

Respect for Human Rights

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

Human Rights Due Diligence

■ Organization to Promote Human Rights Due Diligence

The Suntory Group promotes respect for human rights globally through due diligence processes under the following organization.

Organization and Processes

The Human Rights Working Team, which is responsible for promoting human rights due diligence, formulates strategies and confirms the progress of ongoing activities through regular meetings, reporting to the Global Sustainability Committee. This Committee addressed internal and supply chain human rights issues twice in 2021, (June and August). In this process, we consulted with external experts and human rights NPOs, and took their opinions into consideration in our internal discussions for both the Human Rights Working Team as well as the Global Sustainability Committee. The responsibility for in-house and supply chain day-to-day operations lies with the Deputy Senior General Manager of the Sustainability Management Division and Deputy Senior General Manager of the Supply Chain Division. Regarding the day-to-day resources allocated, the Human Rights Team (section manager + staff) within the Sustainability Management Division, as well as the Sustainability Promotion Group (full time department manager + section manager + staff) within the Supply Chain Division are in charge of day-to-day activities.

Board of Directors Supervision

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

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

Integration with Corporate Risk Management

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

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

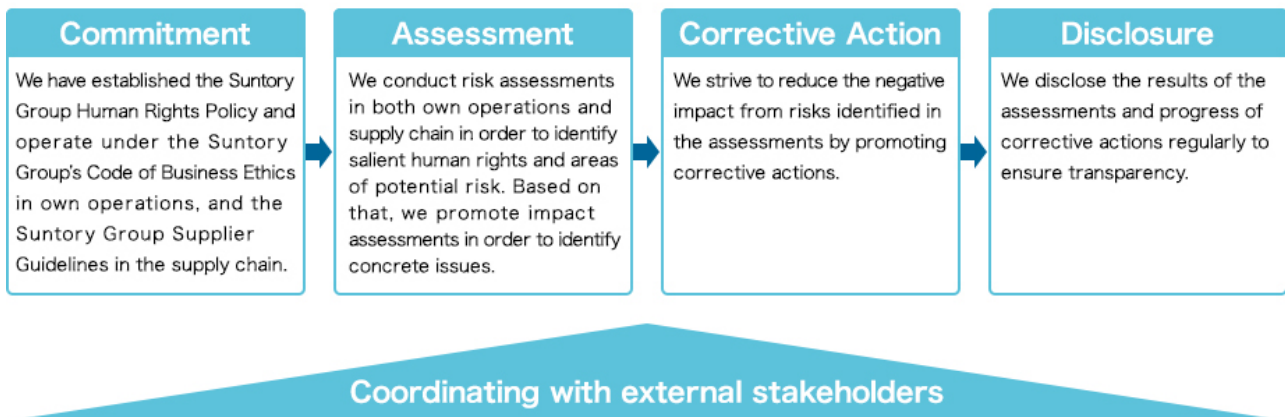
■ Organization Chart



■ Due Diligence Process

Suntory Group's Human Rights Due Diligence

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



■ Identifying Stakeholders

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

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

Commitment

■ Formulation of the Suntory Group Human Rights Policy

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

Suntory Group Human Rights Policy

The Suntory Group's mission is "to Create Harmony with People and Nature," while enriching people's lives, contributing to the coexistence of society and nature, and helping realize a thriving society.

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

1. Basic thinking

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

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

2. Scope

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

3. Responsibility for respect for human rights

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

4. Due Diligence & Remedy

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

5. Disclosure

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

6. Dialogue

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

7. Education and training

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

8. Officer in charge

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

9. Important themes regarding human rights

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

● Child Labor and Forced Labor

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

● Discrimination and Harassment

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

● Freedom of Association

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

● Employee-friendly Workplaces

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

● Open-minded Workplaces

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

● Perseverance and Growth

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

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

Wednesday, July 10, 2019

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

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

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

Assessment

■ Identifying Human Rights Risks

With the establishment of the Suntory Group Human Rights Policy, we identified six important themes regarding human rights in our global business activities listed in the above policy, in cooperation with external experts. The process involved understanding the characteristics of our own plants and our supply chain, particularly the agricultural products from which our products are made, while also leveraging information from a variety of external human rights-related reports. As we move forward, in formulating an action plan we will continue to assess the risks in the own operations and supply chain focusing on these six themes.

We held expert dialogues in 2019 and 2020 with representatives from global organizations such as Human Rights NPOs (CRT), the IHRB, the Danish Institute for Human Rights and the UNDP to discuss about our human rights risks, and use this information on our human rights due diligence strategy. For example, in response to the growing risk in the global labor market of migrant workers being subject to forced labor, we were advised to identify this risk in Japan as well. This led us to conduct third-party interviews of migrant workers (foreign technical intern trainees) in our Japan group company Izutsu Maisen at the end of 2021.

