged Sports

The Suntory Group started supporting challenged sports in 2014 as part of our recovery support for the disaster-stricken Tohoku region.

In 2015, we have worked broadly in efforts such as expanding and strengthening our initiatives while bringing together athletes to reach beyond the framework of recovery support.

PASSION FOR CHALLENGE — Reaching for Dreams United —

Challenged athletes have the resolve to persevere beyond any limitations regardless of disability.

Suntory has been forging avenues to a variety of new fields since its founding based on the "Yatte Minahare" challenging spirit.

This is exactly the reason Suntory empathizes with the passion and perseverance of these athletes. We are broadening these activities based on our desire to support the athletes to overcome any challenges and support their infinite potential.

1. Official Partner

- (1) Japanese Para-Sports Association (From 2015)
- (2) Japan Wheelchair Basketball Federation (From 2015)
- (3) Wheelchair Basketball Teams: Miyagi MAX and TEAM EARTH (Fukushima)
Russell Iwate and SCRATCH (From 2015)
- (4) Japan Table Tennis Federation For Intellectual Disability (From 2020)



2. Hands-on Classrooms

We have held more than 47 hands-on basketball clinics by inviting instructors from Miyagi MAX and other teams to teach at elementary and junior high schools as well as other public facilities, to cultivate awareness and popularize challenged sports.

From 2023, wheelchair basketball clinics called "athlete visit" will be held for elementary and junior high school students in the suburbs at the TOKYO ARIAKE ARENA, which is known as a sacred place for wheelchair basketball.

We also offer experience in a broad range of competitions from blind soccer and blind marathons to chair skiing and boccia.

Number of Participants: Cumulative Total of Approx. 5,500
(As of January 2020)



3. Suntory Challenged Athlete Subsidy

We provide grants to Iwate, Miyagi, and Fukushima prefectures with the aim of training and empowering athletes at a global level.

Grant Recipients: 294 Individuals/129 Organizations (Total of approx. 206,000,000 yen)

(As of January 2020)

In 2023, through the Suntory Challenged Sports Athletes Incentive Program, we support the activities of young athletes and sports organizations throughout Japan who are recommended by the 57 areas para-sports associations.



4. Introductory Workshop to Wheelchair Sports (Offering to Persons with No Experience and Supports of Wheelchair Sports)

The goal of these workshops is to expand the range of wheelchair sports. 13 clinics have been held in Iwate, Miyagi and Fukushima prefectures up until now by inviting Daisuke Hashimoto, who acquired a rehabilitation sports instruction license from the German Paralympic Committee, as the instructor.

5. Sports Equipment Donations/Sports Facility Renovations

Suntory has donated sports equipment such as competitive wheelchairs to Iwate, Miyagi and Fukushima prefectures and conducted renovations of facilities, including the gymnasium where Miyagi MAX trains in order to facilitate an appropriate challenged sports environment.

Facility renovations: 3 locations; Sports wheelchairs: 35; STT table-tennis tables: 5



6. Event Sponsorship

We sponsor and support the operation of the events below to popularize wheelchair basketball as well as put in place a competitive environment.

We are conducting various initiatives to bring even greater affinity to these sports. (FY2019 Results)

(1) Wheelchair Basketball Championship Emperor's Cup

Sponsorship of the competition and expansion of various measures as a special sponsor

- Wheelchair Basketball Hands-on Booth Exhibition and Give-away Sample Program

A Wheelchair Basketball Experience Corner with VR video gives everyone a first-hand simulated experience from the eyes of the athlete during a match

- Suntory Wheelchair Basketball Corner

Hands-on shooting corner installed for everyone to try shooting hoops from an actual wheelchair

- Secondary Awards

Winners of the MVP, Score Leader and Special Suntory Yatte Minahare-Go for it Prizes receive 1-year of suntory products

(2) International Women's Wheelchair Basketball Friendship Games OSAKA CUP

(3) World Challenge Cup International Wheelchair Basketball Competition

(4) Kitakyushu Champions Cup International Wheelchair Basketball Competition

7. Employee Participation and Enlightenment

- (1) Suntory conducted hands-on wheelchair basketball clinics as well as demonstrations through National Team athletes at the softball competition for employees of the Suntory Group who work in the Kanto region (approx. 3,600). The rugby and volleyball teams from Suntory participated to bring about an exchange through sports which eliminates any boundary felt due to a disability. (Conducted since 2015)
- (2) Competition Spectators (Number of Participants Watching and Cheering on Athletes in 2018: Approx. 510)
The Japan Para Championships (2015), Kitakyushu Champions Cup International Wheelchair Basketball Competition (2015,2016,2017,2018,2019,2022), 2015 IWBF Asia-Oceania Championship Cup (2015), International Women's Wheelchair Basketball Friendship Games OSAKA CUP (2016, 2017,2018,2019, 2020,2023), Japan Wheelchair Basketball Championship (2016, 2017, 2018, 2019,2023) and the World Challenge Cup International Wheelchair Basketball Competition (2017, 2018, 2019) were widely announced to employees.
- (3) Competition Volunteers
A total of 15 people participated in the All-Japan Wheelchair Basketball Championship (2016), the Japan Wheelchair Rugby Championships (2016) and hands-on classrooms.



8. Video Produced to Explain Wheelchair Basketball Rules

Suntory produced a video to describe the rules of wheelchair basketball in an easy-to-understand manner through animation to show at competitions such as the All-Japan Championships to bring greater awareness to wheelchair basketball.



9. A VR Video Gives Everyone a First-hand Perspective from the Eyes of Wheelchair Basketball Athlete During Competition

Suntory produced a VR video with the participation of Japan National Team members (2016) to simulate the perspective of the athletes during a match to demonstrate the intensity and grace of wheelchair basketball.



10. Publishing OUR PASSION Project Series on the Suntory Homepage

We publish OUR PASSION about perseverance through interviews with athletes and staff who are involved with Suntory Challenged Sports Projects to bring enlightenment and popularize both the players and the sports.



11. Activity Support for Challenged Athlete Mami Tani (Formerly Mami Sato)

Mami Tani participated in 3 Paralympic Games in a row with a long jump. She turned to paratriathlon from 2016, participated in the 2020 Tokyo Games where she gave a bid speech, and served as the flagship of the Japanese team at the opening ceremony. She is also engaged in a variety of CSR activities, including disaster recovery assistance.



12. Start up "Parasports Design College"

Co-sponsored by Athletic Communication Co., Ltd. which operates the internet sports media "SPORTS BULL," this is a year-long project in which university students, who will lead the next generation, will think, take action, and communicate about a symbiotic society using para-sports as a starting point. Focusing on wheelchair basketball, university students themselves will broadcast live games and interview athletes, and will continue to disseminate various contents. We hope that university students will think and communicate on their own, which will lead to the learning of university students for the appeal of para-sports.



Empowering Children & Youth

Policies and Our Approach

Basic Policy on Social Activities

Since first opening its doors, the Suntory Group has been involved in community contribution, arts, culture, sports and environmental activities based on the spirit of Giving back to Society. The social activities of the Suntory Group contribute to sustainable growth of its businesses while solving issues in local communities.

To support the development of the next generation, we provide opportunities for children to experience the best in such fields as music, art, sports, and environmental education. As the birthrate declines and the importance of nurturing the next generation increases, we are strengthening these activities to support the development of rich individuality and character in children.

Suntory Group Basic Policy on Social Activities

The Suntory Group follows the principle of "Giving Back to Society" established by our founder. We actively engage in undertakings for the public benefit to create a world in which people can lead meaningful lives.

"To inspire the brilliance of life, by creating rich experiences for people, in harmony with nature," which is our corporate philosophy, we strive to deliver the highest quality products and services to customers while taking responsibility for contributing to enriching society and sustainable planet.

1. Promote activities based on the standpoint of the next generation and actual situation worldwide together with our employees around the fields of arts and culture, sports, social welfare, and the natural environment.
2. Focus on a dialog with stakeholders and work to generate links and cooperation.
3. Support the wide-range of volunteer activities of employees.

Our Initiatives

Suntory *Mizuiku*-Education Program for Nature and Water

Suntory *Mizuiku*-Education Program* for Nature and Water started in 2004 in Japan. The program is unique to Suntory designed for the next generation to realize the beauty of nature and the importance of water and the forests that nurture the groundwater. It also inspire them to think about what each can do for sustainability on water. The program centers on two activities: Outdoor School of Forest and Water and Teaching Program at Schools. It started online in 2020. As the Suntory Group's business activities expand worldwide, we also started to develop the program overseas in 2015. In addition to the Japanese program, the global *Mizuiku* program promotes activities tailored to local water issues.

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



Plastics-related Educational Opportunities

The Suntory Group uses large numbers of PET bottles in its business activities. As such, we are working to realize a sustainable society by promoting understanding of recycling initiatives and separated PET bottle collection through external seminars aimed at building awareness on the part of young people. An example would be the agreement we concluded in 2021 with Waseda University to help realize a resource-recycling society. At elementary and junior high schools in municipalities with which we have concluded agreements, we conduct classes to promote awareness and understanding of "bottle to bottle" horizontal recycling and proper separation of PET bottles, and give students a chance to think about recycling and resource circulation.



Supporting the Development of Children through Music

Suntory Hall operates a variety of programs for youth and children to provide opportunities for experiencing the excitement of live performances by top-class musicians and to develop a rich sense of humanity through music.

Subscription Concert for Children

Suntory Hall has held the "Subscription Concert for Children" since 2001 with the hope to establish a tradition of regular visits to concert halls in children and bring classical music into their lives. This is Japan's first subscription orchestra concert for children. We collect and adopt illustrations for the flyers and the theme song for the season from the children in a format that allows children to not only listen but also participate. A program in which children selected through audition can perform as a member of the orchestra or as a soloist performing piano with a professional pianist. In 2021, the new project was launched to connect children with musicians, inviting young composers to write a new song using a short melody written by a child.



A four-hand piano performance by a young soloist, who passed an audition, and Michie Koyama, one of Japan's top pianists, with the orchestra



Young musicians passed an audition win an opportunity to perform with Tokyo Symphony Orchestra

Suntory Hall Keizo Saji Junior Program Seat

To commemorate the aspirations of the late Keizo Saji, the founding President of Suntory Hall, who strongly believed that the love of classical music should be fostered in younger generations, Suntory Hall selects the most appropriate concerts held at Main Hall for some pairs of elementary and junior high school students and parents to be invited.



Keizo Saji Junior Program Seat



Suntory Hall Academy

Suntory Hall Academy, comprised of the Opera Academy and Chamber Music Academy, is geared towards young musicians who are on their way to becoming professionals. In addition to receiving coaching from the world's leading artists, fellows (academy members) attend regular workshops to deepen their musical knowledge and perform in actual concerts.



Giuseppe Sabbatini, one of world's acclaimed Tenor, also gives lessons in person as the Executive Faculty of Opera Academy.



Some alumni and fellows of Chamber Music Academy won international competitions and broaden their career internationally.

Musical Instrument Loaning Program for Students

Every year since 2014, the Suntory Foundation for the Arts has loaned a world-class violin for three years free of charge as the "Suntory Foundation for the Arts Special Prize" in the "All Japan Student Music Competition (sponsored by the Mainichi Newspapers), Violin Division, Junior High School Division and High School Division." So far, 13 young musicians have received the loan. Violinist Mako Ochiai received the 3rd Suntory Foundation for the Arts Special Prize for Famous Instruments in 2016 and is a member of the "Yutaka Sado and Super Kids Orchestra," of which Suntory is a project partner. The orchestra delivered music through Suntory's activities to support the disaster-affected areas, "Suntory Tohoku Sun-San Project" and "Suntory Water Country Kumamoto Support Project." In addition, the orchestra is furthering its studies as a student of the "Suntory Hall Chamber Music Academy" for young musicians who have begun their professional careers. (As of April 2023) Suntory supports the activities of the next generation of young performers by providing them with new opportunities through a variety of activities.



The Super Kids Orchestra with Yutaka Sado



Mako Ochiai performs with the Super Kids Orchestra at the Suntory Tohoku Sun-san Project concert tour (Iwate, 2018)



Mako Ochiai participates in a lesson at the Suntory Hall Chamber Music Academy



Violin crafted in 1669 by Jacob Stainer, loaned to Mako Ochiai by the Suntory Foundation for the Arts (2016)

Supporting the Development of Children through Art

Aiming to become a museum where children are always there, we provide various programs which children can easily enjoy art and nurture the mind to love art.

Offering Learning Programs

The Suntory Museum of Art is actively working to proliferate education to the next generation according to the "Art Revised, Beauty Revealed" museum message.

We offer free admission to children in junior high school and younger, and also distribute activity sheets. This tool not only guides users to notable areas of interest, but also cultivates a spirit to enjoy free inspiration brought by appreciation. Various learning programs that can be enjoyed by both children and adults are offered at each exhibition. In addition to lectures and workshops, online video streaming is now available as well. Moreover, as a "school program," we invite children and students in elementary and junior high schools mainly from Minato-ku to visit as well as teach art at those schools.



Activity sheet for children



Art Club for junior high and high school students

All Day Kids' Museum!

All Day Kids' Museum! is a special event when the museum is open to elementary and junior high school students as well as their guardians on a day that the museum is normally closed during which a variety of educational programs are held. This event has been held once a year since 2014. While viewing exhibitions as they enjoy things such as doing quizzes and drawing sketches using a worksheet, we provide a complete museum experience through specialized programs for children, including interactive art appreciation, workshops, and a museum tour. Since 2020, we have offered videos and other online programs to enable guests to enjoy from the comfort of their home.



Online video program



In-house program

Art Kids Club Iro-Iro Do-Re-Do-Re

This joint project of Suntory Hall and Suntory Museum of Art is a creative art experience and appreciation program for preschool children aged 3 to 6.



Suntory Hall and Suntory Museum of Art joint workshop



Art Kids Club Iro-Iro Do-Re-Do-Re

Supporting the Development of Children through Sports

The Suntory Group runs a variety of activities designed to support the healthy development of children's minds and bodies through sports. As part of the activity, Suntory's sports teams, Tokyo Suntory SUNGOLIATH and Suntory SUNBIRDS promote their sports.

The athletes and staff of the two teams hold workshops to directly teach children. In addition, the SUNGOLIATH instructs at rugby schools and operates rugby sports events while the SUNBIRDS instructs local volleyball teams and students and supports the operation of volleyball tournaments, to cooperate in offering opportunities for children to experience sports. Wheelchair basketball workshops are also held for elementary and junior high school students to promote and nurture wheelchair basketball in Challenged Sports.



Rugby workshop



Volleyball workshop



Wheelchair basketball experience event

Support through the Hibarigaoka Gakuen

The Hibarigaoka Gakuen has been supporting integrated education from kindergarten to high school since Shinjiro Torii became the first chairperson in 1950. Shinjiro Torii places importance on being devoted to one's parents and kept saying "a person who is devoted to his own parents can do anything well." The founding spirit has been passed down today and the school engages in educating people based on the belief that "Parents wish for the growth of their children, and children are grateful and respectful of their parents, and this natural human spirit is the basis for the family circle and the desire to serve society." From 2008, as educational supports of next generation, we have provided primary school and junior high school students environmental curriculum on flower (*Hanaiku*) and water (*Mizuiku*) and out of school activities.



Planting trees at the outdoor education classes

Nurturing Challenging Spirit through Experiencing Camping at an Uninhabited Island

Since 2007, the Suntory Group has been promoting Yoshima Project in cooperation with Kobe YMCA which operates a camping site in an uninhabited island in Shodogun, Kagawa Prefecture from 1950. The project is intended to nurture spirit of challenge and dreams of children experiencing rich natural environment unique to an uninhabited island and holds Adventure Camp and various programs around the year. Every year, approximately 3,500* children participated in the program.

* Due to the impact of the Covid-19, the number of participants and programs have been limited since 2020 .



Yoshima Summer Camp

Arts & Culture

Policies and Our Approach

Basic Policy on Social Activities

Since first opening its doors, the Suntory Group has been involved in community contribution, arts, culture, sports and environmental activities based on the spirit of Giving back to Society. The social activities of the Suntory Group contribute to sustainable growth of its businesses while solving issues in local communities. We have established the Suntory Group's Basic Policy on Social Activities and aim to improve the value of our corporate brand across the globe through promoting activities unique to Suntory with the Group companies.

Our Initiatives

The Suntory Group is involved in a variety of cultural contribution activities such as operating the Suntory Museum of Art, Suntory Hall and other activities that contribute to the development of a rich culture and lifestyle.

In addition, we also support social science and humanities academic research and the research activities of the Suntory Foundation for Life Sciences. Through these activities we aim to foster international human resources capable of leading the next generation.

Promoting Arts, Culture and Academics

Suntory Foundation for the Arts

Suntory Museum of Art opened in 1961 and Torii Music Foundation was established in 1969 as a 70th anniversary commemoration of the founding of Suntory (Torii Music Foundation changed to Suntory Music Foundation in 1978). In 2009, the Suntory Foundation for the Arts was established commemorating the 110th anniversary of the company, uniting and transforming these two activities which have been engaged in the field of the arts for nearly half a century into a new form suitable for the 21st century.

Suntory Museum of Art — Art revised, beauty revealed

Opened in 1961 with the basic philosophy of "Art in Life," the Suntory Museum of Art has hosted special exhibitions and expanded its collection, mainly consisting of Japanese art pieces. In March 2007, the museum was moved to Tokyo Midtown in Roppongi. Under the theme of "Art revised, beauty revealed," the museum has held a variety of special exhibitions with approximately 3,000 items from its collection, including one National Treasure and 15 Important Cultural Properties, and continues its activities to pass on the aesthetic values that lie at the heart of Japanese people to future generations. The museum, designed around the theme of "urban living room" by architect Kengo Kuma, features a store, a café, a tea ceremony room and a hall that features various programs, among others.



Suntory Museum of Art

Suntory Hall — In pursuit of the world's most beautiful sound

The Suntory Hall opened in 1986 as Tokyo's first dedicated concert hall. Performances by leading musicians from Japan and overseas are performed in two halls, Main Hall with a vineyard style, praised as "a jewel box of sound" by world-renowned conductor Herbert von Karajan, and Blue Rose (Small Hall) which gives the space a warm sound and atmosphere and the audience can feel close to the performers. Every year, Suntory Hall holds approximately 600 events by world's top artists from home and abroad, and welcomes approximately 600,000 visitors. Even during pandemic of Covid-19, Suntory Hall strived to have concerts enhancing the precautions measures for infectious diseases based on the idea of enriching peoples' lives through music. In September 2021, visitors to Suntory Hall hit 20 million since its opening. In 2021, we opened the "Digital Suntory Hall," allowing visitors from all over the world to enjoy Suntory Hall's facilities and concerts beyond distance and time.



Suntory Hall



Visitors to Suntory Hall hit 20 million since its opening.

Suntory Hall and Suntory Museum of Art Purchase 100% Renewable Electricity

From April 2022, the Suntory Group purchases 100% renewable electricity for all 30 directly owned manufacturing sites and R&D facilities in Japan. Suntory Hall and Suntory Museum of Art have also switched to purchasing 100% of their electricity from renewable energy sources. Through these efforts, the two facilities have been able to reduce CO₂ emissions by approximately 800 tons per year compared to the past. We believe that both "the most beautiful echoes in the world" and "urban living room" can be realized by placing importance on harmony with nature as well as with people and society.



Music Division — Innovative Activities to Promote Music

We are involved in a variety of projects designed to promote Western music in Japan, including awarding the Suntory Music Award to individuals and organizations that have made outstanding achievements in the field of music as well as the Keizo Saji Prize awarded for outstanding challenging performances and the Yasushi Akutagawa Suntory Award for Music Composition given to up-and-coming Japanese composers with superior works. We also introduce "Japanese Contemporary Compositions" on our website. Since 2014, Suntory has also been aiming to conserve excellent stringed instrument artifacts which are cultural heritage assets as well as cultivate new musicians through lending activities. The Suntory Foundation for the Arts lends its instruments to junior high and senior high school students and has begun a new program to lend instruments to up-and-coming musicians.



Suntory Music Award and Keizo Saji Prize ceremony

Vienna Philharmonic & Suntory Music Aid Fund

Together with Suntory Holdings Ltd., the Suntory Foundation for the Arts engages in Vienna Philharmonic & Suntory Music Aid Fund activities for the purpose of invigorating disaster afflicted areas as well as the rest of Japan. We are expanding many of these activities from the Music Aid Award that issues grants to music activities provided together with the Vienna Philharmonic to Concerts for Children in disaster-affected areas and mentoring of junior orchestras and musical remembrances.



Vienna Philharmonic & Suntory Music Aid Fund: Musical Exchange with the Sendai Junior Orchestra

Suntory Foundation

Suntory Foundation was established in 1979 in celebration of Suntory's 80th anniversary. Aiming to deepen international and interdisciplinary exploration of society and culture, we will support and discover of talented human resources across a wide range of fields, and support original and adventurous research, and, contribute to the dramatic development of cultural exchange between the world and Japan.

Our initiatives as a Humanities and Social Sciences Promotion Project effort include research assistance and investigative research in the fields of the humanities and social science, awarding of the Suntory Prize for Social Sciences and Humanities, and overseas publishing support. Community Culture Promotion Project efforts include awarding the Suntory Prize for Community Cultural Activities and support for regional cultural activities.

