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# Notice of Convocation of the 11th Ordinary General Meeting of Shareholders

Suntory Beverage & Food Limited

[Promise]

## **Mizu To Ikiru**

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.

[Vision]

Enrich our drinking-experiences to be  
more natural, healthy, convenient, and fulfilling,  
by leading the next drinks revolution

To: Our Shareholders

Aiming for New Frontiers in Value to Bring Greater Joy to Customers

<Turning risks into chances>

With today's business environment around the Company constantly changing at ever-increasing speed, we now face various risks that never existed before. When writing in Chinese characters, we sometimes write "risk" as "危機 (kiki)." Looking at the respective meanings of each character, the first ("危 (ki)") means "danger" and the second ("機 (ki)") means "opportunity." Looking forward to 2020, we will press ahead with initiatives to make even greater leaps forward by firmly seizing junctures of change as opportunities to turn risks into chances.

<First Mover: the strategy of going first>

Looking at the Company's growth up until now, we owe our success to our founding "Yatte Minahare" spirit, steadily driving us to create new categories, develop those categories into brands, and continue to provide our customers with value that never before existed. By blending mizu (water) with cutting-edge innovations, we will continue to create more natural and healthy drinking experiences, and be the "first mover" on things, without fear of failure.

<Game Changer: the strategy of changing the playing field>

In our initiatives for sustainability, we are employing long-developed proprietary technology to build manufacturing and logistics systems with lower environmental impact through efficiently recycling of plastics, reducing CO<sub>2</sub> emissions, and conserving and utilizing water resources. By accelerating the evolution of contents, packaging and services with refined technology and unique ideas, we will further expand business domains by changing the playing field.

<"Gemba" centric>

Nothing is more important than the "Gemba" (frontline of customers' purchase and consumption). In order to give voice to and to shape the discoveries from the "Gemba," we will advance in business operations by transcending the boundaries of ethnicity, nationality and language, and making the entire Group's wisdom one unified force, as we aim for new frontiers in value to bring greater joy to customers.

We look forward to the continued support and guidance of our shareholders.

Sincerely yours,

Kazuhiro Saito  
Representative Director, President & Chief  
Executive Officer

Suntory Beverage & Food Limited

*[Translation]*

March 5, 2020

To: Our Shareholders

Notice of Convocation of the 11th Ordinary General Meeting of Shareholders

Dear Shareholder:

You are hereby notified that the 11th Ordinary General Meeting of Shareholders (the “Meeting”) of Suntory Beverage & Food Limited (the “Company”) will be held as described below. Your attendance would be much appreciated.

If you are unable to attend the Meeting, you may exercise your voting rights by mail or the Internet, etc. Please review the attached Reference Document for the General Meeting of Shareholders and exercise your voting rights before 5:30 p.m. Thursday, March 26, 2020.

**Exercising voting rights by attendance at the General Meeting of Shareholders**

Please refer to page 5.

**Exercising voting rights by mail**

Please refer to page 5.

**Exercising voting rights by the Internet, etc.**

Please refer to page 6.

1. Date and Time: March 27, 2020 (Friday) at 10:00 a.m.
2. Place: Grand Prince Hotel New Takanawa  
“International Convention Center PAMIR”  
13-1, Takanawa 3-chome, Minato-ku, Tokyo
3. Purpose:  
Items to be reported:
  1. Business Report and the Consolidated Financial Statements for the 11th business term (from January 1, 2019 to December 31, 2019), the audit reports on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
  2. The Financial Statements for the 11th business term (from January 1, 2019 to December 31, 2019)

Items to be resolved:

- Proposal 1: Appropriation of Surplus  
Proposal 2: Partial Amendments to the Articles of Incorporation  
Proposal 3: Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)  
Proposal 4: Election of One (1) Director Serving on the Audit and Supervisory Committee  
Proposal 5: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

Sincerely yours,

Kazuhiro Saito  
Representative Director, President & Chief  
Executive Officer

Suntory Beverage & Food Limited  
1-1, Kyobashi 3-chome, Chuo-ku, Tokyo

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- If revisions are made to the Reference Document for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Financial Statements, we will post the revised versions on the Company’s website: <https://www.suntory.com/softdrink/ir/stock/meeting.html>

Guide to Exercising Voting Rights

**Exercising voting rights by attendance at the General Meeting of Shareholders**

Please present the enclosed voting form to the reception desk.

Date and Time: March 27, 2020 (Friday) at 10:00 a.m. (Reception desk opens at 9:00 a.m.)

Place: Grand Prince Hotel New Takanawa  
“International Convention Center PAMIR”  
13-1, Takanawa 3-chome, Minato-ku, Tokyo

- Please note that persons other than shareholders who can exercise voting rights, such as proxies who are not shareholders or accompanying persons, shall not be permitted entry even if they hold the enclosed voting form. Also, if attending the Meeting in person, please bring this Notice of Convocation to save resources.
- For those shareholders attending in person, an exhibition corner will be established at the Meeting venue to enable them to further deepen their understanding of the Company’s various initiatives. We look forward to seeing you there.

**Exercising voting rights by mail**

Please indicate “For” or “Against” with respect to each proposal on the enclosed voting form and post it without affixing a postage stamp.

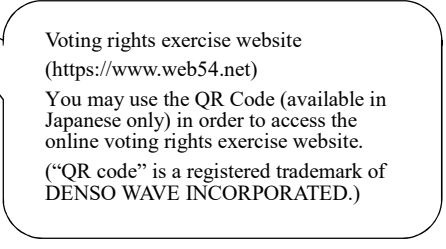
Votes to be received by: March 26, 2020 (Thursday) at 5:30 p.m.

<b>&lt; Guide to filling in the voting form &gt;</b>	
Please indicate your “For” or “Against” with respect to each proposal.	
<u>Proposals 1, 2, 4 and 5</u>	
If you consent:	Mark a ○ in the box marked “賛”
If you dissent:	Mark a ○ in the box marked “否”
<u>Proposal 3</u>	
If you consent for all candidates:	Mark a ○ in the box marked “賛”
If you dissent for all candidates:	Mark a ○ in the box marked “否”
If you selectively veto certain candidates:	Mark a ○ in the box marked “賛” and write the number of each candidate you choose to veto.
[Handling of voting rights]	
If you indicate neither your “For” nor “Against” with respect to each proposal on the voting form, your answer will be deemed to be “For.”	

### Exercising voting rights by the Internet, etc.

Please access the Company's designated voting rights exercise website (<https://www.web54.net>) (available in Japanese only), input your "voting right exercise code" and "password" indicated on the enclosed voting form, and follow the instructions on the display to indicate "For" or "Against" with respect to each proposal. (Any fees to internet service providers and telecommunication carriers (such as access fees, etc.) for the usage of the voting rights exercise website shall be borne by the shareholders.)

Votes to be transmitted by: March 26, 2020 (Thursday) at 5:30 p.m.

<b>&lt; Guidance for the usage of the voting rights exercise website &gt;</b>	
1. Please access the voting rights exercise website. Click on "Next"	 <p>Voting rights exercise website (<a href="https://www.web54.net">https://www.web54.net</a>) You may use the QR Code (available in Japanese only) in order to access the online voting rights exercise website. ("QR code" is a registered trademark of DENSO WAVE INCORPORATED.)</p>
2. Enter the "voting right exercise code" indicated on the voting form. Enter the "voting right exercise code" Click on "Login"	
3. Enter the "password" indicated on the voting form. Enter the "password" Click on "Next"	
4. Follow the subsequent instructions on screen to register your approval or disapproval.	

### Inquiries regarding the operation of a PC, smartphone and mobile phone

If you have any technical inquiries regarding the operation of a PC, smartphone and mobile phone for exercising voting rights on the voting rights exercise website, please contact the following:

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Web Support Phone No.

Toll-free (within Japan): 0120-652-031 (9:00 a.m. to 9:00 p.m.) (JST)

- If you exercise your voting rights both by sending and via the Internet, etc., the vote exercised via the Internet, etc. will be taken as valid. If you exercise your voting rights more than once via the Internet, etc., or twice by using both your personal computer and mobile phone, only the final vote will be taken as valid.

### For institutional investors

Institutional investors may use the electronic voting rights exercise platform operated by ICJ, Inc. to exercise the voting rights by electronic or magnetic means for the Meeting.

Reference Document for the General Meeting of Shareholders

Proposals and Reference Information

**Proposal 1:** Appropriation of Surplus

Considering the business performance and business environment, we propose to pay a year-end dividend for the current business term of ¥39 per share of common stock of the Company in accordance with our dividend policy.

Accordingly, including the interim dividend of ¥39 already paid, the annual dividend for the current business term will be ¥78 per share. The details are as follows.

- (i) Type of dividend property: Cash
- (ii) Matters concerning the allotment of dividend property to shareholders and the total amount of the allotment:  
¥39 per share of common stock of the Company  
Total cash dividends of ¥12,050,999,883
- (iii) Date on which the dividend of surplus will become effective: March 30, 2020

(Reference) Dividend Policy of the Company

Consolidated payout ratio of profit for the year attributable to owners of the Company: 30%

The Company believes its prioritization of strategic investments as well as capital expenditures for sustainable profit growth and improving corporate value will benefit its shareholders. In addition, the Company views an appropriate shareholder return as one of its core management principles. While giving due consideration to providing a stable return and maintaining robust internal reserves for the future, the Company intends to pursue a comprehensive shareholder return policy that also takes into account its business results and future funding needs.

Specifically, the Company aims to stably increase dividends on the basis of profit growth with a targeted consolidated payout ratio of 30% or more of profit for the year attributable to owners of the Company. Looking to the medium and long term, the Company will also consider increasing the payout ratio depending on such factors as its need for funds and progress in profit growth.



**Proposal 2:** Partial Amendments to the Articles of Incorporation

1. Reason for proposal

To strengthen management efficiency, cross-functional operations, and synergy within the Suntory Group, the head office will be relocated. Accordingly, the location of the head office in Article 3 of the current Articles of Incorporation will be changed. Moreover, this amendment is to come into effect on the date of the relocation of the head office, to be determined by a meeting of the Board of Directors to be held before the 12th Ordinary General Meeting of Shareholders scheduled to be held in 2021, and a provision to that effect shall be established in the supplementary provision. After the effective date of the relocation of the head office, this supplementary provision shall be deleted.

2. Details of amendments

The details of the amendments are as follows.

(Underlined portions are amended)

Current Articles of Incorporation	Proposed Amendments
<p>Article 3 (Location of head office) The company shall have its head office in <u>Chuo-ku</u>, Tokyo.</p>	<p>Article 3 (Location of head office) The company shall have its head office in <u>Minato-ku</u>, Tokyo.</p>
<p style="text-align: center;">SUPPLEMENTARY PROVISION</p> <p>(Transitional measures concerning exemption from liability of audit and supervisory board members)</p> <p>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the company may, by resolution of the board of directors, exempt audit and supervisory board members (including former audit and supervisory board members) from their liability for damages arising from their failure to perform their duties to the extent prescribed by laws and regulations regarding conduct carried out before the partial amendments to the articles of incorporation resolved at the 6th ordinary general meeting of the shareholders take effect.</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">SUPPLEMENTARY PROVISION</p> <p><u>Article 1</u> (Transitional measures concerning exemption from liability of audit and supervisory board members)</p> <p>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the company may, by resolution of the board of directors, exempt audit and supervisory board members (including former audit and supervisory board members) from their liability for damages arising from their failure to perform their duties to the extent prescribed by laws and regulations regarding conduct carried out before the partial amendments to the articles of incorporation resolved at the 6th ordinary general meeting of the shareholders take effect.</p> <p><u>Article 2</u> (Effective date of amendment to Article 3 of the Articles of Incorporation)</p> <p><u>The amendment to Article 3 of the Articles of Incorporation is to come into effect on the date of the relocation of the head office, to be determined by a meeting of the Board of Directors to be held before the 12th Ordinary General Meeting of Shareholders scheduled to be held in 2021. This article shall be deleted after the effective date of the relocation of the head office.</u></p>

**Proposal 3:** Election of Six (6) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

At the close of the Meeting, the term of office of all seven (7) Directors (excluding Directors serving on the Audit and Supervisory Committee; the same applies hereafter in this proposal) will expire. Accordingly, we request the election of six (6) Directors, lowering the number of Directors by one (1), to further enhance the flexibility of the Board of Directors.

Also, in regard to this proposal, the Audit and Supervisory Committee has judged the candidates to be reasonable nominations for the position of Director of the Company.

The candidates for Directors to be elected are as follows:

No.	Name		Current positions, etc. in the Company or other companies	Board of Directors Meeting Attendance
1	Reelection	Saburo Kogo	Representative Director, Chairman of the Board Overall Group Management	13/13
2	Reelection	Kazuhiro Saito	Representative Director, President & Chief Executive Officer Overall Group Management	10/10
3	Reelection	Yuji Yamazaki	Director, Senior Managing Executive Officer Chief Operating Officer, Corporate Management Division In charge of Sustainability/Public Relations	12/13
4	Reelection	Josuke Kimura	Director, Senior Managing Executive Officer Chief Executive Officer, Japan Business Division Chief Operating Officer, Communication Division, Japan Business Division	13/13
5	Reelection	Nobuhiro Torii	Director Representative Director, Executive Vice President & Chief Operating Officer of Suntory Holdings Limited	12/13
6	Reelection Outside Director Independent Officer	Yukari Inoue	Outside Director Managing Director of Kellogg Japan G.K.	12/13

Note: In addition to the number of attendances at meetings of the Board of Directors presented above, in accordance with the provisions of Article 370 of the Companies Act, and of Article 27 of the Company's Articles of Incorporation, there were four (4) written resolutions where it was deemed that a resolution of the Board of Directors had been made.

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 1 Reelection  Saburo Kogo (August 27, 1954)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1977.</p> <p>Assumed the office of Chief Operating Officer, Supply Chain Management Division and Senior General Manager, Supply Chain Management Department of such company in September 2004.</p> <p>Assumed the office of Director of such company in March 2006.</p> <p>Assumed the office of Chief Operating Officer, Sales &amp; Marketing Division Kinki Area of such company in March 2008.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Director of Suntory Beer &amp; Spirits Limited (Present: Suntory Liquors Limited) in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Sales &amp; Marketing Division Kinki Area of such company in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Metropolitan Sales &amp; Marketing Division of such company in September 2009.</p> <p>Assumed the office of Senior Managing Director of Suntory Beverage &amp; Food Limited in January 2011.</p> <p>Assumed the office of Chief Operating Officer, Marketing &amp; Development Division of such company in January 2011.</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in January 2011.</p> <p>Assumed the office of Chief Operating Officer, Beverage &amp; Food Business Division of Suntory Beverage &amp; Food Limited in May 2012.</p> <p>Assumed the office of Director, Executive Vice President of such company in December 2012.</p> <p>Assumed the office of Representative Director, President &amp; Chief Executive Officer of such company in March 2016.</p> <p>Assumed the office of Chief Operating Officer, Corporate Strategy Division of such company in April 2017.</p> <p>Has occupied the office of Representative Director, Chairman of the Board of such company from March 2019 to date (incumbent).</p> <p>&lt;Responsibilities&gt; Overall Group Management</p> <p>&lt;Reason for the Selection&gt; In consideration of Mr. Kogo's track record in directing the Group as Representative Director, President &amp; Chief Executive Officer and Chairman of the Board of the Company, his extensive insights into all areas of management and wide-ranging work experience, we judge him well qualified for the role of Director so that he may contribute to further strengthening the functioning of the Board of Directors.</p> <p>&lt;Board of Directors Meeting Attendance&gt; 13/13</p> <p>&lt;Term of Office as Director&gt; Nine years and two months (as of the closing of the Meeting)</p>	<p>2,500</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 2 Reelection  Kazuhiro Saito (October 31, 1956)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1979.</p> <p>Assumed the office of Deputy Division Chief Operating Officer, Beverage &amp; Food Division of such company in September 2005.</p> <p>Assumed the office of Managing Director of Suntory Beverage &amp; Food Limited in April 2009.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Executive Vice President of Suntory (China) Holding Co., Ltd. in January 2011.</p> <p>Assumed the office of Chief Operating Officer, Chinese Beverage &amp; Food Division of such company in January 2011.</p> <p>Assumed the office of President of such company in April 2014.</p> <p>Assumed the office of Chief Operating Officer, Chinese Beer &amp; Huangjiu Division of such company in April 2014.</p> <p>Assumed the office of Managing Executive Officer of Suntory Beverage &amp; Food Limited in March 2015.</p> <p>In charge of Corporate Planning Division, Chief Operating Officer, Finance &amp; Accounting Division of such company in April 2015.</p> <p>Assumed the office of Full-time Advisor of such company in April 2016.</p> <p>Assumed the office of Chief Executive Officer of Suntory Beverage &amp; Food Asia Pte. Ltd. in April 2016.</p> <p>Has occupied the office of Representative Director, President &amp; Chief Executive Officer of Suntory Beverage &amp; Food Limited from March 2019 to date (incumbent).</p> <p>&lt;Responsibilities&gt; Overall Group Management</p> <p>&lt;Important Concurrent Positions&gt; Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Suntory Beverage &amp; Food Asia Pte. Ltd. Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Director of Pepsi Bottling Ventures LLC</p> <p>&lt;Reason for the Selection&gt; Mr. Saito has borne management responsibility of the Group in his role as Representative Director, President &amp; Chief Executive Officer of the Company. In consideration not only of his track record in directing the entire Group through his strong leadership but also of his keen insights derived from past accomplishments in the domestic beverage business, the corporate planning division and the finance and accounting division, as well as of his extensive business experience overseas, we judge him well qualified for the role of Director.</p>	<p>2,000</p>

*[Translation]*

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<Board of Directors Meeting Attendance> 10/10  * This is his attendance at Board of Directors meetings since assuming his post on March 28, 2019. <Term of Office as Director> One year (as of the closing of the Meeting)	

