

**SUNTORY**

Suntory Group  
Corporate Social Responsibility Report  
**2013**

# To the Readers of the Suntory Group CSR Report 2013

## Editorial Policy

Every year, the Suntory Group publishes its CSR (Corporate Social Responsibility) Report so that our stakeholders can understand the Group's ideas and activities related to fulfilling its social responsibilities, mindful of its goal of achieving a sustainable society. "The Suntory Group CSR Report 2013" describes the activities the Suntory Group has been pouring its energies into in recent years as well as more broadly the efforts of Group companies in Japan and overseas.

Relating to this report and the Suntory Group's CSR activities, third party opinion from Mr. Hiroshi Ishida, Executive Director of Caux Round Table-Japan, is also published at the end of this booklet. This booklet was drafted with the aim of conveying, in an understandable way, what the Suntory Group as a whole thinks and the kinds of activities it promotes in its efforts to better coexist with society and nature. We welcome any opinions or impressions you may have and ask that you send them to use via the company's website so that we may refer to them in our activities.

- **CSR-related information at the Suntory Group is publicized through the following websites**

### Corporate Responsibility

<http://www.suntory.com/csr/>

In addition to introducing the contents of the Suntory Group's CSR Report 2013, various other information such as the Group Company's CSR are also described on our website.



## Scope of Subjects Covered

### • Organizations

206 Group companies in Japan and overseas, including Suntory Holdings Ltd.

- For environmental data, focused on domestic manufacturing Group companies (24 plants in total)
- For personnel data, focused on employees who have employment contracts with Suntory Holdings Ltd. (see pp. 46-51)

### • Time Frame

The data covers performance from January 1 to December 31, 2012. The activities covered include some of the most up-to-date events.

## Guidelines Referenced

- GRI (Global Reporting Initiative)\*, "Sustainability Reporting Guidelines 2006"
- Ministry of the Environment, "Ministry of the Environment Reporting Guidelines (2007 edition)"
- ISO 26000 ("Guidance on social responsibility")

\* GRI is an international organization that creates global guidelines for reports that have environmental as well as social and economic dimensions.

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# Suntory Group Overview

Right from its founding in 1899, Suntory has worked to expand its business. Operating today as the Suntory Group, the company is active across a broad range of fields that include not only the alcoholic beverage, non-alcoholic beverage, and food businesses, but also health foods, restaurants, and flowers. The company has further been expanding its operations across the world, conducting business in Asia, Oceania, Europe, and the Americas.

## Corporate Overview

### • Suntory Group

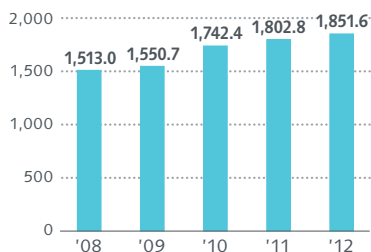
Group companies	206 (as of December 31, 2012)
Employees	28,767 (as of December 31, 2012)
Consolidated sales	¥1,851.6 billion (January 1 to December 31, 2012)
Consolidated ordinary income	¥103.1 billion (January 1 to December 31, 2012)

### • Suntory Holdings Limited

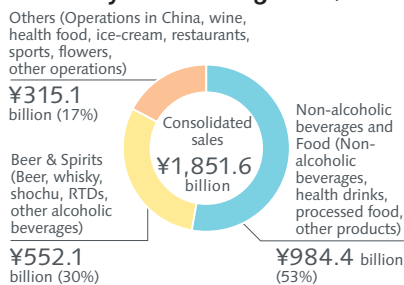
Head Office	Dojimahama 2-1-40, Kita-ku, Osaka City, Osaka, JAPAN
Suntory World Headquarters	Daiba 2-3-3, Minato-ku, Tokyo, JAPAN
Inauguration of business	1899
Establishment	February 16, 2009
President	Nobutada Saji
Capital	¥70 billion

### • Consolidated sales

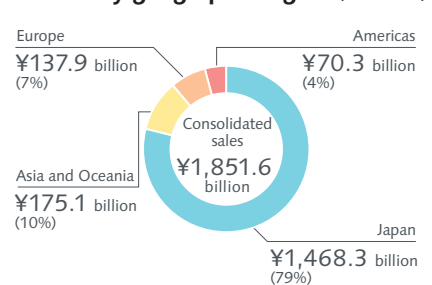
(unit: billion yen)



### • Sales by business segment (FY 2012)

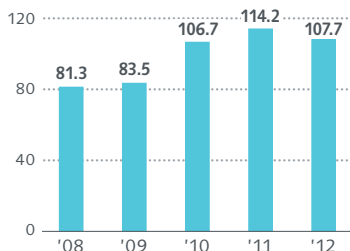


### • Sales by geographic region (FY 2012)



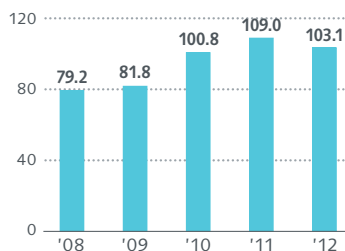
### • Consolidated operating income

(unit: billion yen)



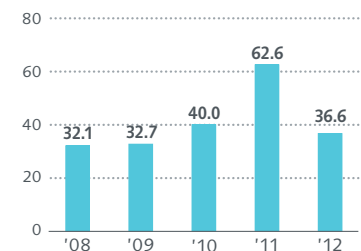
### • Consolidated ordinary income

(unit: billion yen)



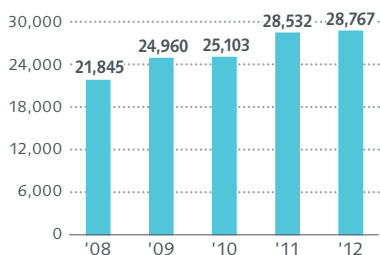
### • Consolidated current net income

(unit: billion yen)

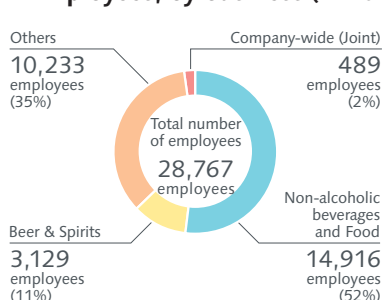


### • Employees

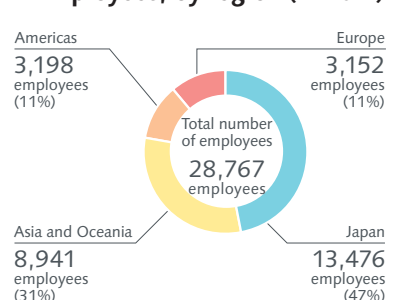
(Persons)



### • Employees, by business (FY 2012)



### • Employees, by region (FY 2012)



**Business Overview**

**● Non-alcoholic Beverage and Food Business**

We deliver a variety of products ranging from non-alcoholic beverages to health foods so that we may contribute to our customers leading rich and healthy lives. The company has been expanding its lineup in different categories that include green tea, oolong tea, canned coffee, carbonated drinks, and mineral water. For many years, we have also been developing a health food business in which we have made use of biotechnology and scientific research on foods. Furthermore, we have been making efforts to actively expand our businesses overseas in Europe, the Asia-Oceania, and the U.S. region.



**● Restaurants, Sports, Flowers, and Services**

We are developing our restaurant business both in Japan and overseas. These businesses include bars, restaurants, fast food chains in Japan, and our restaurant business centered on Mexico and Asia.

We are also engaged in a variety of other business activities centered on the three themes of health, nature, and lifestyles; these include the fitness business, flowers, greenification, promotional support, and providing reception services for cultural facilities.



**● Alcoholic Beverage Business**

Suntory blazed the trail for Western liquor culture in Japan with the production of Akadama Port Wine. We also launched the first whisky business in the country, and today we not only manufacture and sell beer and various other alcoholic beverages, but also deliver to our customers some of the most famous liquors in the world. We are also expanding our business overseas in Asia, Americas, Europe, Australia, and Russia. When it comes to wine, we are engaged in winemaking of the highest quality domestically and have also linked up with noted wineries around the world to develop a wine business that is based on a global perspective.



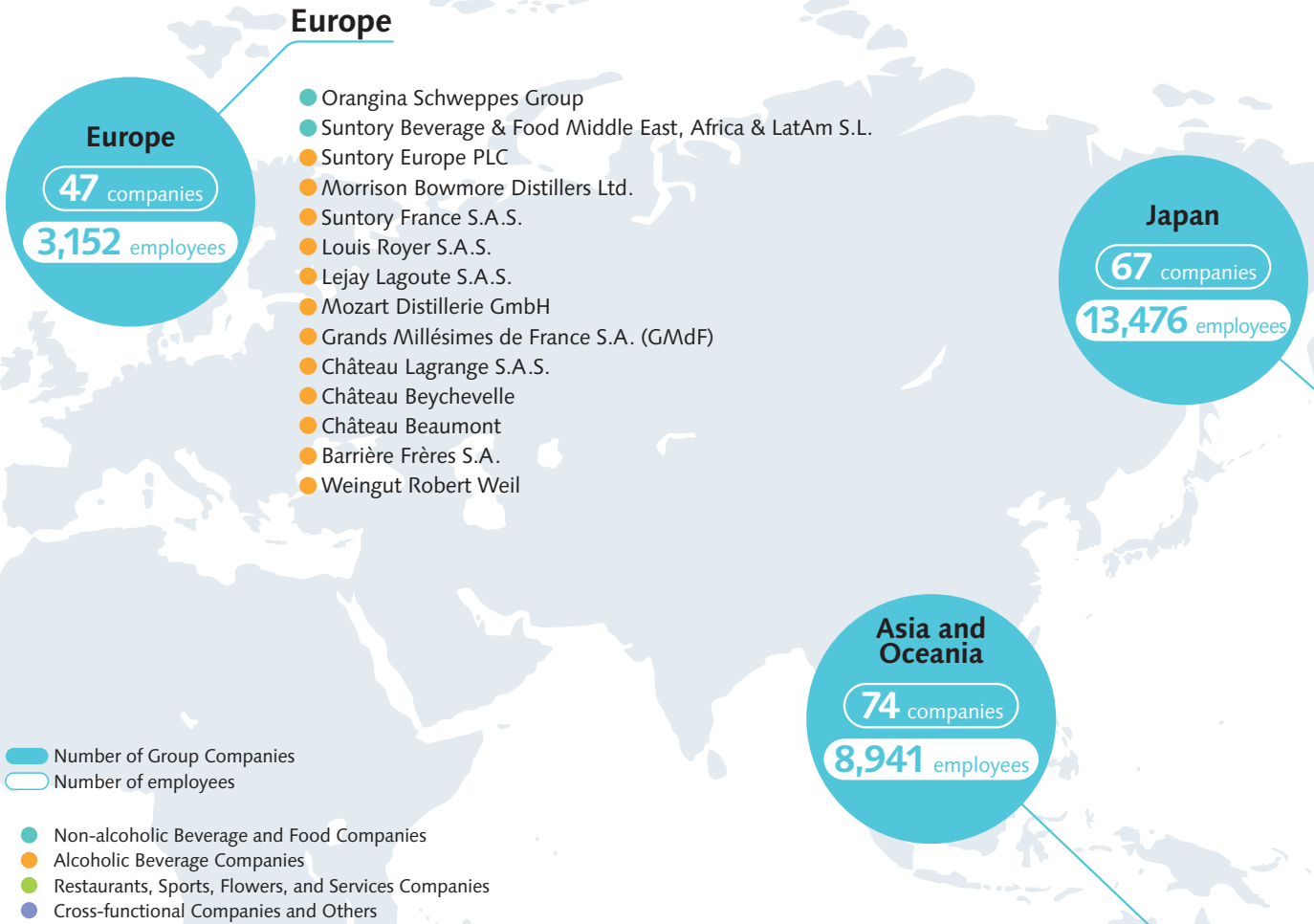
**● Cross-functional Companies and Others**

Suntory has established cross-functional companies that bring together operations that crosscut all Suntory Group companies, such as quality assurance, technological development, supply chain management, and business systems. Among the other tasks they handle are advertising and design, consumer relations, and the operation of cultural facilities. Our goal is to provide our customers with even better products and services by applying our expertise as professionals while further improving the efficiency of group management.

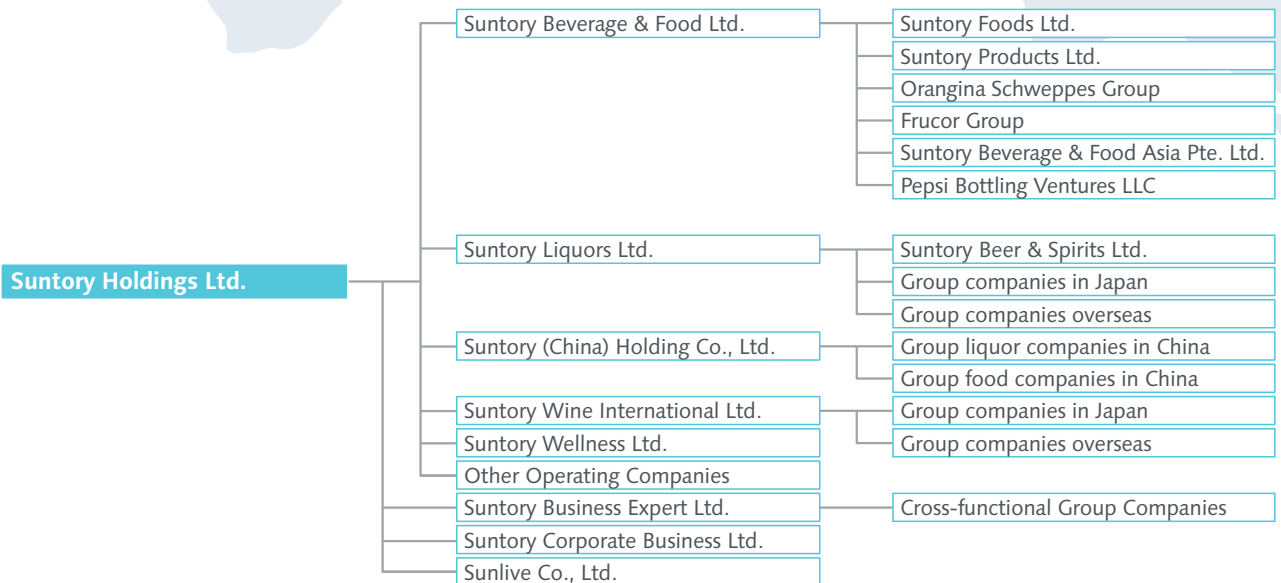
In addition, we have established public interest incorporated foundations for the support of art and culture as well as academic research.

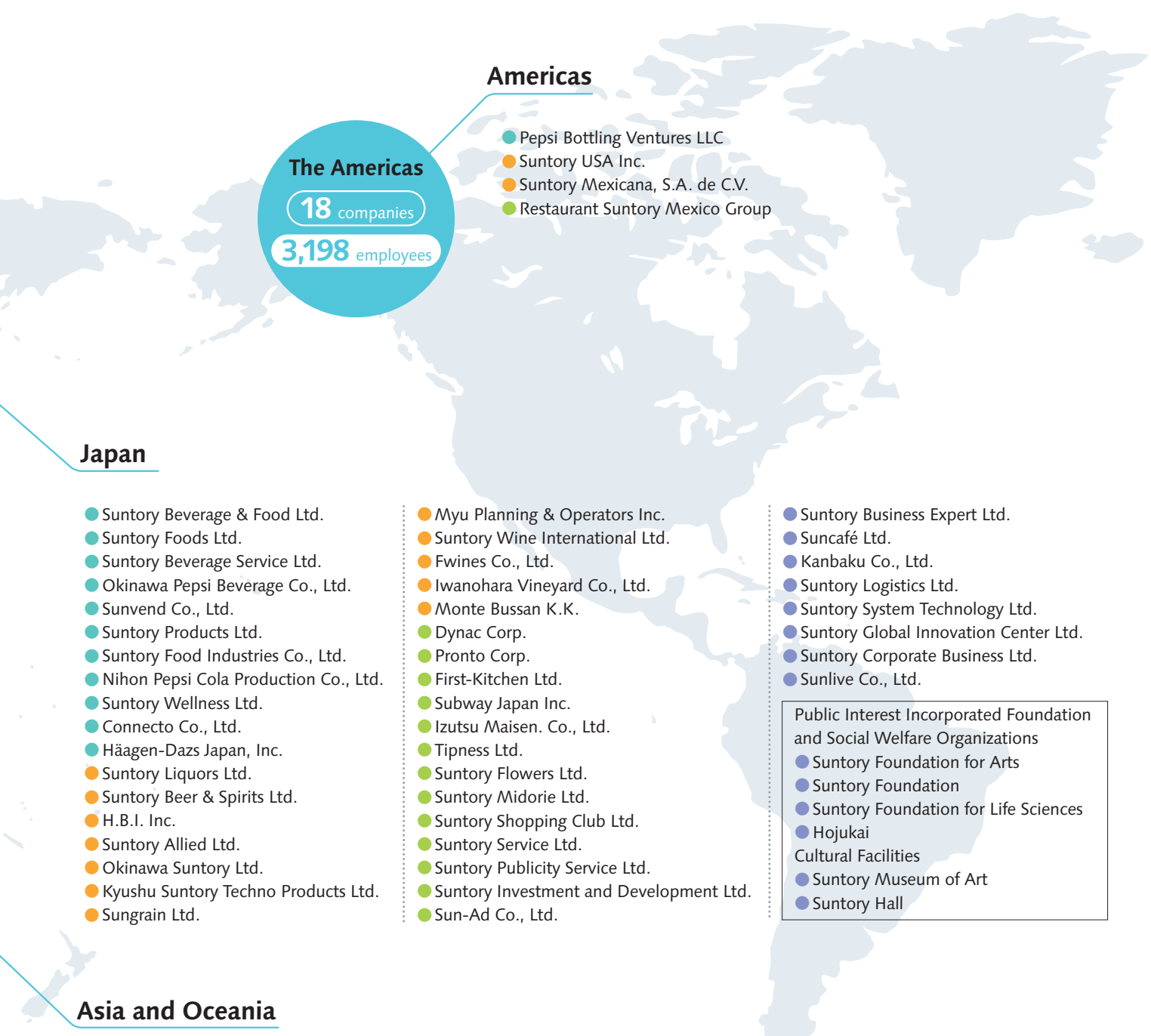


## The Suntory Group Around the World



## Group Organizational Diagram





**The Americas**  
 18 companies  
 3,198 employees

**Americas**

- Pepsi Bottling Ventures LLC
- Suntory USA Inc.
- Suntory Mexicana, S.A. de C.V.
- Restaurant Suntory Mexico Group

**Japan**

- Suntory Beverage & Food Ltd.
- Suntory Foods Ltd.
- Suntory Beverage Service Ltd.
- Okinawa Pepsi Beverage Co., Ltd.
- Sunvend Co., Ltd.
- Suntory Products Ltd.
- Suntory Food Industries Co., Ltd.
- Nihon Pepsi Cola Production Co., Ltd.
- Suntory Wellness Ltd.
- Connecto Co., Ltd.
- Häagen-Dazs Japan, Inc.
- Suntory Liquors Ltd.
- Suntory Beer & Spirits Ltd.
- H.B.I. Inc.
- Suntory Allied Ltd.
- Okinawa Suntory Ltd.
- Kyushu Suntory Techno Products Ltd.
- Sungrain Ltd.

- Myu Planning & Operators Inc.
- Suntory Wine International Ltd.
- Fwines Co., Ltd.
- Iwanohara Vineyard Co., Ltd.
- Monte Bussan K.K.
- Dynac Corp.
- Pronto Corp.
- First-Kitchen Ltd.
- Subway Japan Inc.
- Izutsu Maisen Co., Ltd.
- Tipness Ltd.
- Suntory Flowers Ltd.
- Suntory Midorie Ltd.
- Suntory Shopping Club Ltd.
- Suntory Service Ltd.
- Suntory Publicity Service Ltd.
- Suntory Investment and Development Ltd.
- Sun-Ad Co., Ltd.

- Suntory Business Expert Ltd.
- Suncafé Ltd.
- Kanbaku Co., Ltd.
- Suntory Logistics Ltd.
- Suntory System Technology Ltd.
- Suntory Global Innovation Center Ltd.
- Suntory Corporate Business Ltd.
- Sunlive Co., Ltd.

- Public Interest Incorporated Foundation and Social Welfare Organizations
- Suntory Foundation for Arts
  - Suntory Foundation
  - Suntory Foundation for Life Sciences
  - Hojukai
- Cultural Facilities
- Suntory Museum of Art
  - Suntory Hall

**Asia and Oceania**

- Frucor Group
- Suntory Beverage & Food Asia Pte. Ltd.
- Cerebos Pacific Ltd.
- PT Suntory Garuda Beverage
- Suntory Narang Pvt. Ltd.
- Suntory PepsiCo Vietnam Beverage Co., Ltd.
- Tipco F&B Co., Ltd.
- Suntory (China) Holding Co., Ltd.
- Suntory (Shanghai) Foods Marketing Co., Ltd.
- Suntory (Shanghai) Foods Marketing Co., Ltd. Beijing Branch
- Suntory (Shanghai) Foods Co., Ltd.

- Suntory (Aust) Pty Ltd.
- Suntory Taiwan Ltd.
- Suntory (China) Holding Co., Ltd.
- Suntory Tsingtao Brewery (Shanghai) Co., Ltd.
- Tsingtao Brewery Suntory (Shanghai) Sales Co., Ltd.
- Wuxi Zhentai Winery Co., Ltd.
- ASC Fine Wines Holding Ltd.
- Suntory F&B International Group
- Gold Knoll Ltd.

# Striving to Become a Company “Growing for Good” and Continuing the Challenge to Create New Value

## Introduction

The Suntory Group continues our founder Shinjiro Torii's “*Yatte Minabare* — Go for it!” spirit of taking on new challenges. Since our founding, we have taken on the ambitious challenges of doing new things and things others do not do aiming to create new value from our open-minded corporate culture.

Although Suntory's business was focused on alcoholic beverages and soft drinks; we have developed new businesses in fields such as health foods, restaurants, sports, flowers, and services. We have also expanded our business in Asia Oceania, Europe, the Americas, and Africa, and continue growing as a multi-faceted food and beverage company globally developing diverse businesses.

Aiming to grow even more, Suntory Beverage & Food Limited was listed on the Tokyo Stock Exchange in July 2013. We intend to continue taking on the challenge of creating new value so that we may deliver products and services of the highest quality to customers around the world.

At the same time, we aim to achieve coexistence between people as well as mother nature based on our mission of “In Harmony with People and Nature.” To fulfill our social responsibility on a global scale, I believe it is the Suntory Group's mission to pass down to our children and the future generations our precious global environment and rich cultures and lifestyles in a sustainable manner.

## Social Contributions Based on “Sharing the Profit with Society”

Along with the “*Yatte Minabare* — Go for it!” spirit, the spirit of “Sharing the Profit with Society” has been handed down in the Suntory Group from our founding to the present day. This was the strong belief of our founder Shinjiro Torii and represents his firm belief in

always giving back part of the profits we earn from our business to make contributions to society.

To date, the spirit of our founder has been carried on through the generations and developed through social contributions including support for social welfare and school support activities as well as original activities focused on cultural contributions to help realize rich cultures and lifestyles. We contribute to the arts, education, and regional cultural revitalization through operating concert halls, museums, and social welfare facilities. In cooperation with public interest foundations, we also support sports and other initiatives related to developing the next generation, as we continue engaging in diverse cultural and social contribution activities.

On March 11, 2011, Japan was hit by the Great East Japan Earthquake, a disaster of unprecedented scale. To contribute to the rapid recovery of the affected regions, the Suntory Group has taken collective efforts to provide assistance and support. Focusing on the areas of the fishing industry, children, and culture and sports, we contributed donations of 4.3 billion yen in 2011 and 2.0 billion yen in 2012. Our activities are aimed at mental and physical care and include support for acquiring new fishing vessels, scholarships for students of fishery high schools, creation of a fund to provide subsidies to NPOs that help children, creation of healthy environments for children, and cultural and sports initiatives through groups such as the Vienna Philharmonic & Suntory Music Aid Fund. It has been two years since the disaster and intense reconstruction efforts are underway in the affected areas, but many people today are still forced to live away from their homes and have not yet been able to rebuild their lives. In light of these circumstances, we believe further support is necessary and have decided to donate an additional 2.5 billion yen in contributions in 2013. Using a total of 8.8 billion yen in donations, we will continue our support activities to contribute to the recovery of the disaster affected areas.





## Environmental Efforts

Many of our businesses rely on indispensable natural bounties such as water and agricultural crops. While showing our respect and gratitude for mother nature, we believe it is our essential duty to promote environmental management aimed at realization of a sustainable society and pass on a rich global environment to the next generations. The origins of this began in 1973 from our belief that “protecting birds leads to protecting the environment where people live.” This year marks the 40th anniversary of our Save the Birds! Campaign.

As a company with the corporate slogan of “Bringing Water to Life,” water sustainability is at the core of our environmental efforts, and since 2003 we have conducted activities to conserve forests where water resources are cultivated. The Natural Water Sanctuaries currently reach a total area of more than 7,600 hectares, which is larger than the 7,000 hectares needed to achieve our target of nurturing groundwater beyond the volume used at our plants. We conserve and maintain Natural Water Sanctuaries in cooperation the community in order to cultivate healthy forests through ecosystem workings. Healthy forests cultivate rich water resources and ecosystems. Cultivating precious water resources leads to protecting home for birds which occupy the pinnacle of the ecosystem. Looking 100 years to the future, the Suntory Group is working to create rich forests able to cultivate water resources and biodiversity.

We are also working to reduce environmental impact across our value chain and reducing our use of petroleum-based resources and energy consumption, such as by reducing the weight of containers and packaging materials as well as energy consumption in our plants. In May 2013, we redesigned the 550ml PET bottles of Suntory Natural Mineral Water, developing a PET bottle that uses 30% plant-derived ingredients and

is the lightest in Japan at 11.3g.

We provide customers with safe, rich water cultivated in Natural Water Sanctuaries in environmentally friendly containers. The Suntory Group will continue making determined efforts to reduce environmental impact while coexisting with nature to realize a sustainable society.

## In Closing

The Suntory Group intends to develop CSR activities in keeping with the global standards set down in ISO 26000 related to social responsibility. Last year, we verified issues for each of the guidance’s seven core subjects and conducted stakeholder engagement. This year, we have set new prioritized CSR initiatives and put in place systems to advance activities based on our original CSR Statement while incorporating the opinions and feedback we have received.

The Suntory Group aims to be a company “Growing for Good” that continues to grow globally by providing better products and services. Our further contributions to achieve rich cultures and lifestyles as well as to the environment will progress on a global scale.

Based on the spirit of our founder, we will recognize the demands of society and put into practice activities that meet expectations through ongoing communication with all of our stakeholders. I look forward to updating you on our progress.

**Nobutada Saji**  
Chairman of the Board  
Suntory Holdings Limited

July 2013

# Suntory Group's Philosophy on CSR

To realize coexistence with society and nature and become a truly valuable company, the Suntory Group is working toward the realization of our mission of "In Harmony with People and Nature" by developing a variety of CSR activities together with stakeholders.

Our corporate philosophy of the Group is "In Harmony with People and Nature." We aspire to coexist with all the people around the world and the magnificent nature that surrounds us. We not only provide the highest quality products and services based on customer needs, but we also believe it is our mission "In Harmony with People and Nature" to conserve the global environment as well as conduct social contribution activities in a variety of fields to contribute to the realization of a truly enriched society.

Running through our philosophy is the enduring spirit of

"Coexisting with Society" and "Coexisting with Nature," which has never changed since the company was founded in 1899, as well as taking on perpetual challenges based on the spirit of "*Yatte Minahare—Go for it!*"

We are developing our CSR activities with the belief that as a "Growing for Good" company supported by its stakeholders, we have a responsibility to strive to develop comfortable living and realize a sustainable global environment as well as continually take on challenges to achieve this.