In recent years, the Foundation has been actively working to provide support to young researchers, and carrying out initiatives including providing support those who will lead the future of society, and working to bridge the gap between researchers and society by providing opportunities for exchange between the worlds of academism and journalism.



Suntory Prize for Social Sciences and Humanities award ceremony



Suntory Prize for Community Cultural Activities award ceremony



Grant for Groundbreaking Young Researchers report briefing

Suntory Foundation For Life Sciences

Preceded by the Institute of Food Chemistry which was established in 1946 to improve the health and nutrition of the Japanese people, the name was changed to Suntory Institute for Bioorganic Research (SUNBOR) in 1979 and Suntory Foundation for Life Sciences in 2011. The Foundation promotes research and disseminating academics of bioorganic science, which is a fusion of life science and organic chemistry. It has produced many university professors and other researchers that play active roles on the frontline.

We engage in research activities for unveiling the mechanisms of life emphasizing molecules using the keywords "metabolism," "biomembrane," and "signalling" by positioning our own research into structural biology, organic chemistry, and molecular biology as points of integration for dissimilar fields. Collaborative research with research institutions such as universities is also promoted. It also operates analysis center to aid research by universities. SUNBOR GRANT for young researchers, SUNBOR SCHOLARSHIP for graduate students, aiding academic meetings, system of postdoctoral fellow, educational support for universities, and other activities to train researchers are also operated.



Exhibition displaying the history of the foundation



800 MHz superconducting nuclear magnetic resonance equipment

The discovery of enzyme gene for biosynthesis of Sesamolin and Sesaminol from Sesamin, antioxidant components of sesame, has been published for the first time in the world. Also, the gene controlling the contour shape of leaves and the blue formation mechanism created through interaction between flower pigment and flavonoid glycoside are also now known. These and many other research results are published in prominent academic papers. In addition, joint researchers and front-line researchers are invited to hold debriefing sessions annually.



Research Institute Annual Meeting (Saji Keizo Memorial Hall, Osaka University Nakanoshima Center)

SunRiSE (Suntory Rising Stars Encouragement Program in Life Sciences)

"SunRiSE " has been established to support the life science researchers who will lead Japan's basic research in the future and take on great challenges.

In FY2020, 10 young researchers (SunRiSE Fellows) were selected from among nearly 500 applicants, and the 5-year program started in April 2021. In FY2022, a research exchange meeting was held to deepen exchanges among the fellows, and a research discussion meeting was held to discuss the year's research progress with the participation of program steering committee members.



Press Conference on the Establishment of SunRiSE



The SunRiSE award ceremony

Suntory Presents Beethoven's 9th with a Cast of 10,000 — Spreading the Joy of Singing Together

Suntory Presents Beethoven's 9th with a Cast of 10,000 started as a commemorative event of the opening of the Osaka-jo Hall in 1983 which was held for the 40th time in 2022.

The Suntory Group has been a co-sponsor from the first time, the concert has become a seasonal event in December.

The wide ranging event went beyond the borders of the region and surpassed generations with the participation of 10,000 people of all ages and nationalities with the expansion of the lesson venue as an opportunity to experience the joy of singing and the excellence of classical music.

In 2011 to 2013, Tohoku venue, which was linked live with the Osaka-jo Hall, was also set as a part of an activity to support the recovery from the Great East Japan Earthquake. In 2014, 150 people from Iwate, Miyagi and Fukushima prefectures were invited to the Osaka-jo Hall.

From 2017, in addition to television broadcasts, we have been providing LINE LIVE, a live broadcast for reaching more viewers. We also undertook a new challenge in 2020 by inviting people from throughout the country to participate by posting singing videos, in 2022, as 40th anniversary concert, over 10,000 songs were collected from the Osaka-jo Hall, remote choir all over Japan, and posting singing videos from many countries.



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



10,000 Choirs online to participate
The 38th Suntory Presents Beethoven's
9th (2020)

Championing Sports

Policies and Our Approach

The Suntory Group actively supports sports promotion activities to contribute to people's rich culture and lifestyle. We have our own rugby and volleyball sports teams that compete to become champions in their respective leagues in Japan as well as engage in community-based activities in cooperation with their home towns. We are also engaged in other activities such as holding women's golf tour and baseball event and offering support for parasports.

Our Initiatives

Suntory's Rugby Team Tokyo Suntory SUNGOLIATH

Tokyo Suntory SUNGOLIATH was created in 1980, and has taken the Top League championship five times and won the All-Japan Rugby Football Championship eight times. The team is currently participating in JAPAN RUGBY LEAGUE ONE that started in 2022.

SUNGOLIATH has signed comprehensive partnership agreement for the development of local community with Minato Ward in September 2020; Fuchu City, Chofu City, and Mitaka City in April 2021; and Tokyo in November 2021, and strengthened ties with the community. Members of the Tokyo Suntory SUNGOLIATH instructs rugby experience for elementary school students at host town as well as share their life story in a workshop called Trying for Dreams and teach students about important things in life.

The Tokyo Suntory SUNGOLIATH team also puts effort into social contribution activities and actively participates in events that include rugby clinics and disaster recovery support activities.



Rugby Team Tokyo Suntory
SUNGOLIATH



Rugby Clinic



Lecture titled "Trying for Dreams"

Suntory's Volleyball Team Suntory SUNBIRDS

Suntory SUNBIRDS, created in 1973, participates in the V. Premium League Division 1, the top company volleyball league in Japan. SUNBIRDS is prestigious team that won the league championship for the ninth time in two consecutive years in 2022.

The team has signed comprehensive partnership agreement for the development of local community with Minoo City in October 2021 and offers volleyball clinic instructed by the players and staff for wide range of generation with a focus on elementary and junior high school students at the home town.

SUNBIRDS also actively engages in social contribution activities such as instructing older generations exercise using balls, supporting activities for recovery after the Great East Japan Earthquake, and holding volleyball clinic for elementary and junior high school students at home games.



Volleyball Team Suntory SUNBIRDS



Volleyball Clinic

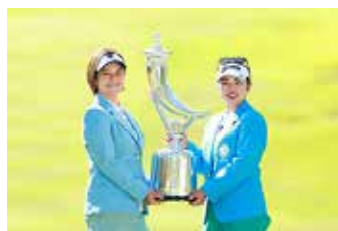


Comprehensive partnership agreement with the home town

Ai Miyazato Suntory Ladies Open Golf Tournament ~ Pathway to AIG Women's British Open ~

Suntory Ladies Open Golf Tournament is an official ladies open golf tournament of the Ladies Professional Golfers' Association of Japan hosted by Suntory. The tournament was held at the Rokko Kokusai Golf Club in Kobe City from June 8, 2023. This tournament is seen as a competition to test the true skill of the golfers because it is held for four days, while in Japan most golf tournaments usually last for three days. Ai Miyazato, a professional golfer affiliated with Suntory, acts as an advisor for the tournament and is involved with setting the course, PR for the tournament, and hospitality for visitors. As an international open tournament, it opens its doors and supports the growth of next generation of Japanese and international amateur golfers who are expected to become leading players in the future, and actively engages in other charitable events.

From the 30th tournament in 2021, the first- and second-place golfer gain entry to the AIG Women's British Open.



Serena Aoki and Ai Miyazato, an advisor for the tournament (winning the 2022 tournament)

Suntory Dream Match

Suntory has been hosting baseball games since 1995 which is played by famous players who have retired from professional baseball to provide dreams and excitement. The dream baseball match has brought joy to a total of 1,000,000 baseball fans so far. The 26th match in 2022 was the first time in three years that the event was held with an audience. We were able to live stream the exciting matchup between The Premium Malt's team, led by Manager Koji Yamamoto, and the Dream Heroes team, led by Manager Yasushi Tao through YouTube, BS broadcast, and other media. A portion of the proceeds from this event are used to support charity activities such as holding baseball classes for children.



Day of the match (2022)

Supporting Challenged Athletes

The Suntory Group started the project in 2014 as part of our recovery support for the disaster-stricken Tohoku region. In addition to providing incentives to athletes and donating athletic equipment, we have also held classes in wheelchair basketball and other challenging sports for children in Tohoku. To date, more than 5,000 people have participated. Since 2015, Suntory has been an official partner of the Japan Para-Sports Association and the Japan Wheelchair Basketball Federation, and has been involved not only in reconstruction assistance but also in support for athletes, including Suntory employee Mami Tani, a para-triathlete, in their athletic activities and competitions. In addition, Suntory is involved in promotional activities through the production of wheelchair basketball rules videos, VR videos of wheelchair basketball, and a series of web-based projects that introduce the passion of the athletes.

Last year, we launched a project with university students to promote the appeal of para-sports. We will continue our challenges with our athletes under our PASSION FOR CHALLENGE grounded in our "Yatte Minahare" spirit that we have had since our founding.

In 2023, through the Suntory Challenged Sports Athletes Incentive Program, we support the activities of young athletes and sports organizations throughout Japan who are recommended by the 57 areas para-sports associations.



Wheelchair basketball experience event



Mami Tani working hard in training



Co-creation activities with university students, "Para-Sports Design College"



"Suntory Challenged Sports Athlete Incentive Program" press release

Governance

- **Corporate Governance** 194
 - **Basic Concepts and Operations for the Internal Control System**
- **Compliance** 201
 - **Suntory Group Code of Business Ethics**
- **Risk Management** 212
- **Tax Policy** 219

Corporate Governance

The Suntory Group aims "To inspire the brilliance of life, by creating rich experiences for people in harmony with nature," and we are promoting the enhancement of corporate governance in order to improve management efficiency, maintain good relationships with stakeholders such as local communities, customers, business partners, and fulfill our social responsibilities as a company.

Promoting Structure

Boards Responsible for Group Management

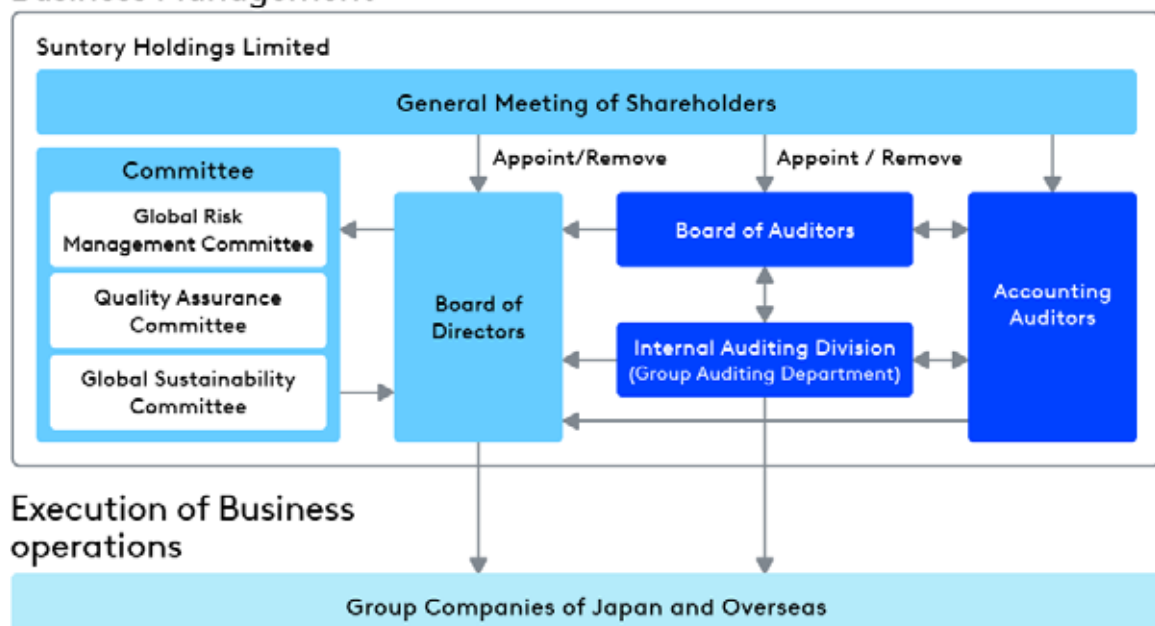
The Suntory Group is introducing a holding-company system. The holding company, Suntory Holdings' Board of Directors is made up of 11 directors, including 1 external director (as of April 2023). The Board of Directors engages in concrete discussions, debates and makes decisions regarding management issues of the entire Group and also performs an auditing function of the business administration practiced by all Group companies. The adoption of the Executive Officer system helped to separate the business administration decision-making process from the execution of business operations and to make decision-making process more agile.

The Management Auditing System

Suntory Holdings' Board of Auditors is made up of 4 auditors, including 2 independent auditors (as of April 2023). It audits the execution status of business operations as well as the status of the internal control system. Audit & Supervisory Department was established to aid the audits performed by the Board of Auditors. In addition, the Suntory Group has established Group Auditing Department that acts as an internal auditing division that audits and inspects the execution status of business operations of all Group companies. The external auditors also audit accounts, verifying the appropriateness and legality of accounts and the internal accounting systems from an objective perspective.

Corporate governance structure

Business Management



Strengthening Internal Control Systems

We are aiming to build a more effective governance structure by strengthening efforts such as compliance, information management, and risk management based on the Basic Policy on Internal Control Systems enacted by Suntory Holdings' Board of Directors.

Suntory Beverage & Food Ltd.'s Corporate Governance

Suntory Beverage & Food Ltd., which is listed on the Prime Market of the Tokyo Stock Exchange, is an Audit and Supervisory Committee company. This structure was established for the purpose of improving the effectiveness of auditing and supervision through audits by directors who are committee members approved by the Board of Directors in addition to introducing audits that utilize an internal auditing division to facilitate more highly-transparent governance. Three of the nine directors (including directors who are members of the auditing committee) that make up the Board of Directors are independent directors (as of February 2023).

Furthermore, Suntory Beverage & Food has also stipulated the ability to appoint directors for some or all decisions necessary for executing operations with approval at the Board of Directors Meeting. This measure realizes management strategy and achieves management indicators set as goals by conducting more comprehensive and practical deliberation such as debate about management strategy, medium- and long-term plans, and management challenges. It is also for the purpose of allowing for faster decision-making while enhancing supervision functions at the Board of Directors Meeting through decision-making based on the management committee and internal rules for executing each operation. We also disclose compliance status of the corporate governance code on our homepage.

Basic Concepts and Operations for the Internal Control System

The matters determined at the Board of Directors to put in place systems to ensure proper corporate governance in operations are outlined below.

Suntory Holdings Limited (the "Company") hereby establishes the Basic Policy on an Internal Control System outlined below to provide ongoing growth and maximize the corporate value of the entire Suntory Group for the purpose of becoming a global multi-faceted food and beverage company.

I. System for Ensuring That the Execution of Duties by Directors, Executive Officers and Employees of the Company, as well as by Directors, Executive Officers, Others with Equivalent Duties and Employees of the Company's Subsidiaries Conform with Laws and Regulations and the Articles of Incorporation

1. The Suntory Group shall adhere to the basic principles outlined below based on the Suntory Group's Code of Business Ethics. The Company shall respect the rules of civil society and place the utmost importance on an organization and corporate culture that prioritizes compliance with the aim of fulfilling the corporate philosophy of the Suntory Group on the basis of the Group's awareness of itself as a global corporate citizen. Each and every one of the Directors, Executive Officers, and employees shall carry out business activities by making decisions for the organization based on social ethics as a corporate citizen.
2. All Directors, Executive Officers, and employees of the Suntory Group shall have a working mindset to comply with laws and regulations as well as with social ethics in order to put the corporate philosophy mentioned above into action. The Directors and Executive Officers shall take the initiative in complying with laws and regulations, the Articles of Incorporation, and business ethics, and actively make efforts to maintain and improve compliance management.

Principle 3: The Global Risk Management Committee as well as each risk management committee put in place throughout the Suntory Group (the Global Risk Management Committee and each risk management committee at each Group company shall hereinafter be referred to as the "Risk Management Committee") shall promote a compliance system and deliberate priority issues. In addition, each Group company shall put in place a department in charge of compliance to conduct periodic education and training activities as well as establish and promote compliance systems throughout the Suntory Group with the Risk Management Committee at the core to ensure the comprehensiveness of activities.

Principle 4: The Risk Management Committee as well as the departments in charge of compliance shall appropriately report content of deliberations and activities to the Board of Directors and the Board of Auditors.

Principle 5: The Directors, Executive Officers and Auditors of the Suntory Group shall report any compliance issues that are discovered immediately to the Risk Management Committee. In addition, the Company shall put in place compliance hotlines inside and outside of the Company to allow employees of the Suntory Group to directly report on compliance related issues. The Risk Management Committee shall investigate the contents of any report it receives after working to obtain any relevant information, discuss the issue with relevant departments as necessary, take corrective actions, establish measure to prevent any recurrence and put in place systems to implement any measures formulated throughout the entire Group.

Principle 6: Directors and Executive Officers shall be dispatched to subsidiaries as necessary to appropriately execute business, make decisions and perform supervision. In addition, the relevant departments of the Company shall provide advice, guidance and support to the subsidiaries.

Principle 7: The Audit & Supervisory Board or equivalent persons ("Auditors") shall be deployed to subsidiaries as necessary to perform audits. In addition, the Auditing Department shall carry out internal audits of subsidiaries.

Principle 8: The Auditing Department shall carry out internal audits pertaining to the status of compliance and the appropriateness for operations of employees of the Suntory Group, and report the results of the audit to the Representative Director and President.

Principle 9: Internal control systems shall be established and maintained to ensure the appropriateness of financial reporting.

10. Directors and Executive Officers of the Suntory Group shall establish and promote a system to prevent any relations with antisocial forces and clearly reject any improper demands that are made.

II. System for the Preservation and Management of Information Concerning the Execution of Duties of Company Directors

1. Officers in charge of general affairs shall store and manage vital internal documents as well as revise and improve document management rules and other regulations as necessary.

Principle 2: Directors and Executive Officers shall store and manage minutes of the shareholders meetings, minutes of Board of Directors meetings and documents pertinent to important decision-making (including electronic or magnetic records, the same applies hereinafter) as well as other important information related to the execution of duties by Directors and Executive Officers in accordance with laws and regulations as well as internal rules.

3. The documents and other materials mentioned above shall be kept in a condition such that allows for Directors to view them as necessary.

4. The Risk Management Committee shall establish and promote an informational security governance system that does not only protect and preserve information, including personal information, but also increases corporate value by use of information.

III. Regulations and Other Systems for Managing Risk of Losses of the Company and Its Subsidiaries

1. The strategic decision making related to the management of the Suntory Group shall be determined by the Board of Directors.

2. Each Executive Director and Executive Officer shall hold responsibility for addressing risks inherent in business execution. Moreover, material risks shall be analyzed and evaluated, and improvement plans shall be discussed and determined by the Board of Directors.

Principle 3: The Risk Management Committee as well as the Quality Assurance Committee shall comprehensively and collectively manage material risks related to Group management such as risks incidental to the execution of business and quality risks throughout the entire Group. In addition, regulations and guidelines pertaining to management of such risks shall be established, and training activities thereof shall be implemented as necessary.

Principle 4: The Board of Directors shall promptly select Directors or Executive Officers who will hold responsibility for addressing newly emerging material risks related to Group management to determine a course of action to address such risks.

IV. System for Ensuring that Directors of the Company and Directors and Executive Officers of the Company's Subsidiaries as well as Others with Equivalent Duties Execute Their Duties Efficiently

1. The Company shall determine Company-wide goals shared by the Directors, Executive Officers, and employees of the Suntory Group, and Directors and Executive Officers in charge shall specify efficient methods for achieving such goals, such as specific targets and appropriate allocation of authority aimed at achieving the Company-wide goals.

Principle 2: Directors and Executive Officers in charge shall confirm progress made in achieving goals and report the specific measures to achieve the goals to the Board of Directors and the Management Committee.

3. Each Director and Executive Officer shall be in charge of appropriately executing business operations and shall strive to make decisions efficiently under the Responsibility and Authority Rules.

V. System for Reporting to the Company Matters Related to the Execution of Duties by Directors and Executive Officers of the Company's Subsidiaries

1. The status of the business execution of Directors and Executive Officers at subsidiaries shall be regularly reported to the Board of Directors and the Management Committee.

Principle 2: Directors and Executive Officers in charge of subsidiaries shall request reports on the status of business execution from the Directors and Executive Officers of the subsidiaries as necessary.

3. Certain matters concerning management of subsidiaries must be consulted with and reported to the relevant departments, or otherwise must receive approval from the Board of Directors of the Company under the Responsibility and Authority Rules.

4. The Auditing Department shall report the internal audits results of subsidiaries to the Representative Director and President as necessary.

VI. Other Systems for Ensuring the Appropriateness of Business of the Group Consisting of the Company, Its Parent Company and Its Subsidiaries

Dealings between Group companies, including the parent company and public subsidiaries, shall ensure appropriateness in matters such as conducting business and deciding on business matters to provide objective and rational content.

VII. Matters Regarding Auditors of the Company and Employees Who Are Requested to Assist in their Duties, Matters Regarding the Independence of Such Employees from Directors and Executive Officers, and Matters Related to Ensuring the Effectiveness of Instructions Given to Such Employees

The Company shall place employees to assist the duties of auditors after deliberation if necessary for the Audit & Supervisory Board.

In addition, the Company shall respect and execute directions of the Board of Auditors such as the transfer and evaluation of such employees, and ensure the independence of such employees from Directors and Executive Officers.

Moreover, such employees shall follow the instructions and directives from the Audit & Supervisory Board when assisting in the duties of auditors.