<p>Candidate 3 Reelection  Yuji Yamazaki (July 17, 1957)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1980.</p> <p>Assumed the office of Senior General Manager, Group Strategy Planning Department of such company in March 2005.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Senior General Manager, Group Strategy Planning Department of such company in April 2009.</p> <p>Assumed the office of Managing Director of Suntory Beverage &amp; Food Limited in January 2011.</p> <p>Assumed the office of Senior General Manager, Corporate Planning Department of such company in January 2011.</p> <p>Assumed the office of Senior General Manager, Corporate Planning Department and Chief Operating Officer, Business Administration Division of such company in September 2011.</p> <p>Assumed the office of Senior Managing Director of such company in March 2012.</p> <p>Assumed the office of Chief Operating Officer, International Division of such company in April 2012.</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in April 2012.</p> <p>Assumed the office of Vice Chief Operating Officer, Beverage &amp; Food Business Division and Senior General Manager, Brand Marketing Department of Suntory Beverage &amp; Food Limited in April 2013.</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in April 2014.</p> <p>Assumed the office of Chief Operating Officer, Group Strategy Planning Division and in charge of Corporate Planning &amp; Administration Division of such company in April 2014.</p> <p>Assumed the office of Representative Director, President &amp; Chief Executive Officer of Suntory Wine International Limited in January 2015.</p> <p>Assumed the office of Director of Suntory Liquors Limited in January 2015.</p> <p>Assumed the office of Director of Suntory Beer, Wine &amp; Spirits Japan Limited in April 2017.</p> <p>Has occupied the office of Director, Senior Managing Executive Officer of Suntory Beverage &amp; Food Limited from March 2018 to date (incumbent).</p> <p>Assumed the office of Chief Operating Officer, Corporate Strategy Division of such company in April 2018.</p> <p>Assumed the office of Chief Operating Officer, Corporate Management Division of such company in April 2019.</p> <p>Has occupied the office of Chief Operating Officer, Corporate Management Division and in charge of Sustainability/Public Relations of such company from January 2020 to date (incumbent).</p> <p>&lt;Responsibilities&gt; Chief Operating Officer, Corporate Management Division and in charge of Sustainability/Public Relations</p>	<p>2,200</p>
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Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<p>&lt;Important Concurrent Positions&gt; Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited</p> <p>&lt;Reason for the Selection&gt; In his role as Chief Operating Officer, Corporate Management Division of the Company, Mr. Yamazaki has been in charge of the human resources division, the general affairs/legal affairs division, risk management and so on. In consideration of his track record in working to strengthen the Group's corporate governance structure and extensive experience in leading divisions of corporate planning and international business, we judge him well qualified for the role of Director.</p> <p>&lt;Board of Directors Meeting Attendance&gt; 12/13</p> <p>&lt;Term of Office as Director&gt; Two years (as of the closing of the Meeting)</p>	

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 4 Reelection  Josuke Kimura (January 23, 1961)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1983.</p> <p>Assumed the office of Senior General Manager, Marketing &amp; Development Division of Suntory Beverage &amp; Food Limited in April 2009.</p> <p>Assumed the office of Executive Officer of such company in April 2010.</p> <p>Assumed the office of Deputy Chief Operating Officer, Marketing &amp; Development Division of such company in April 2010.</p> <p>Assumed the office of Senior General Manager, Brand Marketing Department of such company in May 2012.</p> <p>Assumed the office of Director of Suntory Foods Limited in March 2013.</p> <p>Assumed the office of Chief Operating Officer, Nationwide Chainstores Sales Division of such company in April 2013.</p> <p>Assumed the office of Senior Managing Director of such company in March 2014.</p> <p>Assumed the office of Full-time Advisor of Suntory Beverage &amp; Food Limited in April 2014.</p> <p>Assumed the office of Chief Operating Officer, Nationwide Chainstores Sales Division and in charge of Sales Development &amp; Marketing Promotion Division of Suntory Foods Limited in September 2015.</p> <p>Assumed the office of Managing Director of Suntory Beer Limited in March 2016.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2016.</p> <p>Assumed the office of Chief Operating Officer, Business Strategy Planning Division and Chief Operating Officer, Brand Marketing Division of Suntory Beer Limited in April 2016.</p> <p>Assumed the office of Managing Executive Officer of such company in April 2017.</p> <p>Assumed the office of Chief Operating Officer, Brand Marketing Division and Senior General Manager, Premium Beer Marketing Department of such company in April 2017.</p> <p>Assumed the office of Director, Managing Executive Officer of Suntory Beverage &amp; Food Limited in March 2018.</p> <p>Has occupied the office of Chief Executive Officer, Japan Business Division of such company from April 2018 to date (incumbent).</p> <p>Has occupied the office of Director, Senior Managing Executive Officer of such company from March 2019 to date (incumbent).</p> <p>Has occupied the office of Chief Operating Officer, Communication Division, Japan Business Division of such company from January 2020 to date (incumbent).</p> <p>&lt;Responsibilities&gt; Chief Executive Officer, Japan Business Division and Chief Operating Officer, Communication Division, Japan Business Division</p>	<p>1,000</p>



Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<p>&lt;Important Concurrent Positions&gt; Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited Director of Japan Beverage Holdings Inc.</p> <p>&lt;Reason for the Selection&gt; In his role as Chief Executive Officer, Japan Business Division of the Company, Mr. Kimura has a track record not only in using his strong leadership to drive the domestic business but also in using the keen insights derived from his wide-ranging experience, notably in the marketing division as well as in the sales division. In consideration of this, we judge him well qualified for the role of Director.</p> <p>&lt;Board of Directors Meeting Attendance&gt; 13/13</p> <p>&lt;Term of Office as Director&gt; Two years (as of the closing of the Meeting)</p>	

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 5 Reelection</p> <p>Nobuhiro Torii (March 10, 1966)</p>	<p>Joined The Industrial Bank of Japan, Limited (Present: Mizuho Bank, Ltd.) in July 1991.</p> <p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1997.</p> <p>Assumed the office of Senior General Manager, Overall Sales &amp; Marketing Division of such company in September 2005.</p> <p>Assumed the office of Director of such company in March 2007.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Executive Officer of such company in April 2010.</p> <p>Assumed the office of Representative Director, President &amp; Chief Executive Officer of Suntory Beverage &amp; Food Limited in January 2011.</p> <p>Assumed the office of Senior Managing Director of Suntory Holdings Limited in January 2011.</p> <p>Assumed the office of Director of such company in January 2013.</p> <p>Has occupied the office of Representative Director and President of Kotobuki Realty Co., Ltd. from March 2016 to date (incumbent).</p> <p>Has occupied the office of Representative Director, Executive Vice President &amp; Chief Operating Officer of Suntory Holdings Limited from March 2016 to date (incumbent).</p> <p>Has occupied the office of Director of Suntory Beverage &amp; Food Limited from March 2016 to date (incumbent).</p> <p>Assumed the office of Regional CEO and in charge of Japan Group Mid-long term Strategy of Suntory Holdings Limited in April 2016.</p> <p>Assumed the office of Representative Director of Suntory Beer, Wine &amp; Spirits Japan Limited in March 2017.</p> <p>Has occupied the office of Representative Director, President &amp; Chief Executive Officer of such company from April 2017 to date (incumbent).</p> <p>Has occupied the office of Representative Director, Chairman &amp; Chief Executive Officer of Suntory Liquors Limited from March 2018 to date (incumbent).</p> <p>&lt;Responsibilities&gt; -</p> <p>&lt;Important Concurrent Positions&gt; Representative Director, Executive Vice President &amp; Chief Operating Officer of Suntory Holdings Limited</p> <p>&lt;Reason for the Selection&gt; In consideration of Mr. Torii's extensive track record over many years as a business manager in the Suntory Group and of his wide-ranging insights and experience in all areas of management, we judge him well qualified for the role of Director so that he may contribute to further strengthening the functioning of the Board of Directors.</p>	<p>9,000</p>

*[Translation]*

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<Board of Directors Meeting Attendance> 12/13 <Term of Office as Director> Nine years and two months (as of the closing of the Meeting)	

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 6</p> <p>Reelection</p> <p>Outside Director</p> <p>Independent Officer</p> <p>Yukari Inoue (April 4, 1962)</p>	<p>Joined Procter &amp; Gamble Far East, Inc. in April 1985.</p> <p>Assumed the office of Marketing Director of Procter &amp; Gamble North America in October 1995.</p> <p>Assumed the office of Marketing Director, Feminine Care of Procter &amp; Gamble Northeast Asia in October 1998.</p> <p>Assumed the office of General Manager, Feminine Care of such company in March 2000.</p> <p>Assumed the office of Managing Director of Jardine Wines and Spirits K.K. (Present: MHD Moët Hennessy Diageo K.K.) in March 2003.</p> <p>Assumed the office of Representative Director and President of Cadbury Japan Limited (Present: Mondelēz Japan Limited) in November 2005.</p> <p>Has occupied the office of Managing Director of Kellogg Japan G.K. from July 2013 to date (incumbent).</p> <p>Has occupied the office of Outside Director of JC Comsa Corporation from June 2014 to date (incumbent).</p> <p>Has occupied the office of Outside Director of Suntory Beverage &amp; Food Limited from March 2015 to date (incumbent).</p> <p>&lt;Responsibilities&gt; -</p> <p>&lt;Important Concurrent Positions&gt; Managing Director of Kellogg Japan G.K. Outside Director of JC Comsa Corporation</p> <p>&lt;Reason for the Selection&gt; Ms. Inoue has a plentiful track record in corporate management for many years and keen insight derived mainly from professional experience overseas. In consideration of this, and her record of appropriate advice and proposals on important management decisions of the Company in her role as an Outside Director to date, we judge her well qualified for the role of Director.</p> <p>&lt;Board of Directors Meeting Attendance&gt; 12/13</p> <p>&lt;Term of Office as Director&gt; Five years (as of the closing of the Meeting)</p>	<p>3,000</p>

- Notes:
1. There is no special interest between the Company and each candidate.
  2. The positions and responsibilities held at the parent company, etc. at present and in the last five years by Messrs. Saburo Kogo, Kazuhiro Saito, Yuji Yamazaki, Josuke Kimura and Nobuhiro Torii are as listed in the "Career Summary, Position and Responsibilities and Important Concurrent Positions" column.
  3. Ms. Yukari Inoue is a candidate for Outside Director.
  4. The Company has concluded limited liability agreements with Mr. Torii and Ms. Inoue, pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on these agreements, Mr. Torii and Ms. Inoue's liability as Directors is limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan. The Company plans to continue these agreements with Mr. Torii and Ms. Inoue if they are reelected at the Meeting.
  5. The Company designated Ms. Inoue as an Independent Officer and reported this designation

to the Tokyo Stock Exchange. Ms. Inoue currently serves as Managing Director of Kellogg Japan G.K. However, the Group does not conduct any transactions with the aforesaid company.

**Proposal 4:** Election of One (1) Director Serving on the Audit and Supervisory Committee

At the close of the Meeting, the term of office of Director serving on the Audit and Supervisory Committee Mr. Kozo Chiji will expire. Accordingly, we request the election of one (1) Director serving on the Audit and Supervisory Committee. The Audit and Supervisory Committee has already given their consent to this proposal. This proposal has been considered by the Directors serving on the Audit and Supervisory Committee, but they have expressed no opinion.

The candidate for Director serving on the Audit and Supervisory Committee to be elected is as follows:

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Reelection</p> <p>Kozo Chiji (August 24, 1956)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1980.</p> <p>Assumed the office of Chief Operating Officer, Finance &amp; Accounting Division of such company in March 2005.</p> <p>Assumed the office of Director of such company in March 2008.</p> <p>Assumed the office of Chief Operating Officer, Finance &amp; Accounting Division and in charge of Group Accounting Center, Information Systems Department, Group Business Development Department of such company in March 2008.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Finance &amp; Accounting Division of such company in April 2009.</p> <p>Assumed the office of Managing Director of Suntory Business Expert Limited (Present: Suntory MONOZUKURI Expert Limited) in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Business Systems Division of such company in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Corporate Planning &amp; Administration Division and Chief Operating Officer, Finance &amp; Accounting Division of Suntory Holdings Limited in April 2010.</p> <p>Assumed the office of Managing Executive Officer of such company in January 2011.</p> <p>Assumed the office of Chief Operating Officer, Group Strategy Planning Division and Chief Operating Officer, Finance &amp; Accounting Division of such company in April 2012.</p> <p>Assumed the office of Chief Operating Officer, Finance &amp; Accounting Division and in charge of Corporate Planning &amp; Administration Division of such company in January 2013.</p> <p>Assumed the office of Chief Operating Officer, Finance &amp; Accounting Division of such company in April 2014.</p> <p>Has occupied the office of Director serving as full-time Audit and Supervisory Committee Member of Suntory Beverage &amp; Food Limited from March 2016 to date (incumbent).</p>	<p>3,300</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<p>&lt;Important Concurrent Positions&gt;            Audit &amp; Supervisory Board Member of Suntory Foods Limited            Audit &amp; Supervisory Board Member of Suntory Beverage Solution Limited            Audit &amp; Supervisory Board Member of Suntory Products Limited</p> <p>&lt;Reason for the Selection&gt;            Mr. Chiji has made significant contributions to the management of the Suntory Group companies, especially in the fields of finance and accounting. In his role as Director serving on the Audit and Supervisory Committee (full-time), he also has the experience to conduct auditing of the Company's execution of business and a proven track record of providing appropriate advice and proposals on important management decisions of the Company. Considering this, we judge him well qualified for the role of Director serving on the Audit and Supervisory Committee.</p> <p>&lt;Board of Directors Meeting Attendance&gt;            13/13</p> <p>&lt;Audit and Supervisory Committee Meeting Attendance&gt;            12/13</p> <p>&lt;Term of Office as Director Serving on the Audit and Supervisory Committee&gt;            Four years (as of the closing of the Meeting)</p>	

- Notes:
1. There is no special interest between the Company and Mr. Kozo Chiji.
  2. The positions and responsibilities held at the parent company, etc. by Mr. Chiji at present and in the last five years are as listed in the "Career Summary, Position and Responsibilities and Important Concurrent Positions" column.
  3. The Company has concluded a limited liability agreement with Mr. Chiji pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on this agreement, Mr. Chiji's liability as a Director is limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan. The Company plans to continue this agreement with Mr. Chiji if he is reelected at the Meeting.
  4. In addition to the number of attendances at meetings of the Board of Directors presented above, in accordance with the provisions of Article 370 of the Companies Act, and of Article 27 of the Company's Articles of Incorporation, there were four (4) written resolutions where it was deemed that a resolution of the Board of Directors had been made.

**Proposal 5:** Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

At the 10th Ordinary General Meeting of Shareholders held on March 28, 2019, Mr. Mitsuhiro Amitani was elected as a Substitute Director serving on the Audit and Supervisory Committee. As the effect of his election will expire at the commencement of the Meeting, we request the election of one (1) Substitute Director serving on the Audit and Supervisory Committee as a substitute for all the Directors serving on the Audit and Supervisory Committee, to prepare for a situation where the number of Directors serving on the Audit and Supervisory Committee does not satisfy the number prescribed by laws and regulations.

The Audit and Supervisory Committee has already given their consent to this proposal. This proposal has been considered by the Directors serving on the Audit and Supervisory Committee, but they have expressed no opinion.

The candidate for Substitute Director serving on the Audit and Supervisory Committee to be elected is as follows:

Name (Date of Birth)	Career Summary and Important Concurrent Positions	Number of Company's Shares Held (shares)
Mitsuhiro Amitani (June 2, 1956)	<p>Registered as Attorney in April 1985.</p> <p>Joined Hashidate Law Office in April 1985.</p> <p>Joined Wakita Law Office in November 1989.</p> <p>Has occupied the office of Attorney of Shimada, Seno &amp; Amitani Law Office (Present: SAH &amp; Co.) from March 1990 to date (incumbent).</p> <p>Has occupied the office of Outside Audit &amp; Supervisory Board Member of STANLEY ELECTRIC CO., LTD. from June 2006 to date (incumbent).</p> <p>Has occupied the office of Outside Audit &amp; Supervisory Board Member of HUB CO., LTD. from May 2013 to date (incumbent).</p> <p>&lt;Important Concurrent Positions&gt;                      Attorney (Partner) of SAH &amp; Co.                      Outside Audit &amp; Supervisory Board Member of STANLEY ELECTRIC CO., LTD.                      Outside Audit &amp; Supervisory Board Member of HUB CO., LTD.</p> <p>&lt;Reason for the Selection&gt;                      Based on his high-level specialized knowledge of the field of law as an attorney, we expect Mr. Amitani to provide appropriate opinions from a reasonable and fair perspective on the Company's decision making as it relates to the execution of its business, and we judge him well qualified for the role of Substitute Outside Director serving on the Audit and Supervisory Committee.</p>	-

- Notes:
1. There is no special interest between the Company and Mr. Mitsuhiro Amitani.
  2. Mr. Amitani is a candidate for Substitute Outside Director.



3. Although Mr. Amitani has not been directly involved in corporate management in ways other than being an Outside Director or Outside Audit & Supervisory Board Member, as noted in the <Reason for the Selection> pertaining to him, we judge him well qualified to perform his duties as a Director serving on the Audit and Supervisory Committee.
4. If Mr. Amitani assumes office as a Director serving on the Audit and Supervisory Committee, the Company will conclude a limited liability agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on this agreement, Mr. Amitani's liability as a Director would be limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan.
5. If Mr. Amitani assumes office as a Director serving on the Audit and Supervisory Committee, the Company plans to designate Mr. Amitani as an Independent Officer and report this designation to the Tokyo Stock Exchange.

**(Reference) Nomination of Candidates for Directors**

- Of its own volition, the Company has established a human resources committee (hereinafter in this section, the committee). The committee exercises its authority in a manner that places due consideration on concerns regarding shareholder conflict of interest in order to continuously ensure effectiveness of the management structure tasked with facilitating the Company's sustainable growth.
- The committee's membership is to consist of the Director, Chairman of the Board, the Director, President & Chief Executive Officer, the Director in charge of the human resources division, and an individual designated by the Director, Chairman of the Board (including Outside Directors), and Outside Directors must constitute at least half of its membership. The committee currently consists of six members: three Outside Directors, the Representative Director, Chairman of the Board, the Representative Director, President & Chief Executive Officer, and the Director in charge of the human resources division.
- The committee deliberates on proposals for selection of candidates for Directors or dismissal of Directors and the levels and criteria of remuneration for Directors (excluding Audit and Supervisory Committee Members), and report to the Board of Directors about its appropriateness. In addition, the committee also deliberates on the status of formulating and administering succession planning with respect to candidates for the CEO and Outside Director, and report such matters to the Board of Directors. The Company strives to improve corporate value through its cooperation with the Suntory Group. This involves closely consulting with the parent company Suntory Holdings Limited regarding matters such as proposals for selection of candidates for Directors or dismissal of Directors, their remuneration levels and so forth. Meanwhile, through the committee's deliberations and reporting, the Company aims to ensure objectivity and independence from the parent company, and maximize returns for all shareholders.
- When deliberating proposals for selection of candidates for Directors or dismissal of Directors, the committee considers the following factors:
  - Qualification as a Director: whether the candidate appropriately exercises his or her duty of care and duty of loyalty when conducting business, and whether he or she has the qualities to contribute to the Company's sustainable profit growth and improve corporate value.
  - Qualification as an Executive Director: whether he or she is familiar with the Group businesses and possesses the ability to appropriately manage the Group business.
  - Qualification as an Outside Director: whether he or she possesses the ability to utilize insight and experience gained from various specialist fields to formulate the Company's corporate strategy and oversee the execution of business. Also, whether he or she possesses the ability to carry out functions of management oversight from the perspective of maximizing returns for all shareholders, in a manner whereby he or she maintains independence from the parent company Suntory Holdings Limited, in addition to maintaining independence from the management team of the Company.
- The Board of Directors nominates candidates to be selected or Directors to be dismissed based on the content of the report from the committee while also considering the experience, knowledge and performance evaluation of such candidates for Directors.

**(Reference) Standard for Independence of Outside Directors**

The Company believes that an Outside Director must be independent from the management team of the Company and the parent company Suntory Holdings Limited 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.

- 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.
- 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.
- 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.
- 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.
- 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.