## Mission, Vision & Values

### Our Mission

#### ■ In Harmony with People and Nature

### Our Vision

#### ■ Growing for Good

The Suntory Group promotes corporate activities that delivers the highest quality products and services to its customers, contributes to the fruitful development of culture and lifestyles as well as to the achievement of a global sustainable environment. We will continue to strive for worldwide growth by providing better products and services. Our further contributions to achieve rich cultures and lifestyles as well as to the environment will progress on a global scale.

### Our Values

#### ■ *Yatte Minahare—Go for it!*

Continuing in the spirit of taking on new challenges exemplified by our founder who trailblazed the way for Western-style liquors such as whisky in Japan, we have broken new ground as a multi-faceted food and beverage company in a variety of new areas of businesses including beer, soft drinks, and health foods. This spirit has been a motivator for our open-minded corporate culture and the challenges we set ourselves to create new value.

#### ■ Sharing the Profit with Society

Following the philosophy of Suntory's founder, we believe that business profits should not only be used for reinvestment into the business and providing services to clients and business partners, but for making a contribution to society. Carrying on in his spirit, we are aiming for sustainable growth with our stakeholders.

#### ■ Coexisting with Nature

Many of our products, including whisky, wine, beer, and non-alcoholic beverages, are created thanks to such natural bounties as water and agricultural products. With a spirit unchanged since our founding, we fervently promote environmental management, maintaining respect and gratitude for the great workings of nature.

## Our Philosophy and Principles

Our Principles which based on the Group philosophy are set out in The Suntory Group Code of Business Ethics. To fulfill the responsibilities the Suntory Group has toward society and receive its trust, we have set out the basic principles and stance that we must always cherish. All Group employees share the Group philosophy and Principles based on those ideas and work toward becoming a truly valuable company through responsible corporate activities.



## Suntory Group's CSR Statement

Suntory Group believe that our CSR can best be practiced by putting the Group's Mission, Vision and Values in action, and we are working together with the entire Group toward this. Our CSR statement sets out the following precepts, so that all employees can practice CSR through their ties with stakeholders and the society.

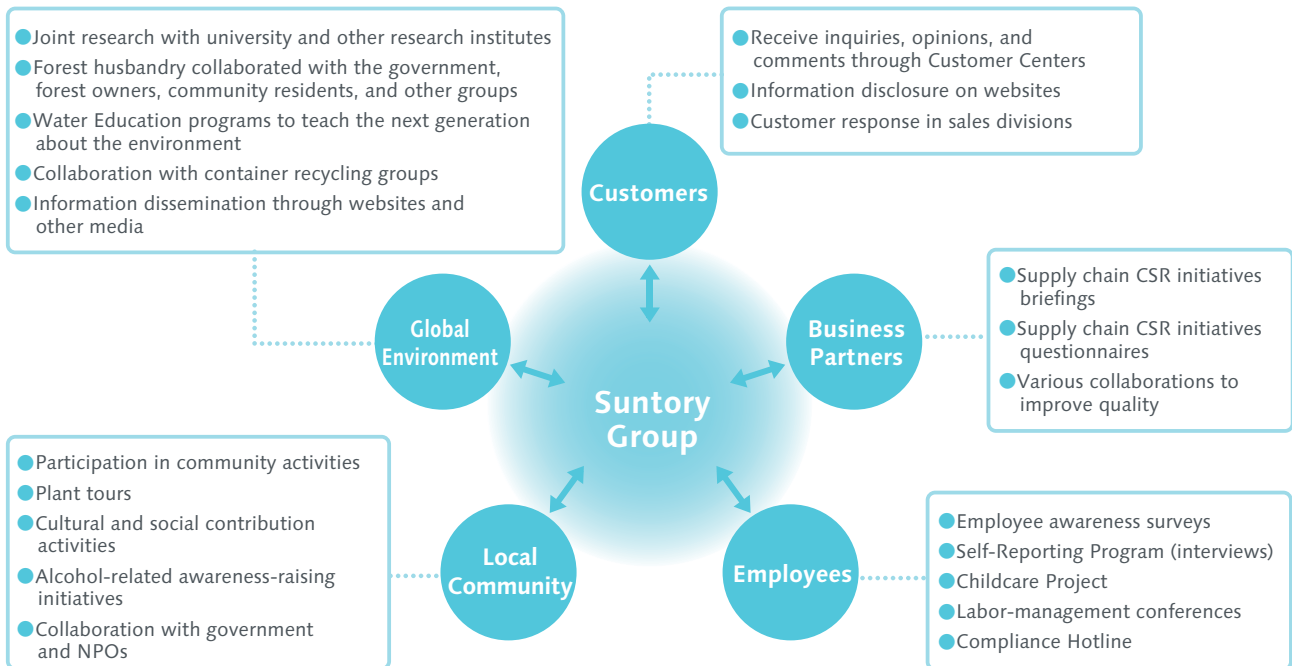
- **We coexist with society and nature to realize a sustainable society by practicing the Suntory Group's Mission, Vision and Values.**
- **We promote CSR activities to address social issues as well as create new value to society.**
- **We respect human rights and behave in high integrity with business partners through all business activities.**

## Relations with Stakeholders

The Suntory Group pursues its business activities amid a range of connections with a variety of stakeholders. To continue being a company that contributes to the realization of a sustainable society, we will make clear our responsibilities to our stakeholders and communicate with

them in various ways. We aim to incorporate feedback we receive and social needs into our corporate activities and continuously working to build deeply trusting and collaborative relationships with them.

### [Opportunities for Communication with Stakeholders]

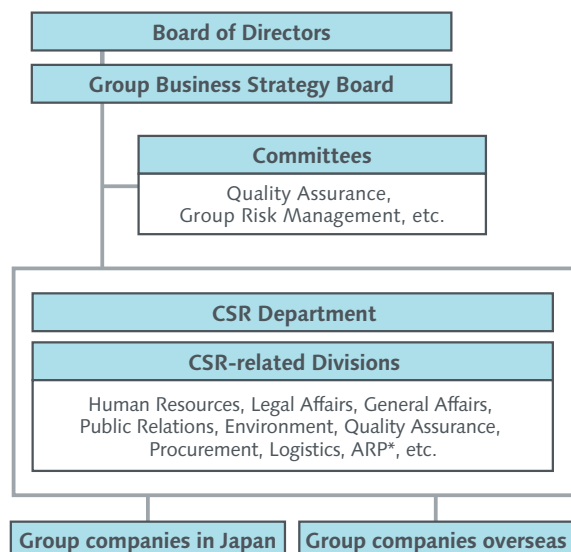


## Promoting CSR Management

The Suntory Group promotes CSR activities group-wide in coordination with CSR-related divisions under its Board of Directors and the Group Business Strategy Board.

The CSR Department was established in 2005 as a cross-functional department dedicated to the promotion of group-wide CSR activities. The CSR Department's tasks include formulating group-wide CSR strategy, addressing cross-divisional CSR issues, publicizing CSR information, and communicating with stakeholders. In coordination with CSR-related divisions, the Department formulates an action plan, holds regular meetings on specific CSR issues, reports on the status of activities, shares the issues at hand, holds discussions to resolve issues, and shares information on social trends as it develops CSR activities for the entire Group including in Japan and overseas.

### CSR Promotion System



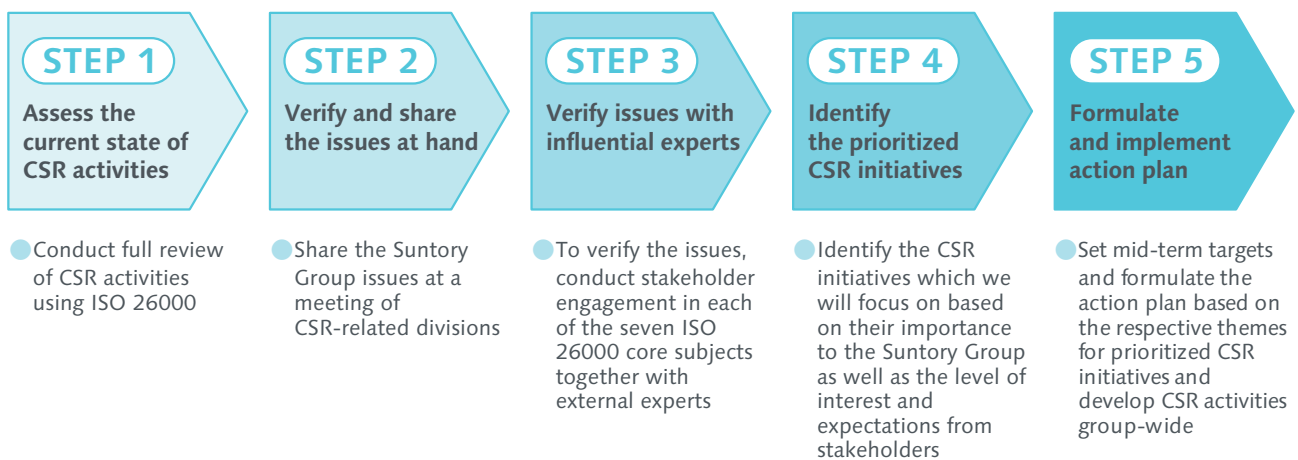
\*ARP: Alcohol-related problems

## Promoting CSR Activities Based on ISO 26000 Guidance

Based on our CSR Statement and to fully realize the Suntory Group's own vision of social responsibility, we have promoted CSR activities using ISO 26000 guidance since 2011. After assessing the current state of CSR activities and verifying and sharing the issues at hand, we conducted stakeholder engagement for each of the guidance's seven core subjects.

Based on these results, we have identified CSR initiatives which we will focus on that deserve special focus from among global social issues and business issues based on the level of interest and expectations from stakeholders and their importance to the Suntory Group. We are promoting CSR activities across the entire Group based on the formulated action plan.

### [CSR Activities Promotion Process]



## Six Prioritized CSR Initiatives

In order to more fully develop the Suntory Group's CSR activities, six new CSR initiatives which we will focus on were designated in 2013. Activity themes based on the priority initiatives were discussed with CSR-related divisions. Then we formulated mid-term targets and an action plan for each activity and are promoting the CSR activities.

- We provide products and services that contribute to the safety, reliability, and healthy lifestyles of our customers first and foremost.
- We coexist with Nature by committing to "Water Sustainability" and reducing environmental impact.
- Based on the spirit of "Sharing the Profit with Society," we contribute to the enrichment of culture and lifestyles, as well as strengthening support for next generation.
- We promote diversity in the workplace and support our employee's career development to enable "Yatte Minahare—Go for it!" spirit.
- We promote CSR throughout our entire supply chain, working with our business partners.
- We commit to tackle alcohol-related issues as an alcoholic beverage company.

## CSR Action Plan

The Suntory Group is giving priority to the promotion of six CSR initiatives which we will focus on to further deepen CSR activities. We have established mid-term targets and an action plan based on each activity theme and are developing CSR activities across the entire Group.

Stakeholders	Six Prioritized Initiatives	Activity Themes	Results in 2012
Customers	We provide products and services that contribute to the safety, reliability, and healthy lifestyles of our customers first and foremost.	Quality assurance based on the customer's perspective	<ul style="list-style-type: none"> <li>Further improved quality at the point of consumption</li> <li>Strengthen quality management system at overseas Group companies</li> <li>Establish policies to improve combined group-wide power and demonstrate synergy</li> </ul>
		Communication with customers	<ul style="list-style-type: none"> <li>Understanding customer opinions that do not make direct inquiries by collecting information from SNS and blogs</li> <li>Enhanced customer response corresponding to conditions and issues at Group companies</li> </ul>
		Reflection of customer feedback in corporate activities	<ul style="list-style-type: none"> <li>Reinforcement of coordination with business divisions through collection and analysis of a wider range of customer opinions</li> <li>Enhanced the system of utilizing customer opinions and expanded it to the Group</li> </ul>
Global Environment	We coexist with Nature by committing to "Water Sustainability" and reducing environmental impact.	Water resource cultivation	<ul style="list-style-type: none"> <li>Establishment of Natural Water Sanctuaries at plants where they are not yet established (Yamazaki Distillery, Kyoto Brewery)</li> <li>Formulation of five-year maintenance plans based on measurements, vegetation surveys, etc.</li> </ul>
		Preserving biodiversity	<ul style="list-style-type: none"> <li>Ecosystem surveys in Natural Water Sanctuaries</li> <li>Strengthened information dissemination through websites related to Save the Birds! Campaign</li> </ul>
		Raising awareness on the importance of water and sharing of our values	<ul style="list-style-type: none"> <li>Participation of 1,100 people in the Outdoor School of Forest and Water (cumulative 13,000 people) and 9,000 people in the Study Support Program (cumulative 48,000 people) for water education</li> </ul>
		Energy and resource conservation throughout the value chain	<ul style="list-style-type: none"> <li>Reduction of 19% in CO<sub>2</sub> emissions per unit production compared to 2007 for the entire value chain in Japan</li> <li>Reduction of 20% in water usage per unit production compared to 2007 at Group plants in Japan</li> </ul>
Local Community	Based on the spirit of "Sharing the Profit with Society," we contribute to the enrichment of culture and lifestyles, as well as strengthening support for next generation.	Activities to Support Recovery from the Great East Japan Earthquake	<ul style="list-style-type: none"> <li>Additional donations of 2.0 billion yen (cumulative 6.3 billion yen) and activities to support recovery of the fishing industry, youth support initiatives, and support through culture, the arts, and sports</li> </ul>
		Global development of social contribution activities	<ul style="list-style-type: none"> <li>Understanding the status of Group company social contribution activities</li> </ul>
	We commit to tackle alcohol-related issues as an alcoholic beverage company.	Support for next generation	<ul style="list-style-type: none"> <li>Provision of next generation support programs through cultural and sports activities (84,000 participants)</li> </ul>
		Awareness-raising initiatives promoting responsible drinking	<ul style="list-style-type: none"> <li>Awareness-raising initiatives for the prevention of underage drinking and binge drinking</li> </ul>
Employees	We promote diversity in the workplace and support our employee's career development to enable "Yatte Minahare —Go for it!" spirit.	Respect for human rights	<ul style="list-style-type: none"> <li>Awareness-raising initiatives at all sales offices and production sites in Japan under the Committee to Promote Human Rights Education (three-year plan)</li> <li>Establishment of a risk avoidance system and commencement of support for Group companies in Japan</li> </ul>
		Development of human resources	<ul style="list-style-type: none"> <li>Joint trainings for managers at Group companies in Japan</li> <li>Enhancement of global human resources development programs</li> </ul>
		Promoting diversity	<ul style="list-style-type: none"> <li>Commencement of Group efforts to promote employment of persons with disabilities and achievement of 2% employment rate (as of December 1, 2012)</li> <li>Reinforced activities for higher level of our older employee utilization, including institution of mandatory retirement age of 65</li> <li>Strengthened work-life support and expansion of self-directed career measures to increase the participation of women employees</li> </ul>
		Promoting the work-life balance	<ul style="list-style-type: none"> <li>Increased flexible modes of working, including expansion of telecommuting and flexi-time programs</li> <li>Enhanced support for staff engaged in childcare and nursing</li> </ul>
Business Partners	We promote CSR throughout our entire supply chain, working with our business partners.	Promoting CSR activities in raw material procurement and distribution	<ul style="list-style-type: none"> <li>Questionnaire given to major business partners based on the Basic Policy on Supply Chain CSR</li> <li>Strengthened measures in the Safety Committee to promote safety coordinated with distribution affiliates</li> </ul>
CSR Management		Enhancing CSR management activities	<ul style="list-style-type: none"> <li>Full review of activities to understand current state and verify issues based on the seven core subjects in ISO 26000</li> <li>Stakeholder engagement aligned with the seven core subjects</li> </ul>
		Promoting and strengthening risk management	<ul style="list-style-type: none"> <li>Building and strengthening the group-wide risk management infrastructure</li> <li>Educational and training activities with the goal of cultivating a risk mindset</li> </ul>
		Instillation of compliance	<ul style="list-style-type: none"> <li>Employee awareness survey conducted at all Group companies in Japan to understand current conditions and identify issues</li> <li>Practical compliance-promotion activities addressing issues with initiatives at Group companies</li> </ul>

	Mid-Term Targets	2013 Action Plan	ISO 26000 core subjects
	Gain a higher level of trust from customers	<ul style="list-style-type: none"> <li>• Further improve quality at the point of consumption</li> <li>• Strengthen quality assurance corresponding to expanding business domains</li> </ul>	Consumer issues
	Enhance group-wide quality assurance system and create synergy	<ul style="list-style-type: none"> <li>• Further strengthen quality management system for Group companies in Japan and overseas</li> <li>• Improve collective group-wide strengths and create synergy</li> </ul>	
	Deepen relationships with customers by listening to customers' opinions more broadly and deeply than before	<ul style="list-style-type: none"> <li>• Start collecting customer opinions through SNS and blogs at overseas Group companies</li> <li>• Enhance websites for information collection and issue-resolution tools for customers</li> </ul>	
	Enhance the system of utilizing customers' opinions in products and services and spread them within the group	<ul style="list-style-type: none"> <li>• Develop mechanisms and activities to utilize customer opinions at Group companies in Japan</li> <li>• Introduce mechanisms to use customers' opinions at the product development stage</li> </ul>	
	Improve water resource cultivation capacity through expansion of forest maintenance in Natural Water Sanctuaries (more than 7,600 hectares)	<ul style="list-style-type: none"> <li>• Implement forest maintenance based on the mid-term plan toward improved water resource cultivation capacity at Natural Water Sanctuaries</li> </ul>	Environment
	Improve biodiversity through ecosystem conservation, with an emphasis on wild birds in Natural Water Sanctuaries	<ul style="list-style-type: none"> <li>• Implement forest maintenance at Natural Water Sanctuaries from the perspective of wild bird protection (creation of hunting grounds for birds of prey, maintenance of vegetation for nest building, etc.)</li> </ul>	
	Further strengthen support for wild bird protection through Save the Birds! campaign	<ul style="list-style-type: none"> <li>• Strengthen and continue information dissemination through websites related to Save the Birds! Campaign</li> </ul>	
	Expand participation in Water Education (cumulative 100,000 participants in both programs in 2015)	<ul style="list-style-type: none"> <li>• Expand participation in Water Education (2,000 participants in the Outdoor School of Forest and Water and 12,000 participants in the Study Support Programs)</li> </ul>	
	Promote efforts to reduce environmental impact including at overseas Group companies	<ul style="list-style-type: none"> <li>• Further reduce CO<sub>2</sub> emissions throughout the entire value chain in Japan</li> <li>• Further reduce water usage at Group plants in Japan</li> </ul>	Community involvement and development
	Enhance activities to support recovery coordinated with local governments, NPOs, etc.	<ul style="list-style-type: none"> <li>• Donate a further ¥2.5 billion (cumulative ¥8.8 billion) and continue recovery support activities</li> </ul>	
	Promote social contribution activities in areas entered to do business	<ul style="list-style-type: none"> <li>• Consider social contribution activities in Southeast Asia</li> </ul>	
	Strengthen next generation support programs through cultural and sports activities (target of 100,000 participants in 2015)	<ul style="list-style-type: none"> <li>• Expand participants in next generation support programs through cultural and sports activities (target of 87,000 participants)</li> </ul>	
	Popularize and raise awareness of responsible drinking among consumers	<ul style="list-style-type: none"> <li>• Strengthen and continue awareness-raising initiatives to prevent underage drinking and binge drinking</li> </ul>	Human rights and labor practices
	Leading the industry, implement industry commitments for the World Health Organization's global strategy to reduce harmful uses of alcohol	<ul style="list-style-type: none"> <li>• Formulate and implement concrete development plan for industry commitments in Japan</li> </ul>	
	Cultivate an organizational culture that puts respect for human rights first and establish group-wide human rights management mechanisms	<ul style="list-style-type: none"> <li>• Start information exchanges with overseas Group companies related to human rights issues</li> </ul>	
	Strengthen human resources development and promote "Yatte Minahare—Go for it!" spirit among employees	<ul style="list-style-type: none"> <li>• Introduce mechanisms to promote the "Yatte Minahare—Go for it!" spirit (setting and implementing challenge targets)</li> <li>• Promote human resources exchanges with overseas locations and employee globalization in Japan</li> </ul>	
	Achieve diversity in management that creates greater value by accepting and capitalizing on diverse values and ideas	<ul style="list-style-type: none"> <li>• Innovate worksite management and further promote "individual thought and action" innovations</li> <li>• Introduce and spread mandatory retirement age of 65</li> </ul>	Fair business practices
	Revolutionize work styles and create workplaces in which each and every employee is able to fully demonstrate their capabilities	<ul style="list-style-type: none"> <li>• Reduce total labor hours through dynamic work style, etc.</li> <li>• Promote activities group-wide toward work-style innovations including Premium Time</li> </ul>	
	Promote supply chain CSR Initiatives	<ul style="list-style-type: none"> <li>• Expand companies surveyed in the CSR procurement questionnaire</li> <li>• Share the Basic Policy on Supply Chain CSR with Group companies in Japan and request its promotion</li> </ul>	
	Improve safety in the distribution system	<ul style="list-style-type: none"> <li>• Strengthen continuous safety improvements in the distribution system</li> </ul>	
	Enhance the CSR management of the Group and promote activities through stakeholder engagement	<ul style="list-style-type: none"> <li>• Improve activities through ongoing stakeholder engagement</li> <li>• Establish mechanisms to develop company-wide CSR activities</li> </ul>	Organizational governance
	Promote activities for group-wide risk finding and minimize identified risks	<ul style="list-style-type: none"> <li>• Promote PDCA-cycle for important risks, hold risk trainings and seminars</li> <li>• Raise awareness of insider trading in the Group (training and e-learning)</li> </ul>	
	Establish group-wide compliance system and promote Code of Business Ethics	<ul style="list-style-type: none"> <li>• Heighten compliance awareness group-wide in Japan</li> <li>• Assess current state and examine mechanisms to develop at Group companies overseas</li> </ul>	

# Suntory Natural Mineral Water —Showcasing Environmental Management

The Suntory Group, whose business is sustained by the bounty of nature, actively promotes the dual axes of its environmental activities: a reduced environmental impact and preservation and reproduction of the natural environment. Suntory Natural Mineral Water symbolizes these efforts, as our Natural Water Sanctuaries help us minimize the environmental impact, illustrating how we can coexist with nature.

## Reducing Environmental Impact

### Reducing Environmental Impact throughout the Entire Lifecycle of Products

1

#### Procurement of raw materials for containers

We procure low environmental-impact PET bottle and label materials as well.

#### Use of Plant-derived Ingredients in PET Bottles

In May 2013, extending our philosophy to an even broader band of consumers, we renewed our "coexistence with nature" commitment by featuring our key message, "Forests for the future Gift!" on Suntory Natural Mineral Water labels. The bottle itself reflects our consideration of the environment in various aspects.

In an effort to reduce environmental impact, we at Suntory developed plant-derived ingredients to replace petroleum-based resources used in manufacturing PET bottles. Our 550ml bottles are now 30% comprised of these plant-derived ingredients, representing a 40% weight reduction per bottle.



5

#### Recycling

Suntory developed light and easy to crush PET bottles to promote recycling, and recycles these into bottles for products such as Suntory Oolong Tea.



## Suntory Develops Japan's Lightest and Also User-friendly PET Bottle

We began using the new light-weight PET bottles for our Suntory Natural Mineral Water, implementing the 2 ℓ size in February 2013 as Japan's lightest bottle\*<sup>1</sup>, at 29.8g. The 550m ℓ bottle was renewed in May 2013, again Japan's lightest bottle\*<sup>2</sup>, at 11.3g (among non-vending machine products only). With these product shifts, Suntory now utilizes Japan's most lightweight PET bottles for its large and small containers. Keeping usability in mind, Suntory also incorporated indentations known as "finger spots" into the body of the 2 ℓ containers, creating a more slender bottle which is easier to grasp. The 550m ℓ bottle's spiral design flows in a direction opposite to that of the screw-on cap, making the container easier to open.

\*<sup>1</sup> As of December 31, 2012

\*<sup>2</sup> As of March 31, 2013, for domestically produced natural mineral water in sizes ranging from 500-m ℓ to 600-m ℓ



2

### Manufacturing

Suntory develops and manufactures light-weight bottles and ultra-thin labels as an initiative to minimize the environmental impact of containers. We are additionally striving to reduce both CO<sub>2</sub> emissions and water usage during manufacturing.

## Reducing CO<sub>2</sub> Emissions during Manufacturing through Use of Renewable Energy

The Minami Alps Hakushu Water Plant of Suntory Products Ltd. features 490kW solar panels which support about 20% of the plant's power usage on clear days, an initiative which has cut CO<sub>2</sub> emissions by approximately 205 tons. Meanwhile, the plant also takes advantage of the cooling energy of groundwater, which remains at a fairly constant low temperature year-round, to efficiently cool production equipment. In yet another initiative, we became the first private company to operate lithium-ion battery equipped electric buses for use on plant tours in Japan.

3

### Distribution

Targeting reduced environmental impact in its transport operations, Suntory is switching over to using larger vehicles and has executed a modal shift from using truck to rail and sea transport, as the latter two operate with lower CO<sub>2</sub> emissions.



Installation of the largest photovoltaic panels (for internal corporate use) in the beverage industry\*

\*For self-use, as of April 30, 2013



New lithium-ion battery equipped electric buses

4

### Sales

We are promoting energy conservation in our offices and introducing environmentally-friendly sales vehicles, as well as energy-conserving vending machines.

## "Eco-tori" Vending Machines, Japan's Number One Energy-efficient Machine\*

Suntory is installing vending machines using new hybrid heat-pump technology which can reduce power consumption by about 30% compared to conventional heat-pump vending machines, making these machines the most energy-efficient in Japan\*. Some of these new machines feature "Eco-tori" ("tori" means "bird" in Japanese), a symbol character of the Suntory's energy conservation activities in the vending machine business.

\*As of January 2013, based on a selection of 25 vending machines from Japanese vending machine makers. Researched by Suntory Foods Ltd.

"Eco-tori" vending machines



Preserving and Reproducing the Natural Environment

# Protecting Water and the Future of Life on Earth with Natural Water Sanctuaries

Our Natural Water Sanctuaries are the very source of Suntory Natural Mineral Water, as they foster clean, clear water and support myriad life forms.

Suntory will achieve coexistence with nature, preserving and reproducing the rich biodiversity of the forests through our forest maintenance activities at our Natural Water Sanctuaries.

## Suntory's Water Resource Cultivation Activities

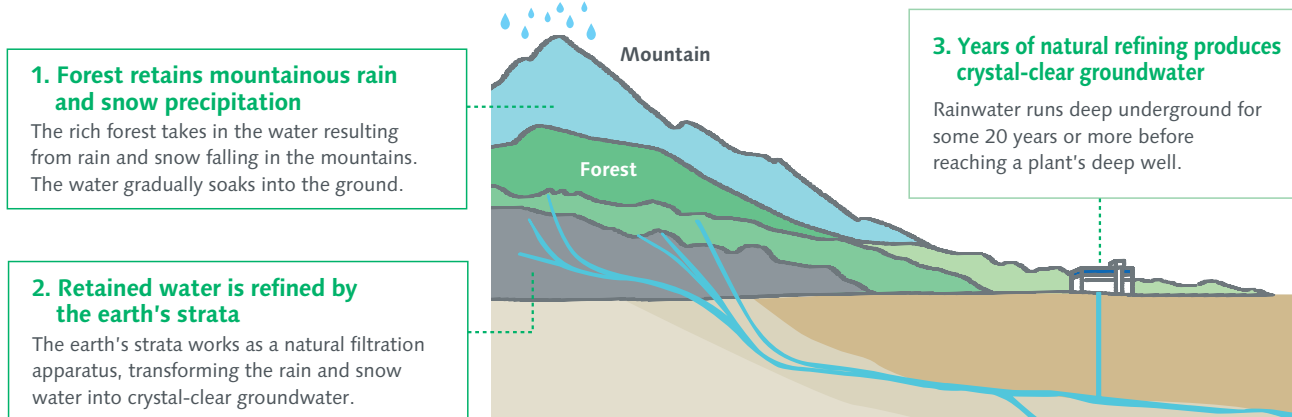
### Pristine Forests—the Source of Our Valuable Groundwater

#### Fostering Rich Forests to Produce Groundwater

The high-quality groundwater used in Suntory Natural Mineral Water is generated deep in the forest. Water from rain and snow falling in the forest soaks into the ground and is gradually refined as it passes through the earth's strata to become crystal-clear ground water.