VIII. Systems for Directors, Executive Directors and Employees of the Company and Directors, Executive Directors, Audit & Supervisory Board Members, Others with Equivalent Duties and Employees of the Company's Subsidiaries or Other Persons Who Receive Reports from Such Persons to the Company's Audit and Supervisory Committee and Other Systems Related to Reporting to the Audit and Supervisory Committee

1. Audit & Supervisory Board Members shall attend Board of Directors meetings, and the Representative Director and President as well as the Directors and Executive Officers in charge shall provide reports of business execution that they are in charge as necessary.

2. Directors, Executive Officers and Employees of the Suntory Group shall promptly and clearly respond to inquiries about operations and assets when requested by auditors to report on businesses.

3. The Auditing Department of the Suntory Group shall regularly hold liaison conferences between Directors and the Board of Auditors of the Company to report the current status of matters such as internal audits.

4. The departments in charge of internal reporting systems shall report the status of internal reports to Auditors and the Board of Auditors of the Company as necessary.

IX. System for Ensuring the Person Who Has Reported to the Company's Audit & Supervisory Board Are Not Treated Adversely Based on the Fact Such a Report has Been Made by the Person

The Directors, Executive Officers and employees of the Suntory Group shall prohibit any adverse treatment based on a report to the Audit & Supervisory Board through a department in charge of compliance or another reporting system.

X. Systems for Ensuring Advance Payment or Reimbursement of Expenses Arising in Conjunction with the Execution of Duties by Audit & Supervisory Board Members of the Company and Other Policies for Processing Expenses and Obligations Arising with Respect to Execution of Such Duties, and Other Systems for Ensuring That the Audit & Supervisory Board Effectively Performs Audits

1. If the Audit & Supervisory Board, in conjunction with the execution of its duties, asks the Company for advance payment, etc. of expenses under Article 388 of the Companies Act, the Company shall promptly process such expenses or obligations, unless they are not necessary for the Audit & Supervisory Board Members to execute their duties.
2. The Audit & Supervisory Board shall strive to communicate and exchange information with the Audit & Supervisory Board of Company subsidiaries or the Auditing Department.
3. The Board of Auditors shall put in place opportunities to exchange opinions with the Representative Director and President as well as accounting auditors.

Overview of the Operational Status of Internal Control Systems

Given the Company aim of being a "global food and alcoholic beverage company," we are well-aware of the importance to that end of maintaining and operating internal control system encompassing Group-wide risk management and compliance, in order to further ensure ongoing growth and maximize the corporate value of the entire Suntory Group. The following is a summary regarding the operational status of the Company's internal control system for the fiscal year under review.

1) Operational status of the risk management system

- The Global Risk Management Committee and the various risk management committees within the Suntory Group have been holding meetings on a regular basis, and have accordingly been identifying risks facing the Suntory Group, formulating measures for addressing such risks, and checking on progress made with respect to taking action in that regard.
- Details regarding activities carried out by the Global Risk Management Committee have been reported to the Board of Directors.
- With respect to quality risks, the Quality Control Committee has been holding meetings on a regular basis, and has accordingly been identifying issues involving matters of quality control pertaining to the Suntory Group, formulating measures for addressing such concerns, and checking on progress made with respect to taking action in that regard.
- To ensure information security, we have been implementing information management education and awareness activities, and have otherwise been taking steps geared toward discouraging unsuitable means of information management and preventing leakages of confidential information.

2) Status of initiatives related to compliance

- We have established the Suntory Group's internal and external compliance hotlines, including our Group companies overseas, and make the hotlines' availability known to our employees by means that include providing details via our intranet and on posters. When it comes to reports and consultations regarding incidents, the relevant departments have been taking responsibility to investigate the facts at hand, and then accordingly taking corrective measures and implementing measures to prevent recurrence, as necessary. Moreover, our "Rules on the Suntory Group's Whistleblowing System" prohibit adverse treatment of whistleblowers for having reported incidents or for otherwise having sought consultation in that regard, and we are implementing these rules. Suntory Holdings has been awarded certification to recognize its whistleblowing system (system for self-declaration of conformance), which was introduced by the Consumer Affairs Agency.

- Our Compliance Department has been playing a central role in efforts geared toward further heightening awareness of compliance practices, through initiatives that include carrying out surveys of employees and others to gauge their awareness of matters such as compliance issues and the corporate culture, and then providing feedback on survey results. In addition, as part of activities to promote awareness of anti-bribery efforts, all employees of group companies undertake compliance training including anti-bribery issues.

3) Status of Initiatives to Improve the Efficiency of Business Execution

- The Board of Directors has been holding meetings on a regular basis where they engaged in tasks that included formulating the Mid-Term Plan, drafting budgets, and making managerial decisions involving mergers and acquisitions, capital investment and other such matters.
- At their meetings, the Board of Directors was provided with reports on the Suntory Group's business performance, and accordingly verified and discussed matters such as progress made in achieving the Suntory Group's business objectives, its management challenges, along with measures in that regard.

4) Status of audits by the Audit & Supervisory Board Members

- Audit & Supervisory Board Members have been attending important meetings of the Board of Directors, Risk Management Committee and other such bodies, through which they have been able to obtain reports on business execution provided by Directors, Executive Officers and others.
- The internal audit divisions have been regularly providing reports to Audit & Supervisory Board Members regarding the current status of internal audits and other such matters, and the Audit & Supervisory Board members and internal audit divisions carry out joint audits as necessary.
- Audit & Supervisory Board Members have been communicating and exchanging information with Audit & Supervisory Board Members of subsidiaries of the Company, or internal audit divisions of the Company.
- Audit & Supervisory Board Members has been providing opportunities for the exchange of opinions with the Representative Director and President, Outside Directors and the Accounting Auditor.

5) Operational status of internal audits

The internal audit divisions have been conducting internal audits of the Company's respective divisions as well as its subsidiaries in Japan and overseas on the basis of audit plans. In so doing, the internal audit divisions have been providing directives or otherwise making recommendations geared toward enabling those entities to make improvements when necessary, and have also been reporting results of the internal audits, as needed, to the Representative Director and President.

Compliance

The Suntory Group strives to create an organization and a corporate culture that place the highest priority on compliance to fulfill our responsibilities and meet the expectations of our customers and society.

We are building a compliance promotion system to realize our corporate philosophy from a cross-Group view based on this.

Policies and Our Approach

Suntory Group Code of Business Ethics: The fundamental principles shared by all employees for the realization of the corporate philosophy

The Suntory Group Corporate Ethics Code was established in 2003 and indicates the fundamental principles that all employees must share. We are building a compliance promotion system to realize our corporate philosophy from a cross-Group view based on this Code of Business Ethics. We also revised the content by referring to the ISO26000 international standard for social responsibility in 2012 and adapted the content in 2017 for all Group employees around the world to better understand it.

Promoting Structure

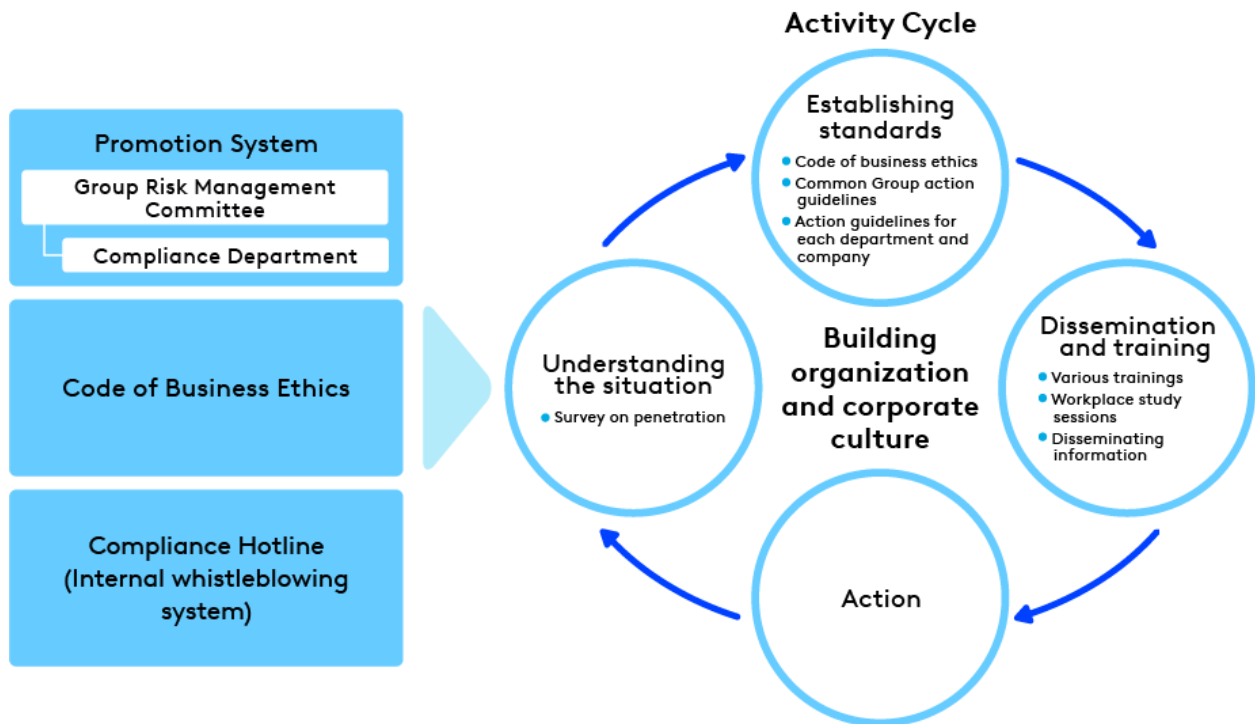
Promotion System Rooted in the Frontlines

To promote compliance from a cross-Group perspective, the Compliance Department was established under the Risk Management Division to specifically promote compliance.

The Compliance Department formulates and implements specific measures in line with Risk Management Division policies, monitors the status of implementation at each workplace, and provides suggestions and advice on issues. It also established a Compliance Hotline (internal reporting system) and is responding fairly, impartially, and in good faith. We have revised some of the rules for the internal reporting system to operate more effectively under this system following revisions to the Whistleblower Protection Act. As a result of such efforts, the Suntory Group Compliance Hotline (in Japan) was registered for the first time in the Japanese liquor industry in the "Internal Reporting System Certification" established by the Consumer Affairs Agency in January 2020.

In addition, specific personnel responsible for promoting compliance are assigned at each Group company, both within Japan and abroad. They take an active role in promoting compliance, formulating policy customized for the circumstances in their own company, and informing colleagues about that policy.

Compliance Promoting Structure



Enhancing the Hotline for Early Discovery and Resolution of Problems

The basic rule in Suntory is that when an employee discovers actions that breach the Suntory Group's Code of Business Ethics, he or she must first report it to the supervisors and seek their advice.

However, we have also established a Compliance Hotline both internally (our Compliance Office) and externally (3rd party law firm) as contact point for all of the Group companies in Japan in order to quickly discover and resolve compliance issues when reporting or consulting with a supervisor is not appropriate. A multilingual support system is in place so that foreign employees who are not good at Japanese can use it.

We have also implemented a global contact point for compliance issues encompassing all Group companies in Japan and globally as part of our global risk management system.

This contact point supports multiple languages such as English, Chinese, and Spanish, and accepts reports and consultations from multiple countries. Additionally, in order to avoid accessibility issues due to technical or financial reasons, we have made this mechanism accessible to all employees through different methods (digital and analog), including web, smartphones, telephone, and mail.



Compliance Hotline awareness poster

The internal awareness of this mechanism is measured every year through initiatives such as the "Employee Awareness Survey" as a way to engage users and assess the current mechanism, and the current awareness rate is over 90%. We also strive to keep improving the awareness rate and accessibility of this mechanism by sharing these results (including comparisons with previous year) with our top management.

In 2022, a total of 215 reports were received through these contact points in Japan and overseas (99 reports were received by Suntory Beverage & Food Group). Roughly 60% of the reports received in Japan were about labor, personnel and management issues, including human rights related issues.

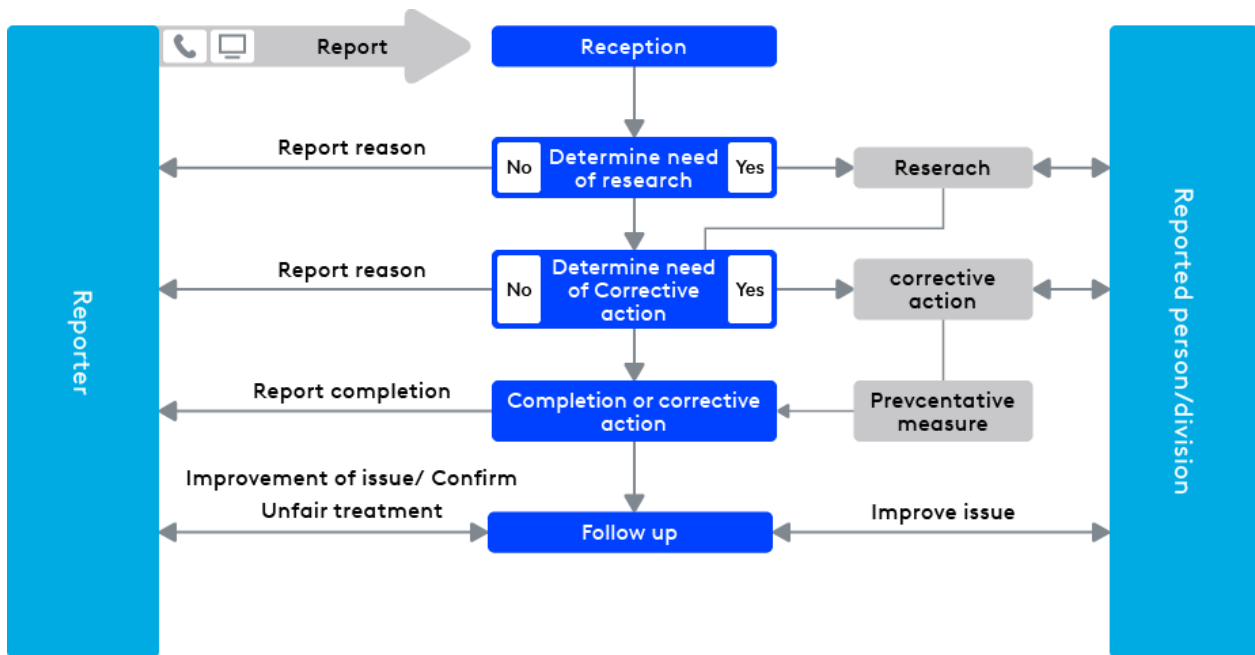
If there is a suspicion of non-compliance based on the content of the report, we take into consideration the privacy protection of all persons involved in accordance with the Suntory Group Internal Reporting System Regulations. In that case, the compliance officer promptly conducts a confidential investigation within the company, and promptly requests correction while escalating to the relevant executive in charge, so that measures can be taken as soon as possible in order to avoid any negative impact to the reporter. The results of the survey are shared to the reporter and management, respectively, to promote corrective measures and prevent recurrence. After a certain period of time has passed after the response, we close the case once we receive a report on the state of change from senior management as a follow-up.

Furthermore, regarding measures against harassment, which is a priority issue, in many cases there is a difference in values with colleagues and related parties, so we aim to create a culture where both sides can recognize the difference by providing an opportunity to learn about unconscious bias and in this respect we are holding seminars to promote a more tolerant organization.

Protecting the Reporters

Based on our internal regulations, the Suntory Group prohibits any type of negative impact such as retaliation or spread of rumors and does not force confidentiality on the reporters. In order to achieve this, when the Compliance Office conducts an investigation it identifies the persons concerned and then confirms the "internal reporting system regulations", protecting thus the rights of the reporter. In addition, during the interviews with the reporter on the closing of each case, we also check that reporters have not suffered any disadvantages during the process. Furthermore, we are working to create a culture in which compliance reports are protected not only by the persons concerned, but also by the entire workplace by proactively disseminating the "internal reporting system regulations" within the company on a daily basis.

Compliance Hotline Response Flow



Our Initiatives

Activities to Ensure Compliance

Communicating the Code of Business Ethics throughout the Group

To facilitate the understanding of the Suntory Group Philosophy and Code of Business Ethics and put them in practice, we distribute a pamphlet to all Suntory Group officers and employees. This pamphlet is translated into 11 languages.

At the start of each year, employees of the Group companies in Japan refreshes their understanding of the Code, and then signs a compliance statement at the end of the pamphlet. At the same time, workplace discussions regarding various compliance related cases that occur in the society, subjects that are recognized as issues in the Group and individual companies, and other topics are held to remind the fundamentals of compliance and promote ethical behavior.

In employee awareness surveys conducted for Suntory Group employees in Japan, we were able to verify our businesses and offices run in accordance with Suntory Group's Code of Business Ethics as well as confirm the status of compliance practices. Suntory strives to discover any potential compliance breaches by reporting the results of these surveys to management while regularly ensuring the effectiveness of Suntory Group's Code of Business Ethics and taking advantage of these results in efforts that include education for employees and the formulation of activity plans.

Activities to Raise Compliance Awareness through Communication

We put out periodic information on the Compliance Net internal intranet to promote and practice true compliance. The Compliance Net provides information on themes linked to the activities being undertaken at the time, as well as content that helps employees understand the essence of compliance through case studies from around the world. We raise the awareness of every employee through the activities of compliance promotion managers in each company. In addition, we publish information that promotes the basic knowledge of compliance, harassment checks, and a collection of materials for self-study in order to make learning accessible at any time on the Compliance Net.

Supporting Promotion Activities at Group Companies

Each Group company is engaged in activities around compliance promotion managers. The Compliance Department provides suggestions and tools tailored to the challenges of each company, implements group training and offers other measures of support. In addition, we have introduced research to more deeply recognize our role as the driving force of compliance management for directors and managers who are newly appointed at Group companies in Japan.

Insider Trading Prevention Systems: Implementation and Communication

The Risk Management Department of Suntory Holdings Ltd. and Suntory Beverage & Food Ltd. and the management headquarters of Suntory Beverage & Food Ltd. are working to comprehensively prevent insider trading by introducing e-learning based on the content provided by the Tokyo Stock Exchange, as Suntory Beverage & Food Ltd. is listed on the Tokyo Stock Exchange.

Implementing the Suntory Group Code of Business Ethics in Business Activities

We have clarified our emphasis on compliance in the Code of Business Ethics. Each department has set and is operating policies and voluntary standards for challenges related to various compliance in their business activities based on the concepts of the Code of Business Ethics.

Ensuring Fair Business Practices

The Suntory Group conducts business fairly, holding integrity as a prerequisite, and abides by all laws and regulations, including the Antimonopoly Act. Since the formulation of the Guideline for Compliance of the Antimonopoly Act in 1992, we have revised and implemented the guideline in accordance with revisions of laws and changes in the environment. We are working to ensure thorough awareness of and compliance with the Anti-Monopoly Act and related laws and regulations by posting on our intranet the Key Points to Consider for the Promotion Campaigns under the Act against Unjustifiable Premiums and Misleading Representations and our Compliance Manual for the Act against Delay in Payment of Subcontract Proceeds and by holding regular briefings for each division and group company.

To ensure fairness in our day-to-day activities with suppliers and customers, our specialized departments are actively involved from the planning stages of product development, sales, and marketing, and verify the response policies and activities of related departments from the perspective of legal compliance.

Establishing Committees to Promote Fair Business for Alcoholic Beverages

A Fair Trade Promotion Committee was established to promote fair business practices at Suntory Liquors Ltd., the Suntory Group company responsible for the sale of alcoholic beverages. This was done in keeping with the Fair Practice Guidelines for the Liquor Business* and to maintain compliance with laws and regulations specific to alcoholic beverages as well as internal proprietary standards.

*The Fair Practice Guidelines for the Liquor Business are administrative guidelines established by the National Tax Agency in 2006. These guidelines prevent worsening of management of liquor business operators and the reduction of liquor taxes due to dumping caused by excessive competition. We set fair partnership conditions and make rebates more transparent to stabilize management of liquor business operators. This is also coordinated by Fair Business Committee responsible for overseeing the Antimonopoly Act.

Transparency of Business Activities and Prevention of Bribery

The Suntory Group's Code of Conduct prohibits the provision of excessive business entertainment and gift-giving to any counterpart regardless of whether it is a corporate entity, individual, political or governmental entity, or any other related organizations or companies, and establishes that relationships with all parties should comply with laws and be fair and transparent.

We also regularly provide training opportunities such as e-learning for employees who may be involved in corruption.

Global Compliance Initiatives

We work to build a global compliance promotion system and integrate global standards due to the global expansion of the Suntory Group.

In 2015, we formulated the guidelines on business entertainment and gift-giving that are aligned with global standards, and we provide seminars and e-learning courses on the prevention of bribery and all types of corruption comprehensively to raise the awareness of employees on corruption issues as our response to global enhancement of anti-corruption regulations, such as the Foreign Corrupt Practices Act (FCPA).

In 2016, We have formulated a global Anti-Bribery Policy which includes new provisions on donations and political contributions in addition to entertainment and bribery.

Furthermore this year, we have established "Suntory Group Global Hotline" to contact points to handle reports on bribery and all types of corruption comprehensively, as well as human rights violations and other compliance breaches. These contact points are available at all overseas Group companies as part of our global compliance system.

