Sustainability Initiatives

To Create Harmony with Employee

Diversity Management

The Suntory Group pursues diversity on the basis of its human resource management philosophy. By promoting diversity in our employee base as well as embracing diverse values and ideas, we can bring forth even greater value. In an effort to maximize the potential of each and every employee in a work environment that overflows with creativity, the Suntory Group is currently putting high priority on developing talented employees who face the challenges of value creation head-on. We have established methods to encourage employees to work hard to achieve even higher goals without the fear of failure.

* This applies to 6,713 employees under employment of Suntory Holdings Ltd. or Suntory Beverage & Food Ltd. and work at Suntory Holdings Ltd., Suntory Beverage & Food Ltd., Suntory Products Ltd., Suntory Wellness Ltd., Suntory Spirits Ltd., Suntory Beer Ltd., Suntory Liquors Ltd., Suntory Wine International Ltd., Suntory MONOZUKURI Expert Ltd. Suntory Business System Ltd. Suntory Communications Ltd., Suntory Beer, Wine & Spirits Japan Ltd. and Suntory Global Innovation Center Ltd., etc. (As of December 31, 2018; excluding global Group expansion)
Suntory is involved in a wide range of initiatives on a global level as global expansion accelerates.

**Occupational Health and Safety**
We promote occupational health and safety based on the belief that a workplace where employees can work with peace of mind is connected to the vibrancy of the company.

**Health management**
We have started health management from 2016 to further promote the health of our employees and their families.

**Group Global Human Resources Department**
Suntory is involved in a wide range of initiatives on a global level as global expansion accelerates.
<table>
<thead>
<tr>
<th>Prioritized items</th>
<th>Mid-Term Targets</th>
<th>Results in FY2018</th>
<th>FY2019 Action Plan</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respect for Human Rights</td>
<td>Cultivate an organizational culture that puts respect for human rights first and establish groupwide human rights management mechanisms</td>
<td>• Conducted a human rights lecture (Theme: Corporate Human Rights Challenges Toward Sexual Minorities). Live broadcast with 39 Sites. • Continually introduced stratified human rights seminars for Suntorians from junior employees to newly appointed managers</td>
<td>• Create a DVD of the human rights lecture conducted in 2018 and conduct human rights seminars at plants, etc. • Continually introduce stratified human rights seminars for Suntorians from junior employees to newly appointed managers</td>
<td>3 3 3</td>
</tr>
<tr>
<td>Development of Human Resources</td>
<td>Enhance human resource development system and promote Yatte Minahare spirit of employees</td>
<td>• Conducted a company philosophy program at each job training level. During job training for newly appointed senior general manager and general manager, sessions featuring &quot;direct conversations with the founder&quot; were conducted and opportunities to promote the company’s founding spirit were shared. • Conducted a company philosophy program aimed at group companies in Japan. Conducted an original company philosophy program at Suntory Malting.</td>
<td>• Create a system for sharing the company philosophy with group companies in Japan. • Cultivate an organizational culture in which employees can learn independently through implementation of activities from our internal learning website &quot;Terakoya&quot;</td>
<td>3 3</td>
</tr>
<tr>
<td>Promoting Diversity</td>
<td>Realize diversity management that creates greater value through accepting and utilizing diverse values and ideas</td>
<td>• Conducted examinations through meetings with companies leading in diversity promotion to see what is currently being done and well as planning regarding the utilization of senior-level employees. • Formulated a system for a total of 14 people with intellectual disabilities after three new employees joined the company. Also started hiring people with intellectual disabilities at group companies. • Promoted employment of people with disabilities at each group company by conducting joint Group interviews as well as exchanging information and providing know-how with human resources and other departments throughout the Group. In addition to participation in Female Sales Staff College by sales department employees, an internal project was launched by the college graduates.</td>
<td>• Utilize a diverse range of human resources and implement e-learning and hold seminars focusing on unconscious bias for transformation of prudent actions and nurturing of work ethics. • Continue to hire more people with intellectual disabilities. Take efforts to reach a hiring rate of 2.2% from people with intellectual disabilities at group companies and strengthen support for job retention. • Establish a pipeline aimed at the true utilization of female employees. • Conduct job training for young female employees</td>
<td>3 3 3</td>
</tr>
<tr>
<td>Promoting Work-Life Balance</td>
<td>Transform working styles and create workplaces where each person can make full use of their capabilities</td>
<td>• Reduced the total annual working hours per employee by 12 hours as a result of further executing initiatives appointing work-style innovation promotion leaders and managers united as employees, superiors, and administration. • Realized 40,000 hours of automated work through utilization of robotic process automation (RPA).</td>
<td>• Continue to promote initiatives such as BPR using IT called robotic process automation (RPA) based on further strengthening of the work-style innovation promotion leader system</td>
<td>3 3</td>
</tr>
</tbody>
</table>

Target achieved: ⭐⭐⭐   Achieved 70% or more: ⭐⭐   Achieved less than 70%: ⭐
Suntory Group strives to be a group that continues to create new values through supporting the professional independence of each employee.

**Basic Policy on Human Resource**

Suntory Group has a human resource policy based on diversity management on the basis of our diverse employees and aims to realize Growing for Good by creating an environment that enables each employee to work with enthusiasm by fully utilizing their potential.

- Employment centered on the person, without considering their nationality, gender, age or disabilities
- Assign the appropriate person for the right job to utilize their individual skills
- Offering compensation based on individual performance

A fresh and lively corporate culture is sustained by the employees who perform work and at the same time represent ordinary citizens. We will continue striving to be a company that can take on new challenges based on the spirit of “Yatte Minahare-Go for it!” spirit through implementing a system and creating an environment that are both challenging and comfortable to work in.

■ Investigating the Organizational Climate of the Company with an Employee Awareness Survey

The Suntory Group utilizes management policies by continually monitoring the awareness of its employees in realization of Growing for Good. In recent years, these surveys have been widely expanded to Group companies with surveys conducted at 60 companies in 2018. The results have played a role in solving many issues by providing feedback to the heads of departments.

■ Commitment to Local Employment

The Suntory Group is actively hiring locally at each of its business locations to foster ongoing sustainable growth together with the local communities where it conducts business. Approximately 20,000 employees are working at Suntory Group companies overseas, most of whom were hired locally. The overseas ratio is roughly 53% of Suntory’s total employment. As a general rule, our overseas Group companies hire executives and upper management personnel locally.
To Create Harmony with Employees: Diversity Management

Employment Status

2018 data for employees that work in the Suntory Group is provided.

Employment Status at Suntory Group

Employment Status at the Suntory Group as of December 31, 2018 is as below.

■ Number of Employees (as of December 31, 2018)

![Bar chart showing the number of employees at Suntory Group from 2014 to 2018]

* SHD: Suntory Holdings Ltd.
* SBF: Suntory Beverage & Food Ltd.

■ Average age and average length of employment (as of December 31, 2018)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SHD</td>
<td>SBF</td>
<td>SHD</td>
<td>SBF</td>
<td>SHD</td>
</tr>
<tr>
<td>Average age</td>
<td>39.0</td>
<td>40.9</td>
<td>39.6</td>
<td>41.7</td>
<td>40.8</td>
</tr>
<tr>
<td>Average tenure</td>
<td>15.8</td>
<td>17.4</td>
<td>16.3</td>
<td>17.3</td>
<td>16.6</td>
</tr>
</tbody>
</table>

* SHD: Suntory Holdings Ltd.
* SBF: Suntory Beverage & Food Ltd.
### Age and Ratio (as of December 31, 2018)

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>60s</td>
<td>454</td>
<td>49</td>
<td>503</td>
<td>7%</td>
</tr>
<tr>
<td>50s</td>
<td>1,155</td>
<td>260</td>
<td>1,415</td>
<td>21%</td>
</tr>
<tr>
<td>40s</td>
<td>1,501</td>
<td>312</td>
<td>1,813</td>
<td>27%</td>
</tr>
<tr>
<td>30s</td>
<td>1,529</td>
<td>494</td>
<td>2,023</td>
<td>30%</td>
</tr>
<tr>
<td>20s</td>
<td>623</td>
<td>392</td>
<td>1,015</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>5,262</td>
<td>1,507</td>
<td>6,769</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Number of Employees (as of December 31, 2018)

<table>
<thead>
<tr>
<th>Year</th>
<th>SHD</th>
<th>SBF</th>
<th>Total</th>
<th>SHD</th>
<th>SBF</th>
<th>Total</th>
<th>SHD</th>
<th>SBF</th>
<th>Total</th>
<th>SHD</th>
<th>SBF</th>
<th>Total</th>
<th>SHD</th>
<th>SBF</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>43</td>
<td>15</td>
<td>58</td>
<td>42</td>
<td>13</td>
<td>55</td>
<td>41</td>
<td>14</td>
<td>55</td>
<td>45</td>
<td>13</td>
<td>58</td>
<td>43</td>
<td>14</td>
<td>57</td>
</tr>
<tr>
<td>2015</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>3</td>
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</tr>
<tr>
<td>2016</td>
<td>45</td>
<td>15</td>
<td>60</td>
<td>45</td>
<td>14</td>
<td>59</td>
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<td>15</td>
<td>60</td>
<td>47</td>
<td>16</td>
<td>63</td>
<td>45</td>
<td>17</td>
<td>62</td>
</tr>
<tr>
<td>2017</td>
<td>1,348</td>
<td>628</td>
<td>1,976</td>
<td>1,392</td>
<td>607</td>
<td>1,999</td>
<td>1,422</td>
<td>627</td>
<td>2,049</td>
<td>1,432</td>
<td>643</td>
<td>2,075</td>
<td>1,459</td>
<td>654</td>
<td>2,113</td>
</tr>
<tr>
<td>2018</td>
<td>146</td>
<td>31</td>
<td>177</td>
<td>166</td>
<td>33</td>
<td>199</td>
<td>185</td>
<td>34</td>
<td>219</td>
<td>200</td>
<td>40</td>
<td>240</td>
<td>217</td>
<td>40</td>
<td>257</td>
</tr>
<tr>
<td>2014</td>
<td>1,494</td>
<td>659</td>
<td>2,153</td>
<td>1,558</td>
<td>637</td>
<td>2,195</td>
<td>1,607</td>
<td>661</td>
<td>2,268</td>
<td>1,632</td>
<td>683</td>
<td>2,315</td>
<td>1,676</td>
<td>694</td>
<td>2,370</td>
</tr>
<tr>
<td>2015</td>
<td>737</td>
<td>313</td>
<td>1,050</td>
<td>741</td>
<td>317</td>
<td>1,058</td>
<td>745</td>
<td>317</td>
<td>1,062</td>
<td>748</td>
<td>317</td>
<td>1,065</td>
<td>751</td>
<td>317</td>
<td>1,068</td>
</tr>
<tr>
<td>2016</td>
<td>959</td>
<td>168</td>
<td>1,127</td>
<td>964</td>
<td>152</td>
<td>1,116</td>
<td>976</td>
<td>152</td>
<td>1,128</td>
<td>989</td>
<td>152</td>
<td>1,141</td>
<td>1003</td>
<td>152</td>
<td>1,155</td>
</tr>
<tr>
<td>2017</td>
<td>3,357</td>
<td>905</td>
<td>4,262</td>
<td>3,396</td>
<td>932</td>
<td>4,328</td>
<td>3,405</td>
<td>950</td>
<td>4,355</td>
<td>3,433</td>
<td>965</td>
<td>4,398</td>
<td>3,431</td>
<td>968</td>
<td>4,399</td>
</tr>
<tr>
<td>2018</td>
<td>3,851</td>
<td>1,564</td>
<td>4,415</td>
<td>4,954</td>
<td>1,569</td>
<td>6,523</td>
<td>5,012</td>
<td>1,611</td>
<td>6,623</td>
<td>5,065</td>
<td>1,648</td>
<td>6,713</td>
<td>5,107</td>
<td>1,662</td>
<td>6,769</td>
</tr>
<tr>
<td>2014</td>
<td>226</td>
<td>55</td>
<td>281</td>
<td>205</td>
<td>45</td>
<td>250</td>
<td>161</td>
<td>42</td>
<td>203</td>
<td>106</td>
<td>31</td>
<td>137</td>
<td>80</td>
<td>28</td>
<td>108</td>
</tr>
<tr>
<td>2015</td>
<td>88</td>
<td>18</td>
<td>106</td>
<td>81</td>
<td>15</td>
<td>96</td>
<td>82</td>
<td>22</td>
<td>104</td>
<td>79</td>
<td>19</td>
<td>98</td>
<td>87</td>
<td>113</td>
<td>200</td>
</tr>
<tr>
<td>2016</td>
<td>384</td>
<td>73</td>
<td>457</td>
<td>346</td>
<td>60</td>
<td>406</td>
<td>243</td>
<td>64</td>
<td>307</td>
<td>185</td>
<td>50</td>
<td>235</td>
<td>167</td>
<td>141</td>
<td>308</td>
</tr>
<tr>
<td>2017</td>
<td>516</td>
<td>44</td>
<td>560</td>
<td>542</td>
<td>49</td>
<td>591</td>
<td>560</td>
<td>52</td>
<td>612</td>
<td>567</td>
<td>63</td>
<td>630</td>
<td>573</td>
<td>66</td>
<td>639</td>
</tr>
</tbody>
</table>

* Contractors and temporary employees: Special contract employees, part-time employees, added SBF partner employees from 2018.
* SBF Partner Employees: Temporary staff that have become permanent employees.
* SHD: Suntory Holdings Ltd.
* SBF: Suntory Beverage & Food Ltd.
### Number of employees

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SHD</td>
<td>SBF</td>
<td>SHD</td>
<td>SBF</td>
<td>SHD</td>
</tr>
<tr>
<td>New graduates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>75</td>
<td>26</td>
<td>81</td>
<td>20</td>
<td>79</td>
</tr>
<tr>
<td>Female</td>
<td>51</td>
<td>16</td>
<td>43</td>
<td>18</td>
<td>43</td>
</tr>
<tr>
<td>Experienced</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>20</td>
<td>0</td>
<td>19</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td>Female</td>
<td>11</td>
<td>9</td>
<td>8</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>157</td>
<td>51</td>
<td>151</td>
<td>46</td>
<td>146</td>
</tr>
</tbody>
</table>

* SHD: Suntory Holdings Ltd.
* SBF: Suntory Beverage & Food Ltd.

