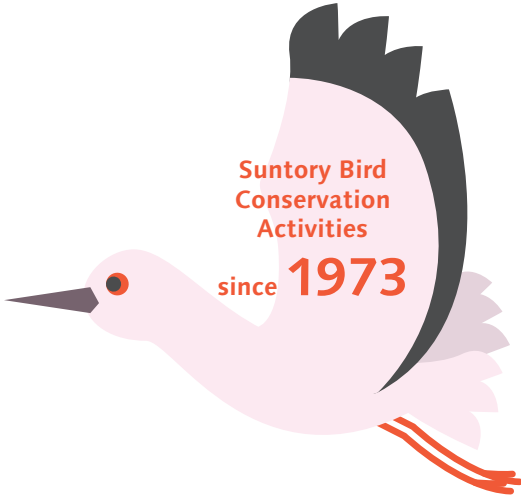


SUNTORY

Suntory Group CSR Communication Book 2017



Suntory Bird Conservation Activities since 1973

Suntory Environmental Vision toward 2050



Suntory Mizuiku-Education Program for Nature and Water 127,000 children and parents participated in the program

Promoting Work-Life Balance

Contents

- 03 Top Interview
Adding Value to the Global Corporate Group
- 07 Feature: Suntory's Commitment to Water
- 15 History of Suntory Group
- 17 Suntory Group Philosophy
- 18 Suntory Group Activities
- 19 To Create Harmony with Customers and Partners:
Products and Services
- 27 To Create Harmony with Nature: Environment
- 33 To Create Harmony with Society: Cultural and
Social Contributions
- 37 To Create Harmony with Employees: Diversity
Management
- 41 CSR Management
- 43 The Suntory Group Around the World
- 45 Suntory Group's Business Overview
- 46 Suntory Group's Corporate Overview
- 47 Stakeholder Dialogue (Digest)
- 48 Suntory Group's CSR Communication Tools



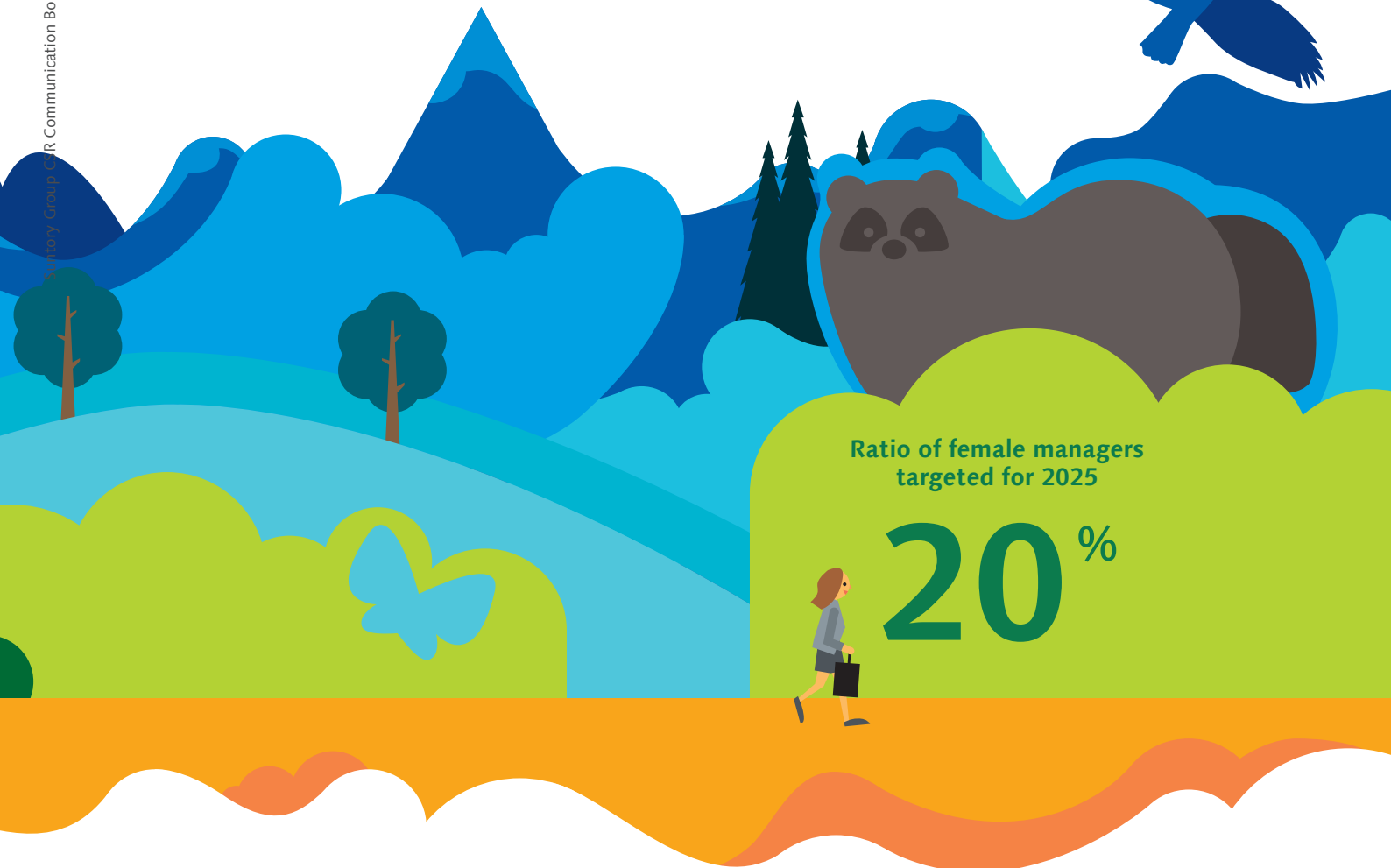
Hands-On Experience with
Forestry participants