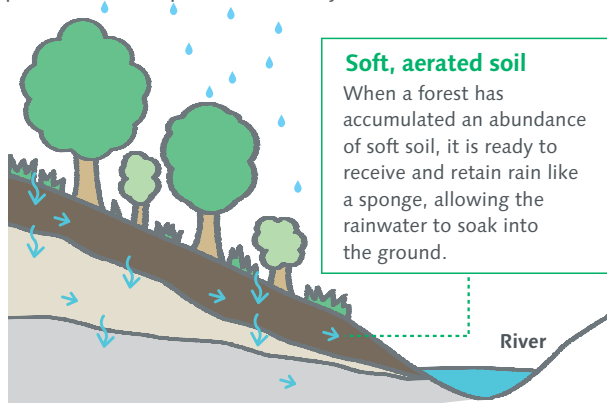
The Suntory Group uses large amounts of groundwater in every step of the manufacturing process of our products. We consider it our responsibility to foster the rich forests, cultivating groundwater in excess of the amounts we use in our plants. We therefore established specific forest areas for

nature protection activities within the water-resource cultivation areas around our plants, naming them "Natural Water Sanctuaries" and managing them as groundwater cultivation forests. Currently, Natural Water Sanctuaries grew beyond 7,600 hectares in total at 17 locations in 13 prefectures, surpassing our target of 7,000 hectares. We are collaborating with universities and other research institutes to draft forest management plans for each forest, further enhancing our forest husbandry activities.



#### Soft, aerated soil serves as the foundation for groundwater and ecosystems

The most important factor in water resource cultivation is protecting and nurturing the forest soil. Inferior soil prevents water from seeping into the ground and loses its ability to nurture groundwater. Diverse organisms, such as forest plants, animals, and microorganisms, are necessary to create soft, aerated soil. Suntory collaborates with experts from a wide range of fields, as well as local residents, conducting various research and development projects to protect this comprehensive ecosystem.



Surveying the soil and vegetation with experts



Using indigenous tree seedlings for tree planting



Grass and broadleaf trees sprout up as sunlight enters forest after pruning and thinning



Crumbling slopes are covered with soil and grass rolls, enhancing water-resource nurturing abilities

©illustrated by Masayuki Yabuuchi

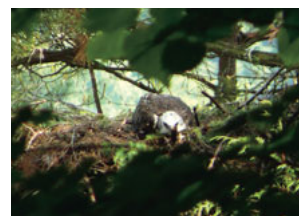


## Suntory Save the Birds! Campaign Supporting Biodiversity in Our Abundant Forests

Wild birds, sensitive to subtle environmental change, help us monitor the status of the forest ecosystem. In particular, birds of prey, which occupy the pinnacle of the ecosystem pyramid, tend to disappear upon even the slightest worsening of their environment. This is because the birds of prey feed upon smaller animals which, in turn, prey upon insects and similar creatures, all of which require

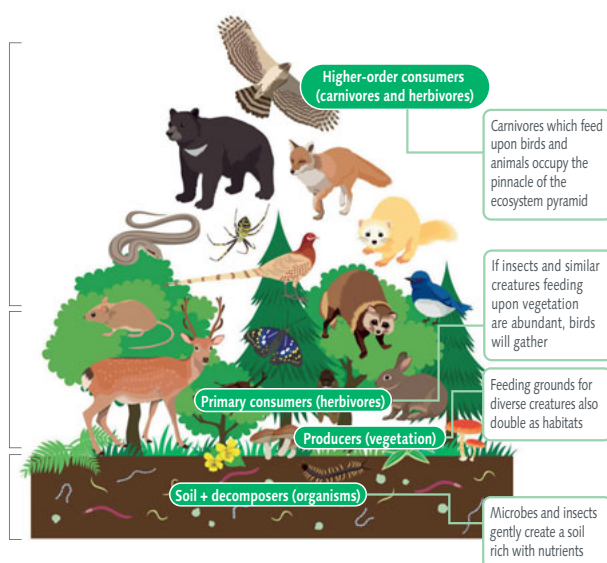
a suitable habitat. In other words, the forests inhabited by birds of prey have a healthy ecosystem which even includes rich soil. Therefore, it is important to protect not only birds of prey such as the rare mountain hawk-eagle, but also the entire environment which they inhabit. That is the idea behind coexisting with nature from the birds' point of view.

The Suntory Group implements wide-reaching endeavors to protect wild birds, including ecosystem protection activities focused on wild birds within our Natural Water Sanctuaries.



Birds of prey (mountain hawk-eagles), kings of the ecosystem pyramid

### The ecosystem pyramid



Protecting birds of prey such as mountain hawk-eagles, which are higher-order consumers, necessitates preserving the entire ecosystem pyramid.

### Suntory Water Education—Environmental Education for Next Generations A Suntory Program to Teach Children the Importance of Nature's Role in Water Resource Cultivation

Water Education teaches children about the importance of water, and how nature and the forests depend upon water for their survival. Suntory conducts this education in two initiatives: hands-on nature programs known as "Outdoor School of Forest and Water," held at home regions of Suntory Natural Mineral Water, and the "Study Support Program," offering lectures at elementary schools.



Conducting experiments on water-retaining capacity in the forest

## Visiting the Home Regions of Suntory Natural Mineral Water

The Suntory Group strengthens our environmental management through ongoing initiatives reducing the environmental impact and preservation and reproduction of the natural environment. Toward this end, we invited consumers to tour the Minami Alps Hakushu Water Plant of Suntory Products Ltd. and received valuable feedback which will help us improve our environmental activities.



### Feedback from participants

- I wondered whether PET bottle recycling really tied in with the total process of energy conservation, but after learning how the environmental burden is lessened throughout the total lifecycle of products, I feel reassured.
- Energy and resource conservation initiatives exceeded my expectations, but wouldn't efficiency be heightened if such measures were adapted not only by Suntory, but also by the beverage industry as a whole.
- I was surprised that activities in Natural Water Sanctuaries involve long-running contracts with forest owners spanning dozens of years.
- Suntory plays a wonderful role nurturing healthy forests throughout Japan with its human resource education and information concerning forest preservation.
- To increase public awareness about the importance of water, I wish "water education" could be expanded to adults, rather than limited to children.
- You might consider using product labels and television commercials to more proactively provide information about your environmental activities.

### Discussion follow-up

In reducing the environmental impact, it is important to keep an eye on the entire value chain, which we certainly plan to do in the future as well. As we continue to implement initiatives company-wide, we are also determined to enhance and expand ties with other similar entities to promote joint activities for initiatives that require industry-wide implementation.

We realize that there is room for improvement in our provision of information to consumers about our environmental activities, and plan initiatives to accomplish this through products and sales promotion activities.



Kenji Naiki  
Executive General Manager  
Environmental Sustainability Strategy Department  
Corporate Communications Division  
Suntory Holdings Ltd.

# Activities to Support Recovery from the Great East Japan Earthquake

The Suntory Group continues its activities in support of recovery from the Great East Japan Earthquake. Many people in the disaster affected area are still in need of help. Immediately after the earthquake, the Suntory Group provided 1 million bottles of mineral water as emergency relief supplies and donated ¥300 million to the three affected prefectures. Further contributions were made, of ¥4 billion in 2011, ¥2 billion in 2012, and ¥2.5 billion in 2013, bringing our total contribution for supporting restoration activities to ¥8.8 billion.

## Activities to Support Recovery of the Fishing Industry

We are helping fishing industry workers cover the costs of acquiring new fishing vessels, to support recovery of the industry.



## Youth Support Initiatives

We are providing scholarships to students at fisheries high schools and supporting initiatives to provide a safe and secure environment for children and young people.



## Support through Culture, the Arts, and Sports

We strive to bring smiles and happiness through supporting culture, the arts, and sports.



## Activities to Support Recovery of the Fishing Industry



The Suntory Group is concentrating its efforts on supporting recovery of the fishing industry, one of the principal industries in coastal areas obliterated by the earthquake and tsunami. Relief contributions of ¥5.5 billion to Iwate and Miyagi prefectures have gone toward helping fishing industry workers obtain new fishing vessels.

### Contributions to Fishing Industry Recovery in Iwate and Miyagi Prefectures

Recognizing that recovery of fishing industry was insufficient for the disaster affected area reconstruction, the Suntory Group donated ¥4 billion to Iwate and Miyagi Prefectures in 2012, with a supplementary ¥1.5 billion earmarked for 2013. Donations are designated as continuing assistance to help replace fishing vessels for the fishermen who have suffered enormous damage, and to help recovery of the coastal fishing industry through cultivation and other means. We have received words of gratitude from the governors of both prefectures for our recovery initiatives.

In November 2012, the Suntory Group received a commendation for "Meritorious Service to the Fishing Industry" from the Japan Fisheries Association as a result of our donations to the replacement of fishing vessels, scholarships for fisheries high school students, and other fishery-related activities.



The Japan Fisheries Association's awards ceremony commending "Meritorious Service to the Fishing Industry"

#### VOICE

**We will continue maximum efforts to expedite recovery of the fishing industry.**

Section Chief, Fishing Industry Restoration Section, Agricultural, Forestry, and Fisheries Department, Miyagi Prefecture

Allow me to express my heartfelt gratitude to the Suntory Group for your generous outpouring of support. Your aid to lighten the burden of replacing fishing vessels, distributed under the auspices of our prefectural government, has lent courage to fishing industry workers, and has aided the recovery of the local fishing industry. We are profoundly grateful to the Suntory Group for the comprehensive support, including scholarships to fisheries high school students as well as measures to support future generations in the industry and promote the consumption and distribution of products from Miyagi fisheries. Although two years have passed since the disaster, Miyagi Prefecture's fishing industry still faces a long road ahead for recovery. Those of us at the Miyagi prefectural government will redouble our efforts toward this goal, and hope for the continued support of the Suntory Group.

### Helping Fishing Industry Workers Obtain New Vessels

The tsunami following the Great East Japan Earthquake left many fishing vessels lost or damaged. Replacement vessels are vital to the recovery of the fishing industry, a key trade in the disaster area.

To help defray the cost to fishing industry workers of obtaining new fishing vessels to replace those lost or damaged in the tsunami, the Suntory Group has made a contribution to Iwate and Miyagi prefectures. The prefectures have committed to the building of some 10,000 fishing vessels in all, and vessels in each and every fishing harbor are being completed and launched at sea. New fishing vessels for trap net fishing and catching squid, Pacific saury, and tuna have been built, and fish catch volumes are gradually increasing.

The state-of-the-art deep-sea tuna fishing vessel Dai-5 Yahatamaru, one of the largest vessels built by utilizing the Suntory Group's contribution, debuted in Miyagi's Kesenuma harbor on October 10, known as "Tuna Day" in Japan, the first time in eight years that a newly built vessel of this class has been launched from the Kesenuma shores.

We hope that these fishing vessels will contribute to overall regional recovery.



October 2012 Completion of the large deep-sea tuna fishing vessel Dai-5 Yahatamaru in Kesenuma City, Miyagi Prefecture



May 2013 Presentation ceremony of the Suntory Group's contribution at the Iwate Prefectural Headquarters

June 2013 Presentation ceremony of the Suntory Group's contribution at the Miyagi Prefectural Headquarters

## Youth Support Initiatives

In cooperation with Save the Children Japan and other organizations, the Suntory Group provides scholarships for students at fisheries high schools and children who lost a parent in the disaster. This activity is intended to provide a healthful environment to give the young, who are the generation of tomorrow, a feeling of safety and security.



### Donating Free Scholarships to Fisheries High School Students for Supporting the Future of the Fishing Industry

To support the long-term recovery of the fishing industry in the disaster affected area, the Suntory-SCJ Scholarship for Recovery of the Fisheries Industry (totaling ¥600 million) was established in 2012. The fund offers scholarships to students at seven fisheries high schools who would not otherwise be able to attend due to financial hardship. The scholarships are free and do not need to be repaid. Approximately 600 students were recipients in FY 2012, and another 500 in FY 2013.

We donated ¥200 million to help support the Momo-Kaki Orphans' Fund, an educational program for orphaned youngsters.



June 2013 Scholarship awards ceremony at Iwate Prefectural Takata High School

Four Suntory scholarship recipients from Fukushima Prefectural Iwaki Kaisei High School participated in the Japan National High School Baseball Tournament at Koshien Stadium



### Giving Concrete Form to Children's Hopes

The Suntory Group supports the "Our Dream Town Plan" produced by Children's Community Building Club to collect input on their dreams and aspirations for the future of their communities.

In September 2012, in the spirit of support for speedy recovery of disaster affected area, we decorated the Osumi Tsudoi-no-Oka shopping street with a "Mini Akari no ki (tree of lights)" in Iwate Prefecture's Rikuzentakata City. This pine cone-shaped monument, named after Takata Matsubara, stands about four meters tall, symbolizing speedy recovery. In 2013, a large-scale Children's Center, based on designs by children themselves, is scheduled for construction in Ishinomaki City.



June 2013 Ground-breaking ceremony for the Children's Center

### Supporting Creation of Healthy Living Environments for Children in Fukushima Prefecture, in Cooperation with NPOs

To fulfill our desire to help children in the compromised post-quake environment of Fukushima Prefecture, we have supported outdoor schools and summer camps, in addition to assisting with school facilities. Expanding the scope of our aid in 2012, the Suntory Group directed ¥300 million to establish the Fukushima Susumu Fund as mid- to long-term initiatives under the auspices of an NPO. In 2013, we funded management of children's playgrounds and care for youth displaced outside the prefecture. In addition, we offered support to orphanages and foster homes,

published a white paper on collected thoughts of Fukushima children, and supported initiatives of 15 individual groups.



#### VOICE



#### Continued collaboration with Suntory puts smiles on children's faces

**Koji Hyodo**  
Assistant Secretary and Liaison Officer  
Save the Children Japan

We are grateful to have had the opportunity to work with the Suntory Group in providing aid to children who suffered in the Great East Japan Earthquake. Our joint efforts benefitted many youths with significant and enduring results. One reason for this success is the Suntory Group's clear understanding of our expertise and the gap in which support can be targeted, bridging public and private concerns. Suntory members took pains to visit the disaster affected area repeatedly, and maintained close liaison with us during collaboration. Suntory's careful consideration helped lay the groundwork for following initial contributions with commitments for ongoing support. Suntory's scholarships and other instances of financial support were narrowly targeted to specific needs, elevating the value of the results, in my opinion. We look forward to deepening our collaboration with the Suntory Group for the mid- to long-term, returning smiles to the faces of children, the key to the future.

## Support through Culture, the Arts, and Sports



The Suntory Group supports sports (focusing on volleyball and rugby) and artistic activities through our Suntory Foundation and Suntory Foundation for Arts as a means of restoring smiles and vitality to those who have suffered.

### Vienna Philharmonic & Suntory Music Aid Fund Established

The Suntory Foundation for Arts has a close relationship with the Vienna Philharmonic Orchestra, and the two organizations established the Vienna Philharmonic & Suntory Music Aid Fund to offer recovery support through music. The fund provides aid for music groups and holds children's concerts in the affected areas. We have continued bestowing awards for ten years, with some of our support occurring through performances and mentoring offered by members of Vienna Philharmonic Orchestra. In 2012, we sponsored 14 separate musical activities.

The Suntory Foundation gave the Suntory Prize for Community Cultural Activities to two groups to support cultural activities in the disaster affected area. We also created a research group to investigate new social structures following the disaster.



November 2012  
Sendai Junior Orchestra Workshop

### Energizing Affected Communities through Sports

Supporting the disaster area through sports, the Suntory Sunbirds volleyball club and the Suntory Sungoliath rugby club have continued fund-raising activities and also hold sports clinics for youngsters.

In August 2012, we sponsored the Suntory Dream Match in Sendai City for the first time. Former professional baseball players held baseball camps and participated in charity activities. Charity funds from the Suntory Ladies Open Golf Tournament, held each June, were targeted for purchase of fire trucks in the disaster affected area.



July 2012 Sungoliath Rugby Clinic in Kesenuma



Fire trucks purchased with charity funds in Sendai and Natori Cities

## Suntory Group Recovery Support Activities

The Suntory Group sponsors various mid- to long-term initiatives toward recovery from the Great East Japan Earthquake. In order to broaden and enrich these initiatives, we invited expert Kaori Kuroda to join us for a lively exchange of opinions.

### Expecting New Forms of Support

After two years of ongoing and expanded aid since the disaster, Suntory continues to collaborate with governmental and NPO entities, adeptly assessing local needs and implementing meticulous support. Collaboration with NPOs can be carried out in various ways, and is not necessarily limited to one-way funding. The level of two-way discussions and resulting activities achieved within just one year between Suntory and other groups is quite extraordinary.

Cooperating even further with NPOs and other stakeholders allows Suntory to address problems which can be difficult for individual corporations to tackle single-handedly, facilitating exploration of new areas of support.



**Kaori Kuroda**  
Secretary and Board of Directors Member  
CSO (Civil Society Organization)  
Network Japan

### Ongoing Needs Assessment and Targeted Assistance

The Suntory Group plans continued response to disaster affected area needs with targeted assistance, while valuing our thoughts. We collaborate with local governments and NPOs in order to maximize efficiency of our relief efforts. This brainstorming session has helped us to broaden initiatives benefiting society and deliver the most effective results possible. We look forward to continuing our support to expedite disaster affected area recovery, and anticipate that the wisdom we have gained through this discussion will be put to effective use in future endeavors.



**Masako Orii**  
Executive Officer and Deputy Chief Operating Officer,  
Corporate Communications Division  
Suntory Holdings Ltd.

# Quality Assurance

We are deeply committed to quality assurance in all of our processes, from product planning and development to material procurement, manufacture, distribution, sales, and services, in order to offer safe and reliable products to our customers.

## Promoting Quality Assurance throughout the Group

We are working to provide enhanced quality assurance throughout the Group, both in Japan and overseas, in order to offer products that are safe and reliable.

### ● Our Philosophy Underpins Quality Assurance

The Suntory Group has worked to ensure the quality of its products and services ever since its founding, taking the position that "the customer is number 1."

In 2004, we established the Suntory Group's Quality Policy to clarify our position on quality. It was revised in January 2012 to better express the quality policy of the Suntory Group as it globally expands. All of our employees are constantly working to guarantee and improve quality.

#### The Suntory Group's Quality Policy (Established 2004, revised January 2012)

##### All for the Quality \*

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

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

\* "All for the Quality" is a slogan showing our basic philosophy to pursue product quality and safety. It should not be construed as our legal obligations or commitments.

### ○ Quality Management System for Group Companies

We have created the Suntory Group Quality Management Code as part of our Group Governance initiatives. We have also created Quality Management Guidelines that indicate the approaches, actions, and judgment criteria that each company in the Group should maintain. Moreover, in 2011, we revised part of the Suntory Group Quality Management Code to clarify the responsibilities for quality management of each Group company. We will continue making these responsibilities a matter of common knowledge among all Group companies in Japan and overseas, while we adjust and improve the contents of the Quality Management System to meet the specific operational status of each overseas Group company.

### ● Groupwide Commitment to Quality Assurance

We established a Quality Assurance Committee to promote quality assurance throughout the Group. The Committee works to identify and reduce major quality risks, and to move forward on key strategic challenges related to quality. The Committee's discussions are reported as appropriate to the Group Business Strategy Board and it shares and resolves quality issues faced by group management.

### ○ Strengthening the Quality Management Systems of Overseas Group Companies

In 2012, we strengthened the audit system conducted by the Executive General Manager of Quality Strategy Planning Division in order to strengthen the quality management systems throughout Group companies. In addition to clarifying audit criterion based on international quality standards, we assessed issues and strengths within each Group company. We defined our objectives of expanding Japan's high quality assurance capability to our overseas Group companies, while applying lessons learned from overseas to our Group companies in Japan.

In November 2012, the Executive General Manager of Quality Strategy Planning Division conducted an audit of the Orangina Schweppes Group to assess the quality management system and identify future issues. We will continue to hone our auditing system in order to improve the quality management capability of the entire Group as well as the quality assurance level of individual Group companies.

### ○ Identifying and Minimizing Potential Risks

We are continuing to move ahead with our efforts to carefully identify and minimize potential risks, focusing mainly on those risks related to serious crises such as law breaking or physical hazards. We have been holding weekly meetings since 2006 for management and executive personnel from Production Research and other such divisions (Weekly Risk Assessment Committee) and also monitor our potential risk index, which helps us to assess potential risk in quantitative terms.

### ○ Expanding the Infrastructure of Information on Foreign Laws

During 2012, we expanded the infrastructure of information on foreign laws which we established during 2011, broadening the scope of our response capability, and promoting the accumulation and sharing of such information within the company. We will continue efforts to advance the utilization and expansion of our information base, enabling fast and flexible application of regulations-related information.

### ○ Establishing Quality Assurance Rules for Overseas Manufacturing

In 2012, considering the Suntory Group's overseas expansion, we established quality assurance rules to apply



to Suntory Group brands that are designed in Japan and manufacturing and marketed overseas. Furthermore, to ensure understanding and consistency pertaining to quality assurance rules for overseas Group companies, we conducted orientation sessions during on-site visits. Going forward, we plan to seek further opportunities to ensure Groupwide understanding and consistency in terms of quality assurance rules.

○ Improving Analytical Skills at Overseas Scientific Facilities

In order to troubleshoot problematic odors produced by products manufactured and sold in China, specialists from our Safety Science Institute visited the China (Shanghai) Quality Assurance Center to reconfirm basic knowledge as well as to offer consultation and conduct workshops on odor analysis. We will continue to make available overseas the knowledge and precision analytical skills of the Safety Science Institute.

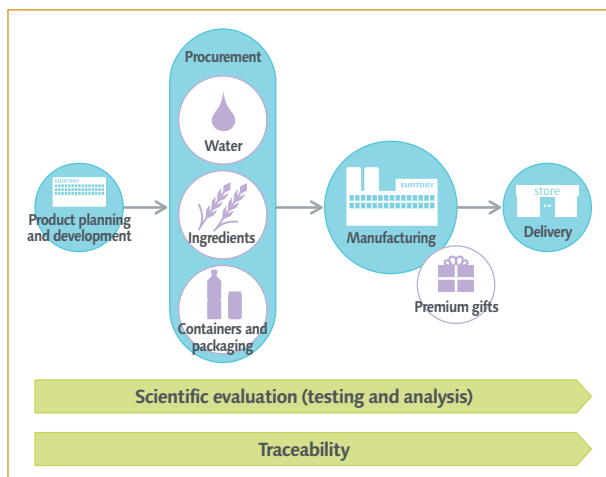


Consultation on analysis for technical staff at the China (Shanghai) Quality Assurance Center

**Thorough Quality Control in All Processes**

Grounded in the Suntory Group's Quality Policy, our employees are continually working to maintain and improve quality in all of our processes, from product planning and development to material procurement, manufacture, distribution, sales, and services.

● Overview of the Process



● Planning and Development: Design Stage Check

We carry out scientific research and investigations along with rigorous analysis and testing when planning and developing a product, thoroughly confirming that it is safe and in full compliance with regulations so the customer can enjoy it in full peace of mind.

● Procurement: Evaluating All the Risks of Ingredients

○ Water: Analyzing and Testing All Water Used to Check Safety

The Safety Science Institute is charged with scientifically assuring the quality of Suntory Group products. Institute staff take regular samples of all the water used for products as well as the water used in processes like cleaning from plants in Japan and overseas to conduct analyses and tests to confirm its safety.

○ Ingredients: Risk Management from Various Perspectives

The Suntory Group conducts risk analysis of each and every ingredient from various perspectives, applicable to every stage from the production of the ingredients to their final use, conforming to safety issues and laws.

The Suntory Group creates standards governing the function and role of each producer, ingredient manufacturer, trading company, and other suppliers, and makes evaluations and selections based on these standards. In addition, the Suntory Group takes care to pay onsite visits whenever raw materials presenting potential risks, or raw materials needing special attention, are involved, conducting supplier quality audits\* and checking the respective quality assurance systems.

\*Quality audits: We conduct analysis and evaluation of production site quality risks through onsite inspections, and assess whether or not countermeasures are appropriate.



Production site visits (India)

○ Containers and Packaging: Strictly Assessing Components

To ensure product quality, we assess the risks of each type of container or packaging we use, such as cans, bottles, and PET bottles, at every stage of use from material selection through planning and manufacturing, further ensuring that all are in full compliance with safety issues and laws.

When procuring materials, we obtain them from packaging manufacturers who themselves have obtained a certificate of analysis from an official body, and the Safety Science Institute also conducts tests to make certain that the constituent materials comply with the relevant regulations.

Additionally, in order to assess the strength, usability, design appeal, weight, and other structural and performance aspects of our containers and packaging, we established a PET bottle testing facility within our Product Development Center, conducting over 200 trials annually, always working on new container and packaging developments.



PET bottle testing facility

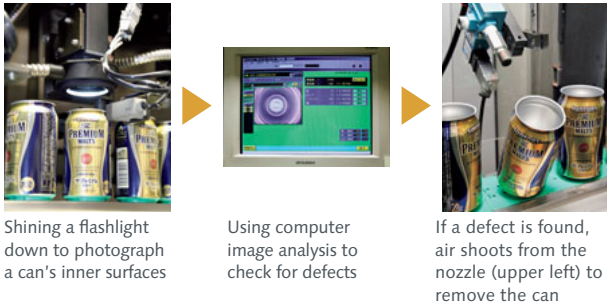
## Relations with Customers

### ● Manufacturing: Conforming to International Standards

We employ testing equipment in all parts of the manufacturing process, including preparation, mixing, packing, and packaging. We also carry out multilayered quality checks, making sure that no foreign substances get into either the containers or their contents, and looking for container damage and leaks.

In 2012, Suntory's nine domestic food plants received FSSC (Food Safety System Certification) 22000 certification, recognized by the GFSI (Global Food Safety Initiative)\* in accordance with international trends in food product safety management. We plan to expand certification efforts among our domestic alcoholic beverage plants in 2013.

\*GFSI (Global Food Safety Initiative): The GFSI is a food safety initiative resulting from collaboration among food safety specialists representing various interests in the food product supply chain, from global retailers to manufacturers, food service businesses and other concerns.



Shining a flashlight down to photograph a can's inner surfaces

Using computer image analysis to check for defects

If a defect is found, air shoots from the nozzle (upper left) to remove the can

### ● Premium Gifts: Ensuring the Safety of Premium Gifts

We take the same position when it comes to confirming the safety of the premium gifts we use in sales promotions for our products as we do with the products themselves.

The teams we organize to inspect premium gifts are composed of experts from four divisions. They apply their expertise in the advice they give to Suntory's Product Planning and Development divisions, and to the premium gift manufacturers. They also work together with the gift manufacturers to inspect the plants where the premium gifts are manufactured and to verify the ingredients, manufacturing processes, and methods used for inspecting the finished products.

### ● Delivery: Commitment of Our Business Partners

Because we pay such particular attention to quality, we do what we can to ensure that this level of attention reaches our customers in just the way we intend it to be.

#### ○ During Transport

We work to increase awareness at all of the companies who assist us with distribution so that they understand our needs and work with us when it comes to transport and storage. Suntory Group staff also make site visits to product warehouses and check how products are managed and stored there.

#### ○ At the Point of Consumption

We hold draft beer seminars for restaurant and bar operators so that consumers will enjoy tastier draft beer. In 2012, we held 533 seminars in Japan, attended by a

total of 6,750 participants.