### Number of resignees and reasons/turnover rate

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement*1</td>
<td>29</td>
<td>42</td>
<td>39</td>
<td>39</td>
<td>66</td>
</tr>
<tr>
<td>Personal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>circumstances*2</td>
<td>45</td>
<td>42</td>
<td>53</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td>Corporate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>circumstances*3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>5</td>
<td>7</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Total*4</td>
<td>81</td>
<td>89</td>
<td>99</td>
<td>88</td>
<td>132</td>
</tr>
<tr>
<td>Turnover rate*5</td>
<td>0.70%</td>
<td>0.64%</td>
<td>0.80%</td>
<td>0.67%</td>
<td>0.86%</td>
</tr>
</tbody>
</table>

*1 Retirement includes flexible-age retirement
*2 Resignees of Suntory Beverage & Food (domestic) is 8 in 2015, 6 in 2016, 11 in 2017, and 7 in 2018.
*3 Company circumstances include factory closings and selling of business. Individual circumstances include employment transfers.
*4 Covers employees
*5 The turnover rate is calculated excluding mandatory age retirement
Retention rate of new graduate hires

* Calculated for new graduates hired by Suntory Holdings Ltd. that entered the company from 2011 to 2013.
* Hiring of new graduates by Suntory Beverage & Food Ltd. started in 2013 with 91% of the new graduates hired in 2013 remaining with the company after five years.
Build Human Resource System to Develop and Harness Capabilities

The Suntory Group’s human resource system focuses on developing and harnessing the capabilities of each and every employee. Our philosophy is to offer fair and reasonable compensation in accordance with the employee's stage of capability development, and the results shown from harnessing those capabilities. The following three themes are central to this basic philosophy.

- Each employee takes on increasingly difficult targets and challenges with a spirit of improvement
- The company offers employees opportunities for skill and career development, and supports their self-actualization
- Compensation is fair, and clearly reflects the employee’s role and results

Ability Qualification System and Qualification and Role System

The platform of Suntory Group’s human resource system is Ability Qualification System and Qualification and Role System.

Ability Qualification System is a system which ranks the employees according to their ability to do work. This system is applied to member level employees that are in the process of becoming a professional in business. By clarifying which abilities are required according to the ability qualification level, everyone can be evaluated and treated justly and raise aspiration and raise awareness of achieving a target.

Qualification and Role System is a system which ranks the employees according to their ability to do work and roles they must fulfill. This system is applied to manager level employees that exhibit their experience and ability.

<table>
<thead>
<tr>
<th>Growth and development stage</th>
<th>(Target: Member level)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability qualification system</td>
<td>C Course: Targets employees other than those in manufacturing sites. Separated in to four ability qualification depending on ability of operation that they are assigned.</td>
</tr>
<tr>
<td></td>
<td>T Course: Targets employees in manufacturing sites. Separated in to six ability qualification depending on skills and ability required for each site.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Independent and manifestation stage</th>
<th>(Target: Managers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualification and Role system</td>
<td>G (management) level: Level for section and division managers who are involved in the management of the organization</td>
</tr>
<tr>
<td></td>
<td>S (specialist) level: Level for specialists that utilize high ability and knowledge in specific field</td>
</tr>
<tr>
<td></td>
<td>E (expert) level: Level for those transferred from the G (management) level that contribute to business and also takes on the role of developing younger employees and pass down their skills.</td>
</tr>
</tbody>
</table>
■ Fair and Reasonable Evaluations

It is required to evaluate individual employees in fair and reasonable manner according to their roles and achievements to establish a corporate culture that is based on performance. Thus, Suntory Group holds interviews between superiors and subordinates four times a year to provide evaluations that each and every employee can agree with.

Member level employees that Ability Qualification System is applied to create “work plan” during the setting interview at the beginning of the year and are evaluated through reflecting back their performance and process against that plan and discussing with their superior at review interview. Feedback interviews with their superiors that follow the evaluations are used to pass on the results, discuss expectations and areas for improvement in detail, and encourage understanding of both the evaluation and further development and growth in their capabilities.

For manager level positions that have subordinates are evaluated by their superiors and also evaluation from their subordinates are referenced to evaluate how much of their role required were performed from multiple perspectives. We believe that operating a system that employees can agree to will establish a corporate culture based on performance and create an environment where everyone has spirit of improvement.

■ Introduction of Challenge Targets

From 2013, Challenge Targets was implemented for member level employees. Challenge Targets is a system which the employees set ambitious targets that are more difficult than everyday work of their own and its results are added to performance evaluation. By setting their own challenging target without the fear of failing allows for them to take prudent actions, which strengthen the culture of “Yatte Minahare” in Suntory Group’s DNA.

■ Establishment of the “Walk the Walk - Yatte Minahare Prize”

From 2015, the “Walk the Walk - Yatte Minahare Prize” was established for all Suntory Group employees. This award recognizes teams that embody the “Yatte Minahare” spirit through the undertaking of original activities that challenge the preconceptions of conventional methods. The first year of the award in 2015 saw 538 teams and 6,747 people entries from around the world and celebrating its fourth year in 2018. The Suntory Group is continually pursuing the creation of new value on a global basis by working hard and having big dreams.

We are working to cultivate a climate allowing employees to take on challenges in-line with the “challenging targets” that were described previously.

■ Implementing Evaluation System in Cooperation with Labor Union

The labor union conducts a questionnaire for their members about the above mentioned four interviews a year. It surveys how each union member is in agreement through checking if “interview with the superior was sufficient” or “did you understand the result of the evaluation.”

The results of the surveys are communicated to executive management, and are used to manage and revise the human resources system. Additionally, if any shortfalls in the interviews were seen, management questions the superior who conducted the evaluation and provides guidance.

■ Wage System that is Connected with the Evaluation

Suntory Group’s evaluation index is based on the “results” of how much of the “work plan” was achieved and prudent actions set in the code of conduct for each qualification for the member level employees. These two indexes are connected to the raise and bonus in our wage system. For the manager level employees, in addition to their qualification, roles they have taken and achievements made in that role is used is considered in the wage system.

In addition, company’s performance is made clear according to a set rule and is directly connected business performance as business performance-based bonus and retirement benefit pension system for long term stable pension are also available.
Introduction of “Career Vision”

The Suntory Group has been operating a system for employees to report the status of their workplace and desire for transfers to the human resource department once a year. We have advanced the placement of employees with the growth of individuals as the primary focus based on these reports more than ever before. In 2013, we created “Career Vision” for development of each employee and for assignment of the appropriate person to the right job in the aim of promoting each employee to grow mindful of their career. This system merges employees, their superiors, and human resources work to achieve optimum human resource assignments and encourage the growth of every employee. Based on the Career Vision Sheet filled out by each employee, their long-term career goal and efforts needed to achieve the goal are discussed. In 2014, we established a site with information to support each employee’s career design on the Intranet and other initiatives to strengthen the system. In addition, we have implemented a job rotation system for employees to experience multiple jobs over roughly ten years from when they enter Suntory to expand the possibilities of young employees. We are actively engaging in individual interviews with employees and the human resource department, including interviews with all fourth year and ninth year employees, to assign the right person to the right place.

Surveying Employee Awareness and Company Climate

We check things from the current situation of employees, the awareness about work, and aspects related to their health, family, and history to their desire for transfer and motivation towards work in interviews with the Career Vision. The results showed that 77.7% of employees felt motivation in their work and 66.6% of employees were satisfied with their work in 2018. The responses of individuals plays a role in assigning the right person to the right place considering the desire of the individual and it connects to the direction of corporate activities. In addition, the Suntory Group conducts surveys about the organizational climate to assess how the corporate philosophy is recognized and understood in the daily operations of each employee that works in the Suntory Group. We are also surveying how employees see the organizational climate of each company and workplace, the policies, and compliance to share and utilize with management as well as each company and each division. We are also conducting employee awareness surveys once every two years overseas. During the 2017 survey, approximately 90% of employees participating in the survey said that they are proud to work for the Suntory Group.

FY2018 Work Awareness
Selected as One of the Most Admired Companies by Fortune

Suntory was ranked 5th in 2018 and 4th in 2019 (Beverage and Alcoholic Industry) by Fortune magazine in The World's Most Admired Companies, the highest rank ever obtained by a Japanese beverage company.

The American magazine Fortune has been ranking global companies every year since 1997. The assessment is conducted for 650 companies with power on the world stage according to criteria for nine key attributes* based on a survey of roughly 4,000 people from corporate management to financial analyst.

* 
(1) Innovation  
(2) People Management  
(3) Use of Corporate Assets  
(4) Social Responsibility  
(5) Quality of Management  
(6) Financial Soundness  
(7) Long-Term Investment Value  
(8) Quality of Products/Services  
(9) Global Competitiveness

Suntory has participated in the survey since 2013. We earned high marks in innovation, social responsibility and the quality of our products and services. We will strive to continue to be recognized worldwide in the future with pride in the high regard we have already earned around the globe for our corporate activities.

Suntory Receives Grand Prize at the Second Nikkei Smart Work Awards

We achieved five stars—the highest accolade—at Nikkei Inc.’s Nikkei Smart Work Survey 2018, and have received the S++ rank for the second year in a row in the Personnel Utilization category in particular.

Our numerous efforts in promoting diversity through the utilization of female/senior citizen personnel and the establishment of a collaboration center, and in creating diverse and flexible work styles with active roles by work style reform leaders and incorporation of robotic process automation (RPA) software in all of our companies, etc. have led to this solid reputation.

Opening of Suntory University

The Suntory Group is supporting the development of employees based on the belief employees have always been the source of growth for companies.

Suntory University was opened in April 2015 as a place for all people at Suntory to learn and unite as ONE SUNTORY with the founding spirits as a shared value. We endeavor to support our employees through a broad range of development of initiatives.

The vision of Suntory University; Encourage every Suntorian to contribute to Suntory Group’s business growth, having Founding Spirits in heart as its core value. The vision also includes the realization of “One Suntory” globally through understanding of the founding spirits by all group employees.

Suntory University provides learning opportunities to all of the employees who belong to the Suntory Group in three fields; the founding spirits, leadership development and infrastructure human resource development.

Founding Spirits: To realize “ONE SUNTORY” globally by sharing the Suntory’s DNA; including our founding spirits.

We have started and are planning to expand the activities at all group companies to share and deepen understanding of the founding spirits, “Yatte Minahare” spirit and the spirit of “Sharing the Profit with Society”.

200
**Ambassador Program**
This program targets employees of overseas Group companies and aims to raise their understanding of Suntory and nurture unity as a member of the Group. When they return to their company, they will become ambassadors and share what they have learned with others. The Ambassador Program aims to spread Suntory’s Mission, Vision, Values and Founding Spirits, as well as to drive forward the promotion of Global ONE SUNTORY. It has been held both in Japan and locally in group companies more than 20 times since 2012, and the total number of participants has exceeded 800. Participants deepen their understanding about the founding spirits that has been held as most important since the founding of Suntory through various lectures, site visit, workshops and discussions. We will continue to evolve the Ambassador Program further in the future to share the founding spirits that is the strength of the Suntory Group globally. We will forge ahead in creating a truly global ONE SUNTORY.

**Implemented within Japan regional programs**
We have built in sessions to learn the founding spirits within various regional programs such as junior employee program and new manager induction program. In particular, newly appointed managers visit the Suntory Museum of Art and Suntory Hall. This gives an opportunity for participants to directly see and feel how Suntory’s corporate philosophy has been carried out and also deepen the understanding of our value “Sharing the Profit with Society” from management viewpoints. We also give our junior employees a chance to learn the Suntory Group values directly by having site visit to facilities such as Yamazaki distillery and Domyoji Takadonoen - nursing facility founded by Suntory.

**Leadership development: To develop future leaders who can drive global growth for the Suntory Group**
We provide opportunities for our employees to develop their leadership through customized programs including action learning, case method, workshop with senior management etc. and carefully craft the programs so that they always link to management strategies.
GLF
We are holding the Global Leadership Forum (GLF) for the senior leaders that is selected from entire Suntory Group companies to develop future global leaders. Purpose of the program is outlined below;
・To strengthen connections among senior leaders extending their professional network
・To enable sharing of knowledge and experience and to leverage the enterprise-wide mindset and perspective
・To be inspired with new ideas and approach toward leadership through listening to a diverse range of leaders’ discussion.
The program is packed with content great for stimulating participants such as workshops held with guest speakers in addition to the large contributions made by top management in creating materials and as session lecturers on that day.

Beyond Borders
The Beyond Borders Program aims to accelerate the development of cross enterprise leadership capabilities for senior leaders across the organization. In 2018, 27 participants were selected from around the world. The program consistent of four modules over ten months, in four different locations including France, USA, Thailand and Tokyo for 2018-2019. The module themes include: Self-Leadership and Culture Development, Innovation, and Strategy. Following each module participants were assigned to teams to focus on a Project that allowed them to apply their learning against real business challenges and opportunities.

GLDP
We are conducting the Global Leadership Development Program (GLDP) for high potential team leaders selected from the entire Suntory Group companies, aiming at developing future global leaders. GLDP is a six month program that includes four face-to-face modules to develop leadership based on the Suntory Leadership Competency Framework which is implemented globally throughout the Suntory Group. In 2018-2019 program, 23 employees participates from around the world. They learned mindset for leadership, Suntory’s heritage & history, culture differences, and had a deep dive into innovation at the business school outside Japan. In the final module, they make business proposals to executives integrating all their learnings throughout the program.
Leadership Enhancement Program
We began a nine-month training program in 2017 to offer introspection for leadership to better their skills by concentrating on the Suntory Leadership Competencies for a total of 35 senior general managers, general managers, and middle managers selected in Japan to develop as human resources for future corporate management. This has greatly influenced everyone around these managers through discussions with other management levels over the three times this program has been held. We also will deepen self-awareness as leaders through stratified executive coaching, management literacy training, and sessions to interact with people in different industries. To drive the strength of our domestic business which makes up more than half of Suntory sales, we will actively work to enhance the skills of our human resources in Japan.

Other Development Programs in Japan

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
<th>Number of participants 2018</th>
<th>2010 — 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Challenge Program</td>
<td>Individual tailored program for junior employees to enhance skills needed for global business (language, cultural awareness, cross-cultural communication, leadership, logical thinking, management through figures, etc.)</td>
<td>10</td>
<td>65</td>
</tr>
<tr>
<td>Company sponsored MBA</td>
<td>Sending talented high potential employees to oversea’s top business schools to study in global environment.</td>
<td>3</td>
<td>22</td>
</tr>
<tr>
<td>Trainee program</td>
<td>Trainees brush up their professional skills, gain language and communication skills, global business skills, and leadership skills through on the job training at overseas companies.</td>
<td>13</td>
<td>80</td>
</tr>
</tbody>
</table>
Supporting Career Planning and Development of Each Employee

The Suntory Group established the Career Support Section in 2007. This section supports the independent career development of each and every employee through efforts that include individual career consulting with expert advisors, follow-up interviews after a personnel transfer, workshops by generation and other follow-up interviews. All of our employees systematically take career workshops that support each generation under the concepts of enthusiasm in unique work styles and work enjoyment as the owner of their careers. Employees build avenues to consider their careers in their fourth year with the company, and then design their own career path in their tenth year to pursue into the future. We also conduct workshops for each generation for the purpose of evoking a career vision in our employees based on deep self-understanding to drive their careers in the future as professionals in their 40s beginning when they are 38. We also support career planning and development that strives to create a brighter future in life through work with themes from reaffirming growth in the future at 53 to cultivating potential by taking advantage of the skills cultivated up until now at 58 in addition to the adoption of an extension of retirement to age 65.

