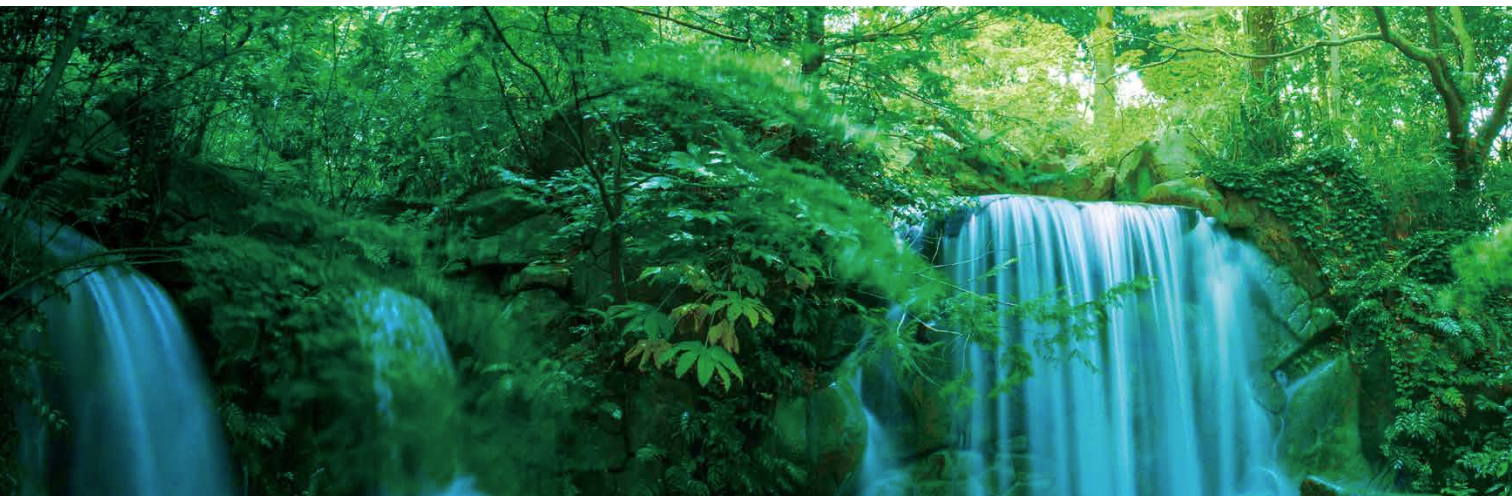


**Suntory Beverage & Food Limited**  
**Investor Relations Website <PDF version>**



# CONTENTS

## SECTION 1

### Management 03

CEO Message	03
Management Strategy	04
–Corporate Philosophy	04
–2024-2026 Mid-term Strategy	06
–2024-2026 Mid-term Plan	06
Executive Leadership	07

## SECTION 2

### Corporate Overview 08

Business Overview	08
Growth Trajectory	08
History of M&A	09
Japan	09
Asia Pacific	10
Europe	10
Americas	11
Core Value	11
Gemba Centricity	11
Creation and Development of Long-Selling Brands	12
MONOZUKURI	12

## SECTION 3

### Financial Highlights 13

## SECTION 4

### Sustainability 17

Sustainability Management	17
Environmental Management	22
Environmental Vision toward 2050	23
Environmental Targets toward 2030	24
Disclosures Based on Task Force on Climate-related Financial Disclosures (TCFD)	
Recommendations	26
Data	30
Water	30
Greenhouse Gas (GHG)	31
Plastic	35

## SECTION 5

### Corporate Governance 36

## SECTION 6

### Finance / Stock & Bonds 44

## Information

SBF Financial results  
[suntory.jp/financial\\_results\\_en/](https://suntory.jp/financial_results_en/)



SBF sustainability  
[suntory.jp/sbf\\_sustainability\\_en/](https://suntory.jp/sbf_sustainability_en/)



Corporate Governance Report  
[suntory.jp/governance\\_report\\_en/](https://suntory.jp/governance_report_en/)



Sustainability data  
[suntory.jp/sbf\\_sustainability\\_data\\_en/](https://suntory.jp/sbf_sustainability_data_en/)





## CEO Message

### **Aiming to Achieve High-quality Growth as a True Global Beverage Company**

#### **Makiko Ono**

President & Chief Executive Officer



We are now surrounded by extremely difficult business environment, such as global political uncertainty, surging material and energy costs, and the sharp devaluation of yen. For the future, we aim to achieve sustainable business growth and enhance our corporate value, despite the likelihood of persisting worldwide uncertainties and a challenging competitive landscape. To such ends, we have accordingly formulated a new corporate philosophy (“Our Purpose,” “Our Values,” “Who We Are”) in citing the objective of seeking to achieve high-quality growth as a True Global Beverage Company. We will also work to achieve ambitious targets as a medium-term plan established upon our having formulated a new medium-term strategy.

In seeking to attain further business growth, we will embrace various forms of diversity and accelerate our global DEI initiatives, while also redoubling our efforts in regard to our sustainability initiatives in positioning water, greenhouse gases, and plastics as key priorities toward achieving our targets toward 2030.

We will focus on our efforts to become a True Global Beverage Company that is beloved by consumers, stakeholders and employees.

# Management Strategy

## 1

### Corporate Philosophy

#### Our Purpose

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

#### Our Values

Growing for Good / Yatte Minahare /  
Giving Back to Society

#### “Who We Are”

### Always Together with Seikatsusha

We connect with your feelings to enrich every moment of life

#### What is Seikatsusha for us

We see people as “Seikatsusha”, instead of just “consumers.”  
Seikatsusha refers to people who live their lives as a whole, with their own unique perspectives and feelings.  
We look at holistic aspects of Seikatsusha’s life. This is what is unique about us.

#### PERSPECTIVE

We look at all aspects of Seikatsusha’s life, instead of just moment of consumption

#### Consumer

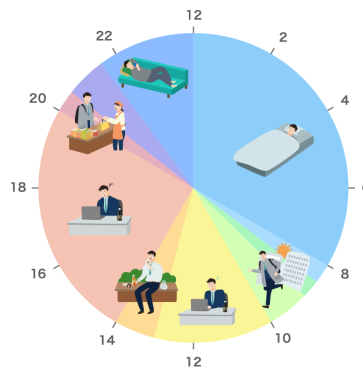
#### Moment of consumption

- ✓ Japanese
- ✓ Male
- ✓ 26 years old
- ✓ Programmer
- ✓ Light coffee user



#### Seikatsusha

#### Whole Day



DEPTH

We see Seikatsusha as a human being with their own unique perspective, values and feelings, instead of just demography

Consumer

With labels that can be seen from outside

- ✓ Japanese
- ✓ Male
- ✓ 26 years old
- ✓ Programmer
- ✓ Light coffee user



Seikatsusha

With their own unique personality, values, and feelings that are on the inside



APPROACH

Also as Seikatsusha ourselves, we understand and resonate with them, and enrich every moment of their life.

Suntory Beverage & Food

Seikatsusha



Corporate Slogan

The essence of our philosophy that we communicate with our partners and the world

**SUNTORY**  
Sustained by Nature and Water

Water is the source of all the lives on the planet.  
We promise and declare to society that we make our living with water.  
We embrace nature, enrich our society  
and encourage our people to take on new challenges.

## 2

## 2024-2026 Mid-term Strategy

Deliver Quality Growth unique to SBF to become a True Global Beverage Company

Aim for ¥2.5 trillion revenue by 2030

Proactively develop business in line with the 4 key strategic pillars

### Brand strategy

- Strengthening of Core Brands Innovation
- Expansion of the cross-selling areas of strategic brands
- Creation of global Suntory brands

### Business structural transformation

- Japan: Acceleration of structural transformation for stronger earning capacity
- Overseas: faster growth and stronger earning capacity
- Business portfolio expansion (New category (RTD), etc)

### DEI

- Integration of various ideas and values to boost corporate competitiveness

### Sustainability

- More efforts to address environmental and social issues

## 3

## 2024-2026 Mid-term Plan

Based on mid-term plan, approved at 23. Nov SBF Board, Disclose Revenue, OI CAGR growth, OI margin and FCF target  
For growth investment, continue to prioritize to M&A though strengthen strategic CAPEX & global brand expansion

### Organic Growth

#### Revenue

CAGR  
mid-single digit growth<sup>\*1</sup>

#### Operating Income

CAGR  
high-single digit growth<sup>\*1</sup>

#### Operating Income Margin

Above 10%  
by 2026

#### Free Cash Flow<sup>\*2</sup>

Over ¥140 billion  
from 2026

### Growth Investment

¥300 billion - ¥600 billion

M&A

Strategic CAPEX  
(incl. Sustainability investment)

Global brand  
expansion

### Dividend Policy

From FY2024, target dividend payout ratio over 40%<sup>\*3</sup>

\*1 Base year: 2023, on a currency neutral basis

\*2 Free Cash Flow = Operating CF - Investment CF

\*3 Based of Profit for the year attributable to owners of the Company



## Executive Leadership

### Board of Directors



President & Chief Executive Officer  
**Makiko Ono**



Director, Executive Vice President  
SBF COO  
**Shekhar Mundlay**



Director, Senior Managing  
Executive Officer  
SBF Japan CEO  
Director, Chairman of the Board  
& Chief Executive Officer of  
Suntory Foods Limited  
**Hachiro Naiki**



Director, SBF International CEO  
**Peter Harding**



Director  
**Hiroshi Miyamori**

**Important Concurrent Positions**  
Executive Officer of Suntory Holdings  
Limited



Outside Director,  
Independent Officer  
**Maki Nakamura**

**Important Concurrent Positions**  
Representative Director and  
President of Mamma Co., Ltd.  
Director and CHRO of SATUDORA  
HOLDINGS CO., LTD.



Director, Member of the Full-time  
Audit and Supervisory Committee  
**Hideki Kanda**



Outside Director, Member of the Audit  
and Supervisory Committee  
Independent Officer  
**Mika Masuyama**

**Important Concurrent Positions**  
President and Representative Partner  
of Masuyama & Company LLC.  
Outside Director of KOKUYO Co.,Ltd.  
Outside Director of Konoike Transport  
Co., Ltd.



Outside Director, Member of the Audit and  
Supervisory Committee  
Independent Officer  
**Mariko Mimura**

**Important Concurrent Positions**  
Attorney of Nishimura & Asahi (Of Counsel)  
Board Director (outside) of TOMY COMPANY, LTD.