In addition, some 200 Draft Advisors periodically visit businesses throughout Japan that serve our draft beer, maintaining the equipment and providing relevant advice.



Draft beer seminar

### ● Scientific Evaluation: Product Analyses and Tests

The Safety Science Institute is a cross-functional organization that addresses analytical science, microbial guarantees, and biological safety. Using its expertise in these areas, it assesses the safety of the products that the Suntory Group manufactures and sells. The Institute analyzes and tests everything from the ingredients, finished products, and their flavors to the containers and packaging, processing aids, and the quality of the materials in the production equipment that comes into contact with the contents of the products themselves.

It checks the safety of those items based on the strict standards that Suntory has set independently as well as the relevant laws.



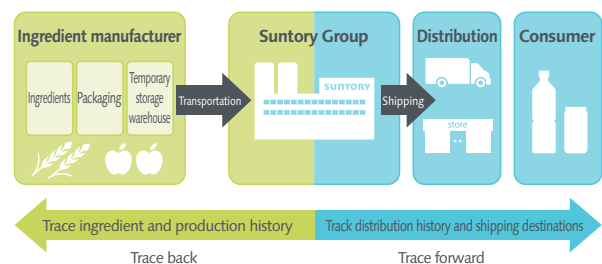
Safety Science Institute

### ● Traceability: Instantly Checking a Product's History

We are implementing a traceability system in all plants that uses QR codes\* (two-dimensional codes) and other features to track the history of a product from its raw materials through to its manufacture and distribution. This enables us to check the history of a product that has been delivered to the customer as necessary. Then, if a potential ingredient, container, label or other product-related issue is found after the product has been shipped, we have a system in place to immediately identify the shipping destination and take measures.

\*QR codes is a registered trademark of Denso Wave Incorporated.

#### ● Traceability System



## Quality Assurance Concerning Radioactive Material

The Suntory Group has launched quality assurance initiatives concerning radioactive material following the Great East Japan Earthquake.

### ● Product, Water, and Ingredient Safety

Product safety is guaranteed by insuring the safety of the water and ingredients used in manufacturing. We confirm the safety of the water and ingredients by obtaining information about them from national and local governments, their manufacturers, and others. We also analyze them for radioactive materials through in-house and outsourced testing. Moreover, the end products we deliver to consumers are regularly inspected at all our factories throughout the country.

### ● Methods of Analyzing for Radioactive Materials and Future Responses

Our Safety Science Institute has established a quality assurance system which handles issues relating to radioactive materials. In April 2012, new standards were established for radioactive material values in food products, and in May 2012, we were able to reduce the time needed to conduct radioactive material analysis and boost the volume of inspected items following introduction of increasingly efficient germanium detectors. We will continue to conduct our own analyses and work to guarantee safety while following guidelines from the government so that we can keep on providing our customers products they can rely on.



An inspection utilizing a germanium detector

## Appropriate Information Disclosure

The Suntory Group believes information should be disseminated about quality assurance and related activities in an appropriate and easy to understand way to ensure customers' peace of mind and trust in the products and services we provide.

### ● Easy to Understand Product Labeling

Our Quality Assurance Development Department, operating under the Quality Assurance Division, reviews and checks product labels, as well as the language and depictions used in promotional materials and advertising, to ensure that they are appropriate and comply with the law. In addition, the department promotes the display of accurate information that is easy to understand, collaborating with the divisions in charge of development, production, public relations, and advertising.

It also investigates ingredients for potential allergens, confirming related disclosure requirements and displaying information in an appropriate and clear manner. Product labels on food contain not only the seven items we are obliged to display under the Food Sanitation Law, but also another 18 recommended items.

## TOPICS Example of Product Labeling

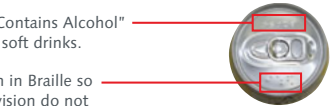
Containers display the "Alcohol" logo so that low alcohol drinks like Chu-Hi are not mistaken for soft drinks.

In addition, we label our major products with the words "Contains Alcohol" on the lid and "Alcohol" written in Braille so that persons with impaired vision do not mistake them for soft drinks.

Can lids display the words "Contains Alcohol" so they are not mistaken for soft drinks.

The lid has "Alcohol" written in Braille so that persons with impaired vision do not mistake them for soft drinks.

Containers display the "Alcohol" logo so they are not mistaken for soft drinks.



The "Recycle" logo is displayed to promote recycling.

### ● Disclosing Information That is Accurate and Easy to Understand

We constantly strive for proper release of information so that the information our customers receive is accurate and easy to understand. The Suntory's Commitment to Safety and Reliability website provides ongoing information updates concerning the radioactive material initiative which we launched in 2011. Additionally, we endeavor to provide clear information to consumers concerning product quality initiatives with interesting and engaging activities such as our "Product Quality Detective Team."



Website: The Suntory's Commitment to Safety and Reliability and its "Product Quality Detective Team" content (in Japanese only)

### ● Voluntary Recalls

While we do our utmost to assure quality, we also disclose information appropriately and promptly when problems do arise.

Voluntary product recalls are announced by posting notices in newspapers. There were no recalls announced between January 2012 and May 2013.

# Communicating with Customers

Since our founding, we have given top priority to customer satisfaction. We value regular communications with our customers and reflect their feedback in our corporate activities.

## Realizing Customer Satisfaction

The Suntory Group values two-way communications with its customers in the belief it has held since its founding that customer satisfaction should be given top priority.

In 1976, we created the Consumer Department to handle inquiries from customers. The office now operates as the Customer Relations Division of Suntory Business Expert Ltd. This has further improved our ability to deal with customer feedback in earnest and ensure that their views are reflected broadly in our corporate activities.

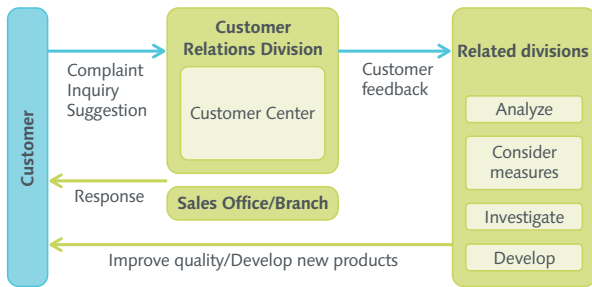


Discover the Customer's Perspective Courses

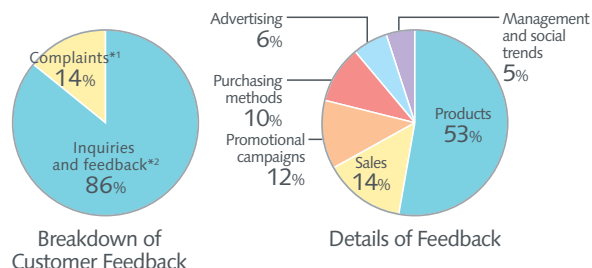


Experience the Customer's Perspective Program

### Flow of Customer information



### Details on Customer Inquiries, Feedback, and Complaints (2012 statistics: 96,848 cases)



\*1 Complaints: Includes expressions of dissatisfaction by customers about products or corporate activities  
 \*2 Inquiries and feedback: Includes a wide range of questions and opinions expressed by customers other than complaints

### Customer Satisfaction Project

The Customer Satisfaction Project is our attempt to nurture a corporate culture in which all of our employees keep the customers' perspective in mind in their work.

We hold training programs for all employees, including those in divisions that have few opportunities to hear the views expressed directly by our customers. Our Discover the Customer's Perspective Courses and Experience the Customer's Perspective Program form the core of the project.

In 2012, we increased the number of times courses were offered and expanded our programs, resulting in the participation of 3,137 employees.

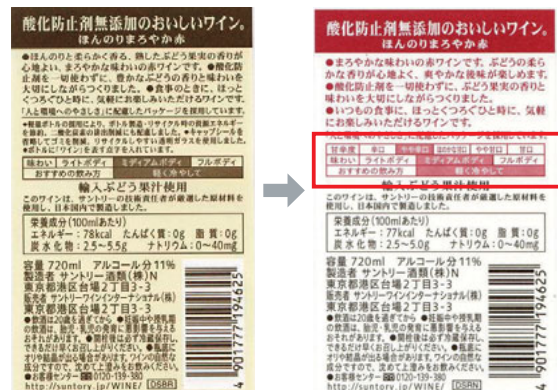
## Making Use of Customer Opinions

We take customer feedback into account when it comes to quality improvements, new product development, and improving our ability to provide information. We are also committed to offering products and services that are simple for everybody to use. We therefore conduct preliminary checks from the standpoint of customers at the time of product development. In 2013, we continue to reinforce our checks on containers and packaging and campaigns.

### TOPICS

### Clarifying sweetness-dryness on wine labels

Pointing out that wine labels specify "medium body" but do not clarify whether a red wine is sweet or dry, customers have prompted us to improve labels on our Antioxidant Additive-free Delicious Wine (Mild Red). In August 2012, in addition to information about body of the wine, we have added a 5-point scale ranking for sweetness-dryness in order to provide customers with a clearer understanding of products.



Supplementing wine labels with a ranking for sweetness-dryness

# Measures for Healthy and Comfortable Lifestyles

The Suntory Group provides a range of products and services to support healthy and comfortable lifestyles.

## Contributing to Healthy Lifestyle through Products and Services

Suntory is working broadly to help our customers lead healthier and richer lives by offering products and services matched to their needs and preferences, ever mindful of their health.

We research and develop food for specified health uses (FOSHU) and health foods bearing in mind that we provide products and services that are scientifically proven to be safe and beneficial and to make a positive contribution to people's health. Accordingly, we have been working to verify through up-to-date scientific means and clarify using established technologies the usefulness of the natural effects of foods that humans have long consumed.

The basis for the Suntory Group's philosophy of "In Harmony with People and Nature" lies in the belief that "Wellness Life" — a life that is healthy, beautiful, and spiritually rich — is supported by the fact that human beings draw on their inherent ability to stay healthy as they live in harmony with nature and take advantage of nature's powers.

### ● Sales of Food for Specified Health Uses

We released Kuro Oolong Tea OTPP in 2006, after applying research showing that the polymerized polyphenols peculiar to oolong tea have a potent ability to inhibit fat absorption. Subsequent research has revealed that continued consumption of Kuro Oolong Tea OTPP helps prevent fat from being retained by the body. In 2007, we released Goma Mugicha, a sesame barley tea suitable for people with high blood pressure that contains sesame peptides extracted from sesame seeds.



Kuro Oolong Tea OTPP and Goma Mugicha

### ● Unraveling the Function of Sesamin

Taking on the challenge of understanding why sesame is good for our health, we succeeded in scientifically explaining the workings of sesamin, a sesame lignan which is a microscopic component of sesame. We brought it to market in 1993 in the form of our first health food product. We conducted further research and released Sesamin EX, which was even more effective due to the combination of vitamin E, tocotrienol, and Oriza Plus, a component of brown rice. Suntory Wellness Ltd. produces other health food products based on our research.



Some of Suntory's health foods backed by science

## Program for Creating New Value

Suntory's Institute for Health Care Science is at the center of our research and development projects related to foods for specified health uses and health foods. The Institute searches for materials that will contribute to health and beauty, and scientifically demonstrate their beneficial properties.

Furthermore, our specialized research divisions such as the Safety Science Institute apply their unique technologies and work together with Group companies to bring a brighter, healthier, and richer life to customers.

The Suntory Global Innovation Center was established in April 2013 and focuses on creating new value, strengthening our overall research and development system.

### ● Announcing Research Results

The research and development divisions in the Suntory Group collaborate on research with Japanese and overseas universities as well as external research organizations. Their results are publicly released through presentations at academic conferences and in scholarly publications.

## Promote Communication with Customers

We regularly provide health information to our customers through brochures and our website.



Brochures showing health and nutrition information



Website: Suntory R&D (in Japanese only)

# Environmental Management

The entire Suntory Group is committed to environmental management in order to pass on to coming generations a global environment that is an important business resource for the Group.

## Group-Wide Commitment

With the awareness that coexistence with nature is one of the most important issues facing all of humankind, back in 1991 the Suntory Group established the Environmental Department and Environment Committee. In 2010, Suntory Holdings Ltd. created the Environmental Sustainability Strategy Division, whose purpose is to ensure that business and ecology are promoted by the entire Group. The Division seeks to reinforce environmental management at Group companies from the perspectives of reducing the environmental impact and preserving and reproducing the natural environment, based on the foundation provided by the Basic Principles of Suntory Group's Environmental Policy. Additionally, we are committed to creating a worldwide environmental management regime based on the environmental management initiatives that have thus far been operated only at Group companies in Japan.

### Basic Principles of Suntory Group's Environmental Policy (Established 1997, Revised 2010)

As a group of companies that shares with its customers in the blessings of water, the land, and the sun, the Suntory Group positions environmental management as the foundation of its business activities, and is committed to passing on a sustainable and vibrant society to future generations.

#### 1. Achieving water sustainability

In line with our corporate message, "Bringing Water to Life," we take great care in our use of water, which we recognize as the source of all life and the substance upon which our own business is based. We return water to the natural environment only after it has been thoroughly purified and ensure we protect forests and other natural ecosystems so that they can produce even more of the water than we use.

#### 2. Maximizing resource usage by promoting the 3Rs through innovative technologies

Aiming to help bring about a sustainable society, we promote the 3Rs (reduce, reuse, recycle) of raw materials and energy resources, at all levels throughout our organization, by continuously refining our technologies. We also work in other ways to develop our business in a sustainable manner.

#### 3. Mobilizing group-wide efforts to become a low-carbon company

As a global citizen, we approach environmental conservation from a global perspective and make efforts to reduce CO<sub>2</sub> emissions along our entire value chain.

#### 4. Maintaining dialogue with society and educating the future generations

To protect our precious natural environment so that we can pass it on to future generations, we are engaged in an ongoing dialogue with society, disclosing information appropriately, and providing environmental education for young people.

#### 5. Constantly striving to be a "Good Company"

By constantly raising the eco-consciousness of our employees, we strive to become a company "Growing for Good" that makes efforts to conserve biodiversity in harmony with people and nature and continues to create new value.

## Setting Mid-Term Targets and Progress Reports

In 2009, we set medium-term targets aimed at improving our environmental management. As shown below, one target is to expand our water resource cultivation areas (expanses of forest promoting the creation of water), and the other is to reduce CO<sub>2</sub> emissions.

- Expand the total area of Natural Water Sanctuary Forests (for water resource cultivation) to around 7,000 hectares by the end of 2011 (approximately 1,795 hectares in place as of the end of 2008)
- Reduce CO<sub>2</sub> emissions from all domestic business activities by 20% from 2007 levels by 2012

The size of the water resource cultivation areas reached approximately 7,600 hectares in April 2013, exceeding our target of 7,000 hectares. Various initiatives were implemented throughout the entire value chain to reduce CO<sub>2</sub> emissions in 2012, while emissions were offset through the purchase of CO<sub>2</sub> emission rights. However, owing to production increases that far exceeded what had been planned, CO<sub>2</sub> emissions were only reduced by 5% compared to 2007 (CO<sub>2</sub> emissions per unit production were reduced by 19% relative to the 2007 level). We will be stepping up the efforts of the entire Group in this direction in the years to come.

## Reducing Products' Environmental Impact

The Suntory Group generates a wide variety of waste and by-products across its diverse range of businesses.

Throughout the entire lifecycle of each product, from its planning and development to its disposal, we strive to quantitatively assess its effects and reduce its impact on the environment.

Furthermore, as we expand our business overseas, we are committed to determining the environmental impact of our overseas manufacturing sites so as to assess how much of an environmental impact we have worldwide.

## Environmental Management

### ● Obtaining ISO 14001 Certification as a Group

The Suntory Group has been actively pursuing certification for ISO 14001 (international standards for environmental management systems) for all Suntory Group companies in order to improve environmental management for the entire Group. The process of obtaining integrated certification for all of the Group companies in Japan\* has been completed, and certification is being obtained by Group companies overseas\*, mainly manufacturing facilities.

Uniting efforts by the headquarters and the production, research and development, and sales departments, the Group companies promote business operations that incorporate environmental perspectives at all stages from

procurement of raw materials to disposal of products.

\*Group companies subject to Japan's SOx law

**● Environmental Risk Management Strategies**

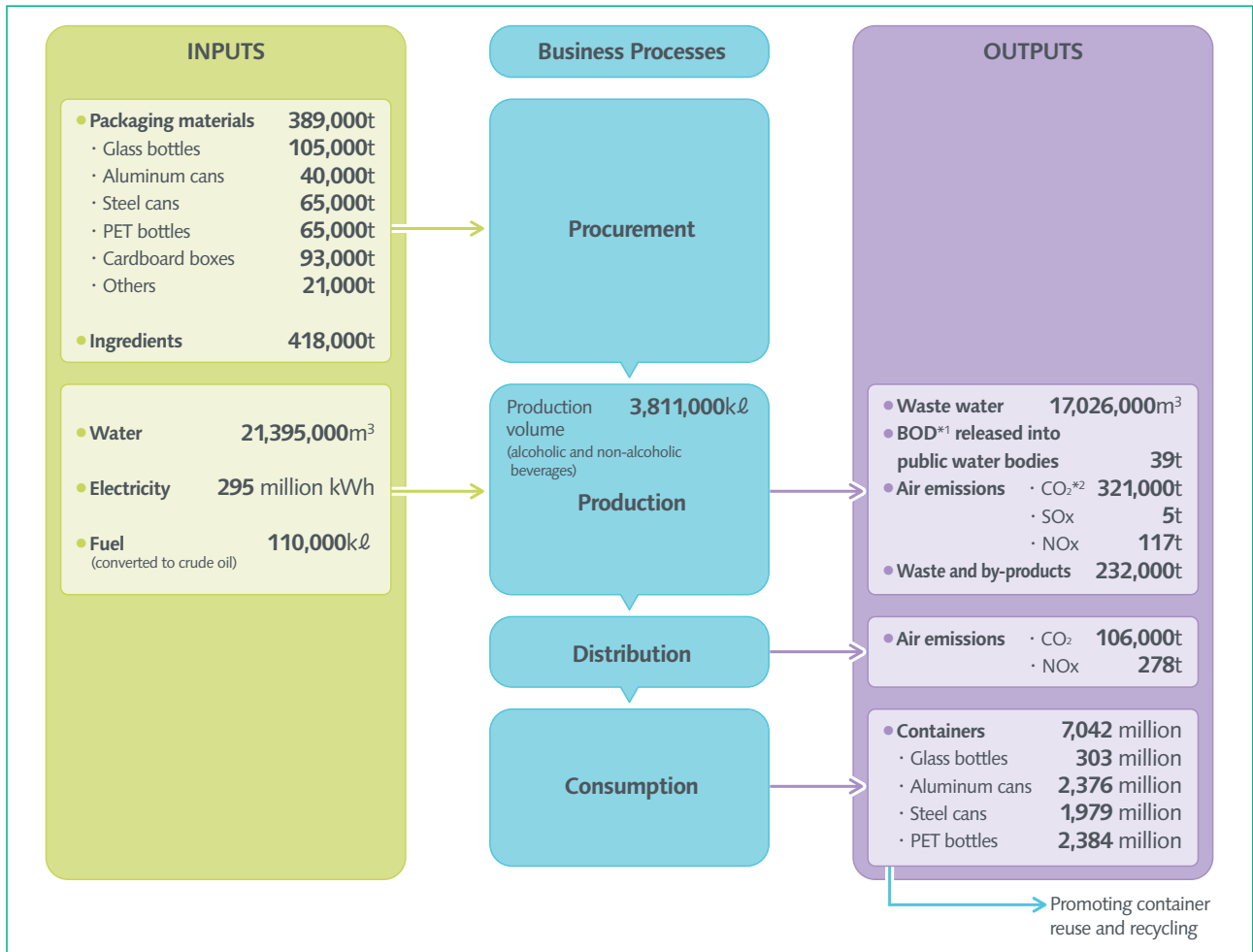
The Suntory Group carries out environmental impact assessments in accordance with ISO 14001 standards on the actual frontlines of its businesses. We identify priorities and develop measures to prevent in advance risks that might otherwise arise. In particular, we are working at risk management in the manufacturing process, having completed and put into use an operations manual that has paid close attention to the surrounding environment.

**● Introducing Environmental Accounting**

We use and disclose the content of environmental accounting that conforms to the 2005 Environmental Accounting Guidelines of the Ministry of the Environment.

Environment accounting serves as an important tool for periodic quantitative evaluations of our environmental-conservation initiatives in our business activities. (In 2012, we made environmental investments of ¥1.8 billion and had environmental costs of ¥11 billion.)

**● Overview of environmental activities and environmental impact (for the period January 1 to December 31, 2012, domestic production sites [excluding contracted sites])**



\*1 BOD (biochemical oxygen demand): an indicator of water pollution

\*2 CO2 emissions from electricity are calculated using an emission coefficient based on the actual emissions of each electric power company

**Environmental Communication**

The Suntory Group values communication with its stakeholders and strives to provide comprehensive information to the public concerning our environmental activities.

The Environmental Activities page within the Suntory website provides detailed information concerning our various environmental initiatives. This information is periodically enhanced and updated to ensure the latest and most accurate data is available to the public.



Website: Environmental Activities (in Japanese only)

## Natural Water Sanctuaries (Water Resource Cultivation/Preserving Biodiversity)

With the Suntory Natural Water Sanctuary as the main activity, the Water Education, a unique hands-on program to teach children the importance of water, and the Save the Birds! campaign, which symbolize preservation of biodiversity, are held in the aim of achieving coexistence with nature.

### Natural Water Sanctuary Activities

The Suntory Group uses large amounts of groundwater in every step of the manufacturing process of our products. To maintain the sustainability of that groundwater, we signed long-term contracts that last decades with forest owners and in 2003 began developing forests that create water.

Suntory has given the name of Natural Water Sanctuaries to our forest development project, as our primary aim is conservation of "forests that protect water and the future of life on Earth."

### Securing Water Resource Cultivation Areas

Natural Water Sanctuaries aim to develop forests nurturing groundwater to ensure that supplies exceed amounts used in Suntory plants. Establishment of Natural Water Sanctuaries initially occurred following hydrologic studies by the Institute for Water Science. Analysis of water components, studies of topography and underground geological features, and surveys of plants and wells surrounding the plants, along with water resources providing plant water, were all part of the effort. Water needs and soil conditions were assessed for each plant, and ultimately, calculations determined our required forest land area.

Currently, we have acquired the necessary water resource cultivation area (7,000ha), and have Natural Water Sanctuaries covering over 7,600ha divided among 17 locations in 13 prefectures nationwide. To sustain our initiative and fulfill our responsibilities, we generally sign a long-term contract equaling or surpassing 30 years for each Natural Water Sanctuary.

### Establishing Goals for Forest Husbandry

Approximately 70% of Japan's land mass is said to be forested, but not all forests are healthy. To improve forest conditions, Suntory established the following objectives for the Natural Water Sanctuaries and continues to work with local communities.

#### • Objectives of Natural Water Sanctuary Project

We aim to develop:

1. forests with a great capacity for cultivating water resources
2. forests rich in biodiversity
3. forests well able to withstand flooding and landslides
4. forests with great CO<sub>2</sub> absorption capabilities
5. beautiful forests where visitors can encounter nature in all its abundance

### Scientifically-based Surveys and Research

In order for Natural Water Sanctuaries to yield ideal forests in dozens or even a hundred years from now, it is important to understand characteristics of the respective regions. Toward that end, the contribution of specialists in areas such as geology, vegetation, soil, forestry, erosion control, birds, insects, and microbes is vital.

For forest husbandry, we collaborate with university and other researchers to utilize cutting-edge technology in each of the above areas, further cooperating with governments, forest owners, local communities, businesses, and volunteers in our initiatives.

#### TOPICS

#### Water Sciences Forum 2012 Convened

The surveys and husbandry work related to our Natural Water Sanctuaries covers a broad spectrum of activities. Building on our successful meeting in 2011, we held our second Water Sciences Forum in September 2012. A group of specialists gathered to cover all aspects of research related to the Natural Water Sanctuaries, from hydrology, soil and vegetation, to birds, microorganisms, forestation, use of lumber, erosion control and terrain analysis, reporting on research conducted at Natural Water Sanctuaries and discussing future courses of action.



### Preserving Biodiversity

The Suntory Group uses water and agricultural products as ingredients in its products; consequently, its business activities are underpinned by a healthy ecosystem.

We consider the protection of this ecosystem to be our rightful responsibility and continue to pursue numerous projects tied to biodiversity and protecting the environment that supports it. In 2011, we added our name to the list of "The Declaration of Biodiversity by Nippon Keidanren" Promotion Partners. We are taking the lead in working toward the creation of society rich in biodiversity.

### Supporting the Cultivation of Human Resources in Forest Husbandry

In order to improve forest conditions nationwide, we must expend efforts not only in Natural Water Sanctuaries, but throughout the country. To ensure our technology and expertise vital to forest husbandry, such as effective forest management technology and service road work, is carried on by future generations, we conduct field research and seminars at Natural Water Sanctuaries, supporting the development of human resources.



## Bird Preservation Initiatives

Wild birds are said to be an indicator of natural environment. Understanding that the wild bird protection is linked to the protection of humans and the natural environment, we began our bird protection activities in 1973, and this year the program marks its 40th anniversary.

### ● Natural Water Sanctuaries—Forests for Biodiversity Reproduction

With reproducing biodiversity in forests as one major goal, Suntory established the Natural Water Sanctuaries, welcoming experts to monitor wild birds on an annual basis.

If the natural function of forests is restored, there will be a change in the habitat for fauna. By comprehending this change in fauna, we can then grasp the entire ecosystem that supports the highest order of animal life—birds of prey represented by hawks and eagles. Through our monitoring of wild birds, we can strive to create forests rich in biodiversity based on how birds view the nature of our Natural Water Sanctuaries.

### ● Public Awareness Initiatives

In order to expand awareness of wild birds, Suntory offers a variety of information on our website and through other tools. Encyclopedia of Japanese Birds, on the Suntory website features illustrated explanations and allows users to read about their favorite birds as background audio provides characteristic and charming warbling, helping increase familiarity with these wild creatures. Our Bird Watching Seminar uses Natural Water Sanctuaries as the stage for feathered wildlife observation, offering helpful hints and cautions.

In addition, we have prepared a leaflet aimed at heightening the sheer fun of birdwatching "How to Spot Familiar Birds Easily," a partner leaflet describing how to attract birds, "Setting up Feed Perches, Birdbaths, and Hanging Bird Nest Boxes," and a number of posters.



Hanging boxes in the Hakushu Distillery Bird Sanctuary

### ● Suntory Fund for Bird Preservation

As one of the activities commemorating the 90th anniversary of our founding, we enhanced the Save the Birds! Campaign with the 1989 establishment of the Suntory Fund for Bird Preservation as a public trust. As this initiative is designated to promote global environmental conservation through the protection of wild birds, funds are granted for bird protection activities both in Japan and overseas.

The first granting was conducted in fiscal 1990. Until fiscal 2013, the 24th granting, the Fund donated a total of ¥287.2 million to 256 organizations toward this greatly successful cause.

## Suntory Water Education

As a company utilizing the blessings of water to manufacture products for customers, we offer the Water Education, a unique hands-on program to teach children the importance of nature's role in water resource cultivation so that water resources may be handed down to future generations.

### ● Outdoor School of Forest and Water

This hands-on nature course geared to elementary school students from grades 3 through 6 and their parents is held in the home regions of Suntory Natural Mineral Water. Participants experience for themselves the importance of water and of the forests that produce it amid the great outdoors at Hakushu (Yamanashi prefecture), Okudaisen (Tottori prefecture), and Aso (Kumamoto prefecture). Around 13,000 students and their parents took part in the program from 2004 through 2012.

The Outdoor School of Forest and Water staff collaborate with local instructors involved in environmental education, planning and implementing programs.