In 2019, we conducted e-learning for all employees in Japan to reconfirm the guidelines, and obtained a pledge to comply with the guidelines. And regarding overseas, we prepared and trained countermeasures such as anti-bribery and cyber security to foster a unique local compliance mindset, especially for managers in Shanghai, China, which have many state-owned enterprises, and bribery to the private sector can be subject to punishment.

In 2022, there were 58 reports to the "Suntory Group Global Hotline". In each business country, awareness of this point of contact is gradually increasing, however there were no reports on child or forced labor.



Compliance seminar in China

Employee Awareness Survey to Understand the Awareness Towards Compliance and the Organizational Culture

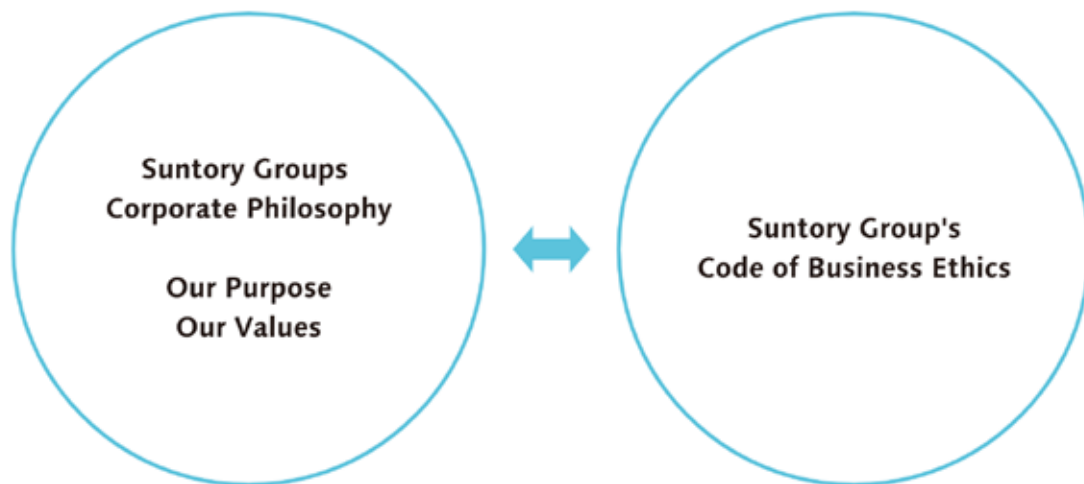
To understand the status of compliance and the organizational culture as well as to determine if there are any individual issues, we conduct awareness surveys for all Group employees in Japan. We investigate initiatives to promote awareness of compliance through the entire Group by understanding the challenges in each company and each department from these results. We share the discovered challenges with directors and managers at each company, and expect that related departments in these companies will take voluntary actions to resolve these challenges.

Overseas Group companies contribute to compliance management by conducting their own independent surveys.

Suntory Group Code of Business Ethics

Introduction

The fundamental principles that each employee must embrace so Suntory Group can fulfill its responsibilities to the public and earn its trust, while implementing its corporate philosophy.



The implementation of the Suntory Group Code of Business Ethics is based on the concept of "compliance". At Suntory Group "compliance" means "Comply with Another's Wish", in other words, not only do we obey the law, but also demonstrate even higher ethical standards as we strive for best practices that meet or even exceed the expectations of our consumers, customers, suppliers, business partners, communities, global society, natural environment, employees, and other stakeholders.

Even in an era of constant change, we, as members of the Suntory Group in pursuit of "Growing for Good," earnestly engage with our various stakeholders, accept the diversity of people's values, and conduct business with the utmost fairness and integrity.

We believe these behaviors enable the Suntory Group to remain genuinely trusted, chosen and valued by people and society.

1. Focusing on customers and consumers

We make our best efforts to ensure integrity and transparency in all interactions with customers and consumers, and we provide safe, reliable and high-quality products and services, aiming to contribute to their happiness.

1.1 Products and services

We make sincere efforts to deliver value that meets or even exceeds expectations of customers and consumers in all areas of our corporate activities including research and development, procurement, production, and sales.

1.2 Information and responsible marketing

We strive to provide accurate and timely information, including with respect to the reliability and safety features of our products, that helps our customers and consumers make informed decisions. We ensure that our product labels, advertisements, and commercial messages are clear, accurate and not misleading. Furthermore, as a corporate group that engages in a wide variety of businesses, we are committed to the responsible marketing of all our products and services.

1.3 Interactive communication

We strive to increase the satisfaction and trust of our customers and consumers by creating ample opportunities for interactive communication, and by reflecting their diverse views in our corporate activities.

2. Conducting business with integrity and fairness

We conduct all business activities in a fair and transparent manner, in accordance with the law and the highest ethical standards.

2.1 Compliance with the law, respect for standards and culture

We abide by applicable laws and regulations, respect international standards, and ensure that our corporate activities are fair, transparent, and show respect for the cultures, customs, traditions, and religions in all countries where we conduct business.

2.2 Fair competition

We prohibit the pursuit of profit by unfair or illegal means, in relations with business partners and competitors or otherwise, and commit to conducting business activities based on free and fair competition.

2.3 Corruption

We do not tolerate any form of bribery, money laundering, embezzlement or other illicit or corrupt practices in our own operations or with any person or organization. We maintain transparent and arms-length relationships with our business partners, government officials, and all other parties. In the areas of gifts, entertainment, charitable donations, and political contributions we strictly adhere to all applicable laws, regulations, standards and internal rules regarding prevention of bribery and corruption, as well as sound business practices.

2.4 Conflicts of interest

A potential conflict of interest arises in any situation where personal interests of an employee, an employee's relative or any other third party may conflict or interfere with the interests of the Suntory Group. We must disclose to the company any potential conflict of interest as soon as possible so that it can be appropriately considered and avoided. Furthermore, we must ensure that all decisions related to the selection of business partners, recruitment and other matters are transparent and based on rational and fair judgment.

2.5 Organized crime groups and trade controls

We do not have any relationships with organizations involved in illegal activities, and firmly stand against such organizations. Furthermore, we comply with applicable laws and regulations that control export and import, as well as trade restrictions that prohibit or limit trading with certain countries and organizations.

2.6 Financial and business records

We are committed to maintaining and disclosing financial and business records that accurately and properly reflect the true state of the business, in accordance with applicable laws and regulations as well as internal rules. We also ensure that all tax obligations are properly satisfied on the basis of such records.

3. Contributing to society

As a good corporate citizen, the Suntory Group strives to make positive contribution to society.

3.1 Local community contribution

We strive to engage with communities where we conduct business, and contribute to the solution of local problems, as well as the achievement of prosperous lifestyles.

3.2 Various cultural and social contribution activities

We strive to engage in various activities including the promotion of culture, arts, and sports. Furthermore, we are pleased to support individuals and groups who pursue such activities.

3.3 Support for employee activities

We actively support the participation of employees in volunteering and other social contribution activities.

4. Conserving the environment

We strive to conserve the global environment and ensure that a sustainable society rich in biodiversity and harmonious with nature is preserved for future generations.

4.1 Water sustainability

Water – is the source of all life forms and the key element of our business. We make continuous efforts to conserve the watersheds in order to contribute to water sustainability.

4.2 Reduction of environmental impact

We strive to reduce our environmental impact throughout the value chain, including in product development, manufacturing, distribution, and sales.

4.3 Continuous improvement of environmental performance

We are committed to continuous improvement of our environmental performance, delivered by proactive use of green technologies and efficiency upgrades, based on a robust Environmental Management System (EMS).

5. Respecting diversity and human rights, creating a positive work environment

We respect human rights and diversity, and endeavor to create a work environment where employees feel engaged and motivated.

5.1 Child labor and forced labor

We strictly prohibit the use of child labor, forced or involuntary labor or other illegal labor practices in any of our activities.

5.2 Discrimination and harassment

We provide a workplace where all employees are treated fairly, human rights and individual values are respected, and discrimination or harassment based on any grounds such as race, religion, gender, age, nationality, language or disability is not tolerated. All instances of human rights violation must be immediately addressed in appropriate manner and prevented from reoccurring, while due attention should be paid to safeguarding the privacy of all those affected.

5.3 Freedom of association

We respect employees' basic rights to freedom of association and collective bargaining.

5.4 Positive work environment

We create healthy, safe, and positive workplaces, and promote working styles that offer work-life balance.

5.5 Open and inclusive work culture

We cultivate an open-minded and inclusive workplace, where everyone's beliefs and values are respected, and where employees with diverse backgrounds are able to act and express themselves freely. Furthermore, we build harmonious relationships filled with a sense of unity, through effective communication across the Suntory Group.

5.6 Challenge and growth

We enable personal growth of our employees by encouraging them to set and achieve challenging goals with a feeling of pride and sense of responsibility towards their work.

6. Managing and utilizing information and corporate assets

We endeavor to appropriately protect, manage and utilize corporate assets and information, and respect the rights of third parties.

6.1 Corporate assets

We properly manage our corporate assets, whether tangible or intangible, in accordance with internal rules, and ensure that such assets are used only for our business operations.

6.2 Confidential information

We carefully manage the company's confidential information to ensure that it is not leaked or otherwise disclosed to any third party. Furthermore, we must not use information we learn through our work for the company or otherwise for unfair or illicit purposes, including insider trading.

6.3 Personal information

We obtain personal information or confidential information of our customers, consumers and business partners by proper means and use such information only for legitimate purposes. We also manage this information properly and in accordance with applicable laws and regulations as well as internal rules.

6.4 Intellectual properties

We protect our intellectual properties appropriately and we grant licenses to third parties in accordance with applicable laws and regulations as well as internal rules. We also fully respect the intellectual property rights of third parties and do not infringe or misappropriate them.

6.5 External communications

We understand that, as members of the Suntory Group, all public statements and the information we share in different circumstances can affect the reputation and business of the company and the Group. We remain constantly aware of this fact and ensure responsible conduct at all times in such public or external communications.

Administration and Implementation of this Code

Scope of application

(1)The Suntory Group Code of Business Ethics (the "Code") applies to all directors, officers, employees of Suntory Holdings Limited and its group companies (Suntory Holdings Limited and its group companies are hereinafter collectively referred to as "Suntory Group", and individually a "Group Company").

- (2) The senior management of the Group Companies are expected to realize the spirit of this Code by modeling the behaviors embedded in this Code, promoting this Code within their respective Group Companies, and establishing effective corporate structures to implement and uphold this Code. Based on the spirit of this Code, each Group Company may establish and implement its own code of conduct, guidelines, manuals and other documents pertaining to corporate ethics or the provisions set out in this Code, which shall be used as the detailed standards of behavior at the respective Group Companies. Such code, guidelines, manuals and other documents should not contradict the Code.
- (3) We request anyone acting on behalf of any Group Company to ensure such actions comply with this Code. We also strive to encourage business partners of our Group Companies to understand and respect the provisions set out in this Code.

Establishment, revision and abolishment

The establishment, revision and abolishment of this Code shall be deliberated by the Global Risk Management Committee and approved by the Board of Directors of Suntory Holdings Limited.

Department in charge

This Code is governed by the Compliance Department of Risk Management Division, Suntory Holdings Limited (hereinafter, "SHD Compliance Department"), which provides the Group Companies with recommendations, and supports them in implementation of the provisions set out in this Code, and in the establishment of corporate ethics.

Compliance audit

To assess the compliance with and review the effectiveness of this Code, the Global Risk Management Committee will perform, or have any third party perform, audits of Group Companies as necessary, conducted along with other various measures carried out by the SHD Compliance Department.

Violations

Directors, officers and employees who become aware of any actual or potential breach of this Code, are expected to report this breach and seek advice from their direct supervisor, the compliance department or a whistleblowing hotline established in their respective Group Company, or contact the Suntory Group Global Hotline. The confidentiality of a person reporting a breach will be protected to the utmost extent, and Suntory Group does not tolerate any retaliation against such person. Violation of this Code, depending on its nature and severity, may result in disciplinary actions based on the internal rules of each Group Company, which may include termination in certain circumstances.

Interpretation

If you have any inquiries concerning the interpretation or implementation of this Code, please direct them to the SHD Compliance Department.

Risk Management

The Suntory Group strives to understand and analyze the risks to the Group as a whole and take measures to resolve the issues so that we may continue our business operations and contribute to society.

Promoting Structure

In response to the expansion of global business of the Group, the Global Risk Management Committee (GRMC) was established in April 2015 in order to carry out risk management throughout the entire Group, including overseas Group companies. Under the GRMC, risk management committees and risk management teams have been established at each operating company (Risk Management Committee at Suntory Beverage & Foods Ltd., the Global Risk & Compliance Committee at Beam Suntory, and the Risk Management Team at Suntory Spirits Ltd.). The objectives of these committees and teams are to identify our risks, execute countermeasures, engage in activities related to the establishment of crisis management systems, and fulfill responsibilities towards customers and other stakeholders.

Our Initiatives

Enterprise Risk Management (ERM)

The risk surrounding companies is becoming more diverse and complex due to the globalization and informatization of the economy and growing public awareness of corporate social responsibility. Every year, the Suntory Group assesses the materiality of important business risks, including environmental issues such as climate change and social issues such as human rights, and defines risks that may have a significant impact on our stakeholders, in order to take specific countermeasures against those risks. Monitoring is carried out by departments responsible for responding to risks and each risk management committee to reduce and eliminate risks by identifying the priority areas that we should address as an entire Group. Since 2016, we have been identifying and developing measures to counteract risks occurring in each group company. Additionally, we identify risks we are exposed to as a group. The results of risk assessment are reported to the Board of Directors.

Establishing Infrastructure for Crises Response

The risks companies face are becoming ever more complex, diverse and significant, and the enhancement of risk management is a necessity in management. Therefore it becomes especially important to establish Business Continuity Plan (BCP) based on the estimation of potential damage in case of crisis. The Suntory Group has built an infrastructure to respond to crises by establishing the Risk and Crisis First-Response Manual for each company in Japan and the Major Incident Management Manual for each overseas company. We aim to minimize impact and damage in case of disaster through timely sharing information and decision-making when a major crisis occurs to maintain the trust from society.

Building/Strengthening System Platforms of Group Companies in Japan

We continue to organize Risk Management Steering Conferences with the help of departments responsible for risk response at each Group company and Suntory Holdings Ltd. with the goal to build and strengthen the risk management system platforms of Group companies in Japan. We share challenges related to risks and assess the response measures carried out by each company through bilateral discussions.

Business Continuity Plan (BCP) Formulation and Implementation

In recent years there has been a string of unanticipated disasters, including both natural disasters such as major earthquakes, flooding caused by typhoons and torrential rainfall, landslides, heavy snow and volcano eruptions, and the spread of infectious diseases such as COVID-19 since early 2020, new influenza and noroviruses, which continually threaten both society and the economy. The Suntory Group has formulated a Business Continuity Plan (BCP) that will enable us to continue doing business as much as possible without interruption in the event of a disaster, to securely provide high quality products and services to customers, thus fulfilling our responsibilities to provide supplies.

The plan we have formulated goes beyond manufacturing at Suntory Group plants to include raw ingredient procurement and distribution as well as sales activities. We have taken steps to be able to decentralize our head office functions and infrastructure in an emergency and continue to strengthen our response structure to cope with contingencies.

Large-scale Natural Disaster Measures

Establishment of Safety Confirmation System and Emergency Drills

In preparation for natural disasters such as major earthquakes in Japan, we have in place a system that uses mobile phones, PCs, landlines, etc., to confirm the whereabouts and safety of employees.

We hold safety confirmation drills twice a year and work to raise awareness to ensure that the system operates smoothly. We also conduct regular disaster prevention drills based on the scenario of a major earthquake and drills focusing on how to get home from work on foot.



Disaster Countermeasures Headquarters Training

Disaster Response Systems

In the event of a large-scale disaster, we will provide a quick initial response by setting up a task force, mainly consist of the General Affairs Department of Suntory Holdings Limited and the Corporate Management Division of Suntory Beverage & Food Limited, to oversee the entire Suntory Group, and placing emergency response teams for each department under its control. The initial response of the task force will begin with confirming the safety of employees and their families and collecting and organizing information on damage from a disaster. The task force will also oversee the "restoration of office functions" "restoration of information systems," and the "arrangement of relief supplies," which will be carried out according to the action policies of each department, while also "restoring production operations" and "supporting customers and local communities." These systems and procedures are posted on the intranet so that employees can review them at any time. We have regularly reviewed our disaster response manuals, enhanced communication means and disaster supplies, and strengthened our disaster preparedness system, including that of our group companies. In addition, given the increasing number of people working from home amid the coronavirus pandemic, the task force has also a remote response system in place to ensure a prompt and appropriate initial response in the event of an emergency, in line with global circumstances.

Measures Against Infectious Diseases

Since the influenza pandemic in 2009, we have been taking measures to avoid the disruption of business operations by creating a manual on response process during a pandemic based on our Influenza Prevention Manual, disseminating information among employees, clarifying reporting system during pandemic, and strengthening measures to prevent the spread of infection. In addition, we created a course of action related to highly pathogenic diseases to handle all diseases (revised 2015). Furthermore, we have established a BCP that enables operations to continue even during a pandemic, highly-virulent influenza or other diseases.

New Coronavirus Countermeasures

We have established a New Coronavirus Task Force, which places the highest priority on employee safety, consolidates information on a disaster's impact on our supply chain and business performance, and quickly makes decisions and implements countermeasures. The system and environment that allows employees to work from home was in place before the coronavirus outbreak, enabling employees to work from home smoothly even during the pandemic. To ensure safety and security of employees working on site, we have implemented measures such as the installation of thermometers, acrylic boards, and disinfectant in various locations. In 2021 and 2022, a total of 3 vaccinations will be conducted for employees, cooperating companies, and their families. Since the 7th wave in 2022, we have been gradually reviewing infection control measures, lifting restrictions on business trips and going to work, as well as restrictions on the number of people who can have dinner together. In order to change to Category 5 in the future, we plan to review infection control measures such as wearing masks and change the response to infection in accordance with government policy.

Safety Management for Overseas Business Travel

As globalization continues to progress, safety management for overseas business travelers has become a major challenge. In 2013, Suntory Holdings Limited launched a system that allows the company to centrally keep track of all employees traveling from Japan to overseas countries on business. Furthermore, in 2017, we introduced a group-wide infrastructure system that enables centralized management of overseas business trip arrangements, applications, and post-business trip reimbursement, to confirm the safety of employees on overseas business trips in a short period of time.

For Group companies in regions with high incidence of malaria, tuberculosis, HIV/AIDS, and other infectious diseases, we distribute handbooks and other materials to raise awareness of these diseases and provide opportunities for health consultations with industrial physicians to prevent infection among employees stationed in or visiting on business such places. In order to prevent the spread of the new coronavirus infection and to prevent infection, overseas business trips that had been postponed have been resumed after confirming the infection status of the business trip destination and complying with the entry rules of each country and the rules when returning home.

Anti-bribery

We promote awareness and understanding by establishing guidelines for entertainment and gift-giving in-line with global standards. We have declared the basic approach of the Suntory Group for anti-bribery activities of directors and employees of the Suntory Group worldwide (Anti-Bribery Measures) in 2015 as our response to global enhancement of anti-corruption regulations, such as the Foreign Corrupt Practices Act (FCPA). Each initiative conducted by the Global Risk Management Committee is reported to the Board of Directors. We have formulated a global Anti-Bribery Policy in 2016, which includes new provisions on donations and political contributions in addition to entertainment and bribery. The Suntory Group's Code of Business Ethics is a set of rules which do not tolerate any improprieties or unfair practices. The Suntory Group actively works to raise awareness and conduct training related to global anti-bribery policies and guidelines for employees while regularly conducting monitoring. Moreover, we have put in place a global Compliance Hotline to create and utilize a system for receiving reports and carrying out consultations.

Employees are encouraged to immediately report any corruption cases or actions thought to be corruption.

Anti-Bribery Measures

1. Suntory Group, as a global group, is firmly committed to compliance with applicable anti-corruption laws and regulations around the world.
2. All Suntory employees worldwide are prohibited from giving or receiving bribes in any form, directly or indirectly, to anyone (public officials and private counterparties).
3. Suntory Group is committed to providing employees with clear guidelines such as Gifts, Entertainment and Hospitality.
4. Suntory Group is committed to maintaining accurate books and records and appropriate internal accounting controls systems, which shall be audited periodically by our independent auditors.
5. Suntory Group will communicate its compliance objectives, including how seriously it takes ethical conduct and compliance, to its employees, business partners, agents and other third parties.
6. Suntory Group will provide its employees comprehensive compliance and prevention of corruption training programs.
7. Suntory Holdings is committed to enhancing centralized monitoring processes worldwide.
8. Suntory Group wants and expects violations and concerns to be reported and will take action to investigate any complaints.
9. Suntory Group will provide employees with the resources to help them with compliance.

Risk Assessment for Corruption

The Suntory Group openly communicates about its due diligence processes and the nature of relationships with its business partners and builds efficient risk management system that includes due diligence of its business partners. If a given business area or a transaction appear to have high risk of corruption, we take decisive actions to mitigate the risk in this business area or a transaction.

Tightening Information Security

We are tightening information security systems in the entire Group to respond to information security risks, which are one of the most serious risks in operations. Global security policies were also formulated in an effort to enhance informational security at a global level.

Strengthening Information Security Systems

Suntory has established governance through preservation and systems for informational assets by defining the Suntory Group's Basic Principles for Governance of Information Security based on the growing needs of society that demand even stricter management of corporate information security.