End

(Attached Documents)

Business Report (from January 1, 2019 to December 31, 2019)

## 1. Matters Concerning the Present Condition of the Group

## (1) Progress and Achievement of Business

Category	Billions of yen		
	The 10th Fiscal Year 2018	The 11th Fiscal Year 2019	YoY change
Consolidated revenue	1,294.3	1,299.4	Up 0.4%
Consolidated operating income	113.6	113.9	Up 0.3%
Profit for the year attributable to owners of the Company	80.0	68.9	Down 13.9%

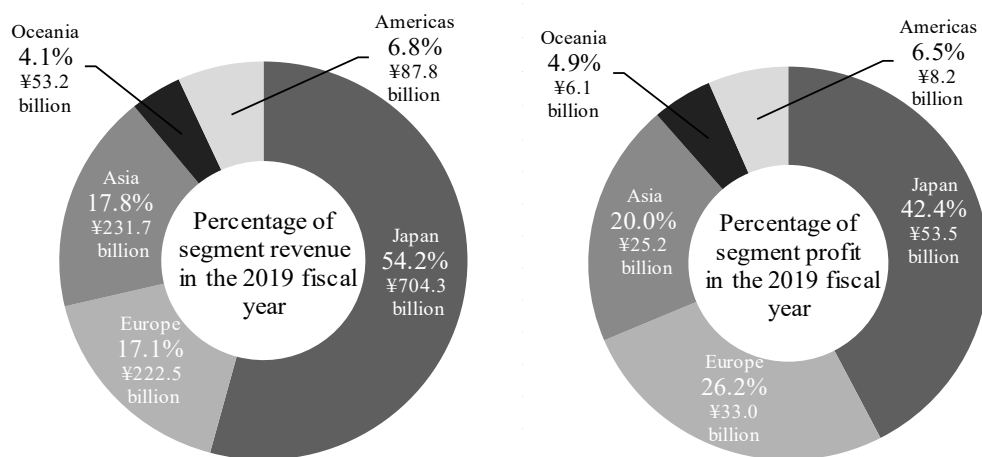
Suntory Beverage & Food Limited Group (the Group), based on the philosophy of enriching consumers' lives by proposing premium and unique products that match the tastes and needs of consumers, put effort into brand reinforcement and new demand creation, and worked to improve the quality of products. Furthermore, to ensure sustainable future growth, the Group endeavored to fortify its business foundation in each area.

As a result of the above, for the fiscal year under review, the Group reported consolidated revenue of ¥1,299.4 billion, up 0.4% year on year. Consolidated operating income was ¥113.9 billion, which was up 0.3% year on year regardless of the impact of a gain on sale of business of ¥12.0 billion recorded in the previous year. Profit for the year attributable to owners of the Company was ¥68.9 billion, down 13.9% year on year.

Results by segment are described below.

Results by segment are described below.

(Reference) Segment revenue and segment profit in the 2019 fiscal year



Billions of yen

Segment	Segment revenue	Segment profit
Japan business	704.3	53.5
Europe business	222.5	33.0
Asia business	231.7	25.2
Oceania business	53.2	6.1
Americas business	87.8	8.2
Reconciliations	—	(12.1)
Total	1,299.4	113.9

Segment Information**Japan business**

Segment revenue	¥704.3 billion (down 0.6% year on year)
Segment profit	¥53.5 billion (up 1.5% year on year)

The Group worked on strengthening core brands with a focus on water, coffee, and sugar-free tea categories in the fiscal year under review. While sales volume in the beverage market decreased year on year due in part to the impact of the late end to the rainy season, the Company's sales volume also decreased year on year, however, our volume outperformed the market. Sales of the *Suntory Tennensui* brand decreased year on year due to the impact of the bad weather in July. For the *BOSS* brand, in addition to carrying out proactive marketing activities for canned coffee, the *Craft BOSS* series grew, and sales volume for the *BOSS* brand as a whole was higher than that of the previous year. In the sugar-free tea category, sales volume for *Green DAKARA Yasashii Mugicha* grew significantly, although sales of the *Iyemon* brand declined year on year. Furthermore, the Group actively developed marketing activities, for *Tokucha* in the FOSHU drink category and *Iyemon Plus for Cholesterol Control* in the functional beverages, and promoted initiatives toward increasing revenue, such as raising the product shipment price and the recommended retail price for certain products in May.

In terms of profit, the Group worked on improving profitability through mid-term structural reform by establishing a high added-value and profitable business model, promoting SCM structural innovation and reforming the vending machine business structure. The reforms of the vending machine business will need time to achieve results on par with initial projections, but efforts to establish a high added-value and profitable business model, as well as to realize SCM structural innovation have steadily achieved results. In addition to continuous initiatives to reduce cost, there was also a reduction in sales promotion and advertising costs compared to the previous fiscal year.

As a result of these activities, the Japan business reported revenue of ¥704.3 billion, down 0.6% year on year, and segment profit of ¥53.5 billion, up 1.5% year on year.

**Europe business**

Segment revenue	¥222.5 billion (down 6.9% year on year)
Segment profit	¥33.0 billion (up 13.4% year on year)

In France, the core brand *Oasis* was affected by the stagnant market conditions, resulting in sales volume falling slightly year on year, but sales volume for *Orangina* was nearly flat year on year. In the UK, with the ongoing recovery in the sales trend of *Lucozade*, sales volume for the brand exceeded that of the previous year. In Spain, sales volume for the core *Schweppes* brand was higher than that of the previous year driven by the off-premise channel, but overall sales in Spain declined year on year as a result of difficulties in the on-premise channel, which carries premium pricing. In terms of profit, UK sales growth made a positive contribution. The cost of production in France was reduced through initiatives

such as the progression of SCM activities, and marketing expenses were optimized, which contributed to profit.

As a result of these activities, the Europe business reported revenue of ¥222.5 billion, down 6.9% year on year, and segment profit of ¥33.0 billion, up 13.4% year on year.

<b>Asia business</b>	
Segment revenue	¥231.7 billion (up 11.7% year on year)
Segment profit	¥25.2 billion (down 13.7% year on year)

In the beverage business, the energy drink Sting and the RTD tea *TEA+*, among others in Vietnam as well as the core product *Pepsi* in Thailand all sold strongly, resulting in their sales being significantly higher year on year. The flavoured water *goodmood*, which had been well-received by consumers in Indonesia, was launched in Thailand and Vietnam. Regarding the health supplement business, the Group focused on strengthening marketing for such products as *BRAND'S Essence of Chicken*, mainly in the core Thailand market, and worked to review distribution policy.

As a result of these activities, the Asia business reported revenue of ¥231.7 billion, up 11.7% year on year. Segment profit was ¥25.2 billion, down 13.7% year on year due to the impact of a gain on sale of business of ¥12.0 billion recorded in the same period of the previous year.

<b>Oceania business</b>	
Segment revenue	¥53.2 billion (down 1.8% year on year)
Segment profit	¥6.1 billion (down 3.7% year on year)

Regarding the beverage business, in addition to focusing efforts on strengthening marketing for energy drinks such as *V*, the Group worked on strengthening its core brands such as *Toby's Estate*, *L'Affare*, and *Mocopan* in the fresh coffee business. As a result of these activities, the Oceania business reported revenue of ¥53.2 billion, down 1.8% year on year, and segment profit of ¥6.1 billion, down 3.7% year on year.

<b>Americas business</b>	
Segment revenue	¥87.8 billion (up 3.2% year on year)
Segment profit	¥8.2 billion (down 2.9% year on year)

In addition to further strengthening sales of the core carbonated beverage brand products, the Group also focused on the growing non-carbonated beverage category, which included water and RTD coffee.

As a result of these activities, the Americas business reported revenue of ¥87.8 billion, up 3.2% year on year, and segment profit of ¥8.2 billion, down 2.9% year on year.

(2) Issues to Address

We promise and declare to society that we make our living with water, which we call *Mizu to Ikiru*.

We embrace nature, enrich our society and encourage our people to take on new challenges. In addition, in the light of recent changes in the business environment, such as shifts in social conditions and rising health-focus among consumer needs, we have set our vision to “Enrich our drinking-experiences to be more natural, healthy, convenient, and fulfilling, by leading the next drinks revolution.”

Our medium-term strategy is as follows.

**Medium-term strategy**

Establish a unique position moving one step ahead of consumer trends, in the global beverages industry

Our aspiration is ¥2.5 trillion sales by 2030 to be achieved organically by outperforming the market as well as through incremental growth from new investments.

Aim for profit growth which outpaces revenue growth.

In order to achieve these, the Group will proactively develop business in line with the following key strategic pillars.

<Key strategic pillars >

First mover

- Double down on core brands through innovation
- Innovate future categories

Game Changer

- Go beyond RTD (Ready To Drink)
- Expand into new markets

<Way of working>

- “Gemba” centric
- Break down silos, build One Team

In addition to above, the Group will contribute to local societies through accelerating sustainability management.

Based on the above, in the 2020 fiscal year, the Group will work to strengthen business foundations and structural reform in each reportable segment, and aim for growth of revenue and profits.

< Japan business >

While the business environment continues to be challenging due to increases in various costs and so on, the Group will further promote structural reform in order to improve profitability. With regard to establishing a high added-value and profitable business model, the Group will strengthen our initiatives for recovering and expanding positive sales trends in high-profitability products, including *Tokucha* FOSHU drink category and functional beverages, such as *Iyemon Plus for Cholesterol Control*. As for “SCM structural innovation,” as well as strengthening production capacity, the Group will work to make further use of technologies such as AI. The Group assumes that reforms of the vending machine business structure will take time to bear fruit, but we will move forward with measures focused on revenue growth and cost reductions in this fiscal year. The Group will continue marketing activities this year around *Suntory Tennensui*, *BOSS*, *Iyemon* and *Green DAKARA*. With the *Suntory Tennensui* brand, the Group will continue to appeal to consumers using its unique “clear & tasty” brand value. In the *BOSS* brand, in addition to focusing on marketing activities aimed at existing core users of canned coffee, the Group will further strengthen initiatives for *Craft BOSS*. In addition to planning the first major renewal of the *Iyemon* brand since its launch, the Group will continue to bolster educational activities aimed at positioning the *Green DAKARA* brand as a way of helping prevent heatstroke, while further strengthening marketing activities aimed at maintaining the positive momentum of the *Green DAKARA Yasashii Mugicha*. Moreover, on top of the activities that the entire Suntory Group has engaged in over many years, such as initiatives to contribute to the environment and society, the Group will put effort into activities in order to leave a sustainable society for the next generation, such as by reinforcing effective use of used PET bottles.

< Europe business >

In the major countries, in addition to working to revitalize core brands, the Group will tackle structural reform such as strengthening sales and supply chain management. In France, the Group will further strengthen core brands such as *Orangina*, *Oasis* and the low-sugar product *MayTea*, and work to improve supply chain costs and the cost of production. In the UK, the Group will further strengthen sales with a focus on the core brands *Lucozade* and *Ribena*. In Spain, the Group will bolster marketing activities in order to put the brakes on sales decline in *Schweppes* in the on-premise channel.

< Asia business >

For the beverage business, in Vietnam, the Group will strive to accelerate growth of core brands such as the energy drink *Sting* and the RTD tea *TEA+*, and continue sales activities in the rural areas as well as in urban areas. In Thailand, the Group will strengthen the *Pepsi* brand and work to achieve further improvements in productivity, and work to reinforce low-sugar products in order to capture demand driven by the rising health consciousness of consumers. The Group will continue to work to expand sales of the cup jelly drink *Okky* in Indonesia. In the health supplement business, the Group will focus on reviving the trend through active marketing activities for core product *BRAND'S Essence of Chicken*. The Group



will also strengthen initiatives for growing markets such as Myanmar and bolster the direct-sales business.

< Oceania business >

In the beverage business, the Group will focus on core brands such as the energy drink *V* and the sports drink *Maximus*. In the fresh coffee business, the Group will work on strengthening its core brands such as *Toby's Estate*, *L'Affare*, and also *Mocopan*.

< Americas business >

The Group will enhance the core carbonated beverage category, while also working to further expand the growing non-carbonated beverage category. The Group will also continue its efforts to reduce costs.

We appreciate and value your ongoing cooperation and support.

## Sustainability Initiatives

Suntory Beverage & Food Limited takes on initiatives involving various themes such as preservation of water and the natural environment under the “Mizu To Ikiru” promise to society.

As a company that is supported by the blessings of nature, we are fulfilling our responsibility to contribute to the construction of a sustainable society by establishing the Environmental Targets toward 2030 and promoting them.

- Environmental Targets toward 2030

1. Water

- Reduce water use at our plants 15% globally\*1
  - Reduce water used for washing and cooling manufacturing facilities and containers at plants, promote the reuse of water resources, etc.

\*1 Reduction in terms of per unit production based on the assumption of 2015 business domains

2. CO<sub>2</sub>

- Reduce CO<sub>2</sub> emissions at our bases 25% globally\*2
- Reduce CO<sub>2</sub> emissions 20% in the entire global value chain outside our bases\*2
  - Reduce the weight of containers; promote containers utilizing recycled materials and bio-based materials
  - Active implementation of vending machines which consume the lowest amount of power in Japan

\*2 Total reduction based on the business fields in 2015

The Company was awarded the position as a CDP A-list Company both for “Water Security” and “Climate Change” in 2019.

## Suntory Natural Water Sanctuary Project Activities

At our production facilities, we have developed forest watershed areas that accumulate more than twice the amount of groundwater that our production facilities use. The “Kita-Alps Natural Water Sanctuary” (Omachi, Nagano Prefecture) has been newly added to the Suntory Natural Water Sanctuaries, expanding the total area covered to approximately 12,000 hectares at 21 locations in 15 prefectures.

## The Suntory Kita Alps Shinano-no-Mori Water Plant

Our new plant for the *Suntory Tennensui* brand will be called “Suntory Kita Alps Shinano-no-Mori Water Plant” (slated to go into operation in spring 2021). With this new plant, we aim to further ensure a stable supply of *Suntory Tennensui*.

<Main features>

- The industry’s top-class environmentally friendly plant  
The plant will realize zero CO<sub>2</sub> emissions.
- Brand experience-type facility that allows visitors to experience the value of *Suntory Tennensui*

### Responding to the Plastic Waste Problem

As part of the Suntory Group's efforts to realize a sustainable society, we aim to achieve 100% sustainability for all of the PET bottles we use globally by 2030 and increase the recycled content by weight of all of the PET bottles we use in Japan to over 50% by 2025.

### Flake to Preform (FtoP) Direct Recycling Technology

In the area of recycling PET bottles, we were the first company in the world to introduce FtoP Direct Recycling Technology\* in 2018 in collaboration with Kyoei Sangyo Co., Ltd. This highly efficient bottle-to-bottle technology further reduces environmental impact by producing bottles from recycled PET. In spring 2020, we will start operating a second production line to further promote the production of recycled PET bottles that have a lower environmental impact and, in the future, we will continue to actively implement environmental measures involving containers and further strengthen our global environmental conservation activities.

\* A technology in which the bottle-to-bottle recycling for creating recycled PET bottles from PET bottles is further developed and streamlined. In this process, "flakes," created by pulverizing and washing collected PET bottles are processed at high temperature and low pressure for a fixed period before being melted and filtered, thereby enabling the preform to be manufactured directly. Compared with the pre-existing processes that required numerous processes, such as crystallization and drying, leading up to the manufacture of the preform, the production achieves a 25% cut in CO<sub>2</sub> emissions and at least a 60% cut in petrochemical derived ingredients.

## (3) Status of Assets and Profit and Loss

Category	The 8th Fiscal Year 2016		The 9th Fiscal Year 2017	The 10th Fiscal Year 2018	The 11th Fiscal Year 2019 (fiscal year under review)
	Japanese GAAP	IFRSs			
Net Sales/Revenue (Millions of yen)	1,410,765	1,209,149	1,234,008	1,294,256	1,299,385
Operating Income (Millions of yen)	93,481	111,865	117,955	113,557	113,948
Ordinary Income (Millions of yen)	91,224	–	–	–	–
Net Income/Profit for the year attributable to owners of the Company (Millions of yen)	46,056	71,501	78,112	80,024	68,888
Net Income per Share/Basic earnings per share (Yen)	149.05	231.40	252.79	258.98	222.94
Total Equity (Millions of yen)	602,447	662,815	746,201	798,877	837,565
Equity per Share/Equity attributable to owners of the Company per share (Yen)	1,787.15	1,970.18	2,234.43	2,313.34	2,448.44
Total Assets (Millions of yen)	1,366,000	1,421,398	1,522,029	1,539,416	1,567,299

Note: The Company has applied the International Financial Reporting Standards (IFRSs) beginning from the 9th fiscal year. Accordingly, figures for the 8th fiscal year conforming to IFRSs are shown alongside.

## (4) Summary of Principal Businesses (as of December 31, 2019)

The Group manufactures and sells beverages and food including mineral water, coffee beverages, tea beverages, carbonated beverages, sports beverages, and FOSHU.

(5) Status of Significant Parent Company and Subsidiaries

1) Status of Significant Parent Company

Name	Shares Held	Ratio of Voting Rights	Business Relationship
Suntory Holdings Limited	183,800,000 shares	59.4 %	Payment of brand royalties, etc.

2) Status of Significant Subsidiaries, etc.

Name	Paid-in Capital	Ratio of Voting Rights (%)	Principal Business Purpose
Suntory Foods Limited	(Million) ¥1,000	100.0	Sale of non-alcoholic beverages
Suntory Beverage Solution Limited	(Million) ¥1,000	100.0	Sale of non-alcoholic beverages
Suntory Beverage Service Limited	(Million) ¥100	99.0	Sale of non-alcoholic beverages
Japan Beverage Holdings Inc.	(Million) ¥100	82.7	Sale of non-alcoholic beverages
Suntory Products Limited	(Million) ¥1,000	100.0	Manufacture of non-alcoholic beverages
Orangina Schweppes Holding B.V.	(Thousand) €18	100.0	Manufacture and sale of non-alcoholic beverages
Lucozade Ribena Suntory Limited	(Million) £717	100.0	Manufacture and sale of non-alcoholic beverages
Suntory Beverage & Food Asia Pte. Ltd.	(Thousand) S\$1,407,261	100.0	Strategic planning and group supervision for beverage and food businesses in South East Asia and other regions
BRAND'S SUNTORY INTERNATIONAL CO., LTD.	(Million) THB250	100.0	Manufacture and sale of health foods
PT SUNTORY GARUDA BEVERAGE	(Million) IDR198,048	75.0	Manufacture and sale of non-alcoholic beverages
Suntory PepsiCo Vietnam Beverage Co., Ltd.	(Million) VND5,597,429	100.0	Manufacture and sale of non-alcoholic beverages
Suntory PepsiCo Beverage (Thailand) Co., Ltd.	(Thousand) THB16,085,250	51.0	Manufacture and sale of non-alcoholic beverages
FRUCOR SUNTORY NEW ZEALAND LIMITED	(Thousand) NZ\$446,709	100.0	Manufacture and sale of non-alcoholic beverages
FRUCOR SUNTORY AUSTRALIA PTY. LIMITED	A\$2	100.0	Sale of non-alcoholic beverages

Name	Paid-in Capital	Ratio of Voting Rights (%)	Principal Business Purpose
Pepsi Bottling Ventures LLC	(Thousand) US\$215,554	65.0	Manufacture and sale of non-alcoholic beverages

Notes:

1. The ratio of voting rights includes indirect holdings.
2. The Company holds 51.0% of the issued shares of Suntory PepsiCo Investment B.V., which holds all of the issued shares of Suntory PepsiCo Vietnam Beverage Co., Ltd.