Stratified Training

Stratified training deepens education under various themes that include the desired skills and knowledge as well as management skills and leadership at each level of employment from junior employees to new appointed professionals, new managers, and newly appointed senior general managers. This department incorporates programs to foster the growth of each employee who supports the Suntory Group for junior employees to managers. In addition, basic training programs suitable for each stage of business are also conducted in each department from sales to production.
We have built an education system that responds to the specific skills and attributes that are required to support the growth of Suntorians.

- **Various Development Programs**

Employees need to continually strive to be optimistic by taking responsibility of their own careers to work enthusiastically and grow as an individual with a unique work style. Therefore, the Suntory Group has adopted the Suntory Self-Development Program (SDP) as a self-enlightenment support program. In particular, Group employees in Japan can take courses available for everyone as Elective Training to not only learn the course content but also take advantage of the program as an effective means to building a network between Group companies.

Furthermore, in recent years, we are enhancing our support in strengthening English skills as a way to respond to globalization. We have prepared a broad support system from small group lessons at the office to private lessons at schools, e-learning and distance learning for beginning level students as well as upper level students who use English in their daily work. In the future, we will continue to support employees who strive to move forward with optimism.
Main self-development programs and the number of participants in FY2018

<table>
<thead>
<tr>
<th>Type of training</th>
<th>Description</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elective training*</td>
<td>Elective training provides approximately 30 different types of courses (twice/year) with training designed to teach the necessary business skills to succeed in the career plans envisioned by our employees</td>
<td>822</td>
</tr>
<tr>
<td>Enhancing English ability*</td>
<td>This program provides various courses such as in-office English lessons and online lessons aimed to enhance business communications skills in English. A wide range of support content is available so that students can effectively take the course best suited for their skill level.</td>
<td>247</td>
</tr>
<tr>
<td>e-Learning</td>
<td>This training program aims to heighten the ability to execute operations and gain the knowledge required for operational innovation. The courses include business skills, language acquisition, and computer skills.</td>
<td>298</td>
</tr>
<tr>
<td>Financial Support System for Attending School and Distance Learning</td>
<td>Suntory provides support for up to half the costs of schools and distance learning programs aimed at improving students skills (up to maximum limit). The courses that can be taken range from the skills necessary to execute operations (accounting, legal knowledge, etc.) to improving language skills and acquiring certifications</td>
<td>84</td>
</tr>
</tbody>
</table>

* These are elective programs that employees can participate on their own accord which the company will take on some of the training costs

Programs Unique to the Suntory Group

The Suntory Group has been conducting original elective training programs since 2013 to preserve and continually install the unique aspects of Suntory that includes the various knowledge and work distinct to Suntory. In fiscal 2017, teachers from inside Suntory lead two courses -- Suntory Product Design as well as Suntory’s Secret Sauce to Quality -- to teach Group employees who raised their hands to volunteer for the program. These courses can be taken by anyone who wants to participate and volunteers. Employees who have participated have said that they want more programs like this training that is packed with the DNA of Suntory to be held.

Mr. Kato, former Senior General Manager of Design, served as the instructor for the Suntory Product Design Secrets course

Mr. Wada, Executive Officer at Suntory Beer Ltd., served as the instructor for the Suntory’s Secret Sauce to Quality course
Mid-level Breakthrough Training Together with Group Companies in Japan
We held Mid-level Breakthrough Training for Mid-level employees for the third time since 2018 with 40 employees from 9 companies participating. We held sessions for employees to think about the future of their careers by revisiting their work from first entering the company up until present day as well as universal skills that includes identifying points for further growth in the future.

Manager Training Together with Group Companies in Japan
Manager training was held seven times in 2018 with the participation of 27 employees with less than three years of managerial experience from 13 companies under a theme to learn manager standards. Over two days, lectures and role-playing with focus on developing people were held through company and individual presentation as well as by experienced managers.
Global ONE SUNTORY Program
This program targets employees in Suntory’s group companies all around the world. The main objectives are to deepen understanding of business and strategy in business regions across the Suntory group, discuss opportunities for synergy, and strengthen professional networks across participants. Program contents often include the following topics:

- Sharing of Suntory’s long-term vision
- Presentations on regional business overviews and strategies
- Workshops to understand Suntory’s worldwide business and history
- Group discussions on future synergy opportunities
- Cross-cultural communication workshop

The ideas for synergy opportunities born from this program have been implemented into business strategies and action plans, having a strong idea-to-action process which supports the business and builds the future for Suntory.

We will drive synergy and contribute to support for human resource development at each Group company in the future by taking advantage the strengths in various fields brought together at the Suntory Group.

Presented the Award for Companies Providing Career Support
Suntory Holdings Ltd. was presented with the Minister of Health, Labour and Welfare’s Award for Companies Providing Career Support in 2013 held by the Ministry of Health, Labour and Welfare. The Award for Companies Providing Career Support actively supports the development of employees’ careers and praises companies based on other criteria for the purpose of raising broad awareness and standardizing career development initiatives.

We believe this award highly evaluates our initiatives to actively support the career development of our employees to give each and every person at Suntory enthusiasm and motivation as well as bring the Yatte Minahare spirit to its full potential.
We are endeavoring to create an organization that enables diverse employees to carry out "Yatte Minahare" through the promotion of diversification of characteristics that they hold and respect for their differences.

**Acceleration of Diversity Promotion**

To continue ceaselessly in the creation of new value in 2011, we created the Diversity Promotion Section based on our belief in the importance of actively accepting and utilizing a diverse range of human resources and personnel values irrespective of nationality, age, or other attributes. Four prioritized activity areas and five prioritized initiatives were set forth in 2012.

We established the Suntory Group Vision for the purpose of creating new value through diverse perspectives and approaches to a multicultural environment in 2017 and will promote even greater diversity throughout the entire Group.

**[Overcome countries]**

■ Group Talent Review

Suntory conducts a Group talent review once a year to identify, develop and utilize human resources who are able to actively participate in the Group worldwide. The Group talent review held in 2018 was conducted by function such as finance and administration to gather top management at major Group companies and identify the key talent and positions throughout the Group, including formulating plans for successors in those vital positions, and assessing the person-to-person exchanges across countries and businesses. We will strive to expand the content of these reviews in the future. We will promote talent management throughout the Group and the world through these Group talent reviews and other measures in the future.
Global Employment

As the Group expands worldwide, Suntory needs to find human resources who can act as a bridge to each Group company with both a focus on Japan as well as the international community. Suntory Holdings and Beam Suntory have been conducting joint activities to hire new graduates in North America since 2016. These activities help enhance the recruitment efforts of both companies, such as sharing mutual know-how and candidates. In the future, the Group will unite to advance its employment activities toward establishing an employment brand as a Group.

Refer to Group Global Human Resource Activities

[Overcome gender]

The Advancement of Female Employees

The Suntory Group is aiming to increase the ratio of female employees in managerial positions to 20% by 2025. We are conducting various initiatives in Japan by defining challenges such as the awareness and transformation of prudent actions according to the provision of deliberate career advancement opportunities and early return to a full work load for employees who are raising children to continually cultivate female managers.

Employees in their fourth year of employment participate in the so-called “The Fourth Year Training” where they are asked to reflect on their lives and careers and to think of how the work productivity can be improved. We support smooth return to work and full engagement of employees who return after maternity leave by providing safety net in the form of baby-sitter programme for those employees who are unable to use daycare facilities, or by bearing the costs of baby-sitting services when a child is sick or in case of other emergency. We organize seminars before and after the maternity leave so as to raise the awareness of employees regarding their duties and to facilitate their full and early return to standard working hours. In addition, simultaneously with the maternity leave follow-up seminars, we provide guidance to the employees’ supervisors to enhance the support from the managers to the returning employees.

As a result, we have received positive feedback that have mid- to long-term perspective such as, “My activities have been able to contribute to the entire department and I would like to act as a role model for other employees in the same situation.” Furthermore, managers support the advancement of female employees by demonstrating that they expect their future achievements.

In addition, we are conducting a Career Cafe for Female Leaders and Facilitation of External Seminars that target employees one step away from management because deliberate career advancement opportunities should be enhanced for both awareness and skills. This has become an opportunity to build further awareness about the challenges through means such as listening to the experience of managers who act as role models and the interaction with other participants both inside and outside of the company.

We are also working to strengthen networks and stimulate change in a way employees think through the efforts of female members of our management by holding female manager forums and networking boards for all women managers.

We are also actively promoting cooperation with external parties such as the New Generation of Women in Sales College to facilitate ongoing participation over the four years since 2014 as well as Networking Events for Young Sales Women Across Various Industries in sales departments which require even further support.

Through these activities in Japan, the ratio of female employees in management positions has increased to 10.0% at the end of 2018. We are continuing to innovate working styles and change awareness to realize a company that is an easy place to work and allows our employees to succeed.
Female employment data

![Graph showing employment data by gender and position from 2014 to 2018.]

* December 31, 2018
* This is the total of Suntory Holdings Ltd. and Suntory Beverage & Food Ltd.

Number of male and female employees by Management or Non-management position

![Pie charts showing distribution of male and female employees in management and non-management positions.]

Promoting LGBT Activities

The Suntory Group continues to engage in LGBT activities with the aim of becoming a company where every employee can be themselves and work enthusiastically. We have launched a project team in 2016 to strengthen our LGBT initiatives. In 2017, we furthered inclusion with efforts which included the revision of employment regulations to include same sex partners in the definition for spouse, the setup of a consultation office for LGBT employees, the creation of an LGBT handbook for LGBT employees and allies as well as e-learning for all employees. These activities have been awarded the highest rank of Gold in the PRIDE INDEX*¹ advocated by work with Pride*², which evaluates initiatives for sexual minorities including LGBT in the policies of organizations such as corporations and association.

*¹ This organization supports the promotion and implementation of diversity management for LGBT and other sexual minorities. Work with Pride aims to share information and provide opportunities for each company to actively engage in diversity promotion to help build workplaces where LGBT people can be themselves while working at Japanese companies.

*² This index is broken down into five categories: 1. Policy, 2. Representation, 3. Inspiration, 4. Development, and 5. Engagement/ Empowerment. This is the first index for LGBT in Japan established in 2016.
[Overcome handicap]

Employing Persons with Disabilities

The Suntory Group is working to expand the possibilities for persons with disabilities by employing them without considering job type. We actively engage in activities such as opening special contact points for candidates with disabilities, advertising announcements for new graduate and mid-career candidates, and cooperating with Hello Work. In addition, we have advanced job development at all group companies and started Group-wide employment guidance sessions in 2012. The rate of employment for persons with disabilities as of June 1, 2018 was 2.78% at Suntory Holdings Ltd. (employing 105 persons with disabilities with 42 persons with severe disabilities) and 2.27% at Suntory Beverage & Food Ltd. (employing 32 persons with disabilities with 9 persons with severe disabilities).

We have held an internship for students who are intellectually disabled since 2014 to further promote their utilization and 16 people have entered the company over the last five years up to April 2019. The team has been further expanding the areas where it is active with the goal of putting into practice operational support as well as diversity and inclusion throughout the entire Suntory Group as the Collaborative Center as of April 2018.

Number of employees with disabilities and employment rate (as of Friday, June 01, 2018)

![Group-wide Unified Guidance for the Hiring of Persons with Disabilities](image-url)

* SHD: Suntory Holdings Ltd.
* SBF: Suntory Beverage & Food Ltd.
Introduction of Disability Support Leave Policy

We introduced the Disability Support Leave Policy in 2013 based on our desire to create an energetic environment more able to utilize persons with disabilities. Five days a year are given as special leave to people who have a disability certificate. This policy can be used regardless of whether an employee works on a full-time or a part-time basis. A handbook has also been created and distributed to support managers supervising persons with disabilities. We are furthering the building of an easier-to-work environment while promoting the employment of persons with disabilities now and into the future.

Extension of Retirement to Age 65

The employment needs of individuals after retirement are estimated to grow in the future due to economic reasons after policy revisions such as an increase in the age people may start receiving national pensions as well as a growing desire to continue working. The technical ability and skill that people who have reached retirement age have accumulated are valuable assets from the perspective of the company.

The Suntory Group has introduced the Extension of Retirement to Age 65 policy in April 2013 to more widely utilize the experience and high-level skills which senior-level employees have accumulated over many years in addition to responding to the employment needs of employees over the age of 60. This new policy assists employees over the age of 60 to acquire one of three certifications (expert certification, member certification, support certification) that have been newly established according to the certifications and position the person has reached by the age of 60. In addition, we have introduced an assessment of results and prudent actions based on the target management policy even for individuals over the age of 60. The items for the assessment of prudent actions are operational contribution and next generation contribution. Moreover, we are periodically holding Life Plan Seminars that review life after retirement in addition to providing opportunities to think about a senior career at Career Workshops that are always taken by employees while they are in their 50s.

We will keep tapping into the knowledge of veteran employees who have accumulated the wealth of experience over the years, and provide them with all necessary support.

[Overcome age]

Mr. Sano leading the customer seminar at the Hakushu Distillery
Mr. Morita leading a lecture on quality management
Suntory Holdings Ltd. published the "Irodori" Suntory Group Diversity Correspondence Magazine for employees in Japan

The "Irodori" Suntory Group Diversity Correspondence Magazine was published for all of our employees in 2015 as a way of self-reform of the mindset of each and every employee in Japan, which is one of the five prioritized initiatives. This magazine was published for the purpose of understanding the importance of diversity and connecting to the prudent actions of individuals by introducing examples of diversity that are happening on the ground. Examples introduced up until now include "Messages from management executives", "Initiatives at sales and production sites", and "Employees with disabilities". In addition, we have held voluntary Diversity Seminars for employees. Various themes such as disability, nursing care, child rearing by men, and the LGBT community have been covered as themes for "changing working style starting from [theme]" to encourage the transition to prudent actions by individuals. We will continue to accelerate diversity awareness by periodically communicating related information throughout the company.

Evaluation from External Parties

Suntory has been reviewed as follows by external parties as a result of these initiatives.

Diversity Management Selection 100

An initiative started in 2012 by the Ministry of Economy, Trade and Industry that evaluates and selects companies of various sizes from different industries for their initiatives in diversity management as management able to contribute to economic growth. Furthermore, it aims to promote the spread of diversity through the communication with selected companies as best practices.