We formulated the Suntory Group's Social Media Policy that stipulates the rules for using social media in Japan (including social networking service (SNS) such as Facebook, Twitter, Line, etc.) to respond to the risk of information leaks. We are reinforcing the awareness of each and every employee in the handling of information while advancing the information management of the entire Group based on these policies.

Suntory Group Information Security Basic Policy

Our information assets are a source of the Suntory Group's competitiveness. During our strategic usage and application of such assets, we must be worthy of our customers' trust in us and fulfill our corporate social responsibility. Thusly, we have identified the appropriate safeguarding of information assets as being an important management challenge, and have instituted the following basic policy, which promotes information security governance.

- By maintaining a chain of responsibility for information security and by formulating and enforcing rules on the handling of information, we will strive for appropriate management as one group.
- By specifying how the information assets that we possess should be handled in accordance with their importance and any risks, we will strive for their secure and proper use and their appropriate safeguarding.
- We will conduct the ongoing education and training of our directors, all employees, and other personnel, and we will commit to awareness-raising regarding this issue and ensure full compliance with rules related to information security.
- We will strive to prevent information security incidents, and in the unlikely event that such an incident occurs, we will swiftly take action to recover and implement corrective measures.
- While complying with laws and regulations in every country we operate in related to information assets, we will continuously improve and enhance the abovementioned information security policies.

Strengthening of Human Resource and Legal Management

We have established rules and regulations for the correct use of information systems and the management of confidential information, and we are raising awareness of that information via our intranet. Moreover, we are raising Group awareness to the fullest at each Group company in Japan through the following measure:

- Improve information management systems that are based on vulnerability analysis
- Introduce e-learning and study sessions to increase awareness of the importance of information security and the handling of information
- Establish rules related to using social media and introduce study sessions for employees
- Conduct training related to targeted email attacks that are growing year after year
- Work with members under the guidance of risk management control supervisors and leaders at each company to improve IT literacy

In 2016, Suntory put in place the Computer Security Incident Response Time (CSIRT) as a specialized organization to response to computer security incidents in an effort to prevent informational security incidents and strengthen its response in times of disasters as a Group.

Strengthening of Physical and Technological Management

Suntory has adopted an entry-exit management system that uses security cards at the Odaiba office, Osaka office and each of our other business sites.

We are also strengthening the management of access to information systems throughout the Group via authentication functions that use security cards and passwords.

In addition, to prevent information leak, we put in place preventative measures for overwriting data on information recording mediums and established systems (automated encryption) to safely store vital information (personal/confidential information). We adopted other measures that include measures to disable automatic forwarding of emails, unauthorized access from outside the company as well as setup and monitoring of a firewall to prevent attacks.

Initiatives for Minimizing Social Media Risks

Individuals can now easily distribute information with the rise in popularity of social media. However, we see the instances when negative information spreads widely through social media and damages corporate value.

The Suntory Group is conducting activities to make employees more sensitive to social media risks (awareness raising through e-learning, group seminars and promoting use of various education tool, etc.) by formulating various standards and guidelines for use of social media, discovering risks as early as possible, and launching response systems to lessen the social media risks.



social media risk seminar framework

Support of the My Number System

We have put in place measures to properly manage personal information safely at each Group company as deemed necessary for identifiable personal information (My Number System) introduced in Japan in 2016. We have confirmed that our subcontractors have put these measures in place as well.

Protecting Customers' Personal Information

Each company in Suntory Group stores personal information of many customers such as of those that applied for sales promotion campaigns and customers using mail-order of health and wellness foods, etc. The Suntory Group works to protect personal information of the entire Group according to the Act on the Protection of Personal Information and Guidelines to protect important customer information.

Employee Education on Personal Information Protection

We hold e-learning and study sessions for all of the employees in the Group to disseminate the importance of personal information protection. We conducted more focused information security education in departments that directly handle personal information.

Sales Promotion Campaign History Management System

All processes from acquiring information to deleting records are managed through Campaign History Management System upon signing non-disclosure agreement with subcontractor for sales promotion campaigns that collect customers' address, name and other personal information. In addition, personal information that requires being stored is centrally managed in dedicated database in-house to protect customers' information.

Information Management of Mail-order Customers

Information of mail-order customers at Suntory Wellness Ltd. are centrally managed in a dedicated closed system at communication management center in which access is strictly managed using the Finger Vein Recognition system.



Finger Vein Recognition system

Initiative on Intellectual Property Rights

The importance of intellectual property is increasing year after year along with the rising social awareness on intellectual property rights and recent movement on Government's measures and programs for the same. The Suntory Group has established the Intellectual Property Department mainly focusing on patents as well as the Trademark Department focusing on trademarks and our corporate brand "SUNTORY," as divisions supervising our intellectual property rights of the Suntory Group.

Utilization of Intellectual Property

Suntory acquires and utilizes the outcome of research & development and design activities in connection with our product, service and technology as intellectual property and promotes our corporate activities to continuously provide highly value-added products unique to the Suntory Group, which is symbolized by our "Yatte Minahare" spirit. In addition, based on our founders' spirit "Giving back to society," we proactively utilize such intellectual property in our sustainability activities and collaborative activities with various stakeholders for cohabitating in our society and solving social problems. Throughout such utilization of intellectual property, we strive to maximize the brand value of "SUNTORY" as well as our product and service. We implement an incentive scheme based on Invention Regulation in the Group to promote and utilize employee inventions.

Respecting Intellectual Property of Others

While utilizing intellectual properties, we collect information upon working closely with the site of research & development, designing and marketing activities in order not to infringe intellectual property owned by others. For example, upon adopting new technology, we survey whether or not there is a patent owned by others in connection with such new technology. Furthermore, when adopting a new product name, we conduct whether or not it is registered as a trademark owned by others. We sometimes collaborate with the experts to judge whether our use of new technology and names are legally correct and appropriate.

Tax Policy

The Suntory Group has established the following tax policy based on the concepts of the Suntory Group Code of Business Ethics.

Below is the summary of Global Tax Policy.

Operate effective tax governance to meet our compliance obligations:

We ensure tax compliance through regular reviews by the CFO of compliance with our global tax policy, clear reporting line at a global level, and the effective use of external professional advisors.

Create synergies by maximizing returns, whilst paying the right amount of tax:

We, as a good corporate citizen, will pay what we determine in good faith to be the correct amount of tax in a tax efficient manner. To create sustainable businesses, we will consider the most tax efficient way, however, we will give the highest priority to business reasons and will not enter into any aggressive tax planning arrangements which we determine have the sole purpose of achieving a tax advantage.

Pursue long term interests of society and our stakeholders:

We will maintain an open and transparent relationship with tax authorities in the jurisdictions in which we operate. Specifically, we will discuss with tax authorities in a timely and appropriate manner, we maintain full and timely disclosure of necessary information as required by law or queries from tax authorities, and if any disputes arise, we strive to achieve early agreement and resolution with tax authorities.

Ensure the business is provided with timely support on tax issues:

We form active links between the tax teams and the business divisions in order to achieve our commercial objectives. Specifically, our tax teams provide the business divisions with sufficient tax awareness to support them in making optimized business decisions.

Income Taxes Paid

(Billion Yen)

	Japan	Overseas	Total
2020	17.8	34.7	52.5
2021	16.5	37.6	54.1

*The above amounts are based on "Country-by-Country Report" submitted to Japanese Tax Authorities, and not directly related to the Consolidated Financial Statements.

Others

- **Corporate Mission "To Create Harmony with People and Nature" — How Suntory should Take Actions on Biodiversity** 221
- **Evaluation from External Parties** 230
- **Initiatives and Industry Alliances** 233

Stakeholder
Dialogue

Corporate Mission "To Create Harmony with People and Nature — How Suntory should Take Actions on Biodiversity

Along with the climate change, loss of biodiversity is becoming increasingly important issue to the sustainability of the planet. The Suntory Group has been addressing biodiversity issues through Bird Conservation Activities and water resource cultivation in Natural Water Sanctuaries. However, we need to step up our efforts now more than ever. We therefore asked experts to give us their opinions from a wide range of perspectives on future policies, on how to proceed with initiatives, and on communication with the stakeholders.

●Date:Monday, March 14, 2022

●Location:Suntory World Headquarters (Tokyo, Japan)

Experts



Naoki Adachi, PhD
CEO, Response Ability, Inc.



Mikako Awano
Founder, CEO, SusCon Japan



Keisuke Takegahara
Executive Fellow, Research Institute
of Capital Formation, Development
Bank of Japan Inc.

Suntory



Makiko Ono
Managing Executive Officer,
Division COO, Sustainability
Management Division
Suntory Holdings Limited
(at the time)



Masaaki Fujiwara
Executive Officer, Deputy Division
COO, Sustainability Management
Division
Suntory Holdings Limited
(at the time)



Shigeaki Kazama
Executive Officer, Deputy Division
COO, Sustainability Management
Division
Suntory Holdings Limited



Nobuyasu Kitamura
Senior General Manager, Corporate
Sustainability Department,
Sustainability Management Division
Suntory Holdings Limited



Masao Itoko
Managing Executive Officer,
Division COO, Supply Chain
Division
Suntory Holdings Limited
(at the time)



Kazushi Ishikawa
Managing Executive Officer,
Division COO, Corporate Strategy
Division
Suntory Beverage & Food Limited
(at the time)

Moderator

Hidenori Imazu
Program Committee Member, Japan Forum of Business and Society

For Effective Internal and External Communications, Present the Overall Structure of the Multi-layered Strategies

Moderator | Today, we would like to hear various opinions from experts in order to further promote activities and communications related to biodiversity. First of all, please give us your impressions of the Suntory Group's biodiversity initiatives.

Adachi | The world is now moving toward a nature-positive world. Suntory's corporate mission, "To Create Harmony with People and Nature," represents a way of thinking that is wholly consistent with a nature-positive world. People cannot live without nature. The world has finally begun to move toward a society in which we aspire to enable nature and people to coexist. I think it is wonderful that Suntory formulated the Suntory Group's Environmental Principles in 2015 which is aware of nature-positive world, and that it has proposed revisions in keeping with the times.

It is also excellent that Suntory is thoroughly committed to the "*Mizu To Ikiru* (living with water) " concept. Water is Suntory's most critical resource. It is rather rare for a Japanese company to have such a global perspective, conducting water resource cultivation and next-generation environmental program, Suntory *Mizuiku* - Education Program for Nature and Water beyond Japan as well. I think that the peatland regeneration (efforts to protect whisky production in Scotland through peatland and water resource conservation) is also a highly laudable activity and hope it would be widely communicated. Furthermore, I would like to ask you to extend these considerations to other raw ingredients as well, not completing with just water.

Awano | It struck me very much to see how Suntory is analyzing biodiversity from such a multiple viewpoint given the long history of initiatives on environmental issues that Suntory has undertaken since its founding. It is so rare for a Japanese company to advance initiatives to this extent. Environmental issues, however, are complex and interconnected. When you launch a climate change strategy while also launching a biodiversity strategy, you encounter same issues respectively. There is a risk of losing sight of how to ensure such complex nexus when incorporating these elements into activities based on the strategy.

I think it will make things far easier to understand if you present an overall structure to show the position of each strategy and how they all interact and interconnect with each other, rather than just explaining by words. This will not only facilitate the understanding of external stakeholders but also enable employees to more easily grasp overall structure of your strategies. I strongly anticipate that you'll take further easy-to-understand way of communicating Suntory's comprehensive approach.

Takegahara

Whether a company is listed or unlisted, the current discussion in the world of finance is about the need to properly identify factors and make choices for the firm's long-term growth. In doing so, it is essential to look at various non-financial information as well, because this discernment is impossible only by looking at current financial performance. In determining what non-financial information to look at, materiality comes under active discussion. The idea is to measure those factors that affect the long-term growth of the company or the sustainability of its business model over the long term as material information. A company that can explain this axis will be able to depict itself as a company with ability to grow while solving social issues, so to speak. Therefore, such a firm is seen worthy of long-term investment.

Suntory has firmly positioned natural capital, climate change, and water among the materialities that are foundational to its business, in the same sense as compliance and corporate governance. I think this is Suntory's most distinctive and commendable characteristic.

This is a bit of a departure from biodiversity, but another theme is how to present human capital in the debate over the government's "new capitalism". Human capital is difficult to be explained quantitatively, and I think it ultimately depends on whether the practice of purpose-driven management is enabling purpose to permeate the workforce and increase employee engagement. The "Mizu To Ikiru" message is spoken by everyone as something that applies to them personally, even junior employees. Purpose resonates with employees, which fosters an eagerness to work toward its realization. I think this provides sufficient material for the formation of Suntory's intangible enterprise value, value as viewed from the perspective of human capital.

Adachi

Speaking of biodiversity, the most crucial perspective is whether the business can continue for 10 years, 20 years and beyond. The current world population is 7.7 to 7.8 billion. In 10 to 20 years, when the population reaches 9 or 10 billion, more food will be needed especially in emerging countries.

The market will grow by 25% to 30%, and in order to secure a stable supply of raw ingredients to support that growth, it will be critical to provide various supports for those who are producing raw ingredients upstream in the value chain. This will not be possible unless such local workers lead healthy and stable lives, working enthusiastically to produce the raw ingredients. To this end, it will not be possible to produce raw ingredients without shifting to an appropriate agricultural environment.

I think that for Suntory, maintaining the perspective of how to do business together with people involved in every step throughout the value chain will affect how they develop their business moving forward, and at the same time keep their business secure.



Be Engaged in Building Trust and Relationship with the Value Chain Stakeholders

- Moderator** | At the Suntory Group, the entirety of the value chain is included within the scope of the Suntory Group's Environmental Principles because Suntory pledges to hand over a sustainable society abounding in vibrant life to the next generation. What kind of initiatives involving the value chain are you working on in your actual business?
- Fujiwara** | When we consider Suntory's history, quality is what has been given prime importance in manufacturing. Another crucial aspect has been traceability. Take oolong tea beverage, for example, which has grown significantly as a business over the decades. In bringing this product to market, we traced back to the origins of the oolong tea leaves value chain. At the time, pesticides posed a risk, and we decided that we needed to go back to the farms where the production was taking place to clear that up, so we have invested in this effort. Our focus at the time was on product quality. But now I have further understood the importance to have the perspective of creating a flow that will enable everyone involved in the value chain to lead an upstanding life.
- Itoko** | For coffee, we have been working in firm partnership with Brazilian farms for the past five to six years and have been promoting contract farming. We are also building schools in Guatemala to create educational opportunities and to teach sustainable cultivation methods. This is something we undertake because we believe it to be necessary, but expanding it is very difficult, and I have experienced a real sense of how difficult it is to continue doing this. Nevertheless, we are not going to sell off or cut out the operation related to this just from the profitability point of view. You cannot build trust with producers unless you engage with them for a long time.
- Adachi** | I think building trust is very important. I think it is important to build trust with the people in the production sites, and to find ways of increasing the number of farmers who feel sympathy and consider themselves to be producing for Suntory, or for Mr. Itoko.
- Fujiwara** | It takes a lot of determination to get into the entire value chain. Meanwhile, customers' tastes and preferences will also change over time. With coffee, for example, plantations may be changed to suit different tastes. How to build relationships with the value chain then poses a major challenge. This is true for all raw ingredients, but I feel that we must consider ways of building trust with these plantations and producing regions, keeping resolutely aware that they are indispensable to continuing our business to the future. We have formed a global cross-functional team that has begun its work, and would like to further deepen our deliberations of these matters.
- Itoko** | In the future, I think debates will emerge regarding things like drastic increases in production of genetically modified organisms (GMOs) to cope with the increase in the world's population. What is the global situation on this issue?
- Awano** | Japanese consumers have high allergic reactions to GMOs, but globally they are widely adopted in reality. Given the strategies for sustainability, GMOs should or could not be avoided as a taboo in the future in your consideration. Our priority issues will be how to increase yields without new land conversion to agriculture, and how to maintain yields despite the impact of climate change.

Adachi | It is very controversial and the thoughts diverge by region. I believe we should be as safety-minded as possible, and avoid being too quick to latch onto GMOs alone. Still, the current intensive agriculture in the arid environments of Europe and North America is apparently at its limit. The use of large amounts of pesticides and chemical fertilizers is also deteriorating the soil, making farming almost impossible. Organic and regenerative agricultures are intended to help maintain or even recover productivity by regenerating this soil. While I am not sure whether this will provide a panacea, I think a need for it is emerging in the field.

Ono | In Europe, organics are familiar to consumers. I think the consumer's perspective is that they buy organic items on the assumption that there is some health benefit, even if they are more or less expensive. From the standpoint of biodiversity, this kind of consumer behavior is connected to sustainable agriculture, although consumers are not made aware of this. One challenge is how to communicate to consumers that what they understand to be good for their health is also good for biodiversity.

Adachi | With respect to the future increase in the world's population to 1.2 times its current size, will Suntory increase its sales by 1.2 times, or even more? Or, will it take an approach by which it can be sustained without expanding the scale of business, keeping it at a level that can be reliably maintained? As there might be various strategies and options, I think we need to give this thorough consideration.

Takegahara | If you think of a bottleneck in the procurement of raw ingredients in terms of business continuity plan, a so-called "BCP," you would normally adopt an alternative strategy or diversification strategy to eliminate that bottleneck. Now, however, due to population growth and other factors, raw material supply has become a bottleneck on a global scale, and it is necessary to address issues for which alternative strategies are not effective. When this happens, we have no choice but to move on to the product portfolio. I think we are being asked a message about a business model that adopts the new constraints.



Look into the Nature Related Opportunities as well as Risks for Increasing the Enterprise Value

Moderator | What kind of discussions are going on in Japan and abroad regarding biodiversity initiatives?

Takegahara | The International Sustainability Standards Board (ISSB) has issued a draft disclosure standard that can be considered a sustainability information version of the International Accounting Standards. In the draft, materiality is limited to financial materiality, that is, information that affects enterprise value. Since various issues affect each other and affect enterprise value in a comprehensive manner, there is concern that simply arranging topics such as climate change and biodiversity as material issues will make it difficult to convey that point.

In addition, with the spread of the Task Force on Climate-related Financial Disclosures (TCFD), many companies have already set out climate change as a "material issue" that affects their growth. Financial interest is heading towards the materiality that follows. Natural capital is a prospective candidate along with the circular economy, but the current situation is that it is difficult to link natural capital to growth strategies.

- Ishikawa** | I myself belong to Suntory Beverage & Food Ltd., the only listed company in the group, and I believe that the mission of a listed company comes down to how to raise its enterprise value. In this context, the shift from financial to non-financial information has moved forward with the Taskforce on Climate-related Financial Disclosures (TCFD) framework leading the way in the immediate future, and movement occurring toward the Taskforce on Nature-related Financial Disclosures (TNFD). Since it is impossible to ensure accountability to all stakeholders with a single materiality, we must proceed with combinations of double materiality and even dynamic materiality. I feel that converting this into practical operations poses a difficult issue.
- Awano** | From the standpoint of enterprise value, I think showing how biodiversity strategy is relevant to the increase of enterprise value will be a major pillar in the future. However, when we look at the biodiversity strategies of many companies, we see a tendency to emphasize risk side, and a weaker focus on opportunity side. Narrative of opportunities are required for increasing enterprise values.
- Ishikawa** | From the perspective of improving enterprise value, it's necessary to reveal opportunity as well as risk. I would like for us to think carefully about how to express our opportunity.
- Awano** | With respect to water, on the other hand, when we take a multi-stakeholder approach globally, the relationship with local communities is naturally indispensable. I believe that a major feature of future operations will be looking at how biodiversity strategies, including such relationships, can lead to improved enterprise value on a global basis. It will then be important to be mindful of the fact that local issues cannot be globalized so easily. This is a characteristic of natural capital that makes it different from climate change. In doing so, I think that multi-stakeholder engagement that incorporates and reflects the opinions of local communities will be necessary. Otherwise, the activity will simply end up as self-righteous social philanthropy by the company.
- Kazama** | As for expanding water resource cultivation globally, of which there are examples of success in Japan, I have some experience working overseas, and understand the difficulties on the practical level. Nevertheless, we must proceed. The year before last, we began a pilot program in high water risk regions overseas. There are aspects that have gradually become evident to us through these efforts. Specifically, we have found a university professor in Indonesia who is knowledgeable about water, and we are proceeding with the project by incorporating local know-how learned from the professor. In Spain, our operations use city water because, unlike Japan and Indonesia, this is an arid region where there are no wells at production plants. We are borrowing from local wisdom of how to cultivate water resources in such an environment. Rather than simple water resource conservation, we are proceeding with the project in the context of how to communicate with the local community and how to preserve the city water of the local municipality.
- Kitamura** | The Suntory Group is working on sorting out issues concerning primary suppliers comprehensively by utilizing the Supplier Ethical Data Exchange (Sedex), an international platform for supply chain issues. We are aware, however, that ultimately we have to go to the farmers. However, even for a single coffee, for example, the themes are so multilayered and intertwined that we feel difficulty in trying to figure out how we should bring things to a resolution of the problem. What kind of aspects should we consider when actually proceeding with the project?

Awano

I think it is very difficult even for companies that are making progress with their initiatives. With regard to biodiversity, financial institutions and business firms were perplexed to find a way to start in the first place. There is a common perception that it's so complicated that they don't know where to start. So, in TNFD, it started from showing where to set to work. It has a practical guide, which I think makes it easier to get a handle on it and structurize concepts. I hope you will give it a try.