Outdoor School of Forest and Water

### ● Study Support Program

Under the Study Support Program we travel to elementary schools to tell students in grades 4 and 5 about the importance of water. The program is run in the Tokyo metropolitan area and the Kyoto-Osaka-Kobe area, as well as in Yamanashi, Tottori, and Kumamoto prefectures where we have Natural Mineral Water plants. Introducing the concept of "Preserving Water to Benefit Future Generations," we mix fun and learning through experiments and videos, emphasizing the circulation of water on this earth and how water is linked to our lifestyles.

Since its establishment in 2006, around 48,000 students, 630 schools have participated through 2012.



Water Education: Study Support Program

# Three Rs of Containers and Packaging

Promoting innovative approaches to the Three Rs and striving for the most effective use of resources, toward the realization of a recycling-oriented society.

## Three Rs of Containers and Packaging

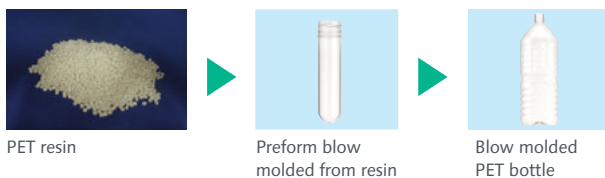
The Suntory Group works to develop containers and packaging that give consideration to the environment, based on the Three Rs of "Reduce, Reuse, and Recycle." We work on designs that take into account usability from the point of consumption by the customer to recycling, and focus on designs that are lighter as well as use materials that have a lower impact on the environment and are easier to recycle. We also work in collaboration with various recycling organizations and local governments to promote recycling.

### Reduce: Making Containers Lighter

As we strive to conserve resources and reduce the environmental impact during transport, we are pursuing ever lighter containers and packaging, not only in the containers themselves— both PET and glass versions of bottles but also in caps and labels. In May 2013, we lightened the weight of the PET bottle containing our Suntory Natural Mineral Water, and are further shifting away from petroleum-based resources as we instead focus on plant-derived ingredients. (For details, please see pp. 15-16.)

#### ● Blow Molding PET Bottles In-House

The Suntory Group is increasing the number of plants equipped for the process of inflating the preforms that provide the pattern for PET bottles and making them into PET bottles. Additionally, at some plants we are blow molding preforms from PET resin. This enables us to design and control everything from bottle blow molding to filling the contents, thus reducing our resin usage and making it easier to reduce bottle weight. We have also been able to reduce the fuel needed for transport and our CO<sub>2</sub> emissions compared to when we were purchasing PET bottles as completed products.



### Reuse: Collecting and Reusing Containers

On our routes, we collect, clean, and put back into use returnable containers used for soft drinks for restaurants and for beer (the amount collected and reused in 2012 reached 123 million units). We have also been working to improve bottle quality, for example, by creating shapes with mouths that will not chip when they have been opened using a bottle opener.

## Recycle: From Container Design to Collection

We pay attention to a variety of things from the moment we start designing our containers, in order to maintain the quality of the containers we make from the recycled packaging materials we have collected. We collaborate with local governments to make the most of efficient collection routes since many different types of containers flow together and get mixed up with containers from other companies when they are collected.

### Innovative Approaches to the Three Rs

We are pushing forward with innovative approaches by aggressively taking on the challenge of developing new technologies, such as those that make use of renewable resources.

#### ● Introduction of RePET Bottles

In 2011, Suntory Beverage & Food Ltd. partnered with Kyoei Sangyo Co., Ltd. to develop the Japanese beverage industry's first B-to-B\*1 mechanical recycling\*2 system for PET bottles.

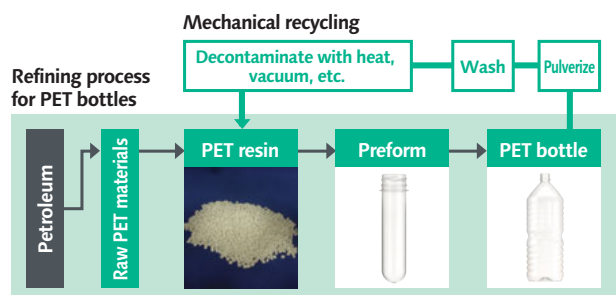
This system allows for use of recycled PET resin to comprise 50% of the resin utilized in the new RePET bottles (recycled PET bottles). The RePET bottles went into use for some of the 2ℓ Suntory Oolong Tea products in May 2011. From April 2012, we began expanding the reused resin from 50% to 100%. Doing so has made it possible for us to manufacture recycled PET bottles that can reduce CO<sub>2</sub> emissions including those generated when manufacturing PET resin by 83%\*3 compared with bottles made completely from petroleum-based resources. In 2012, we expanded this to include our Iyemon green tea. We will continue such efforts to support a sustainable society.

\*1 B-to-B: "Bottle to bottle," signifying the creation of a new PET bottle from a recycled one.

\*2 Mechanical recycling: The pulverization, cleansing, and return of used products to a material status. Recovered resin is processed for a regulated period under high temperatures and low pressure to remove impurities from the regenerated materials, yielding reclaimed PET resin suitable for use in bottle production.

\*3 Compared with virgin resin

#### ● Refining process for PET bottles and Mechanical recycling



**● Introduction and further development of product labels made from recycled PET bottles**

Suntory Beverage & Food Ltd. began to use labels made from recycled materials in November 2010 for some of its major soft drink products in the 2 ℓ PET bottle size including Suntory Natural Mineral Water, Iyemon green tea, and Suntory Oolong Tea. Currently, we use roll-style labels\*1 for all of our products.

These labels are the first such labels in the industry made from recycled PET bottles. Reused PET resin generated from PET bottles recovered from the marketplace accounts for 60% of their composition; the resulting mixture is used to make labels for soft drinks in 2 ℓ PET bottles sold in Japan that at their thinnest are 18μm\*2 thick.

Furthermore, in March 2012, using the same method, we implemented technology that increases the ratio of reused PET resin to 80% and produces labels for domestically manufactured soft drinks served in PET bottles that at their thinnest are 16μm thick. These labels are now used for on Natural Mineral Water products. This allowed us to reduce our CO<sub>2</sub> emissions by about 23%\*3 compared with conventional roll labels.

\*1 Product labels that can be torn off from where they are pasted rather than those torn along a perforation.

\*2 1μm = 1/1,000mm

\*3 Percentage reduction in the film (label) manufacturing process.



Roll labels made from recycled PET bottles

**● New Technology Introduces World's Thinnest Shrink Labels**

Shrink labels attached with the heat-shrink method are utilized on a variety of bottle shapes with curves and indentures. Conventional shrink labels are pieces of film bonded to a cylindrical form which are placed on the container and subjected to heat-shrink process, attaching the label to the container. In order to prevent bending while the film is placed on the container, the label needed to be fairly sturdy, limiting attempts to make it thinner. Next came the roll label method, which required the film to be wrapped around the bottle, and the same heat-shrink used to shrink and attach the labels on to the bottle. However, this hot-melt\* resulted in labels peeling off easily, making practical usage impossible. Finally, we developed a new adhesive that retains the perfect label shape, without distortion due to heat shrinking. Cylindrical labels are put onto containers, the adhesive is applied and the heat-shrink

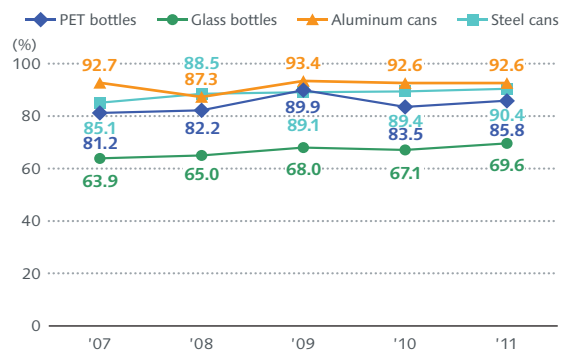
performed. This new ROSO (Roll On Shrink On) process realized the world's thinnest 18μm shrink label. The labels went into use in March 2012 on 500mℓ bottles of Suntory Green Tea Iyemon (for vending machine use) as of March 2012. This new process reduced CO<sub>2</sub> output by over 50%.

\* The bonding method uses adhesive that is solid at room temperature, yet melts when treated with heat.

**Collaboration for Container Recycling**

We are committed to recycling containers in collaboration with industry organizations and local governments, as well as with the assistance of consumers. The Suntory Group— which naturally abides by the Container and Packaging Recycling Law and meets its recycling obligations as a business operator— is working hard to create an efficient recycling system.

**● Container recycle rate (based on data from industry groups)**



**Promoting Litter Control for Empty Containers**

We are carrying out litter control activities for empty containers in order to beautify the environment and promote effective use of resources. We place one empty container collection box at every vending machine. We are also making efforts to raise awareness about recycling by affixing a Beautification Mark on vending machines as a way to prevent littering. The Suntory Group is also one of six beverage industry organizations participating in the Beverage Industry Environment Beautification Association.



Empty container collection box

# Energy Conservation in Vending Machines

As the Suntory Group views the electricity usage of vending machines as one of our key challenges for reducing CO<sub>2</sub> emissions in the value chain, we are proactively promoting energy conservation in vending machines.

## Installing Energy-Saving Vending Machines

Suntory Foods Ltd. is making efforts to reduce the environmental impact by proactively incorporating smart energy-saving feature and peak-cut features in our vending machines.

### ● Promoting Heat-pump Vending Machines

In 1995, we introduced a peak-cut feature that cuts off the cooling equipment for a fixed period of time at peak times during the summer. Since 2007, we have been promoting installation of heat-pump vending machines that facilitate even more efficient energy usage. These machines use emitted heat to reduce power usage to levels significantly lower than those of conventional vending machines (2007 models) and with that also reduce our CO<sub>2</sub> emissions. Nearly all of the vending machines put into use since 2011 were heat-pump models (excluding some special-function machines). In 2013, we will install 17,000 state-of-the-art energy-saving vending machines, such as hybrid heat-pump vending machines, which can reduce electricity consumption by an additional 30% compared to ordinary heat-pump vending machines. In addition, we are fitting refurbished machines\* with heat-pump equipment, relaunching them into the market to increase the total number of heat-pump vending machines in use. By the end of 2017, over 80% of all Suntory vending machines will be energy-saving models.

\* Vending machines that have been removed from service, refurbished, and reinstalled for retail use

### ● Promoting a 24-hour Lights Out

To promote reductions in CO<sub>2</sub> emission and combat global warming, vending machine manufacturers have promoted energy-saving measures since 1991, prior to establishment of the Kyoto Protocol. As a result, during the 15 years leading up to 2005, we achieved an approximate 50% reduction in energy consumption per vending machine. The industry also agreed to aim for a further 37% reduction by 2012, in comparison to 2005 figures, with indoor vending machines having a 24-hour "Lights Out" rule and outdoor machines having no lighting during daytime hours\*. The industry met its goal in 2011. As a follow-up midterm goal, the industry is now aiming for 50% of the 2005 figure by 2020.

\* Reduces about 10% of power usage by turning off the lights during the day time, about 20% by 24 hours

### ● Initiatives to Reuse Vending Machine Parts

In a unique initiative to make use of parts retrieved from retired vending machines, Suntory has been working to develop both the technologies to reuse parts as well as a control system for stock of reuse parts. In 2011, in terms of weight, we used approximately 270 tons of reused parts when conducting maintenance and repairs, thus eliminating about 2,000 tons\* of CO<sub>2</sub> emissions in the product lifecycle compared to when using new parts. We will continue working to expand our efforts to utilize reuse parts and employ resources efficiently.

\* Estimate based on research conducted in conjunction with Mie University

### ● Features of Energy-Saving Vending Machines

#### Peak-cut feature

Cuts cooling for a fixed period of time to help balance power usage during peak hours in summer

#### Smart Energy-Saving Feature

Determines sales quantities and temperature of products, reduces power consumption accordingly

#### Zone Heating and Cooling

Reduces power consumption through heating and cooling products just prior to actual sales



#### LED Illumination

Uses LED lighting for reduced power consumption

#### Dimmer Function

Incorporates light dimmer that reduces brightness by 50%

#### Fluorocarbon measures

Use of coolants (CO<sub>2</sub>, R-1234yf) minimizing global warming to prevent destruction of the ozone layer

#### Vacuum Heat Insulation

Improves energy efficiency to prevent loss of heating and cooling

# Effective Use of Water Resources

To avoid placing a burden on the circulation of water within the natural environment, Suntory plants carry out activities to promote water conservation, while returning only pristine water back into nature.

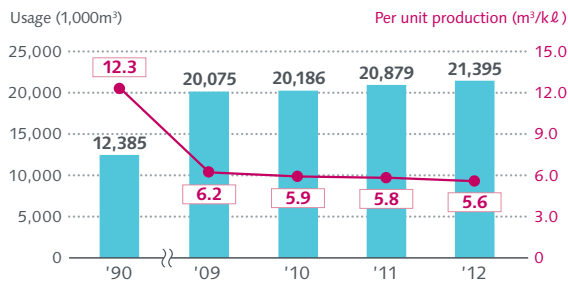
## Further Reducing Water Usage

The Suntory Group's plants use a great deal of water in, for example, cleaning production equipment and cooling, in addition to that used as an ingredient in our products.

Each plant sets medium-term goals for the reduction of water usage in order to get the most out of this finite resource. We also promote effective water use through the introduction of technologies for reusing and recycling water.

Although our water usage increased in 2012 as production increased, we actually reduced per unit production usage through water conservation efforts at our plants.

### Water usage (at 24 plants in Japan)



## Applying Three Rs in Water Usage

The Three Rs are actively promoted when selecting equipment for plants, ensuring that the minimal amount of water is required (Reduce), water can be used repeatedly (Reuse), and water can be processed and used elsewhere (Recycle).

A variety of activities related to the Three Rs are being implemented at the Minami Alps Hakushu Water Plant of Suntory Products Ltd. In particular, thanks to our use of a sophisticated "water cascade" recycling process, we have been using our limited water resources in the most efficient way possible, making us an industry leader when it comes to per unit production in relation to the volume of water used.



State-of-the-art environmentally-conscious plant  
Suntory Products Ltd.  
Minami Alps Hakushu Water Plant

### Using Cascades of Water

Water used in the manufacturing process is classified into five grades, such as coolant water and cleaning water, based on cleanliness. This technology allows plants to recycle water to be used in subsequent processes, for example, using the highest grade water in the most demanding process, and recycling it for use in a process with less stringent requirements.



Water is collected according to cleanliness level and stored in 200-ton tanks for recycling

### Effective Use of Rainwater

Japan is fortunate to have plentiful rainfall, and rainwater is one of our important resources. The Suntory Group accumulates rainwater in tanks for use in watering plants and as cooling water in air conditioning equipment.



Suntory Products Ltd. Kanagawa Ayase Plant uses rainwater to water plants

## Comprehensive Waste Water Management

The Suntory Group sets voluntary standards for waste water that are stricter than the legal regulations and manages quality so that we may release waste water in a state as close to nature as possible. Waste water from our plants is first purified using anaerobic waste water treatment facilities and other equipment before it is released into sewers and rivers. Inspectors use measuring equipment to take daily readings of water quality and temperature under a 24-hour monitoring regime.



24-hour waste water management

# Preventing Global Warming

We at the Suntory Group have set environmental impact reduction targets throughout the entire value chain and are working hard to combat global warming as a Group.

## Reducing CO<sub>2</sub> Emissions throughout the Value Chain

We have set challenges for each division to reduce CO<sub>2</sub> emissions throughout the value chain related to our domestic operations, from product development and manufacture to distribution and sales. In 2009, we set a new environmental medium-term target: to reduce emissions of CO<sub>2</sub> from all business activities in the Suntory Group in Japan by 20% from 2007 levels by the year 2012.

To meet this target, in 2012 we reduced the weight of our product containers, utilized recycled materials, installed heat pump-equipped vending machines, and used renewable energy in our manufacturing activities, as well as offset emissions by purchasing CO<sub>2</sub> emission rights, all of which led to a mere 5% reduction compared to 2007 owing to production increases that far exceeded the planned amounts. CO<sub>2</sub> emissions were, however, reduced by 19% per unit production relative to 2007 levels.

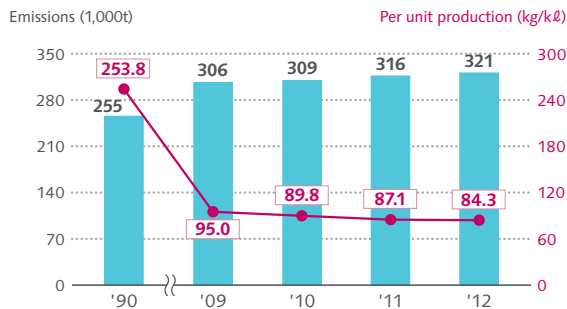
## Initiatives in Manufacturing

We are committed to energy efficiency at Suntory Group plants through production activities harmonized with the environment. Making records of and managing the operational status centrally is useful for establishing energy efficient activities in the production process.

Furthermore, we are working to combat global warming from a variety of angles, including by switching to low CO<sub>2</sub> emitting fuels and by using renewable energy. Every plant has a council of engineers that meets regularly, and activities are conducted across the board in all Group companies equally.

Although CO<sub>2</sub> emissions increased in 2012 accompanying a rise in production, per unit production was reduced thanks to multifaceted energy-saving measures including reexamination of the conditions under which facilities were run.

### CO<sub>2</sub> emissions (at 24 plants in Japan)



\* Emissions per unit production refers to emissions per kiloliter of a product produced

### ● Reductions Made by Introducing Cogeneration Systems

We are introducing cogeneration systems into our production activities, which reduce CO<sub>2</sub> emissions at each plant by 20–30%. As of April 2013, we have introduced the systems at four plants in all: our Haruna Plant, Tonegawa Beer Plant, Kyoto Beer Plant, and Osaka Plant.

### ● Switching to Fuels Low in CO<sub>2</sub> Emissions

Most of our plants have completed a switch from heavy oil to city gas and LNG (liquid natural gas). These gas fuels have fewer CO<sub>2</sub> emissions per unit of heat and they contain almost no sulfur.

### ● Promoting the Use of Renewable Energy

We have been increasing the use at our plants of various kinds of clean, renewable energy, including the use of solar power, micro-hydro power, snow ice, and biomass.

The Minami Alps Hakushu Water Plant of Suntory Products Ltd. is installed with the largest photovoltaic panels in the beverages industry\*, capable of generating approximately 490kW of electricity. They provide about 20% of the plant's power on clear days, and make it possible for us to reduce our CO<sub>2</sub> emissions by approximately 205 tons compared to when we buy electricity from a power company.

In addition, taking advantage of the fact that the Okudaisen Bunanomori Natural Mineral Water Plant of Suntory Products Ltd. is in a location that gets heavy snowfalls, we created snow rooms that collect some of the snow that falls in the winter to take care of some of our cooling needs in the spring.



Snow room at the Okudaisen Bunanomori Natural Mineral Water Plant Suntory Products Ltd.

\* As of April 30, 2013, for internal-consumption only

### TOPICS

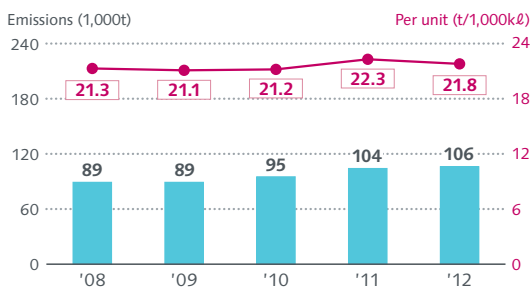
#### Green electricity system at Suntory Hall and Suntory Museum of Art

In January 2011, Suntory Hall and the Suntory Museum of Art, both located in Tokyo, introduced a green electricity system. This system makes use of the Green Power Certification system made by Energygreen Co., Ltd. All 2.4 million kWh of electrical energy the two facilities use each year is regarded as having been provided using green energy, the effect of which is to reduce CO<sub>2</sub> emissions by approximately 1,110 tons per year.

### Initiatives in Distribution

We are striving to reduce the environmental impact caused by our distribution and transport operations, from procurement of ingredients and packaging materials to delivery of products to consumers. More specifically, we are promoting a modal shift and a shift toward the use of larger vehicles, and also have a highly efficient truck transport system in place thanks to a computerized system we developed in-house. In 2012, CO<sub>2</sub> emissions increased by 1%, to 106,000 tons, due to an increase in sales, but decreased by 2% in terms of units. We will continue to promote initiatives to further reduce emissions.

#### • CO<sub>2</sub> emissions during transportation



#### • Switching to Larger Vehicles and Natural Gas Trucks

The Suntory Group is switching over to using larger vehicles in order to reduce the number of vehicles we have on the road. Our plan is to switch more to larger vehicles by using trailer rigs in conjunction with our Integrated Transportation Arrangement System, particularly when it comes to truck transportation from our manufacturing plants to local product warehouses.

Suntory participates as a monitor company in Japan Gas Association's Larger Natural Gas Truck Promotion Project, promoting the use of larger trucks that run on natural gas to take advantage of a potentially lower environmental impact. From March and September 2012, we utilized large natural gas trucks for deliveries to preferred customers in the Tokyo and Saitama areas, and transport between distribution centers in the Kanto region as a test run.

#### • Modal Shift

Rail and sea transport produces fewer CO<sub>2</sub> emissions than trucks when transporting over medium to long distances. We are thus shifting from using truck to rail and sea transport. This process is called a "modal shift."

In 2012, the modal shift ratio was 34%, which is similar to the ratio for the previous year. The modal shift ratio for transportation over 500km or more reached 67%.

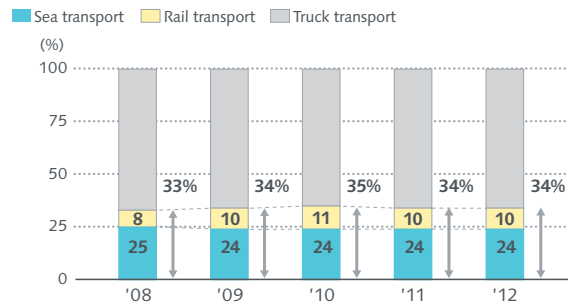
In March 2011, Suntory Liquors Ltd., Suntory Wine International Ltd., and Suntory Foods Ltd. received an Eco-Rail Mark certification from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).



JR's Suntory Group-exclusive freight train

Operation of a Suntory Group-exclusive JR freight train running between the Kanto and Tohoku areas was launched in June 2012, expanding our use of rail transport for product delivery.

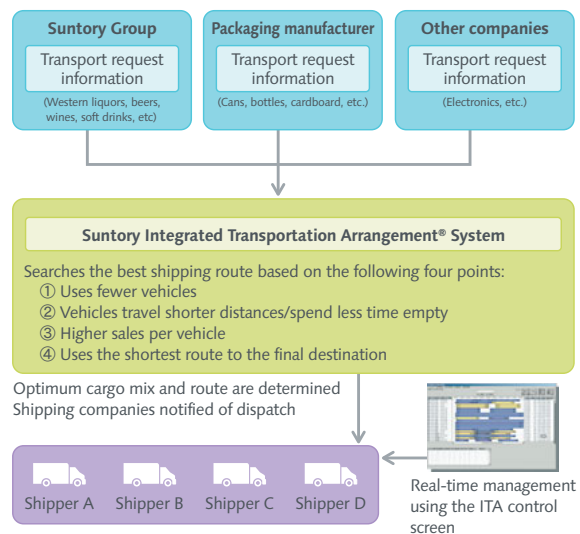
#### • Modal shift ratio



#### • Transporting a Variety of Cargo through a Single Shipper

The Suntory Group has introduced an Integrated Transportation Arrangement® System for calculating the optimal combination of trucks and routes for various types of cargo and shipping centers. We are working to reduce the number of trucks used as well as the distances and times trucks run without any load. The goal is to further reduce our environmental impact by cutting down on losses in transportation time such as by sharing cargo information with other companies in order to combine cargo from several companies on one vehicle. Also, we request our distribution affiliates to rigorously pursue environmentally friendly driving which can be achieved by, for example, turning off the engine while the vehicle is not in motion and installing a digital tachometer that enables the driver to precisely know and control the way the vehicle is running.

#### • Conceptual image of Integrated Transportation Arrangement® System



# Reducing and Recycling Waste

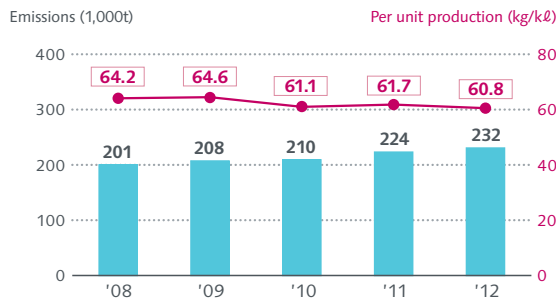
As part of our efforts toward establishing a recycling-oriented society, Suntory works to reduce by-products and waste emissions, and attain a 100% resource recycling rate.

## Maintaining a 100% Resource Recycling Rate

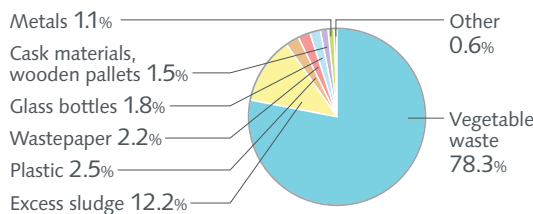
We are committed to reducing the by-products and waste emissions generated in the manufacturing processes at Suntory Group plants in Japan, and recycling resources 100%.

In 2012, our plants in Japan (including Group companies) generated 231,580 tons of by-products and waste. This meant a 3% year-on-year increase, yet a 2% decrease per unit production. We also achieved a 100% resource recycling rate.

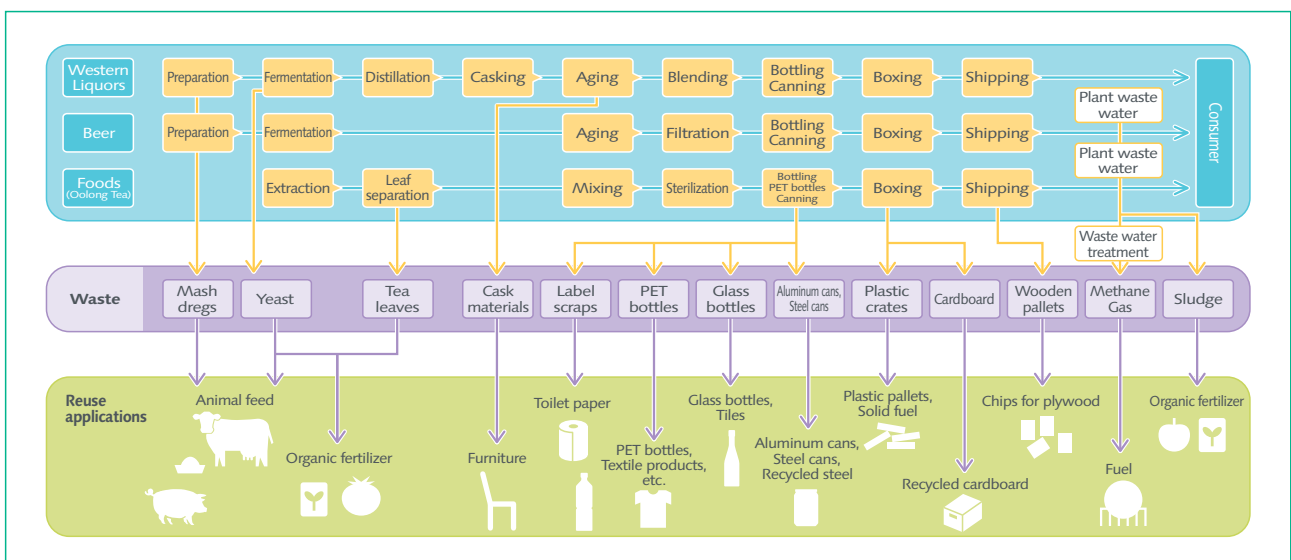
### By-products and Waste Emissions (24 domestic plants)



### By-product and waste emissions breakdown (2012)



### Flow for reuse of by-products and waste generated at each production process



### Pioneering Uses for Each Type of Recycled Resource

A variety of by-products and waste are generated in the manufacturing process. The largest source of waste is vegetable waste derived from produce used as ingredients in our products. Next largest is the sludge from our waste water treatment processes. We pay special attention to ensure that these types of waste are recycled. We recycle the waste and by-products that the Suntory Group generates for the uses listed in the figure below.