(6) Principal Offices and Plants, etc. (as of December 31, 2019)

1) The Company

Head Office:	1-1, Kyobashi 3-chome, Chuo-ku, Tokyo
Research Institute:	New Products Development Center (Kawasaki-shi, Kanagawa)

2) Subsidiaries

Name of Segment	Name	Major Business Sites	
Japan	Suntory Foods Limited	Head Office	Chuo-ku, Tokyo
		Office	Metropolitan Marketing Office (Chuo-ku, Tokyo), etc.
	Suntory Beverage Solution Limited	Head Office	Chuo-ku, Tokyo
		Office	Metropolitan Marketing Office (Chuo-ku, Tokyo), etc.
	Suntory Beverage Service Limited	Head Office	Shinjuku-ku, Tokyo
		Office	Metropolitan Area Sales Division (Shinjuku-ku, Tokyo), etc.
	Japan Beverage Holdings Inc.	Head Office	Shinjuku-ku, Tokyo
		Office	Tokyo branch (Shinjuku-ku, Tokyo), etc.
	Suntory Products Limited	Head Office	Chuo-ku, Tokyo
		Plant	Haruna Plant (Shibukawa-shi, Gunma), etc.
Europe	Orangina Schweppes Holding B.V.	Head Office	Amsterdam, the Netherlands
	Lucozade Ribena Suntory Limited	Head Office	London, U.K.
Asia	Suntory Beverage & Food Asia Pte. Ltd.	Head Office	Singapore
	BRAND'S SUNTORY INTERNATIONAL CO., LTD.	Head Office	Bangkok, Thailand
	PT SUNTORY GARUDA BEVERAGE	Head Office	Jakarta, Indonesia
	Suntory PepsiCo Vietnam Beverage Co., Ltd.	Head Office	Ho Chi Minh, Viet Nam
	Suntory PepsiCo Beverage (Thailand) Co., Ltd.	Head Office	Bangkok, Thailand
Oceania	FRUCOR SUNTORY NEW ZEALAND LIMITED	Head Office	Auckland, New Zealand
	FRUCOR SUNTORY AUSTRALIA PTY. LIMITED	Head Office	New South Wales, Australia
Americas	Pepsi Bottling Ventures LLC	Head Office	North Carolina, U.S.A.

(7) Status of Employees (as of December 31, 2019)

Name of Segment	Number of Employees	Increase (Decrease) from Previous Fiscal Year
Japan	9,809 [1,041]	127 [(5)]
Europe	3,443 [81]	(355) [(11)]
Asia	7,231 [431]	268 [(178)]
Oceania	1,200 [219]	(8) [15]
Americas	2,400 [71]	76 [0]
Company-wide (common)	130 [-]	(37) [-]
Total	24,213 [1,843]	71 [(179)]

Notes:

1. The number of employees refers to the number of current workers while the number in the brackets [ ] is the average number of temporary employees for the most recent one-year period, which is not included in the number of current workers.
2. Employees classified as Company-wide (common) are administrative staff not assigned to any particular segment.

(8) Status of Company's Principal Lenders (as of December 31, 2019)

Name of Lender	Amount of Loan (Millions of yen)
The Norinchukin Bank	40,840
MUFG Bank, Ltd.	28,739
Sumitomo Mitsui Banking Corporation	15,807
Shinkin Central Bank	15,000
The Hongkong and Shanghai Banking Corporation Limited	11,713
The Bank of Kyoto, Ltd.	10,694
Mizuho Bank, Ltd.	10,000

(9) Status of Fund Procurement

No items to report.



(10) Status of Capital Investment

Capital investment in the fiscal year under review was ¥81.5 billion. A breakdown of capital investment by segment is as follows.

Name of Segment	Capital Investment (Millions of yen)
Japan	49,380
Europe	10,776
Asia	11,575
Oceania	4,259
Americas	5,484
Total	81,477

- 1) Major Plant and Equipment Completed in the Fiscal Year under Review  
No items to report.
- 2) New Construction etc. of Major Plant and Equipment in Progress or Planning in the Fiscal Year under Review

Name of Segment	Content of Capital Investment
Japan	Construction of the Kita Alps Shinano-no-Mori Water Plant of Suntory Products Limited

(11) Status of Significant Business Realignment

No items to report.

2. Matters Concerning Shares (as of December 31, 2019)

- (1) Total Number of Shares Authorized to be Issued: 480,000,000 shares
- (2) Total Number of Issued and Outstanding Shares: 309,000,000 shares
- (3) Number of Shareholders: 40,073

(decreased by 2,818 from the previous fiscal year)

(4) Major Shareholders (Top 10 shareholders):

Name of Shareholder	Shares Held (Thousands)	Ratio of Shareholding (%)
Suntory Holdings Limited	183,800	59.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,702	2.8
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	7,789	2.5
Japan Trustee Services Bank, Ltd. (Trust Account)	4,647	1.5
STATE STREET BANK WEST CLIENT – TREATY 505234	3,925	1.2
JPMorgan Securities Japan Co., Ltd.	3,318	1.0
Japan Trustee Services Bank, Ltd. (Trust Account 7)	2,945	0.9
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,723	0.8
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2,675	0.8
JP MORGAN CHASE BANK 385632	2,620	0.8

Note: Ratio of Shareholding is calculated after deducting treasury shares (3 shares).

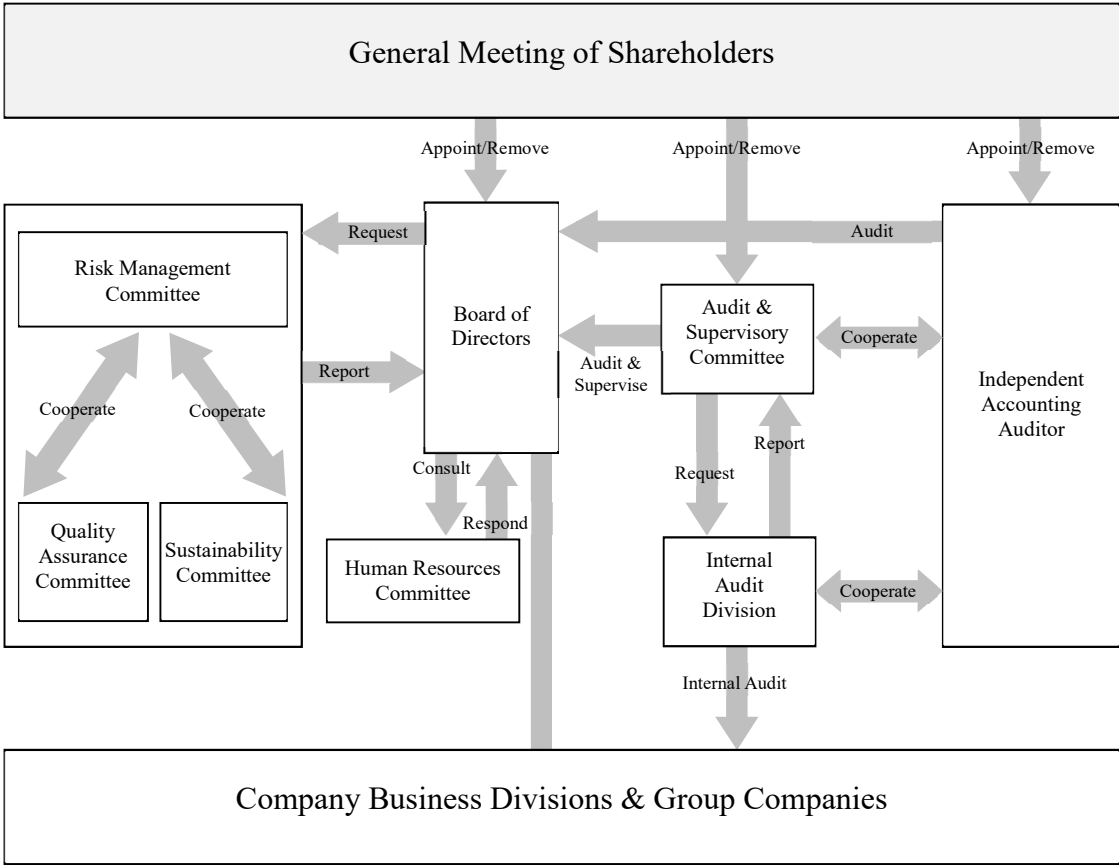
### **Corporate Governance Structure**

The Company has chosen to be incorporated as a company with an Audit and Supervisory Committee for its corporate governance structure. The aims of this decision are as follows:

- Improve the effectiveness of auditing and supervisory functions through the auditing performed by Audit and Supervisory Committee Members, who have the right to vote at board meetings, and improve the effectiveness of internal controls through the implementation of auditing that utilizes the internal audit division.
- Enable wide-ranging and practical discussions regarding corporate strategy, medium- and long-term plans, and management issues at board meetings that include Outside Directors. This should facilitate the implementation of corporate strategy and the achievement of management targets. Moreover, by having individual business actions decided in line with the Company's internal regulations, the Company aims to speed up decision making and strengthen the audit function of the Board of Directors.

The Company will strive 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.

<Schematic depiction of corporate governance structure>



Overview of Important Committees and Main Results of Activities

<p>Human Resources Committee</p> <p>&lt;Roles&gt;  The Committee deliberates on proposals for selection of candidates for Directors or dismissal of Directors and the levels and criteria of remuneration for Directors (excluding Audit and Supervisory Committee Members), and report to the Board of Directors about its appropriateness. In addition, the Committee also deliberates on the status of formulating and administering succession planning with respect to candidates for the CEO and Outside Director, and report such matters to the Board of Directors.</p> <p>&lt;Main results of activities&gt;  After the 10th Ordinary General Meeting of Shareholders, the Committee meeting was held six times during which deliberations encompassed matters such as qualities desired of the CEO and Outside Directors along with the status of formulating and administering succession planning, proposals for Director candidates, and levels and criteria of remuneration for Directors.</p> <p>Composition  Chair  <ul style="list-style-type: none"> <li>• Representative Director, Chairman of the Board</li> </ul> Committee member  <ul style="list-style-type: none"> <li>• Three Outside Directors</li> <li>• Representative Director, President &amp; Chief Executive Officer</li> <li>• Director in charge of the human resources division</li> </ul> </p>
<p>Risk Management Committee</p> <p>&lt;Roles&gt;  The 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.</p> <p>&lt;Main results of activities&gt;  The Committee meeting was held twice in 2019, during which discussions encompassed matters such as important risk updates, risks associated with organizational restructuring, and information security management.</p> <p>Composition  Chair  <ul style="list-style-type: none"> <li>• Chief Operating Officer, Corporate Management Division</li> </ul> Committee member  <ul style="list-style-type: none"> <li>• Seven persons who respectively serve as the head of related departments, etc.</li> </ul> </p>

Quality Assurance Committee
<p>&lt;Roles&gt; The 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.</p> <p>&lt;Main results of activities&gt; The Committee meeting was held twice in 2019, during which discussions encompassed matters such as resolution and prevention of quality issues in Japan and overseas.</p>
<p>Composition</p> <p>Chair</p> <ul style="list-style-type: none"><li>• Senior General Manager, Quality Assurance Department</li></ul> <p>Committee member</p> <ul style="list-style-type: none"><li>• Nine persons who respectively serve as the head of related departments, etc.</li></ul>

Sustainability Committee
<p>&lt;Roles&gt; The Committee is responsible for promoting sustainability management of the entire Group, and formulates and promotes strategies that contribute to sustainable development of society and business.</p> <p>&lt;Main results of activities&gt; The Committee meeting was held three times in 2019, during which discussions encompassed matters such as the Group's plastic policy and its plan for reducing CO<sub>2</sub>.</p>
<p>Composition</p> <p>Chair</p> <ul style="list-style-type: none"><li>• Chief Operating Officer, Corporate Management Division</li></ul> <p>Committee member</p> <ul style="list-style-type: none"><li>• Eight persons who respectively serve as the head of related departments, etc.</li></ul>

For further information on our corporate governance system, please visit our website.  
<https://www.suntory.com/softdrink/ir/management/governance.html>

## Activities of the Audit and Supervisory Committee

### 1. Attending Important Meetings such as the Board of Directors and Expressing Opinions

The Company's Audit and Supervisory Committee deliberates beforehand on all matters to be presented to the Board of Directors and discusses the necessity of expressing an opinion. The individual Committee members express their opinions based on their respective expert knowledge.

In addition, the full-time Audit and Supervisory Committee Member is also an important constituent member of the Risk Management Committee, the Quality Assurance Committee, and the Sustainability Committee, and is therefore in a position allowing full knowledge of the Company's management status. The full-time Audit and Supervisory Committee Member shares the status of specific activities with the Audit and Supervisory Committee in a timely and appropriate manner.

### 2. On-site Management Audits and Operational Audits

The Audit and Supervisory Committee visits the sites of management and conduct management audits and operational audits in cooperation with the internal audit divisions under the leadership of the full-time Audit and Supervisory Committee Member. In 2019, based on the audit plan, the Committee visited sites in Europe, Southeast Asia, Oceania, and Nigeria, among others. Having fully understood the activities on site, the Committee audited the effectiveness of governance, risk management, and the internal control systems, then made active proposals based on the audit results directly to the management team. In this way, the Committee contributes to improving management quality.

### 3. Follow-up by the Group Audit Committee

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 officers in charge of the administration division. In 2019, the Committee members met seven times, receiving direct reports from the top management in each region (CEO/CFO) regarding the steps taken to improve on matters indicated in audit activities conducted prior to each meeting. In this way, the Committee follows up to ensure that audit results are reflected in management quality improvements on site.

#### Comments from the full-time Audit and Supervisory Committee Member

One of the distinctive features of the Company's Audit and Supervisory Committee is that it not only supervises the soundness and independence of the Board of Directors in accordance with Japan's Corporate Governance Code, but also widens the scope of its audits by receiving reports from the internal audit divisions of Head Office and each business site, providing direct instructions to those divisions, and cooperating closely and constantly with them. By making full use of this network, the Committee conducts

timely management audits and will continue to contribute to corporate management by providing higher quality improvement proposals.

Full-time Audit and Supervisory Committee Member  
Kozo Chiji

#### Q&A with Outside Directors

How would you define your role as one of Suntory Beverage & Food Limited's Outside Directors?

Outside Director Ms. Yukari Inoue	As an independent outside director and a representative of the general shareholders, I believe that my role is to help the Company to enhance its corporate value, not only by participating in discussions as a kind of yardstick within the company, but also by using my own experience to provide input at meetings of the Board of Directors in order to broaden the scope of thinking within the company. I also hope to be a source of inspiration for career advancement by female employees of the Company.
Outside Director (Audit and Supervisory Committee Member) Mr. Harumichi Uchida	Making use of my experience consulting for businesses in making appropriate management decisions concerning various legal issues in Japan and overseas, my primary role is to provide executives of the Company with appropriate advice from risk management and compliance perspectives. I aim to support the company's business strategies by providing advice that is based on positive rather than passive or negative perspectives.
Outside Director (Audit and Supervisory Committee Member) Ms. Mika Masuyama	The talent on which I have based my career is the ability to achieve results with a diverse range of people in multinational corporations. As a representative of the general shareholders, I constantly anticipate future developments from an independent perspective. I also hope to use my experience to provide advice on how to achieve results by motivating diverse talents. In addition, I want to contribute to the global implementation of proactive governance in ways that align with the Yatte Minahare spirit.



3. Status of Directors

(1) Names, etc. of Directors (as of December 31, 2019)

Position	Name	Responsibilities and Important Concurrent Positions
Representative Director, Chairman of the Board	Saburo Kogo	Overall Group Management Director and Chairman of the Board of Suntory Beverage Solution Limited
Representative Director, President & Chief Executive Officer	Kazuhiro Saito	Overall Group Management Director of Orangina Schweppes Holding B.V. Director of Lucozade Ribena Suntory Limited Director of Suntory Beverage & Food Asia Pte. Ltd. Director of FRUCOR SUNTORY NEW ZEALAND LIMITED Director of FRUCOR SUNTORY AUSTRALIA PTY. LIMITED Director of Pepsi Bottling Ventures LLC
Director, Executive Vice President	Hideo Tsujimura	Chief Operating Officer, MONOZUKURI Division Senior General Manager, Research and Development Department
Director, Senior Managing Executive Officer	Yuji Yamazaki	Chief Operating Officer, Corporate Management Division Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited
Director, Senior Managing Executive Officer	Josuke Kimura	Chief Executive Officer, Japan Business Division Director of Suntory Foods Limited Director of Suntory Beverage Solution Limited Director of Suntory Products Limited Director of Japan Beverage Holdings Inc.
Director	Nobuhiro Torii	Representative Director, Executive Vice President & Chief Operating Officer of Suntory Holdings Limited
Director	Yukari Inoue	Managing Director of Kellogg Japan G.K. Outside Director of JC Comsa Corporation
Full-time Audit and Supervisory Committee Member	Kozo Chiji	Audit & Supervisory Board Member of Suntory Foods Limited Audit & Supervisory Board Member of Suntory Beverage Solution Limited Audit & Supervisory Board Member of Suntory Products Limited
Audit and Supervisory Committee Member	Harumichi Uchida	Attorney (Partner) of TMI Associates

Position	Name	Responsibilities and Important Concurrent Positions
Audit and Supervisory Committee Member	Mika Masuyama	President and Representative Partner of Masuyama & Company LLC. Outside Director of KOKUYO CO.,LTD. External Director of Konoike Transport Co.,Ltd.

Notes:

- Ms. Yukari Inoue, Mr. Harumichi Uchida and Ms. Mika Masuyama are Outside Directors.
- The Company designated Outside Directors Ms. Yukari Inoue, Mr. Harumichi Uchida and Ms. Mika Masuyama as Independent Officers and reported this designation to the Tokyo Stock Exchange.
- The Company has concluded limited liability agreements with Mr. Nobuhiro Torii, Ms. Yukari Inoue, Mr. Kozo Chiji, Mr. Harumichi Uchida and Ms. Mika Masuyama pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on these agreements, if any of them causes the Company to suffer loss through neglect of duties, then providing that he/she was fulfilling his/her duties in good faith with no gross negligence, the liability to the Company shall be limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan.
- Mr. Kozo Chiji has experience of involvement in the management of Suntory Group companies, primarily as Managing Executive Officer and Chief Operating Officer, finance and accounting division of Suntory Holdings Limited, and has considerable knowledge in the areas of finance and accounting.
- Changes in Directors' responsibilities during the fiscal year under review are as follows.