6,463 people



01

Suntory Group CSR Communication Book 2017



Ratio of female managers
targeted for 2025

20%

To Create Harmony with People and Nature

To create harmony with people, society and nature

This is the mission we have given ourselves at Suntory and the ultimate goal we strive toward.

The stage for activities of the Suntory Group is expanding globally today, but we will never waver in our approach.

An aim to contribute to creating a fulfilling lifestyle for people while always coexisting with society and the beautiful natural environment by delivering the highest quality of products and services.

This report introduces various initiatives of the Suntory Group based on "To Create Harmony with People and Nature."



Today, the world faces a wide range of complex challenges, from the scarcity of environmental resources and the increasing food and energy demands of a growing population, to increasing social inequality. As a global corporation, the Suntory Group has a duty to address these challenges and help the world move toward viable solutions. Peter D. Pedersen, Executive Director of the Leadership Academy TACL, joins Takeshi Niinami, President of Suntory Holdings Ltd., to discuss the role corporations must play in creating a more sustainable future.

Interviewer

Takeshi Niinami

President and Chief Executive Officer,
Member of the Board, Representative Director
Suntory Holdings Limited

Peter D. Pedersen

Executive Director, TACL – The Academy for Corporate/Collaborative/Creative Leadership
Representative Director, Next Leaders' Initiative for Sustainability

Top Interview

Adding Value to the Global Corporate Group

The Suntory Way Toward a More Sustainable Future



What are some of the issues we face in the realization of a more sustainable global society?

Peter: Frameworks such as the SDGs^{*1} and COP21^{*2}, implemented in 2015, have been put in place to help mitigate the social issues the world is facing; what do you think about the international flow of these frameworks, Mr. Niinami?

Niinami: While I would like to acknowledge the global scale of the SDGs and COP21 agreement, I do feel strongly that we have not moved much closer to resolving these social issues. I think the level of uncertainty in the world is greater now than it was in 2012, when I was the chairman of an international conference held in Davos. When the future is so unpredictable, it is difficult for corporations to follow through on their intentions to improve the world. Alternatively, it is easier for companies to look inward and focus on their own profits instead. However, resolving global issues becomes even more difficult when companies deprioritize these challenges.



"The Suntory Group is an organization that has always had a strong desire to contribute to society. The spirit of 'Giving back to society' declared by the founder of Suntory, Shinjiro Torii, is still very much alive in the company today."