2018 J-win Diversity Award Honors Suntory with the Semi-Grand Prize for Advancement and Development of Women

The Diversity Award has been held by NPO J-Win since 2008. J-Win assesses the progress of diversity and inclusion promotion on an absolute scale at each company as well as a relative evaluation of progress to present awards for the purpose of accelerating diversity and inclusion promotion in Japanese companies by commemorating companies leading diversity and inclusion policy.
■ Suntory Receives the Highest Eruboshi Certification (Grade 3) for its Work as a “Company that Promotes the Utilization of Women”

Eruboshi is a certification given by the Minister of Health, Labour and Welfare for the goal of promoting the utilization of women at companies based on the Act on Promotion of Women’s Participation and Advancement in the Workplace. Companies are evaluated based on the following five factors: 1. Level of female employment, 2. Level of continuation of employment by women, 3. Working style (work hours, etc.), 4. Ratio of female employees in management positions, and 5. Existence of diversified career paths.

* Acquired by Suntory Holdings Limited

■ Suntory Receives the Highest Kurumin Certification “Platinum Kurumin” for its Work as a “Company that Creates a Supportive Workplace for Employees with Children”

The Kurumin Mark is a certification given by the Minister of Health, Labour and Welfare to companies that promote the introduction and utilization of systems and implement high-standard initiatives all aimed at promoting efforts which support both work and child rearing based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

* Acquired by Suntory Holdings Limited
We strive to foster work-life balance in employee-friendly workplaces where diverse employees can make full use of their capabilities.

**Policies to Reduce Excessive Working Hours**

We have the target to reduce the total annual working hours per employee to 1,899 hours through increasing the number of paid holidays taken to 16 days a year and further reducing overtime.

**Ensuring Reasonable Working Hours**

The Suntory Group works to eliminate excessive working hours and encourage employees to take annual paid leave through cooperation between labor and management, and thoroughly complies with all relevant labor laws, including the laws that govern working hours — through these measures we aim to create a workplace where employees are healthy and work with enthusiasm. We have abolished unpaid overtime, strictly enforce the rule of turning off all lights throughout the company in order to encourage the employees to go home early, and have created and distributed Revising Working Styles Handbook to increase productivity — all these measures are designed to increase work productivity and allow more free time for our employees. We have also implemented a system that can track the number of computer use hours and other information. We support self-management of employees and provide guidance for improvement of working styles as necessary.

**Total actual annual working hours**

* Official working hours in the standard Suntory Group offices are 7.5 hours a day, 121 vacation days and the annual total official working hours is 1,830 hours.
* SHD: Suntory Holdings Ltd.
* SBF: Suntory Beverage & Food Ltd.
Work Style Innovation

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

In 2010, we have removed the restriction of time and place in order to achieve flexible working styles and in principle, removed core time in flextime working, expanded the scope and expanded the number of employees who qualify for "teleworking*" that allows use in 10 minute increments. In addition, we have introduced a discretionary working hours system in our Research & Technology Development Division as an effort to make working styles that are suitable for work. We are promoting work style innovation in each department in accordance with the particular types of work done by adopting flextime in our R&D departments. New work styles utilizing IT, such as the use of smartphones in sales divisions, are making steady inroads.

In addition, we formulated specific action plans in each department. We were able to reduce overtime and increase the number of vacation days taken by employees annually as a result of further executing initiatives appointing work-style innovation promotion leaders and managers in every department united as employees, superiors, and administration.

* Teleworking: Working at home or otherwise outside the office

Various Activities Facilitating Work Style Innovation

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
</tr>
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</table>
| Promoting of flexible work styles | Promoting the use of flex-time and teleworking programs  
Roughly 80% employees used the teleworking program  
Received the Minister of Health, Labour and Welfare's Award for Enterprises that Promote Telework (Shiny Telework Prize) in 2015. |
| Promotion of operational efficiency | Promotes the use of high-performance video conferences, teleconferences, tablets, smartphones, portable computers, and RPA  
Revises policies such as meeting rules and rules to create materials that use the Working Methods Handbook  
Continually revise operations from the perspective on-site in each department founded in the work-style innovation promotion leader program. |
Support employees considering work-life balance

We have been working toward expanding our programs that help employees to maintain the balance between work and personal life while being responsive to individual circumstances through the creation of programs providing benefits that exceed what is legally required. We also recognize tackle decrease in number of children social as society in whole and the social responsibility of a company and provide support according to the status of the workplace and needs of the employees.

Supporting Work as well as Child and Nursing Care with Flexible Work Styles and Programs

The programs have become systems that allow employees to always work enthusiastically even when there are constraints on time and place by leveraging flexible working styles such as flex-time and telecommuting as well as the policies below.

Child Care Programs

We have expanded systems to support child birth and child rearing based on The Act for Partial Revision of the Act for Measures to Support the Development of the Next-Generation Children enacted in April 2005. We have implemented child care leave, shortened and staggered working hour programs which can be used during pregnancy and child rearing. Employees can vastly adjust their work style to meet children's active hours such as dropping off and picking up children at nursery schools.

As a result, we acquired the certification mark "Next Generation Development Support Enterprise" from the Ministry of Health, Labour and Welfare in 2008. We started a partially paid child care leave program (Welcome Baby Care Leave) with the purpose of promoting male employees to take child care leave in 2011. The rate of employees taking child care leave in 2018 was 100% for women and 49% for men. Each year the number of men taking child care leave is growing with 171 women and 133 men taking child care leave throughout the year.
Nursing Care Programs

From April 2011, we have extended the period for systems regarding nursing care (nursing care leave, shortened and staggered working hours and flex-time programs), and clarified the requirements for nursing care leave, eased the requirements for shortened and staggered working hours and flex-time programs in September 2016 to expand the initiatives for nursing. In 2017, we created a nursing care handbook to inform employees about the subject, held nursing care seminars, and invited an outside instructor to speak about topics such as preparations before the start of nursing care.

Next generation development support
torrent certification mark*
* Next generation development support enterprise certification mark "Kurumin": certification mark awarded by the Ministry of Health, Labour and Welfare to a company that provides environment to support workers that bring up children while working, and engages in other initiatives to support all employees, not limited to working parents.

Enhancing Support During Child Rearing

We have established systems to realize support before, during and after child birth such as supporting employees return to work by subsidizing the cost of corporate contract babysitters in 2012 and support in times of illness or emergencies to enhance the support for families during the period they are raising their children. We also support both work and nursing/child care through providing training to managers to raise their awareness and take innovate actions.

Based on suggestions raised by employees who participated in the Child Rearing Project, we have implemented the following measures before taking leave and after returning to work.

- Before maternity leave: Explanation of the system, providing guidance before maternity leave for all applicants for the main purpose of providing information for a smooth return to work
- During maternity leave: An online newsletter is issued once a month to introduce timely corporate information, relevant examples of employees who have returned to work and other information helpful in returning to work
- Returning to work: The company provides subsidies for a defined period of time for babysitters when entry into daycare facilities is difficult
- After returning to work: Introduction of follow-up seminars after babysitter programs and child care leave during illness and emergencies for the purpose of supporting both after employees return to work while facilitating an early return to a standard workload

These initiatives have been praised overall to earn the Grand Prix in the 2016 ranking of companies with a great balance between work and raising children conducted by Nikkei Dual.
Expanding the “Guidance for Fathers” with the participation of Male Employees and Supervisors

Guidance for Fathers has been held since 2013 for the purpose of raising awareness of male employees even further. We have implemented efforts such as the introduction of role models and informational sharing between participants. A total of roughly 230 male employees have participated in interaction from informational exchange sessions to guidance up until now. We plan to continue to strengthen the content of these efforts in the future.

Results of Employees Taking Child Care Leave

<table>
<thead>
<tr>
<th>Years</th>
<th>Pregnancy</th>
<th>Birth</th>
<th>1st birthday</th>
<th>3rd birthday</th>
<th>Elementary school 1st grader</th>
<th>Elementary school 4th grader</th>
<th>Junior high school student</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>205</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>247</td>
<td></td>
<td></td>
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<tr>
<td>2016</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>2017</td>
<td>339</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>304</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Overview of policies to support child care (Revised April 2012)
### Overview of policies to support child and nursing care

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Childcare</strong></td>
<td></td>
</tr>
<tr>
<td>Maternity leave</td>
<td>As a general rule, six weeks before child birth and eight weeks after child birth</td>
</tr>
<tr>
<td>Childcare leave</td>
<td>As a general rule, can be taken until child reaches three years of age</td>
</tr>
<tr>
<td>Welcome Baby Care</td>
<td>Paid leave for five consecutive days from the day of the start of child care leave (From child birth to reaching a year and half years old)</td>
</tr>
<tr>
<td>Shortened and Staggered Working Hour Program</td>
<td>Until the child enters junior high school Shortened working hours are a maximum of two hours per day and staggered working hours can be set within a set range</td>
</tr>
<tr>
<td>Flex-time Program</td>
<td>Reasons or age of the child are not specified</td>
</tr>
<tr>
<td>Telecommuting Program</td>
<td>Working at home or otherwise outside the office Reasons or age of the child are not specified</td>
</tr>
<tr>
<td>Child support leave</td>
<td>Special leave for any reason related to child rearing (paid leave) Five days per year for every child before entering junior high school. Ten days per year if there are more than two child</td>
</tr>
<tr>
<td>Babysitting service to support employees return to work</td>
<td>If entering nursing schools or a similar facility is difficult, corporate contract babysitters are introduced and its fees are subsidized for a maximum of seven months until the child is able to enter a nursery school, etc.</td>
</tr>
<tr>
<td>Babysitting services for times of child illness or emergency</td>
<td>The company pays for initial and annual membership fee for corporate contract baby sitters to make the service more usable during child illness, sudden overtime or business trip and other emergencies. Can be used until the child reaches fourth grade elementary school student.</td>
</tr>
<tr>
<td>Subsidies to use for babysitters</td>
<td>In-house babysitting for infants and drop off and pick up of young elementary school children and children in nursery schools, etc. Amount of the subsidy is 1,700 yen per day</td>
</tr>
<tr>
<td>Infertility treatment support</td>
<td>For specified ART treatment, a leave of up to one year can be taken and monetary support for treatment of up to 300,000 yen is available</td>
</tr>
<tr>
<td>Job Return Program</td>
<td>Those that worked for three or more years and registered are candidates for reemployment Until the child being raised (not limited to the child that was the reason for resignation) enters elementary school (maximum of ten years)</td>
</tr>
<tr>
<td><strong>Nursing</strong></td>
<td></td>
</tr>
<tr>
<td>Nursing leave</td>
<td>The maximum of three years can be exceeded if the total is within 93 days Benefits are of ¥50,000 per month</td>
</tr>
<tr>
<td>Shortened and Staggered Working Hour Program</td>
<td>Shortened working hours are a maximum of two hours per day and staggered working hours can be set within a set range</td>
</tr>
<tr>
<td>Flex-time Program</td>
<td>No reason is required or restriction on the period of time set</td>
</tr>
<tr>
<td>Telecommuting Program</td>
<td>Working at home or otherwise outside the office No reason is required or restriction on the period of time set</td>
</tr>
<tr>
<td>Special leave</td>
<td>Leave to accompany someone to the hospital, etc. (paid leave) Five days per year for one family member or ten days a year for more than two family members are given for the nursing care obligations</td>
</tr>
<tr>
<td>Home helper employment assistance</td>
<td>Subsidize 70% of the fee for one person per day (maximum of ¥15,000) and maximum of 50 days per year.</td>
</tr>
<tr>
<td>Job Return Program</td>
<td>Those that worked for three or more years and conducted the registration process are candidates for reemployment A maximum length of ten years is provided to resolve nursing care requirements</td>
</tr>
<tr>
<td><strong>Vacation</strong></td>
<td></td>
</tr>
<tr>
<td>Refresh leave system</td>
<td>Special leave and premium is provided for employees that have worked for 10, 15, 20, 25, 30, 35, 40 and 45 years</td>
</tr>
</tbody>
</table>
Overview of policies to support nursing care

- Nursing leave
- Shortened and Staggered Working Hour Program
- Flex-time Program
- Telecommuting Program
- Special leave
- Home helper employment assistance
- Job Return Program

Need for nursing arises

1
3
9
10

Can also be used for reasons other than nursing care
### Change in the number of employees that took advantage of child or nursing care policies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare leave</td>
<td>205</td>
<td>247</td>
<td>252</td>
<td>46</td>
<td>298</td>
<td>275</td>
<td>64</td>
<td>339</td>
<td>251</td>
<td>53</td>
<td>304</td>
</tr>
<tr>
<td>Shortened and staggered</td>
<td>Male</td>
<td>-</td>
<td>80</td>
<td>22</td>
<td>102</td>
<td>22</td>
<td>34</td>
<td>56</td>
<td>107</td>
<td>26</td>
<td>133</td>
</tr>
<tr>
<td>working hour for child</td>
<td>Female</td>
<td>-</td>
<td>172</td>
<td>24</td>
<td>196</td>
<td>24</td>
<td>30</td>
<td>54</td>
<td>144</td>
<td>27</td>
<td>171</td>
</tr>
<tr>
<td>care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newly taking childcare leave</td>
<td>118</td>
<td>143</td>
<td>148</td>
<td>32</td>
<td>180</td>
<td>179</td>
<td>50</td>
<td>229</td>
<td>63</td>
<td>12</td>
<td>75</td>
</tr>
<tr>
<td>Number of employees returning</td>
<td>Male</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>122</td>
<td>33</td>
<td>155</td>
<td>93</td>
<td>24</td>
<td>117</td>
</tr>
<tr>
<td>after childcare leave</td>
<td>Female</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>61</td>
<td>9</td>
<td>70</td>
<td>62</td>
<td>13</td>
<td>75</td>
</tr>
<tr>
<td>Number of employees that</td>
<td>Male</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>resigned during childcare</td>
<td>Female</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>leave</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of employees returning</td>
<td>Male</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>after childcare leave</td>
<td>Female</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>96.8%</td>
<td>90.0%</td>
<td>95.9%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Number of employees remaining</td>
<td>Male</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>80</td>
<td>22</td>
<td>102</td>
<td>118</td>
<td>34</td>
<td>152</td>
</tr>
<tr>
<td>at end of the year</td>
<td>Female</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>172</td>
<td>24</td>
<td>196</td>
<td>144</td>
<td>25</td>
<td>169</td>
</tr>
<tr>
<td>after taking childcare leave</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Employees Returning</td>
<td>Male</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>96.7%</td>
<td>100.0%</td>
<td>97.44%</td>
</tr>
<tr>
<td>from Child Care Leave</td>
<td>Female</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>98.8%</td>
<td>95.8%</td>
<td>98.5%</td>
<td>94.1%</td>
<td>83.33%</td>
<td>92.35%</td>
</tr>
<tr>
<td>Shortened and staggered</td>
<td>195</td>
<td>192</td>
<td>187</td>
<td>38</td>
<td>225</td>
<td>183</td>
<td>33</td>
<td>216</td>
<td>180</td>
<td>37</td>
<td>217</td>
</tr>
<tr>
<td>working hour for child care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing leave</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Shortened and staggered</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>working hour for nursing care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecommuting Program*</td>
<td>3,196</td>
<td>3,577</td>
<td>3,390</td>
<td>1,070</td>
<td>4,460</td>
<td>3,657</td>
<td>1,188</td>
<td>4,845</td>
<td>3,847</td>
<td>1,329</td>
<td>5,176</td>
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<tr>
<td>Child support leave</td>
<td>663</td>
<td>464</td>
<td>474</td>
<td>65</td>
<td>539</td>
<td>500</td>
<td>83</td>
<td>583</td>
<td>524</td>
<td>75</td>
<td>599</td>
</tr>
<tr>
<td>Home helper</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>At home child care service</td>
<td>37</td>
<td>16</td>
<td>24</td>
<td>2</td>
<td>26</td>
<td>27</td>
<td>2</td>
<td>29</td>
<td>29</td>
<td>5</td>
<td>34</td>
</tr>
<tr>
<td>Vacation</td>
<td>791</td>
<td>933</td>
<td>525</td>
<td>177</td>
<td>702</td>
<td>603</td>
<td>198</td>
<td>801</td>
<td>630</td>
<td>194</td>
<td>824</td>
</tr>
</tbody>
</table>
Supporting Employees Return to Work after Child or Nursing Care Leave

The Suntory Group mandates interviews with direct supervisors before employees take leave or after employees return to work as one part of its support of employees returning to work. A system has also been built to allow internal information to be confirmed at any time by browsing the intranet from a household computer while the employee is on leave. Moreover, measures have been put in place to reduce concerns of employees returning to work that includes sending out information with know-how they can use after returning to work as an email magazine each month for employees taking child care leave.