### Significantly Reducing Sludge Volumes

We have introduced anaerobic waste water treatment facilities for processing waste water generated from cleaning production equipment and other processes. Anaerobic treatment uses microbes called anaerobic bacteria that are active when there is no oxygen. This method breaks down water contaminants and makes it possible to generate significantly less sludge compared to the method of aerobic waste water treatment, which uses aerobic bacteria (that require oxygen).

### Comprehensive Legal Compliance based on Electronic Manifest

Starting in 2013, Suntory is equipping manufacturing plants and research centers with a new management system based on an electronic manifest, providing a comprehensive renewal of its industrial waste processing system.



# Contributions Rooted in the Local Community

We are intent on continuing to exist as a company in harmony with the local community. As such, we value initiatives and communications as a member of that community.

## Coexisting with Communities around Our Plants

The Suntory Group's main plants are making efforts to engage in dialogue with local residents. We also work to provide venues for interacting with the local community through measures such as opening parks and trails created at our plants. We have third parties conduct environmental impact assessments when we construct new plants and work to get the understanding of the people who neighbor the site. We also make efforts to harmonize the plants with nature by preserving the sites' biodiversity and pursuing greenification initiatives on their grounds.

### TOPICS

#### The Okudaisen Bunanomori Natural Mineral Water Plant Receives "Technology Award" from the Japanese Society of Revegetation Technology

A greenery initiative for the Okudaisen Bunanomori Natural Mineral Water Plant, in which Suntory Products Ltd. collaborated with Tottori University and Seibu Landscape Co., Ltd., was awarded the 2011 Technology Award from the Japanese Society of Revegetation Technology. The plant established a revegetation project to continue for 30 years after its initial opening, in which afforestation is promoted in harmony with the existing local ecosystem. Seeds from local "buna" (Japanese beech), "konara" (konara oak) and other trees\* around the plant are being used in the afforestation initiative, with mixed plantings of seedlings, stumps, and adult trees. Results are monitored with meticulous data collection and ecosystem maintenance. The 2011 award reflected an outstanding example of biodiversity-conscious afforestation.

\* Regional seeds and seedlings: included are species from within a given geographical range meeting criteria for specified genotype, shape, and physiology



Okudaisen Bunanomori Natural Mineral Water Plant  
Suntory Products Ltd.

### ● Dialogue with Customers through Plant Tours

We offer plant tours of our breweries, whisky distilleries, wineries, and natural mineral water plants so that more people can become familiar with our dedication to good taste and safety, our concern for the environment, and the approaches we take through our products.



Natural mineral water plant tour



Special seminar held at a beer plant

## Beautification Activities at Offices

The Suntory Group's offices located around the country engage in environmental beautification efforts by cleaning up the vicinity and participating in garbage cleanups organized by local governments. In 2012, Suntory participated in the Tokyo Bay Cleanup Campaign, becoming a supporter and co-sponsor from 2003, with employees and family members joining local residents and businesses in ultimately gathering 102kg of litter.



Tokyo Bay Cleanup Campaign



Musashino brewery employees and family members help clean up the banks of the Tama River

## Support for Disaster Areas

The Suntory Group provides help to the people and places afflicted by disasters by providing relief contributions and drinking water when large disasters strike Japan or other countries. (For details on Activities to Support Recovery from the Great East Japan Earthquake, please see pp. 19-22.)

### ● Courtesy Provision of Emergency Beverages

Suntory Foods Ltd. developed an "emergency beverage vending machine" and is promoting its installation across Japan. The machine normally performs as a typical vending machine but dispenses beverages at no charge in times of emergency. During power failures, beverages can be removed easily without a key. In the aftermath of the March 2011 Great East Japan Earthquake, many individuals made use of these machines.

In 2012, we installed about 4,000 emergency beverage vending machines primarily in government facilities, hospitals, and the like; as of late 2012, there were approximately 8,000 located throughout Japan. We will continue proactive installation of this special vending machine, increasing our overall total.



Emergency beverage vending machine

# Cultural and Social Contribution Activities

Since its founding, the Suntory Group has contributed to culture and society with the aim of enriching lives and culture based on the spirit of "Sharing the Profit with Society."

## Ongoing Social Contributions

In the spirit of our founder, Shinjiro Torii, who called for "Sharing the Profit with Society," we have maintained his principle by returning profits to society. We have been particularly active when it comes to charitable and social welfare activities directed toward people from less fortunate circumstances. Suntory has been ever mindful of changing social needs in the social contribution activities it has continued carrying out to this day.

### ● Support through the Social Welfare Organization Hojukai

Hojukai was founded in connection with the establishment of a free clinic in 1921. In 2011, it celebrated its 90th anniversary. Now incorporated as a social welfare organization, it operates a special care facility for seniors called Takadonoen (established in 1974), a general-purpose welfare facility called Domyoji Takadonoen (2008), the Tsubomi Nursery School (1975), and the West Asashi-ku Community General Support Center (commissioned by Osaka City in April 2011). The organization has responded to more current needs in recent years by also providing in-home care services such as home-visit care (helpers), ambulatory care (day services), and in-home care support (care plan).



Domyoji Takadonoen



Socializing at Takadonoen and Tsubomi Nursery School

## Helping to Enrich Lives and Culture

The Suntory Group is dedicated to comfortable living and culture. This we do through operating cultural facilities such as the Suntory Museum of Art, Suntory Hall and other cultural facilities and other support for arts and culture. In addition to promoting art and culture, we also support social science and humanities academic research and the research activities of the Suntory Foundation for Life Sciences. Through these activities we aim to foster international human resources capable of leading the next generation.

### ● Suntory Foundation for Arts

The Suntory Foundation for Arts was established in 2009, amalgamating the activities of the Suntory Museum of Art and the Suntory Music Foundation. Since April 2012, this foundation has been responsible for operating Suntory Hall and has expanded its range of activities with the goal of contributing to the further spread and development of music and art.

#### ○ Suntory Museum of Art

Opened in 1961 based on the principle of "Art in Life," the museum moved to new premises in the Tokyo Midtown complex in 2007. It exhibits items, including National Treasures and Important Cultural Properties, from its collection under the theme of "Art Revisited, Beauty Revealed."



#### ○ Suntory Hall

Opened in 1986 as Tokyo's first dedicated concert hall. The hall hosts more than 550 performances a year attracting nearly 600,000 concertgoers. Performances include concerts by world's leading musicians and concert series planned by Suntory Hall.



#### ○ Music Division

Established in 1969. It offers the Suntory Music Award, the Keizo Saji Prize, and the Akutagawa Award for Music Composition, in recognition of the achievements of individuals in the field of music, and promotes classical music and the development of up-and-coming composers.



### ● Suntory Foundation

Established in 1979. It offers the Suntory Prize for Social Sciences and Humanities and the Suntory Prize for Community Cultural Activities and provides grants for international and interdisciplinary academic research to promote the social sciences and humanities and community culture.



### ● Suntory Foundation for Life Sciences

Preceded by the Institute of Food Chemistry which was established in 1946, the Suntory Foundation for Life Sciences was established in 1979 as the Suntory Institute for Bioorganic Research. The Institute was renamed and incorporated in January 2011. In addition to its research activities in bio-organic chemistry research, the foundation provides grants to researchers.

### ● Support for "Suntory Presents Beethoven's 9th with a Cast of 10,000"

The events held to commemorate the opening of Osaka-jo Hall in 1983 began with a performance of Beethoven's 9th Symphony with a 10,000-strong choir, sponsored by the Suntory Group. Suntory Group has provided support from the very start for this concert event that has become a year-end holiday season ritual.

Celebrating the 30th anniversary of the event in 2012, "Beethoven's 9th with a Cast of 10,000" was performed, filled with the memories of 30 year's of history. Continuing

from last year, we set up a live link with a concert hall in the Tohoku region, which is progressing in the recovery, and "Ode to Joy" rang out to the sound of 11,000 singers.



Suntory Presents Beethoven's 9th with a Cast of 10,000

### Sporting Activities That Inspire and Excite

We actively participate in corporate sporting events and support sports promotion activities. We have our own rugby and volleyball sports teams that compete in league games. Both teams place special emphasis on promoting their sports, planning and carrying out community-based activities such as holding rugby and volleyball classes mainly during the off-season.



Suntory's rugby club Sungoliath



Suntory's volleyball club Sunbirds

### Strengthening Support for Youth Education

The Suntory Group provides children with opportunities to meet top athletes and come into contact with genuine works in fields such as sports, music, art, and the natural environment. Through this we are helping to form the characters and individuality of children.

#### ● Nurturing Next-generation Performers and Audiences

Suntory Hall collaborates with New York's Carnegie Hall in a musical initiative known as Carnegie Kids at Suntory Hall. Children aged 3 to 6 years old can listen to music performed by leading musicians close at hand, sitting freely on carpeting. In another initiative known as "Concerts for Children," children are encouraged to become regular concert-goers in order to enjoy live classical music.



Carnegie Kids 2012



Concerts for Children

#### ● Art Appreciation Opportunities

The Suntory Museum of Art offers free admission to children in middle school and younger, distributes a leaflet known as the "Omoshiro Bijutsu Book," and operates an education program that provides a venue for exchanges linking visitors with the museum. We also conduct a parent-child workshop for each exhibition, using simple slides in "Friendly Talks" designed to familiarize viewers with the art. In the summer of 2012, we sponsored a first-time exhibition called the "Omoshiro Bijutsu Wonderland Exhibition" to show the younger generations that Japanese art is both fun and interesting.



Friendly Talks



"Omoshiro Bijutsu Wonderland Exhibition"

### Employees Support for Social Contribution

In 2012, 74 employees took advantage of our Volunteer Leave Program to take part in various voluntary activities. Employees also energetically participate in company volunteer activities such as cleaning at Hojukai, a care facility, and first-hand experiences in forestry.



Cleaning at Hojukai



Getting first-hand forestry experience at a Natural Water Sanctuary

# Tackling Alcohol-related Issues

We have the responsibility as a company that manufactures and sells alcoholic beverages to actively deal with alcohol-related issues.

## A Dedicated Body for Addressing Issues

In 1976, the Suntory Group formulated the Suntory Advertising Code, making it an industry leader in exercising self-regulation in its promotions and advertising related to alcoholic beverages. We subsequently established the ARP\* Committee dedicated to addressing alcohol-related issues and the ARP Bureau (now the ARP Department). We are working to raise awareness about responsible drinking both within and outside the company, conduct in-house checks on how alcohol is sold and advertised, and have joined, work with, and support research organizations that deal with the matter.

\*ARP: Alcohol-related problems

### ● Revised Voluntary Standards in Marketing

We have revised the standards we have set for ourselves in response to social conditions, based on the shared voluntary standards that were drafted by the Japan Liquor Industry Council. We started including warnings in our television commercials in 2010 regarding liquor consumption by pregnant women. We also extended the hours during which we refrain from running TV commercials for liquor on weekends and holidays throughout the year, blocking out the 13-hour period from 5 a.m. to 6 p.m.

## Raising Awareness of Responsible Drinking among Customers and Employees

Since 1986, the Suntory Group has been running a moderation advertising campaign in Japan's major national newspapers urging customers of all legal ages (20 or older) to exercise moderation in drinking alcohol. The advertisements appeared more than 130 times by the end of 2012.

We also support the goals of the "No Binge Drinking! Campaign" sponsored by the Council for the Prevention of Binge Drinking. We have been involved with the creation of novelty branding, such as posters and flyers, since the initial campaign in 1993.

As a company manufacturing and selling liquors, we recognize the importance of raising awareness about responsible drinking among employees and encourage employees of domestic Group companies to be informed about it.



Moderation advertising campaign (December 2012 version)



2013 "No Binge Drinking! Campaign" poster

## Raising Awareness and Preventing Drunk Driving

The Suntory Group is strengthening its efforts to prevent drunk driving. These include advertisements that warn people not to drink and drive, the distribution of posters to restaurants and bars, and information dissemination through our website.

We have also introduced a designated driver program—an area in which the U.S. and Europe have taken the lead—for when we give tours of our plants. We double check which people will be driving when they arrive and again in the tasting room, and give non-alcoholic drinks to the drivers.

We no longer hold tastings of alcoholic beverages at shops to ensure that we are engaging in responsible advertising and sales of alcoholic beverages.

## Awareness-raising Initiatives with Industry Partners

In Japan, we are a member of the Brewers Association of Japan, the Japan Spirits and Liquor Makers Association, and other bodies. As a member of these organizations, we create posters against underage drinking that target junior and senior high school students, organize campaigns soliciting slogans, run awareness-raising advertisements in newspapers and magazines, and add warning labels to product packaging aimed at preventing drinking by pregnant and nursing mothers.



STOP! Underage Drinking logo



Warning labels on product packaging

## Global Initiatives to Reduce Alcohol Issues

The World Health Organization (WHO) holds discussions with national governments and specialists from public health organizations about how to reduce alcohol-related problems.

In 2010, the alcoholic beverage industry as a major stakeholder adopted a global strategy aimed at reducing harmful uses of alcohol. As a member of the Global Alcohol Producers Group (GAPG)\*, Suntory Liquors, Ltd. is partnered with major manufacturers of alcoholic beverages around the world. In anticipation of a WHO review to be conducted in 2013 of how our strategies are being implemented, we are supporting various activities such as working to prevent drunk driving in developing and newly emerging countries, setting our own standards, and working to deal with illegal drinking.

\* GAPG is an alliance of major manufacturers of alcoholic beverages around the world that aims to reduce alcohol-related problems.

# Supply Chain CSR Initiatives and Working with Our Business Partners

We are supported in our business activities by our business partners. Accordingly, we work with these partners to mutually improve quality and ensure safety based on a foundation of fair competitive opportunities, evaluation, and selection. We also cooperatively promote supply chain CSR initiatives.

## The Enactment of a Basic Policy on Supply Chain CSR

In order to offer our customers high-quality products and services, at the Suntory Group we believe it is crucial to promote CSR throughout our entire supply chain. This means we need to give due consideration to safety and reliability, as well as to the environment and society.

Accordingly, in 2011 we drafted the Suntory Group's new Basic Policy on Supply Chain CSR in order to further bolster CSR activities in the supply chain. The policy is focused on six core items—legal compliance, human rights and labor standards, quality, the environment, information security, and coexisting with society—and it provides the basis for the efforts we are making in conjunction with our business partners to promote socially responsibility in the supply chain.

### The Suntory Group's Basic Policy on Supply Chain CSR (Established 2011)

In order to provide high-quality products and services safely and reliably based on our corporate philosophy of "In Harmony with People and Nature" and our Code of Business Ethics, the Suntory Group engages in fair business practices and, in collaboration with supply chain business partners, promotes procurement activities that take social responsibility into consideration, mindful of such points as human rights, labor standards, and the environment.

We build good partnerships with our business partners and contribute toward realizing a truly affluent and sustainable society.

#### 1. Legal Compliance and Respect for International Standards of Conduct

We will promote fair and equitable procurement activities that comply with each country's laws and respect international standards of conduct.

#### 2. Consideration for Human Rights, Labor, and Safety and Health

We will promote supply chain CSR initiatives that respect basic human rights and are mindful of labor conditions and safety and health.

#### 3. Guaranteeing Quality and Safety

In keeping with the Suntory Group's Quality Policy, we will promote supply chain CSR initiatives that seek to guarantee a high level of quality and safety based on the optimal standards for quality, cost, and supply.

#### 4. Consideration for the Global Environment

In keeping with the Basic Principles of Suntory Group's Environmental Policy, we will promote procurement activities mindful of the global environment.

#### 5. Preservation of Information Security

Proprietary information regarding procurement dealings and personal information will be strictly controlled.

#### 6. Coexisting within Society

We will promote social contribution initiatives directed toward coexisting within society.

## Rigorously Engaging in Fair and Equitable Business Practices with Suppliers

In our dealings with suppliers, we provide each company with an opportunity for equitable competition in keeping with our Purchasing Control Regulations and our Business Partner Selection Standards, based on the Suntory Group's Basic Policy on Supply Chain CSR. At the same time, we fairly evaluate the CSR-oriented initiatives each company undertakes related to such factors as the quality and availability of their products and services, their finances, how well they maintain security, environmental protection, and social contribution. On the basis of this evaluation, we decide whether to make them a business partner or whether to even continue doing business with them.

## Improving Cooperation with Business Partners

The Suntory Group is working together with its supply chain business partners to promote social responsibility in its supply chain CSR practices. Along with educating our own staff, we hold briefings for our major business partners—our raw materials suppliers, manufacturing licensees, and distributors—and conduct written surveys among them regarding CSR in supply chains. We also help with their CSR initiatives and their efforts to raise awareness.

### ● Evaluating Business Partners

We evaluate and issue reports on our business partners once a year with the goals of improving quality and business practices both among our business partners and within the Suntory Group. We also visit our raw material suppliers to check on quality at the manufacturing site and exchange information and opinions. In 2012, we conducted quality audits—on site when necessary, in Japan and overseas—at ingredient suppliers as well as the companies that supply our packaging materials.



Visually inspecting some of the ingredients that go into our health food product, Maca

### ● Reflecting Feedback from Business Partners

In addition to our daily interactions with business partners, we have set up opportunities for regular dialogues with our business partners. We explain the Suntory Group's philosophy at policy briefing sessions and quality workshops, and have our business partners answer questionnaires to let us know the degree to which they understand our thinking and give us their thoughts. The questionnaires are thoroughly analyzed and their content reflected in our business activities.

● **Efforts with Ingredient Suppliers**

Through our business partners, the Suntory Group requests and verifies that each production region uses agricultural chemicals in compliance with the Food Sanitation Law and the Agricultural Chemicals Regulation Law. This is important not only to ensure the safety and security of ingredients, but also from the perspective of preventing soil and water contamination. We plan to review these activities from a CSR perspective and incorporate them as items in business partner evaluation and selection.

In addition, since 2009 we have made efforts to stably procure hops, a main ingredient of beer, by supporting management of hops farms.

**Safe and Eco-friendly Distribution**

The Suntory Group created the Safety Committee in partnership with the distribution affiliates to which we contract transportation operations. As of the end of 2012, the Committee had 260 members from 64 companies.

The Committee promotes initiatives in such areas as safety assurance, environmental concerns, and risk management.

● **Enhancing Safety at Partner Companies**

The Safety Committee has published Five Principles for Distribution Safety. We ensure that all employees at each company are aware of these principles. Additionally, the committee's administrative bureau\* visits the sites of each company and inspects the state of their safety measures.

\* The bureau is made up of managers and operators from the Distribution Service & Ordering Department of Suntory Business Expert Ltd., and the Safety Department of Suntory Logistics Ltd.

● **The Safety Committee's Joint Activities**

Each year, we hold a Safety Promotion conference attended by safety representatives from 140 sites nationwide including storage facilities and transportation-related offices of distribution affiliates as well as the Suntory Group's distribution centers. The conference is used to promote safety at each company by sharing information through the showcasing of outstanding initiatives and providing thorough safety education through study groups and contests and by presenting awards to safe drivers and sites.



12th Safety Promotion Conference (2012)



Receiving an award at the Safety Promotion Conference (2012)

● **Enhancing Safety Management at Partner Companies**

We are pursuing certifications under the Top Safety Site Program being led by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). Our goal in doing this is to maintain a minimum standard in the safety management organizations of our distribution affiliates at all times and continually improve these systems.

Certifications have been obtained by 79 of the 82 dispatching and shipping sites operated by the Suntory Group's distribution affiliates (as of the end of 2012), for a certification rate of 96%. This greatly exceeds the 21.6% certification rate (according to a December 2012 Japan Trucking Association survey) for the trucking industry as a whole.

Also, in 2008, we expanded the scope of certification from direct contractors to include secondary affiliates, and we are striving to enhance safety management in dispatching and transport.

● **Green Management Certification at Partner Companies**

As part of our commitment to reducing our environmental impact from distribution, we are encouraging our affiliates to gain certifications for Green Management\*, as well as ISO 14001, Eco Stage, and other certifications. As of the end of 2012, 72 of our distribution affiliates' total of 82 sites (88%) have obtained these certifications. We will continue to promote obtaining certification. We also collect data on CO<sub>2</sub> emissions by our distribution affiliates in accordance with the revised Law Concerning the Rational Use of Energy. The emissions data is based on distances traveled, fuel used, load volumes, and other data for our distribution affiliates, by month and by vehicle. We then use this data to set reduction targets.

\* Green Management is a certification promoted by the Foundation for Promoting Personal Mobility and Ecological Transportation, in accordance with the Environmental Action Plan of the MLIT.

● **Giving Greater Consideration to the Environment**

Starting in 2008, we replaced the shrink wrap used to prevent cargo from spilling during transport with "Green Eco Belt® (environmentally friendly belt)" that can be used over and over. We are promoting their use for long-distance transport among all of our distributors in our ongoing efforts to reduce our environmental impact.

● **Preparing for Disasters and Emergencies**

We have created a project with our distribution affiliates in order to respond to disasters and emergencies.

The project includes drills for effectively utilizing the "171" emergency hotline and the mobile-phone-based "Disaster Message Board." We have also created an action plan for an earthquake with an epicenter directly below the Tokyo or Kinki metropolitan areas. This plan includes arranging for emergency shipments of Suntory Natural Mineral Water to affected areas from sites other than the ones that would normally serve them and designating alternative shipping sites when regular shipping sites are damaged. These are some of the common measures we share with our distribution affiliates.

# Basic Philosophy of Human Resources, and Hiring and Employment Situation

We are committed to creating an organization where all employees of the Suntory Group work autonomously as professionals and continue to create new value for our customers and stakeholders.

## Basic Philosophy of Human Resources

To realize our vision of "Growing for Good," the Suntory Group has a basic human resource philosophy that aims to have each employee energetically engage in rewarding work to his or her best ability, and pursues "diversity management" which takes diversity among individual employees as given.

- Hiring on the basis of the individual without regard to nationality, gender, age, disability, or other factors
- Assigning the right person to the right job in order to get the most out of each individual's capabilities
- Offering compensation based on performance, in accordance with each employee's role and results

## A Committee to Promote Human Rights

The Suntory Group eliminates all forms of unjust discrimination and harassment as stated in its Corporate Ethical Standards. To do this, we have created the Committee to Promote Human Rights Education, whose goal is to promote respect for human rights and eliminate all forms of discrimination, including those based on nationality, gender, age, and disability. Suntory has also implemented human rights education and awareness programs at seminars for new managers and new employees, and is continually engaged in consciousness-raising efforts so that all employees will have a proper awareness of human rights.

We have been visiting each office and holding seminars related to human rights since 2011 as an awareness-raising initiative in a three-year plan.

### Employee data (as of December 31, 2012) (Persons)

	2010	2011	2012
Male	41	43	42
Female	0	0	1
<b>Directors</b>	<b>41</b>	<b>43</b>	<b>43</b>
Male	1,408	1,420	1,489
Female	109	129	140
<b>Manager level</b>	<b>1,517</b>	<b>1,549</b>	<b>1,629</b>
Male	2,512	2,497	2,447
Female	860	871	900
<b>Non-manager level</b>	<b>3,372</b>	<b>3,368</b>	<b>3,347</b>
<b>Employees</b>	<b>4,889</b>	<b>4,917</b>	<b>4,976</b>
Male	435	431	419
Female	90	80	98
<b>Contract employees*</b>	<b>525</b>	<b>511</b>	<b>517</b>
<b>Temporary employees</b>	<b>723</b>	<b>629</b>	<b>616</b>

\* Contract and temporary employees: includes non-regular and part-time staff

### Average age and average length of employment (as of December 31, 2012)

	2010	2011	2012
Average age	38.3	38.3	38.6
Average length of employment (Years)	15.4	15.4	15.5

### Number of employees (Persons)

		2010	2011	2012
New graduates	Male	162	106	75
	Female	27	33	50
New hires	Male	18	4	20
	Female	5	14	21
<b>Total</b>		<b>212</b>	<b>157</b>	<b>166</b>

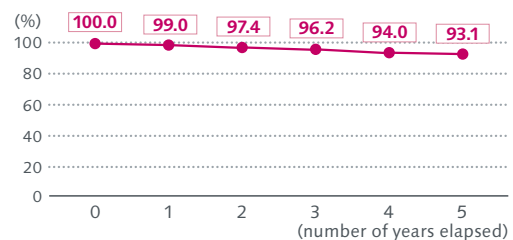
### Number of resignees and reasons (Persons)

	2010	2011	2012
Retirement age*1	166	99	76
Personal reasons	25	21	26
Company reasons	0	0	0
Other	7	10	5
<b>Total</b>	<b>198</b>	<b>130</b>	<b>107</b>
<b>Turnover rate*2</b>	<b>0.51%</b>	<b>0.43%</b>	<b>0.52%</b>

\*1: Retirement age includes people who chose to retire themselves

\*2: Turnover rate is calculated based on resignees excluding retirees

### Retention rate of new graduate hires



\* Calculated based on new graduate hires from 2005 to 2007

\* This applies to 4,976 employees who have an employment contract with Suntory Holdings Ltd. and work at such Group companies as Suntory Holdings Ltd., Suntory Beverage & Food Ltd., Suntory Products Ltd., Suntory Wellness Ltd., Suntory Liquors Ltd., Suntory Beer & Spirits Ltd., Suntory Wine International Ltd., and Suntory Business Expert Ltd. (as of December 31, 2012)

# Development of Human Resources

Based on a fair and reasonable human resource system, we are working to create an environment where employees can develop and harness their capabilities to the full.

## Develop and Harness Capabilities

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

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

## Fair and Reasonable Evaluations

Four times a year, the Suntory Group holds interviews between superiors and subordinates where we strive to provide evaluations that each employee can agree with.

Based on individual Work Plans created at the beginning of the year, our employees are evaluated by reviewing their levels of achievement and the process of their efforts.

Feedback interviews that follow the evaluations are used to pass on the results, discuss expectations and areas for improvement, and encourage understanding of both the evaluation and further development and growth in their capabilities.

The labor union at the Suntory Group surveys its members on the interviews to examine how reasonable each employee found them. The results of the surveys are communicated to executive management, and are used to manage and revise the human resources system. Additionally, if any shortfalls in the interviews were seen, management questions the superior who conducted the evaluation and provides guidance.

### ● Introduction of Challenge Targets

In 2013, we introduced "challenge targets" for non-manager level employees. In addition to their regular duties, by having the employees voluntarily set their own more ambitious and difficult-to-achieve targets, we are going to strengthen our corporate culture of "Yatte Minahare—Go for it!" that is the Suntory Group's DNA.

## Developing Human Resources Worldwide

As a truly global company, it is crucial that the Suntory Group develops employees to be human resources who can do excellent work globally so the company may achieve even greater things. We have therefore set up a system that helps domestic employees perform effectively in global business.

To encourage self-growth among employees, the Suntory Group has introduced the SUNTORY Self-Development Program (SDP). The SDP has 520 programs and includes extensive support for language-skill acquisition. Any Group company employee in Japan can enroll in the common programs.

### ● Improving a Global Human Resources Training Program

In 2010 we introduced a program whose purpose is to develop truly global personnel. Thirty-two of the 114 applicants successfully made their way through the screening process in 2012 and are going through various training programs.

One of these programs, Global Leadership Training, is being offered both in Japan and in areas overseas where the Group does business, and includes participants not only from employees at companies in Japan but from Group companies around the world. (Implemented in Japan, China, and Thailand in 2012.)