Peter: I feel the same way. We often call the pursuit of one thing in sacrifice of another a "trade-off," but a trade-off relationship in the context of environmental or sustainability problems such as the SDGs, and management is strange. I think we need to transition to a "trade-on" relationship, which is a phrase I coined myself. If a company works to find solutions to social issues, the organization's employees will in turn have a high-level of motivation to contribute to

society as well. A Mobius loop is created – causing repeated innovation. I think this Mobius loop is run extremely well in Suntory.

Niinami: The Suntory Group is an organization that has always had a strong desire to contribute to society. The spirit of "Giving back to society" declared by the founder of Suntory, Shinjiro Torii, is still very much alive in the company today. This spirit motivates employees and makes our community proud. It changes the meaning of our work; from a venture solely focused on the pursuit of profits to something more meaningful that is capable of bringing consumers joy. I want to build this management integrity worldwide.

What is Suntory's approach to global challenges?

Peter: The SDGs and COP21 include general expectations of the international community regarding the direction they believe innovation should be realized. Even though these efforts have not been actualized, their indicators can be used to align the goals of each country and organization and help set one direction to aim for by 2030. How is Suntory going to use these indicators?

Niinami: I consider the SDGs to be just one set of guidelines. The Suntory Group engages in practices that align with several goals included in the SDGs, but we do not need to only adhere to the SDGs. I think it is important for the Suntory Group to remain dedicated and follow through with our own CSR goals and commitments as well.

Peter: You said earlier it is very difficult for corporations to follow through on their goals in an environment with a high-level of uncertainty. What is necessary to make these goals a reality?

Niinami: Strong will and resolution. For example, water is a valuable resource for all of our business activities. An organization like ours that uses so much water has a duty to protect and nurture water resources. This is why we aim to generate twice the amount of water necessary for our plants through the continued expansion of our Natural Water Sanctuaries. Because these activities will continue on for twenty or even thirty years, we must not allow ourselves to be limited by a shortsighted view. We have to focus on long-term activities that only companies like Suntory will be able to see through. This is why I have decided to put all of my resolve into "Follow Your Nature."



"Our objective is to be a global corporation that is trusted by people around the world, rather than simply a global player driven by profit."

Peter: Some say that these international indicators are vital, but these indicators should not be the end-all, be-all of activities. I believe that SDGs should be used to drive innovation. Companies should not just simply put money toward environmental conservation activities and other efforts. These goals that have been put in place should be used as a tool to drive innovation. Wouldn't you agree?

Niinami: I do. The most important theme that drives our innovation around the SDGs is water. Our business could not survive or grow without water. We focus our efforts on water sustainability because of the many benefits that water provides us. Understanding water issues and contributing towards solutions to these problems also enables Suntory to grow sustainably. As you mentioned before, I want to generate a good Mobius loop and create a world with a trade-on relationship.

Peter: That itself is one forward-thinking management skill. Managers who think in trade-offs can only execute initiatives that act as half-measures. I'm very excited about Suntory's approach to continue to follow through with its goals and initiatives.

What are Suntory's goals as a leading global corporation?

Peter: What are Suntory's goals as a leading global corporation?

Niinami: Our objective is to be a global corporation that is trusted by people around the world, rather than simply a global player driven by profit. Suntory strives to be a corporation that enriches lives by delivering high-quality products and services, while co-existing with society and the beautiful global environment.

Peter: What role does Suntory want to play in the world as this type of corporation?

Niinami: I would like Suntory's 38,000 employees to work under a common set of values. This means we need to have every employee – not only management – fully embrace the spirit of, "Yatte Minahare" and "Giving back to society," as well as our corporate mission of operating "To create harmony with people and nature."

Suntory creates high-quality products while upholding a culture of "Yatte Minahare" as our driving force. We have also begun to share the Suntory MONOZUKURI Values, including our group companies abroad, to help showcase our approach to craftsmanship. We believe that our commitment to quality and craftsmanship provides a richer, more fulfilling experience to our consumers around the world. We also engage actively in global water conservation activities. Acknowledging that our work is made possible by water, we have an obligation to give back to nature and nurture water resources. Water is considered a global priority in the SDGs, and it is also a critical component of Suntory's global initiatives.

Peter: I understand that initiatives related to water are extremely important to Suntory. How do you plan to expand these initiatives?