Re-employing Employees Who Have Resigned Due to Child Care and Nursing Care

The Suntory Group has introduced the Job Return Program that re-employs employees that have resigned due to pregnancy, child care, nursing care, or a spouse's appointment overseas who wish to return to the workplace. The terms are determined after a defined trial period based on the certifications and salary at the time the employee resigned. 56 employees have registered for the program between when the program was introduced in 2007 and 2018 with eight employees returning to the workplace up to the end of 2018.

**Period of Absence for the Job Return Program**

<table>
<thead>
<tr>
<th>Reason for resignation</th>
<th>Period of absence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pregnancy, child birth, or child care</td>
<td>Until the child being raised reaches elementary school with a maximum of up to ten years</td>
</tr>
<tr>
<td>Nursing</td>
<td>Until the nursing care requirements are resolved with a maximum of up to ten years</td>
</tr>
<tr>
<td>Overseas appointment of spouse</td>
<td>Until the spouse returns from their appointment overseas with a maximum of up to ten years</td>
</tr>
</tbody>
</table>
Creating Employee-Friendly Workplaces

The Suntory Group respects and advocates freedom of association and the rights to collective bargaining in accordance with the laws and regulations in each country. We also recognize the importance and support freedom of association and right to collective bargaining even in countries and regions that do not recognize them by law, and promote the resolution of challenges through the cooperation of labor and management. We have various councils that meet regularly to enable labor and management to study and discuss key management challenges we face. These include the Business Conditions Conference, the Finance Reporting Council, and division and topic specific councils. These councils hear statements from the labor union about shop floor conditions and both parties debate Suntory Group’s management policies.

We operate and revise our programs involving human resources and labor based on thorough consultations rooted in mutual awareness of the issues. Through these relationships between labor and management we are enhancing subjectivity and transparency of company management while increasing effectiveness of various initiatives. Suntory Group’s labor union implement unionship system*.

* Unionship system: A system in which all employees are required to be a member
* 57% of employees subject to collective bargaining.

Promotion of Cooperation with Workers Union Through Conferences

We are holding periodic conferences where we determine themes for vital issues common with Workers Union. We have held 24 conferences throughout the year of 2018.

Main Labor-management Conferences

<table>
<thead>
<tr>
<th>Name</th>
<th>Frequency</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Status Conference</td>
<td>Twice a year</td>
<td>Conference about matters such as company management policies, management status, and business execution status</td>
</tr>
<tr>
<td>Quarterly settlement conferences</td>
<td>Twice a year</td>
<td>Sharing information about Group consolidated performance</td>
</tr>
<tr>
<td>Departmental conferences</td>
<td>Once a year (each department)</td>
<td>Conference about issues related to departments such as R&amp;D, production, and sales.</td>
</tr>
<tr>
<td>Work-style innovation committee</td>
<td>Three times a year</td>
<td>Conference about status confirmation and improvements of issues during working hours</td>
</tr>
</tbody>
</table>
Introduction of Recreation Plans in Cooperation with Workers

We are operating recreation plans with the cooperation of workers for the purpose of cultivating unity as the Suntory Group. The soft volleyball competition that started in 2009 has also grown to have participation from Group Companies. At the 10th competition held in 2018, roughly 4,200 employees participated alongside their families.
We promote occupational health and safety based on the belief that a workplace where employees can work with peace of mind is connected to the vibrancy of the company.

**Commitment to Workplace Safety**

Safety is one of our criteria for evaluating worksite performance at our plants. Our Health and Safety Committee, which includes employee representatives, plays a central role in the promotion of activities that, based on the discussions with employees, are customized to match the characteristics and circumstances of each worksite. There were 24 occupational accidents in 2018. Lost time injury/illness frequency rate*1 was 0.23 (benchmark rate in soft drink and alcohol manufacturing: 1.22) while Lost time injury/illness severity rate*2 was 0.001 (benchmark rate in soft drink and alcohol manufacturing: 0.02). We promptly share information and continually improve the level of our efforts by regularly offering venues for the labor union and the Senior General Manager in charge of occupational health and safety to exchange occupational health and safety information. We will continue working to increase employee awareness and to improve their safety during working hours and commuting with the goal of zero occupational health and safety accidents.

*1 Frequency rate: (number of deaths and injuries) ÷ (total number of work hours) × 1,000,000
*2 Severity rate: (number of days employees cannot work) ÷ (total number of work hours) × 1,000

### Number of workplace accidents (accidents)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of occupational accidents (including paid leave and substitute leave)</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>0</td>
<td>6</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Number of occupational accidents not accompanied by lost work time</td>
<td>14</td>
<td>10</td>
<td>8</td>
<td>12</td>
<td>13</td>
<td>8</td>
<td>18</td>
<td>12</td>
<td>21</td>
</tr>
<tr>
<td>Number of accidents resulting fatality</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>13</td>
<td>10</td>
<td>15</td>
<td>17</td>
<td>8</td>
<td>24</td>
<td>13</td>
<td>24</td>
</tr>
<tr>
<td>Lost time injury/illness frequency rate</td>
<td>0.31</td>
<td>0.30</td>
<td>0.20</td>
<td>0.17</td>
<td>0.34</td>
<td>0.00</td>
<td>0.47</td>
<td>0.08</td>
<td>0.23★</td>
</tr>
<tr>
<td>Lost time injury/illness severity rate</td>
<td>0.002</td>
<td>0.005</td>
<td>0.009</td>
<td>0.002</td>
<td>0.004</td>
<td>0.000</td>
<td>0.003</td>
<td>0.000</td>
<td>0.001</td>
</tr>
</tbody>
</table>

* Figures through 2012 are only for Suntory Holdings Ltd. and Suntory Beverage & Food Ltd. The figures from 2014 onwards include data on workplace accidents involving full-time employees, special contract employees, and part-time employees for the following Suntory Group companies in Japan: Suntory Holdings Ltd., Suntory Beverage & Food Group companies (Suntory Beverage & Food Ltd., Suntory Foods Ltd., Suntory Beverage Solution Ltd., Suntory Products Ltd.), Suntory BWS Ltd., Suntory Spirits Ltd., Suntory Beer Ltd., Suntory Wine International Ltd., Suntory Liquors Ltd., Suntory Wellness Ltd., Suntory MONOZUKURI Expert Ltd., Suntory Business Systems Ltd., Suntory Communications Ltd., and Suntory Global Innovation Center Ltd.
* From FY2016, Suntory has received independent assurance from KPMG AZSA Sustainability, Co., Ltd. The assured value is indicated with ★.
* Three occupational accidents (including accidents during commuting) occurred in 2018. We took measures including distributing accident reports to employees who handle similar operations to prevent reoccurrences of similar accidents.
Achieving Zero Workplace Accidents in Manufacturing

We are working in activities to reach zero workplace accidents as our highest priority based on the belief of prioritizing the health and safety of all people in accordance with the Suntory Group Basic Policy on Safety in Production and Research formulated in February 2010 at the production and research divisions of the Suntory Group. Suntory engages in risk assessment for occupational health and safety by sufficiently reviewing business plans and operational procedures to prevent occupational accidents before they happen in existing and new businesses. We are deepening our activities as a unified Group toward zero workplace accidents while linking all of our partner companies by ceaselessly advancing low-key efforts that improve the safety awareness of each and every person on the ground as well as continue operational-oriented risk reduction efforts in the future.

Building of a Crisis Management System Overseas

The Suntory Group has formulated a crisis management manual to secure the safety of employees dispatched overseas and their families in preparation for state of emergency overseas. We have created a pocket manual for the employees dispatched overseas to carry on their person while establishing reporting routes and countermeasure systems.

Occupational Health and Safety Education

The Suntory Group strives to raise awareness and prevent occupational accidents before they happen by holding regular occupational health and safety education courses. A total of 242 people took part in these education courses in 2015, with a total of 302 people in 2016, a total of 610 in 2017, and a total of 722 in 2018.
The Suntory Group believes health is not something simply related to hospitals but also satisfies health of both body and mind, energy in everyday work, and enthusiasm. We started health management from 2016 to promote an even greater level of health for our employees and their families based on this belief. We also were praised and recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for these initiatives in 2017, 2018, and 2019 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category) - White 500 consecutively.

<table>
<thead>
<tr>
<th>Health and Wellbeing Management at Suntory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our Pursuit</td>
</tr>
<tr>
<td>&gt; For the wellbeing of both the body and mind, we work daily with vitality and full of enthusiasm.</td>
</tr>
<tr>
<td>&gt; The health of employees and families is the wellspring of making challenges and innovating.</td>
</tr>
</tbody>
</table>

### Work Style Innovation ~Work Life Balance~

#### Health Check-up/ Stress Check

- Diet
- Exercise
- Time off for rest
- Lifestyle Improvements
- Mental Health
- Self-care
- Line-care
- Counseling

<table>
<thead>
<tr>
<th>Midterm Goals (by 2018)</th>
<th>Targets Toward 2019</th>
<th>Targets Toward 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health check-up rate</td>
<td>Employees 100%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>Dependents (40 years old or above) 75% or more</td>
<td>75.0%</td>
</tr>
<tr>
<td>Lifestyle improvements</td>
<td>Obesity rate (including those at risk) 20% or less</td>
<td>22.0%</td>
</tr>
<tr>
<td>Mental health care</td>
<td>Stress check superior AB evaluation 85% or more</td>
<td>86.0%</td>
</tr>
</tbody>
</table>

< Other: 2018 Results >
- Employees who quit smoking : 77.5%
- Employees who maintained a healthy weight : 76.3%

(Reference: Explanatory meeting materials for health staff at sites)
A Variety of Programs to Promote Employee Health

Considering the physical and mental health of employees is one of the most important duties of a company. We are working to put in place periodic self checks and a follow-up support system that enhances health check-ups and stress checks so that every single employee can engage in their work energetically. We also started efforts toward lifestyle diseases prevention (Suntory Health Challenge).

■ Comprehensive Health Examinations

Suntory Group provides health examinations that include detailed medical tests in excess of legal requirements. Employees aged 40 and older are required to take a day-long, full physical examination in addition to the regular annual check-up (the cost of items designated by the company is borne by the company). Cancer screenings are also a requirement based on age with 90% of employees undergoing examinations for gastric cancer, colon cancer, and lung cancer as well as 65% to 70% of employees being screened for breast and cervical cancer. Industrial doctor checks the result of every employee’s health examinations and holds interviews and guidance for those need attention. In addition, we support employees to maintain and improve their health through building a system of health consultation such as nurse staff visiting offices to hold health consultation and counseling by clinical psychotherapist.

■ Consults held by Occupational Safety and Health Staff

We are aiming to build an atmosphere where everyone can easily ask for advice in addition to building a system for industrial health staff such as industrial doctors, mental health professionals, nurses and clinical psychologists. Nurses have been regularly visiting the offices they are in charge since 2014 to conduct health consultations once each year with employees who are at the relevant age. We will further efforts to connect to early diagnosis and treatment by understanding the mental state and life habits of our employees while raising internal awareness about our consulting system in the future.