Adachi

One reason for the difficulty in understanding biodiversity is its complexity, but I think another reason is probably the lack of our experience to see the fields. Locality is critical for issues of biodiversity or raw ingredients. Although not so much as in the case of wine, it often happens that circumstances differ greatly with just a few kilometers of separation. Therefore, the first necessary task is to connect local sites involved. In Japan, this has been done by trading companies. But in the future, manufacturers themselves need to go and see the places where the raw ingredients they use come from. However, some issues can be discerned only by experts. This is the reason why some companies make site visits with local agricultural advisors or NGO staff, or train perceptive observers within the company or even hire people with such expertise.

In addition to going into the field by yourself, I also would like to propose to consider having people working in the field come to visit Suntory in the future. Because I believe it is important to create a system that allows for a bottom-up creative approach from the field as people learn more about Suntory's initiatives and gain a deeper understanding. This is about developing a system in which everyone can support each other with an optimal sense of unity with Suntory throughout the entire value chain, making it possible to work successfully together. This is no easy task, but looking at the efforts of global companies, I believe that over a period of time, say 10 years, considerable progress can be made.

Kitamura

We have to work as a team both inside and outside the company to solve the multi-layered challenges of biodiversity. Internally, I would like to deepen the discussion, including questions of what perspective to take and by when to implement the plan, as we draw on wisdom from various angles by involving the business divisions.



Envision What Suntory Aims to Be in 50 Years

Moderator

We've received a wide range of advice from the experts. To conclude, could you please give us your message of support for Suntory?

Takegahara

The discussion has touched on biodiversity being complex and difficult to understand, but in fact, looking at Suntory from the outside, I think Suntory may show that it is not actually difficult to grasp issues in an integrated manner and to link them to its efforts.

Also, I am very eager to see your future product portfolio. I understand your attitude not to sell your business easily just because you are facing challenges. The portfolio selected in the management stance will probably be something unique to Suntory. I think that will probably lead to opportunities.

Awano

I noted that efforts to improve enterprise value tend to emphasize risk over opportunity. However, the reality is that a global awareness of risk and a sense of urgency are extremely strong. Many companies are just now getting started, and finally recognizing what difficulties biodiversity poses. Among them, Suntory is set on the starting line, ready and waiting for the signal to begin. That is your strength, and we hope that you will get off to a good start by taking advantage of everything that you have built up.

Adachi

In the approach to biodiversity recovery, efforts are to be taken in a particular order. First comes risk avoidance, then risk mitigation. Thus far, Japanese companies have managed to accomplish these. Beyond that, however, there has been little movement on restoration and regeneration. What will be important in the future is restoration and regeneration. Suntory is already moving forward with work on restoration and regeneration of water and peatlands. What I would like you to consider further is the change, the transformation, that lies beyond restoration and regeneration.

There are many kinds of transformation, and one of these is transforming the way business is conducted. That is, I think there will be a transformation from buying raw ingredients from trading companies to going into the fields yourselves, looking the fields over closely, or even doing the work together. Another is to think transformation of the business model itself. I believe that all industries now seem to be shifting away from the era of mass production and mass sales. I think there might be another way of doing things at Suntory as well.

When it comes to the culture on which Suntory places great value, food culture differs from region to region, and that is where value lies. Considering this, I believe it might be good to place more emphasis on local cultures of food and beverages. I assume and hope that such products will become a big pillar of the company in the future.

Ono

We have received many comments and suggestions on biodiversity, and now I would like to share three points by way of summary.

The first point is to view raw ingredients throughout the entire value chain. We have already started working on it, but we are just getting started. In terms of how to take concrete actions in the future, we need to think about how we can build win-win relationships by going into the field and partnering with local people in a more accessible way. By doing so, we will deepen our understanding, and local suppliers will also improve their level of quality. I felt that such activities should then be linked to the improvement of human capital skills to have a positive impact within the company.

The second point is about enterprise value. Our consideration started from considering how to avoid risk, but taking a step further, how to take Suntory's enterprise value into the positive is also important. We tend to think from the perspective of risk, but we need to consider how we can shift to an opportunity-oriented perspective.

The third point is what kind of business Suntory will be doing 30, 40, or 50 years from now. It is obvious that we cannot make progress along a linear extension from the present. So I felt that we need to use our imaginations while working on the tasks immediately before us, thinking about how we want things to be and what is necessary to achieve that. It is a difficult perspective to get a handle on, but I intend for us to work on it as part of our mission. Thank you very much for your time today.



Evaluation from External Parties

Overall ESG

Jun. 2022

Suntory Beverage & Food Limited selected as a Constituent of FTSE4Good Index Series, a global ESG investment index

Suntory Beverage & Food Limited ("SBF") has been selected for the first time as a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index, the ESG investment index.

Environment

Dec. 2022

Suntory Holdings Named on CDP A List for Both Climate Change and Water Security

Suntory Holdings Limited achieved the prestigious A List for Climate Change and Water Security based on the company's sustainability reporting in 2022. by CDP, a non-profit organization that runs global disclosure system on sustainability.



Feb. 2022

Suntory Holdings Limited selected by the CDP as Supplier Engagement Leader 2021

Suntory Holdings Limited has been recognized on global environmental non-profit CDP's Supplier Engagement Leaderboard, ranking among the top 8% of all companies assessed for supplier engagement on climate change.



Jan. 2022

Suntory Minami Alps Hakushu Water Plant in Japan achieved the Alliance for Water Stewardship (AWS) certification

Suntory Minami Alps Hakushu Water Plant in Japan achieved the Alliance for Water Stewardship (AWS) certification for having met the global benchmark for responsible water stewardship, making it the company's third plant to be certified against AWS Standard. In 2018, Suntory Okudaisen Bunanomori Water Plant became the first Japanese plant to receive certification under the AWS Standard, followed by the second certification in 2019 for Suntory Kyushu Kumamoto Plant.

Mar. 2022

Suntory Holdings Limited received Grand Prize in the "Project Category" of the NIKKEI Decarbonization Award

In the NIKKEI Decarbonization Award "Project Category," Suntory Holdings Limited received the Grand Prize for its efforts to "Realize a decarbonized society through bottle-to-bottle direct recycling."



Mar. 2022

Suntory Kyushu Kumamoto Plant received the "Grand Prize" in the Groundwater Conservation Award Program

Suntory Kyushu Kumamoto Plant was awarded the "Grand Prix" in the 2021 Groundwater Conservation Award Program by the Kumamoto Groundwater Foundation. The award was given in recognition of the plant's various activities for groundwater sustainability, including the systematic development of various water conservation activities since the start of operations in 2003.

Social

Mar. 2022

Suntory Holdings Limited and Suntory Beverage & Food Limited recognized as a "White 500" in the "Excellent Health Management Corporation 2022"

Suntory Holdings Limited and Suntory Beverage & Food Limited have been certified as "Excellent Corporations for Health Management 2022 - White 500" by the Ministry of Economy, Trade and Industry and the Japan Health Council. This is the sixth consecutive year that both companies have been certified since the certification began in 2017.



Dec. 2022

Suntory Holdings Limited received the highest rating of "Gold" in the PRIDE Index, an index of LGBTQ+ initiatives

Suntory Holdings Limited has received the highest rating of "Gold" in the "PRIDE Index 2022" established by Work with Pride. The PRIDE Index was established in 2016 to evaluate the efforts of companies and organizations related to LGBTQ+ and other sexual minorities, and this is the sixth consecutive year that Suntory Holdings Limited has received a Gold rating.



Mar. 2022

Suntory Holdings Limited received "Cancer Control Partner Award (medical checkup category)" at the 2021 Awards for Companies Promoting Cancer Control

Suntory Holdings Limited received the "Partner Award for Cancer Control Promotion (Health Screening Category)" at the 2021 Awards for Companies Promoting Cancer Control organized by Action for Companies Promoting Cancer Control, a project commissioned by the Ministry of Health, Labor and Welfare.

Mar. 2022

PT SUNTORY GARUDA BEVERAGE selected as "Indonesia Top CSR Awards 2021 Star 4 and Top Leader on CSR Commitment 2022"

PT SUNTORY GARUDA BEVERAGE was selected as Indonesia Top CSR Awards 2021 Star 4 and Top Leader on CSR Commitment 2022. Suntory Garuda Beverage was recognized for its sustainability initiatives, including water conservation activities at its plants, "Mizuiku" environmental education for the next generation to teach children the importance of water, other container packaging initiatives, and measures and support for the prevention of Covid-19.

Jan. 2022

Suntory (China) Holding Co., Ltd. received the Shanghai City "慈善之星 (Charity Star)" award

Suntory (China) Holding Co., Ltd. was awarded the Shanghai "慈善之星 (Charity Star)". The award recognizes organizations and individuals who have made outstanding contributions and had a broad impact on the development of philanthropy in Shanghai and China, including the prevention and management of the Covid-19 pandemic. Suntory was highly recognized for its support activities for Covid-19 and its "Suntory Mizuiku-Education Program for Nature and Water" launched in China in September 2021.

Initiatives and Industry Alliances

United Nations Global Compact

The Suntory Group supports international standards such as the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, and is a signatory to the UN Global Compact, which contains universal principles for human rights, labor, and the environment advocated by the United Nations.



The CEO Water Mandate

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



The CEO Water Mandate

Alliance for Water Stewardship (AWS)

In February 2021, the Suntory Group signed a partnership agreement with the Alliance for Water Stewardship, an international organization leading the global movement for water sustainability. AWS certification is designed to promote water conservation and stewardship at factories worldwide. As the first corporation in the country to become a member of the organization (originally signed with AWS Asia Pacific), we are taking a leadership role in promoting water sustainability in Japan.



Science Based Targets (SBT) Initiative

The SBT initiative encourages companies to set greenhouse gas (GHG) emissions reduction targets based on scientific evidence, and conducts audits and certification. The GHG emissions reduction targets under the Suntory Group's Environmental Targets toward 2030 have been approved by the SBT initiative, which independently assesses companies' targets, as consistent with reductions required to keep global warming to 1.5°C.

The Suntory Group is also a signatory to the "Business Ambition for 1.5°C" campaign led by the SBT initiative*1 in partnership with the UN Global Compact and the We Mean Business*2 coalition to hold global temperature increases to 1.5°C above pre-industrial levels.



*1 The SBTi is an international initiative jointly established by the United Nations Global Compact (UNGC), CDP (a coalition of institutional investors that promotes disclosure of information on climate change measures), World Resources Institute (WRI), and World Wide Fund for Nature (WWF). It drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets.

*2 The We Mean Business coalition is a global nonprofit led by international organizations, think tanks, NGOs, and other constituent organizations to build a platform for businesses and investors to take action on climate change.

Task Force on Climate-related Financial Disclosures (TCFD)

The Suntory Group has declared its endorsement of the TCFD recommendations established by the Financial Stability Board (FSB).



Taskforce on Nature-related Financial Disclosures (TNFD) Forum

The Suntory Group joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum in April 2022 to accelerate initiatives that contribute to nature-positive outcomes.



30by30 Alliance for Biodiversity

In April 2022, the Suntory Group joined the 30by30 Alliance for Biodiversity, which aims to halt and reverse biodiversity loss to realize a sustainable society.



Official Partnership for National Parks

The Suntory Group has entered into an Official Partnership for National Parks with the Ministry of the Environment. This program aims to promote the wonders of Japan's national parks to the world and attract more visitors both from Japan and overseas. It is designed to deepen people's understanding of conserving the natural environment and revitalize the areas where the national parks are located.



SAI Platform

In July 2022, the Suntory Group joined the Sustainable Agriculture Initiative Platform (SAI Platform), a global not-for-profit organization advancing sustainable agricultural practices which was founded in 2002.



Japan Clean Ocean Material Alliance (CLOMA)

The Suntory Group has been a member of CLOMA since its foundation. It is a public-private alliance established in response to a call from the Ministry of Economy, Trade and Industry (METI). The alliance aims to build an efficient recycling system that meets the needs of each country by developing and promoting the use of plastic substitute materials and by offering information and technical consulting to other countries.



Global Plastic Action Partnership (GPAP)

In November 2019, the Suntory Group joined the Global Plastic Action Partnership, a global alliance working to solve environmental issues caused by plastics.



Plastic Circular Challenge 2025

In February 2022, the Suntory Group joined Plastic Circular Challenge 2025, a Japanese domestic framework that aims to solve various issues related to plastics to achieve a sustainable circular economy.

International Alliance for Responsible Drinking (IARD)

As Beam Suntory, the Suntory Group has been a member of IARD since the alliance's establishment and has also been deeply involved in the formulation of the Industry Commitment for Reducing Harmful Use of Alcohol, an effort by the alcoholic beverage industry in response to the WHO's Global Strategy to Reduce Harmful Use of Alcohol (adopted in 2010).

International Alliance for Responsible Drinking (IARD)

The Suntory Group is a member of IARD, a non-profit organization headquartered in Washington, D.C. that includes 13 of the world's leading alcoholic beverage companies. The alliance promotes international efforts to promote appropriate alcohol consumption. As Beam Suntory, Suntory has been a member of IARD since the alliance's establishment and has also been deeply involved in the formulation of the Industry Commitment for Reducing Harmful Use of Alcohol, an effort by the alcoholic beverage industry in response to the World Health Organization (WHO) 's Global Strategy to Reduce Harmful Use of Alcohol (adopted in 2010).

The Valuable 500

The Suntory Group has joined the Valuable 500, a global initiative promoting disability inclusion. The initiative was launched in January 2019 at the World Economic Forum Annual Meeting in Davos. Its aim is to encourage business leaders to carry out reforms to realize the potential value that disabled people can bring to business, society, and the economy.



Environment-Related Committees of Liquor and Beverage Industry Associations (Japan)

Japan Soft Drink Association (Environment Committee, Vending Machine Committee, etc.)

<http://www.j-sda.or.jp/about-jsda/english.php>

Brewers Association of Japan (Environmental Committee, Container Environment Committee)

<https://www.brewers.or.jp/english/index.html>

Japan Spirits & Liqueurs Makers Association (Environmental Issues Committee)

<http://www.yoshu.or.jp/> (in Japanese)

Recycling Industry Organizations (Japan)

The Japan Containers and Packaging Recycling Association

<https://www.jcpra.or.jp/english/tabid/603/index.php>

The Beverage Industry Environment Beautification Association (BIEBA)

<https://kankyobika.or.jp/english>

Glass Bottle 3R Promotion Association

<http://www.glass-recycle-as.gr.jp/> (in Japanese)

The Council for PET Bottle Recycling

<https://www.petbottle-rec.gr.jp/english/>

Japan Aluminum Can Recycling Association

<http://www.alumi-can.or.jp/> (in Japanese)

Performance Data

• Environment	239
• Social	254

Performance Data

The Suntory Group has brought together its performance for the main indicators (management, environment, and society) on our sustainability site and other media.

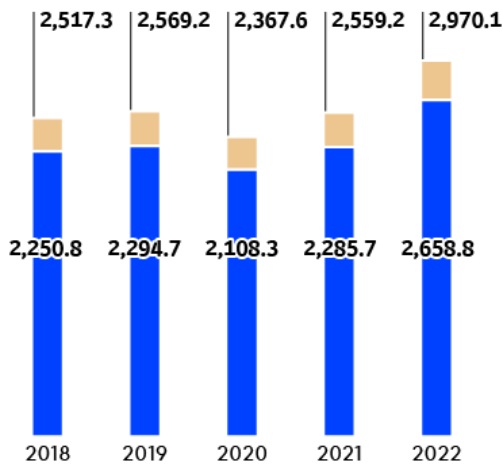
Actual results marked with ★ have received independent assurance by KPMG AZSA Sustainability Co., Ltd. In accordance with International Standard on Assurance Engagement (ISAE) 3000 and ISAE 3410.

Key Financial Data

Consolidated financial Results

Consolidated Revenue

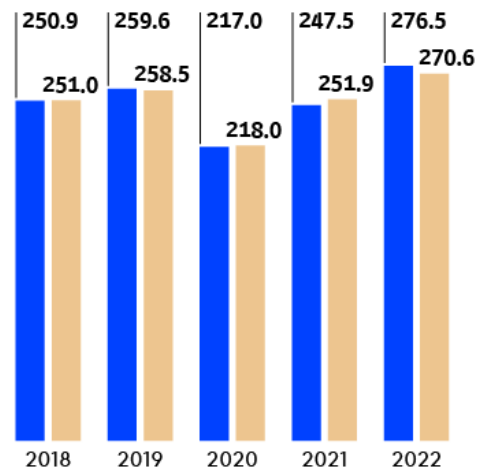
(Billion yen)



■ Consolidated Revenue (including excise taxes)
■ Consolidated Revenue (excluding excise taxes)

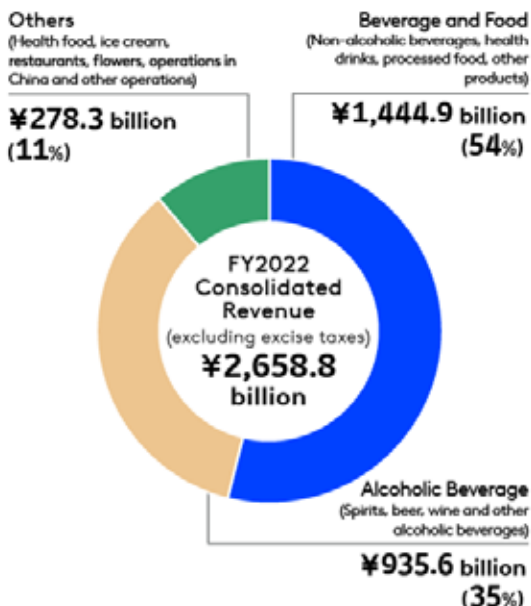
Consolidated Operating Income

(Billion yen)

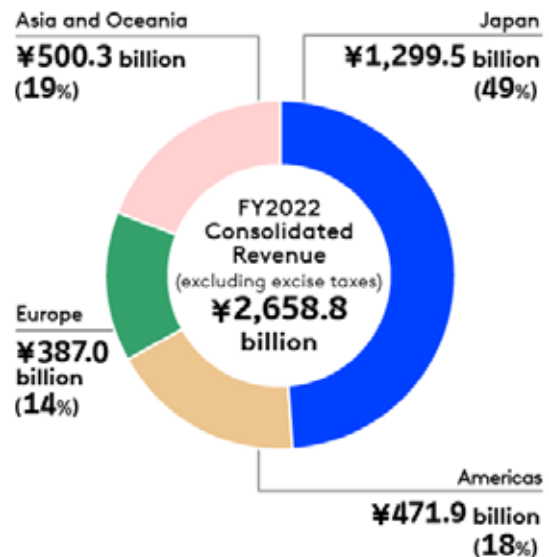


■ Operating Income
■ Adjusted Operating Income

Sales by Business Segment



Sales by Area



Economic contribution*

		2022 (Billions of yen)
Economic contribution	Revenues	2,658.8
	Operating costs	931.6
	Employee wages and benefits	387.0
	Payments to providers of capital	54.0
	Payments to government	61.6
	Community investment	6.6
	Financial assistance from government	—
Financial investment contribution	Capex - depreciation	34.1
	Share buybacks plus dividend payments	35.8
Total R&D expenses		27.3
Total global tax		61.6

*Disclose based on the core metrics of Measuring Stakeholder Capitalism-Toward Common Metrics and Consistent Reporting of Sustainable Value Creation, as recommended by the World Economic Forum's International Business Council.

Environmental Data

Targets and Progress<Water>

2030	2022
<p>Reduction of water used in direct operation Reduce the water intensity of production at our owned plants*¹ by 35%*² globally. In addition, explore reduction of absolute amount of water withdrawn in highly water stressed areas</p>	<p>Reduced the water intensity of production by 28.0% compared to 2015.</p>
<p>Water replenishment Replenish more than 100% of water used in at least 50% of our owned plants*¹ globally, including all those in highly water stressed areas, through local water source conservation efforts.</p>	<p>Water resource cultivation activities implemented in 34% of all owned plants globally. For the plants located in highly water stressed areas, activities are implemented in 30% of those areas.</p>
<p>Sustainable water use in raw ingredients Collaborate with suppliers to improve water-use efficiency in the production of water-intensive key ingredients*³ in highly water stressed areas.</p>	<ul style="list-style-type: none"> · As an initiative on barley production through regenerative agriculture, we began working with our malt suppliers to verify the improvement of water use efficiency by improving soil water retention. · Started building a pilot program to assess and support water use through regenerative agriculture for coffee farmers in the Cerrado region of Brazil.
<p>Water education and access to safe water Expand water education programs and initiatives to provide safe water access for more than 1 million people.</p>	<p>Total 810,000 people Water education program: 510,000 people Provision of safe water: 300,000people</p>

*1 Suntory Group plants that manufactures finished products

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

*3 Coffee, barley, grapes

Water Use Performance

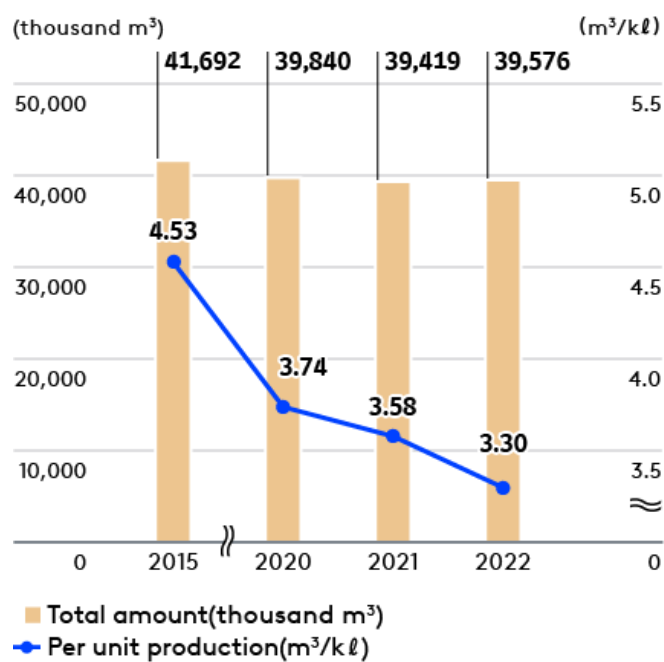
Area	Water use (thousand m ³)			
	2015 (base year)	2020	2021	2022
Japan	21,816	20,752	20,461	21,230
Americas	8,132	6,737	6,253	4,919
Europe	6,473	5,454	5,985	6,270
Asia	4,492	6,364	6,212	6,761
Oceania	562	444	424	397
Africa	216	89	84	—
Total	41,692	39,840	39,419	39,576★

*2015 (base year): Data covers 25 production plants in Japan and 59 production plants overseas *2022: Data covers 27 production plants in Japan and 62 production plants overseas

*Therein, the water use by Suntory Beverage & Food Group in Japan and overseas was 22,916 thousand m³★

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured numerical values are indicated with ★.