### Region CEOs



#### JAPAN

SBF Japan CEO  
**Hachiro Naiki**



#### ASIA PACIFIC

SBF Asia Pacific CEO  
**Takayuki Sanno**



#### EUROPE

SBF Europe CEO  
**Pierre Decroix**



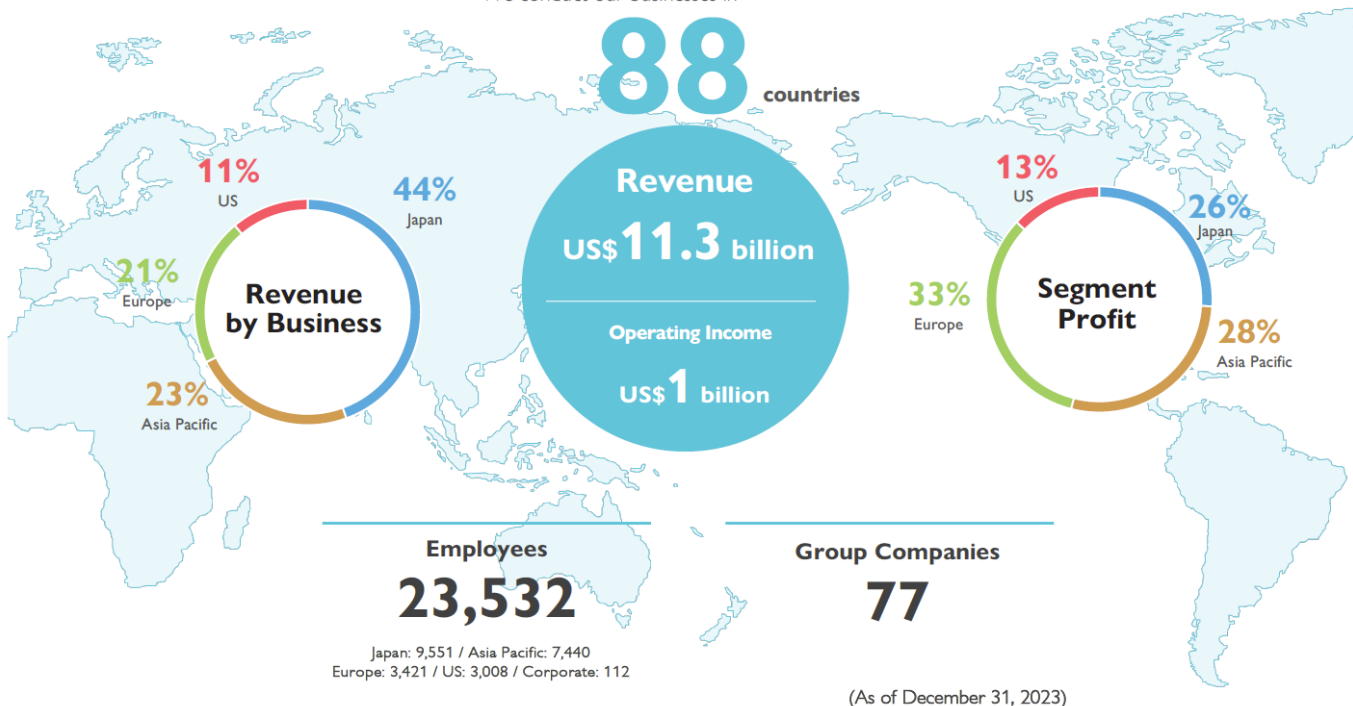
#### AMERICAS

Pepsi Bottling Ventures CEO  
**Derek Hill**

# Business Overview

FY2023

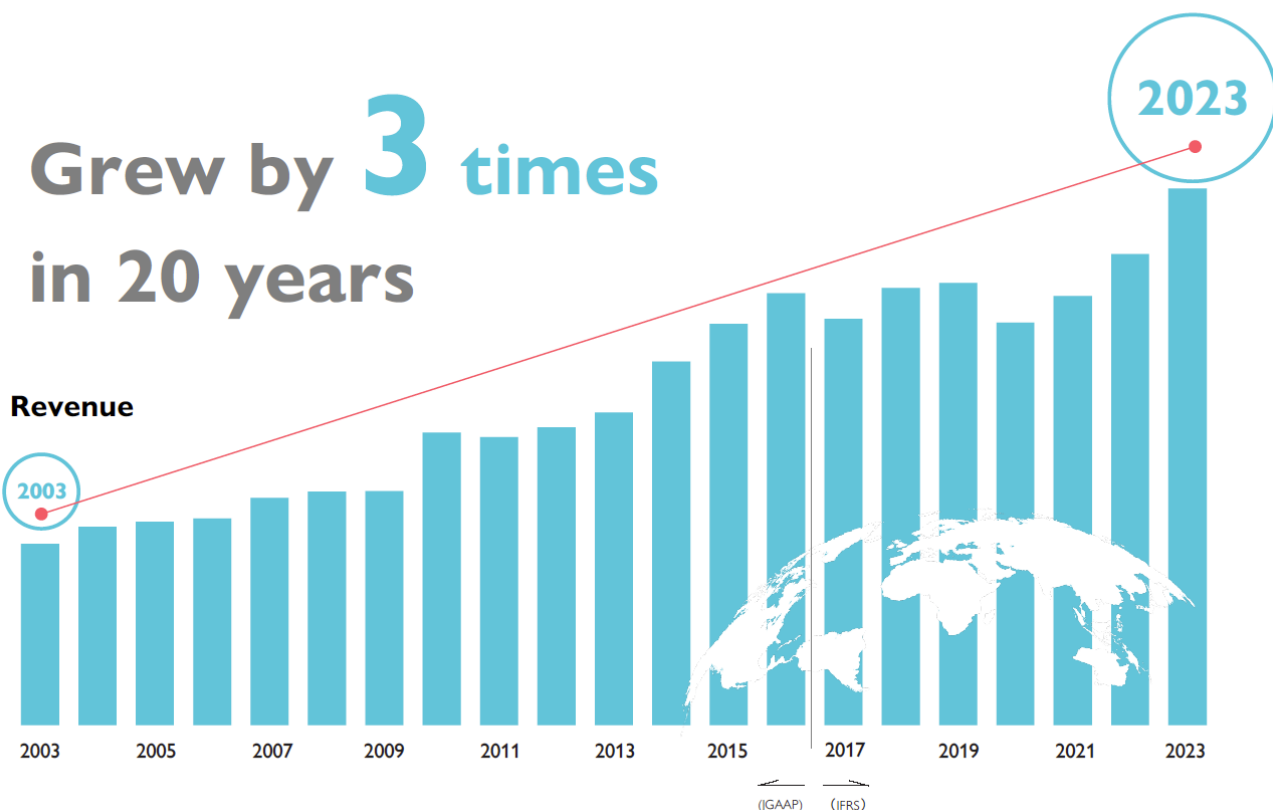
We conduct our businesses in



\* 1.00 U.S. dollar = 140.7 yen at the end of December 2023

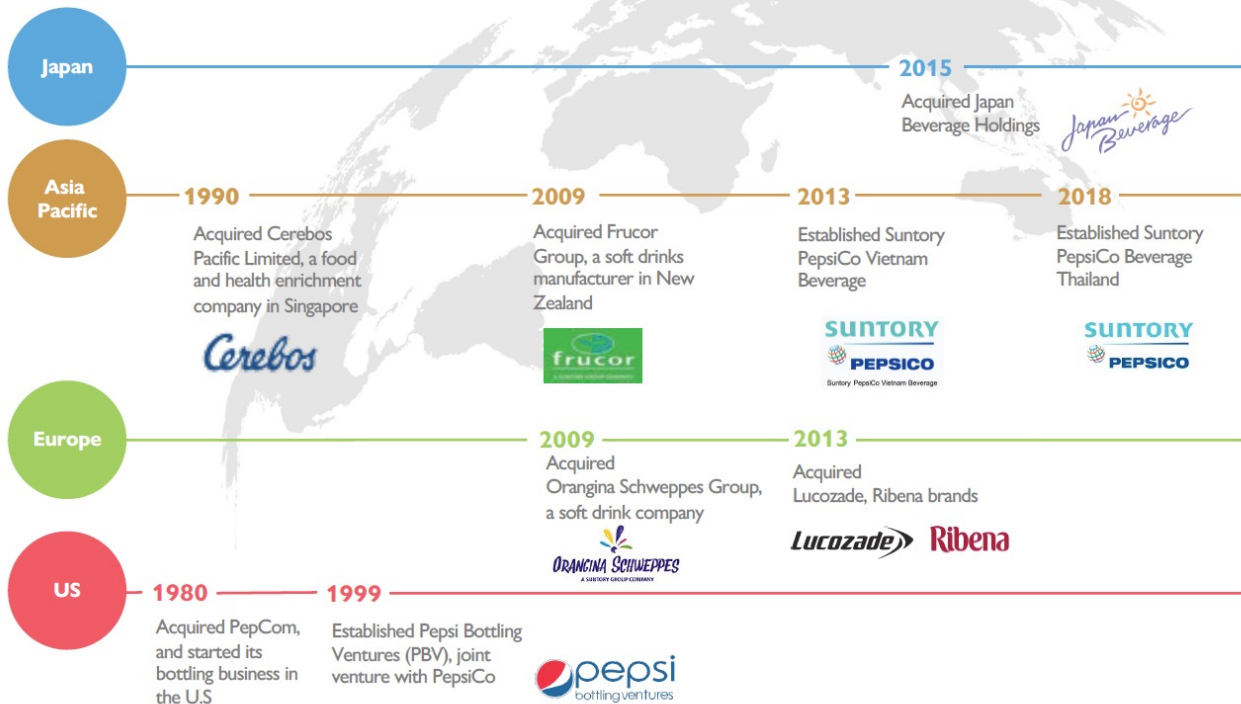
## Growth Trajectory

Grew by **3** times  
in 20 years





# History of M&A



## SUNTORY BEVERAGE & FOOD

# Japan

In Japan, we have a wide range of categories from water, coffee, non-sugar tea, to special health and functional beverages. Consumers can find us anytime and anywhere, not only at supermarkets and convenience stores, but also at vending machines stationed all over the country. We constantly refine our main brands to better serve changing consumer preferences, while being the center of innovation for all regions to create innovative products that exceed the expectations of consumers.



### Main Products



Vending Machine

ZONE

SUNTORY BEVERAGE & FOOD

# Asia Pacific

In Asia Pacific, we cater to the needs of consumers in different markets across the vast region with a diverse portfolio of soft drinks, still drinks, teas, coffees, juices, and wellness products under well-known brands such as Ribena, BRAND'S, V Energy and TEA+.

Our products can be found at convenience stores, supermarkets, brick-and-mortar stores and e-commerce platforms.



**Main Products**



Sunitory PepsiCo  
Vietnam Beverage  
<Vietnam>



Sunitory PepsiCo  
Beverage Thailand  
<Thailand>



Sunitory Oceania  
<Australia / New Zealand>



Sunitory Beverage &  
Food Thailand  
<Thailand and surrounding areas>



Cluster Asia  
<Singapore / Malaysia /  
Taiwan / Hong Kong / Indonesia>

SUNTORY BEVERAGE & FOOD

# Europe

In Europe, our business revolves around classic, long-seller brands such as Oasis, Lucozade, Ribena and Schweppes that are well known locally and have become a part of consumers' daily lives. We bottle them mainly in UK, Ireland, France, and Spain, and distribute to supermarkets, convenience stores, bars, and restaurants. Our business reaches beyond Europe—we also export these brands from our manufacturing bases to other European countries, Africa, and the Caribbean.



**Main Products**



Sunitory Beverage & Food  
France  
<France>



Sunitory Beverage & Food  
Great Britain & Ireland  
<UK / Ireland>



Sunitory Beverage & Food  
Iberia  
<Spain / Portugal >



Sunitory Beverage & Food  
EECM-Benelux  
<Belgium / Netherlands / Luxembourg /  
Italy / Poland / African countries etc.>

\*Owned and commercialised within SBFE respective territories



SUNTORY BEVERAGE & FOOD

# United States

In the United States, Pepsi Bottling ventures (PBV), the largest bottler for Pepsi-Cola products in North Carolina, manufactures, sells, and distributes some of the world’s most recognized consumer brands from PepsiCo. PBV operates 18 bottling and distributing facilities, delighting consumers in North Carolina, South Carolina, Virginia, Maryland, and Delaware. We also develop original brands such as Nature’s Twist, non-sugar and non-carbonated fruit drink, to provide consumers with unique, innovative values.



Main Products



## Core Value

# 1

### Gemba Centricity

Go to, see and feel the “Gemba”—the center of all the action and where all the value is created, from our laboratories, factories, logistics centers, and offices, to the marketplace where consumers purchase and consume our brands—to gain inspiration, think, and put it into action.



## Core Value

# 2

## Creation and Development of Long-Selling Brands

We develop and continuously refine brands that are long beloved by always looking half a step ahead of the ever-changing needs of consumers, which we achieve by going to the “Gemba,” where all values are created.



## Core Value

# 3

## MONOZUKURI

With the spirit of “MONOZUKURI”—which literally means “crafting things” in Japanese, we pursue unparalleled craftsmanship in every step to bring the best quality and innovation to our consumers.

### Quality Assurance

We have established our own Suntory Beverage & Food Quality Policy and are committed to improving the quality of our products and services throughout the value chain.

### Suntory Quality Policy All for the Quality

We offer products and services that meet or exceed relevant safety standards and will continue to respond to the desires of our consumers and customers and earn their trust.

1. Each and every member of the Suntory Group wholeheartedly strives to offer products and services from the consumer's and customer's perspectives.
2. We strive to provide our consumers and customers with accurate information that is easy to understand. We earnestly listen to consumer and customer opinions and endeavor to reflect them in our products and services.
3. We abide by laws and regulations.
4. We place a very high priority on the safety of our products and services.
5. We continue to quest for even greater product quality by reference to recognized international quality standards.

### Research and Development

Our products are only as good as our R&D and technical expertise. Having passion for creating new value, Suntory Beverage & Food have established 10 R&D facilities all around the world to create innovation.



Suntory World Research Center (Japan)



R&D Center (Japan)



Tordera R&D Centre (Spain)

SUNTORY

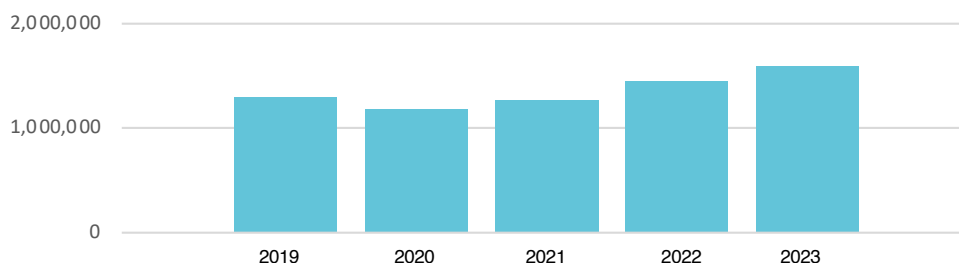
2018

## Financial Highlights

International Financial Reporting Standards (IFRS) have been applied from the fiscal year ended December 31, 2017.

### Revenue

(million yen)

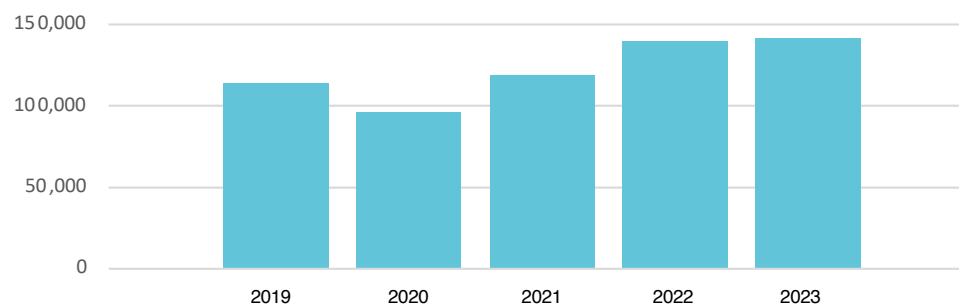


(million yen)

	2019	2020	2021	2022	2023
Revenue	1,299,385	1,178,137	1,268,917	1,450,397	1,591,722

### Operating Income

(million yen)

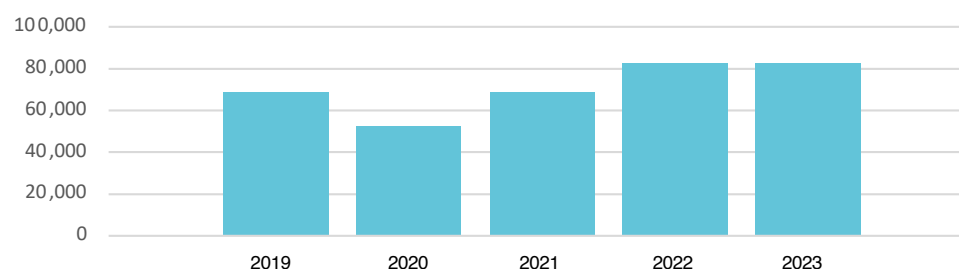


(million yen)

	2019	2020	2021	2022	2023
Operating Income	113,948	96,177	118,568	139,688	141,726

### Profit for the year Attributable to Owners of the Company

(million yen)

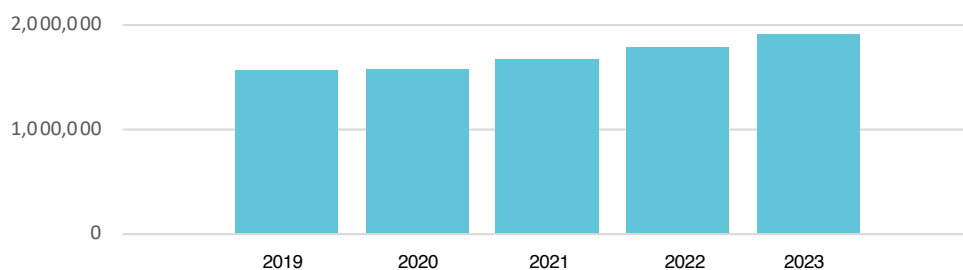


(million yen)

	2019	2020	2021	2022	2023
Profit for the year Attributable to Owners of the Company	68,888	52,212	68,676	82,317	82,743

**Total Assets**

(million yen)

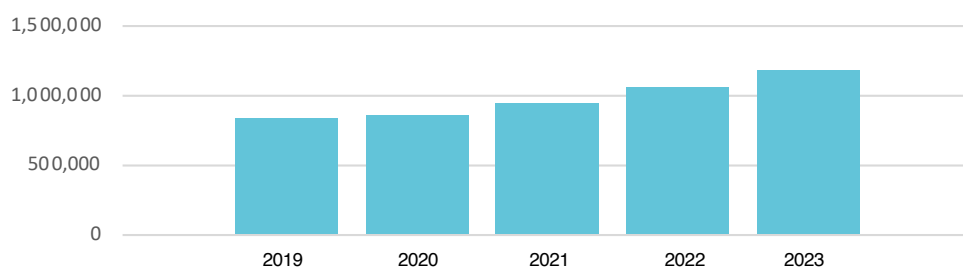


(million yen)

	2019	2020	2021	2022	2023
Total Assets	1,567,299	1,574,251	1,676,926	1,783,349	1,912,415

**Total Equity**

(million yen)



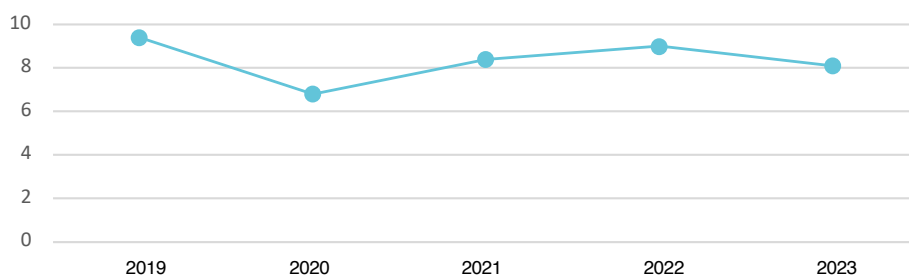
(million yen)

	2019	2020	2021	2022	2023
Total Equity	837,565	859,556	943,952	1,060,104	1,185,027

**Financial Indicators****ROE**

(%)

\*Ratio of profit for the year to equity attributable to owners of the Company



(%)

	2019	2020	2021	2022	2023
ROE	9.4	6.8	8.4	9.0	8.1

As a listed company, Suntory Beverage & Food Limited (the "Company") implements management that is conscious of cost of capital and share price, as well as ROE and other indicators, aiming to improve return on capital.

In order to meet the expectations of our shareholders, the Company aims for ¥2.5 trillion revenue by 2030 by outperforming the market as well as through incremental growth from new investments as set out in our medium-term strategy. The Company also aims for profit growth which outpaces revenue growth.

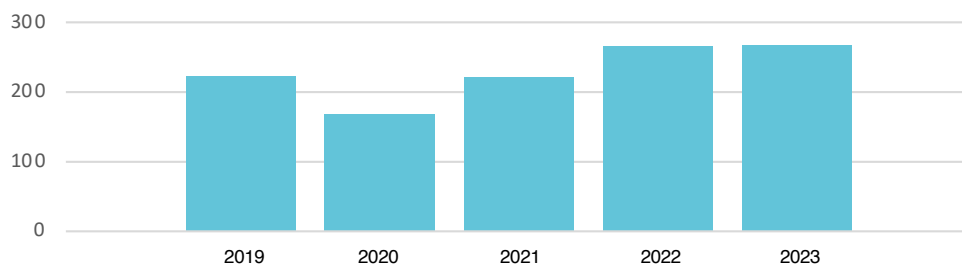
By promoting growth strategies and structural transformation, the Company believes that it will realize outstanding return on capital and a corresponding market valuation as a result.