Name	Responsibilities before Change	Responsibilities after Change	Date of Change
Yuji Yamazaki	Chief Operating Officer, Corporate Strategy Division	Chief Operating Officer, Corporate Management Division	April 1, 2019

- Changes in Directors' responsibilities after the end of the fiscal year under review are as follows.

Name	Responsibilities before Change	Responsibilities after Change	Date of Change
Hideo Tsujimura	Chief Operating Officer, MONOZUKURI Division Senior General Manager, Research & Development Department	—	January 1, 2020
Yuji Yamazaki	Chief Operating Officer, Corporate Management Division	Chief Operating Officer, Corporate Management Division In charge of Sustainability/Public Relations	January 1, 2020

Name	Responsibilities before Change	Responsibilities after Change	Date of Change
Josuke Kimura	Chief Executive Officer, Japan Business Division	Chief Executive Officer, Japan Business Division Chief Operating Officer, Communication Division, Japan Business Division	January 1, 2020

7. Changes in Directors' important concurrent positions after the end of the fiscal year under review are as follows.

Name	Responsibilities before Change	Responsibilities after Change	Date of Change
Saburo Kogo	Director and Chairman of the Board of Suntory Beverage Solution Limited	–	January 1, 2020

8. To strengthen the auditing and supervising function of the Audit and Supervisory Committee, the Company has appointed Mr. Kozo Chiji as full-time Audit and Supervisory Committee Member to enable collection of information from the Directors (excluding Audit and Supervisory Committee Members), sharing of information at important meetings, and the sufficient coordination between the internal audit division and the Audit and Supervisory Committee.

(2) Policy on determining remuneration, etc. for the Company's Directors

Remuneration, etc. for the Company's Directors are structured at levels commensurate with their role and responsibilities in a manner that motivates them to improve the Company's performance and corporate value and secures outstanding personnel.

Remuneration, etc. for the executive Directors consist of base compensation (monthly, fixed amount) and a bonus (annual, performance-based) and this level is set depending on responsibilities. Bonuses are mainly determined by a benchmark related to consolidated operating income (excluding one-time income and expenses).

Remuneration, etc. for non-executive Directors shall in principle only consist of base compensation (monthly, fixed amount). The full-time Audit and Supervisory Committee Member is paid, in addition to base compensation, a bonus (annual, performance-based) in consideration of the contribution to the Company's performance. Bonuses are mainly determined by a benchmark related to consolidated operating income (excluding one-time income and expenses).

In addition, the Company does not have a retirement allowance system or a stock option system.

(3) Remuneration, etc. for Directors

Classification	Basic Remuneration		Bonuses		Total (Millions of yen)
	Number of Persons	Payment Amount (Millions of yen)	Number of Persons	Payment Amount (Millions of yen)	
Director (excluding Audit and Supervisory Committee Member)	7	236	5	163	399
(Outside Director)	(1)	(12)	(-)	(-)	(12)
Director (Audit and Supervisory Committee Member)	3	58	1	21	79
(Outside Director)	(2)	(30)	(-)	(-)	(30)
Total	10	295	6	184	479
(Outside Director)	(3)	(42)	(-)	(-)	(42)

Notes:

1. Bonuses payment amounts are amounts to be paid.
2. The maximum remuneration limit for Directors (excluding Audit and Supervisory Committee Members) is an annual amount not exceeding ¥1,000 million (of which a maximum amount of ¥100 million shall be paid to Outside Directors; providing, however, not including the employee portion of salaries of Directors who are concurrently employees), which was passed by resolution at the Ordinary General Meeting of Shareholders held on March 27, 2015.
3. The maximum remuneration limit for Audit and Supervisory Committee Members is an annual amount not exceeding ¥150 million, which was passed by resolution at the Ordinary General Meeting of Shareholders held on March 27, 2015.

(4) Outside Directors

1) Status of Material Concurrent Positions at Other Companies, etc. and the Company's Relationship with the Aforesaid Organizations

There are no special interests between the Company and the entities listed below at which the Outside Directors concurrently serve.

Classification	Name	Important Concurrent Positions
Outside Director	Yukari Inoue	Managing Director of Kellogg Japan G.K. Outside Director of JC Comsa Corporation
Outside Director (Audit and Supervisory Committee Member)	Harumichi Uchida	Attorney (Partner) of TMI Associates
Outside Director (Audit and Supervisory Committee Member)	Mika Masuyama	President and Representative Partner of Masuyama & Company LLC. Outside Director of KOKUYO CO.,LTD. External Director of Konoike Transport Co.,Ltd.

2) Principal Activities during the Fiscal Year under Review

Classification	Name	Board of Directors Meeting Attendance	Audit and Supervisory Committee Meeting Attendance	Status of Statements
Outside Director	Yukari Inoue	12/13	—	She voiced statements based on her experience and knowledge as a corporate executive.
Outside Director (Audit and Supervisory Committee Member)	Harumichi Uchida	13/13	13/13	He voiced statements from his technical perspective as an attorney.
Outside Director (Audit and Supervisory Committee Member)	Mika Masuyama	13/13	13/13	She voiced statements based on her experience and knowledge relating to corporate governance, human resource development and other areas.

Note: In addition to the number of attendances at meetings of the Board of Directors presented above, in accordance with the provisions of Article 370 of the Companies Act, and of Article 27 of the Company's Articles of Incorporation, there were four (4) written resolutions where it was deemed that a resolution of the Board of Directors had been made.

4. Status of Accounting Auditor

- (1) Name: Deloitte Touche Tohmatsu LLC  
 (2) Amount of Accounting Auditor's Fees, etc.

(Millions of yen)	
Amount of fees, etc. for the fiscal year under review	150
Total amount of money and other financial benefits payable to Accounting Auditor by the Company and its subsidiaries	194

Notes:

1. The audit agreement between the Company and the Accounting Auditor does not distinguish between fees paid for the audit conducted in accordance with the Companies Act of Japan from fees paid for the audit conducted in accordance with the Financial Instruments and Exchange Act, and it is practically impossible to make such a distinction. Accordingly, the amount specified above is the aggregate amount of fees for these two types of audits.
  2. Of the Company's significant subsidiaries, ten companies, including Orangina Schweppes Holding B.V., are subject to audits of their financial statements by a certified public accountant or an audit corporation (including parties holding qualifications comparable to those of a certified public accountant or an audit corporation in a country besides Japan) other than the accounting auditor of the Company (provided, however, that such audits fall under the provisions of the Companies Act of Japan or the Financial Instruments and Exchange Act (or foreign laws comparable to the said Acts)).
- (3) Reason for the Audit and Supervisory Committee Consenting to the Fees, etc. of the Accounting Auditor

With regard to the fees, etc. of the Accounting Auditor, the Company's Audit and Supervisory Committee has obtained the necessary materials and received reports from Directors, related internal departments and the Accounting Auditor, and has checked the Accounting Auditor's performance and fees hitherto. Then the Committee has made the requisite investigation into the appropriateness of the Accounting Auditor's action plans and the calculation basis for their estimated fees for the fiscal year under review. As a result of these deliberations, it has concluded that these are appropriate and it consents to the amount of the fees, etc. of the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act of Japan.

- (4) Content of Non-audit Service  
 No items to report.

(5) Policy Regarding Decisions of Dismissal or Non-reappointment of Accounting Auditor

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.

**Consolidated Statement of Financial Position (IFRSs)**

(As at December 31, 2019)

(Unit: Millions of yen)

Assets		Liabilities and Equity	
Accounts	Amount	Accounts	Amount
Current assets	446,314	Current liabilities	461,905
Cash and cash equivalents	143,564	Bonds and borrowings	74,652
Trade and other receivables	191,240	Trade and other payables	322,455
Other financial assets	6,200	Other financial liabilities	38,444
Inventories	84,916	Accrued income taxes	18,815
Other current assets	20,287	Provisions	1,511
Subtotal	446,210	Other current liabilities	6,026
Assets held for sale	104	Non-current liabilities	267,828
Non-current assets	1,120,984	Bonds and borrowings	132,716
Property, plant and equipment	372,036	Other financial liabilities	45,752
Right-of-use assets	47,446	Post-employment benefit liabilities	15,405
Goodwill	247,851	Provisions	2,557
Intangible assets	411,374	Deferred tax liabilities	65,835
Investments accounted for using the equity method	1,107	Other non-current liabilities	5,561
Other financial assets	17,162	Total liabilities	729,733
Deferred tax assets	14,428	Equity attributable to owners of the Company	756,568
Other non-current assets	9,575	Share capital	168,384
		Share premium	182,349
		Retained earnings	464,705
		Treasury shares	(0)
		Other components of equity	(58,870)
		Non-controlling interests	80,997
		Total equity	837,565
Total assets	1,567,299	Total liabilities and equity	1,567,299

Note: All amounts have been rounded down to the nearest million yen.



**Consolidated Statement of Profit or Loss**

(For the year ended December 31, 2019)

(Unit: Millions of yen)

Accounts	Amount
Revenue	1,299,385
Cost of sales	(763,291)
Gross profit	536,094
Selling, general and administrative expenses	(414,794)
Gain on investments accounted for using the equity method	5
Other income	1,681
Other expenses	(9,039)
Operating income	113,948
Finance income	1,427
Finance costs	(3,188)
Profit before tax	112,186
Income tax expense	(32,106)
Profit for the year	80,080
Attributable to:	
Owners of the Company	68,888
Non-controlling interests	11,191
Profit for the year	80,080

Note: All amounts have been rounded down to the nearest million yen.

**Balance Sheet (Japanese GAAP)**

(As at December 31, 2019)

(Unit: Millions of yen)

Assets		Liabilities	
Accounts	Amount	Accounts	Amount
Current assets	265,696	Current liabilities	223,598
Cash and deposits	79,156	Accounts payable–trade	62,424
Accounts receivable–trade	78,787	Electronically recorded obligations–operating	6,987
Merchandise and finished goods	26	Short-term borrowings	11,713
Work in process	788	Current portion of long-term debt	57,592
Raw materials and supplies	8,741	Accounts payable–other	11,255
Advance payments–trade	182	Accrued expenses	13,487
Prepaid expenses	674	Consumption taxes payable	316
Short-term loans receivable	87,259	Accrued income taxes	2,423
Accounts receivable–other	9,069	Deposits received	51,417
Other	1,009	Provision for bonuses	2,326
Noncurrent assets	702,125	Other	3,655
Property, plant, and equipment	31,342	Long-term liabilities	135,681
Buildings	736	Bonds payable	45,000
Machinery and equipment	3,313	Long-term debt	87,786
Tools, furniture and fixtures	835	Liability for employee retirement benefits	2,555
Land	25,177	Asset retirement obligations	320
Construction in progress	1,239	Other	19
Other	39	<b>Total liabilities</b>	<b>359,279</b>
Intangible fixed assets	908	Shareholders' equity	608,570
Goodwill	549	Common stock	168,384
Other	359	Capital surplus	213,425
Investments and other assets	669,874	Legal capital surplus	145,884
Stocks of subsidiaries and affiliates	626,022	Other capital surplus	67,541
Long-term loans receivable from subsidiaries and affiliates	37,786	Retained earnings	226,761
Guarantee deposits	1,029	Other retained earnings	226,761
Long-term prepaid expenses	266	Reserve for advanced depreciation of noncurrent assets	966
Prepaid pension cost	3,555	Reserve for special depreciation	542
Deferred tax assets	1,142	General reserve	34,982
Other	72	Retained earnings brought forward	190,268
Deferred assets	103	Treasury shares	(0)
Bond issuance expenses	103	Valuation and translation adjustments	74
		Unrealized gain on available-for-sale securities	36
		Deferred gain on derivatives under hedge accounting	37
<b>Total assets</b>	<b>967,924</b>	<b>Total equity</b>	<b>608,645</b>
		<b>Total liabilities and equity</b>	<b>967,924</b>

Note: All amounts have been rounded down to the nearest million yen.

**Statement of Income**  
(For the year ended December 31, 2019)

(Unit: Millions of yen)

Accounts	Amount	
Net sales		381,900
Cost of sales		275,776
Gross profit		106,123
Selling, general and administrative expenses		74,375
Operating income		31,748
Non-operating income		
Interest income	1,349	
Dividend income	8,361	
Other	907	10,617
Non-operating expenses		
Interest expense	1,398	
Other	483	1,881
Ordinary income		40,484
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Extraordinary loss		
Product recall related costs	326	
Other	9	336
Income before income taxes		40,149
Income taxes—current	7,364	
Income taxes—deferred	73	7,437
Net income		32,712

Note: All amounts have been rounded down to the nearest million yen.

Audit Report by Accounting Auditor Pertaining to Consolidated Financial Statements

**AUDIT REPORT BY INDEPENDENT AUDITOR**

February 7, 2020

To: Board of Directors  
Suntory Beverage & Food Limited

Deloitte Touche Tohmatsu LLC

[Koji Inagaki], CPA (seal)  
Designated Limited Liability Partner  
Engagement Partner  
[Keiko Hishimoto], CPA (seal)  
Designated Limited Liability Partner  
Engagement Partner  
[Hiroto Hirano], CPA (seal)  
Designated Limited Liability Partner  
Engagement Partner

We have audited, pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, the Consolidated Financial Statements of Suntory Beverage & Food Limited (the “Company”) for the consolidated fiscal year which commenced on January 1, 2019 and ended on December 31, 2019, i.e., the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements.

*Management’s Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with the provisions set forth in the second sentence of Article 120, Paragraph 1 of the Regulation on Accounting of Companies that allow the partial omission of the disclosure items required under International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit from an independent position. We conducted our audits in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the Consolidated Financial Statements of the Company prepared by partially omitting the disclosure items required under International Financial Reporting Standards in accordance with the provisions set forth in the second sentence of Article 120, Paragraph 1 of the Regulation on Accounting of Companies as stated above present fairly, in all material respects, the status of the properties and the profits and losses of the corporate group that consists of the Company and its consolidated subsidiaries for the period concerning the relevant Consolidated Financial Statements.

*Conflicts of Interest*

There is no interest between the Company and our firm or the Engagement Partners that should be mentioned in accordance with the provisions of the Certified Public Accountants Act of Japan.

[End]

Audit Report by Accounting Auditor Pertaining to Financial Statements

**AUDIT REPORT BY INDEPENDENT AUDITOR**

February 7, 2020

To: Board of Directors  
Suntory Beverage & Food Limited

Deloitte Touche Tohmatsu LLC

[Koji Inagaki], CPA (seal)  
Designated Limited Liability Partner  
Engagement Partner  
[Keiko Hishimoto], CPA (seal)  
Designated Limited Liability Partner  
Engagement Partner  
[Hiroto Hirano], CPA (seal)  
Designated Limited Liability Partner  
Engagement Partner

We have audited, pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, the Financial Statements of Suntory Beverage & Food Limited (the “Company”) for the 11th business term which commenced on January 1, 2019 and ended on December 31, 2019, i.e., the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and Notes to Financial Statements, and the Supplementary Schedules.

*Management’s Responsibility for the Financial Statements and the Supplementary Schedules*

Management is responsible for the preparation and fair presentation of the Financial Statements and the Supplementary Schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Financial Statements and the Supplementary Schedules that are free from material misstatement, whether due to fraud or error.

*Auditors’ Responsibility*

Our responsibility is to express an opinion on the Financial Statements and the Supplementary

Schedules based on our audit from an independent position. We conducted our audits in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements and the Supplementary Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Supplementary Schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Supplementary Schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Financial Statements and the Supplementary Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements and the Supplementary Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the Financial Statements and the Supplementary Schedules of the Company as stated above present fairly, in all material respects, the status of the properties and the profits and losses for the period concerning the relevant Financial Statements and the Supplementary Schedules in accordance with generally accepted accounting standards in Japan.

#### *Conflicts of Interest*

There is no interest between the Company and our firm or Engagement Partners that should be mentioned in accordance with the provisions of the Certified Public Accountants Act of Japan.

[End]

Audit Report by Audit and Supervisory Committee

AUDIT REPORT

The Audit and Supervisory Committee (the “Committee”) of Suntory Beverage & Food Limited (the “Company”) has audited the performance of the duties of Directors during the 11th business term which commenced on January 1, 2019 and ended on December 31, 2019. The Committee hereby reports the method and result thereof as follows.

1. Method and content of audit

Regarding the content of the resolution of the Board of Directors relating to matters stipulated in Article 399-13, Paragraph 1, Item 1(b) and (c) of the Companies Act of Japan and the status of the system being developed pursuant to such resolutions (internal control system), the Committee periodically received reports from the Directors, employees and other personnel concerning the establishment and management of such system, sought explanations as necessary, and expressed opinions. In addition, the Committee carried out audits according to the following method:

- (i) The Committee worked in coordination with the respective company internal audit division and other divisions with jurisdiction over internal control to investigate the decision-making processes and the content of decisions at important meetings, etc.; the content of major approval-granting documents, and other important documents related to the execution of business, etc.; the status of the performance of the duties of Directors, principal employees and other personnel; and the status of company business operations and property. While carrying out this work, the Committee complied with the Audit and Supervisory Committee Audit Criteria established by the Committee and adhered to auditing principles and the duties allocated to them, etc. In addition, as for the subsidiaries of the Company, communication and exchange of information were sought with the directors and the audit and supervisory board members, etc. of such subsidiaries, and reports concerning the subsidiaries’ businesses were received from them, as necessary.
- (ii) In addition to monitoring and verifying whether the Accounting Auditor kept its independent position and whether it performed proper audit, the Committee received



reports from the Accounting Auditor concerning the performance of its duties, and requested additional explanation as necessary. Moreover, a notice informing that a “system to ensure the proper performance of the duties” (as prescribed in items of Article 131 of the Regulation on Accounting of Companies) has been established pursuant to the “Quality Control Standards Concerning Audits” (Business Accounting Council, October 28, 2005), etc. was received from the Accounting Auditor, and requests seeking explanation regarding such system were made, as necessary.

Based on the above-mentioned method, inspection was conducted regarding the Business Report and the Supplementary Schedules thereto, the Financial Statements (the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and Notes to Financial Statements) and the Supplementary Schedules thereto and the Consolidated Financial Statements (the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements), for the business term.

## 2. Result of audit

### (1) Result of audit of Business Report, etc.

- (i) We confirm that the Business Report and the Supplementary Schedules thereto accurately indicate the condition of the Company in compliance with laws and regulations and the Articles of Incorporation of the Company.
- (ii) We have not detected any misconduct or material fact of violation of the relevant laws and regulations or the Articles of Incorporation of the Company, in connection with the performance of the duties of Directors.
- (iii) We confirm that the content of the resolution of the Meeting of the Board of Directors concerning the internal control system is reasonable. Furthermore, we have not found anything that should be pointed out with respect to the content of the Business Report and the performance of the duties of Directors concerning the internal control system.

### (2) Result of audit of the Financial Statements and the Supplementary Schedules thereto

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC, the

Independent Auditor, are reasonable.

(3) Result of audit of the Consolidated Financial Statements

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC, the Independent Auditor, are reasonable.