Water use



*Per unit production is the amount of usage per kiloliter produced

*2022 data covers 27 production plants in Japan and 62 production plants overseas.

Amount of water usage by water source

Intake source	Amount of water (thousand m ³)		
	2020	2021	2022
Groundwater	17,698	17,129	17,520
Rivers/lakes	6,097	5,565	3,986
Rain water	0	0	0
City water	16,045	16,725	18,070
Water supplied from external sources (recycled water)	0	0	0
Total	39,840	39,419	39,576★

*Data covers 27 production plants in Japan and 62 production plants overseas

*Industrial water was reclassified from Rivers/lakes to City water, resulting in the restatement of the breakdown for 2020 and 2021.

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured numerical values are indicated with ★.

Water discharge

Destination	Waste Water (thousand m ³)		
	2020	2021	2022
Rivers/lakes	13,611	14,204	14,283
Sea	967	1,088	1,086
Sewers	8,283	8,614	8,599
Others (for watering plants, etc.)	55	113	124
Total	22,917	24,019	24,092★

*Data covers 27 production plants in Japan and 62 production plants overseas

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured numerical values are indicated with ★.

Assessing Water Risk

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

WRI Aqueduct Water Risk Assessment by Suntory Group's Plants

For the risk assessment, we used the Baseline Water Stress country score, developed as part of World Resources Institute's Aqueduct Water Risk Atlas, as an index that can evaluate sites around the world in common at the global level, to identify countries with high water stress from the countries where our plants are located.

(*Covered 26 production plants in Japan and 64 production plants overseas owned by companies that collectively account for more than 90% of the Suntory Group's sales.)

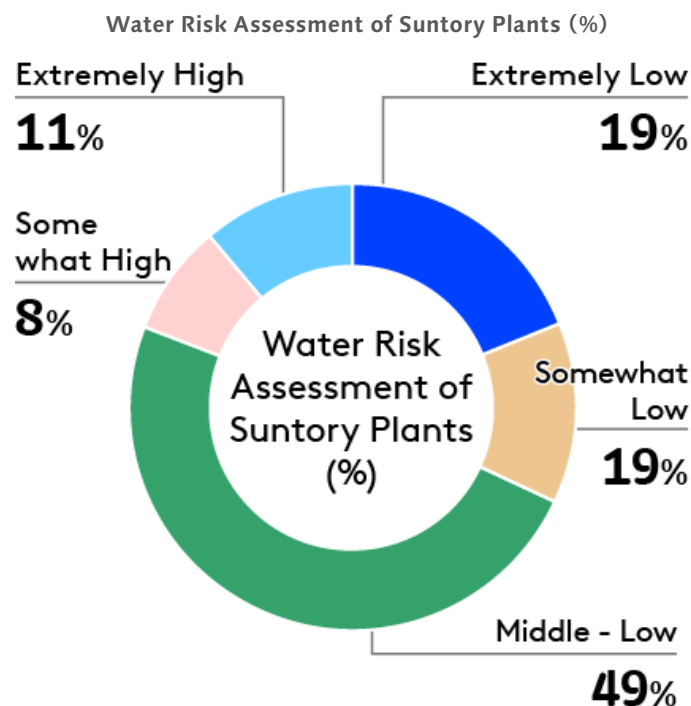
Baseline Water Stress	
Extremely high	India
High	Mexico and Spain
Medium-high	France, Thailand, Indonesia, and Australia
Low-medium	Japan, America, England, the Philippines, and Nigeria
Low	Canada, Ireland, Taiwan, Vietnam, Malaysia, and New Zealand

Created based on the Baseline Water Stress score for each country adopted in the Aqueduct Risk Atlas by the World Resources Institute.
<https://www.wri.org/applications/aqueduct/country-rankings/>

Hofste, R., S. Kuzma, S. Walker, E.H. Sutanudjaja, et. al. 2019. "Aqueduct 3.0: Updated Decision-Relevant Global Water Risk Indicators." Technical Note. Washington, DC: World Resources Institute. Available online at: <https://www.wri.org/publication/aqueduct-30>.

In addition to Baseline Water Stress, we have adopted 2040 Water Stress, which evaluates water stress in 2040 based on future scenarios such as climate change. Plants with either Baseline Water Stress or 2040 Water Stress scores of "Extremely High" or "High" are defined as plants with high water risk in the Suntory Group. The percentage of water withdrawals at plants with high water risk is 19% of all of our plants.

The Suntory Group conducted local surveys and assessments that focused on plants with high water risk. We have also consistently conducted water assessment surveys of our major suppliers since 2016.



Number of participants in the Suntory Mizuiku

Area	2020	2021	2022
Japan	9,800	22,100	24,600
Vietnam	14,100	44,700	61,100
Thailand	4,100	6,600	3,700
Indonesia	4,000	6,300	19,700
France	100	400	300
China	—	4,000	18,700
Spain	—	—	400
United Kingdom (Starts in 2023)	—	—	—
New Zealand (Starts in 2023)	—	—	—

*The number of participants includes children, parents, teachers, and expert instructors.

Targets and Progress<GHG>

2030年	2022年
Reduce GHG emissions from our direct operations by 50%*	16.9% reduction compared to 2019
Reduce GHG emissions across our entire value chain by 30%*	3.5% reduction compared to 2019

*Based on emissions in 2019

Scope 1 and 2 Emissions

Area	Scope	GHG emissions (Scope1 : thousand tons CO ₂ e, Scope2 : thousand tons CO ₂)			
		2019	2020	2021	2022
Japan	Scope 1	250	248	246	233
	Scope 2	183	169	172	58
	Scope 1+2	433	417	418	292
Americas	Scope 1	162	149	179	209
	Scope 2	63	19	13	10
	Scope 1+2	225	168	192	220
Europe	Scope 1	108	98	107	91
	Scope 2	17	1	1	0
	Scope 1+2	125	98	108	91
Asia	Scope 1	51	45	50	55
	Scope 2	153	131	155	179
	Scope 1+2	204	176	206	234
Oceania	Scope 1	11	9	9	6
	Scope 2	7	4	4	1
	Scope 1+2	19	13	13	7
Africa	Scope 1	7	6	8	-
	Scope 2	1	0	0	-
	Scope 1+2	8	6	8	-
Total	Scope 1	590	555	599	594
	Scope 2	424	324	345	248
	Scope 1+2	1,014	879	944	843

*Data covers GHG emissions for the entire Suntory Group are calculated.

Out of 843 thousand t-CO₂e in the table above, Scopes 1 and 2 emissions of 796 thousand t-CO₂e★ (Scope 1: 549 thousand t-CO₂e★, Scope 2: 247 thousand t-CO₂e★) have been externally assured, which do not include emissions of GHG other than CO₂ at overseas production plants and CO₂ emissions at non-production sites outside of Japan. The reporting boundary for the figures externally assured is as follows:

27 production plants in Japan, 62 production plants overseas, and non-production sites in Japan (offices such as main office, training sites, R&D facilities, sales sites, restaurants and development sites)

*Out of 843 thousand t-CO₂e in the table above, the Suntory Beverage and Foods Group's Scopes 1 and 2 emissions of 473 thousand t-CO₂e★ (Scope 1: 214 thousand t-CO₂e★, Scope 2: 212 thousand t-CO₂e★) have been externally assured, which do not include emissions of GHG other than CO₂ at overseas production plants and CO₂ emissions at non-production sites outside of Japan. The reporting boundary for the figures externally assured is as follows:

10 production plants in Japan, 38 production plants overseas, and non-production sites in Japan (offices such as main office, training sites, R&D facilities, sales sites, restaurants and development sites)

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured numerical values are indicated with ★.

*Emission factors for GHG calculation are as follows:

Fuel:

For Japan: Factors specified by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

For overseas: Factors obtained from fuel suppliers or factors specified by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

GHG from Electricity consumption:

For Japan: The adjusted emission factors for each electric power company specified by the Act on Promotion of Global Warming Countermeasures.

For overseas: Factors obtained from individual power suppliers or IEA emission factors by country.

GHG other than CO₂:

For 27 plants in Japan: Factors specified by the Act on Promotion of Global Warming Countermeasures

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

Energy Consumption

	2020	2021	2022
Energy Consumption	3,697,891	4,019,785	4,173,252
Renewable Energy Consumption (MWh)	226,864	416,234	787,831
Energy Intensity (MWh/kℓ)	0.35	0.37	0.35

Scope 3 Emissions

Suntory Group

Category	Emissions (thousand tons CO ₂ e)	Calculation Method
1.Purchased goods and services	4,759★	[Raw Materials and Packages] Calculated by multiplying the weight of raw materials and packaging materials purchased for products manufactured and sold by the beverage and food business, alcoholic beverage business, and health food business of the Suntory Group (in Japan and overseas) by the emission factors. 45% of Category 1 GHG emissions are calculated using emission factors calculated from the GHG emissions of suppliers of raw materials and packaging materials. [Contract manufacturers] Calculated by multiplying the volume of the products that Suntory Group (in Japan) , Beam Suntory, Suntory Beverage & Food Europe, and Frucor Suntory Group have outsourced to contract manufacturers by the emission factors.
2.Capital Goods	530★	Calculated by multiplying the amount of capital expenditure excluding land expenditure of Suntory Group by emission factors.
3.Fuel and energy-related activities not included in Scope 1 or 2	136	Calculated by multiplying the amount of energy consumed by Suntory Group by emission factors.
4.Upstream transportation and distribution	433	Calculated by multiplying the transportation volume in tons-km of goods owned by Suntory Group by emission factors.
5.Waste generated in operations	7	Calculated by multiplying the weight of waste disposed by Suntory Group by emission factors.
6.Business travel	10	Calculated by multiplying the amount of business travel expenses of Suntory Group by emission factors.
7. Employee commuting	45	Calculated by multiplying the amount of commuting expenses of Suntory Group by emission factors.
8.Upstream leased assets	40	Calculated by multiplying the storage volume as well as the floor area of distribution centers rented by Suntory Group by emission factors.
9.Downstream transportation and distribution	248	Calculated by multiplying the transportation volume in tons-km of Suntory Group by emission factors.
10.Processing of sold products	—	None
11.Use of sold products	76	Calculated by multiplying the sales volume of goods of Suntory Group by emission factors.
12.End-of-life treatment of sold products	481★	Calculated by multiplying the weight of packaging materials purchased by the Suntory Group by emission factors.
13.Downstream leased assets	348★	Calculated by multiplying the electricity used by leased assets of Suntory Group (In Japan) by emission factors.
14.Franchises	17	Calculated as Scopes 1 and 2 CO ₂ emissions from the direct operations of companies and stores franchised by the Suntory group.
15.Investments	—	None
Total	7,128★	

*The Suntory Group's beverage and food, alcoholic beverages, and health food businesses in Japan and overseas are included in the scope. For some overseas group companies, emissions were estimated by using Japan-based emission factors or production volume in Japan.

*Emission factors used to calculate emissions for Japan include the following:

- "Emission factor database for corporate GHG emissions accounting over the supply chain (Version 3.2) " (March 2022, Japan's Ministry of the Environment)
- "LCI Database IDEA Version 2.3" (Advanced LCA Research Group, The National Institute of Advanced Industrial Science and Technology and Sustainable Management Promotion Organization)

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured value is indicated with ★.

Suntory Beverage & Food Ltd.

Category	Emissions (thousand tons CO ₂ e)	Calculation Method
1.Purchased goods and services	3,487★	[Raw Materials and Packages] Calculated by multiplying the weight of raw materials and packaging materials purchased for products manufactured and sold by the Suntory Beverage & Food Group (in Japan and overseas) by the emission factors. 40% of Category 1 GHG emissions are calculated using emission factors calculated from the GHG emissions of suppliers of raw materials and packaging materials. [Contract manufacturers] Calculated by multiplying the volume of the products that Suntory Beverage & Food Group (in Japan) , Suntory Beverage & Food Europe, and Frucor Suntory Group have outsourced to contract manufacturers by the emission factors.
2.Capital Goods	145★	Calculated by multiplying the amount of capital expenditure excluding land expenditure of Suntory Beverage & Food Group by emission factors.
3.Fuel and energy-related activities not included in Scope 1 or 2	68	Calculated by multiplying the amount of energy consumed by Suntory Beverage & Food Group by corresponding emission factors.
4.Upstream transportation and distribution	271	Calculated by multiplying the transportation volume in tons-km of goods owned by Suntory Beverage & Food Group by corresponding emission factors.
5.Waste generated in operations	4	Calculated by multiplying the weight of waste disposed by Suntory Beverage & Food Group by corresponding emission factors.
6.Business travel	7	Calculated by multiplying the amount of business travel expenses of Suntory Beverage & Food Group by corresponding emission factors.
7.Employee commuting	29	Calculated by multiplying the amount of commuting expenses of Suntory Beverage & Food Group by corresponding emission factors.
8.Upstream leased assets	32	Calculated by multiplying the storage volume as well as the floor area of distribution centers rented by Suntory Beverage & Food Group by emission factors.
9.Downstream transportation and distribution	199	Calculated by multiplying the transportation volume in tons-km and sales volume of goods of Suntory Beverage & Food Group by corresponding emission factors.
10.Processing of sold products	—	None
11.Use of sold products	61	Calculated by multiplying the sales volume of goods of Suntory Beverage & Food Group by corresponding emission factors.
12.End-of-life treatment of sold products	365★	Calculated by multiplying the weight of packaging materials purchased by the Suntory Beverage & Food Group by emission factors.
13.Downstream leased assets	317★	Calculated by multiplying the electricity used by leased assets of Suntory Beverage & Food Group (In Japan) by emission factors.
14.Franchises	9	Calculated as Scopes 1 and 2 CO ₂ emissions from the direct operations of companies and stores franchised by the Suntory Beverage & Food Group.
15.Investments	—	None
Total	4,994★	

*The Suntory Beverage & Food Group's beverage and food businesses in Japan and overseas are included in the scope. For some overseas group companies, emissions were estimated by using Japan-based emission factors or production volume in Japan.

*Emission factors used to calculate emissions for Japan include the following:

- "Emission factor database for corporate GHG emissions accounting over the supply chain (Version 3.2) " (March 2022, Japan's Ministry of the Environment)
- "LCI Database IDEA Version 2.3" (Advanced LCA Research Group, The National Institute of Advanced Industrial Science and Technology and Sustainable Management Promotion Organization)

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured value is indicated with ★.

SOx emissions

	2020	2021	2022
Emissions (t)	10.4	3.4	2.1
Per Unit (g/kℓ)	2.2	0.7	0.4

*27 production plants in Japan

NOx emissions

	2020	2021	2022
Emissions (t)	151.6	141.8	108.1
Per Unit (g/kℓ)	32.2	29.8	21.1

*27 production plants in Japan

By-products and Waste Generation Performance

Area	Amount of discharge (thousand tons)		
	2020	2021	2022
Japan	228	218	230
Americas	156	410	541
Europe	95	119	144
Asia	32	30	54
Oceania	7	7	6
Africa	0	0	—
Total	518	783	975★

*Data covers 27 production plants in Japan and 62 production plants overseas

*The increase in emissions for Americas is due to the expansion of waste and by-products that should be included from FY2021. The amount of the waste and by-products increased by 144 thousand tons for this reason.

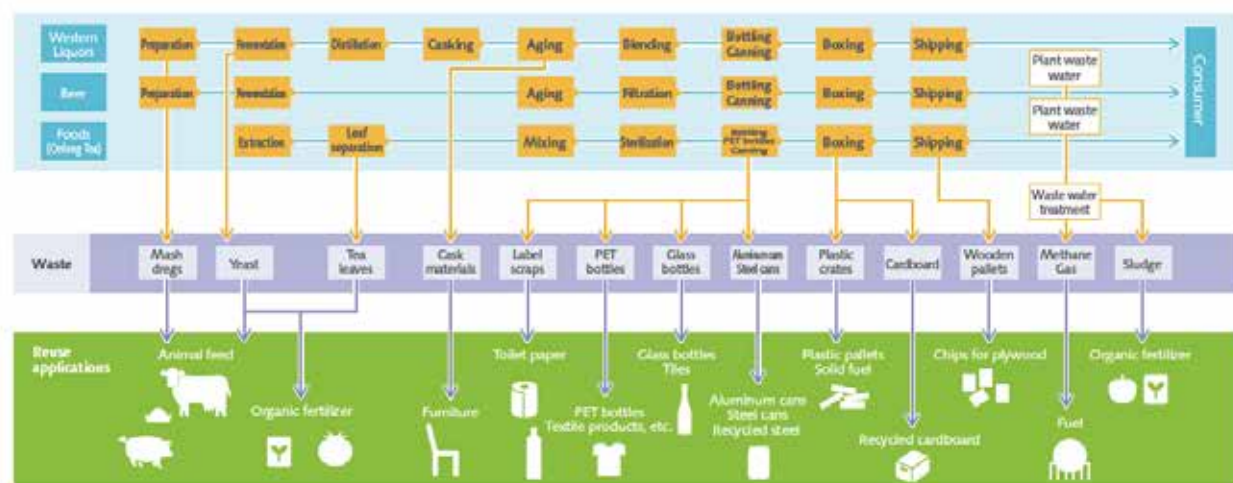
*The increase in emissions for Asia is due to the expansion of waste and by-products that should be included from FY2022. The amount of the waste and by-products increased by 15 thousand tons for this reason.

*Therein, the byproducts and waste generated by Suntory Beverage & Food Group in Japan and overseas amount to 184 thousand tons★

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured numerical values are indicated with ★.

Recycling Rate of Japanese Plants and Flow for reuse of by-products and waste generated in each production process

	2020	2021	2022
Amount of discharge (thousand ton)	228	218	230
Amount recycled (thousand ton)	228	217	230
recycling rate (%)	100.0	99.7	100.0



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

Type of waste	Main Purpose of Use	2020		2021		2022	
		Generation (t)	Recycling Rate (%)	Generation (t)	Recycling Rate (%)	Generation (t)	Recycling Rate (%)
Vegetable (glycation, tea, coffee dregs, etc.)	- Animal feed - Fertilizer	164,185	100	158,823	100	167,855	100
Sludge (excess sludge, etc.)	- Fertilizer	30,275	100	27,337	100	28,396	100
Wood waste (cask, palletes)	- Animal feed - Fertilizer	5,186	100	5,267	100	3,658	100
Glass and ceramic scrap	- Glass materials - Base course material	2,285	100	1,337	100	1,172	100
Paper scraps (cardboards, paper labels, etc.)	- Recycled paper - Cardboard materials	5,520	100	5,398	100	5,735	100
Plastic	- Palette - Solid fuel - Supplementary fuel	6,033	100	5,796	100	5,810	100
Metal scraps (aluminum, steel)	- Aluminum - Steel ingredients	3,314	100	3,506	100	3,123	100
Other		11,558	100	9,731	100	13,979	100
Total		228,355	100	217,925	100	229,728	100.0

*Data covers 27 production plants in Japan

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

(Period: January 1 to December 31, 2022)

(million yen)

Item			FY2020		FY2021		FY2022	
			Environmental investment	Environmental costs	Environmental investment	Environmental costs	Environmental investment	Environmental costs
Business area cost	Pollution prevention cost	<ul style="list-style-type: none"> Preventing water pollution Air pollution prevention cost, etc. 	735	2,082	530	2,070	662	2,280
	Global environmental preservation cost	<ul style="list-style-type: none"> GHG reduction Energy conservation Cogeneration Air treatment, etc. 	428	2,730	651	2,843	956	3,100
	Resource circulation cost	<ul style="list-style-type: none"> Conserving water through recirculation Reducing sludge Reusing waste Wastewater treatment cost, etc. 	153	3,413	66	4,027	21	3,650
	Total		1,315	8,225	1,247	8,940	1,639	9,030
Upstream and downstream cost	<ul style="list-style-type: none"> Commission for resource recycling containers and packaging Environmentally-friendly containers and packaging measures 	0	1,187	0	1,387	0	1,386	
Management activities costs	<ul style="list-style-type: none"> Building and maintaining Environmental Management System Sustainability Reports, Exhibits Factory greenification, etc. 	0	714	0	921	0	768	
Research and development costs	<ul style="list-style-type: none"> Research and development activities to reduce environmental impact 	9	324	3	317	35	284	
Social activities costs	<ul style="list-style-type: none"> Suntory Natural Water Sanctuary Bird Conservation Activities Suntory <i>Mizuiku</i> - Natural Water Education Program, etc. 	70	503	47	514	75	629	
Environmental damage response cost		0	0	0	0	0	0	
Total			1,394	10,953	1,298	12,080	1,748	12,097

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

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

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

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

(Period: January 1 to December 31, 2022)

Item				Unit	2020	2021	2022	Reduction against previous fiscal year per unit production basis	
In business area costs	Pollution prevention	Reduction of pollutant emissions	SOx	Total (t)	10.4	3.4	2.1	1.5	
				Per Unit (g/kℓ)	2.2	0.7	0.4		
			NOx	Total (t)	152.3	141.8	108.1	44.3	
				Per Unit (g/kℓ)	32.4	29.4	21.1		
	Preserving global environment	GHG emission reduction	GHG (Fuel + Electricity) Derivation	Total (thousand t)	343.7	347.4	225.5	148.4	
				Per Unit (kg/kℓ)	72.9	71.9	44.0		
		Reduction of energy consumption	Fuel	Crude oil conversion (thousand kℓ)	104	102	111	11,150.7	
				Per Unit (ℓ/kℓ)	22.1	21.2	21.8		
			Electricity	Total amount (million kWh)	340	352	383	-1,012.2	
				Per Unit (kWh/kℓ)	72.3	72.9	74.8		
		Resource circulation	Reduction of water resource use	Water use	Total amount (thousand m ³)	20,752	20,461	21,230	1,024.1
					Per Unit (m ³ /kℓ)	4.4	4.2	4.1	
Reduction of waste emissions	By-products and waste emissions		Total (t)	228,355	209,683	229,207	3,897.0		
			Per Unit (kg/kℓ)	48.6	43.4	44.8			
Resource recycling rate	(%)	100	100	100					

*Electricity based GHG emissions are the adjusted emission factors for each electric power company as specified by the Act on Promotion of Global Warming Countermeasures.