## Financial Indicators

### Basic Earnings Per Share

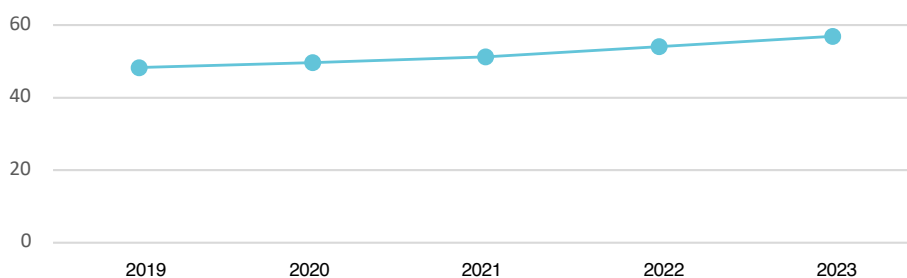
(yen)



(yen)

	2019	2020	2021	2022	2023
Basic Earnings Per Share	222.94	168.97	222.25	266.40	267.78

### Ratio of Equity Attributable to Owners of the Company to Total Assets (%)

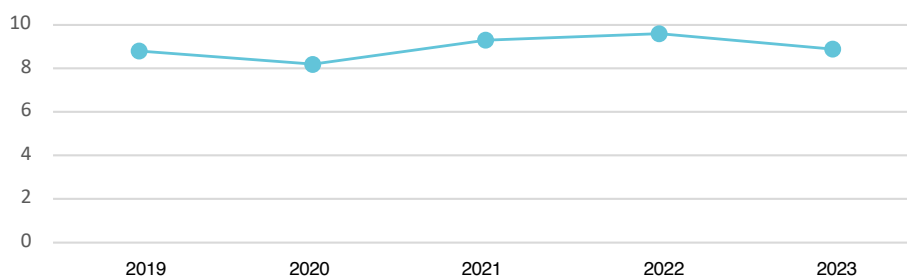


(%)

	2019	2020	2021	2022	2023
Ratio of Equity Attributable to Owners of the Company to Total Assets	48.3	49.7	51.3	54.1	56.9

### Ratio of Operating Income to Revenue

(%)

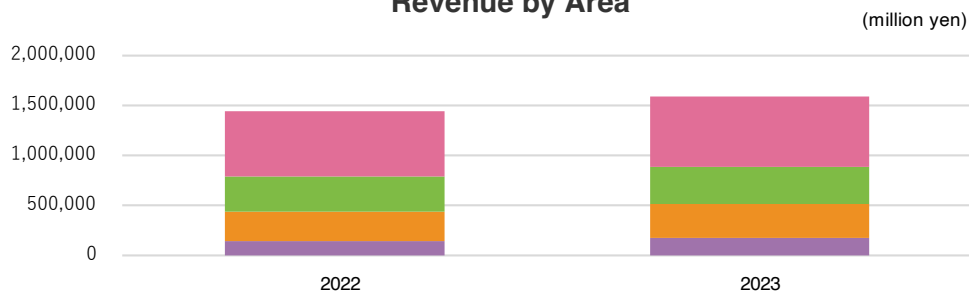


(%)

	2019	2020	2021	2022	2023
Ratio of Operating Income to Revenue	8.8	8.2	9.3	9.6	8.9

## Business Segments

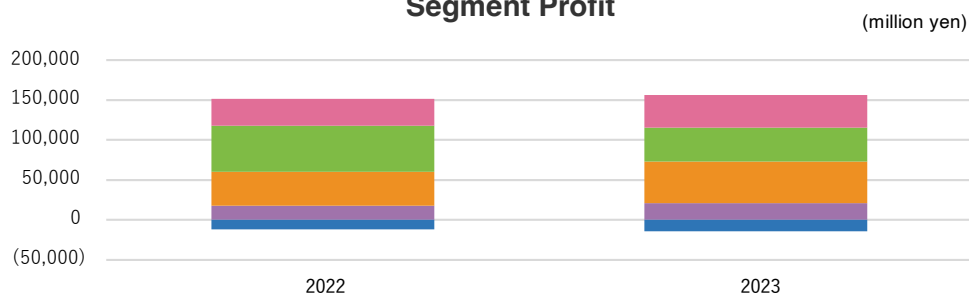
### Revenue by Area



(million yen)

Year	2022	2023
Japan	653,199	708,141
APAC	352,615	371,435
Europe	292,105	339,274
Americas	145,477	172,871
Consolidated total	1,450,396	1,591,722

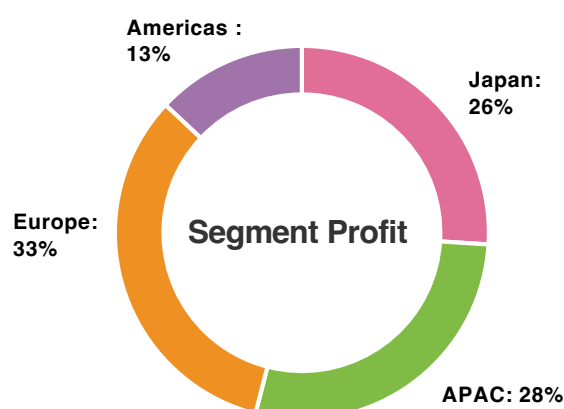
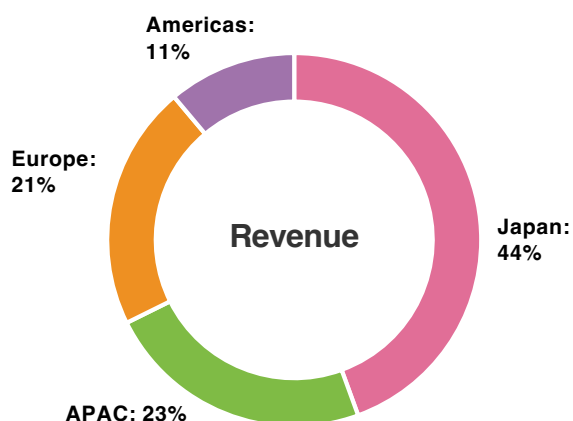
### Segment Profit



(million yen)

Year	2022	2023
Japan	33,430	40,455
APAC	57,731	43,075
Europe	42,131	51,725
Americas	18,212	20,982
Reconciliation	-11,817	-14,512
Consolidated total	139,688	141,726

### Breakdown by segment (FY2023)



## Suntory Beverage & Food's Sustainability Management

### Policies and Our Approach

#### Suntory Beverage & Food's Vision for Sustainability Management

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

#### Suntory Group's Corporate Philosophy

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

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

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

**Our Values** The values we embrace to achieve our purpose

#### Growing for Good

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

#### "Yatte Minahare"

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

#### Giving Back to Society

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

**Corporate Slogan** The essence of our philosophy that we communicate with our partners and the world

**SUNTORY**  
Sustained by Nature and Water

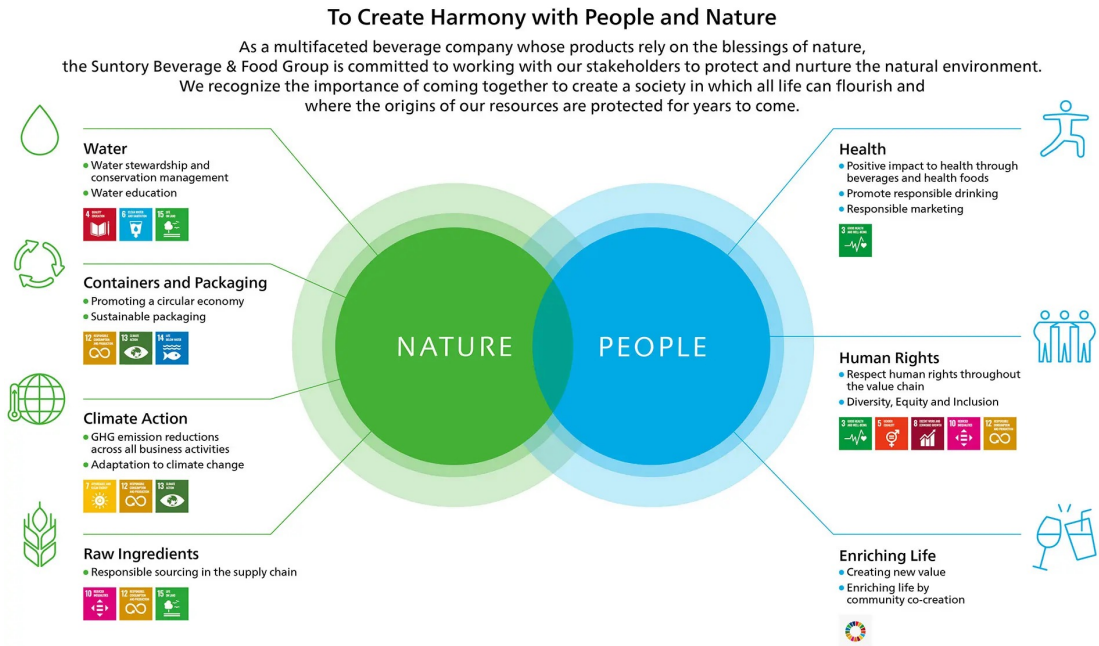
As a corporation sustained by the gifts of nature and water, we will always protect the ecosystems that deliver water. Because our ecosystem is the wellspring, not only of our business and the rich experiences we create for people's lives, but also of human life itself. We will continue to be a company where everyone is empowered with the freedom and flexibility to innovate. Through all of our corporate pursuits, Suntory seeks to inspire the brilliance of life.

Our approach to sustainability and the seven sustainability themes to which we are contributing are outlined in the Suntory Beverage and Food Group Sustainability Vision. Being strongly aware of the interdependence between nature and people, we are implementing a range of activities, together with our stakeholders, to realize a world where nature and people live in harmony.

The world faces a wide variety of environmental and social issues, such as water shortages and loss of biodiversity from the changing climate, pollution and increasing waste, poverty, and human rights violations. As companies are expected to implement proactive actions for achieving the Sustainable Development Goals (SDGs)\*, which are objectives shared by the whole world, the Suntory Beverage and Food Group, which operates globally, will also continue to take on the challenge of realizing a sustainable society by tackling global issues more sincerely than ever before.

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

## Materiality of Suntory Beverage and Food Group

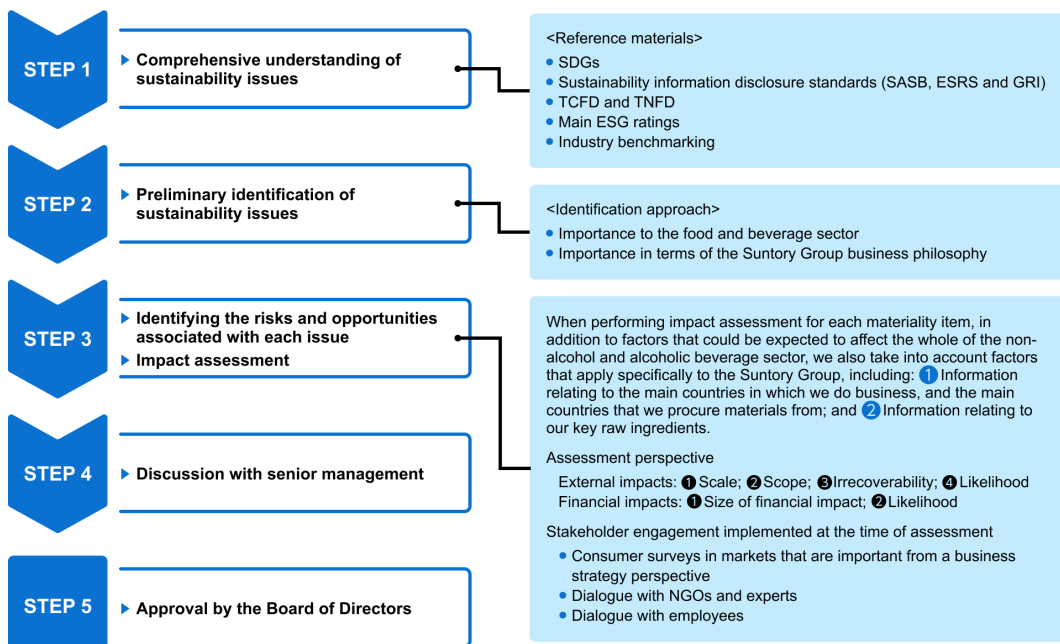


## Materiality of Suntory Beverage and Food Group

To promote sustainable management that considers the changes which can be anticipated in the macro environment over the medium to long term, the Suntory Beverage and Food Group has identified its materiality, and this materiality is reflected in our sustainability strategy.

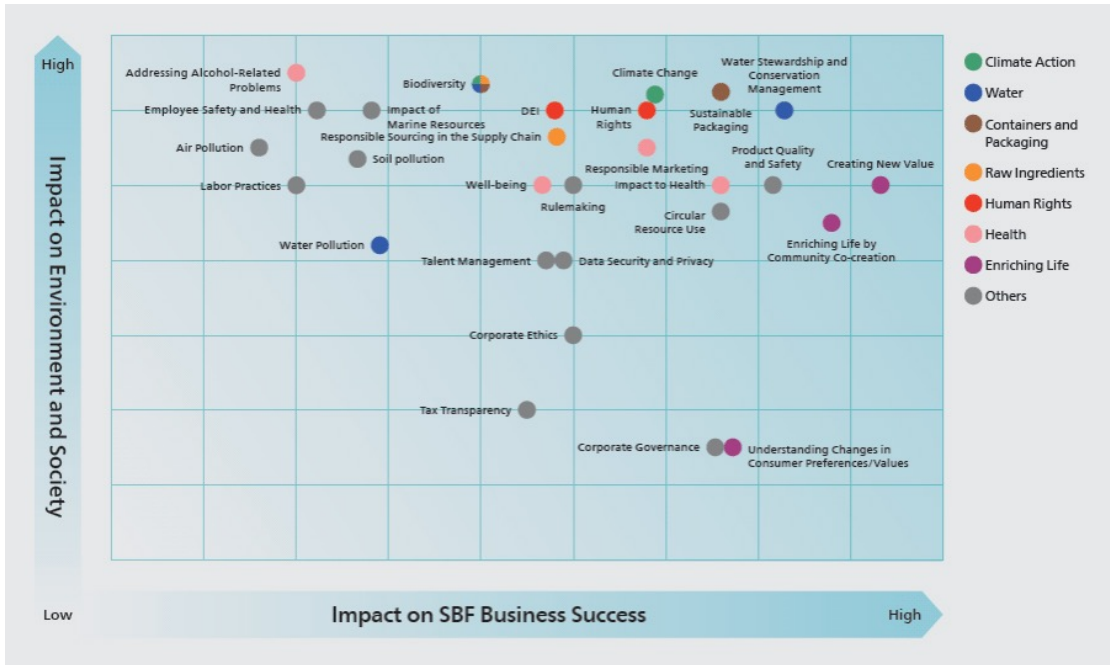
In 2023, we reviewed the results of the materiality analysis that had been performed in 2017. This time, the materiality analysis was based on the double materiality concept and sought to identify and evaluate the impact on both the company's business and the people and the environment. The seven themes outlined in the Suntory Beverage and Food Group Sustainability Vision are a summary of the issues identified as materiality this time. Both the materiality and the Suntory Beverage and Food Group Sustainability Vision were approved following discussion by the Board of Directors.

## Materiality Identification Process



## Materiality Matrix

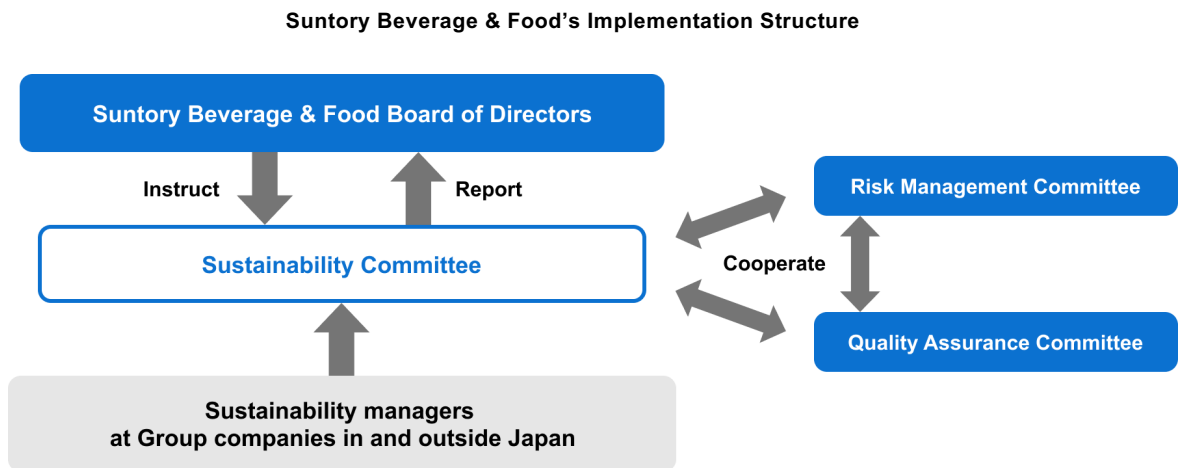
Using the process outlined above, we identified materiality items for the Suntory Beverage and Food Group. The seven themes outlined in the Suntory Beverage and Food Group Sustainability Vision are a summary of the issues identified as materiality this time.










## Implementation Structure

### Suntory Beverage & Food’s Implementation Structure

The Sustainability Committee promotes global initiatives in alignment with the direction set by the company’s Board of Directors. This includes formulating strategies based on the Suntory Group Sustainability Vision and monitoring progress on various initiatives.