February 13, 2020

Audit and Supervisory Committee of  
Suntory Beverage & Food Limited

Full-time Audit and Supervisory Committee Member

Kozo Chiji (seal)

Audit and Supervisory Committee Member

Harumichi Uchida (seal)

Audit and Supervisory Committee Member

Mika Masuyama (seal)

Note: Audit and Supervisory Committee Members Harumichi Uchida and Mika Masuyama are outside directors provided in Article 2, Item 15, and Article 331, Paragraph 6 of the Companies Act of Japan.

# Items Disclosed on Internet Concerning Notice of Convocation of the 11th Ordinary General Meeting of Shareholders

## **Business Report**

System to Ensure the Appropriateness of the Business  
and the Operational Status of that System

## **Consolidated Financial Statements**

Consolidated Statement of Changes in Equity  
Notes to Consolidated Financial Statements

## **Financial Statements**

Statement of Changes in Equity  
Notes to Financial Statements

## Suntory Beverage & Food Limited

Pursuant to the provisions of relevant laws and regulations and Article 16 of the Company's Articles of Incorporation, the items listed above are provided to shareholders on the website of Suntory Beverage & Food Limited.

(<https://www.suntory.com/softdrink/ir/stock/meeting.html>)

## Business Report

### System to Ensure the Appropriateness of the Business and the Operational Status of that System

The Board of Directors of the Company has resolved as follows with regard to its basic policy on construction of a system (internal control system) to ensure the appropriateness of the business.

- (1) System for Ensuring That the Execution of Duties by Directors, Executive Officers and Employees of the Company, as Well as by Directors, Executive Officers, Others with Equivalent Duties (“Officers”) and Employees of the Company’s Subsidiaries Conforms with Laws and Regulations and the Articles of Incorporation
  - (a) Premised on shared aspirations embodied by the corporate philosophy of “To Create Harmony with People and Nature,” the Company and its subsidiaries (the “Group”) shall stand committed to respecting the rules of civil society and placing utmost importance on the organization and corporate culture that prioritize compliance on the basis of the Group’s awareness of itself as a global corporate citizen. Accordingly, each and every one of the Directors, Executive Officers, employees and others of the Group shall make decisions for the organization and carry out business activities in line with social ethics, commensurate with the Group’s position as a corporate citizen.
  - (b) In order to implement the corporate philosophy mentioned above, all Directors, Executive Officers, employees and others of the Group shall maintain the standard of business conduct that involve complying with laws and regulations and social ethics based on the Code of Business Ethics of the Suntory Group. The Directors and Executive Officers shall take the initiative in complying with laws and regulations, the Articles of Incorporation, and business ethics, and actively make efforts to maintain and improve the management based on compliance.
  - (c) In order to ensure that the execution of duties by Directors, Executive Officers, employees and others of the Group conforms with laws and regulations and the Articles of Incorporation, the Risk Management Committee shall promote compliance activities of the entire Group and shall deliberate important issues related to the promotion of compliance. In addition, the division in charge of compliance shall regularly carry out education and training programs, while establishing and promoting compliance systems of the entire Group.
  - (d) The Risk Management Committee shall report details of its deliberations and activities to the Board of Directors and the Audit and Supervisory Committee, as necessary.
  - (e) If a Director or Executive Officer discovers a compliance-related problem of the Group, it shall be promptly reported to the Risk Management Committee. In addition, compliance hotlines shall be established within and outside the Company to allow employees and others of the Group to directly report compliance-related problems. Upon working to obtain information, the Risk Management Committee that received the report shall investigate the details,

discuss the issue with the relevant departments as necessary, take corrective measures, establish measures aimed at preventing recurrence, and have such measures implemented across the entire Group.

- (f) As necessary, Directors shall be dispatched to the Company's subsidiaries to appropriately execute business, make decisions and perform supervision. In addition, the Company's relevant departments shall, as necessary, provide advice, guidance and support to its subsidiaries.
  - (g) Audit and Supervisory Board Members shall be dispatched to the Company's subsidiaries as necessary to perform audits.
  - (h) An internal audit division shall be established to perform internal audits pertaining to the status of compliance and the appropriateness of business operations of the Group. The internal audit division shall report results of such audits to the Audit and Supervisory Committee and the Representative Director, President & Chief Executive Officer, as necessary.
  - (i) Internal control systems shall be established and maintained to ensure the appropriateness of financial reporting of the Group.
  - (j) Directors and Executive Officers shall establish and promote a system put in place in the Group to sever any relations with anti-social forces and clearly reject improper demands from them.
- (2) System for the Preservation and Management of Information Concerning the Execution of Duties of the Company's Directors
- (a) Directors and Executive Officers shall, in accordance with laws and regulations and internal regulations, preserve and manage minutes of General Meetings of Shareholders, minutes of Board of Directors meetings, documents and other materials related to important decision-making (including electronic or magnetic records, the same applies hereinafter), as well as other important information related to the execution of duties by Directors.
  - (b) The documents and other materials mentioned above shall be kept in a condition such that allows for Directors to view them as necessary.
  - (c) The Risk Management Committee shall establish and promote an information security governance system that does not only protect and preserve information, including personal information, but also facilitates to increase corporate value by use of information.
- (3) Regulations and Other Systems for Managing Risk of Losses of the Company and Its Subsidiaries
- (a) The Group's basic policies on risk management shall be determined by the Board of Directors.
  - (b) Each Executive Director and Executive Officer shall hold responsibility for addressing risks inherent in business execution. Moreover, material risks shall be analyzed and evaluated, and improvement plans shall be discussed and determined by the Board of Directors.
  - (c) As for material risks related to Group management, the Risk Management Committee and the Quality Assurance Committee shall comprehensively and collectively manage respective risks incidental to the execution of business

throughout the entire Group, and quality risks thereof. In addition, regulations and guidelines pertaining to management of such risks shall be established, and training activities thereof shall be implemented, as necessary.

- (d) As for newly emerging material risks related to Group management, the Board of Directors shall promptly select those Executive Directors or Executive Officers who will hold responsibility for addressing such risks and determine a course of action to address such risks.
- (4) System for Ensuring that Directors of the Company and Officers of the Company's Subsidiaries Execute Their Duties Efficiently
- (a) The basic policies on management of the Group shall be determined by the Board of Directors.
  - (b) The Company shall determine Company-wide goals shared by the Directors, Executive Officers, employees and others of the Group, and Directors in charge shall specify efficient methods for achieving such goals, such as specific targets and appropriate allocation of authority aimed at achieving the Company-wide goals.
  - (c) Directors in charge shall confirm progress made in achieving goals and report the specific measures to achieve the goals at Board of Directors meetings.
  - (d) Each Director shall be in charge of his/her execution of business operations appropriately and shall strive to make decisions efficiently under the Responsibility and Authority Rules.
- (5) System for Reporting to the Company Matters Related to the Execution of Duties by Officers of the Company's Subsidiaries
- (a) The status of the Company's subsidiary business execution shall be regularly reported to the Board of Directors.
  - (b) Executive Directors and Executive Officers in charge of a Company's subsidiary shall request reports on the status of business execution from such subsidiary, as needed.
  - (c) Under the Responsibility and Authority Rules, certain matters concerning management of the Company's subsidiaries must be consulted with and reported to the Company's relevant departments, or otherwise must receive approval from the Company's Board of Directors.
  - (d) The internal audit division shall, as necessary, report the results of the Company's subsidiary internal audits to the Audit and Supervisory Committee and the Representative Director, President & Chief Executive Officer.
- (6) Other Systems to Ensure the Appropriateness of Business of the Group Consisting of the Company, Its Parent Company and Its Subsidiaries

With respect to transactions within the Group, including the parent company, internal procedures shall be established pertaining to matters such as performing transactions and determining transaction terms and conditions, and steps shall be taken to ensure the objectivity and rationality of such transactions. In particular, care shall be taken to ensure independence from

the parent company with respect to transactions with the parent company.

- (7) Matters Regarding Directors and Employees Who Assist in the Duties of the Audit and Supervisory Committee of the Company, Matters Regarding the Independence of Such Directors and Employees from Other Directors (Excluding Directors Serving on the Audit and Supervisory Committee), and Matters Related to Ensuring the Effectiveness of Instructions Given by the Audit and Supervisory Committee to Such Directors and Employees
  - (a) The internal audit division shall assist with the Audit and Supervisory Committee's duties. Matters such as those involving transfer and evaluation of internal audit division employees shall be performed in a manner respectful of views provided by the Audit and Supervisory Committee, and in a manner that ensures independence from the Directors (excluding Directors serving on the Audit and Supervisory Committee).
  - (b) In assisting with the duties of the Audit and Supervisory Committee, employees of the internal audit division shall comply with the instructions and orders from the Audit and Supervisory Committee exclusively.
  
- (8) System for the Company's Directors (Excluding Directors Serving on the Audit and Supervisory Committee), Executive Officers and Employees, as Well as Directors, Executive Officers, Audit and Supervisory Board Members, Others with Equivalent Duties and Employees of the Company's Subsidiaries or Other Persons Who Receive Reports from Such Persons to Report to the Company's Audit and Supervisory Committee and Other Systems Related to Reporting to the Audit and Supervisory Committee
  - (a) The Representative Director and Executive Directors shall report to the Board of Directors on their execution of business as needed.
  - (b) If the Audit and Supervisory Committee requests a report on business operations, or otherwise conducts an investigation of a business or property, the Directors (excluding Directors serving on the Audit and Supervisory Committee), Executive Officers, employees and others of the Group shall respond to the request or investigation promptly and accurately.
  - (c) Upon discovery of any incident that could cause the Group substantial damage, such as acts in violation of laws and regulations, the Directors (excluding Directors serving on the Audit and Supervisory Committee), Executive Officers, employees and others of the Company shall immediately report the matter to the Audit and Supervisory Committee.
  - (d) The internal audit division and the Risk Management Committee shall regularly report internal audit results and the status of other activities in the Group to the Audit and Supervisory Committee.
  - (e) The division in charge of compliance shall regularly report the status of whistleblowing in the Group to the Audit and Supervisory Committee.
  
- (9) System to Ensure That a Person Who Has Reported to the Company's Audit and Supervisory Committee Are Not Treated Adversely Based on the Fact Such a Report Has Been Made by the Person

The Directors (excluding Directors serving on the Audit and Supervisory Committee), Executive Officers, employees and others of the Group may directly report to the Audit and Supervisory Committee, and any adverse treatment based on the fact that such a report has been made by the person is prohibited under the internal regulations, etc.

- (10) Policies Regarding Procedures for Advance Payment or Reimbursement of Expenses Arising in Conjunction with the Execution of Duties by Audit and Supervisory Committee Members of the Company (Limited to Those Expenses Incurred in Relation to Execution of Audit and Supervisory Committee Duties) and Other Policies for Processing Expenses and Obligations Arising with Respect to Execution of Such Duties, and Other Systems for Ensuring That the Audit and Supervisory Committee Effectively Performs Audits
- (a) If the Audit and Supervisory Committee, in conjunction with the execution of its duties, asks the Company for advance payment, etc. of expenses under Article 399-2, Paragraph 4 of the Companies Act, the Company shall promptly process such expenses or obligations, unless they are not necessary for the Audit and Supervisory Committee members to execute their duties.
  - (b) If the Audit and Supervisory Committee requests independent use of an external expert for the purpose of executing duties of the Audit and Supervisory Committee members, the Company shall then bear those expenses, unless they are not necessary for the Audit and Supervisory Committee members to execute their duties.
  - (c) The Audit and Supervisory Committee shall endeavor to ensure communication and information exchange with the Audit and Supervisory Board Members (or persons with equivalent duties) of the Company's subsidiaries and the internal audit division.
  - (d) The Audit and Supervisory Committee shall regularly provide opportunities for the exchange of opinions with the Representative Director, President & Chief Executive Officer, and the Accounting Auditor.



In the fiscal year under review, the major operational status of the above-mentioned systems for ensuring the appropriateness of the business is as follows.

(1) Status of initiatives related to improving efficiency in execution of businesses

- The Company has, through a resolution of the Board of Directors, delegated the execution of certain important duties to Directors in order to enable efficient decision making.
- The Board of Directors held 13 meetings where they actively discussed management challenges and the execution of business including the medium-term plan, corporate governance, and human resources strategy.
- At their meetings, the Board of Directors was provided with reports on the Group's monthly business performance, and accordingly verified and discussed matters such as progress made in achieving the Group's business objectives, its management challenges, along with measures in that regard.

(2) Operational status of the risk management system

- The Risk Management Committee regularly held meetings where they identified risks facing the Group, formulated measures for addressing such risks, and checked on progress made with respect to taking action in that regard.
- With respect to quality risks, the Quality Assurance Committee regularly held meetings where they identified issues involving matters of quality control pertaining to the Group, formulated measures for addressing such issues, and checked on progress made with respect to taking action in that regard.
- The details of the activities of the Risk Management Committee and the Quality Assurance Committee have been reported at the Board of Directors meetings.
- To ensure information security, the Group has been developing various sets of internal rules governing the proper preservation and management of information. In addition to carrying out discussions on countermeasures at the Risk Management Committee, the Group has also been implementing measures at each Group company, including holding information management education and awareness activities, as well as taking steps geared toward discouraging unsuitable means of information management and preventing leakages of confidential information.

### (3) Status of initiatives related to compliance

- The Group implemented training programs etc. with the aim of encouraging observance of the Code of Business Ethics of the Suntory Group.
- With the goal of proactive prevention and early discovery of infringements of laws and regulations and dishonest practices, channels for whistleblowing are provided by way of the division in charge of compliance, external channels such as law firms and providers of services to receive whistleblower disclosures, and the Audit and Supervisory Committee. 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.
- In response to reports and requests for advice, the related divisions have taken responsibility for investigating the situation and, if necessary, taking corrective action and drawing up measures to prevent recurrence, as instructed by the Risk Management Committee (or by the Audit and Supervisory Committee when reports or requests for advice are directed to it). Moreover, internal rules have been established to forbid others from subjecting a person making such a report to adverse treatment.
- Centering on the Risk Management Committee, the Group verified and discussed compliance issues facing the Group, including anti-bribery and corruption initiatives, and countermeasures for dealing with them.
- In Japan, an attitude survey was conducted among employees with the aims of checking whether compliance management is being instilled among them, and of further nurturing a wholesome workplace culture. The results of the attitude survey have been reported to the Board of Directors.

### (4) Operational status of the Audit and Supervisory Committee

- The Audit and Supervisory Committee deliberates on the matters to be discussed at the Board of Directors meetings beforehand and if the Committee deems it is necessary to express an opinion as the Audit and Supervisory Committee at the Board of Directors meeting, the Committee expresses such opinion. Moreover, if an individual Audit and Supervisory Committee Member deems it necessary to express an opinion at the Board of Directors meeting from their respective specialist insight, such individual expresses such opinion.
- The full-time Audit and Supervisory Committee Member has been attending important meetings such as the Risk Management Committee and other such bodies, through which he/she has been able to obtain reports on business execution provided by Directors, Executive Officers and others, in addition to which he/she has shared, in a timely and appropriate manner, the process

and content of decision making with other Audit and Supervisory Committee Members.

- The Audit and Supervisory Committee has been conducting audits in cooperation with the internal audit divisions under the leadership of the full-time Audit and Supervisory Committee Member. Pursuant with the audit plan, the Audit and Supervisory Committee carried out audits on the effectiveness of corporate governance, risk management, and the internal control systems, from position of understanding of activities on site, and provided opinions based on the audit results directly to the management team of each area, thereby contributing to improving management quality.
- The Group Audit Committee, whose membership consists of Audit and Supervisory Committee Members, officers in charge of the corporate strategy division, and officers in charge of the administration division, was held regularly. The Committee received reports on the status of improvement of matters on which Audit and Supervisory Committee provided opinions from the management team of each area and conducted monitoring to ensure that each business reflected the results of the internal audit in efforts to improve the quality of management.

(5) Operational status of internal audits

- Each of the internal audit divisions of the Company and the Group companies has conducted audits of their own company on the basis of the annual audit plan.
- The internal audit division reports on the audit results to the Audit and Supervisory Committee, and Directors and Executive Officers including the Representative Director, President & Chief Executive Officer.

(6) Transactions between the parent company, etc.

- Transactions between the Suntory Group including Suntory Holdings Limited, the Company's parent company, have been examined by the Company's legal affairs division and accounting division beforehand to confirm the necessity of the transaction, and the appropriateness of its terms and conditions, and decision-making process.
- Working to ensure its independence from Suntory Holdings Limited, the decisions regarding transactions with the parent company and other Suntory Group members, deemed to be particularly important, have been taken after sufficient deliberation by the Board of Directors including several Independent Outside Directors with respect to the necessity and

appropriateness of the said transactions. In regard to a transaction with the Suntory Group that is scheduled to be conducted in the 2020 fiscal year, decisions were made after thorough deliberation at a Board of Directors meeting with respect to the necessity and appropriateness.

Consolidated Financial Statements (IFRSs)

**Consolidated Statement of Changes in Equity**

(For the year ended December 31, 2019)

(Unit: Millions of yen)

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at December 31, 2018	168,384	182,349	420,638	–	(56,548)	714,823	84,054	798,877
Cumulative effect of adopting new accounting standards			(710)			(710)	(165)	(876)
Balance at January 1, 2019	168,384	182,349	419,927	–	(56,548)	714,112	83,888	798,000
Profit for the year			68,888			68,888	11,191	80,080
Other comprehensive income					(2,329)	(2,329)	849	(1,480)
Total comprehensive income for the year	–	–	68,888	–	(2,329)	66,558	12,041	78,599
Purchase of treasury shares				(0)		(0)		(0)
Dividends			(24,101)			(24,101)	(14,315)	(38,417)
Transactions with non-controlling interests						–	(618)	(618)
Reclassification to retained earnings			(7)		7	–		–
Total transactions with owners of the Company	–	–	(24,109)	(0)	7	(24,102)	(14,933)	(39,035)
Balance at December 31, 2019	168,384	182,349	464,705	(0)	(58,870)	756,568	80,997	837,565

Note: All amounts have been rounded down to the nearest million yen.

## Notes to Consolidated Financial Statements

### BASIS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparing consolidated financial statements

The Group prepared its consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter “IFRSs”), pursuant to the provisions of Article 120, Paragraph 1 of the Regulation on Accounting of Companies. Disclosure requirements under IFRSs are partially omitted pursuant to the provisions of second sentence of the said paragraph.
2. Scope of consolidation

The number of subsidiaries is 93. The major such companies are Suntory Foods Limited, Suntory Beverage Solution Limited, Suntory Products Limited, Suntory Beverage Service Limited, Japan Beverage Holdings Inc., Orangina Schweppes Holding B.V., Lucozade Ribena Suntory Limited, Suntory Beverage & Food Asia Pte. Ltd., BRAND’S SUNTORY INTERNATIONAL CO., LTD., FRUCOR SUNTORY NEW ZEALAND LIMITED and Pepsi Bottling Ventures LLC.
3. Application of equity method

The number of associates accounted for using the equity method is 8.
4. Accounting policies
  - (1) Basis of consolidation

The Group’s consolidated financial statements with the fiscal closing date at December 31 are composed of accounts of the Company and its subsidiaries together with the Group’s attributable share of the results of associates and joint ventures. There were no joint ventures as at the end of the fiscal year under review.