Niinami: We established a corporate Sustainable Water Philosophy and framework that is designed to help expand initiatives that help mitigate water issues in each region around the world. This allows us to execute the sustainable water use practices we initially cultivated in Japan within every country in which our company operates. However, it should be noted that we are not imposing the methods used in Japan onto our Group companies located abroad. I believe that we need to empower local entities to customize these initiatives accordingly. For example, in Vietnam, the *Suntory Mizuiku* - Natural Water Education Program that was expanded for the next generation in Japan is being revamped to match local needs and is now in its second year. The Maker's Mark distillery launched its own, tailored Natural Water Sanctuary Project in Kentucky last year based on water sustainability ideas that were cultivated in

Japan. For one of our water conservation activities in Kentucky, our ECO team planted an American white oak forest along the lake adjacent to the distillery. These unique and local initiatives are moving forward with the cooperation of everyone in the community. In the future, I expect these activities to quickly grow in other countries where we do business.

The strengths and assets of every employee are indispensable in promoting these initiatives worldwide.

Peter: An organization has to stay resilient to further the realization of a sustainable society. What efforts were needed to instill the founding spirit and philosophy in every one of your 38,000 employees to become ONE SUNTORY?

Niinami: At Suntory University, we impart the founding spirit and corporate philosophies on which Suntory was built to our global Group company executives and executive candidates to ensure they gain a full understanding of these shared values. These employees then become ambassadors, bringing back this knowledge and sharing it with those around them. There are things about the importance of water and environmental management that are difficult to learn while sitting at a desk, but they can be instilled by having employees visit and gain experience from our production sites and our cultural sites, such as our Natural Water Sanctuaries, Suntory Hall, and the Suntory Museum of Art.

Peter: Communicating the philosophy and spirit to Suntory employees seems challenging as the business becomes more global.

Niinami: It is quite difficult, but it gets easier the more receptive people are to different things. This is why the Suntory Group is so focused on promoting diversity. As a global organization, we need to gather, discuss, and debate a wide range of issues to take back with us. Then we each have to decide what we can do to follow through on our underlying principles and spirit. This requires strong dedication to protect



"A trade-off relationship in sustainability is strange. I think we need to transition to a 'trade-on' relationship."

the philosophy and spirit of the organization from top management. The spirit and philosophy of Suntory is non-negotiable.

Peter: I hope that you never compromise your spirit or philosophy and continue your positive Mobius loop. The contribution of a company to society is important, but social contribution is not the only goal for the company. It is about how these efforts are connected to value. This seems like a paradox, but I hope Suntory finds a way to make it work.

Niinami: We will surely try. I learned a lot today even though we did not have that much time to speak. I look forward to more guidance from you in the future. Thank you very much.

*1 SDGs (Sustainable Development Goals) are specific guidelines determined by the United Nations General Assembly in September 2015. These guidelines incorporate 17 goals and 169 detailed targets as the achievement standards related to the economy, society, and environment, from poverty and hunger to economic growth, water, and climate change.

*2 COP21 (United Nations Framework Convention on Climate Change) is an international conference on global warming that was held in Paris in 2015. This convention primarily covered global warming measures after 2020. The Paris Agreement, which is a historical international framework related to the Kyoto Protocol, was adopted at COP21.

Conclusion of Interview

Over the past 10 years, Suntory has grown rapidly, becoming a leading global company. As the company changes, I expect Suntory will leverage its unique heritage represented by the spirits of "Yatte Minahare" and "Giving back to society" as a source of global competitiveness without diluting its unique corporate culture.

I think it is important to actively consider how contributing to resolving social issues can increase an organization's competitiveness when the challenges facing sustainability worldwide are seen from a corporate management point of view.

I predict Suntory will continue to drive innovative and strategic efforts around the world as a truly global and leading company.

Peter D. Pedersen

Feature

Suntory's Commitment to Water



Our craftsmanship is only possible through nature's gifts. It is our duty to nurture and protect water as an invaluable natural resource. Everything we create is grounded in respect and appreciation for water and we are committed to our efforts to keep water in its purest and most abundant form for future generations.

The Foundation of Our

07

Suntory Group CSR Communication Book 2017





Water

Craft





Sustainable Water

The Suntory Group Sustainable Water Philosophy was established to address relevant water issues in each of our regions of operation. As we grow internationally, we are expanding our work on water sustainability across the globe.