## Our Initiatives

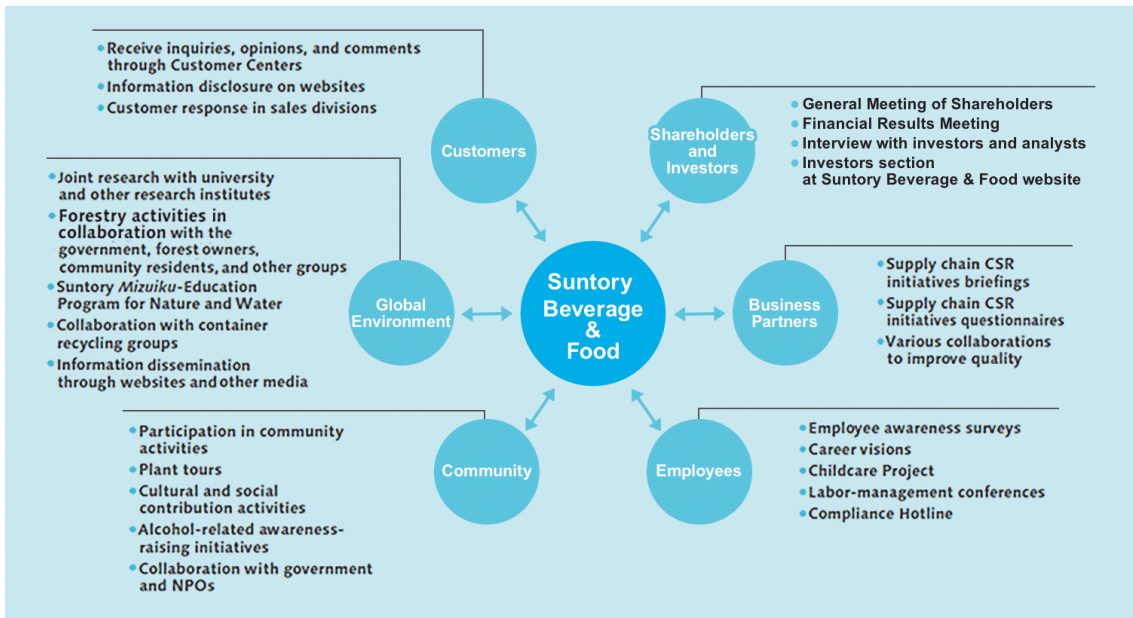
Theme	Issue	Commitment	Suntory Beverage & Food Initiatives
 <p><b>Water</b></p>	<ul style="list-style-type: none"> <li>Water Stewardship and Conservation Management</li> <li>Biodiversity</li> <li>Water Pollution</li> </ul>	Based on our Sustainable Water Philosophy, we as a group conduct activities including understanding of the water cycle, water conservation, recycling and wastewater management, watershed conservation, community engagement, and work with external stakeholders to achieve water sustainability.	<a href="#">&gt; Water Sustainability</a>
 <p><b>CO<sub>2</sub></b></p>	<ul style="list-style-type: none"> <li>Climate Change</li> <li>Biodiversity</li> </ul>	Aiming to realize the net zero-carbon society, we are working to reduce carbon emissions at our facilities as well as in our operations throughout the value chain by adopting the latest energy-saving technologies and use of renewable energy.	<a href="#">&gt; Climate Action</a>
 <p><b>Raw ingredients</b></p>	<ul style="list-style-type: none"> <li>Responsible Sourcing in the Supply Chain</li> <li>Biodiversity</li> </ul>	For agricultural crops and other raw ingredients that rely on the blessings of nature and are essential to our products, we cooperate with suppliers across the supply chain to identify social and environmental challenges and promote sustainability initiatives that enable us to grow together and contribute to enriching communities.	<a href="#">&gt; Sustainable Procurement</a>
 <p><b>Containers and packaging</b></p>	<ul style="list-style-type: none"> <li>Sustainable Packaging</li> <li>Biodiversity</li> </ul>	For our main packaging materials and containers, we strive to reduce environmental impact throughout the product life cycle — from product design to transportation and post-consumption recycling — and work to achieve a circular economy.	<a href="#">&gt; Packaging &amp; Resource Efficiency</a>
 <p><b>Health</b></p>	<ul style="list-style-type: none"> <li>Impact to Health</li> <li>Responsible Marketing</li> <li>Well-being</li> <li>Addressing Alcohol-Related Problems</li> </ul>	We believe that as a consumer-oriented company, it is important to support the pursuit of a balanced life both mentally and physically. Our consumers have different needs and preferences at different stages of life, and through our diverse business activities, we support wellness at each of these stages. By offering choices in products, services and experiences across our businesses in alcoholic and non-alcoholic beverages, health foods, and more, as well as by driving innovation to create value, we support consumers to achieve well-being and lead balanced lives.	<a href="#">&gt; Consumer Health</a>
 <p><b>Human Rights</b></p>	<ul style="list-style-type: none"> <li>Human Rights</li> <li>Diversity, equity, and inclusion (DEI)</li> </ul>	<p><b>Group Employees</b></p> <p>In addition to ensuring workplace safety, we promote health management and provide employees with growth opportunities from a long-term perspective. Along with promoting respect and preventing harassment, we embrace diversity, including race, religion, gender, sexual orientation, age, nationality, language, and disability. We also embrace inclusion that accepts and values the individual differences and recognizes how differences make our Group stronger, and strive to create employee-friendly environments for all that are full of “Yatte Minahare” spirit.</p> <p><b>Value chain</b></p> <p>To contribute to the well-being of all people that make up the value chain, we carefully review and identify our businesses’ impacts on human rights and cooperate with external stakeholders including suppliers to conduct activities for human rights protection.</p>	<a href="#">&gt; Respect for Human Rights</a>
 <p><b>Enriching life</b></p>	<ul style="list-style-type: none"> <li>Creating New Value</li> <li>Enriching Life by Community Co-creation</li> <li>Understanding Changes in Consumer Preferences/Values</li> </ul>	In addition to providing products and services that bring mental and physical enrichment, we also promote innovation, create new value, and contribute to creating a more “human” society for all. Based on our founding spirit of “Giving Back to Society,” we seek to address social challenges and contribute to the welfare of society, including through activities in the arts, culture, science, sports, and next-generation education. In the regions where we do business, we value dialogue with the local communities, and strive to help address local challenges to benefit people’s lives.	<a href="#">&gt; Communities</a>



## Relations with Stakeholders

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

### Opportunities for Communication with Stakeholders



## Environmental Management

### Policies and Our Approach

#### Policies and Our Approach

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

As a company that delivers the blessings of water and nature to our customers, we believe that protecting beautiful and clean water with healthy ecosystems, using them appropriately, and replenishing to nature is a great responsibility. As a member of the Suntory Group, Suntory Beverage & Food (“the Company”) strives to build a prosperous and sustainable world by preserving and regenerating the natural environment and reducing environmental impact.

#### ■ Suntory Group’s Environmental Principles

The Suntory Group Environmental Principles (established in 1997, revised in 2022) clearly define priority issues, including achieving water security, conserving and regenerating biodiverse ecosystems, promoting a circular economy and transitioning to a net-zero carbon society. To fulfill the principles, Suntory Beverage & Food addresses these issues, values communication with society, and works together with stakeholders to build a sustainable society.

#### Suntory Group’s Environmental Principles

At the Suntory Group, environmental management is at the core of our business strategy. In our commitment to cultivating a sustainable and vibrant society now and in the future, these environmental principles inform the actions we take each day across our entire value chain.

##### 1. Achieving water security

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

##### 2. Conserving and regenerating biodiverse ecosystems

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

##### 3. Promoting a circular economy

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

##### 4. Transitioning to a net zero-carbon society

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

##### 5. Engaging with society

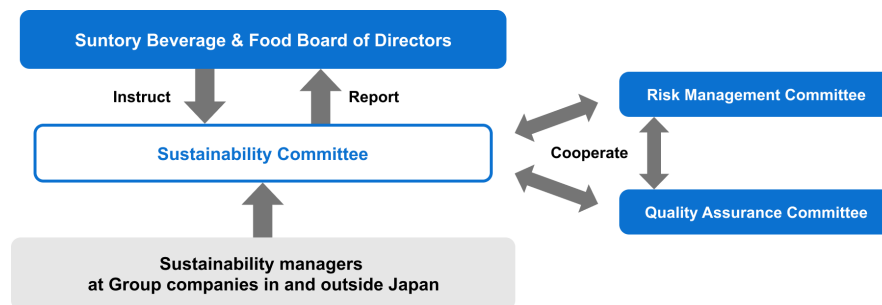
To achieve a vibrant global environment, we are championing the transformation to a sustainable society by collaborating with our stakeholders, deepening dialogues with local communities, and transparently disclosing our progress.

## Implementation Structure

### Environmental Management Structure

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

#### Suntory Beverage & Food's sustainability management promotion organization



## Targets and Progress

### Environmental Vision toward 2050 and Environmental Targets toward 2030

The Suntory Group, which includes the Company, has established the Environmental Vision toward 2050 and Environmental Targets toward 2030 to provide clear direction for its environmental management. Engaging in greater efforts to address global issues and help build a sustainable world, in April 2021 the Group revised its greenhouse gas (GHG) reduction targets in the Environmental Targets toward 2030, and in December 2021, it revised the water targets.

#### Environmental Vision toward 2050



##### Water Sustainability

- Reduce the water intensity\*<sup>1</sup> of production at our owned plants\*<sup>2</sup> by 50%\*<sup>3</sup> globally.
- Replenish more than 100% of water used at all of our owned plants globally through conservation of the surrounding ecosystem.
- Achieve sustainable water use for all key ingredients.
- Share the Sustainable Water Philosophy to the communities where our business operates.



##### Climate Change Measures

- Aim for net zero greenhouse gas emissions across the whole value chain by 2050
- Continue to promote energy conservation, proactively implement renewable energy solutions, utilize next-generation infrastructure options and work together with stakeholders across the value chain in order to contribute to realizing a decarbonized society

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

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

\*3 Reduction of water intensity of production based on 2015 baseline.



## Environmental Targets toward 2030



### Reduction of water used in direct operation

Reduce the water intensity of production at our owned plants\*<sup>1</sup> by **20%**\*<sup>2</sup> globally. In addition, explore reduction of absolute amount of water withdrawn in highly water stressed areas



### Water replenishment

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



### Sustainable water use in raw ingredients

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



### Water education and access to safe water

Expand water education programs and initiatives to provide safe water access for more than **1 million people**\*<sup>4</sup>

### Greenhouse gas (GHG)

- Reduce GHG emissions from our direct operations\*<sup>5</sup> by **50%**\*<sup>6</sup>
- Reduce GHG emissions across our entire value chain by **30%**\*<sup>6</sup>



\*1 Suntory Beverage & Food plants that manufacture finished products.

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

\*3 Coffee, etc.

\*4 The target of 1 million people is the Suntory Group's target.

\*5 Sites of Suntory Beverage & Food.

\*6 Based on emissions in 2019.

## Suntory Beverage & Food's FY2023 Results



### Water Sustainability

#### Reduction of water used in direct operation

Reduced the water intensity of production at our plants\*<sup>1</sup> by **21%** (compared to FY2015)

#### Water replenishment

Implemented water replenishment activities at **32%** of our plants worldwide  
Implemented activities at **33%** of our plants located in areas of high water stress

#### Sustainable water use in raw ingredients

Kept informed on water management of tier 1 suppliers using Sedex

#### Water education and access to safe water

Suntory Mizuiku and other water education programs reached **710,000 people**  
Provided access to safe water to **360,000 people**  
Expanded to a total of **1,070,000 people**\*<sup>2</sup>



### Climate Change Measures

#### Greenhouse gas (GHG)

- Reduced GHG emissions at our sites\*<sup>3</sup> by **22%** (compared to FY2019)
- Reduced GHG emissions across our value chain by **14%** (compared to FY2019)

\*1 Suntory Beverage & Food plants that manufacture finished products.

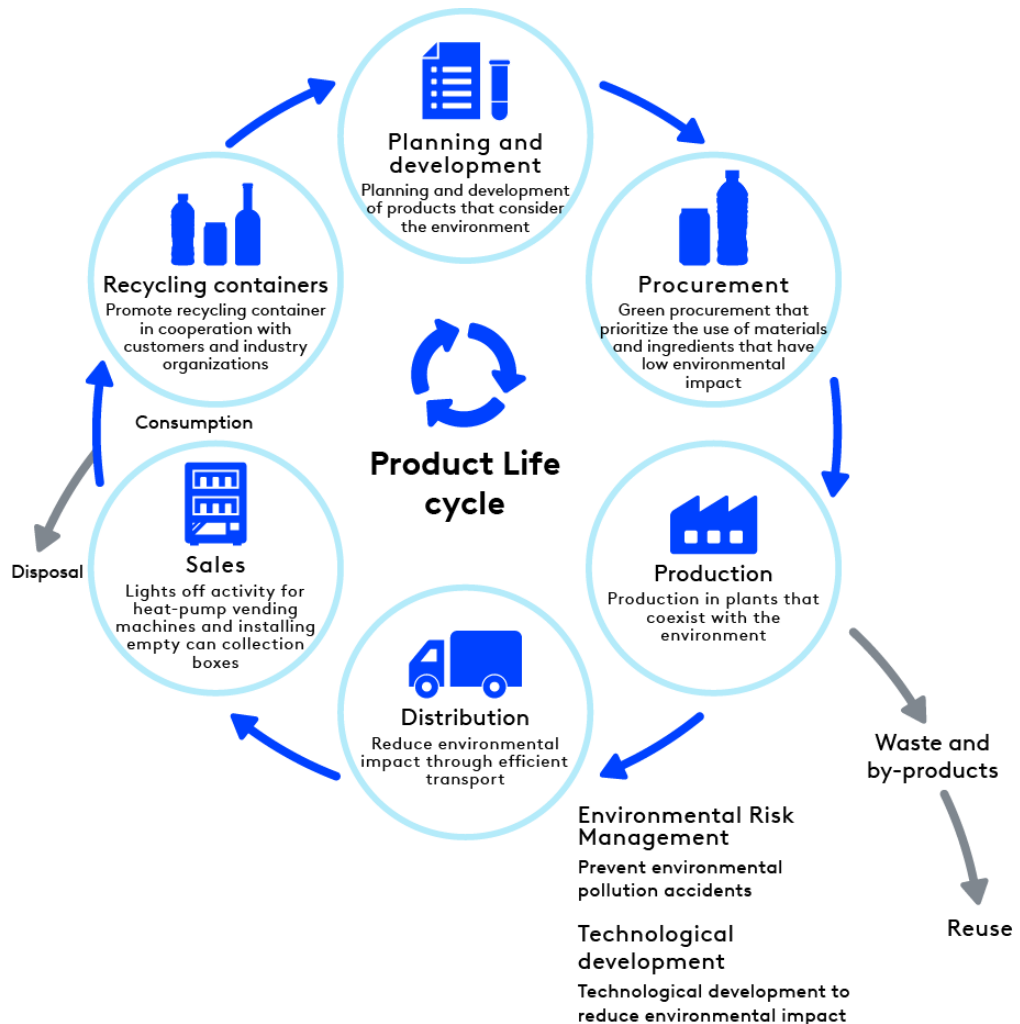
\*2 The total of 1,070,000 people is the Suntory Group's progress.

\*3 Sites of Suntory Beverage & Food.

## Our Initiatives

### Reducing Environmental Impact in the Entire Product Life Cycle

Suntory Beverage & Food generates various by-products and waste from a wide range of business activities. We are committed to reducing environmental impact by quantitatively understanding our impact on the planet throughout a product's life cycle — from planning and development to disposal and recycling. In addition, following the expansion of business overseas, we assess the environmental impact of overseas production sites to determine the environmental impact on a global scale. We actively communicate with suppliers throughout the entire supply chain.



### Compliance with environmental laws and regulations

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

In 2023, no serious accidents or violations affecting environmental pollution occurred.

## Disclosure Based on TCFD

The Suntory Group, including Suntory Beverage & Food (“the Company”), recognizes that sustaining its business and continuing to create value require it to identify risks due to climate change as well as their potential impact on its business, and to respond appropriately. In May 2019, the Suntory Group has declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations established by the Financial Stability Board (FSB), and makes disclosures based on the recommendations annually.

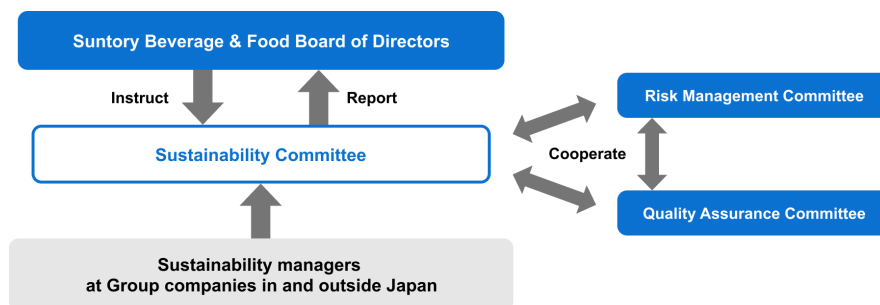


Starting in 2022, in addition to assessing and identifying the risks and opportunities that the problem of climate change presents to society and corporations, we started to estimate the monetary impacts on our business. Going forward, we will aim to enhance our resilience to these impacts by incorporating adaptive measures into our strategies to address risks and opportunities as they become evident. We will also continue to expand disclosure of related information.