Various Health Measures

<table>
<thead>
<tr>
<th>Illnesses, injuries, and disasters</th>
<th>Various policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special leave that uses expired leave</td>
<td>Up to 60 days of leave can be accumulated from up to ten days of leave each year for paid leave not taken for injuries or illnesses occurring outside of work, for infertility treatments, and for the care of family</td>
</tr>
<tr>
<td>Hospital room subsidies for remaining balance</td>
<td>Subsidizes 70% of the costs incurred for rooms outside of the health insurance coverage while hospitalized</td>
</tr>
<tr>
<td>Support Program for the Cost of Advanced Cancer Treatments</td>
<td>Subsidies for the Costs of Advanced Treatments Outside the Suntory Health Insurance Society Policy such as Heavy Ion Radiotherapy (Up to 5 Million Yen per Person per Year)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use of physical examinations</th>
<th>Various policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees over 40 years of age may have require physical examinations (once a year) without any cost to the individual for items designated by the company as periodic health assessments</td>
<td></td>
</tr>
<tr>
<td>People over 30 years of age (including dependents) may have physical examinations (up to once a year) and only pay 5,000 yen of a one-day examine</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stress checks</th>
<th>Held once a year and is always available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental examinations</td>
<td>Once per year</td>
</tr>
<tr>
<td>Health telephone consultation system</td>
<td>Supported by external expert staff</td>
</tr>
<tr>
<td>Mental-health consultation and telephone consultation</td>
<td>An external expert staff supports telephone consultations and interviews (individuals only spend 1,000 yen for each consult)</td>
</tr>
</tbody>
</table>
Number of users for various health measures (employees)

<table>
<thead>
<tr>
<th>Illnesses, injuries, and disasters</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special leave that uses expired leave</td>
<td>48</td>
<td>53</td>
<td>65</td>
<td>34</td>
<td>57</td>
</tr>
<tr>
<td>Hospital room subsidies for remaining balance</td>
<td>33</td>
<td>20</td>
<td>36</td>
<td>38</td>
<td>32</td>
</tr>
<tr>
<td>Physical examinations (over 40 years of age)</td>
<td>3,046</td>
<td>3,280</td>
<td>3,333</td>
<td>3,286</td>
<td>3,648</td>
</tr>
<tr>
<td>Physical examinations (over 30 years of age)</td>
<td>894</td>
<td>866</td>
<td>1,014</td>
<td>1,141</td>
<td>1,242</td>
</tr>
<tr>
<td>Physical examinations (family)</td>
<td>1,837</td>
<td>1,950</td>
<td>2,046</td>
<td>2,122</td>
<td>2,207</td>
</tr>
<tr>
<td>Dental examinations</td>
<td>3,617</td>
<td>3,753</td>
<td>3,632</td>
<td>3,773</td>
<td>3,803</td>
</tr>
<tr>
<td>Health telephone consultation system</td>
<td>139</td>
<td>120</td>
<td>110</td>
<td>59</td>
<td>70</td>
</tr>
<tr>
<td>Mental-health consultation and telephone consultation</td>
<td>209</td>
<td>114</td>
<td>64</td>
<td>38</td>
<td>50</td>
</tr>
</tbody>
</table>

Suntory Health Challenge 2018 Program

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Mileage</td>
<td>System to assign points for efforts to better health such as daily walking and radio exercises as well as health check-ups that can then be saved and exchanged for prizes</td>
<td>8,000</td>
</tr>
<tr>
<td>Radio exercises</td>
<td>Radio exercises are conducted every day at every office</td>
<td>8,000</td>
</tr>
<tr>
<td>Health camps</td>
<td>Two-day one-night camp-style Suntory Health Insurance Society coaching for selected participants based on the BMI from the results of their health check-ups</td>
<td>135</td>
</tr>
<tr>
<td>Health seminars (led by outside lecturers)</td>
<td>How to Use the Brain for Communicating Smoothly</td>
<td>560</td>
</tr>
<tr>
<td></td>
<td>Requirements for Women to Work in a Healthy State - Deepening understanding of how the body works</td>
<td>300</td>
</tr>
<tr>
<td>Support in quitting smoking</td>
<td>Smoking cessation clinic support and smoking cessation support app based support</td>
<td>10</td>
</tr>
<tr>
<td>Walking Event</td>
<td>Walking Event Held with Overseas Group Companies as a Health × Environmental Management Initiative</td>
<td>7,185</td>
</tr>
</tbody>
</table>
**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

<table>
<thead>
<tr>
<th>Point</th>
<th>Measure</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self-care</strong></td>
<td>Early detection and prevention through self-check</td>
<td>Self-check during regular check up</td>
</tr>
<tr>
<td></td>
<td>Basic knowledge on mentality (measure) Mental health seminar (content)</td>
<td>Mental self-check (required for all employees once a year) and follow up for those that need attention</td>
</tr>
<tr>
<td><strong>Line care</strong></td>
<td>Raising awareness through training</td>
<td>Provide information through Mental Health Handbook that summarize basic knowledge and implementing mental health e-learning</td>
</tr>
<tr>
<td></td>
<td>Implementing support when returning to work</td>
<td>Management lecture at new manager training</td>
</tr>
<tr>
<td><strong>Care by health staff in the office</strong></td>
<td>Establishing in-house specialist doctor</td>
<td>Implementing a system to support returning to work with doctor specializing in mental health</td>
</tr>
<tr>
<td></td>
<td>Establishing in-house consultation</td>
<td>Consultation by doctor specializing in mental health</td>
</tr>
<tr>
<td><strong>Care by resources outside the office</strong></td>
<td>Establishing external consultation</td>
<td>Consultation by in-house career counselor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Telephone consultation and interview by external specialized agency</td>
</tr>
</tbody>
</table>
Coordinating with Work Style Innovation
Largely revising the work style to enhance both professional and personal lifestyles is indispensable in the realization of a form able to satisfy the health of both body and mind, energy in everyday work, and enthusiasm for each and every employee. The Suntory Group promotes health management while firmly connecting that management to work style innovation.

Support of the Wellness of even the Employees' Families
The Suntory Group is supporting the lifestyle of employees and their families from a broad range of aspects. External consultation windows such as mental-health consultation and telephone consultation as well as the general SOS contact window are available to support a wide range of needs from health consultations to even legal consultations. We are receiving consults from our employees and their families. We have also established a system that plays a role in issues directly confronting the lifestyles of our employees in addition to resolving their fears with programs such as the subsidy program (used by 2,000 people in 2016) to assist in physical examinations of our employees and their families.
The Suntory Group has been driving great change in human resource activities in recent years as the global expansion of its businesses accelerates. We are engaged in a wide variety of initiatives at a global level for the purpose of business growth and employee growth as a means to realize Growing for Good.

**Promoting Global Human Resource Activities Through Cooperation with Each Group Company**

The Suntory Group is advancing various activities while cooperating with each company to create synergy between Group companies across the globe under the motto of ONE SUNTORY. Each and every Suntorian full of individuality found around the globe demonstrates the "Yatte Minahare" spirit from people-to-people exchanges across countries and organizations as well as sharing know-how with one another. We will continue to evolve our global human resource activities so that we may be able to deliver much sensation and joy to ever corner of the world.

**Suntory People Way**

In recent years, we formulated the Suntory People Way as the belief and concept held by all of Suntory by reaffirming our stance on human resources as the driving force of growth at the Suntory Group in the drastically changing environment surrounding us from the acceleration in expanding businesses globally to the drastic increase in the number of Group employees following the expansion. The Suntory People Way encompasses three elements which cherish the originality and uniqueness of Suntory -- FAMILY, YATTE MINAHARE, and ENGAGEMENT. This belief and concept are held by all of the people who come together in the Suntory Group and are rooted in all of the activities conducted by our human resources.

<table>
<thead>
<tr>
<th>FAMILY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The people Suntory brings together are our family. They are essential to the organization. Suntorians are the force driving our growth to be an even better corporate group. Each and every person is a Suntorian. We provide growth opportunities from a long-term perspective to support the realization of lifestyles filled with health and happiness.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YATTE MINAHARE!</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>We strive to set enthusiastic goals and tackle bold challenges while keeping our founder’s spirit close to our hearts.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ENGAGEMENT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>We are strongly united by our Founding Spirits and vision &quot;Growing for Good&quot;. We deliver sensation and joy to the world recognizing and blending the individuality of each person as diverse value.</td>
<td></td>
</tr>
</tbody>
</table>
Group Talent Review

Suntory conducts a Group talent review once a year to identify, develop and utilize human resources who are able to actively participate in the Group worldwide. The Group talent review held in 2018 was conducted by function such as finance and administration to gather top management at major Group companies and identify the key talent and positions throughout the Group, including formulating plans for successors in those vital positions, and assessing the person-to-person exchanges across countries and businesses. We will strive to expand the content of these reviews in the future. We will promote talent management throughout the Group and the world through these Group talent reviews and other measures in the future.

Group-wide Human Resource Platforms and Systems

The Suntory Group works to adopt human resource platforms and systems shared throughout the Group to effectively link and leverage human resource information that exists at each Group company. We share information related to a system (Group talent book) that allows Suntory Group employees worldwide to view information that incorporates an enthusiasm unique to Suntory as well as key talent and positions in addition to utilizing talent management throughout the Group. In 2018, we newly formulated a global level human resources evaluation axis and are conducting activities for its application in 2019. We have created a foundation that allows more opportunities for talent to be active in the Suntory Group regardless of country or business. They are used in group-based talent management.

Group Engagement Survey

We aim to maximize the organizational capabilities of the Group and are working to introduce Group-wide engagement surveys. The Suntory Group has clarified an increase in its organizational capabilities as a result of adopting common Group questions to measure the engagement level throughout the Suntory Group as well as the penetration of the Group corporate philosophy in 2017 as a way to cultivate unity as a Group and visualize that unity.

Global HR Conference

We are holding Global HR Conferences once a year as a place to debate solutions to human resource issues common to the Group in addition to building networks and exchanging information to create synergy in the field of human resources. 55 persons in charge of human resources from around the world came together at the eighth conference held in 2018 to deepen their relationship for two days with the three purposes below.

・Align & Engage: Share and permeate the Group Management Policy, human resource strategies and the founding spirits
・Elevate: Learn the trends and best practices of human resources and understand different cultures
・Build & Collaborate: Strengthen Group networks and promote collaboration

In 2018, with the theme “HR Transformation towards 2030 Vision,” sessions with top management, lectures with guest speakers, group-based workshops, panel discussions, team building, and a variety of other activities are implemented to thoroughly discuss what HR should do to realize the Suntory Group 2030 Vision. We were able to bring together HR from all over the world to improve pushing forward various activities toward the evolution of One Suntory to the next stage in order to become a truly unique global organization.
■ Health management

We launched a cross-Group project team for the health of our employees as human resources of the Group that advances activities that create unity throughout the Group. Continuing from 2017, we conducted the One Suntory Walk (activity to promote employees to walk) to improve awareness about health and encourage better health in Group employees. We also incorporated systems to determine donations to environmental organizations worldwide based on the number of steps as well as integrated elements of social media networks to increase the motivation of employees to participate to make the event a great success. Health is not simply preventing illness but also the ability to work enthusiastically each day filled with motivation and happiness. We will also promote health management throughout the Group now and into the future based on the belief that physical and mental health of our employees and their families is the source to perseverance and innovation.

■ Diversity

We created the Group Diversity Vision with the launch of a cross-Group project team in 2016 under our view of diversity promotion as a management challenge. Furthermore, we work to promote the active participation of women at Suntory Holdings as an effort to drive the progress of diversity at each company. In 2018, we conduct lectures for women managers by inviting women executives from Beam Suntory to Japan from America.

- Build networks of women leaders in the Suntory Group
- Learn recent challenges and initiatives of gender diversity directly in business
- Consider development of future female leaders in the Suntory Group

There was active debate about gender diversity through sessions with top management, lectures with guest speakers and group discussions. A variety of activities in the future will accelerate the promotion of diversity globally throughout the Group.

■ Global Employment

As the Group expands worldwide, Suntory needs to find human resources who can act as a bridge to each Group company with both a focus on Japan as well as the international community. Suntory Holdings and Beam Suntory have been conducting joint activities to hire new graduates in North America since 2016. These activities help enhance the recruitment efforts of both companies, such as sharing mutual know-how and candidates. In the future, the Group will unite to advance its employment activities toward establishing an employment brand as a Group.

■ People-to-People Exchange (short-term assignments)

We have actively promoted people-to-people exchange with the aim of training human resources who can be active transcending businesses and countries and use each other’s knowledge. Starting this activity in 2017, we accepted nine overseas group company employees from a very wide range of fields, such as the Corporate Strategy Planning Department, Human Resources Department, R&D Department, and Design Department to participate in short-term assignments. In the future, we will more actively promote the vitalization of human resource exchange by viewing it as a key activity for the development of human resources within the group.
The Suntory Group aims to be a company that delivers value and is trusted and chosen by people and society. To this end, the Suntory Group enhances its efforts to become a company that is "Growing for Good" using as its basis not only the compliance with laws, but the establishment of transparent management and organizational structure. Furthermore, recognizing the importance of promoting management that respects human rights of our stakeholders, we set out human rights activity policy and engage in various related activities.

Corporate Governance

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

Compliance

We strive to create an organization and a corporate culture that place the highest priority on compliance to fulfill our responsibilities and meet the expectations of the society.

Risk Management

We strive to strengthen our business foundation by understanding and analyzing the risks to the Group as a whole so that we may continue our business operations and contribute to society.
Corporate Governance

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

Suntory Group Corporate Governance

Suntory Group is introducing a pure holding-company system that separates "group management" and "business operations." We maintain our good relationships with all stakeholders including local communities, customers, and business partners, while striving to enhance our corporate governance, so that we may fulfill our social responsibilities as a company.

Boards Responsible for Group Management

Suntory Holdings' Board of Directors is made up of 9 directors, including 1 outside director (as of April 2019). The Board of Directors engages in concrete discussions, debates and makes decisions regarding management issues of the entire Group and also performs an auditing function of the business administration practiced by all Group companies. The adoption of the Executive Officer system helped to separate the business administration decision-making process from the execution of business operations and to make decision-making process more agile.

The Management Auditing System

Suntory Holdings' Board of Auditors is made up of four auditors, including two external auditors (as of April 2019). It audits the execution status of business operations as well as the status of the internal control system. Board of Auditors Office was established to aid the audits performed by the Board of Auditors. In addition, Suntory Group has established a Group Auditing Department that acts as an internal auditing division that audits and inspects the execution status of business operations of all Group companies. The external auditors also audit accounts, verifying the appropriateness and legality of accounts and the internal accounting systems from an objective perspective.

Corporate governance structure
**Strengthening Internal Control Systems**

We are aiming to build a more effective governance structure by strengthening efforts such as compliance, information management, and risk management based on the Basic Policy on Internal Control Systems enacted by Suntory Holdings’ Board of Directors.

**Suntory Beverage & Food Ltd.’s Corporate Governance**

Suntory Beverage & Food Ltd., which is listed on the first section of the Tokyo Stock Exchange, is an audit and supervisory committee company. This structure was established for the purpose of improving the effectiveness of auditing and supervision through audits by directors who are committee members approved by the Board of Directors in addition to introducing audits that utilize an internal auditing division to facilitate more highly-transparent governance. Three of the ten directors (including directors who are members of the auditing committee) that make up the Board of Directors are external directors (as of April 2019).

Furthermore, Suntory Beverage & Food has also stipulated the ability to appoint directors for some or all decisions necessary for executing operations with approval at the Board of Directors Meeting. This measure realizes management strategy and achieves management indicators set as goals by conducting more comprehensive and practical deliberation such as debate about management strategy, medium- and long-term plans, and management challenges. It is also for the purpose of allowing for faster decision-making while enhancing supervision functions at the Board of Directors Meeting through decision-making based on the management committee and internal rules for executing each operation. We are also release compliance status of the corporate governance code on our homepage.
The matters determined at the Board of Directors to put in place systems to ensure proper corporate governance in operations are outlined below. (Revised in 2015)

Suntory Holdings Limited (the “Company”) hereby establishes the Basic Policy on an Internal Control System outlined below to provide ongoing growth and maximize the corporate value of the entire Suntory Group for the purpose of becoming a global multi-faceted food and beverage company.

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.