Suntory Group's Sustainable Water Philosophy

Formulated January 2017

Water is the most important ingredient of our products, as well as a precious shared resource. In order to achieve "water sustainability", the first pillar of Suntory Group's Environmental Policy, we want to share these values with all Suntory Group members and apply them where we operate in order to answer to our stakeholders' expectations.

1. Understanding the natural cycle of water

We investigate watersheds around our sites to understand the local hydrological cycle, using a scientific approach when needed.

2. Promoting environmentally conscious water use

We reduce the environmental impacts of water use on the natural water cycle by implementing 3R activities and returning water to nature after adequate treatment.

3. Conserving watersheds

We conserve our watersheds and endeavor to improve local water quality and quantity in cooperation with stakeholders for a sustainable future.

4. Engaging with the local community

We endeavor to support our community by fostering collective actions to solve water issues and enrich society.

Philosophy



Establishing Our Sustainable Water Philosophy

Without water, our business would not be possible. The Suntory Group believes it is our responsibility to safeguard the environment and demonstrate great respect and appreciation for nature, for current and future generations. We place particular high importance on water, as it is one of our most vital natural resources in terms of sustaining life and economic growth. In keeping with our corporate tagline, "Follow

Your Nature," Suntory works to preserve and regenerate natural water cycles.

The Sustainable Water Philosophy is a code of conduct shared throughout the Suntory Group to apply the concepts and activities we cultivated in Japan to our operations abroad. To enhance our effectiveness, we always tailor our Sustainable Water Philosophy to regional needs and circumstances.

Sustainable Water Philosophy Overview

1. Understanding the natural cycle of water



Understanding water cycles through a scientific approach

3. Conserving watersheds



Engage in water conservation and regeneration activities

2. Promoting environmentally conscious water use



Reduce water use and return purified water to nature

4. Engaging with the local community



Creating tailored water initiatives for each region



Tomomi Fukumoto

Executive Officer, Chief Operating Officer,
Corporate Communication Division,
Suntory Holdings Limited



Our Sustainable Water Philosophy in Action!

Our Sustainable Water Philosophy has four tenants: Understand the natural water cycle; Promote environmentally conscious water use; Preserve watersheds; and Engage local communities. Modeled after our operations in Japan, Group facilities abroad also apply the Philosophy to regional initiatives. As the Suntory Group expands globally, we will continue to tailor our Sustainable Water Philosophy to regional needs and circumstances.



1. Understanding the natural cycle of water

Understanding water cycles through a scientific approach

Water will always be a vital resource. In order to sustainably manage limited water resources, we must understand the natural water cycle. The Suntory Group analyses where and how water flows around our plants, how to best conserve water use in our plants, the quantity of water that can be used without having a negative impact on the environment, and what can be done to facilitate a healthy water cycle.



Shinjiro Yano

Doctor (Engineering),
Institute for Water Science





2. Promoting environmentally conscious water use

Reducing our water use



Keisuke Shimizu

Chief Engineer, (Natural Water Beer Plant)
Suntory Kyoto Brewery

We practice the 3Rs to reduce the amount of water used in our production processes. In addition to using the lowest quantity of water possible (Reduce), we utilize advanced recirculation and reuse equipment for cleaning and other purposes (Reuse/Recycle). With this innovative technology, we strive to be a leader among companies in Japan for sustainable water use. In keeping with the Suntory Group's corporate tagline, "Follow Your Nature," our production sites have made a long-term commitment to sustainable water use.



3. Conserving watersheds

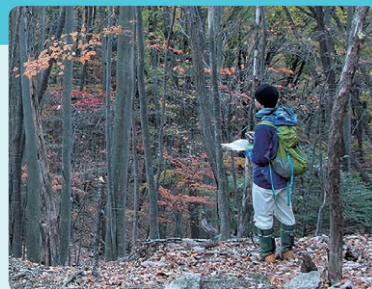
Engage in water conservation and regeneration activities



Ken Suzuki

CSR Department
Suntory Holdings Limited

To sustain the quality and quantity of groundwater, we must nurture and preserve forests. Our Suntory Natural Water Sanctuaries, founded in 2003, play an indispensable role in our business activities. In collaboration with local community members, experts have been conducting research and implementing preservation activities in approximately 20,000 acres of forest across Japan. True to our commitment to protecting precious resources, Suntory has pledged to preserve and nurture the forests that create the quality groundwater used in our products.