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

■ Assessing Human Rights Risks

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

Risk Assessment

● Internal Operations

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

Potential risk assessment results (overall*):

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

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

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

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

● Supply Chain

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

Potential risk assessment results (overall*):

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

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

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

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

Child labor: coffee and sugar

Impact Assessment

● Own Operations

Impact Assessment at Own Plants

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

(Number of plants)

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

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

- Child labor

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

- Forced labor

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

For factories with lower management capability, we will continue to strengthen management of important human rights risks.

In the second half of 2022, we plan to expand Sedex to all remaining plants (spirits and beverages), aiming to cover all major global business plants, and continue human rights management from 2023 onwards.

● Supply Chain

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

Impact Assessment by Sedex

We joined Sedex in June 2019, and since then we are engaging our suppliers to share information through Sedex by answering to the SAQ*. These SAQs evaluate the potential social risks in the supply chain by focusing on child labor, forced labor and other human rights issues as well as considerations toward the work environment and occupational safety. As of November 2021, we have confirmed that over 1,000 manufacturing sites of approximately 650 major suppliers have joined the Sedex. We will continue to promote all major suppliers to join the Sedex. We will prioritize the strategy for each region based on the result of the risk assessment to formulate an action plan and promote corrective actions when needed.

*SAQ:Self-Assessment Questionnaire

Impact Assessment Status

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

Potential Risks of Suppliers (As of April 2022)

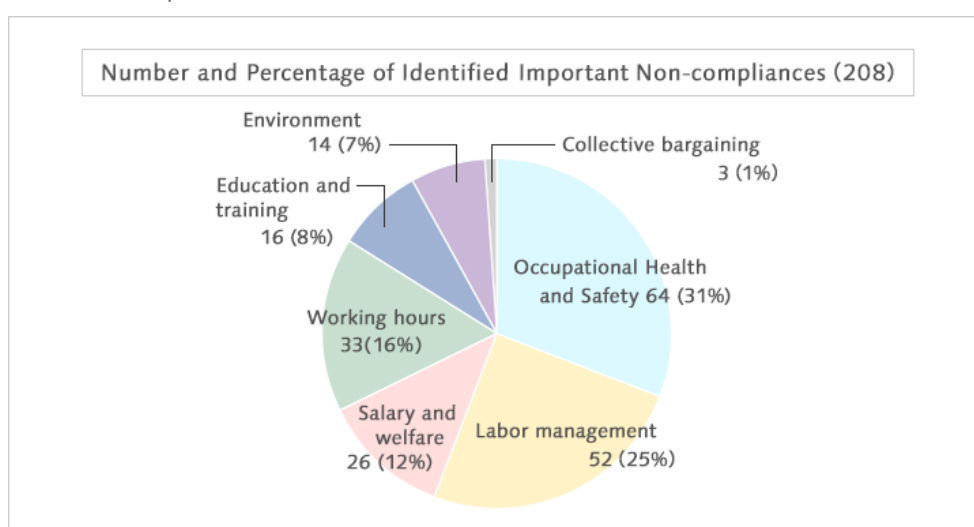
In the first half of 2022, we continued our risk assessments through Sedex, during which we obtained data for 1,094 manufacturing plants from suppliers worldwide (an increase of 26 from November 2021).

(Number of manufacturing sites/%)

	April 2022		Fluctuation	November 2021	
Low	245	22%	42	203	19%
Medium	636	58%	8	628	59%
High	73	7%	-9	82	8%
Waiting for answer	140	13%	-15	155	15%
Total	1094		26	1068	

Actualized Risks of Suppliers (As of April 2022)

The total number of non-compliances identified was 208 (an increase of 28 from November 2021).



Monitoring through Supplier Assessment Questionnaires

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

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

Conducting Human Rights Due Diligence Related to Migrant Workers

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

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

Corrective Action

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

■ Corrective Process (Remedy)