3. The Global Risk Management Committee as well as each risk management committee put in place throughout the Suntory Group (the Global Risk Management Committee and each risk management committee at each Group company shall hereinafter be referred to as the “Risk Management Committee”) shall promote a compliance system and deliberate priority issues. In addition, each Group company shall put in place a department in charge of compliance to conduct periodic education and training activities as well as establish and promote compliance systems throughout the Suntory Group with the Risk Management Committee at the core to ensure the comprehensiveness of activities.

4. The Risk Management Committee as well as the departments in charge of compliance shall appropriately report content of deliberations and activities to the Board of Directors and the Board of Auditors.

5. The Directors, Executive Officers and Auditors of the Suntory Group shall report any compliance issues that are discovered immediately to the Risk Management Committee. In addition, the Company shall put in place compliance hotlines inside and outside of the Company to allow employees of the Suntory Group to directly report on compliance related issues. The Risk Management Committee shall investigate the contents of any report it receives after working to obtain any relevant information, discuss the issue with relevant departments as necessary, take corrective actions, establish measure to prevent any recurrence and put in place systems to implement any measures formulated throughout the entire Group.
6. Directors and Executive Officers shall be dispatched to subsidiaries as necessary to appropriately execute business, make decisions and perform supervision. In addition, the relevant departments of the Company shall provide advice, guidance and support to the subsidiaries.

7. The Audit & Supervisory Board or equivalent persons (“Auditors”) shall be deployed to subsidiaries as necessary to perform audits. In addition, the Auditing Department shall carry out internal audits of subsidiaries.

8. The Auditing Department shall carry out internal audits pertaining to the status of compliance and the appropriateness for operations of employees of the Suntory Group, and report the results of the audit to the Representative Director and President.

9. Internal control systems shall be established and maintained to ensure the appropriateness of financial reporting.

10. Directors and Executive Officers of the Suntory Group shall establish and promote a system to prevent any relations with antisocial forces and clearly reject any improper demands that are made.

II. System for the Preservation and Management of Information Concerning the Execution of Duties of Company Directors

1. Officers in charge of general affairs shall store and manage vital internal documents as well as revise and improve document management rules and other regulations as necessary.

2. Directors and Executive Officers shall store and manage minutes of the shareholders meetings, minutes of Board of Directors meetings and documents pertinent to important decision-making (including electronic or magnetic records, the same applies hereinafter) as well as other important information related to the execution of duties by Directors and Executive Officers in accordance with laws and regulations as well as internal rules.

3. The documents and other materials mentioned above shall be kept in a condition such that allows for Directors to view them as necessary.

4. The Risk Management Committee shall establish and promote an informational security governance system that does not only protect and preserve information, including personal information, but also increases corporate value by use of information.

III. Regulations and Other Systems for Managing Risk of Losses of the Company and Its Subsidiaries

1. The strategic decision making related to the management of the Suntory Group shall be determined by the Board of Directors.

2. Each Executive Director and Executive Officer shall hold responsibility for addressing risks inherent in business execution. Moreover, material risks shall be analyzed and evaluated, and improvement plans shall be discussed and determined by the Board of Directors.

3. The Risk Management Committee as well as the Quality Assurance Committee shall comprehensively and collectively manage material risks related to Group management such as risks incidental to the execution of business and quality risks throughout the entire Group. In addition, regulations and guidelines pertaining to management of such risks shall be established, and training activities thereof shall be implemented as necessary.

4. The Board of Directors shall promptly select Directors or Executive Officers who will hold responsibility for addressing newly emerging material risks related to Group management to determine a course of action to address such risks.
IV. System for Ensuring that Directors of the Company and Directors and Executive Officers of the Company’s Subsidiaries as well as Others with Equivalent Duties Execute Their Duties Efficiently

1. The Company shall determine Company-wide goals shared by the Directors, Executive Officers, and employees of the Suntory Group, and Directors and Executive Officers in charge shall specify efficient methods for achieving such goals, such as specific targets and appropriate allocation of authority aimed at achieving the Company-wide goals.

2. Directors and Executive Officers in charge shall confirm progress made in achieving goals and report the specific measures to achieve the goals to the Board of Directors and the Management Committee.

3. Each Director and Executive Officer shall be in charge of appropriately executing business operations and shall strive to make decisions efficiently under the Responsibility and Authority Rules.

V. System for Reporting to the Company Matters Related to the Execution of Duties by Directors and Executive Officers of the Company’s Subsidiaries

1. The status of the business execution of Directors and Executive Officers at subsidiaries shall be regularly reported to the Board of Directors and the Management Committee.

2. Directors and Executive Officers in charge of subsidiaries shall request reports on the status of business execution from the Directors and Executive Officers of the subsidiaries as necessary.

3. Certain matters concerning management of subsidiaries must be consulted with and reported to the relevant departments, or otherwise must receive approval from the Board of Directors of the Company under the Responsibility and Authority Rules.

4. The Auditing Department shall report the internal audits results of subsidiaries to the Representative Director and President as necessary.

VI. Other Systems for Ensuring the Appropriateness of Business of the Group Consisting of the Company, Its Parent Company and Its Subsidiaries

Dealings between Group companies, including the parent company and public subsidiaries, shall ensure appropriateness in matters such as conducting business and deciding on business matters to provide objective and rational content.

VII. Matters Regarding Auditors of the Company and Employees Who Are Requested to Assist in their Duties, Matters Regarding the Independence of Such Employees from Directors and Executive Officers, and Matters Related to Ensuring the Effectiveness of Instructions Given to Such Employees

The Company shall place employees to assist the duties of auditors after deliberation if necessary for the Audit & Supervisory Board.

In addition, the Company shall respect and execute directions of the Board of Auditors such as the transfer and evaluation of such employees, and ensure the independence of such employees from Directors and Executive Officers.

Moreover, such employees shall follow the instructions and directives from the Audit & Supervisory Board when assisting in the duties of auditors.
Ⅶ. Systems for Directors, Executive Directors and Employees of the Company and Directors, Executive Directors, Audit & Supervisory Board Members, Others with Equivalent Duties and Employees of the Company's Subsidiaries or Other Persons Who Receive Reports from Such Persons to the Company's Audit and Supervisory Committee and Other Systems Related to Reporting to the Audit and Supervisory Committee

1. Audit & Supervisory Board Members shall attend Board of Directors meetings, and the Representative Director and President as well as the Directors and Executive Officers in charge shall provide reports of business execution that they are in charge as necessary.

2. Directors, Executive Officers and Employees of the Suntory Group shall promptly and clearly respond to inquiries about operations and assets when requested by auditors to report on businesses.

3. The Auditing Department of the Suntory Group shall regularly hold liaison conferences between Directors and the Board of Auditors of the Company to report the current status of matters such as internal audits.

4. The departments in charge of internal reporting systems shall report the status of internal reports to Auditors and the Board of Auditors of the Company as necessary.

IX. System for Ensuring the Person Who Has Reported to the Company’s Audit & Supervisory Board Are Not Treated Adversely Based on the Fact Such a Report has Been Made by the Person

The Directors, Executive Officers and employees of the Suntory Group shall prohibit any adverse treatment based on a report to the Audit & Supervisory Board through a department in charge of compliance or another reporting system.

X. Systems for Ensuring Advance Payment or Reimbursement of Expenses Arising in Conjunction with the Execution of Duties by Audit & Supervisory Board Members of the Company and Other Policies for Processing Expenses and Obligations Arising with Respect to Execution of Such Duties, and Other Systems for Ensuring That the Audit & Supervisory Board Effectively Performs Audits

1. If the Audit & Supervisory Board, in conjunction with the execution of its duties, asks the Company for advance payment, etc. of expenses under Article 388 of the Companies Act, the Company shall promptly process such expenses or obligations, unless they are not necessary for the Audit & Supervisory Board Members to execute their duties.

2. The Audit & Supervisory Board shall strive to communicate and exchange information with the Audit & Supervisory Board of Company subsidiaries or the Auditing Department.

3. The Board of Auditors shall put in place opportunities to exchange opinions with the Representative Director and President as well as accounting auditors.
Overview of the Operational Status of Internal Control Systems

The Company recognizes the importance of establishing an internal control system for matters such as Group-wide risk management and compliance to maximize greater sustainable growth and corporate value of the entire Suntory Group for the purpose of becoming a global multi-faceted food and beverage company. An overview of the operational status of the internal control systems for the current fiscal year are outlined below.

1) Operational Status of Risk Management Systems

・ The Company has regularly held the Global Risk Management Committee and each Risk Management Committee installed within the Suntory Group to identify risk of the Suntory Group, formulate countermeasures, and confirm the progress of the response.

・ The activity content of the Global Risk Management Committee was reported at the Board of Directors meetings.

・ The Quality Assurance Committee was regularly held for quality risks to identify challenges in quality assurance for the Suntory Group, to formulate countermeasures, and to confirm the status of response.

・ Information security rules were put in place at the various companies for proper storage and management of information. Initiatives were also conducted to prevent improper informational management and the leak of confidential information before it happens such as the implementation of awareness raising activities about informational management.

2) Status of Compliance Initiatives

・ We have installed a worldwide common contact point for reports encompassing all Group companies in Japan and even overseas as part of our global risk management system. We align ourselves with ways to resolve and prevent the recurrence of problems by responding through actions such as corrective measures and recommendations according to surveys in-line with the protection of privacy for everyone related to each report that are carried out by the Compliance Department and departments in charge at each Group company. Furthermore, we have established an internal reporting system to thoroughly protect people who report an issue such as restricting unfair handling for not only the people who report an issue but also for people cooperating in investigation.

・ The Company strives to improve compliance awareness even further by introducing awareness surveys about matters such as compliance and the organizational climate for all employees of the Group in Japan with the Compliance Department at the core and feeding those results back into compliance operations.

・ The Suntory Group formulated the Global Anti-bribery Policy and the Global Anti-bribery Guidelines that define the concepts against corruption in the Suntory Group for all employees around the world and it is emphasizing education and training about the anti-bribery regulations.

3) Status of Initiatives to Improve the Efficiency of Business Execution

・ Board of Directors meetings were held 21 times to make management decisions such as the formulation of the Mid-term Plan and budgets as well as investments in M&A and equipment.

・ The financial results of the Suntory Group are reported at the Board of Directors meetings to confirm and debate the achievement status of management targets at the Suntory Group, management challenges and their countermeasures.
4) Operational Status of the Board of Auditors

・ The Audit & Supervisory Board receives reports on business execution from Directors, Executive Officers and other management through attendance at important meetings such as the Board of Directors and Risk Management Committee meetings.

・ The Board of Auditors and Audit & Supervisory Board receive regular reports on the status of matters such as internal audits from the Auditing Department.

・ The Audit & Supervisory Board communicates and exchanges information with the Audit & Supervisory Board of Company subsidiaries or the Auditing Department.

・ The Board of Auditors puts in place opportunities to exchange opinions with the Representative Director and President, outside Directors as well as accounting auditors.

5) Operational Status of Internal Audits

The Auditing Department conducts internal audits of each department of the Company and subsidiaries in Japan and overseas, provides instructions and guidance for improvements as necessary, and reports the results of audits to the Representative Director and President as necessary.
We strive to create an organization and a corporate culture that place the highest priority on compliance to fulfill our responsibilities and meet the expectations of our customers and society.

**Compliance Promotion System**

- **Suntory Group’s Code of Business Ethics**: values shared by all employees for the realization of the corporate philosophy

We are building a compliance promotion system to realize our corporate philosophy from a cross-Group view based on the Suntory Group’s Code of Business Ethics established in 2003 that enables all employees to take action according to common rules. We also revised the content by referring to the ISO26000 international standard for social responsibility in 2012 and, adapted the content in 2017 for all Group employees around the world to better understand it.

- **Promotion System Rooted in the Frontlines**

To promote compliance from a cross-Group perspective, the Compliance Department was established under the Risk Management Headquarters to specifically promote compliance.

The Compliance Department must remain aware of all measures formulated and implemented at each workplace and about how those measures conform to policy. In addition to offering advice on specific issues, the Compliance Department set up the Compliance Hotline, and is charged by the Group Risk Management Committee to faithfully investigate and rectify any compliance violations found. We have revised some of the rules for the internal reporting system to operate more effectively under this system following revisions to the Guidelines for Business Operators Regarding the Establishment, Maintenance and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act.

In addition, there are specific personnel responsible for promoting compliance issues at each Group company, both within Japan and abroad. They take an active role in promoting compliance, formulating policy customized for the circumstances in their own company, and informing colleagues about that policy.

**Compliance Promotion Structure**
■ Enhancing the Hotline for Early Discovery and Resolution of Problems

The basic rule in Suntory is that when an employee discovers actions that breach the Suntory Group’s Code of Business Ethics, he or she must first report it to the supervisors and seek their advice. However, we have installed a Compliance Hotline both at our Compliance Office and at an external law firm as a common contact point for all of the Group companies in Japan in order to quickly discover and resolve problems when reporting or consulting with a supervisor is not appropriate. In addition, we provide an independent internal contact point at 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 installed a worldwide common contact point for reports encompassing all Group companies in Japan and even overseas as part of our global risk management system in April 2016.

In 2018, a total of 202 reports were received through these contact points at each Group company in Japan and overseas (84 reports were received by Suntory Beverage & Food Group). Roughly 60% of the reports received in Japan were about labor, personnel and management issues. We work to resolve the raised concerns and prevent them from reoccurring by implementing corrective measures and recommendations based on the investigation results, while making sure that the confidentiality of involved persons is protected by the Compliance Department and relevant departments in charge at each Group company.

■ Protecting People Who Report Issues

Simultaneously with establishing the hotline, the Suntory Group formulated the rules that prohibit disadvantageous treatment of employees who report issues. Furthermore, we have established an internal reporting system to thoroughly protect people who report an issue such as restricting unfair handling for not only the people who report an issue but also for people cooperating in investigations. We follow up with the person who reports an issue after the issue has been resolved.

Compliance Hotline Response Flow
Activities to ensure compliance

Communicating the Code of Business Ethics throughout the Group

To facilitate the understanding of the Suntory Group Philosophy and Code of Business Ethics and put them in practice, we distribute a pamphlet to all Suntory Group officers and employees.

At the start of each year, employees of the Group companies in Japan refresh their understanding of the Code, and then signs a compliance statement at the end of the pamphlet. At the same time, workplace discussions regarding various compliance related cases that occur in the society, subjects that are recognized as issues in the Group and individual companies, and other topics are held to remind the fundamentals of compliance and promote ethical behavior.

In employee awareness surveys conducted for Suntory Group employees in Japan, we were able to verify our businesses and offices run in accordance with Suntory Group’s Code of Business Ethics as well as confirm the status of compliance practices. Suntory strives to discover any potential compliance breaches by reporting the results of these surveys to management while regularly ensuring the effectiveness of Suntory Group’s Code of Business Ethics and taking advantage of these results in efforts that include education for employees and the formulation of activity plans.

