

# 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

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## 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.

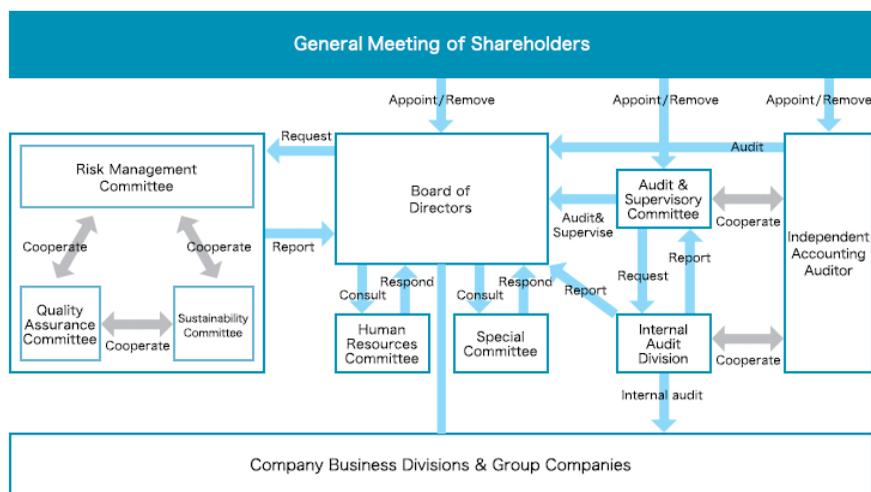
(5) The Company has established three channels for whistleblowing as follows.

- 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  
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