### 1. Governance

At Suntory Beverage & Food, the Risk Management Committee and Sustainability Committee work in constant collaboration, and important decisions are further discussed and resolved by the Board of Directors.. Progress on strategies relating to environmental and social issues, as well as business risks and growth opportunities, are reported to the board accordingly. The board members are also provided opportunities to deepen their knowledge of sustainability through training sessions with external experts, convening board meetings at production and R&D facilities, and exchanging views.

#### Suntory Beverage & Food's sustainability management promotion organization



### 2. Strategy

Suntory Beverage & Food assesses climate change-related issues based on their importance. For risks that are expected to have a large impact on our business, we have set medium- to long-term targets and are proceeding with initiatives. For our approach to identifying risks and their assessment, we create an evaluation of the identified risks based on the two axes of "Risk Exposure" and "Degree of Response". We categorize major Group-wide risks as Tier 1 through Tier 3, with Tier 1 being most important risk and Tier 2 important risk. "Risk Exposure" is calculated by probability of occurrence (probability) x magnitude of impact (impact), and "Degree of Response" is calculated by the degree of preparation for countermeasures. As a result of the evaluation, climate-related risks are positioned as one of the most important risk types.

With consumers, investors, and other stakeholders showing more and more interest in GHG emissions by corporations, we recognize that risks and opportunities related to climate change may greatly affect the Company's business strategy. We conduct scenario analysis to understand and take measures against risk and opportunities related to climate change that may impact our business and consider them when engaging in financial planning.



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

At Suntory Beverage & Food, to identify important financial risks and opportunities for an organization, impact and frequency of each item in the span of short (0 to 3 years), medium (3 to 10 years), and long (10 to 30 years) term were considered. Result of the internal assessment is organized and shown below. Of the identified risks and opportunities, we recognized that increase in costs due to introduction of carbon tax, opportunity loss due to insufficient supply of water at production sites, and increase in raw material costs due to decrease in yield of agricultural products are the three items that may have a significantly impact and estimated the amount of their monetary impact on business.

For the basis of analyzing risks and opportunities, we used RCP 8.5 (4°C Scenario) as global warming scenario and IEA NZE 2050 and other scenarios as decarbonization scenario.

1. Identify major risks and opportunities			2. Assess the impact of each risks and opportunities on business (For most important risk, estimate the amount of monetary impact)	3. Determine/conduct response measures
Types of Risks and Opportunities			Estimated impact on business	Measures to reduce risks/seize opportunities
Transition Risk	New regulation	Increase in production costs due to introduction of carbon pricing	<ul style="list-style-type: none"> <li>Increase in financial burden due to introduction of carbon tax and its tax rate increase</li> <li>Estimated impact on business: JPY 9.5 billion in 2030 and JPY 18 billion in 2050<sup>(Note 1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Introduction of internal carbon pricing and use it for decision making related to investment</li> <li>Plan to invest (shift to renewable energy, utilization of heat pumps, etc.) by 2030 to promote decarbonization.</li> <li>If the targets set in "Environmental Targets toward 2030" and "Environmental Vision toward 2050" are met, effects of reduction will be JPY 4.75 billion in 2030 and JPY 18 billion in 2050.</li> </ul>
		Physical risks	Impact of insufficient supply of water on operation of production sites	<ul style="list-style-type: none"> <li>Opportunity loss due to suspension of plant operations caused by insufficient supply of water, Group's most important raw material</li> <li>Estimated impact on business: JPY 6.5 billion<sup>(Note 2)</sup></li> </ul>
Increase in procurement costs due to decline in yield of agricultural products	<ul style="list-style-type: none"> <li>Increase in costs to procure raw materials with same level of quality as now</li> <li>Estimated impact on business: JPY 5.1 billion (RCP 8.5 scenario, 2050) (For details, refer to "<a href="#">Activities for stable procurement of raw materials</a>")</li> </ul>		<ul style="list-style-type: none"> <li>Assess the impact of estimated future yield considering climate change and other factors by origin of raw materials and formulate strategy for stable procurement</li> <li>Start trial of sustainable farming (For details, refer to "<a href="#">Activities for stable procurement of raw materials</a>")</li> </ul>	
Acute risks	Flood, etc. caused by large typhoon or heavy rain		<ul style="list-style-type: none"> <li>Suspension of operations due to flooding, disruption of value chain, and other damages from a flood</li> </ul>	<ul style="list-style-type: none"> <li>Build a system or assessing risk of all productions sites at the Risk Management Committee</li> </ul>
Opportunities	Products/ Services	Impact on health due to rising temperatures	<ul style="list-style-type: none"> <li>Rising average temperatures and heat waves will increase the need for anti-heat stroke beverages and water beverages</li> </ul>	<ul style="list-style-type: none"> <li>Invested in capital to increase production capability and stable supply system</li> <li>Products development that meet consumer needs</li> </ul>
		Change in consumer behavior due to increased environmental awareness	<ul style="list-style-type: none"> <li>Enhancement of brand value through public recognition of the company's commitment to the conservation of water resources</li> </ul>	<ul style="list-style-type: none"> <li>Continue and strengthen water cultivation activities based on scientific data, water-saving and water quality management activities at plants, and Mizuiku—education program for nature and water as well as sharing information with the public</li> </ul>
	Resource efficiency	Cost reduction due to introduction of new technology	<ul style="list-style-type: none"> <li>Reduction in use of petroleum resources and CO<sub>2</sub> emissions due to development of new technology</li> <li>Cost reduction in taxes related to one way plastics</li> </ul>	<ul style="list-style-type: none"> <li>Development of new technology for more efficient PET preform manufacturing process (F-to-P direct recycling technology, etc.)</li> <li>Development of efficient used plastic recycling technology (R Plus Japan Ltd.)</li> </ul>

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

- 2030: Japan, Europe, and Americas. US\$140/ton, APAC US\$90/ton.
- 2050: Japan, Europe, and Americas. US\$250/ton, APAC US\$200/ton.

Note 2: Estimated impact on profit if all plants located in areas with high level of water stress have restriction on water withdrawal. Aqueduct Country Ranking developed by World Resources Institute and Water Risk Filter developed by World Wide Fund for Nature (WWF) are used for assessing water stress level of areas where our plants are located in. (Exchange rate as US\$1 = JPY145)

## Initiatives Based on Analysis of Risks and Opportunities

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

## Risk Assessment of Water Sustainability

Water is the most important ingredient in the Company's products, as well as a precious shared resource. It is imperative for our sustained business growth that we understand the impact that water risk has on our business, local communities, and the ecosystem, and so we conduct water risk assessments. Based on this, the Company has conducted a risk assessment of water sustainability at its own plants.\*

\* Suntory Beverage & Food plants that manufacture finished products: 10 plants in Japan, 33 plants overseas

> [More details about the water supply risk assessment](#)

## Aiming for Stable Procurement of Raw Ingredients

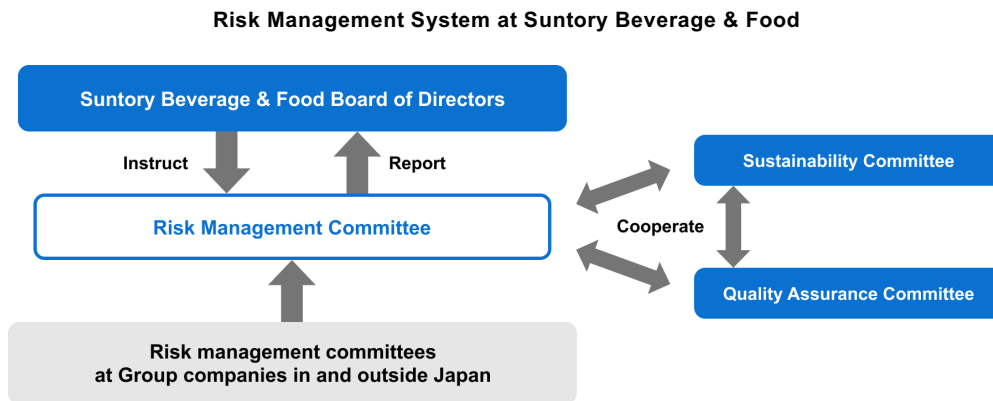
With regard to agricultural products and other raw ingredients, it is predicted that extreme weather, such as drought and flooding, occurring due to the rise in the Earth's average temperature due to climate change will have a major impact on their production activities, including fluctuations in yield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

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

> [More details about the stable procurement of raw materials](#)

### 3. Risk Management at Suntory Beverage & Food

At Suntory Beverage & Food, the Risk Management Committee identifies and assesses critical risks throughout the Company each year. The committee identifies risks that should be prioritized at the Company and promotes risk reduction activities companywide. The Risk Management Committee regularly reports these activities to the Board of Directors. The Company's approach to identifying and assessing risks and the process for managing identified risks is shown below.



#### Approach to Identifying and Evaluating Risks and Opportunities (Identify Risks and Opportunities, Estimate the Amount of Monetary Impact)

For the risks identified, we create a heat map based on the two axes of "Risk Exposure" and "Degree of Response", evaluate the importance especially for group-wide material risks on a three-point scale, and identify the risks to be prioritized. "Risk Exposure" is calculated by probability of occurrence (probability) x magnitude of impact (impact), and "Degree of Response" is calculated by the degree of preparation for countermeasures. As a result of the evaluation, climate-related risks are positioned as one of the most important risk types.

#### Approach to Managing Identified Risks

Of the identified risks and opportunities, we believe that the three items that may have the most significant impact are: increase in costs due to introduction of carbon tax; opportunity loss due to insufficient supply of water at production sites; and increase in raw material costs due to decrease in yield of agricultural products.

For the identified risks that should be prioritized, a person in charge and a monitoring organization will be appointed to implement the risk countermeasures. The response status is reported and discussed by the Risk Management Committee (RMC), and the PDCA cycle of extraction, evaluation, countermeasures, and monitoring is carried out.

# Data

## Water

### ■ Targets Toward & Progress at Suntory Beverage & Food

Targets Toward 2030	2023 Progress
<p><b>1 Reduction of water used in direct operation</b> Reduce the water intensity of production at our owned plants*<sup>1</sup> by 20%*<sup>2</sup> globally. In addition, explore reduction of absolute amount of water withdrawn in highly water stressed areas.</p> <p><b>2 Water replenishment</b> Replenish more than 100% of water used in at least 50% of our owned plants*<sup>1</sup> globally, including those in highly water stressed areas, through local water source conservation efforts.</p> <p><b>3 Sustainable water use in raw ingredients</b> Collaborate with suppliers to improve water-use efficiency in the production of water-intensive key ingredients*<sup>3</sup> in highly water stressed areas.</p> <p><b>4 Water education and access to safe water</b> Expand water education programs and initiatives to provide safe water access for more than 1 million people. *<sup>4</sup></p>	<p><b>1</b> Reduced per consumption of water by 21% compared to 2015</p> <p><b>2</b> Implemented water resource cultivation activities in 32% plants worldwide. Plants located in highly water stressed areas, activities are implemented in 33% of these areas.</p> <p><b>3</b> Gain and understand information on water management of tier 1 suppliers through Sedex.</p> <p><b>4</b> Water enlightenment program: 710,000 people Provision of safe water: 360,000 people, Total 1,070,000 people*<sup>5</sup></p>

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

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

\*3 Coffee etc.

\*4 1 million people is Suntory group's target

\*5 Total 1,070,000 people is Suntory group's progress

### ■ Water Stewardship at Suntory Beverage & Food

	2015 (base year)	2021	2022	2023
Total water withdrawal (thousand m <sup>3</sup> )	-	21,776	22,916	22,450★
Water intensity (m <sup>3</sup> /kl)	2.9	2.4	2.3	2.3
Total water discharge (thousand m <sup>3</sup> )	-	12,443	11,948	11,682★
Total water consumption (thousand m <sup>3</sup> )	-	-	10,968	10,768

\* 2023: Data covers 10 production plants in Japan and 38 production plants overseas.

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

## Water Withdrawal from Areas at Suntory Beverage & Food

Area	Water withdrawal (thousand m <sup>3</sup> )					
	2015 (base year)	2019	2020	2021	2022	2023
Japan	10,708	10,628	10,332	10,240	10,786	10,786
Americas	1,286	1,273	1,442	1,505	1,541	1,413
Europe	3,861	3,518	3,119	3,315	3,434	3,363
Asia	4,490	7,152	6,362	6,208	6,757	6,466
Oceania	562	438	444	424	397	422
Africa	216	129	89	84	0	0
Total	21,122	23,138	21,789	21,776	22,916	22,450★

\*2023: Data covers 10 production plants in Japan and 38 production plants overseas.

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

## Water Discharge to each destination at Suntory Beverage & Food

Destination	Water Discharge (thousand m <sup>3</sup> )				
	2019	2020	2021	2022	2023
Rivers/lakes	7,222	6,767	6,703	6,689	6,757★
Sea	-	-	-	-	-
Sewers	5,785	5,370	5,740	5,259	4,866★
Others (for watering plants, etc.)	0	0	0	0	59★
Total	13,007	12,136	12,443	11,948	11,682★

\*2023: Data covers 10 production plants in Japan and 38 production plants overseas.

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

## Greenhouse Gas (GHG)

### Targets Toward & Progress at Suntory Beverage & Food

Targets Toward 2030	2023 Progress
<ol style="list-style-type: none"> <li>Reduce GHG emissions from our direct operations by 50%*<sup>1</sup></li> <li>Reduce GHG emissions across our entire value chain by 30%*<sup>1</sup></li> </ol>	<ol style="list-style-type: none"> <li>22% reduction from our direct operations compared to 2019</li> <li>14% reduction across our entire value chain compared to 2019</li> </ol>

\* Based on emissions in 2019

## ■ Scope 1 and 2 Emissions by Area at Suntory Beverage & Food

Area	Scope	GHG emissions (Scope1 : thousand tons CO <sub>2</sub> e, Scope2 : thousand tons CO <sub>2</sub> )			
		2019 (base year)	2021	2022	2023
Japan	Scope 1	-	118	116	109
	Scope 2	-	91	24	5
	Scope 1+2	218	209	140	114
Americas	Scope 1	-	7	32	32
	Scope 2	-	13	10	0
	Scope 1+2	24	21	43	32
Europe	Scope 1	-	59	50	56
	Scope 2	-	1	0	0
	Scope 1+2	77	60	50	56
Asia	Scope 1	-	49	55	47
	Scope 2	-	155	179	170
	Scope 1+2	204	205	234	217
Oceania	Scope 1	-	9	6	8
	Scope 2	-	4	1	1
	Scope 1+2	19	13	7	9
Africa	Scope 1	-	8	0	0
	Scope 2	-	0	0	0
	Scope 1+2	8	8	0	0
Total	Scope 1	-	251	259	252
	Scope 2	-	264	214	176
	Scope 1+2	549	515	473	427

\*Suntory Beverage and Foods Group's Scopes 1 and 2 emissions of 427 thousand t-CO<sub>2</sub>e★ (Scope 1: 203 thousand t-CO<sub>2</sub>e★, Scope 2: 174 thousand t-CO<sub>2</sub>e★) have been externally assured, which do not include emissions of GHG other than CO<sub>2</sub> at overseas production plants and CO<sub>2</sub> emissions at non-production sites outside of Japan. The reporting boundary for the figures externally assured is as follows: 10 production plants in Japan, 38 production plants overseas, and non-production sites in Japan (offices such as training sites, training sites, R&D facilities and sales sites)

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

\*Emission factors for GHG calculation are as follows: Fuel: For Japan: Factors specified by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures (using values before revision of the Ministerial Ordinance on Calculation). For overseas: Factors obtained from fuel suppliers or factors specified by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures (using values before revision of the Ministerial Ordinance on Calculation).

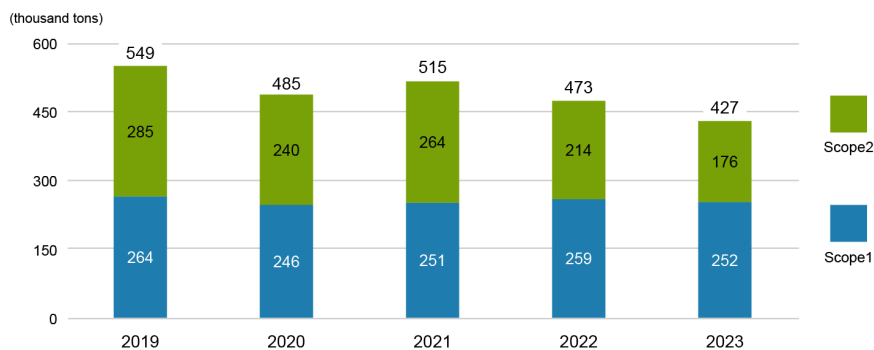
GHG from Electricity consumption: For Japan: The adjusted emission factors for each electric power company specified by the Act on Promotion of Global Warming Countermeasures. For overseas: Factors obtained from individual power suppliers or IEA emission factors by country.