4. Engaging with the local communities

Creating tailored water initiatives for each region

Activities based on our Sustainable Water Philosophy are not only conducted in Japan but also by Group companies abroad. Our commitment to sustainable water use is consistent in each country and region in which we operate. Our activities to protect indispensable water resources are expanding worldwide.





Victoria MacRae-Samuels 
Vice President, Operations
Maker's Mark Distillery

Beam Suntory Inc.




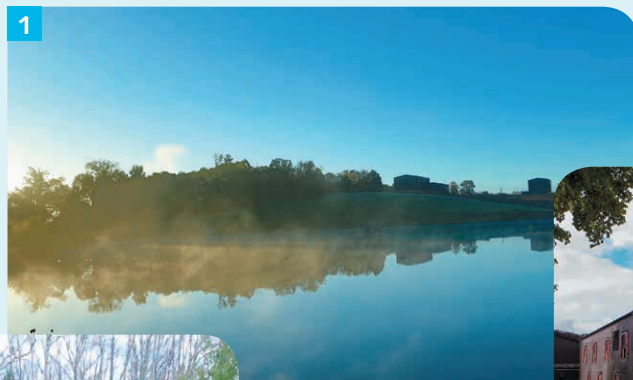
Maker's Mark Natural Water Sanctuary Project

The pristine water flowing into the beautiful lake on our distillery grounds is what gives Maker's Mark its distinctive taste. Our high-quality limestone water is central to the Maker's Mark brand. Last year, Maker's Mark launched the Natural Water Sanctuary project, in partnership with Suntory, to preserve the important forests that nurture this groundwater. We are committed to proactive conservation activities that protect our water resources, such as planting American White Oak trees ( Victoria MacRae-Samuels).

Maker's Mark is a handmade whiskey known for its rich flavor and extremely smooth finish. We respect and are committed to protecting the environment, including Maker's Mark Distillery grounds, through conservation activities that allow us to continue offering this whiskey to customers around the world. We treasure everything used in the making of our bourbon whiskey, from the water and grains used as raw materials to the American White Oak used for our barrels ( Rob Samuels).



Rob Samuels 
Chief Operating Officer
Maker's Mark Distillery



- 1** The spring-fed lake that spreads across the Maker's Mark Distillery grounds is known for the quality of its water
- 2** A building on the Maker's Mark Distillery grounds that has been designated a national landmark and American historic landmark
- 3** American White Oak trees being planted in the Maker's Mark Natural Water Sanctuary in 2016



Suntory PepsiCo Vietnam Beverage



Chung Huong Giang
Corporate Affairs Manager
Suntory PepsiCo Vietnam Beverage Co., Ltd.

Expanding Our Efforts to Nurture the Next Generation, *Suntory Mizuiku – Natural Water Education Program*

Suntory Mizuiku– In 2015, the Natural Water Education Program expanded into Vietnam under the name of "MIZUIKU-I love clean water" with support from the Suntory Group. We are very proud that Vietnam is the first country outside of Japan where the program is being implemented. Over two years, 16 elementary schools and 14,000 children in Vietnam have participated in the *Suntory Mizuiku-I love clean water* program, learning about the importance and vitality of water resources. Additionally, the program has installed and renovated restrooms and clean water filtering systems at selected schools to provide children chances to access clean water and sanitation facilities. We plan to expand this program nationally in order to raise awareness about the importance of water resources and change behavior. We also hope the children who have participated in our *Suntory Mizuiku-I love clean water* program share what they have learn with their parents and community-at-large.



Suntory PepsiCo Vietnam Beverage



4

4 Colorful program materials designed and tailored for children



5

5 Children dancing and singing together



6

6 Children learning about the importance of water while working in groups



Suntory "Land of Water" Kumamoto Support Project

The Suntory "Land of Water" Kumamoto Support Project was launched with the Kumamoto Groundwater Foundation, as a Suntory Group reconstruction initiative following the Kumamoto Earthquake. Sustainable groundwater is not only vital to the livelihoods of community members in the Kumamoto region, it is also the foundation of local industry and tourism. We support research conducted by Kumamoto University on groundwater flows and incorporate these findings into this project.