### ● Training Programs

Name	Details
Global Leadership Training	Development of human resources to drive the global growth of the Suntory Group
Career Challenge Program	Acquire the skills needed to do business globally
Company-Sponsored Business School	Acquire a MBA (Master of Business Administration) at a business school in Japan or overseas
Overseas Trainee Program	Go to a Group company, or participate in a program from an outside institution or school in an unadvanced area (a developing nation, etc.), and acquire language skills, communication abilities, or knowledge of a foreign culture

### ● Hiring and Exchanges of Global Human Resources

We promote exchanges among employees and utilization of human resources, such as providing a place for global interactions by holding the Global Human Resources Meeting for human resource managers from Group companies overseas.

With regard to recruitment activities, we have enhanced our global activities by creating an English-language website for recruitment, holding seminars for international students, and conducting hiring activities overseas.

In 2012, we began the Ambassador Program for the purpose of global human resource exchanges and instilling the Suntory Group's DNA. A total of eight people from Group companies in countries including China, Indonesia, and Singapore came to Japan to deepen their understanding of the Suntory Group, which they then share at their own companies.



## Supporting Career Development

We place emphasis on the chain of human resource development in career development. In this chain, people grow in a process in which each person helps in the development of another, and we focus on training on the actual frontlines. In addition, for the stages of human resource growth and training from hiring to retirement, we have clarified the type of employees sought, abilities that are hoped to be unleashed, and the value of an employee, have created a core training program for each stage, and provide in-service training in all divisions including sales and manufacturing.

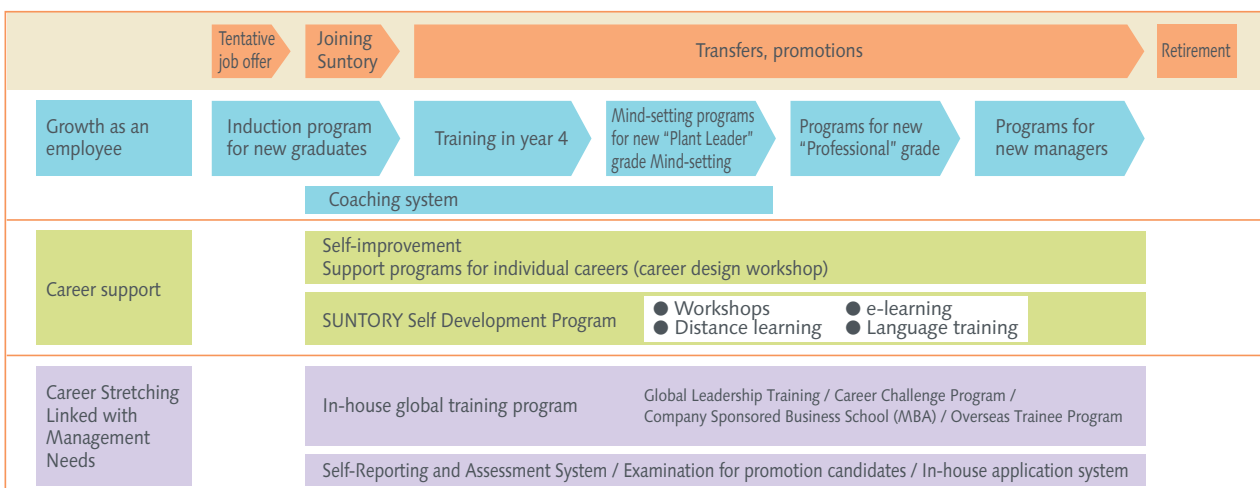
### ● Career Development Support for All Employees

We have in place a Career Support Section that helps individual employees develop autonomous careers, by providing individual consultations and workshops with expert advisers. Workshops are conducted for all employees at 4 years and 10 years after joining the company, and for employees in their 40s on an application basis. Various career development support options are offered for employees in their 50s under the mandatory retirement age of 65. The Section helps employees to reexamine their careers and make the rest of their lives something even more positive.

### ● Assign the Appropriate Person for the Right Job

Based on our Self-Reporting Program that allows employees to request transfers (once a year), we have built an internal open recruiting system that recruits specific personnel from within the company. We also created the Career Challenge Program through which employees gain inservice experience in year-long training programs. Through these programs, we support more autonomous career trajectories for our employees. Also, to broaden the possibilities of our younger employees, we have introduced a rotation program under which they gain experience working at three different divisions during the first 10 years after being hired. One-on-one interviews are also conducted between the Human Resources Department and employees during their 4th year with the company and again in their 9th year.

### ● Career development structure



## TOPICS

### Group Joint Manager Training Convened

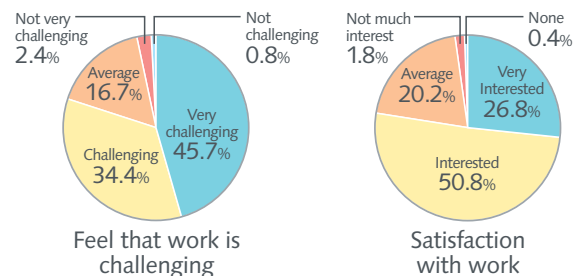
In October 2012, we held the Group Joint Manager Training with the participation of 43 managers from 22 Group companies. Vigorous discussions took place based on the shared objective of understanding managerial work standards. We intend to demonstrate synergy by capitalizing on the Suntory Group's strengths in its group of diverse business fields, and continue contributing to facilitating human resource development at Group companies.



### ● Employee Awareness and Corporate Culture Surveys

To find out about each employee's current work conditions and confirm their awareness towards work, Suntory implements a Self Reporting and Assessment survey for all employees. We also monitor the consciousness of members at work through our employee awareness survey and use the results for management initiatives.

### ● Awareness towards work in fiscal 2012 (from the Self Reporting and Assessment Survey)



# Promoting Diversity

We are focused on creating workplaces that not only promote diversity in the nature of our workforce, but also are accepting of differences and make the most of them so that our diverse workforce can demonstrate their "Yatte Minahare—Go for it!" spirit to the fullest.

## Acceleration of Diversity Promotion

To continue ceaselessly in the creation of new value, in 2011 we created the Diversity Promotion Section based on our belief in the importance of actively accepting and utilizing a diverse range of human resources and personnel values irrespective of nationality, age, or other attributes. The Section promotes creation of organizations that aim to diversify the attributes of their employees and capitalize on their individuality and character traits. Four prioritized activities areas were set forth in 2012 toward achieving diversity in management, namely expanding participation by women, encouraging the employment of people with disabilities, enhancing participation by older employees including introduction of the mandatory retirement age of 65, and working to boost the hiring of foreigners and personnel exchanges with Group companies overseas.

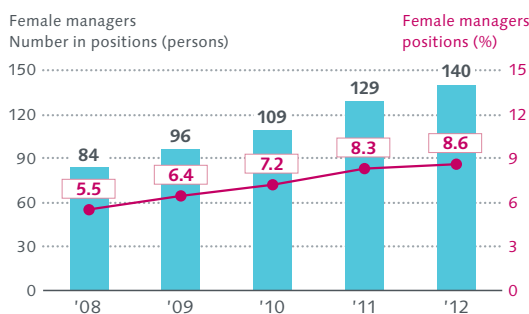
### ● Development of Various Projects with Employee Involvement

We have created various projects with employee involvement, such as childcare, the status of women in the sales division, short-term employees, and so forth, identified issues in the projects, and are getting them acted upon through reports to management. We are also holding a series of Diversity Seminars as an opportunity for all employees to consider their work style through familiar topics and perspectives and encourage self-reform of their mindset.

## The Advancement of Female Employees

The Suntory Group actively promotes ambitious and skilled employees, with no distinctions made with respect to gender. As a result of this policy, as the end of 2012, 8.6% of our managerial positions are filled by female employees. In order to create a company where women can work comfortably and produce results, we constantly innovate ways to work and change our employees' attitudes.

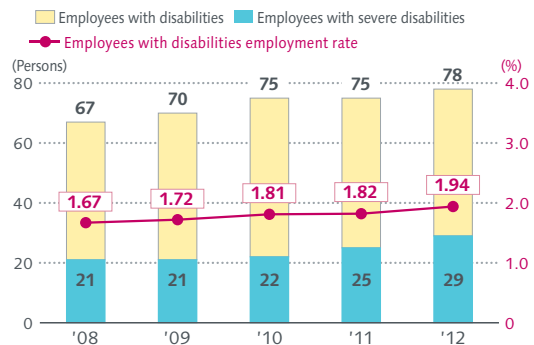
### ● Female employment data



## Employing Persons with Disabilities

The Suntory Group is working to expand the possibilities for persons with disabilities by hiring without setting limits on the scope of an employee's responsibilities. Also, we are promoting the employment of persons with disabilities in Group companies as a whole, and held a joint employment guidance session in 2012. Ahead of the legal revision in April 2013, we have 80 employees with disabilities (32 of whom have severe disabilities) and an employment rate of 2.07% as of January 1, 2013.

### ● Number of employees with disabilities and employment rate (as of June 1, 2012)



## Introduction of Mandatory Retirement Age of 65

To promote the participation of older employees, the Suntory Group has introduced the Elder Partner Program for rehiring of mandatory retirees, offering positions for everyone who wants one and who meet certain conditions regarding their state of health and commute to work. Approximately 82% of mandatory retirees applied for the program in 2012, of which approximately 98%, or 57 people, were rehired. From 2013, we have introduced a mandatory retirement age of 65 to meet the employment needs of employees age 60 and older and promote increased participation by older employees with extensive experience and skills.

### TOPICS

#### Selected for Diversity Management Selection 100

In March 2013, we were selected for the Diversity Management Selection 100, a project by the Ministry of Economy, Trade and Industry (METI) to recognize companies that "have achieved certain results, such as the creation of innovation and improvement of productivity by utilizing various human resources." As a company worthy of this selection, we will continue to actively accept diverse human resources and personnel values as well as create organizations that capitalize on their individuality and character traits.



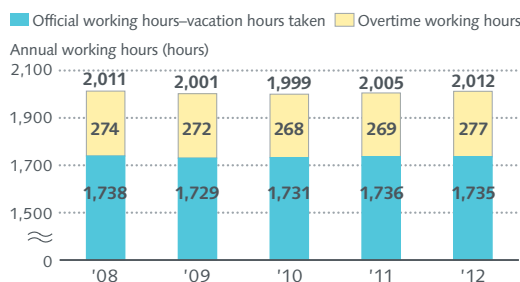
# Promoting the Work-Life Balance

We strive to create employee-friendly workplaces mindful of the balance between work and personal lives where a diverse workforce can fully demonstrate their capabilities.

## Ensuring Reasonable Working Hours

As part of our efforts to create a corporate culture in which employees can work in the best of physical and mental health, labor and management are working together to reduce long working hours. We have abolished unpaid overtime, have been strictly enforcing the rule of turning off all lights throughout the company in order to encourage the employees to go home early, and have revised our business procedures. We also ensure that everyone is familiar with the Working Hours Handbook which summarizes measures and information about reasonable working hours. In 2009, we introduced a Planned Annual Vacation Program to allow employees to take more annual paid vacation. (The proportion of planned annual vacation taken in 2012 was 53.9%.)

### • Total actual annual working hours



## Work Style Innovations

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

We have been expanding the use of flexi-time and telecommuting\* since 2010 with the aim of removing restrictions on the place and time of work and realizing more flexible work styles. New work styles utilizing IT, such as use of smartphones in sales activities, are making steady inroads.

From December 2012, we took these efforts one step further and began a new initiative to bring more creative innovation and Suntory Group character to work styles. Specifically, we established Premium Time to allow employees to think through on-site impressions and qualities and introduced e-mail sending rules to prevent employees from being flooded with information. We will continue to create environments that enable creation of new value and employees to work with enthusiasm.

\* Telecommuting: Working at home or otherwise outside the office

## Promoting the Work-Life Balance

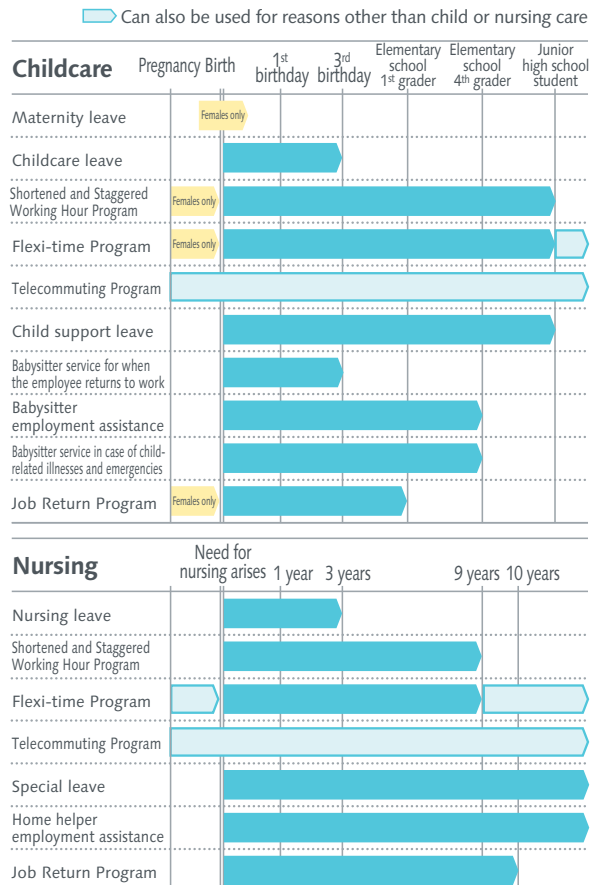
The Suntory Group has been working toward expanding our programs that help employees to maintain the balance between work and personal life while being responsive to individual circumstances, through the creation of programs providing benefits that exceed what is legally required.

### • Supporting Working with Child and Nursing Care

We have instituted programs for childcare leave and shortened and staggered working hours. In 2012, 55 employees took childcare leave (100% of those eligible took it with a return-to-work rate of 98%, and a total of 114 employees are currently on childcare leave), while 114 employees are taking advantage of the Shortened and Staggered Working Hour Program.

As for programs for nursing care, the requirements for leave of absence were clarified in 2011, and the requirements for shortened and staggered working hours and the use of flexi-time have been relaxed to promote expanded use of the programs.

### • Overview of policies to support child and nursing care



# Creating Employee-Friendly Workplaces

We strive to create relaxed, employee-friendly workplaces in the belief that there is a connection between the vitality of the company and employees being happy and healthy at work.

## Commitment to Workplace Safety

Safety is one of our criteria for evaluating worksite performance at our plants. Our Health and Safety Committee plays a central role in our efforts, which are matched to the characteristics of the business processes and the circumstances of each worksite. In 2012, we had 10 work-related accidents, with a frequency rate\*1 of 0.20 and a severity rate\*2 of 0.009. We continue working to increase employee awareness and to improve the safety regime we have in place for when employees are making their commutes and when they are in the workplace.

\*1 Frequency rate: (number of deaths and injuries) ÷ (total number of work hours) × 1,000,000

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

## A Variety of Programs to Promote Employee Health

Considering the physical and mental health of employees, we conduct comprehensive health examinations and have established a follow-up program so that our employees can thrive in their work.

### ● Providing Comprehensive Health Examinations

We provide health examinations that include detailed medical tests in excess of legal requirements. Employees aged 40 and older are required to take a day-long, full physical examination in addition to the regular annual check-up. We also offer telephone and face-to-face counseling on health issues. We are further working toward improving our employees' lifestyle and preventing lifestyle diseases, and are helping our employees maintain and improve their health.

## Introducing Programs to Prevent Lifestyle Diseases

Lifestyle diseases are on the rise due to changes in diet and exercise habits. The Suntory Group has introduced a Lifestyle Program (Walking Program) with the goal of preventing and ameliorating lifestyle diseases. The program provides employees with opportunities to reexamine their daily lives and improve them on their own. We have also been working together with health insurance associations to provide specialized examinations and health guidance for employees aged over 40 as required by law since 2008.



Team participating in the Walking Program

## Initiatives for Mental Health

We have created two mental health management initiatives for the prevention and early detection of mental health problems: our self-care initiatives which aim to make employees aware of stress and take appropriate measures to counter it, and our line-care initiatives in which managers strive to improve the working environment and provide individual counseling. We also encourage employees to make use of consultations with in-house specialist physicians and outside counselors as needed, as well as to engage in mental-health self checks. We have further developed programs to help employees who have taken time off for mental health issues to return to work, through such means as improved support by specialist physicians.

## Creating Employee-Friendly Workplaces

We have various councils that meet regularly to enable labor and management to study and discuss key management challenges facing the Suntory Group. These include the President's Council, the Finance Reporting Council, and division and topic-specific councils. These councils hear statements from the labor union about shopfloor conditions and both parties debate the management policies. We operate and revise our programs involving human resources and labor based on thorough consultations rooted in mutual awareness of the issues.



Business conditions conference

### ● Promoting Labor-Management Cooperation

The councils meet regularly to take up topics of shared importance to labor and management. Councils met some 40 times during 2012.

Name	Frequency of meetings	Discussion details
Business Conditions Conference	Twice a year	Company's management policy, business conditions, conditions regarding carrying out operations, etc.
Quarterly Report Conference	Twice a year	Sharing information about the Group's consolidated performance
Division-specific conferences	Once a year (each division)	Issues in R&D, manufacturing, and sales divisions, etc.
Committee Investigating Working Hours-related Issues	Three times a year	Verify situation regarding issues related to working hours and work toward improvements
Conference on Interviews	Four times a year	Verify the state of the various interviews conducted in human resource contexts and work toward improvements

# Corporate Governance

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

## Corporate Governance for Suntory Group as a Whole

The Suntory Group is introducing a new management system based on a pure holding-company system separated into "group management" and "business operations." To achieve our mission of "In Harmony with People and Nature," we must continue to have the trust of society and to be needed by society.

To that end, we have improved our operational efficiency and maintained our good relationships with all stakeholders including local communities, customers, and business partners, while striving to enhance our corporate governance, so that we may fulfil our social responsibilities as a company.

### ● Boards Responsible for Group Management

The Board of Directors of Suntory Holdings Ltd. has 10 members. The Board's role is to make decisions on issues relating to group management, and to supervise the operations of each Group company. There is also a Group Business Strategy Board under the Board of Directors. The Group Business Strategy Board, whose members are drawn from top management, manages the Group efficiently through specific consideration and discussion of management issues pertaining to the Group as a whole.

We have also introduced an executive officer system and separated corporate decision-making and operational execution to create a structure that enables swift corporate decision-making.

### ● The Management Auditing System

Suntory Holdings Ltd. has a Board of Auditors consisting of 4 Statutory Auditors, 2 of whom are external auditors. The Board of Auditors audits the state of the internal control system (including the operations of the Directors), and the operations of group management in general.

The external auditors also audit our accounts, verifying the appropriateness and legality of our accounts and internal accounting systems from a third-party perspective.

We also have a Group Auditing Department that acts as our Internal Audit Division, auditing and verifying matters including the operational status of each of our Group companies. The Group Auditing Department works to maintain appropriate and sound operations in accordance with our internal regulations.

### ● Enhancing Our Internal Control System

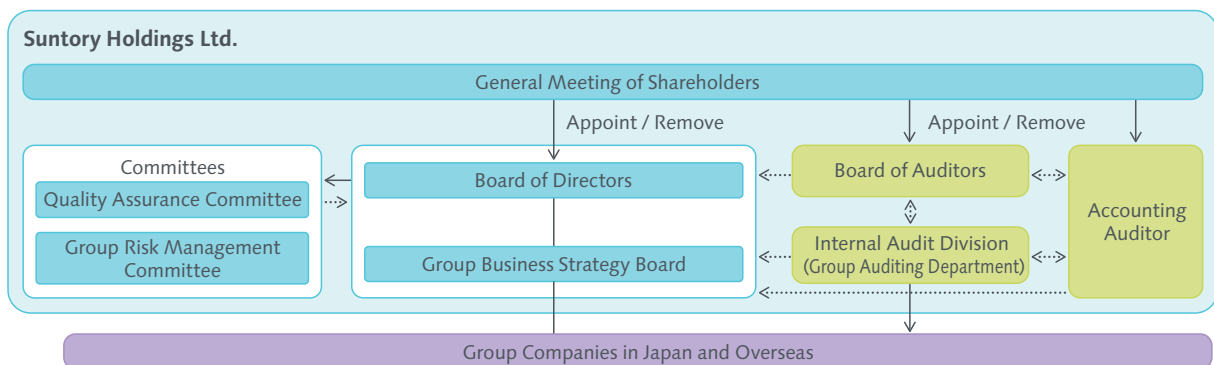
The Board of Directors of Suntory Holdings Ltd. has established our "Basic Policy on Internal Control Systems," which commits us to building a more effective governance structure by enhancing our compliance, information management, and risk management efforts.

## Suntory Beverage & Food Ltd.'s Corporate Governance

Suntory Beverage & Food Ltd., which was listed on the Tokyo Stock Exchange in July 2013, holds Board of Director meetings with 11 directors (of which 1 is an external director) and 4 auditors (of which 2 are external auditors) and maintains a structure to ensure highly transparent corporate governance.

We have also drafted the "Basic Policy on Internal Control Systems" and have in place a Risk Management Committee and Quality Assurance Committee appointed by the Board of Directors to comprehensively and inclusively manage serious risks in Group management.

### ● Corporate Governance Structure



# Compliance

We are striving to create organizations and a corporate culture that place the highest priority on compliance to fulfill our responsibilities and meet the expectations of our customers and society.

## Compliance by Code of Business Ethics

In 2003, we created the Suntory Group's Code of Business Ethics to enable all Group employees to carry out their duties with common values and standards of conduct. Based on this code, we have prepared a compliance promotion system that takes into consideration the Group as a whole.

We revised the Code of Business Ethics in April 2012 as a new guideline for our own thinking and actions, and have positioned the Code as Our Principles serving as the foundation to realize our mission of "In Harmony with People and Nature." The revised Code takes into account the ISO 26000 standard regarding social responsibility.

### The Suntory Group Code of Business Ethics (Issued in 2003, revised in April 2012)

#### I. Suntory Group Ethical Principles

For stakeholders worldwide,

1. Be honest and act with integrity
2. Be fair and equitable
3. Be open and transparent
4. Fulfill our social responsibility
5. Accept the existence of diverse values
6. Treat people with respect and compassion

#### II. Suntory Group Standards for Business Conduct

1. We contribute to the happiness of our customers by offering safe, reliable and high-quality products and services and by making our utmost effort to ensure integrity and transparency in all of our interactions with customers.
2. We undertake all business activities in compliance with laws and regulations, and in accordance with a strong sense of ethical values.
3. We engage in fair and transparent business activities.
4. We, as a good corporate citizen, will actively make contributions to society.
5. We are committed to preserving a global environment and ensure that we pass along a sustainable society which is rich in biodiversity and harmonious with nature to future generations.
6. We respect human rights and endeavor to create a corporate group where employees are engaged and satisfied.
7. We endeavor to properly manage and effectively utilize corporate assets and information and respect the rights of third parties.

also set up independent points of contact within the 18 companies in our national group, and hold annual trainings by the Compliance Department for the purpose of improving the response capabilities of staff who serve as independent points of contact.

In 2012, the hotline received 106 calls from across the Group. These calls included consultations about labor relations and human resources. The Compliance Department and the departments in all of the Group companies respond to calls to the hotline by, for example, issuing notifications of the need for improvement, which are based on investigations that take into account the privacy of all persons involved. We also ensure that issues are resolved or mitigated, and that comprehensive actions are taken to prevent recurrence.

## Ensuring Transparent and Well-Established Compliance

To facilitate the understanding of the Suntory Group Philosophy and Code of Business Ethics and put them in practice, we distribute the "SUNTORY SPIRIT" booklet to all Suntory Group officers and employees. We distribute the "SUNTORY SPIRIT" booklet that contains the Suntory Group Philosophy and Code of Business Ethics to facilitate the understanding and practice of the Code by all Suntory Group officers and employees.

We also conduct various activities on an ongoing basis, including holding a range of trainings for Group employees, uploading information on the Intranet, and creating awareness-raising posters, to ensure that compliance is transparent and well established.

In 2012, we held e-learning courses that use case studies and trainings in a group discussion format with game-type elements for non-manager level employees. We held e-learning courses utilizing mobile devices for store staff at Group companies.

Every other year, we also conduct the Compliance Awareness Survey for all employees of Group companies in Japan to gauge the state of compliance awareness and presence of discrete issues (last conducted in June 2012). The issues uncovered in the survey are shared with senior management of each Group company and connected to additional resolution measures.



"SUNTORY SPIRIT" booklet

## Compliance Hotline Operations

We established a Compliance Hotline in our Compliance Department and at an external law office. The Compliance Hotline is a common group-wide point of contact for quickly discovering and resolving actions that are in conflict with our Code of Business Ethics. We have

# Risk Management

We are striving to understand and analyze the risks to the Group as a whole and take measures to resolve the issues so that we may continue our business operations and contribute to society.

## Total Risk Management System

The basic principle of risk management at the Suntory Group is self-management at operational level by each Group company. We have also created a Group Risk Management Committee and a Quality Assurance Committee which are dedicated to resolving issues related to risk, in order to strengthen our group-wide total risk management system.

## Risk Assessment and Identification

Every year, we send out a questionnaire to all Suntory Group companies to determine the risks at each company that potentially could significantly impact our stakeholders and formulate countermeasures. The most important risks that we identified in 2012 for the entire Group included major natural disasters, outbreak of infectious disease, data leaks, mental health, long working hours, uncompensated overtime, and alcohol-related problems (drunk driving and drunken disturbances). We are working as a group toward reducing these risks.

## Preparing a Crisis Management System

We are building up the crisis-response infrastructure at the Suntory Group. This initiative includes having drawn up a "Risk and Crisis First-Response Manual" (created in 2011). The goal is to minimize the impact and damage a risk may cause and preserve social trust in the Group when a serious crisis occurs, by making decisions and distributing information rapidly and taking the appropriate course of action.

## Business Continuity Plan (BCP) Formulation and Implementation

The Suntory Group has formulated a Business Continuity Plan (BCP) that will enable us to continue doing business as much as possible without interruption in the event of a disaster such as a major earthquake that threatens the continuity of economic and social activity in order to stably provide high quality products and services to customers. We are also implementing measures to fulfill our responsibilities to provide supplies. The plan we have formulated goes beyond manufacturing at Suntory Group plants to include raw material procurement and distribution as well as sales activities. We have also taken steps to be able to decentralize our head office functions and infrastructure in an emergency and continue to strengthen our response structure to cope with contingencies.

## Preparations for Large Natural Disasters

### ● Establishment of Safety Confirmation System and Emergency Drills

In preparation for natural disasters such as major earthquakes and flooding due to torrential rains, we have in place a system that uses mobile phones to confirm the whereabouts and safety of employees and their families. We hold safety confirmation drills twice a year and work to raise awareness to ensure that the system operates smoothly. We also conduct regular disaster prevention drills based on the scenario of a major earthquake and drills focusing on how to get home from work on foot.



An emergency drill focused on getting home on foot

### ● Disaster Response

After a major disaster occurs, our first response procedures entail rapidly establishing a Response Task Force centered on the General Affairs Department of Suntory Holdings Limited, with Response Teams in each division placed under it. The Response Task Force handles all matters including confirming the safety and whereabouts of employees and their families, collection and coordination of disaster-related information, functional recovery of business offices, recovery of information systems, distribution of relief supplies, functional recovery of production, and provision of assistance to clients and the local community. These activities are conducted in line with each division's activity policy. These systems and procedures are also accessible on the Intranet so that employees can review them at any time. Following the Great East Japan Earthquake of 2011, we revised our Emergency Response Manual and have worked to strengthen our means of communication, increase our stores of disaster supplies, and enhance systems including at Group companies for coping when disasters occur.

## Tightening Information Security

We have set down the Suntory Group's Basic Principles for Governance of Information Security, with a focus on "security," "use of information," and "maintaining business continuity."

Also, to cope with such risks as information leaks over social media, the user base of which has rapidly expanded in recent years, in 2011 we enacted the Suntory Group Social Media Policy, which lays out our position on the use of such media. We will manage information throughout the Group based on these policies, while also working to increase the awareness of all our employees.