GHG other than CO<sub>2</sub>: For 10 plants in Japan: Factors specified by the Act on Promotion of Global Warming Countermeasures.

\*The total may not match the sum of each figure due to rounding.



## ■ Changes in Scope 1 and 2 emissions at Suntory Beverage & Food



Trends in Scope 1 and 2 Emissions at Suntory Beverage & Food" loading="lazy">

## ■ Energy Consumption at Suntory Beverage & Food

	2021	2022	2023
Energy Consumption (MWh)	1,841,699	1,979,441	1,953,954
Renewable Energy Consumption (MWh)	179,126	364,358	477,104
Energy Intensity (MWh/KL)	0.21	0.20	0.20
Electricity Consumption (MWh)	-	-	726,752

\*Figures for renewable energy and energy consumption have been certified by a third party for results excluding non-production sites outside Japan.

Renewable energy consumption: 475,311MWh★, Electricity consumption: 720,933MWh★

\*Third-party certification by KPMG AZSA Sustainability Co., Ltd. Third-party certified figures indicated with ★.

## ■ Scope 3 Emissions at Suntory Beverage & Food

Category	Emissions (thousand tons CO <sub>2</sub> e)	Calculation Method
1.Purchased goods and services	3,251★	[Raw Materials and Packages] Calculated by multiplying the weight of raw materials and packaging materials purchased and used for products manufactured and sold by the Suntory Beverage & Food Group (in Japan and overseas) by the emission factors. 41% of Category 1 GHG emissions are calculated using emission factors calculated from the GHG emissions of suppliers of raw materials and packaging materials. For 2023, we changed the source of emission factors for packaging materials in Asia and Oceania from the prevailing Defra to IDEA Ver. 3.3. [Contract manufacturers] Calculated by multiplying the volume of the products that Suntory Beverage & Food Group (in Japan), Suntory Beverage & Food Europe, and Suntory Beverage & Food Oceania have outsourced to contract manufacturers by the emission factors.
2.Capital Goods	172★	Calculated by multiplying the amount of capital expenditure excluding land expenditure of Suntory Beverage & Food Group by emission factors.
3.Fuel and energy-related activities not included in Scope 1 or 2	85	Calculated by multiplying the amount of energy consumed by Suntory Beverage & Food Group by corresponding emission factors related to the collection, production, and transportation of applicable energy resources.
4.Upstream transportation and distribution	221	Calculated by multiplying the transportation volume in tons-km of goods owned by Suntory Beverage & Food Group by emission factors.
5.Waste generated in operations	6	Calculated by multiplying the weight of waste disposed by Suntory Beverage & Food Group by corresponding emission factors.
6.Business travel	10	Calculated by multiplying the amount of business travel expenses of Suntory Beverage & Food Group by corresponding emission factors.
7.Employee commuting	25	Calculated by multiplying the amount of commuting expenses of Suntory Beverage & Food Group by corresponding emission factors.
8.Upstream leased assets	23	Calculated by multiplying the storage volume as well as the floor area of distribution centers rented by Suntory Beverage & Food Group by emission factors.
9.Downstream transportation and distribution	233	Calculated by multiplying the transportation volume in tons-km and sales volume of goods of Suntory Beverage & Food Group by corresponding emission factors.
10.Processing of sold products	—	None
11.Use of sold products	89	Calculated by multiplying the sales volume of goods of Suntory Beverage & Food Group by corresponding emission factors.
12.End-of-life treatment of sold products	405★	Calculated by multiplying the weight of packaging materials purchased and used by the Suntory Beverage & Food Group by emission factors related to disposal/recycling transport and processing.
13.Downstream leased assets	313★	Calculated by multiplying the electricity used by leased assets of Suntory Beverage & Food Group (In Japan) by emission factors.
14.Franchises	9	Calculated as Scopes 1 and 2 CO <sub>2</sub> emissions from the direct operations of companies and stores franchised by the Suntory Beverage & Food Group.
15.Investments	—	None
Total	4,843	

\*The Suntory Beverage & Food Group's beverage and food businesses in Japan and overseas are included in the scope. For some overseas group companies, emissions were estimated by using Japan-based emission factors or production volume in Japan.

\*Emission factors used to calculate emissions for Japan include the following:

a) "Emission factor database for corporate GHG emissions accounting over the supply chain (Version 3.3)"

b) "LCI Database IDEA Version 3.3" (Advanced LCA Research Group, The National Institute of Advanced Industrial Science and Technology and Sustainable Management Promotion Organization)

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

## Plastic

### ■ Targets Toward & Progress at Suntory Beverage & Food

#### Targets Toward 2030

- Switch all the PET bottles used globally to be made of recycled or plant-based material by 2030, achieving zero use of virgin petroleum-based materials.

#### 2023 Progress

- Percentage of PET bottles made of recycled or plant-based material: 33%  
Japan 53%\*  
Overseas 18%

\* Ratio of the number of 100% sustainable bottle

#### Information

SBF sustainability

[suntory.jp/sbf\\_sustainability\\_en/](https://suntory.jp/sbf_sustainability_en/)



Sustainability data

[suntory.jp/sbf\\_sustainability\\_data\\_en/](https://suntory.jp/sbf_sustainability_data_en/)



# Suntory Beverage & Food Limited Corporate Governance Policy

April 12, 2024

## <Basic policy for the Company's corporate governance>

This policy sets out the basic corporate governance framework of Suntory Beverage & Food Limited (the "Company").

### *Characteristics of the Company's corporate governance*

The Company and its subsidiaries (the "Group") comprise the beverage and food segments of the Suntory Group, and share the corporate philosophy, founding spirit, and Group Management Policy with their parent company Suntory Holdings Limited ("Suntory Holdings") and respective Suntory Group companies. As a member of the Suntory Group, we consider that we have the characteristics of creating Group synergy and contributing to the foundation that supports the Company's sustainable growth through the utilization of its brands, human capital, intellectual property and other group business resources.

On the other hand, the Company believes that it has the characteristics of contributing to the foundation that supports the Company's sustainable growth through the improvement of the quality of management of the Company as it is required to be independent as a listed company due to its choice to be listed, in addition to it being accountable to investors and observing the regulations in the capital markets.

### *Basic policy for the Company's corporate governance*

As the Company has the two characteristics stated above, there are concerns regarding conflicts of interest between Suntory Holdings and the Company's general shareholders. However, we think both characteristics make up the foundation that supports the Company's sustainable growth. Therefore, the basic policy for the Company's corporate governance is that it shall promote unified group management as a member of the Suntory Group and utilize the brands, human capital, intellectual property and other group business resources while maintaining independence of management, which is necessary as a listed company, making its own decisions regarding major business resources that act as the source of the Company's corporate value, such as brands, human resources, key assets and information, which are necessary to continue to exist independently, holding and securing such business resources, and working for the Company's sustainable growth while placing due consideration on shareholder conflict of interest.

Based on the basic policy for the Company's corporate governance stated above, the Company strives to enhance corporate governance in order to maintain good relationships with shareholders, other investors, and other stakeholders (customers, local communities, business partners and employees, etc.) and to allow us to fulfill our corporate social responsibilities. The Company's Board of Directors will continue to review this policy regularly on an ongoing basis, and work toward the creative evolution of our corporate governance to enhance corporate value.

## Appropriate information disclosure

The Company discloses financial information such as its financial position and business performance as well as nonfinancial information such as corporate strategy, management issues, risks and corporate governance in accordance with laws and regulations. The Company also strives to proactively disclose information other than that mandated by laws and regulations as well as information in English.

[>Corporate Governance Report](#)

[>Disclosure policy](#)

[>Shareholders and other investors](#)

### Information

Corporate Governance Report

[suntory.jp/governance\\_report\\_en/](http://suntory.jp/governance_report_en/)



Disclosure Policy

[suntory.jp/disclosure\\_policy\\_en/](http://suntory.jp/disclosure_policy_en/)



## Role and composition of the Board of Directors, nomination and remuneration of Directors, and ensuring the effectiveness of the Board of Directors

### (1) Organizational composition

The Company has chosen to be incorporated as a company with an Audit and Supervisory Committee for its organizational composition.

Based on this organizational composition, the Company may delegate all or part of a decision regarding the execution of important duties to an Executive Director in accordance with the Companies Act and the Articles of Incorporation. The Board of Directors shall mainly hold discussions, etc. regarding corporate strategy, medium- and long-term plans, and management issues and, while focusing on managerial decision-making and management supervision, which are the responsibilities of the Board of Directors, shall actively delegate decision-making authority regarding business execution to the management team in order to expedite decision-making of the management team regarding business execution. The Audit and Supervisory Committee works to improve the level of auditing by improving the effectiveness of auditing and supervisory functions through the implementation of auditing by Audit and Supervisory Committee Members, who have the right to vote at board meetings, and by enhancing the effectiveness of internal controls through the implementation of auditing that utilizes and is conducted in cooperation with the internal audit division.

Concerning the specific business actions for delegation of decision-making authority regarding business execution, in accordance with the distinctions clarified in the regulations of the Board of Directors and Company's internal regulations, individual business decisions as a rule are delegated to the management team including the Representative Director, President & Chief Executive Officer, while the execution of certain important duties, namely M&A, organizational restructuring, and major asset acquisitions and disposals, etc., are to be decided by the Board of Directors.

### (2) Rationale for responsibilities and composition of the Board of Directors, and criteria for selection of Directors

The Company, while considering the business environment and management issues of the time, defines the responsibilities that the Board of Directors should fulfill, and at the present moment, such responsibilities are defined as "implementing corporate strategy and achieving management targets through wide-ranging and practical discussions regarding corporate strategy, medium- and long-term plans, and management issues."

While considering the corporate philosophical framework of the Suntory Group, the Company believes the composition of the Board of Directors should be made up of Directors equipped with diverse values so they are capable of demonstrating strategic and broad management judgment focused not only on the management issues directly at hand, but also beyond those issues to the far future. Specifically, in order to ensure that the Board of Directors effectively fulfills its responsibilities, the Company follows a policy of achieving an optimal composition in the context of the corporate strategies and management issues of the time, while giving consideration to perspectives including: (i) overall size of the Board of Directors, (ii) ratio of internal Directors and Outside Directors, (iii) role and qualities expected from each internal Director and Outside Director, and (iv) diversity such as gender and international representation. In terms of the ratio of internal Directors and Outside Directors, from the perspective of safeguarding the interests of shareholders other than the parent company, Suntory Holdings, the Company will continually strive to ensure that Independent Outside Directors comprise at least one third of the Company's Directors, by emphasizing the role of Outside Directors in the expectation that they will ensure independence from Suntory Holdings and the management of the Company, while at the same time balancing this by stressing the importance of the role to be fulfilled by the internal Directors to enable strategic discussions by the Board of Directors to be coordinated with the key strategies for each business domain and region.

In terms of criteria for the selection of Directors, for Executive Directors, the Company judges whether to nominate incumbent Directors for reelection and conducts evaluations of new candidates, taking into account their familiarity with the Group businesses, whether they possess the skills necessary to implement the management of the Group appropriately, and other factors. For Outside Directors, the Company judges whether to nominate incumbent Directors for reelection and conducts evaluations of new candidates, taking into account whether they possess the skills to contribute to the duties to be fulfilled by the Board of Directors, whether they possess the insight and experience to be in charge of initiatives for supporting the Audit and Supervisory Committee, Human Resources Committee, Special Committee and other realization of effective corporate governance, and other factors, as well as independence from both Suntory Holdings and the Company's management team. In addition to these, if a Director seriously lacks the qualifications, or seriously neglected his or her duties, the Company has a policy of examining the necessity of his or her dismissal.

### (3) Human Resources Committee

Of its own volition, the Company has established the Human Resources Committee (hereinafter in this section, the committee).

The committee takes on the responsibility of exercising its authority in a manner that places due consideration on the "characteristics" and "basic policy" of the Company's corporate governance and along with concerns regarding shareholder conflict of interest in order to ensure objectivity and transparency regarding the nomination and remuneration of Directors and continuously ensure effectiveness of the management structure tasked with facilitating the Company's sustainable growth.

To fulfill this responsibility, the committee exercises its authority through deliberating and making a report to the Board of Directors on the following: (i) proposals for selection of candidates for Directors at the General Meeting of Shareholders, and need for dismissal of Directors (ii) status of formulation and implementation of succession planning with respect to candidates for the CEO and Outside Directors, (iii) the levels of remuneration for Directors (excluding Audit and Supervisory Committee Members) and criteria, etc. to be referred to when deciding on remuneration.

The committee also confirms whether the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with the policy for determining the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) established by the Board of Directors.

In terms of composition, Independent Outside Directors make up a majority in the committee to ensure its independence and objectivity. The committee currently consists of five members (three of whom are Independent Outside Directors): the Representative Director, President & Chief Executive Officer, an Outside Director and three Audit and Supervisory Committee Members. When the nomination and remuneration of Directors is considered by the committee, it is essential that deliberations take into account the specifics of the Company's management circumstances and measures for achieving unified management of the Suntory Group. To reflect the substantive importance of such issues, the Representative Director, President & Chief Executive Officer, who is the Chairperson, serves as chair of the committee, providing appropriate agenda items and decision-making materials and facilitating active discussions. During actual operation, Independent Outside Directors actively participate in deliberations from an independent and objective standpoint to ensure the effectiveness and independence of the committee.

In 2023, the Human Resources Committee meetings were held five times. Deliberations at the committee meetings encompassed matters such as proposals for Director candidates (including Outside Directors) and levels and criteria of remuneration for Directors. In order to further enhance the effectiveness of such deliberations, progress reports on the status of talent management for senior executive candidates are also submitted to the committee as appropriate.

#### (4) Current composition of the Board of Directors

Currently, the Board of Directors is composed of nine members (three of whom are Outside Directors).

Outside Directors who are independent from the Company's management team and Suntory Holdings constitute at least one third of the Board of Directors, and accordingly, the Board of Directors can be viewed as having secured the required independence to fulfill its responsibilities.

The Board of Directors can also be viewed as possessing the required skills as a whole and having an appropriate size for ensuring substantive discussion is carried out.

#### [>Skillset matrix of the current Board of Directors](#)

The Directors currently serving share the three values set out in the Suntory Group corporate philosophy of Growing for Good, "Yatte Minahare," and Giving Back to Society.

Furthermore, the Company ensures that the internal Directors possess the various fields of specialty and hold a diverse range of experience that constitutes a structure capable of demonstrating managerial leadership.

The Outside Directors are expected to provide advice and perform management supervision from strategic and broad viewpoints and an independent and objective standpoint and the Company selects individuals for Outside Director positions who have abundant knowledge, experience and expertise in such the areas of corporate management, international perspectives, marketing, human resource development, and corporate governance/risk management. Currently four of the nine Directors are women, and two are foreign nationals. This ensures diversity from the viewpoint of gender and international representation, etc., and reflects efforts to strengthen the Group's potential for sustainable growth and accelerate globalization. As described above, the current composition of the Board of Directors can be viewed as having achieved an optimal structure for fulfilling the board's duties.

#### [>For the reasons for selection of Directors and important concurrent positions, please refer to the Notice of Convocation of the Ordinary General Meeting of Shareholders.](#)

#### (5) Consideration of the CEO Succession Plan

The Company believes that appropriately administering the "CEO Succession Plan" is an important matter of the Company's corporate governance to ensure that the CEO, to whom management of the Company is entrusted, is selected fairly.

Regarding the "CEO Succession Plan," the Human Resources Committee clarifies qualifications required of the CEO in light of the business environment and management issues of the moment, and shares them with the Executive Directors, and the Executive Directors consider selection/reselection of the CEO, personnel selection and evaluation of the next CEO, understanding and training of potential candidates, and others in light of the qualifications which are clarified by the Human Resources Committee. The Human Resources Committee and the Executive Directors proactively share information and the Human Resources Committee deliberates on whether circumstances to be taken into account are reflected properly under an appropriate process, and consequently whether it is a right personnel decision, and reports the result of deliberation to the Board of Directors.

#### (6) Consideration of Outside Director Succession Plan

The Company believes that appropriately administering the “Outside Director Succession Plan” is an important matter of the Company’s corporate governance to ensure that Outside Directors who supervise the management of the Company from an independent standpoint are selected fairly.

Regarding the “Outside Director Succession Plan,” the Human Resources Committee plays a leading role in the consideration process. The Human Resources Committee clarifies the role particularly expected and specific skills required of Outside Directors in light of the business environment and management issues of the moment, and while making judgments on reselection based on performance of duties of incumbent Outside Directors, the committee methodically conducts searches and evaluations of new candidates, so that the roles expected and skills required of Outside Directors are consistently satisfied.