Activities to Raise Compliance Awareness through Communication

We put out periodic information on the Compliance Net internal intranet to promote and practice true compliance. We distribute information on the Compliance Net that includes activities and themes linked to activities which are being undertaken as well as information to understand the true nature of compliance with examples found throughout the world. We raise the awareness of every employee through the activities of compliance promotion managers in each company. In addition, we publish information that promotes the basic knowledge of compliance, harassment checks, and a collection of materials for self-study in order to make learning accessible at any time on the Compliance Net.

Furthermore, in 2018 we continued from the previous year to conduct compliance seminars led by lawyers for managers of business firms citing precedents and confirming important points such as specific types of harassment and manners to follow when at drinking parties.

Supporting Promotion Activities at Group Companies

Each Group company is engaged in activities around their promotion managers. The Compliance Department provides suggestions and tools tailored to the challenges of each company, implements group training and offers other measures of support. In addition, we have introduced research to more deeply recognize our role as the driving force of compliance management for directors and managers who are newly appointed at Group companies in Japan.

Insider Trading Prevention Systems: Implementation and Communication

The Legal Department of the Risk Management Headquarters of Suntory Holdings Ltd. and the management headquarters of Suntory Beverage & Food Ltd. are working to comprehensively prevent insider trading by introducing e-Learning based on the content provided by the Tokyo Stock Exchange, as Suntory Beverage & Food Ltd. and Dynac Corp. are listed on the Tokyo Stock Exchange.

Compliance seminar

Awareness materials
Implementing the Suntory Group's Code of Business Ethics in Business Activities

We have clarified our emphasis on compliance in the Code of Business Ethics. Each department has set and is operating policies and voluntary standards for challenges related to various compliance in their business activities based on the concepts of the Code of Business Ethics.

■ Ensuring Fair Business Practices

The Suntory Group conducts business fairly, holding integrity as a prerequisite, and abides by all laws and regulations, including the Antimonopoly Act. We have revised and are running operations under policies in-line with legal revisions and environmental changes since the formulation of the Guideline for Compliance of the Antimonopoly Act in 1992. Further compliance is being ensured through the posting of our Key Points for the Promotion Campaigns under the Act Against Unjustifiable Premiums and Misleading Representations and our Compliance Manual for the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, to Subcontractors to the Intranet.

We spread the word about the Antimonopoly Act and related legislation through the implementation of regular seminars in each division and Group company, and ensure fairness in our daily transactions with business partners and customers. We actively engage with various departments to ensure that compliance policies and activities are implemented in all stages starting from product development, sales and marketing planning.

■ Establishing Committees to Promote Fair Business for Alcoholic Beverages

A Fair Trade Promotion Committee was established to promote fair business practices at Suntory Liquors Ltd., the Suntory Group company responsible for the sale of alcoholic beverages. This was done in keeping with the Fair Practice Guidelines for the Liquor Business\(^*\) and to maintain compliance with laws and regulations specific to alcoholic beverages as well as internal proprietary standards.

\(^*\)The Fair Practice Guidelines for the Liquor Business are administrative guidelines established by the National Tax Agency in 2006. These guidelines prevent worsening of management of liquor business operators and the reduction of liquor taxes due to dumping caused by excessive competition. We set fair partnership conditions and make rebates more transparent to stabilize management of liquor business operators. This is also coordinated by Fair Business Committee responsible for overseeing the Antimonopoly Act.

■ Transparency of Business Dealings and Prevention of Bribery

The Suntory Group’s Code of Conduct prohibits the provision of excessive business entertainment and gift-giving to any counterpart regardless of whether it is a corporate entity, individual, political or governmental entity, or any other related organization or company, and establishes that relationships with all parties should comply with laws and be fair and transparent.

We are in the process of creating the Suntory Group Common Action Guidelines that will indicate policy for practical actions and decisions that must be taken in the course of normal business relationships and situations that might arise on a daily basis. These guidelines are posted on the intranet so that all executives and employees at each Group company in Japan can refer to them.

■ Global Compliance Initiatives

We work to build a global compliance promotion system and integrate global standards due to the global expansion of the Suntory Group. In 2015, we formulated the guidelines on business entertainment and gift-giving that are aligned with global standards, and we provide seminars and e-Learning courses on the prevention of bribery and all types of corruption comprehensively to raise the awareness of employees on corruption issues as our response to global enhancement of anti-corruption regulation, such as the Foreign Corrupt Practices Act (FCPA). We have formulated a global Anti-Bribery Policy in 2016, which includes new provisions on donations and political contributions in addition to entertainment and bribery. From 2019, we plan to implement e-learning for reconfirming guidelines including those of each Group company overseas. In April 2016, we have established global hotline contact points to handle reports on bribery and all types of corruption comprehensively, as well as human rights violations and other compliance breaches. These contact points are available at all overseas Group companies as part of our global compliance system. There were no reports through the global hotline in 2018. Moreover, there were no reports on child or forced labor.
Employee Awareness Survey to Understand the Awareness Towards Compliance and the Organizational Culture

To understand the status of compliance and the organizational culture as well as to determine if there are any individual issues, we conduct awareness surveys for all Group employees in Japan. We investigate initiatives to promote awareness of compliance through the entire Group by understanding the challenges in each company and each department from these results. We share the discovered challenges with directors and managers at each company, and expect that related departments in these companies will take voluntary actions to resolve these challenges. Overseas Group companies contribute to compliance management by conducting their own independent surveys.
Compliance

The Suntory Group's Code of Business Ethics

Introduction

This Suntory Group Code of Business Ethics sets out the principles that we must uphold in our decisions and actions in order to realize Suntory Group's 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.
We strive to understand and analyze the risks to the Group as a whole and take measures to resolve the issues so that we may continue our business operations and contribute to society.

**Risk Management Promotion System**

In response to the expansion of global business of the Group, the Global Risk Management Committee (GRMC) was established in April 2015 in order to carry out risk management throughout the entire Group, including overseas Group companies. We have established a risk management committee and risk management team based on this GRMC (e.g. installation of a Risk Management Committee at Suntory Beverage & Foods Ltd., the Global Risk & Compliance Committee at Beam Suntory, and the Risk Management Team at Suntory Beer Ltd.). The objectives of these committees and teams are to identify our risks, execute countermeasures, engage in activities related to the establishment of crisis management systems, and fulfill responsibilities towards customers and other stakeholders.

**Enterprise Risk Management (ERM)**

The risk surrounding companies is becoming more diverse and complex due to the globalization and informatization of the economy and growing public awareness of corporate social responsibility. Every year, we send out a questionnaire to all Suntory Group companies to determine business, environmental and social risks at each company that could significantly impact all our stakeholders in order to formulate countermeasures. Monitoring is carried out by departments responsible for responding to risks and each risk management committee to reduce and eliminate risks by identifying the priority areas that we should address as an entire Group. Since FY2016, 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 new influenza and noroviruses, which continually threaten both society and the economy. The Suntory Group has formulated a Business Continuity Plan (BCP) that will enable us to continue doing business as much as possible without interruption in the event of a disaster, to securely provide high quality products and services to customers, thus fulfilling our responsibilities to provide supplies.

The plan we have formulated goes beyond manufacturing at Suntory Group plants to include raw material procurement and distribution as well as sales activities. We have taken steps to be able to decentralize our head office functions and infrastructure in an emergency and continue to strengthen our response structure to cope with contingencies.

Large-scale Natural Disaster Measures

Establishment of Safety Confirmation System and Emergency Drills

In preparation for natural disasters such as major earthquakes in Japan, we have in place a system that uses mobile phones, PCs, landlines, etc., to confirm the whereabouts and safety of employees.

We hold safety confirmation drills twice a year and work to raise awareness to ensure that the system operates smoothly. We also conduct regular disaster prevention drills based on the scenario of a major earthquake and drills focusing on how to get home from work on foot.

Disaster Response Systems

After a major disaster occurs, our first response procedures entail rapidly establishing a Response Task Force centered on the General Affairs Department of Suntory Holdings Limited, with Response Teams in each division placed under it. The Response Task Force handles all matters including confirming the safety and whereabouts of employees and their families, collection and coordination of disaster-related information, functional recovery of business offices, recovery of information systems, distribution of relief supplies, functional recovery of production, and provision of assistance to clients and the local community. These activities are conducted in line with each division’s activity policy. These systems and procedures are made accessible on the Intranet so that employees can review them at any time. Since the Great East Japan Earthquake in 2011, we have revised our response manuals, further fortified our disaster relief stock pile and have strengthened our systems for when a disaster occurs. When the Kumamoto Earthquake struck in April 2016 and Hokkaido Earthquake in September 2018, these systems enabled prompt confirmation of the employees’ safety, assisted the employees in need, and were instrumental during the recovery period.

Measures Against Infectious Diseases

Since the influenza pandemic in 2009, we have been taking measures to avoid the disruption of business operations by creating a manual on response process during a pandemic based on our Influenza Prevention Manual, disseminating information among employees, clarifying reporting system during pandemic, and strengthening measures to prevent the spread of infection. In addition, we created a course of action related to highly pathogenic diseases to handle all diseases (revised 2015). Furthermore, we have established a BCP that enables operations to continue even during a pandemic of highly-virulent influenza or other diseases.
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.

<table>
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<tr>
<th>Anti-Bribery Measures</th>
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<tr>
<td>1. Suntory Group, as a global group, is firmly committed to compliance with applicable anti-corruption laws and regulations around the world.</td>
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<tr>
<td>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).</td>
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<td>3. Suntory Group is committed to providing employees with clear guidelines such as Gifts, Entertainment and Hospitality.</td>
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<tr>
<td>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.</td>
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<tr>
<td>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.</td>
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<td>6. Suntory Group will provide its employees comprehensive compliance and prevention of corruption training programs.</td>
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<tr>
<td>7. Suntory Holdings is committed to enhancing centralized monitoring processes worldwide.</td>
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<tr>
<td>8. Suntory Group wants and expects violations and concerns to be reported and will take action to investigate any complaints.</td>
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<tr>
<td>9. Suntory Group will provide employees with the resources to help them with compliance.</td>
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Risk Assessment for Corruption

The Suntory Group openly communicates about its due diligence processes and the nature of relationships with its business partners; the Group builds efficient risk management system that includes due diligence of its business partners. If a given business area or a transaction appear to have high risk of corruption, we take decisive actions to mitigate the risk in this business area or a transaction.

Tightening Information Security

We are tightening information security systems in the entire Group to respond to information security risks, which are one of the most serious risks in operations. Global security policies were also formulated in an effort to enhance informational security at a global level.

Strengthening Information Security Systems

Suntory has established governance through preservation and systems for informational assets by defining the Suntory Group’s Basic Principles for Governance of Information Security based on the growing needs of society that demand even stricter management of corporate information security.

We formulated the Suntory Group’s Social Media Policy that stipulates the rules for using social media in Japan (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 use of information systems and the management of confidential information, and we are raising awareness of that information via our intranet. Moreover, we are raising Group awareness to the fullest at each Group company in Japan through the following measure:

- Improve information management systems that are based on vulnerability analysis
- Introduce e-learning and study sessions to increase awareness of the importance of information security and the handling of information
- Establish rules related to using social media and introduce study sessions for employees
- Conduct training related to targeted email attacks that are growing year after year
- Work with members under the guidance of risk management control supervisors and leaders at each company

In 2016, Suntory put in place the Computer Security Incident Response Time (CSIRT) as a specialized organization to response to computer security incidents in an effort to prevent informational security incidents and strengthen its response in times of disasters as a Group.

■ Strengthening of Physical and Technological Management

Suntory has adopted an entry-exit management system that uses security cards at the Odaiba office, Osaka office and each of our other business sites.

We are also strengthening the management of access to information systems throughout the Group via authentication functions that use security cards and passwords.

In addition, to prevent information leak, we put in place preventative measures for overwriting data on information recording mediums and established systems (automated encryption) to safely store vital information (personal/confidential information). We adopted other measures that include measures to disable automatic forwarding of emails, unauthorized access from outside the company as well as setup and monitoring of a firewall to prevent attacks.

■ Initiatives for SNS Risks

Individuals can now easily distribute information with the rise in popularity of social media (SNS). However, we see the instances when negative information spreads widely through SNS and damages corporate value.

The Suntory Group is conducting activities to make employees more sensitive to SNS risks (awareness raising through e-learning, seminars and an SNS usage guidebook, etc.) by formulating various standards and guidelines for use of SNS, discovering risks as early as possible, and launching response systems to lessen the SNS risks.

■ Support of the My Number System

We have put in place measures to properly manage personal information safely at each Group company as deemed necessary for identifiable personal information (My Number System) introduced in 2016. We have confirmed that our subcontractors have put these measures in place as well.

■ Protecting Customers’ Personal Information

Each company in Suntory Group stores personal information of many customers such as of those that applied for product sales promotion campaigns and customers using mail-order of health foods, etc. The Suntory Group works to protect personal information of the entire Group according to the Act on the Protection of Personal Information and Guidelines to protect important customer information.

Employee Education on Personal Information Protection

We hold e-learning and study sessions for all of the employees in the Group to disseminate the importance of personal information protection. We conducted more focused information security education in departments that directly handle personal information.
Sales Promotion Campaign History Management System
All processes from acquiring information to deleting records are managed through Campaign History Management System upon signing non-disclosure agreement with subcontractor for sale promotion campaigns that collect customers' address, name and other personal information. In addition, personal information that requires being stored is centrally managed in dedicated database in-house to protect customers' information.

Information Management of Mail-order Customers
Information of mail-order customers at Suntory Wellness Ltd. are centrally managed in a dedicated closed system in communication management center in which access is strictly managed using the finger vein recognition system.

Initiative on Intellectual Property Rights
We are increasing the importance of intellectual assets each year by raising awareness about intellectual assets for society and introducing several measures through the government. The Suntory Group has established an Intellectual Property Department focused on patents as a division that supervises intellectual property as well as a Trademark Office focused on trademarks and corporate guidelines.

Utilization of Intellectual Property
Suntory acquires and utilizes results of product and technological research and development as intellectual property and promotes activities to continuously provide highly value added products unique to Suntory Group. In addition, we implement an incentive scheme based on Invention Regulation in the Group to promote and utilize employee inventions.

Respecting Intellectual Property of Others
While utilizing intellectual properties, we collect information closely with the site of research and development to avoid violating intellectual property owned by others. For example, upon adopting new technology, we survey if a patent is owned by others. Furthermore, when adopting a product name, we survey whether or not it is registered as a trade name and refer to the opinions of experts to decide whether the names are similar.