 Providing relaxing moments from morning coffee to lunch and sweet treats!

 Turns into a full-service bar in the evening for good times with friends!

## Group Company Feature

# Pronto Corp.

Providing a comfortable space to enjoy great tasting foods and beverages, Pronto is the industry's only chain that does double duty as two business categories, operating as a cafe in the day and a dining bar at night.

Pronto Corp. is actively implementing CSR activities in which every employee puts into practice a variety of initiatives to bring smiles to customers. Here the CSR activities of Pronto Corp., which marks its 25th anniversary this year, are introduced.

Head Office: 1-8-27 Konan, Minato-ku, Tokyo, 108-0075  
 Established: February 1, 1988  
 Sales: 19.1 billion yen (fiscal 2012)  
 Employees: 240 (as of April 2013)  
 Business activities: Franchise business and direct operation of  
 Caffe & Bar Pronto, Caffe Solare, Il Bar, Espressamente Illy, Di Punto, É Pronto, etc.  
 Website: <http://www.pronto.co.jp/>

## Top Message

### Our Corporate Philosophy —“Dream Comes True!”

The message of our corporate philosophy of “Dream Comes True!” is to have a dream that can be realized and do your utmost and think positive as you take steps to realize it.

Our aim is to create spaces that can be called communities—ones that are always welcoming, full of energy, and completely relaxing. We intend to develop our concept of wedding cafe and bar culture throughout Japan as a new value.

In the challenge to realise this big dream, each employee must provide high-quality service with generous hospitality. This is also connected to our CSR vision.

We at Pronto Corp. are developing our own style of CSR, and define Corporate Social Responsibility as “Customer Smile Relationship” (having relationships that bring smiles to everyone the Pronto Group engages with) so that all employees can understand the essential nature of our CSR.

We communicate to our employees that providing thoughtful and generous service is what brings smiles to our customers.

### Actively developing environmental management as a corporation that delivers the natural bounties to customers

As we offer customers the natural bounties in our products, we recognize the importance of cyclically using these natural bounties as much as possible as well as our responsibility to ensure their sustainability for future generations. Based on this recognition, we have long been reducing waste at our restaurants through the *Mottainai* (“don’t waste”) campaign to save energy, recycle, and reuse. This is one of the ways in which we are actively developing our environmental management.

Recently, we have enhanced our activities under the themes of recycling food waste, including coffee grounds and kitchen refuse, and reducing CO<sub>2</sub> emissions with a central focus on the P Love Green campaign. In the belief that customers also welcome environmentally friendly establishments, we practice Customer Smile Relationship in our environmental activities as well.



Norihiko Takemura  
 President  
 Pronto Corp.



# To Bring Smiles to Customers and the Earth

Pronto Corp. created the CSR handbook "SHARING SMILE" and distributes it to all employees. The handbook uses a variety of innovative means to have staff including younger generations understand the concept of CSR. By distributing this handbook to all employees, Pronto shares with all staff who work in its establishments how the results of their individual actions connect to bringing smiles to customers and consideration for the global environment.

"SHARING SMILE" handbook



## Development of Environmental Management

### "P Love Green" Campaign to "Show Love to the Earth and Greenery"

In 2010 Pronto Corp. return to the origins of green, its brand color, and began a companywide campaign named P Love Green consisting of original Pronto-style projects that are gentle to people and nature.

Each restaurant is working to comprehensively reduce resource use and save energy through such efforts as reviewing the chopsticks and glasses they use. The results of these efforts are then promoted to customers at Pronto establishments. Pronto is also actively developing environmental preservation activities with customer participation, such as by donating on an ongoing basis a part of the proceeds from product sales, for example those made with Japanese ingredients, to greening activities. Pronto provided



support for Tokyo Metropolitan Government Umi-no-Mori (Sea Forest) Project in 2010, and since 2011 has provided support for greenery restoration in the Great East Japan Earthquake disaster affected areas.



Employees participating in planting trees in Tokyo Metropolitan Government Umi-no-Mori (Sea Forest) Project



Informative poster advertisement (right) Part of the product sales carrying the seal is donated to greenery projects in disaster affected areas of the Great East Japan Earthquake

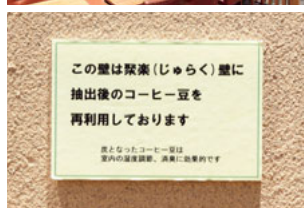
## Recycling Coffee Grounds

### Various Methods to Recycle the Large Quantities of Coffee Grounds that are generated

Pronto Corp. has searched for ways to effectively utilize the approximately two tons of coffee grounds it produces every day, and now recycles coffee grounds in a variety of ways. For example, by compressing and fermenting coffee grounds along with completely separated food waste, they can be used as compost raw material by fertilizer material manufacturers. At the Pronto Tokyo Solamachi branch located at Tokyo Skytree, the interior walls have been made of *juraku-kabe* clay mixed with coffee grounds, boosting the walls' deodorizing and humidity-control capabilities.



Coffee grounds collected by designated waste management providers are compressed and fermented while being mixed in a large, high-speed fermentation compost machine, which turns the grounds into a fine, powdery raw material for compost.



Walls that reuse coffee grounds

## What is TSUCHIKO?



### Developing Cafe Tsuchiko Plant pots Made with Reused Coffee Grounds

Shinichi Moriya (right) General Affairs and CSR Section Manager Pronto Corp.

Anna Higashi ((left) Brand Marketing Dept.

Wishing to reuse coffee grounds and once again return them to nature—

CAFE TSUCHIKO plant pots were developed based on this wish, and use plant-based materials that include coffee grounds and wood obtained from forest thinning. The optimum percentage of wood from forest thinning was arrived at through trial and error and commercialization of the pots was finally completed in 2012. When sales began in the same year, it received attention from various circles and high praise.

CAFE TSUCHIKO pots contain tiny air holes that allow air to sufficiently reach the soil, creating an optimum environment for plants and helping to prevent root rot. Also, as a plant-derived product, CAFE TSUCHIKO pots can be replanted into larger pots or a garden when the plants inside them grow too big, thereby naturally returning the pots to the soil.





## Group Company Feature

# Morrison Bowmore Distillers Ltd.

Morrison Bowmore Distillers's (MBD) single malt whiskies offer a unique flavor experience. The whisky produced of the famous Bowmore Distillery on Islay (pictured above) offers distinctive peaty smokiness, whilst triple distillation at Auchentoshan Distillery in the Lowlands provides whiskies which are uniquely light and smooth. In the Highlands, the Glen Garioch Distillery produces traditional whisky with hints of honey and heather. Here is an introduction to the CSR activities of Morrison Bowmore Distillers, which

continues to use traditional distillation methods passed down through the generations to offer sophisticated single malt scotch whiskies to the world.

Head Office: U.K. (Glasgow)

Established: 1951

Sales: 49,770 thousand pounds (fiscal 2012)

Employees: 207 (as of December 31, 2012)

Business activities: Production and sales of Scotch whisky

Website: <http://www.morrisonbowmore.co.uk/>

## Top Message

### "THE SINGLE MALT SPECIALIST"

MBD's reputation and influence within the Single Malt Scotch Whisky market has grown significantly over the last few years. Our prestigious portfolio of brands and our global reach has impressed whisky consumers, connoisseurs and industry specialists resulting in MBD receiving awards for our people, our whiskies, our distilleries and visitor centres, our packaging design & innovation and our environmental practice.

MBD's Vision is simple but clear, we are "The Single Malt Specialist." The focus on Single Malts has allowed MBD to specialise and build its culture around values that support the vision, i.e., People, Passion and Performance. These values ensure that our employees recognise the provenance and unique history of our business, are passionate about our products, are creative and innovative with our brands, are focused on success and above all that we manage our business in an ethical and long term manner.

Our core values support and recognise the longevity of the industry and ensure that we continue to build lasting relationships with our stakeholders, and so we take our CSR and environmental responsibilities seriously and we are always looking for innovative ways to reduce packaging,

waste and water usage. As an industry that is a heavy user of energy, a main focus for MBD is how we can reduce our energy dependency or how to extract energy from alternative 'green' sources.

We work in a very competitive market and work hard to ensure that everything we manufacture is of the highest quality and deserving of our brand names and heritage. Likewise, we work hard to ensure that MBD is a place where our employees are fulfilled and can reach their individual potential and are proud to say that they work for MBD.



Mike Keiller  
CEO of Morrison Bowmore  
Distillers Ltd.

# The employees and environmental management behind the Single Malt Specialist



Underpinning the Single Malt Specialist is the passion of its employees who carry on its heritage and traditions as well as its environmentally friendly production practices. While MBD is one of the few distilleries that continues to use traditional floor malting to prepare barley by laboriously turning it by hand, it also innovatively reuses the waste heat produced in its distillation process. MBD's approach to employee labor conditions has also been recognized, including becoming the first company to receive the distinction award in the food and beverage category of the British Safety Council's International Safety Awards for three consecutive years.



## Commitment and responsibility to procure the highest-quality cask materials

Producing whisky is a long process that requires a mid- to long-term approach. Consequently, MBD collaborates with suppliers to achieve sustainable procurement of the highest-quality raw materials. Among these materials, MBD undertakes procurement of the vital cask material, which significantly influences the aroma and flavor of whisky, with particular commitment and passion. MBD has concluded contracts with selected suppliers,

partnering with them to ensure a stable supply of bourbon barrels from Kentucky, U.S.A., as well as sherry barrels from Jerez de la Frontera, Spain. MBD makes several visits each year to the locations to carefully select cask materials. Thanks to relationships it has built with cask suppliers for over 20 years, MBD is able to procure the highest-quality cask materials.

Bowmore Islay Single Malt Scotch Whiskies are aged slowly with care in casks made from the highest-quality oak to cultivate their distinctive aroma and full-bodied flavor.



## Environmental management aimed at sustainable development of the Scotch whisky industry

To reduce the environmental impact of whisky production, in 2008 the Scotch Whisky Association set environmental management indicators for 2020, and the industry is collectively working toward them. MBD has also established its own more stringent targets and has formed a lifecycle analysis team, aiming to reduce environmental impact at all stages from production and manufacture to disposal. Even as production volume has increased, MBD has successfully reduced CO<sub>2</sub> emissions by 14% and packaging weight by 15% compared to 2008. To achieve 20% renewable energy use by 2020, the company

has plans to introduce the industry's first cogeneration system for producing electricity and thermal energy at its Auchentoshan Distillery.



Above: Pot still at Bowmore Distillery  
Bottom: Auchentoshan Distillery



Replacing cylindrical packaging with a carton reduces weight by approximately 30%



## Creating Productive and Enriched Work Places

Creating an environment where employees feel valued and are encouraged to participate and embrace individual responsibility is an important ethos for MBD. Every two years, MBD undertakes an employee opinion survey, where employees are asked a range of questions covering all aspects of their working environment. The findings

from this survey are then used to formulate an action plan for those areas where improvements could be made.

These efforts have been further recognised with numerous awards including Investors in People Award, which is given to companies that transform business performance through people, and the Healthy Working Lives, Silver Award that is awarded to companies that protect and improve the health of employees within the workplace. How MBD attracts, develops and retains its employees is of uttermost importance and our relationship with Suntory is an important element of this.

## CSR Activities of Group Companies

# Group Company Initiatives in Japan

The Suntory Group has worked to expand its business. Operating today as the Suntory Group, the company is active across a broad range of fields that include not only the alcoholic beverage, non-alcoholic beverage, and food businesses, but also health foods, restaurants, and flowers. Following is an introduction to CSR activities at Group companies in Japan developing a range of diverse businesses.

### Suncaf  Ltd.

Coffee bean roasting, etc.

#### Social Contribution Activities in the Coffee Bean Supplier of Guatemala

The raw coffee beans for BOSS coffee from Suntory Beverage & Food Ltd. are supplied from around the world, supported by a large number of coffee bean producers. Every year since 2005 Suncaf  Ltd. has sent employees to the key supplier of Guatemala in Central America. There the employees hold exchanges with producers and conduct workshops on growing methods and other topics. Additionally, Suncaf  Ltd. began ongoing activities from 2012 to assist sustainable coffee production by improving living standards for small coffee farmers and offering medical support. Suncaf  Ltd. gives its support to activities with the aim of improving the living environment over the long term, including increasing the number of organic farms, opening medical clinics, and operating mobile hospitals.



Guatemalan coffee farmers

### H agen-Dazs Japan, Inc.

Import, production, and sales of H agen-Dazs premium ice cream

#### Donating Ice Cream to Food Bank Activities

H agen-Dazs Japan, Inc. has donated ice cream to the Food Bank activities of the incorporated non-profit organization Second Harvest Japan\* since 2007. Employees also go to orphanages to personally deliver ice cream as a Christmas present in addition to participating in volunteer activities, including making sweets together with children at orphanages.

\*Receives donations of food products to be disposed of even though there are no safety issues from production, distribution, or other processes, and provides the food free of charge to social welfare and other facilities.



Employees delivering ice cream at Christmas

### Myu Planning & Operators Inc.

Comprehensive consulting in the areas of food service-related planning, design and management and operation of dining bars and restaurants

#### Sharing The MYU WAY with All Employees

Myu Planning & Operators Inc. formulated The MYU WAY in 2012, principles for behavior to practice CSR at the individual level, and shares the basic values with employees.

To facilitate awareness of The MYU WAY, a small booklet that can be carried around was distributed to all employees.



The MYU WAY, action guidelines given to all employees

### Dynac Corp.

Operation of various types of restaurants, including the Hibiki, Uomori, and Toridori restaurant chain

#### Promoting Employing Persons with Disabilities

Dynac Corp. recognizes the need to make contributions to the communities in which its restaurants are located in order to achieve growth as a company, and it views employing persons with disabilities as an issue of special importance. Although the restaurant industry has a low rate of employing persons with disabilities, Dynac Corp. maintains an employment rate of 2.5%, exceeding the legally mandated employment rate (As of March 31, 2013).

In addition to raising its employment rate, Dynac Corp. is also currently collaborating with community support organizations, public job placement offices, supporters, and guardians to better meet a detailed level of individual needs so that every employee with a disability can find work rewarding and worthwhile.



Employees who have worked at the Dynac Miki Service Area restaurant (Hyogo prefecture) for five years

### First-Kitchen Ltd.

Operation of the fast-food restaurant chain First Kitchen

#### Promoting Resource Conservation with Lighter Weight Materials

First-Kitchen Ltd. is actively undertaking environmental management toward realization of "Environmentally Friendly First Kitchen." In 2012, the company changed its plastic dessert cups to polypropylene and changed its standards to lighter weight and thinner plastic carry bags, which have reduced its use of resin by approximately 1 ton and 2.7 tons, respectively.



New and improved cup

### Subway Japan Inc.

Operation of the sandwich chain Subway with the most outlets in the world

#### Producing Environmentally Friendly Vegetables at Factories

Subway Japan Inc. is conducting a variety of test projects for the purpose of securing a stable vegetable supply chain. One of these is growing vegetables at Granpa Farm Rikuzentakata, a vegetable factory built in Iwate prefecture as part of a Ministry of Economy, Trade and Industry project to support recovery from the Great East Japan Earthquake. With the concept of harnessing the power of nature as much as possible, instead of pesticides this vegetable factory uses insects that are natural predators of pests to control them. Lettuce grown at Granpa Farm Rikuzentakata is used at some Subway branches in the Tohoku region.



Dome-shaped vegetable factory Granpa Farm Rikuzentakata

### Suntory Midorie Ltd.

Manufacturing, sales, and maintenance of environmental greening systems such as Flower Wall, Green Roof, and Midorie Design

#### Improving Quality and Service by Green Stylists

Suntory Midorie Ltd. offers optimum greening plans for roofs, exteriors walls, and interiors based on the new material Pafcal that replaces soil. Creating a "green chart" for each customer, Green Stylist maintenance professionals regularly check the plants' state of health and maintain and inspect the growing environment. Green Stylists' work records are reported monthly and used to improve quality and service as well as the materials used.



Green Stylists perform maintenance based on green charts and inspect

### Tipness Ltd.

Operation of Tipness fitness clubs and other business

#### Conserving Power by Introducing Monitoring Systems

Tipness Ltd. has long made efforts to conserve energy, such as by equipping pool filtration pumps with inverters to perform more efficient operation. It has now stepped up its efforts to conserve power by introducing "demand monitors," a system to monitor power usage, at almost all of its fitness clubs by 2012. Demand monitors can track and predict power usage in real time, and sound an alarm when the predicted power usage exceeds a certain value. When the alarm sounds, operation of air conditioning and other systems is adjusted to reduce power usage during peak demand times.



Monitoring power usage during different time zones with a demand monitor

### Suntory Shopping Club Ltd.

Corporate sales promotion support and sales of equipment and tools for restaurants

#### Securing and Enhancing Rigorous Quality

Suntory Shopping Club Ltd. strives to secure and improve rigorous quality in all processes from planning and development to raw materials selection, procurement, manufacturing, and sales. For new materials, it provides integrated management of market needs analysis, searching for suppliers and usage testing of trial models, while consistently conducting planning and development from the customer's perspective.



Liquid temperature-change test for a highball mug

### Suntory Flowers Ltd.

Development, production, and sales of various flower and vegetable seedlings and potted flowers

#### Supporting Community Activation through Flowers

To have as many people as possible experience life with flowers in the community, Suntory Flowers Ltd. provides flower seedlings to parks and other places. It expanded the Red Flower Project nationwide in 2012, which involves planting flowers at parks and public facilities throughout Japan to help community activation under the slogan "Energize Japan with red flowers!" Suntory Flowers Ltd. also donates Surfinia Red seedlings to groups around Japan.



Planting flowers in the Red Flower Project in 2012

### Suntory Publicity Service Ltd.

Supporting corporate public relations and marketing as well as facility services and management

#### Promote Compliance

As a service and management company, Suntory Publicity Service Ltd. is promoting employees' knowledge and awareness of compliance to meet the expectations of its customers. In addition to trainings, e-learning, a handbook, and the company's Intranet system, it also places Compliance Leaders at all of its locations to conduct initiatives at each workplace.



Compliance-related awareness-raising activities on the Intranet

## CSR Activities of Group Companies

# Group Company Initiatives Overseas

The Suntory Group is developing a broad range of businesses worldwide including the food and alcoholic beverage business in countries in Asia and Oceania, Europe, and the Americas. Following is an introduction to various CSR initiatives of Group companies overseas.

France



### Orangina Schweppes Group

Soft drink production and sales

#### Conducting responsible marketing

Recognizing the large influence that its brand has on society, the Orangina Schweppes Group has taken steps since 2009 to include nutritional labels on the packaging of all products. In addition, it has created and follows its own special code of conduct for responsible marketing, which includes not advertising or directly appealing to children under 12 years old.



Nutritional labels on the packaging of all products

Singapore



### Cerebos Pacific Ltd.

Production and sales of health foods and processed foods

#### Support to Restore Schools Damaged by Floods

Employee volunteers from the Cerebos Head Office in Singapore and Cerebos Thailand have conducted activities to support the restoration of schools damaged in the massive flood of 2011. They helped repair three schools in the outskirts of Ayutthaya, raising their foundations to make them able to survive higher flood levels. In addition to the restoration, employees were also involved in the construction of a new school building, painting walls, and repairing damaged furniture. They contributed to recreating a conducive learning environment through these activities.



Cerebos Singapore and Thailand employees participate in volunteer activities

New Zealand



### Frucor Group

Manufacture and sale of non-alcoholic beverages

#### Promoting Employee Safety and Health

Based on its corporate philosophy of "Value You," Frucor Group positions the health and safety of all of its employees as one of its highest priority issues. Safety and health are measured in numerical values and managed, while the Safety Steering Team reviews areas that need improvement on a regular basis. It also willingly works with external groups to ensure it meets compliance above national standards.



Employees working at the Auckland distribution center

Indonesia



### PT Suntory Garuda Beverage

Manufacture and sale of non-alcoholic beverages

#### Creative Uses of Waste

PT Suntory Garuda Beverage is conducting activities to creatively use waste materials including containers and labels. It encourages imagination and creativity in recycling collected waste into a variety of crafts, such as bags, flowerpots, and umbrellas, in cooperation with elementary schools and local communities.



Approximately 200 children participate in a creative recycling event

Thailand



### Tipco F&B Co., Ltd.

Production and sales of non-alcoholic beverages

#### Supporting Education Through Scholarships and Donations

Tipco F&B Co., Ltd. has a scholarship program to support the education of students in need of financial assistance. A total of 246 scholarships have been granted so far. In addition, it gives financial assistance to Ban Bueng School located near its plant to support hiring teachers.



Granting scholarships to children at a kindergarten and elementary school near the plant

USA



### Pepsi Bottling Ventures LLC

Production and sales of Peppico's beverage brands in the U.S. East Coast

#### Workplace Creation Conducive to Health and Improving Motivation

Pepsi Bottling Ventures conducts a variety of activities for the purpose of maintaining employee health and improving employee motivation.

"Wednesday Walks" are conducted every week during lunch break for employees to come together, stretch, and walk as a team, while "Fresh Fruit Friday" is held once a month in all facilities to promote healthy breakfast and snack choices. These are some of the ways Pepsi Bottling Ventures promotes maintaining and bettering employee health.



Fresh Fruit Friday at Pepsi Bottling Venture

Mexico



### Suntory Mexicana, S.A. de C.V.

Production and sales of alcoholic beverages (Midori, etc.)

#### Initiatives for Employees

Suntory Mexicana, S.A. De C.V. began conducting employee satisfaction surveys in 2007 in efforts to achieve work environments in which its employees can work with greater peace of mind. The direct feedback received from employees contributes to improving company policies.

Plant employees also receive a wide variety of training, including product quality standards, safety training, and emergency drills, to assist in improving their skills.



ISO 9001 training

China



### Suntory (China) Holding Co., Ltd.

Production and sales of alcoholic beverages and soft drinks in China

#### Activities to Obtain Certification Related to Reducing Environmental Impact

Suntory (China) Holding Co., Ltd. began work from April 2012 to obtain certification for the purpose of promoting the reduction of environmental impact in the manufacturing industry. Certification can be obtained by reporting activities and data related to reducing energy and resource use at plants. Specific activities include proactively developing lighter weight plastic bottles at Suntory (Shanghai) Foods Co., Ltd.



A lighter weight plastic bottle

France



### Château Lagrange S.A.S.

Production and sales of wines

#### Strengthening Traceability

Château Lagrange has introduced code numbers on all bottle cap seals. In addition to the raw materials, all materials used in wines, including the corks, bottles, labels, and cases, are inspected and the results along with these code numbers are recorded so that the history of every bottle of wine it produces can be traced.



Code number printed on a cap seal

France



### Louis Royer S.A.S.

Production and sales of cognacs and liqueurs

#### Initiatives with Local Business Partners

To help maintain a cognac industry rooted in the production region, Louis Royer S.A.S. values coexistence with local companies.

As part of this, it shares the results of scientific and organoleptic analysis of ingredients such as delivered wines with local partners it does business with to preserve and improve product quality on both sides.



Original alcohol purchasing negotiations with a local business partner

Germany



### Weingut Robert Weil

Production and sales of wine

#### Supporting Diversified Employee Work Styles

Weingut Robert Weil is a small winery with 30 employees that promotes highly satisfactory working conditions conducive to the long-term employment of employees who represent the accumulation of its knowledge of winemaking. In addition to maternity and child-care leave, it has added a work-at-home system for approximately two months to better enable employees to balance their home and professional lives and support diversified employee work styles.



Employees working at Weingut Robert Weil

# Third Party Opinion

We have received third party opinion from Mr. Hiroshi Ishida, who reviewed various companies' reports based on his professional expertise.



## Hiroshi Ishida

Executive Director of Caux Round Table-Japan  
Professor, Institute of Business and Accounting,  
Professional Graduate School, Kwansai Gakuin  
University  
Instructor, Faculty of Economics, Kyushu University

Sustainability initiatives require making ongoing improvements and continuous efforts toward realization of shared values (maturation) through dialogue with stakeholders and collaboration with other organizations (challenge). Based on its “Yatte Minahare—Go for it!” spirit and with the mission of being “In Harmony with People and Nature,” the Suntory Group has large potential to put into practice progressive initiatives as a multi-faceted food and beverage company. This is what I have based my opinion on.

### [Praiseworthy points]

- The six prioritized CSR initiatives identified with the involvement of stakeholders (experts) have been systemically organized in the CSR Action Plan which incorporates mid-term targets and specific targets for each fiscal year. Setting these targets and managing the outcomes can be called the first step in CSR management to ensure that the prioritized initiatives are not simply pie in the sky but are linked to actual improvement activities as well as to ensure that the company explains the process.
- As a company that has the corporate message of “Bringing Water to Life,” the Suntory Group continues to promote water resource cultivation in a way that facilitates

biodiversity. These activities are not done alone but in cooperation with experts, local residents, non-profit organizations, and other groups from a long-term perspective.

- The Suntory Group is continuing to support recovery from the Great East Japan Earthquake in the mid- to long-term and taking into account requests from local residents and the local culture. This includes support for the fishing industry, which could be considered the backbone of the disaster affected area's industry and culture.

### [Points where future results are anticipated]

- I would like the company to not only disclose its policy, reasoning, and progress for what it has already accomplished but also for what it has not yet accomplished.
- In addition to the dialogue with experts undertaken so far, Suntory is starting to engage in dialogue with consumers from this year. Through this kind of dialogue with stakeholders who are directly affected by the company's actions, I would like the Suntory Group to identify and organize the impacts it has on the value chain and develop strategic CSR based on a coherent narrative.

Stakeholders are expanding their scope of interest and taking it to a higher level, and companies are expected to contribute to solving the global problems of environmental degradation and poverty. The key to addressing these multi-faceted problems is coordination (cooperation) with a variety of stakeholders. The Suntory Group is conducting a range of initiatives in Japan, and I would like to see it apply its experience to solving issues at the global level as well as strive to realize with an indefatigable spirit of challenge “Growing for Good” in the area of sustainability.

## Receiving the Third Party Opinion



## Satoshi Hamaoka

Corporate Communication Division Manager  
Executive Officer  
Suntory Holdings Limited

I would like to thank Professor Ishida for his valuable opinion.

The Suntory Group, based on our corporate philosophy of “In Harmony with People and Nature,” actively develops initiatives toward development of an enriched culture and lifestyle and realization of a sustainable global environment. We are also conducting ongoing activities to support recovery from the Great East Japan Earthquake. Also taking into account ISO 26000, the Suntory Group has recently identified priority CSR initiatives and formulated an action plan. We are encouraged by the high praise we have received for our set of

activities and intend to continue making collective group efforts to develop them.

At the same time, we take the areas that have been pointed out seriously and incorporate these views into our future activities. We will steadily advance disclosure of information on things we have not accomplished within our future CSR action plans. The advice to develop strategic CSR through dialogue with stakeholders truly is the backbone of CSR activities, and we are now in the process of furthering strengthening this. We believe contributing to resolving global social and environmental issues is a future priority initiative and have begun a concrete review of our response.

As a multi-faceted food and beverage company, the Suntory Group aims to be a company “Growing for Good” and will continue striving to enhance its Group CSR activities and fulfill its social responsibility. We welcome the frank comments and opinions of all of our stakeholders regarding this report.



## Corporate Message

# Suntory, Bringing Water to Life

We crafted the message “Suntory, Bringing Water to Life” because we share the fruits of our philosophy—grounded in our corporate philosophy of “In Harmony with People and Nature”—with society at large. Our slogan indicates that, as a company that delivers the bounties of water and nature to our customers in the form of whiskies, beers, wines, soft drinks, and health foods, we are working to protect both water, a precious resource for the world, and the environment that produces that water. It also evokes the idea that we aim to enrich the lives of our customers and satisfy the needs of society as a whole just as water enriches the life of our world. We put “bringing water to life” into practice in order to bring us into harmony with people, society, and nature.