Economic effect of Suntory Group (production sites in Japan)

(million yen)

Item	FY2020	FY2021	FY2022
Income from recycling (sales of byproducts)	305	326	333
Cost saved by conserving energy	-242	150	731

Environmental Training

Name	Target	Number of participating employees
Onboarding training (environmental management class)	New employees	All
ISO14001 awareness and special education	Plant employees	All
Sustainability management training (e-learning, etc.)	Group employees in Japan	19,757
Training for newly appointed employees in charge of ISO14001	Employees in charge of ISO14001	17
Internal ISO14001 auditor training	Internal ISO14001 auditor	57
Environmental Law Training	Employees from relevant departments	49
Wastes Disposal and Public Cleansing Act seminar	Employees from relevant departments	411

Suntory Group ISO 14001 Certification List (as of March 1st 2023)

Japan

- Suntory Holdings Limited
- Suntory Business Systems Limited

Non-alcoholic Beverages and Food

- Suntory Beverage & Food Limited
- Suntory Products Limited
- Suntory Products Ltd. Haruna Plant
- Suntory Products Ltd. Hanyu Plant
- Suntory Products Ltd. Tamagawa Plant
- Suntory Products Ltd. Kanagawa Ayase Plant
- Suntory Products Ltd. Suntory Tennensui Minami Alps Hakushu Plant
- Suntory Products Ltd. Kisogawa Plant
- Suntory Products Ltd. Suntory Tennensui Kita Alps Shinano-no-Mori Water Plant
- Suntory Products Ltd. Ujigawa Plant
- Suntory Products Ltd. Takasago Plant
- Suntory Products Ltd. Suntory Okudaisen Bunanomori Water Plant
- Suntory Wellness Limited
- Suntory Coffee Roastery LTD. Oyama Atsugi Plant
- Suntory Coffee Roastery LTD. Ebina Plant

Alcohol Beverages

- Suntory Spirits Limited
- Suntory Spirits Ltd. Hakushu Distillery
- Suntory Spirits Ltd. Yamazaki Distillery
- Suntory Spirits Ltd. Ohmi Aging Cellar
- Suntory Spirits Ltd. Azusanomori Plant
- Suntory Spirits Ltd. Osaka Plant
- Suntory Spirits Ltd. Gunma Brewery
- Suntory Spirits Ltd. Tokyo Musashino Brewery
- Suntory Spirits Ltd. Kyoto Brewery
- Suntory Spirits Ltd. Kumamoto Aso Brewery
- Suntory Spirits Ltd. Tominooka Winery
- Suntory Spirits Ltd. Shiojiri Winery
- SUNTORY CHITA DISTILLERY LIMITED
- Iwanohara Vineyard Co., Ltd.
- Suntory Malting LTD.
- OSUMISYUZO LIMITED

Sales and Marketing

- OKINAWA SUNTORY LIMITED
- Suntory Foods Ltd.
- Suntory Beverage Solution Ltd.
- ORIENTAL COMPANY LIMITED
- Suntory Foods Okinawa Ltd.
- Japan Beverage Ecology Inc.
- Suntory Field Expert Company Limited
- Sunvend Co., Ltd.

Research and Development Center

- Suntory World Research Center
- Suntory Products Development Center

Food Service

- DYNAC HOLDINGS CORPORATION
- DYNAC CORPORATION
- DYNAC PARTNERS CORPORATION
- PRONTO CORPORATION

Maintaining Vending Machines, Etc.

- UNION TRUST Co., Ltd.

Overseas

Non-alcoholic Beverages and Food

Suntory Beverage & Food Europe

- Suntory Beverage & Food France Meyzieu (France)
- Suntory Beverage & Food France La courneuve (France)
- Suntory Beverage & Food France Gadagne (France)
- Suntory Beverage & Food France Donnery (France)
- Suntory Beverage & Food Spain Tordera (Spain)
- Suntory Beverage & Food Spain Carcagente (Spain)
- Suntory Beverage & Food Spain Toledo (Spain)
- Suntory Beverage & Food Spain Sevilla (Spain)
- Suntory Beverage & Food Great Britain and Ireland Coleford (U.K)

Suntory Beverage & Food Asia Pacific

- Suntory Beverage & Food Thailand Leam Chabang (Thailand)
- Suntory Beverage & Food Thailand Pin Thong (Thailand)
- Suntory Beverage & Food Taiwan Taichung (Taiwan)
- Suntory Beverage & Food Malaysia Shah Alam (Malaysia)
- Suntory PepsiCo Vietnam Beverage Bac Ninh (Vietnam)
- Suntory PepsiCo Vietnam Beverage Quang Nam (Vietnam)
- Suntory PepsiCo Vietnam Beverage Dong Nai (Vietnam)
- Suntory PepsiCo Vietnam Beverage Hoc Mon (Vietnam)
- Suntory PepsiCo Vietnam Beverage Can Tho (Vietnam)
- Suntory PepsiCo Beverage Thailand Rayong (Thailand)
- Suntory PepsiCo Beverage Thailand Saraburi (Thailand)
- Frucor Suntory New Zealand Wiri (New Zealand)

Alcohol Beverages

Beam Suntory Inc.

- Frankfort (USA)
- Clermont (USA)
- Booker Noe (USA)
- Maker's Mark (USA)
- Calgary (Canada)
- Sauza (Mexico)
- Behror (India)
- Courvoisier-D (France)
- Courvoisier-F (France)
- Cooley (Ireland)
- Palazuelos (Spain)
- Valverde (Spain)
- Ardmore (U.K.)
- Auchentoshan (U.K.)
- Bowmore (U.K.)
- Glen Garioch (U.K.)
- Laphroaig (U.K.)
- Springburn (U.K.)
- Cruzan (Virgin Islands,U.S.)

Suntory Wine International Limited

- Chateau Lagrange (France)

Social Data

Employee Composition

Employee Composition	2020	2021	2022	scope
Number of Suntory Group employees (people)	40,044	40,275	40,885	All Suntory Group companies
Suntory Group companies within Japan (people)	18,970	18,671	18,923	
Suntory Group companies outside Japan (people)	21,074	21,604	21,962	
Of which, employees of Suntory Holdings and Suntory Beverage & Food (people)	7,277	7,291	7,385	Suntory Holdings Limited and Suntory Beverage & Food Japan
Regular employees (people)	7,011	6,997	7,078	
(Average age) (year)	42	43	43	
Executives (people)	62	62	67	
Advisors (people)	33	33	34	
Non-regular employees (contract employees, etc.) (people)	129	158	166	
Other (athletes, etc.) (people)	42	41	40	

Employee Retention

Employee Retention	2020	2021	2022	scope
Number of new hires (people)	175	146	209	Suntory Holdings Limited and Suntory Beverage & Food Japan
Number of recent graduates hired (people)	152	113	114	
Number of mid-career hires (people)	23	33	95	
Number of employees leaving the company (includes voluntary termination, retirement, death, and punitive dismissal) (people)	183	186	200	
Of which, employees leaving the company voluntarily (people)	48	56	56	
Employee turnover rate (%)	0.7	0.8	0.8	
Percentage of new graduate hires who are still with the company after 5 years *1 (%)	90	90	90	
Average number of years of service (years)	17.8	18.0	18.0	

*1 Calculated for new graduate hires (regular employees) of Suntory Holdings and Suntory Foods International from 2015 to 2017.

Career Development

Career Development	2020	2021	2022	scope
Number of employees submitting applications through the career development internal recruitment system*1 (entry)	Not implemented due to the impact of the COVID-19 pandemic.	191	249	Suntory Holdings Limited and Suntory Beverage & Food Japan
Number of employees whose applications were approved (people)		31	36	
Career Vision interview*2 implementation rate (%)	98.3	98.1	97.2	
Career Vision: Motivation in current position (out of 5) (point)	4.2	4.1	4.1	
Career Vision: Satisfaction with current position (out of 5) (point)	3.8	3.8	3.8	
Number of employees holding other positions concurrently (people)	83	94	108	
Number of employees submitting entries to the "Walk the Walk — Yatte Minahare Award"*3 (entry)	301	300	483	All Suntory Group companies
Number of employees joining the FRONTIER DOJO internal entrepreneurship project*4 (entry)	—	294	97	Suntory Group companies with in Japan
Number of employees attending the Career Workshop*5				
3rd year (2022~)/4th year (~2021) after joining the company*6 (people)	146	129	303	Suntory Holdings Limited and Suntory Beverage & Food Japan
10th year after joining the company (people)	168	298	121	
40s (including the compulsory workshop at the age of 43 [instituted in 2021] and other workshops for which participation is voluntary) (people)	44	230	253	
50s (including the compulsory workshop at the age of 58 and other workshops for which participation is voluntary) (people)	281	243	191	
Number of career support interviews held by the Career Development Center (interview)	444	888	1,409	

*1 This is an initiative that contributes to the growth of individual businesses and the personal growth of employees by cultivating new capabilities in a manner which is free from preconceived ideas.

*2 Career Vision interviews are held for each employee once a year, to provide an opportunity for employees to think about their career through discussion with a manager, with the aim of "fostering the growth of individual employees through self-directed career development, and ensuring the effective utilization of human talent, including making sure that the right people are in the right positions."

*3 The "Walk the Walk — Yatte Minahare Award" is presented to teams that embody the "Yatte Minahare" spirit through the undertaking of original activities that challenge preconceptions and conventional methods.

*4 In-house venture project started in 2021 to generate innovation and create the Suntory of the future

*5 The Career Workshop is implemented in milestone years to provide an opportunity, in the form of a workshop, for employees to think about their careers, with the aim of "Enhancing career development over the medium to long term, and promoting more self-directed career management."

*6 Since 2022 is the target year switch year, the survey was conducted for both years.

Learning

Learning	2020	2021	2022	scope
Training expenditure per employee per year (yen)	—	—	301,000	Suntory Holdings Limited and Suntory Beverage & Food Japan
Suntory Self-Development Program				
Number of employees participating in voluntary training (people)	664	848	3,810	Suntory Holdings Limited and Suntory Beverage & Food Japan
Number of employees undertaking e-learning (people)	585	775	1,015	
Total number of participants in the Terakoya program*1 (people)	13,891	32,196	27,465	Suntory Group companies with in Japan
Number of employees participating in global talent cultivation initiatives				
Global Leadership Forum (people)	Not implemented due to the impact of the COVID-19 pandemic.	16	15	All Suntory Group companies
Suntory Harvard Program (people)		—	31	
Beyond Borders (people)		25	26	
Global Leadership Development Program (people)		26	29	
Ambassador Program (people)		39	26	Suntory Group companies outside Japan
Total number of trainees successfully completing the program (people)		23	21	Suntory Holdings Limited and Suntory Beverage & Food Japan
Number of users of the School of Global Studies (opening in 2022) (people)		—	—	2,313

*1 A learning platform based on the concepts of "learning," "connecting," and "teaching each other" to foster a culture of more proactive learning

Diversity

Gender	2020	2021	2022	scope
Percentage of new hires that are female (%)	47.6	37.0	48.0	Suntory Holdings Limited and Suntory Beverage & Food Japan
Percentage of female employees (%)	25.1	25.5	26.2	
Percentage of female employees by age group				
20s (%)	42.6	42.6	42.6	Suntory Holdings Limited and Suntory Beverage & Food Japan
30s (%)	28.4	29.2	30.7	
40s (%)	20.7	21.1	21.8	
50s (%)	20.1	20.4	20.7	
60s (%)	12.2	13.1	15.6	
Number of female managers (people)	182	196	197	Suntory Holdings Limited and Suntory Beverage & Food Japan
Percentage of female managers (%)	10.5	11.2	11.1	
Number of female Executives (people)	4	4	4	
Percentage of female Executives (%)	6.5	6.5	6.0	
Female employees' salary as a percentage of male employees' salary*1				
All employees (%)			72.4	Suntory Holdings Limited and Suntory Beverage & Food Japan
Of which, regular employees (%)			72.9	
Of which, non-regular employees (%)			41.5	

*Includes athletes employed by Suntory Holdings Limited.

Balancing work responsibilities with childcare and nursing care responsibilities	2020	2021	2022	scope
Number of female employees taking childcare leave (people)	195	207	219	Suntory Holdings Limited and Suntory Beverage & Food Japan
Percentage of employees taking childcare leave (%)	98.9	105.2	108.3	
Number of male employees taking childcare leave (people)	148	163	155	
Percentage of employees taking childcare leave (%)	56.7	57	79.4	
Percentage of female employees returning to work after taking childcare leave (%)	100	95.2	96.7	
Percentage of male employees returning to work after taking childcare leave (%)	100	100	100	
Number of employees registering with the Job Return program in the current year (people)	4	14	11	
Number of employees taking Kids Support leave (people)	555	537	562	
Number of employees making use of company-arranged babysitting services (people)	37	50	53	
Number of employees taking nursing care leave (people)	1	2	0	
Number of employees making use of company-arranged home help services (people)	3	4	3	

Senior employees	2020	2021	2022	scope
Number of employees re-employed by the company at the age of 65 (people)	31	42	40	Suntory Holdings Limited and Suntory Beverage & Food Japan
Percentage of employees re-employed by the company at the age of 65 (%)	33	42	41	

Disability	2020	2021	2022	scope
Number of employees who have a disability (people)	107	108	105	Suntory Holdings Limited
Percentage of employees who have a disability (%)	2.82	3.07	3.04	
Number of employees who have a disability (people)	35	41	41	Suntory Beverage & Food Japan
Percentage of employees who have a disability (%)	2.66	2.69	2.65	

Workstyles

Workstyles	2020	2021	2022	scope
Number of employees making use of refreshment leave*1 (people)	434	651	961	Suntory Holdings Limited and Suntory Beverage & Food Japan
Average number of days of annual paid leave taken*2 (day)	16.7	17.1	17.6	
Average overtime hours worked per month (hour)	16.9	18.5	18.7	Suntory Group companies with in Japan*3

*1 Special leave and incentives for employees who have been with the company for 10, 15, 20, 25, 30, 35, 40, and 45 years

*2 Encourage all employees to take at least 16 days of paid leave per year

*3 Includes Suntory Holdings Ltd., Suntory Beverage & Food Ltd., Suntory Spirits Ltd., Suntory Products Ltd., Suntory Foods Ltd., Suntory Business Systems Ltd., Suntory Wellness Ltd., Suntory Global Innovation Center Ltd., and, Suntory System Technology Ltd.

Occupational Safety

Occupational Safety	2020	2021	2022	scope
Occupational accident severity rate (%)	0.010	0.000	0.000	Suntory Group companies with in Japan*1
Lost time incident rate (LTIR) (incidents per million working hours) (%)	0.20	0.07	★0.14	
Number of employees undergoing occupational health and safety education (people)	611	717	712	
Total annual hours worked per employee (hour)	1,871	1,874	1,869	
Deaths due to occupational accidents (people)	0	0	0	Suntory Holdings Limited and Suntory Beverage & Food Japan

*1 Occupational accidents involving full-time employees, special contract employees and part-time employees working at the following Suntory Group companies are included: Suntory Holdings Ltd., Suntory Beverage & Food Group, (Suntory Beverage & Food Ltd., Suntory Foods Ltd., Suntory Products Ltd.), Suntory Spirits Ltd., Suntory Wellness Ltd., Suntory Business Systems Ltd. and Suntory Global Innovation Center Ltd.

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured value is indicated with ★.

Labor Practices

Labor Practices	2020	2021	2022	scope
Percentage of employees with the legal right to engage in collective bargaining (%)	57.4	55.8	54.5	Suntory Holdings Limited and Suntory Beverage & Food Japan

Health

Health	2020	2021	2022	scope
Percentage of employees having a health examination (%)	99.5	99.4	100.0	Suntory Group companies with in Japan*3
Percentage of employees having a further examination or in-depth examination (%)	51.9	74.1	83	
特定保健指導基準対象者率 (%)	24.2	21.4	21.4	
Percentage of smokers who are non-smokers or currently quitting smoking (%)	79.9	82.7	83.5	
Percentage of employees having stress checks (%)	94.6	94.8	90.5	
Percentage of employees found not to have high stress levels (%)	92.8	93.0	91.8	
Presenteeism*1 (%)	—	79.2	79.1	
Absenteeism (number of days absence due to injury or illness)*2 (day)	—	0.5	0.7	

*1 Work productivity (4-week average) , with 100% representing no injuries or illness.

*2 Number of days on which employees are unable to work due to feeling unwell (3-month average)

*3 Includes Suntory Holdings Ltd., Suntory Beverage & Food Ltd., Suntory Spirits Ltd., Suntory Products Ltd., Suntory Foods Ltd., Suntory Business Systems Ltd., Suntory Wellness Ltd., Suntory Global Innovation Center Ltd., and, Suntory System Technology Ltd.

Engagement

Engagement	2020	2021	2022	scope
Engagement Survey response rate (%)	97.3	97.0	96.0	Suntory Group companies with in Japan*1
Percentage of Favorable Respondents Regarding Pride in Working for the Suntory Group (%)	85	85	82	
Proud to work for Suntory Group (out of 100) (point)	82	81	79	
Percentage of favorable respondents regarding satisfaction with company (company they work for) (%)	75	76	73	
Satisfaction with company (company you work for) (out of 100) (point)	73	73	72	

*1 Includes Suntory Holdings Ltd., Suntory Beverage & Food Ltd., Suntory Spirits Ltd., Suntory Products Ltd., Suntory Foods Ltd., Suntory Business Systems Ltd., Suntory Wellness Ltd., Suntory Global Innovation Center Ltd., and, Suntory System Technology Ltd.

Overseas Data

Employee Number (Y2022)

Region - Employee number	40,885
Japan (people)	18,923
Americas (people)	7,144
Europe (people)	5,161
Asia, Oceania (people)	9,657

Business - Employee number	40,885
Beverages & Food (people)	23,485
Liquor (people)	9,763
Others (people)	6,424
Corporate (common) (people)	1,213

Gender Ratio (Y2022)

	Suntory Beverage & Food (APAC)	Suntory Beverage & Food (Europe)	Beam Suntory Inc.	Suntory Japan*
Percentage of new hires that are female (%)	42	48	42	48
Percentage of female employees (%)	33	35	38	26
Average age of male employee (years)	37	45	42	44
Average age of female employee (years)	37	41	40	40
Average age of Executives (years)	56	53	55	60
Percentage of female managers (%)	33	35	43	11
Percentage of female Executives (%)	8	36	17	6
Average number of years of service for female (years)	8	8	7.5	19.4
Average number of years of service for male (years)	8	11	6	14.2

*People based in Suntory Holdings Limited and Suntory Beverage & Food Japan.

Engagement (Y2022)

	Suntory Beverage & Food (APAC) **	Suntory Beverage & Food (Europe)	Beam Suntory Inc.	Suntory Japan***
Engagement Survey score (point)	80	91	89	72

** Suntory Beverage & Food (APAC) Score is 2021 result as Engagement Survey was not conducted in 2022.

***People based in Suntory Holdings Limited, Suntory Beverage & Food Japan, Suntory Spirits Ltd., Suntory Products Limited, Suntory Foods Limited, Suntory Business Systems Ltd., Suntory Wellness Ltd., Suntory Global Innovation Center Ltd. and Suntory System Technology Ltd.