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

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

Cases of Potential Risk

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

Cases of Actualized Risk

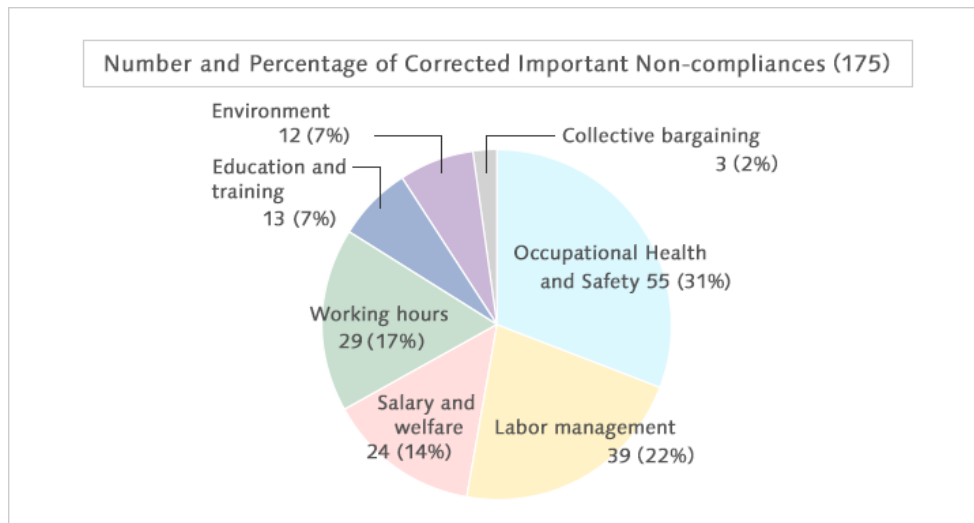
- 1.Goal: bring actualized risks down to zero.
- 2.Index: key findings of third-party audit.
- 3.Timeframe: confirm within 6 months that the identified issues have been resolved.

Potential Risks of Suppliers (As of April 2022)

Regarding the above-mentioned potential risks that can be confirmed in Sedex, we also assess the management capability of our supplier's manufacturing sites in respect to the potential risks. Based on that, we engage manufacturing sites, in particular sites with "high risk + low management capability" and work together to improve their management capability. As a result, from the start of these engagements with the suppliers in January 2021 to the end of April 2022, there were 158 manufacturing sites with at least 10% up to 50% improvement in their management capability (18% of the total of sites), which is an increase of 41 manufacturing sites since the end of November 2021. Going forward, we will continue to engage our suppliers and promote improvement activities.

Actualized Risks of Suppliers (As of April 2022)

We communicate directly with suppliers regarding issues identified in Sedex by third-party audits, and we check that these issues are corrected within six months of having been pointed out. Of a total of 208 important non-compliances specified as of the end of April 2022, we confirmed that 175 have been corrected. We will continue to engage with suppliers on the remaining non-compliances as we move ahead with remedial actions.



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

● Child Labor

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

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

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

● **Forced Labor**

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

1) Recruitment fees

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

2) Wages

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

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

3) Freedom of movement

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

● **Freedom of Association and Collective Bargaining**

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

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

● **Health and Safety**

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

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

● Land Rights

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

● Water Access and Sanitation

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

● Women's Rights

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

■ Measuring the Effectiveness of Actions Taken

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

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

■ Action Plan

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

● Own Plants

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

● Supply Chain

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

● Migrant Workers

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

Access to Remedy

■ Internal Reporting System

● Hotline

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

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

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

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

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

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

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

● Protecting the Reporters

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

■ External Reporting System

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

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

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

Stakeholder Engagement

We utilize information on Sedex and third-party interviews as key processes to engage with stakeholders (rightholders).

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

■ Stakeholder Communication

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

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

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

■ Dialogue with Experts

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

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

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

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

■Raising Internal and External Awareness

Initiatives to Raise Awareness

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

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

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

Initiatives to Improve Awareness of employees (Human Rights Workshop Between Suntory Employees and External Experts)

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

Human Rights Training on Human Rights in the Workplace

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

Measures to Prevent the Spread of COVID-19

■Supplier Engagement

Suntory Group conducts measures to prevent the spread of COVID-19 with the suppliers to ensure safety in the supply chain. We encourage suppliers to respond to a special module on Sedex SAQ related to COVID-19 to confirm the measures implemented by suppliers. In addition, we also offer suppliers masks and support implementation of measures to strengthen measures to prevent the spread of infection.

■Social Contribution for Helping Prevent the Spread of COVID-19

While the COVID-19 spreads across the globe, we strive to promote social contribution activities based on our founding spirit of "Giving Back to Society" to overcome this hardship. Suntory Group companies around the world are engaging in activities to support local communities, medical practitioners, and food and beverages industry of their respective region.

■ Occupational Health and Safety of the Employees and Site Workers

We have established a COVID-19 Response Task Force to gather information about its impact on the supply chain and business, enable quick decision making and implement measures with safety of the employees as a priority. Shift to telework was smooth even during the pandemic as its system and environment was being prepared before the COVID-19. To ensure safety and peace of mind when working at the office, PCR testing for employees are conducted as well as thermometers, acrylic boards and disinfectants were placed in various locations.

Statement on legislation of human rights due diligence by Group companies around the world

Statement on legislation of human rights due diligence by Group companies around the world

- Beam Suntory Inc.
- Suntory Beverage & Food Europe
- Frucor Suntory

Other human rights initiatives

■ Internal

- Suntory Group's Health Management
- Diversity, Equity and Inclusion
- Occupational Health and Safety
- Harassment Hotline

■ Supply chain

- Sustainable Procurement
- Just and Fair Transactions