#### (7) Discussions on Director remuneration

Based on a resolution of the Board of Directors, the Company has established the “policy for determining the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members)” as set out here.

[>Policy for determining the details of remuneration, etc. for individual Directors \(excluding Audit and Supervisory Committee Members\)](#)

To ensure rationality, objectivity and transparency in remuneration decisions, the Human Resources Committee deliberates and discusses whether the Director remuneration conforms with the aforementioned policy, and whether the remuneration has been planned and implemented to attract excellent personnel and provide an incentive for improving corporate value, and be at a level that is suitable for the roles and responsibilities.

#### (8) Initiatives to enhance effectiveness of the Board of Directors (effectiveness evaluation, etc.)

The Board of Directors holds regular meetings once a month and extraordinary meetings as the need arises. In 2023, the Board of Directors held 13 board meetings and actively discussed, not only various management issues, including the management policy, capital investment, corporate governance, and sustainability, but also core-business related key issues and the execution of business. In addition to the number of meetings stated above, there were six written resolutions where it was deemed that a resolution of the Board of Directors had been made.

The Company conducts the following initiatives to enhance effectiveness of the Board of Directors.

In terms of the operational side, the Company provides preliminary dissemination of materials (in principle, materials are sent to each Director at least three business days prior to the board meeting) and a background explanation is provided to Outside Directors ahead of the board meeting (as a rule, the board secretariat provides individual explanations on the details of proposals and the business conditions which form the background to such proposals ahead of the board meeting).

The Company strives to provide Directors with opportunities to acquire the knowledge and understanding of the business required for them to execute their duties, such as by visiting the key distribution warehouse in Japan in 2023 to inspect the facilities, and hold meetings, with on-site managers to exchange opinions, on logistics issues in the Japan business and on the strategy going forward. Furthermore, with the aim of deepening their knowledge about the Group’s business and issues that it faces, from time to time the Company explains to Outside Directors about our business and issues, and conducts site inspections at its facilities and provides opportunities to interact with the site executives.

Regarding these initiatives, the Company evaluates the effectiveness of the Board of Directors once a year.

For the evaluation, the Company conducted self-evaluations for all Directors using questionnaire surveys, etc., and conducted hearings for Directors as necessary. Based on the results, the Board of Directors discussed issues for further improvements. As the results of the initiatives thus far, in order to enhance discussions on medium- and long-term management issues, the Company has worked to set priority items for discussion at board meetings and improve the quality of reports on operating results. In 2023, the Company conducted a questionnaire survey for all Directors, which required the respondents to provide their name and explanatory responses to evaluate the effectiveness of the Board of Directors and suitable operation of its meetings through fixed-point observation. As a significant evaluation matters for 2023, the Company conducted evaluation and identified issues on how discussions at the Board of Directors meetings are conducted and how it could be improved with the aim of bringing out the Company’s unique strengths and building a more effective Board of Directors.

Furthermore, the Company conducted questionnaire surveys of the members of the Human Resources Committee and the Special Committee, which required the respondents to provide their name and explanatory responses concerning those two committees, which are becoming increasingly important for the independent and objective supervisory function they are expected to perform.

### Information

Skillset Matrix of the Board of Directors  
[suntory.jp/skill\\_matrix\\_en/](https://suntory.jp/skill_matrix_en/)





As a result, it was confirmed that specific initiatives are being effectively implemented to reflect the Board of Directors' effectiveness evaluation from the previous fiscal year, such as (i) that free and open discussions were carried out at the meetings of the Board of Directors in an open atmosphere regardless whether they were inside or outside of Directors or Audit and Supervisory Committee Members; (ii) that opportunities are being adequately ensured, including opportunities outside of meetings of the Board of Directors, such as a background explanation ahead of the board meeting, to promote understanding of the Group's business and the issues that it faces and to exchange opinions with directors and the management team; (iii) that the deliberations carried out were appropriate in light of the priority items for deliberation and the deliberation schedule developed in consideration of management's strategies and challenges. It was also confirmed that at the Human Resources Committee and the Special Committee, there were no special issues concerning the current status and effectiveness at both committees, and measures are being taken to further improve effectiveness going forward.

The Company confirmed that conducting more substantive strategic and wide-ranging discussions on medium- and long-term management issues will continue to be an issue for the Board of Directors in the future. At the board meeting held in January 2024, the Board of Directors discussed the medium- and long-term corporate strategies and management issues to focus on in deliberations in 2024, and the deliberation schedule.

## Independent Outside Directors

(1) The Company believes that an Outside Director must be independent from the management team of the Company and the parent company Suntory Holdings in order for him or her to fulfill the duties of an Outside Director. Accordingly, the Company views Outside Directors as lacking independence if they fall under one or more of the categories below.

- 1) The relevant Outside Director is currently or has in the past (within the last ten years) been an executive officer of the Company, its subsidiaries, parent company or fellow subsidiaries, or a non-executive director of the parent company.
- 2) A close relative (of first or second degree) of the relevant Outside Director is currently or has in the past (within the last ten years) been a key business executive of the Company, its subsidiaries, parent company or fellow subsidiaries, or a non-executive director of the parent company.
- 3) A company where the relevant Outside Director currently serves as an executive officer has transactions with the Company, its subsidiaries, parent company or fellow subsidiaries and the monetary amount of such transactions was greater than 2% of consolidated revenue for any of the company where the relevant Outside Director serves, the Group or the Suntory Group in the past three business years.
- 4) The relevant Outside Director has, as an expert or consultant in the field of law, accounting, or tax, received remuneration of over ¥10 million directly from the Company, its subsidiaries, parent company or fellow subsidiaries in the past three business years. This excludes remuneration as a Director of the Company and remuneration paid to the organization or business to which the relevant Outside Director belongs.
- 5) A nonprofit organization of which the relevant Outside Director is an executive officer has received donations from the Company, its subsidiaries, parent company or fellow subsidiaries of over ¥10 million and this amount exceeded 2% of the relevant organization's total business income in the past three business years.

(2) At present, three of the Company's nine Directors are Outside Directors, and all Outside Directors of the Company do not fall into any of the categories listed in 1) to 5) above and are viewed as independent from the management team of the Company and from its parent company as well. In addition, the Company has reported to the Tokyo Stock Exchange that all of the three Outside Directors as independent officers.

(3) The Company believes that if Outside Directors concurrently serve as Directors or officers of other firms, the number of such posts he/she holds should be suitably limited to such that enables the individual to devote the necessary time and effort to discharge his/her duties and responsibilities as a Director of the Company appropriately.

(4) To ensure smooth cooperation and coordination between Outside Directors and the executive function, Outside Directors elect a lead Outside Director from among their number. In order to encourage strengthened cooperation between Outside Directors, regular opportunities for the exchange of opinions between Outside Directors are also provided.

## Audit and Supervisory Committee and Audit and Supervisory Committee Members

- (1) Audit and Supervisory Committee Members who serve as Outside Directors constitute a majority of the committee's members. The Audit and Supervisory Committee performs audits on Directors' performance of duties and other general performance of duties relating to the Group's management, in accordance with the internal control system.
- (2) In order to strengthen the auditing and supervisory functions of the Audit and Supervisory Committee, the Company collects information from Directors (excluding Audit and Supervisory Committee Members) and shares information at important meetings. Also, with the aim of ensuring ample cooperation between the internal audit division and the Audit and Supervisory Committee, the Company has a policy of selecting one full-time Audit and Supervisory Committee Member. At present, the Company has selected Hideki Kanda as the full-time Audit and Supervisory Committee Member. He has management experience as Head of a spirits operating company of the Suntory Group, and he possesses a considerable amount of expertise related to finance and accounting.

- (3) To ensure that the chair has the information required to fulfill the duties of the Audit and Supervisory Committee in abundance, and that they have sufficient time and effort to perform their important duties as chair, a full-time Audit and Supervisory Committee Member, who is the chairperson, has been appointed as chair.
- (4) During actual operation, information routinely gathered by the full-time Audit and Supervisory Committee Member is shared with Audit and Supervisory Committee Members who are Outside Directors, which constitute a majority of the committee's members, and subsequently utilized by the Audit and Supervisory Committee to ensure its effectiveness and independence.
- (5) In 2023, the Audit and Supervisory Committee meetings were held 13 times. Deliberations at the committee meetings encompassed matters such as formulation of audit implementation plans, discussion of important audit items, status on establishment and operation of internal control systems, evaluation of the Accounting Auditor, and preliminary discussion on agenda items of the Board of Directors meetings.
- (6) The Company has established the Group Audit Committee whose membership consists of Audit and Supervisory Committee Members, officers in charge of the corporate strategy division, and other officers. Audit and Supervisory Committee Members facilitate communication with the audit division, managing Directors and executive officers, thereby contributing in improving management quality.
- (7) The full-time Audit and Supervisory Committee Member attends meetings of the Risk Management Committee, Quality Assurance Committee, Sustainability Committee and other important meetings, and strives to collect information and establishes an audit environment.

## Accounting Auditor

- (1) The Company has a policy of selecting as its Accounting Auditor an audit corporation which is able to use a network of member firms that operates in many countries and regions and can conduct high-quality audits. At present, the Company has selected Deloitte Touche Tohmatsu LLC as its Accounting Auditor. The Accounting Auditor conducts accounting audits in accordance with Companies Act and Financial Instruments and Exchange Act of Japan.
- (2) The Company ensures that the Accounting Auditor has ample time to prepare a high-quality audit, and that the auditor is able to have direct discussions with the Company's management team as well as the cooperation of the Audit and Supervisory Committee and the internal audit division.
- (3) The Audit and Supervisory Committee formulates criteria for evaluation and selection of the Accounting Auditor. During the process for reselecting the Accounting Auditor, in accordance with these criteria, Audit and Supervisory Committee confirms the Accounting Auditor's audit quality, appropriateness of remuneration level, independence, and expertise, through reports submitted by the finance & accounting division and Accounting Auditor, and makes a decision on the selection after comprehensively considering those results.  
The Audit and Supervisory Committee has established the "Policy Regarding Decisions of Dismissal or Non-reappointment of Accounting Auditor." These decision policy is set forth below.  
If the Company's Audit and Supervisory Committee deems that any circumstance stipulated in any item of Article 340, Paragraph 1 of the Companies Act of Japan applies to the Accounting Auditor, the Accounting Auditor will be dismissed based on the unanimous approval of all Audit and Supervisory Committee Members. In such situations, an Audit and Supervisory Committee Member selected by the Committee shall report to the first General Meeting of Shareholders convened after the dismissal both the fact of the dismissal and the reasons for the dismissal.  
The Company's Audit and Supervisory Committee shall, if it is recognized that on consideration of the Accounting Auditor's performance of their duties and the Company's audit system, etc. there is a need for a change in Accounting Auditor, decide on the content of a proposal to submit to the General Meeting of Shareholders regarding the dismissal or the non-reappointment of the Accounting Auditor.
- (4) In 2024, the Audit and Supervisory Committee received reports from the finance & accounting division and Accounting Auditor regarding the auditing structure and activities of the Accounting Auditor in line with the criteria for evaluation and selection of the Accounting Auditor. It evaluated the Accounting Auditor's audit quality and appropriateness of remuneration level, and confirmed their independence and expertise. As a result of this evaluation, the Audit and Supervisory Committee decided that the Accounting Auditor would be reselected for fiscal 2024.

## Shares owned by the Group

- (1) The Group owns shares of some of its counterparties as cross-shareholdings to strengthen business relationships. When looking to newly acquire shares of counterparties, the finance division and any departments (or companies) controlling transactions will give consideration to the current and future profitability of the target company. Moreover, the judgment of whether or not it is appropriate to acquire the aforementioned shares will be made from the viewpoint of whether or not the strengthening of business relationship with the target company will contribute to the maintenance and improvement of the Group's corporate value.
- (2) With respect to the shares of counterparties owned by the Group, the Company's finance division performs an annual examination of each of the relevant securities, whereby it confirms with any departments (or companies) that are controlling transactions with said counterparties about the status of transactions, etc. including the initial purpose of acquiring the shares, the current amount of business transactions and the nature of the business transactions. If there are shares the ownership of which does not match the initial purpose of the share acquisition, the ownership of these shares will be reduced by sale, etc. Inspections are carried out in the board meeting once a year about shares of counterparties owned by the Group, detailing such securities, the purpose and the rationale of their holdings.
- (3) With regard to exercising its voting rights on the cross-shareholdings, the Group exercises such voting rights appropriately based on a judgment on whether the contents of the proposal will maintain and improve the corporate value of the Group, and add shareholder value. The Group arrives at such judgment by arranging for any departments (or companies) controlling transactions to hold discussions with target company and for specialist departments such as the finance division or the legal affairs division to carry out verification. The Group will not exercise voting rights in the affirmative for proposals that impair the Group's corporate value or shareholders value regardless of whether they are company proposals or shareholder proposals.

## Transactions, activities, etc. with the Suntory Group

- (1) The Company has established the permanent Special Committee as a system to safeguard the interests of general shareholders based on the "Basic policy" for the Company's corporate governance stated above. To ensure fairness, transparency and objectivity regarding transactions, activities, etc. with the Suntory Group, the Special Committee verifies the necessity and reasonableness, the appropriateness of the terms and conditions, etc., and the fairness of transactions equal to or exceeding a certain amount with the Suntory Group, including Suntory Holdings, and transactions, activities, etc. related to the business resources forming the source of Company's corporate value, such as brands, human resources, key assets and information (hereinafter collectively referred to as "Important Transactions, Activities, etc."), and reports to the Board of Directors. The members of the Special Committee must be persons who have independence from the Suntory Group to ensure the committee's independence and objectivity, and currently it is composed of three Independent Outside Directors.
- (2) Transactions, activities, etc. with the Suntory Group are, in accordance with internal regulations, examined beforehand by the departments conducting the transactions, activities, etc. and by the Company's legal affairs division and finance & accounting division to confirm the necessity and reasonableness of transactions, activities, etc., the appropriateness of their terms and conditions, etc., and the fairness, taking into consideration the perspective of independence from Suntory Holdings. Furthermore, the Board of Directors makes a decision on Important Transactions, Activities, etc. after sufficient deliberation has been made on the necessity and reasonableness of the Important Transactions, Activities, etc., the appropriateness of their terms and conditions, etc., and the fairness through the process of the prior deliberation and report by the Special Committee.
- (3) In addition to deliberation beforehand, in accordance with internal regulations, the legal affairs division, finance & accounting division, and internal audit division conduct a check and the Audit and Supervisory Committee conducts an audit after the transactions, activities, etc. were conducted, for the purpose of confirming whether they were based on the contents of the deliberation. For Important Transactions, Activities, etc., the status is reported to the Special Committee and the Board of Directors, and they confirm the results of the transactions, activities, etc.
- (4) According to these systems, fairness, transparency and objectivity of the transaction, activity, etc. with the Suntory Group is ensured.
- (5) In 2023, the Special Committee held two meetings to deliberate Important Transactions, Activities, etc., including the payment of brand royalties, the delegation of functional duties, and the expansion of the RTD business, as a result of which it was able to confirm the necessity and reasonableness, the appropriateness of the terms and conditions, etc., and the fairness of the Important Transactions, Activities, etc., and submitted reports to the Board of Directors. The Board of Directors has also approved the said Important Transactions, Activities, etc. based on the report by the Special Committee.

## Internal controls and risk management

(1) With a basic approach regarding internal control systems having been established by the Board of Directors, the Company will strive to ensure that its business operations are appropriately carried out in accordance with such policy.

### [>The Company's internal control system basic policy](#)

(2) The Company has established the Risk Management Committee, the Quality Assurance Committee, and the Sustainability Committee. The Risk Management Committee takes on the role of promoting the risk management activities of the entire Group. The Committee identifies the Group's risks, designs countermeasures for these risks, and verifies the progress of responding to these risks. In 2023, the Risk Management Committee meetings were held two times.

The Quality Assurance Committee is in charge of promoting quality assurance activities for the entire Group. The Committee identifies issues pertaining to the Group in terms of quality assurance, works to develop countermeasures, and confirms the progress of responding to such quality assurance issues. In 2023, the Quality Assurance Committee meetings were held two times.

The Sustainability Committee is responsible for promoting sustainability management of the entire Group, and will formulate and promote the Group's sustainability strategies that contribute to sustainable development of society and business. In 2023, the Sustainability Committee meetings were held two times.

(3) The Group has established an internal audit division which conducts audits of the Group to ensure business operations are being conducted in an appropriate manner. The internal audit division has a number of personnel transferred from the finance & accounting division who possess insight in finance and accounting.

The internal audit division provides regular reports on the action plan and its progress to the Board of Directors, and provides reports directly to the Directors on the results of the internal audit and engages in cooperation with the Board of Directors.