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group’s subsidiaries are included in the scope of consolidation, which begins when it obtains control over a subsidiary and ceases when it loses control of the subsidiary. Disposal of the Group’s ownership interests in a subsidiary that does not result in the Group losing control over the subsidiaries is accounted for as an equity transaction. Any difference between the amount of an adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is attributed to owners of the Company. Non-controlling interests of the subsidiaries are identified separately from ownership interests attributable to the Group. Comprehensive income of subsidiaries is attributed to owners of the Company and non-controlling interests, even when comprehensive income attributed to non-controlling interests results in a negative balance.

An associate is an entity over which the Group has significant influence over the financial and operating policy of the associate, but does not have control. Investments in an associate are initially recognized at cost upon the acquisition and are subsequently accounted for using the equity method. Investments in an associate include goodwill recognized upon the acquisition, net of accumulated impairment losses.

A joint venture is an entity jointly controlled by two or more parties including the Group under the contractually agreed sharing of control of an arrangement over economic activities of the joint venture, which exists only when decisions for strategic financial and operating decisions related to relevant activities require unanimous consent of the parties sharing control. A joint venture of the Group is accounted for using the equity method.
  - (2) Business combination

A business combination is accounted for using the acquisition method. The acquisition cost is measured as the sum of the acquisition-date fair values of the assets transferred, liabilities assumed and the equity financial instruments issued by the Company in exchange for control of the acquiree. Excess of the acquisition cost over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill in the consolidated statement of financial position. Conversely, any excess of the Group’s share of the net fair value of the identifiable assets and liabilities of the investee over the acquisition cost is immediately recognized as income in the consolidated statement of profit or loss. The Group accounts for the acquisition of additional non-controlling interests as an equity transaction, and accordingly, it does not recognize goodwill attributable to such transactions.

Identifiable assets acquired and the liabilities assumed are recognized at their fair value as at the acquisition date, except for the following:

    - Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements;
    - Assets or disposal groups that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Transaction costs that are directly attributable to a business combination, such as agent, legal, and due diligence fees are expensed as incurred.
  - (3) Foreign currencies

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). In preparing the financial statements of each entity, a transaction denominated in a currency other than the entity’s functional currency is translated into its functional currency using the exchange rate that approximates the exchange rate prevailing at the date of the transaction. The consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency. Amounts presented in the consolidated financial statements are rounded down to the nearest million yen. Assets and liabilities of the Group’s foreign operations are translated into Japanese yen using exchange rates prevailing at the reporting date. Income and expense items are in principle translated into Japanese yen at the weighted-average exchange rates for the reporting period. Any exchange difference arising from translation of the financial statements of

the Group's foreign operations is recognized in other comprehensive income. Any exchange difference arising from translation of the Group's foreign operation disposed is recognized in profit or loss for the reporting period in which that foreign operation is disposed of.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing at the reporting date. Any exchange difference arising from translation or settlement of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. However, exchange differences arising from translation or settlement of financial assets measured at fair value through other comprehensive income (FVTOCI) and cash flow hedges are recognized in other comprehensive income.

#### (4) Financial instruments

##### 1) Financial assets

###### (i) Initial recognition and measurement

The Group initially recognizes trade and other receivables on the day when they are incurred, and it initially recognizes other financial assets at the transaction date when the Group becomes a party to the contract for the financial assets. Financial assets are classified into the following specific categories; financial assets measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI) and financial assets measured at amortized cost. The classification is determined at the time of initial recognition.

All financial assets, excluding financial assets classified as measured at FVTPL, are measured at their fair value plus transaction costs. Financial assets are classified as measured at amortized cost, if both of the following conditions are met.

- The financial assets are held within a business model whose objective is to hold the asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

###### (ii) Subsequent measurement

For financial assets measured at fair value other than equity instruments held for trading that should be measured at FVTPL, each equity instrument is designated as measured at FVTPL or FVTOCI, for which such designation is continuously applied.

After initial recognition, financial assets measured at amortized cost are measured at amortized cost, using the effective interest method. Financial assets measured at fair value are remeasured at fair value. Any gain or loss on financial assets measured at fair value is recognized in profit or loss. However, changes in the fair value of equity instruments designated as measured at FVTOCI are recognized in other comprehensive income and the changes are reclassified to retained earnings when equity instruments are derecognized and when there is a significant decline in their fair value. Dividends from such financial assets are recognized as part of finance income in profit or loss for the year.

###### (iii) Impairment

For impairment of financial assets measured at amortized cost, the Group recognizes a loss allowance against expected credit losses on such financial assets. At each reporting date, financial assets are assessed whether there has been a significant increase in credit risk of the financial asset since initial recognition.

If the credit risk on financial assets has not increased significantly since initial recognition, a loss allowance is measured at an amount equal to 12-months of expected credit losses. On the other hand, if the credit risk on financial assets has increased significantly since initial recognition, a loss allowance is measured at an amount equal to the lifetime expected credit losses. However, a loss allowance for trade and other receivables is always measured at an amount equal to the lifetime expected credit losses. Expected credit losses on financial assets are assessed based on objective evidence which reflects changes in credit information, and past due information of receivables. An impairment loss is recognized in profit or loss. If any event resulting in a decrease of impairment losses occurs after the recognition of impairment losses, impairment gains are recognized through profit or loss. The carrying amount of financial assets, net of any cumulative impairment losses, presented in the consolidated financial statements represents the maximum exposure to credit risks of the Group's financial assets, without considering value of associated collaterals obtained.

###### (iv) Derecognition

The Group derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or when it substantially transfers all the risks and rewards of ownership of the assets to another party. If the Group continues to control the transferred assets, the Group continues to recognize the asset and related liabilities to the extent of its continuing involvement.

##### 2) Financial liabilities

###### (i) Initial recognition and measurement

Financial liabilities are classified into either subsequently measured at FVTPL or at amortized cost. The classifications are determined at the time of initial recognition. All of the financial liabilities are initially measured at fair value and any directly attributable transaction costs are further deducted from the fair value of financial liabilities measured at amortized cost.

###### (ii) Subsequent measurement

Financial liabilities measured at FVTPL include those held for trading purposes and those designated as measured at FVTPL upon initial recognition. Such financial liabilities measured at FVTPL are subsequently measured at fair value, with changes recognized in profit or loss for the reporting period. Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. A gain or loss on financial liabilities no longer amortized using the effective interest method and derecognized is recognized as part of finance costs in profit or loss for the reporting period.

(iii) Derecognition

Financial liabilities are derecognized when they are extinguished, i.e., when the obligations specified in the contract are discharged, cancelled or expired.

3) Presentation of financial assets and liabilities

Financial assets and liabilities are presented in their net amount in the consolidated statement of financial position only when the Group has a legally enforceable right to offset the financial asset and liability balances and it intends either to settle on a net basis or to realize financial assets and settle financial liabilities simultaneously.

4) Derivatives and hedge accounting

The Group utilizes derivatives, such as foreign exchange contracts and interest rate swap contracts, to hedge foreign exchange and interest rate risks, respectively. Derivatives are initially measured at fair value upon execution of a contract and are subsequently remeasured at fair value.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which it applies hedge accounting and its risk management objective and strategy for undertaking the hedge. That documentation includes identification of a specific hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will test the effectiveness of changes in fair value of the hedging instrument in offsetting the exposure to fair value or cash flow changes of the hedged item attributable to the hedged risks. These hedges are presumed to be very effective in offsetting fair value or cash flow changes. Further, continuing assessments are made as to whether the hedges are very effective over all the reporting periods of such designation.

If the hedging relationship no longer meets the hedge effectiveness requirements in terms of hedge ratios due to a change in an economic relationship between the hedged item and the hedging instrument, despite that the risk management objective remains unchanged, the hedge ratio is adjusted to meet the hedge effectiveness requirements again. If the hedging relationship no longer meets the hedge effectiveness requirement in spite of the hedge ratio adjustment, hedge accounting is discontinued for the portion of the hedge relationship that no longer meets the requirement.

The hedges that meet the hedge accounting criteria are classified and are accounted for under IFRS 9 as follows.

(i) Fair value hedges

Changes in the fair value of the hedging instrument are recognized in profit or loss. However, changes in fair value of a hedged item that is an equity instrument designated as measured at FVTOCI are recognized in other comprehensive income. For changes in fair value of the hedged item attributable to the risk being hedged, such changes are adjusted with the carrying amount of the hedged item and are recognized in profit or loss. However, changes in fair value of an equity instrument with an election to present such changes in other comprehensive income are recognized in other comprehensive income.

(ii) Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The portion of the gain or loss on the hedging instrument that is hedge ineffective is immediately recognized in profit or loss. The amount of the hedging instrument recognized in other comprehensive income is reclassified to profit or loss at the point a hedged future transaction affects profit or loss. If the hedged item gives rise to the recognition of a non-financial asset or liability, the amount recognized in other comprehensive income is removed to adjust the original carrying amount of the non-financial asset or liability.

If a forecast hedge transaction or firm commitment is not expected to arise, the cumulative gains and losses previously recognized in equity through other comprehensive income are reclassified to profit or loss. If hedged future cash flows are still expected to arise, the cumulative gains and losses previously recognized in equity through other comprehensive income remain in equity until such future cash flows arise.

(5) Inventories

Inventories are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale. The cost of inventories is principally determined using a weighted-average basis, comprising all costs of purchase and conversion and other costs incurred in bringing the inventories to their present location and condition.

(6) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment comprises any costs directly attributable to the acquisition of the item, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs that should be capitalized.

Depreciation on an item of property, plant and equipment, other than land and construction in progress, are recognized on a straight-line basis over its estimated useful life. The ranges of estimated useful lives by major asset items are as follows:

- Buildings and structures: 5–50 years
- Machinery and vehicles: 2–17 years
- Tools, fixtures and equipment: 2–15 years

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date. Any change is treated as a change in accounting estimate and is accounted for prospectively.

(7) Intangible assets

Intangible assets are measured at cost at initial recognition. Upon initial recognition, intangible assets, exclusive of intangible assets with indefinite useful lives, are amortized on a straight-line basis over its estimated useful life, and is stated at its carrying amount, i.e., at cost less accumulated amortization and any accumulated impairment losses. The estimated useful lives of principal intangible assets with definite useful lives are as follows:

- Trademarks: 20 years



- Computer software: 2–10 years

The estimated useful lives, residual values and amortization methods are reviewed at the end of each reporting period. Any change is treated as a change in accounting estimates and is accounted for prospectively. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment each reporting period, or whenever there is any indication of impairment.

Goodwill is measured as at the acquisition date as the excess of the aggregate of the consideration transferred, the value of any non-controlling interests and the fair value of any previously held equity interest in the subsidiary acquired over the fair value of the identifiable net assets (net of identifiable assets acquired and the liabilities assumed) acquired. Goodwill is not amortized, but is tested for impairment each reporting period, or whenever there is any indication of impairment.

(8) Leases

At the commencement date of a lease, the right-of-use assets are measured at cost and the lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date. If ownership of the underlying asset is transferred to the Group by the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of a purchase option, the right-of-use assets are depreciated on a straight-line basis over their useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful lives or the end of the lease terms. Lease payments are allocated to finance costs and the repayment of the lease liabilities, using the effective interest rate method, and finance costs are recognized in the consolidated statement of profit or loss.

The lease term is determined after adjustment for periods covered by an extension and termination option that the Group is reasonably certain to exercise in the non-cancellable period under the lease contract. In the measurement of the present value, the interest rate implicit in the lease or the incremental borrowing rate is used.

For short-term leases for which the lease term ends within 12 months and leases in which the underlying asset is of low value, total lease payments are recognized as an expense on either a straight-line basis over the lease term or another systematic basis.

(9) Impairment of non-financial assets

The carrying amount of a non-financial asset of the Group, exclusive of inventories and deferred tax assets, is assessed at each reporting date to test whether there is any indication that the asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Further, the recoverable amount is estimated annually at the same time every year for goodwill and intangible assets with indefinite useful lives and intangible assets that are not yet available for use.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. In determining the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the asset. Non-financial assets not tested for impairment on an individual basis are grouped into the smallest cash-generating unit that generates cash inflows from the continuing use of the asset, which are largely independent of those from other assets or asset groups. In performing impairment testing on goodwill, an entity groups cash-generating units to which goodwill is allocated to enable performing impairment testing in a manner that reflects the smallest unit to which it relates. Goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination. Corporate assets of the Group do not generate independent cash inflows. If there is any indication that a corporate asset may be impaired, the recoverable amount of the cash-generating unit to which the corporate asset belongs is determined.

Impairment loss is recognized in profit or loss when the carrying amount of an asset or cash generating unit is greater than its recoverable amount. An impairment loss recognized for a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units), and then, to the other assets of the unit (or group of units) pro rata on the basis of the carrying amount of each asset in the unit (or group of units).

Impairment losses recognized for goodwill are not reversed subsequently. Impairment losses recognized for other assets are assessed at each reporting date whether there is any indication that they may no longer exist or may have decreased. If there is a change in the estimates used to determine the recoverable amount of an asset, an entity reviews the recoverable amount of the asset and reverses an impairment loss for the asset. An impairment loss is reversed to the extent of the carrying amount that would have been determined, net of any amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

(10) Post-employment benefit plans

The Company and certain subsidiaries established post-employment benefit plans for its employees: defined benefit and defined contribution plans. The present value of defined benefit obligations, related current service cost and, where applicable, past service cost are determined using the projected unit credit method.

The discount rate is determined by reference to market yields at each reporting date on high quality corporate bonds corresponding to a discount period that is defined based on the period to the date of expected future benefit payment for each year. Net defined benefit liability (asset) is determined as the present value of defined benefit obligation less the fair value of plan assets (if any). Remeasurement of post-employment benefit plans is recognized collectively in other comprehensive income for the period in which they are incurred.

The past service cost is accounted for as profit or loss for the period in which it is incurred.

Expenses related to defined contribution retirement benefits are recognized when related services are rendered.

(11) Provisions

Provisions are recognized only when the Group has a present obligation (legal or constructive) as a result of a past event,

it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of estimated future cash outflows discounted using a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as finance costs.

(12) Revenue

The Group is engaged in sale of soft drinks and foods. With regard to the sale of these goods, customers usually obtain control of the goods and the Group's performance obligation is satisfied at the time when the goods are delivered; therefore, the Group recognizes revenue at the time of delivery of goods. Revenue has been measured at the amount after deduction of trade discounts, rebates, taxes collected on behalf of third parties such as consumption taxes or value added tax, sales incentives, and returned goods from consideration promised under the contracts with customers. Interest income and expense is recognized using the effective interest method.

(13) Government grant

The Group measures and recognizes grant revenue at its fair value when there is reasonable assurance that an entity will comply with the conditions attached to them and will receive the grants. The grants received to compensate costs incurred are recognized as revenue in the period in which such costs are incurred. The grants related to the acquisition of an asset are deducted from the carrying amount of the asset.

(14) Corporate income tax

Corporate income tax is comprised of current and deferred tax. Current and deferred tax is recognized through profit and loss, except for those that arise from a business combination or are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities. The amount of current tax is determined based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in each tax jurisdiction where the Group owns the business activities and earns taxable profit (or loss).

Deferred tax is recognized for the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their value for tax purposes as at the reporting date as well as the carryforward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising on initial recognition of an asset or liability arising in a transaction other than business combinations and affects neither accounting profit nor taxable profit;
- Deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangement, to the extent it is probable that the temporary difference will not reverse in the foreseeable future; and
- Taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangement, to the extent it is probable that the Group is able to control the timing of the reversal of the temporary difference, and the temporary difference will not reverse in the foreseeable future.

A deferred tax liability is principally recognized for all taxable temporary differences and a deferred tax asset is recognized for all deductible temporary differences to the extent it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed each period and is reduced to the extent it is probable that the sufficient taxable profit will not be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are also reviewed each period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that are expected to be applied in the period when the asset is realized or liability is settled, based on statutory tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are netted when the entity has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax balances relate to the same taxation authority.

An asset or liability is recognized for uncertain tax positions at the estimated amount expected to arise from the uncertain tax position.

(15) Earnings per share

Earnings per share is calculated by the profit or loss for the year attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares issued.

(16) Assets held for sale

The Group classifies an asset or asset group that will be recovered principally through a sales transaction rather than through continuing use as assets held for sale, only when its sale must be highly probable within one year, the asset or asset group is available for immediate sale in its present condition and the appropriate level of management of the Group is committed to a plan to sell the asset or asset group. The assets held for sale are not depreciated or amortized, and are measured at the lower of its carrying amount and the fair value less costs to sell.

## CHANGES IN ACCOUNTING POLICIES

The Group has adopted IFRS 16 "Leases" (hereinafter, "IFRS 16") from the year ended December 31, 2019. With regard to a lessee of lease transactions, IFRS 16, which makes amendments to the previous IAS 17, eliminates the classification as operating or finance leases and provides that assets and liabilities related to all significant lease transactions are recorded

under a single model. In the application of IFRS 16, the Group has adopted the method where the cumulative effect of applying this standard is recognized at the date of initial application, which is allowed as the transitional measure, without making retrospective adjustments for each reporting period. In addition, the Group adopts the following practical expedients on a regional or business basis in light of practical burdens.

- Not to reassess whether a contract is, or contains, a lease at the date of initial application
- To apply a single discount rate to a portfolio of leases with reasonably similar characteristics
- To exclude initial direct costs from the measurement of the right-of-use asset arising from leases previously classified as operating leases at the date of initial application
- To measure the right-of-use asset arising from leases previously classified as operating leases at the same value as the lease liabilities
- To account in the same way as short-term leases for leases with a lease term of 12 months or less from the date of initial application
- To use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease

At the commencement date of a lease, the right-of-use assets are measured at cost and the lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date. If ownership of the underlying asset is transferred to the Group by the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of a purchase option, the right-of-use assets are depreciated on a straight-line basis over their useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful lives or the end of the lease terms. Lease payments are allocated to finance costs and the repayment of the lease liabilities, using the effective interest rate method, and finance costs are recognized in the consolidated statement of profit or loss.

The lease term is determined after adjustment for periods covered by an extension and termination option that the Group is reasonably certain to exercise in the non-cancellable period under the lease contract. In the measurement of the present value, the interest rate implicit in the lease or the incremental borrowing rate is used.

For short-term leases for which the lease term ends within 12 months and leases in which the underlying asset is of low value, total lease payments are recognized as an expense on either a straight-line basis over the lease term or another systematic basis.

Reconciliation of operating lease commitments under IAS 17 and lease liabilities recognized on the consolidated statement of financial position as at the adoption date is as follows:

	Amount (Millions of yen)
Operating lease commitments under IAS 17 as of January 1, 2019	30,092
Discounted operating lease commitments under IAS 17 as of January 1, 2019	26,710
Finance lease liabilities under IAS 17 as of January 1, 2019	12,144
Additionally recognized lease liabilities due to reassessment of lease term	20,130
Others	(10,132)
Lease liabilities under IFRS 16 as of January 1, 2019	<u>48,852</u>

“Others” includes short-term leases and low-value leases which are principally lease of pallets used for transport of products and are exempted from the scope of recognition. Current and non-current lease liabilities are included in other financial liabilities, respectively.