(4) The status of compliance with the Group's aforementioned code of conduct is reported to the Board of Directors on a regular basis upon having administered the questionnaire survey on corporate culture and workplace environment, including the status of compliance with the code of conduct. In 2023, the Company again distributed to the domestic employees a questionnaire survey on corporate culture and workplace environment, including the status of compliance with this code of conduct, and reported the findings of this survey to the Board of Directors.

(5) The Company has established three channels for whistleblowing as follows.

1) Division in charge of compliance (via telephone or email)

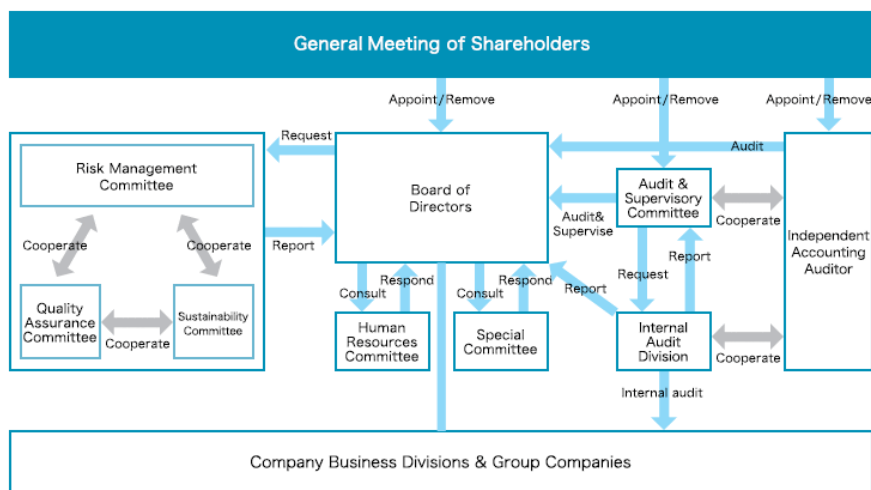
2) Through external channels including a law firm and other providers of services to receive whistleblower disclosures (via telephone or email)

3) Through the Audit and Supervisory Committee (via email)

The Group employees in both Japan and overseas have been made aware of the existence of these channels through their publication on the Group's intranet.

The Company's internal regulations prohibit any adverse treatment of whistleblowers.

### <The Company's Corporate Governance Structure>



### Information

The Company's internal control system basic policy  
[suntory.jp/basic\\_policy\\_en/](http://suntory.jp/basic_policy_en/)



## Financial Statement Data

### Consolidated statement of financial position (FY2017 - 2023, IFRS)

(Millions of yen)

Fiscal Years	2017	2018	2019	2020	2021	2022	2023
<b>Assets</b>							
Current assets							
Cash and cash equivalents	113,883	146,535	143,564	167,480	176,655	200,630	171,755
Trade and other receivables	176,653	184,900	191,240	196,242	240,584	270,969	309,923
Other financial assets	11,793	984	6,200	717	1,252	3,118	1,664
Inventories	81,015	85,766	84,916	79,260	87,807	106,086	115,967
Other current assets	25,487	25,149	20,287	23,496	23,953	25,564	28,175
Subtotal	408,832	443,336	446,210	467,198	530,253	606,370	627,486
Assets held for sale	22,081	27	104	—	—	—	11,421
Total current assets	430,914	443,363	446,314	467,198	530,253	606,370	638,907
Non-current assets							
Property, plant and equipment	354,216	375,382	372,036	360,358	372,337	381,511	416,600
Right-of-use assets	—	—	47,446	50,772	52,260	48,841	51,891
Goodwill	254,025	250,685	247,851	250,448	255,599	264,573	278,231
Intangible assets	432,814	418,562	411,374	405,175	430,086	452,444	495,339
Investments accounted for using the equity method	1,233	1,216	1,107	895	1,005	1,305	114
Other financial assets	20,460	20,955	17,162	14,513	13,847	14,777	14,482
Deferred tax assets	12,701	14,291	14,428	15,465	14,173	6,398	8,969
Other non-current assets	15,663	14,959	9,575	9,423	7,362	7,125	7,878
Total non-current assets	1,091,115	1,096,052	1,120,984	1,107,052	1,146,673	1,176,978	1,273,507
<b>Total assets</b>	<b>1,522,029</b>	<b>1,539,416</b>	<b>1,567,299</b>	<b>1,574,251</b>	<b>1,676,926</b>	<b>1,783,349</b>	<b>1,912,415</b>
<b>Liabilities and equity</b>							
Current liabilities:							
Bonds and borrowings	95,654	75,437	74,652	83,401	55,789	57,996	49,431
Trade and other payables	289,521	303,783	322,455	308,381	354,595	384,366	430,812
Other financial liabilities	32,678	30,736	38,444	33,542	30,877	34,026	22,982
Accrued income taxes	18,773	18,445	18,815	14,628	14,757	18,098	19,926
Provisions	1,385	2,074	1,511	1,586	2,016	1,417	1,403
Other current liabilities	8,860	8,639	6,026	4,986	5,529	8,254	6,100
Subtotal	446,873	439,117	461,905	446,526	463,565	504,160	530,656
Liabilities directly associated with assets held for sale	6,215	—	—	—	—	—	5,073
Total current liabilities	453,088	439,117	461,905	446,526	463,565	504,160	535,730
Non-current liabilities							
Bonds and borrowings	211,375	195,436	132,716	120,292	109,558	64,752	25,000
Other financial liabilities	25,306	20,150	45,752	52,867	54,241	44,987	45,472
Post-employment benefit liabilities	11,888	13,258	15,405	15,073	14,697	13,732	14,323
Provisions	2,913	2,702	2,557	2,287	4,312	5,722	6,068
Deferred tax liabilities	66,001	63,494	65,835	71,695	81,403	84,922	93,954
Other non-current liabilities	5,253	6,377	5,561	5,952	5,196	4,965	6,838
Total non-current liabilities	322,738	301,421	267,828	268,168	269,409	219,083	191,657
<b>Total liabilities</b>	<b>775,827</b>	<b>740,538</b>	<b>729,733</b>	<b>714,694</b>	<b>732,974</b>	<b>723,244</b>	<b>727,388</b>
<b>Equity</b>							
Share capital	168,384	168,384	168,384	168,384	168,384	168,384	168,384
Share premium	182,404	182,349	182,349	182,414	182,423	182,229	182,229
Retained earnings	364,274	420,638	464,705	492,451	536,996	594,773	652,706
Treasury shares	—	—	△ 0	△ 0	△ 0	△ 0	△ 0
Other components of equity	△ 24,625	△ 56,548	△ 58,870	△ 61,495	△ 27,210	19,834	84,050
Total equity attributable to owners of the Company	690,437	714,823	756,568	781,755	860,593	965,220	1,087,370
Non-controlling interests	55,763	84,054	80,997	77,801	83,358	94,883	97,656
<b>Total equity</b>	<b>746,201</b>	<b>798,877</b>	<b>837,565</b>	<b>859,556</b>	<b>943,952</b>	<b>1,060,104</b>	<b>1,185,027</b>
<b>Total liabilities and equity</b>	<b>1,522,029</b>	<b>1,539,416</b>	<b>1,567,299</b>	<b>1,574,251</b>	<b>1,676,926</b>	<b>1,783,349</b>	<b>1,912,415</b>

## Financial Statement Data

### Consolidated statement of profit or loss (FY2017 - 2023, IFRS)

(Millions of yen)

Fiscal years	2017	2018	2019	2020	2021	2022	2023
<b>Revenue</b>	1,234,008	1,294,256	1,299,385	1,178,137	1,268,917	1,450,397	1,591,722
Cost of sales	△ 697,789	△ 758,724	△ 763,291	△ 694,282	△ 745,735	△ 897,879	△ 1,001,726
<b>Gross profit</b>	536,219	535,532	536,094	483,855	523,181	552,518	589,996
Selling, general and administrative expenses	△ 412,444	△ 424,897	△ 414,794	△ 382,331	△ 397,707	△ 420,240	△ 445,401
Gain on investments accounted for using the equity method	447	137	5	△ 85	70	411	△ 27
Other income	5,862	14,591	1,681	3,341	2,887	19,375	3,273
Other expenses	△ 12,129	△ 11,806	△ 9,039	△ 8,603	△ 9,863	△ 12,375	△ 6,114
<b>Operating income</b>	117,955	113,557	113,948	96,177	118,568	139,688	141,726
Finance income	871	1,032	1,427	861	508	1,629	4,281
Finance costs	△ 4,384	△ 2,777	△ 3,188	△ 2,871	△ 2,024	△ 2,026	△ 4,226
Profit before tax	114,442	111,813	112,186	94,168	117,052	139,291	141,781
Income tax expense	△ 28,267	△ 22,979	△ 32,106	△ 29,873	△ 34,023	△ 38,192	△ 37,301
<b>Profit for the year</b>	86,175	88,833	80,080	64,294	83,029	101,099	104,480
Attributable to:							
<b>Owners of the Company</b>	78,112	80,024	68,888	52,212	68,676	82,317	82,743
Non-controlling interests	8,062	8,808	11,191	12,082	14,353	18,781	21,736
Profit for the year	86,175	88,833	80,080	64,294	83,029	101,099	104,480
Earnings per share (Yen)	252.79	258.98	222.94	168.97	222.25	266.40	267.78



## Financial Statement Data

### Consolidated statement of cash flows (FY2017 - 2023, IFRS)

(Millions of yen)

Fiscal years	2017	2018	2019	2020	2021	2022	2023
<b>Cash flows from operating activities</b>							
Profit before tax	114,442	111,813	112,186	94,168	117,052	139,291	141,781
Depreciation and amortization	63,934	63,319	71,035	70,652	69,376	70,791	73,079
Impairment losses (reversal of impairment losses)	184	4,177	2,008	1,962	1,647	2,675	553
Interest and dividends income	△ 871	△ 893	△ 1,422	△ 833	△ 450	△ 1,475	△ 4,225
Interest expense	2,724	2,365	2,824	2,137	1,926	1,949	2,936
Loss (gain) on investments accounted for using the equity method	△ 447	△ 137	△ 5	85	△ 70	△ 411	27
Loss (gain) on sales of shares of subsidiaries	—	△ 12,038	—	—	—	△ 16,020	△ 43
Decrease (increase) in inventories	△ 7,887	△ 4,855	439	5,058	△ 5,503	△ 19,213	△ 4,683
Decrease (increase) in trade and other receivables	△ 1,425	△ 4,946	△ 7,019	△ 5,556	△ 36,634	△ 23,615	△ 29,328
Increase (decrease) in trade and other payables	6,453	7,933	8,943	△ 1,337	32,109	23,472	26,729
Other	3,446	7,211	11,820	△ 3,072	10,099	3,676	△ 13,994
Subtotal	180,554	173,949	200,811	163,265	189,553	181,122	192,833
Interest and dividends received	833	850	1,345	955	439	1,355	4,000
Interest paid	△ 2,813	△ 2,405	△ 2,776	△ 1,968	△ 2,925	△ 2,026	△ 2,058
Income tax paid	△ 29,061	△ 26,040	△ 28,783	△ 28,232	△ 28,887	△ 29,941	△ 36,482
<b>Net cash inflow (outflow) from operating activities</b>	<b>149,513</b>	<b>146,354</b>	<b>170,596</b>	<b>134,019</b>	<b>158,180</b>	<b>150,509</b>	<b>158,292</b>
<b>Cash flows from investing activities</b>							
Payments for property, plant and equipment and intangible assets	△ 55,339	△ 56,929	△ 58,815	△ 62,485	△ 56,122	△ 60,228	△ 79,236
Proceeds on sale of property, plant and equipment and intangible assets	787	715	332	352	1,191	477	173
Payments for transfer of business	—	—	—	—	△ 2,223	—	—
Payments for purchase of shares of subsidiaries	—	△ 26,719	△ 900	—	—	—	—
Proceeds from sale of businesses	—	—	—	—	—	—	627
Proceeds from sale of subsidiaries	—	24,216	—	—	—	18,400	—
Other	1,593	173	1	915	286	△ 1,044	636
<b>Net cash (outflow) from investing activities</b>	<b>△ 52,958</b>	<b>△ 58,543</b>	<b>△ 59,382</b>	<b>△ 61,217</b>	<b>△ 56,867</b>	<b>△ 42,395</b>	<b>△ 77,798</b>
<b>Cash flows from financing activities</b>							
Increase (decrease) in short-term borrowings	8,751	4,073	△ 9,458	30,197	△ 29,622	△ 323	△ 4,799
Proceeds from long-term borrowings	26,642	9,500	—	30,000	11,189	6,618	—
Repayments of long-term borrowings	△ 61,905	△ 63,027	△ 27,979	△ 57,194	△ 27,820	△ 43,832	△ 30,000
Proceeds from issuance of bonds	—	29,883	—	—	19,927	—	—
Redemption of bonds	—	—	△ 25,000	—	△ 15,000	—	△ 15,000
Payments of lease liabilities	△ 8,404	△ 6,998	△ 14,842	△ 13,983	△ 16,484	△ 13,524	△ 15,475
Dividends paid to owners of the Company	△ 23,484	△ 23,793	△ 24,101	△ 24,101	△ 24,101	△ 24,101	△ 25,028
Dividends paid to non-controlling interests	△ 5,397	△ 6,516	△ 13,639	△ 11,655	△ 14,197	△ 17,042	△ 25,100
Payments for shares of subsidiaries	△ 171	△ 44	—	—	—	—	—
Other	374	54	△ 134	△ 16	△ 0	△ 0	△ 0
<b>Net cash (outflow) from financing activities</b>	<b>△ 63,593</b>	<b>△ 56,868</b>	<b>△ 115,156</b>	<b>△ 46,754</b>	<b>△ 96,109</b>	<b>△ 92,207</b>	<b>△ 115,404</b>
Net increase (decrease) in cash and cash equivalents	32,961	30,941	△ 3,942	26,047	5,203	15,907	△ 34,910
Cash and cash equivalents at the beginning of the year	84,096	113,883	146,535	143,564	167,480	176,655	200,630
Reversal of cash and cash equivalents included in assets held for sale	—	3,439	—	—	—	—	—
Cash and cash equivalents at the beginning of the year	84,096	117,322	146,535	143,564	167,480	176,655	200,630
Effects of exchange rate changes on cash and cash equivalents	265	△ 1,728	971	△ 2,131	3,971	8,067	7,337
Cash and cash equivalents included in assets held for sale	△ 3,439	—	—	—	—	—	△ 1,301
<b>Cash and cash equivalents at the end of the year</b>	<b>113,883</b>	<b>146,535</b>	<b>143,564</b>	<b>167,480</b>	<b>176,655</b>	<b>200,630</b>	<b>171,755</b>



## Stock Status

As of December 31, 2023

Total number of shares authorized to be issued	480,000,000 shares
Total number of issued and outstanding shares	309,000,000 shares
Number of shareholders	40,016

### Major Shareholders (Top 10 shareholders)

Name	Shares held (Thousands)	Ratio of shareholding (%)
Suntory Holdings Limited	183,800	59.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,910	7.0
Custody Bank of Japan, Ltd. (Trust Account)	7,487	2.4
JPMorgan Securities Japan Co., Ltd.	4,725	1.5
STATE STREET BANK WEST CLIENT TREATY 505234	3,759	1.2
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2,999	0.9
STATE STREET BANK AND TRUST COMPANY 505224	2,794	0.9
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02505002	2,664	0.8
Mizuho Securities Co., Ltd	2,639	0.8
JP MORGAN CHASE BANK 385781	1,715	0.5

## Corporate Bonds and Ratings

### Corporate Bonds

#### First Series of Unsecured Straight Corporate Bonds

Date of issue : Jun. 26, 2014

Total amount of issue : 25 billion yen

Interest rate : 0.259% per annum

Maturity date : Jun. 26, 2019

#### Third Series of Unsecured Straight Corporate Bonds

Date of issue : Jul. 26, 2018

Total amount of issue : 15 billion yen

Interest rate : 0.001% per annum

Maturity date : Jul. 26, 2021

#### Second Series of Unsecured Straight Corporate Bonds

Date of issue : Jun. 26, 2014

Total amount of issue : 15 billion yen

Interest rate : 0.700% per annum

Maturity date : Jun. 26, 2024

#### Fourth Series of Unsecured Straight Corporate Bonds

Date of issue : Jul. 26, 2018

Total amount of issue : 15 billion yen

Interest rate : 0.070% per annum

Maturity date : Jul. 26, 2023

### Ratings

#### Japan Credit Rating Agency, Ltd. (JCR)

As of July 3, 2024

Long-Term Senior Debt Rating (Issuer Rating)	AA
CP Rating	J-1+

#### Moody's

As of June 4, 2024

Long-Term Senior Debt Rating (Issuer Rating)	A2
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