Assets newly recognized on the consolidated statement of financial position as at the adoption date of IFRS 16 are as follows:

Carrying amount of right-of-use assets	(Millions of yen)
Land, buildings and structures	32,169
Machinery and vehicles	3,003
Tools, fixtures and equipment	6
Others	567
Total right-of-use assets	<u>35,747</u>
Weighted average of incremental borrowing rates	1.7%

For land, buildings and structures recorded as right-of-use assets, lease contracts have been entered into principally to use these assets as the head office, other offices, and manufacturing sites as well as warehouses. The Group estimates the lease terms by evaluating the reasonable certainty of exercising options to extend or terminate leases, making reference to its

business plans and considering all relevant facts and circumstances that create an economic incentive for the Group to exercise such options. Other than those above, right-of-use assets recorded on the consolidated statement of financial position include balances transferred from property, plant and equipment, intangible assets, and other non-current assets at ¥11,936 million, ¥18 million, and ¥2,306 million, respectively.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 1. Provisions netted off against assets

Trade and other receivables	¥1,199 million
Other financial assets	¥32 million

2. Accumulated depreciation of property, plant and equipment (including accumulated impairment losses) ¥447,167 million

### 3. Guarantee obligation

The Company has guarantee obligation concerning borrowings from financial institutions other than the Group companies.

Oulmès Drink Développement SA	¥306 million
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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Total number of issued shares as at December 31, 2019: Ordinary shares 309,000,000 shares

### 2. Cash dividends from surplus paid during the fiscal year under review

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
At Ordinary General Meeting of Shareholders held on March 28, 2019	Ordinary shares	¥12,051 million	¥39.00	December 31, 2018	March 29, 2019
At Meeting of the Board of Directors held on August 5, 2019	Ordinary shares	¥12,050 million	¥39.00	June 30, 2019	September 2, 2019

### 3. Approval of dividend payment for which the record date is in the fiscal year under review, and the effective date is in the following fiscal year

Resolution [Proposed]	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
Scheduled to be resolved at Ordinary General Meeting of Shareholders held on March 27, 2020	Ordinary shares	¥12,050 million	¥39.00	December 31, 2019	March 30, 2020

## FINANCIAL INSTRUMENTS

### 1. Conditions of financial instruments

The Group is exposed to financial risks, e.g., credit risk, liquidity risk, foreign exchange risk, interest rate risk and market price fluctuation risk in the course of its business activities. We perform risk management to mitigate such financial risks. The Group utilizes derivative transactions to avoid foreign exchange or interest rate risks, and has a policy in place not to engage in speculative transactions.

The finance department monitors performance and balances of derivative transactions based on the Group's risk management policies and reports derivative transaction records as necessary to the head of the finance function.

#### (1) Credit risk management

Credit risk is the risk that the counterparty to financial assets held by the Group will default on a contractual obligation, resulting in a financial loss to the Group. In addition, the Group is also exposed to credit risk of financial institutions that are counterparties to derivative transactions to hedge foreign exchange risk and interest rate risk of the Group, and deposit of excess funds. However, because the Group conducts transactions only with highly credible financial institutions, the impact on credit risks is immaterial.

The Group sets credit limits for each business counterparty based on internal guidelines for credit management by business and country or region, while managing overdue debtors and outstanding balances. The Group's receivables are from many customers spanning a wide range of countries and regions. The Group does not have any excessively concentrated credit risk for a single counterparty or the group to which such counterparty belongs.

#### (2) Liquidity risk management

Liquidity risk is the risk that the Group will be unable to make a repayment on the due date in meeting the obligation to repay financial liabilities that become due.

The Group diversifies the means of financing to prevent or mitigate its liquidity risks, considering the market environment and balancing short-term and long-term financing, such as utilizing indirect financing through bank borrowings and direct financing through issuance of bonds and commercial papers. Temporary excess funds are invested in highly secure financial assets, such as short-term deposits.

The Group develops its financing plans based on its annual business plan, and manages its liquidity risks by continuously monitoring the actual performance of financing against the plan. In addition, the Group has secured credit lines available at any time from financial institutions, and periodically reports the status of liquidity in hand and interest-bearing liabilities including these credit lines to the Company's President and Board of Directors.

(3) Foreign exchange risk management

The Group operates business activities globally, and is exposed to foreign exchange risks due to fluctuations in market rates associated with purchase of raw materials, packaging materials and others, trading such as import and export of merchandise, finance and investments contracted in foreign currencies in the course of business activities.

The Group avoids or mitigates risks due to foreign exchange fluctuations on cash flows in non-functional currencies, using foreign exchange contracts, currency options and other means, after taking into account offset of foreign currency assets and liabilities and unrecognized firm commitments, and future forecast transactions that can be calculated reasonably. Therefore, the exposure to foreign exchange risk is insignificant, and the impact on the Group is limited.

(4) Interest rate risk management

The Group finances its operating and investing activities through bonds payable and borrowings. Floating-rate borrowings are exposed to risks of changes in future cash flows, while fixed-rate borrowings are exposed to risks of changes in their fair values. To mitigate future interest rate risk, fix interest expenses and reduce changes in fair value, the Group positions interest rate swaps, interest-rate currency swaps and interest rate options (interest-rate caps and swaptions) as hedging instruments.

As a result, the Group's exposure to interest rate risk is limited and the impact of interest rate risk on profit before tax in the consolidated statement of profit or loss is insignificant.

(5) Market price fluctuation risk management

The Group is exposed to risks of changes in market prices arising on equity financial instruments (shares), and the Group manages such risks by periodically monitoring market quotes and financial conditions of issuers (business counterparties). The impact of market price fluctuation risks on the consolidated financial statements as at the end of the fiscal year under review is immaterial.

2. Fair values of financial instruments

(1) Carrying amount and fair value

Carrying amounts and fair values of financial instruments as at the end of the fiscal year under review are as follows. Financial instruments of which the carrying amount reasonably approximates the fair value and insignificant financial instruments are not included in the table below.

	(Millions of yen)	
	Carrying amounts	Fair value
Bonds	44,893	45,387
Borrowings	162,474	163,462

(2) Fair value measurement methods

1) Major financial instruments measured at amortized cost

The fair value measurement methods for major financial instruments measured at amortized cost are as follows.

(i) Cash and cash equivalents, trade and other receivables and trade and other payables

The carrying amounts approximate their fair value due to their short-term maturity.

(ii) Bonds and borrowings

Fair values of bonds and borrowings are classified according to certain periods of time and determined based on present value of debts discounted using interest rate that reflects the period up to the maturity and the credit risk.

2) Major financial instruments measured at fair value

The fair value measurement methods for major financial instruments measured at fair value are as follows.

(i) Derivative assets and liabilities

The fair values of derivative financial instruments – e.g., foreign exchange contracts, currency options, interest rate swaps, interest-rate currency swaps, interest rate options – are determined based on the prices presented by financial institutions that are our business counterparties. Specifically, for example, the fair value of a foreign exchange contract is measured at fair value based on quoted prices of forward foreign exchange markets, etc. The fair value of an interest rate swap is determined based on present value of future cash flows discounted using interest rate swap rate as at the reporting date or the period up to the maturity.

(ii) Shares

The fair values of listed shares are measured as the quoted prices available at the reporting date. Unlisted shares are principally measured using the valuation model primarily based on net assets (a method to determine corporate values based on net assets of issuing companies).

**PER SHARE INFORMATION**

1. Equity attributable to owners of the Company per share      ¥2,448.44

2. Earnings per share      ¥222.94

There was no diluted share issued.

**SIGNIFICANT SUBSEQUENT EVENTS**

No items to report.

(\* All amounts have been rounded down to the nearest million yen.

Financial Statements (Japanese GAAP)

**Statement of Changes in Equity**  
(For the year ended December 31, 2019)

(Unit: Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings				Total retained earnings
					Reserve for advanced depreciation of noncurrent assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at December 31, 2018	168,384	145,884	67,541	213,425	967	650	34,982	162,161	198,761
Cumulative effect of adopting new accounting standards								19,389	19,389
Balance at January 1, 2019	168,384	145,884	67,541	213,425	967	650	34,982	181,550	218,150
Changes of items in the year									
Cash dividends								(24,101)	(24,101)
Net income								32,712	32,712
Purchase of treasury shares									
Reversal of reserve for advanced depreciation of noncurrent assets					(0)			0	-
Reversal of reserve for special depreciation						(108)		108	-
Net changes of items other than shareholders' equity									
Net changes in the year	-	-	-	-	(0)	(108)	-	8,718	8,610
Balance at December 31, 2019	168,384	145,884	67,541	213,425	966	542	34,982	190,268	226,761

	Shareholders' equity		Valuation and translation adjustments			Total equity
	Treasury shares	Total shareholders' equity	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Total valuation and translation adjustments	
Balance at December 31, 2018	–	580,571	25	(22)	2	580,574
Cumulative effect of adopting new accounting standards		19,389				19,389
Balance at January 1, 2019	–	599,960	25	(22)	2	599,963
Changes of items in the year						
Cash dividends		(24,101)				(24,101)
Net income		32,712				32,712
Purchase of treasury shares	(0)	(0)				(0)
Reversal of reserve for advanced depreciation of noncurrent assets		–				–
Reversal of reserve for special depreciation		–				–
Net changes of items other than shareholders' equity			10	60	71	71
Net changes in the year	(0)	8,610	10	60	71	8,681
Balance at December 31, 2019	(0)	608,570	36	37	74	608,645

Note: All amounts have been rounded down to the nearest million yen.



## Notes to Financial Statements

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis and methods of valuation of significant assets
  - (1) Securities

Stocks of subsidiaries and affiliates: Stated at cost determined by the moving-average method.

Available-for-sale securities:

Securities with readily determinable fair value:  
Stated at fair market value, based on market quotation at the balance sheet date.  
(Unrealized gains and losses, net of applicable income taxes, are reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.)

Securities without readily determinable fair value:  
Stated at cost determined by the moving-average method.
  - (2) Derivatives: Stated at fair value.
  - (3) Inventories: Stated at cost determined by the periodic average method.  
(The value stated in the balance sheet is determined according to write-downs based on the decreased profitability of assets.)
2. Depreciation and amortization of noncurrent assets
  - (1) Property, plant, and equipment

Property, plant, and equipment are depreciated by the straight-line method. Useful lives of principal property, plant, and equipment are as follows.

Buildings:	5–50 years
Machinery and equipment:	2–17 years
  - (2) Intangible fixed assets

Intangible fixed assets are amortized by the straight-line method. Goodwill is equally amortized over 20 years. Software for internal use is amortized by the straight-line method over the internally estimated useful lives (within 5 years).
3. Basis for provision of reserves
  - (1) Provision for bonuses

To cover the payments of bonuses, the Company sets aside provision for bonuses based on the projected amount for such payments.
  - (2) Liability for employee retirement benefits (Prepaid pension cost)

The Company sets aside liability for employee retirement benefits to prepare for expenditures of employees' retirement benefits based on the estimated amount of retirement benefit obligation and pension assets at the end of the fiscal year under review. Since the total amount of pension assets for the pension plan exceeded the amount calculated by deducting unrecognized actuarial differences from retirement benefit obligation as at the end of the fiscal year under review, the excess amount has been recorded in prepaid pension cost (investments and other assets).

    - (a) Methods of attributing estimated retirement benefits to accounting periods

When calculating retirement benefit obligations, the benefit formula basis is used to attribute estimated retirement benefits to the period through the end of the fiscal year under review.
    - (b) Amortization of actuarial differences and prior service cost

Prior service cost is amortized by the straight-line method over the period (15 years), which is shorter than the average remaining service life of employees as incurred, and unrecognized actuarial differences are amortized by the straight-line method over the period (15 years) which is shorter than the average remaining service life of employees as incurred from the year following that in which they arise.
4. Other significant matters forming the basis of preparing financial statements
  - (1) Method of hedge accounting

Mainly accounted for with deferred hedge accounting. Items that satisfy the requirements for an accounting method in which monetary receivables and liabilities denominated in foreign currencies are translated at a predetermined rate to hedge against exchange rate fluctuation risk are accounted for under this method. Those that satisfy the requirements for exceptional treatment for interest rate swaps are accounted for under the said exceptional treatment.
  - (2) Method and period for amortization of deferred assets

Bond issuance expenses are amortized by the straight-line method over the period up to bond redemption.
  - (3) Accounting for consumption taxes

Consumption taxes are excluded from the revenue and expense accounts that are subject to such taxes.
  - (4) Accounting treatment for retirement benefits

The accounting treatment method for unrecognized actuarial differences and the unrecognized past service costs related to retirement benefits is different from the treatment for these items in the consolidated financial statements.

## CHANGES IN ACCOUNTING POLICIES

Changes resulting from the application of “Guidance on Accounting Standard for Tax Effect Accounting”

The Company has applied the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) effective from the beginning of the fiscal year under review and changed the treatment of taxable temporary differences pertaining to stocks of subsidiaries and affiliates to a method of recording them as deferred tax liabilities except in cases where the Company has no intention of selling or transferring the relevant stocks within the period of the foreseeable future. This change in accounting policy has been retrospectively applied, and thereby the cumulative effects of changes in accounting policies are reflected in the carrying amount of equity at the beginning of the previous fiscal year.

As a result, the amount of “Retained earnings brought forward” on the statement of changes in equity after the retrospective adjustment as of January 1, 2019 increased by ¥19,389 million.

## CHANGES IN PRESENTATION

Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting” and relevant Guidance

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidance effective from the beginning of the fiscal year under review.

Accordingly, “Deferred tax assets” (if any) are presented under “Investments and other assets” and “Deferred tax liabilities” (if any) are presented under “Noncurrent liabilities.”

## BALANCE SHEET

- Accumulated depreciation of property, plant, and equipment ¥10,078 million
- Guarantee obligation  
The Company extends guarantee for obligations for associate companies (companies such as parent company, subsidiaries and affiliates; hereinafter the same) as shown below.

Suntory PepsiCo Beverage (Thailand) Co., Ltd.	¥71 million
Other	¥11 million
<b>Total</b>	<b>¥83 million</b>
- Monetary receivables and payables from/to associate companies (except for those presented separately)

Short-term monetary receivables	¥169,125 million
Short-term monetary payables	¥59,486 million
Long-term monetary payables	¥3 million

## STATEMENT OF INCOME

Transactions with associate companies

Volume of operating transactions	
Net sales	¥375,642 million
Cost of sales	¥49,058 million
Selling, general and administrative expenses	¥22,838 million
Volume of non-operating transactions	
Non-operating income	¥10,451 million
Non-operating expenses	¥111 million

## STATEMENT OF CHANGES IN EQUITY

Number of treasury shares as at December 31, 2019:

Ordinary shares	3 shares
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## TAX EFFECT ACCOUNTING

- Significant components of deferred tax assets

Temporary differences for investments in subsidiaries	¥4,556 million
Accounts payable—other	¥707 million
Liability for employee retirement benefits	¥782 million
Provision for bonuses	¥661 million
Accrued enterprise tax	¥232 million
Other	¥550 million
<b>Subtotal</b>	<b>¥7,490 million</b>
Valuation allowance	¥(4,560) million
<b>Total deferred tax assets</b>	<b>¥2,930 million</b>
- Significant components of deferred tax liabilities

Prepaid pension cost	¥(1,088) million
Reserve for advanced depreciation of noncurrent assets	¥(426) million
Reserve for special depreciation	¥(239) million
Other	¥(32) million
<b>Total deferred tax liabilities</b>	<b>¥(1,787) million</b>
<b>Net deferred tax assets</b>	<b>¥1,142 million</b>

**PER SHARE INFORMATION**

1. Equity per share	¥1,969.73
2. Net income per share	¥105.86

**RELATED PARTY TRANSACTIONS**

Attribute	Name of company	Percentage of voting rights owned or owning	Relationship	Content of transaction	Transaction amount (Millions of yen) (Note 1)	Account title	Balance as at December 31, 2019 (Millions of yen) (Note 1)
Parent company's subsidiary	Suntory MONOZUKURI Expert Limited	None	-Contract work of indirect operations	Advance payment for raw materials, etc. (Note 2)	-	Accounts payable-trade	60,474
Subsidiary	Suntory Foods Limited	Directly owning 100%	-Sales of products of the Company -Money lending and borrowing -Interlocking of officers	Sales of products of the Company (Note 3)	375,473	Accounts receivable-trade	78,190
				Money lending and borrowing (Note 4)	33,338	Deposits received	33,338
				Proceeds from interest (Note 4)	20	-	-
Subsidiary	Suntory Products Limited	Directly owning 100%	-Outsourcing of manufacturing operations -Interlocking of officers	Payment of processing fee (Note 3)	47,051	Accounts payable-other	3,846
Subsidiary	Orangina Schweppes Holding B.V.	Directly owning 100%	-Money lending and borrowing -Interlocking of officers	Capital reduction with compensation (Note 5)	9,939	-	-
				Money lending and borrowing (Note 4)	61,890	Short-term loans receivable	32,852
				Proceeds from interest (Note 4)	129	Long-term loans receivable from subsidiaries and affiliates	29,037
Subsidiary	Lucozade Ribena Suntory Limited	Directly owning 100%	-Money lending and borrowing -Interlocking of officers	Money lending and borrowing (Note 4)	46,947	Short-term loans receivable	38,198
				Proceeds from interest (Note 4)	888	Long-term loans receivable from subsidiaries and affiliates	8,748
				Proceeds from interest (Note 4)	888	Other current assets	212
Subsidiary	Suntory Beverage & Food Asia Pte. Ltd.	Directly owning 100%	-Interlocking of officers	Capital reduction with compensation (Note 5)	10,929	-	-
Subsidiary	Suntory International Corp.	Directly owning 100%	-Proceeds from dividends	Dividend income (Note 6)	4,057	-	-

Terms and conditions of transactions and method of deciding terms and conditions of transactions

Notes:

1. Consumption taxes are not included in the transaction amounts. Consumption taxes are included in the balance as at December 31, 2019 other than money lending and borrowing.
2. This advance payment was implemented by Suntory MONOZUKURI Expert Limited to external business partners, etc. As the transactions were not direct transactions with a fellow subsidiary, the disclosure of transaction amount is omitted.
3. Price and other terms and conditions of transactions are decided upon negotiations with each of counterparties considering the actual market prices.
4. Money lending and borrowing are carried out based on the group company loan system, etc. Applicable interest rates are decided considering the market interest rates. Transaction amounts of money lending and borrowing indicate the balance as at December 31, 2019.
5. Capital reduction with compensation represents capital reduction made by the subsidiary.
6. Dividends are decided upon mutual consultation between the two parties based on the amount obtained by deducting necessary investment and other amounts from the net income of the subsidiary.

#### **SUBSEQUENT EVENTS**

No items to report.

(\* ) All amounts have been rounded down to the nearest million yen.