Kazufumi Onishi
Chairman, Kumamoto Ground Water Foundation (Mayor of Kumamoto)

“Groundwater is an extremely vital resource for the public in the Kumamoto region where it is almost 100% of the water used in daily life. The disaster gave us an opportunity to once again give thanks and recognize the importance of groundwater. This project is an important initiative that greatly contributes to the preservation of groundwater. The Kumamoto Groundwater Foundation is also actively furthering activities to protect Kumamoto groundwater that is the pride of the world for future generations.”



Winter-flooded rice paddies

Construction toward recovery



History of Suntory Group

History of Suntory Group's growth is founded on the two founding spirits of Yatte Minahare and Giving back to society.

History of business activities

Yatte Minahare

History of Suntory Group was built by continuous challenging spirit. Continuously taking on challenges that were not hindered by fear of failures or oppositions. Those passions lead to the creation of new markets and also allowed us to offer new values. Yatte Minahare remain and continue to be the driving force of our business operations.

1923

Initiated the manufacture of the first domestically-produced whisky in Japan



1937

Released Suntory Kakubin (square bottle) whisky



1963

Company name changed to Suntory Limited



1978

MIDORI, melon liqueur, marketed in the United States



1907

Released Akadama Port Wine, a sweet grape wine



Released Suntory Beer



1972

Suntory's beverage and food business fully launched



1899

Founded Torii Shoten



Suntory Founder: Shinjiro Torii (1879 - 1962)

Founded Torii Shoten store in Osaka City and initiated the production and sales of grape wine (Founded Kotobukiya Limited in 1921)

1921

Hojukai established and Imamiya dispensary opened



1946

Institute of Food Chemistry established (currently the Suntory Foundation for Life Sciences)



1961

Suntory Museum of Art opened



1969

Established Torii Music Foundation (Name changed to Suntory Music Foundation in 1978. Current Suntory Foundation for Arts)



1973

Suntory bird conservation activities started



Volleyball team established



1979

Suntory Foundation established



1960- 1970- Toward Realizing "To Create"

History of social and environmental activities

Coexisting with Society and Nature: "Giving back to 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. This spirit is expressed in our values of "Giving back to society." We are committed to building a mutually beneficial relationships with stakeholders and society through sharing our success.

1984

Released Suntory Single Malt Whisky Yamazaki



1983

Château Lagrange begins business operations



1981

Released Suntory Oolong Tea



1996

Released Super Hops happoshu



1993

Entered into the health food business



2005

Awarded the Monde Selection's Grand Gold Medal in the Selection of Beers division to The Premium Malt's for the third consecutive year from 2005



2004

Released Suntory Iyemon (bottled green tea)



Successfully developed world's first "blue rose"



2014

Beam Suntory Inc. established



2013

Suntory Beverage & Food Ltd. publicly listed



2015

Released The Premium Malt's-Master's Dream



2009

Acquired Orangina Schweppes Group



New research and development facility Suntory World Research Center completed



1980- 1990- 2000- Harmony with People and Nature"

1980

Rugby team established



1986

Suntory Hall opened



2003

Suntory's "Natural Water Sanctuaries" activities started



2004

Started the Suntory Mizuiku- Education Program for Nature and Water that teaches the next generation about the environment



2011

Started support for the recovery from the Great East Japan Earthquake "The Suntory Tohoku Sunsun Project"



2014

Formulated Suntory Environmental Vision toward 2050



Started the support for challenged sports



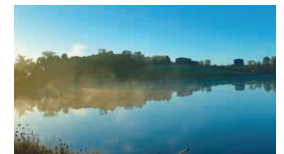
2015

Started the Suntory Mizuiku- Education Program for Nature and Water overseas, first in Vietnam



2016

Started the "Natural Water Sanctuaries" project in Maker's Mark Distillery in Kentucky, U.S.A.



Started Kumamoto Earthquake Recovery Support Activities "Suntory Land of Water Kumamoto Support Project"



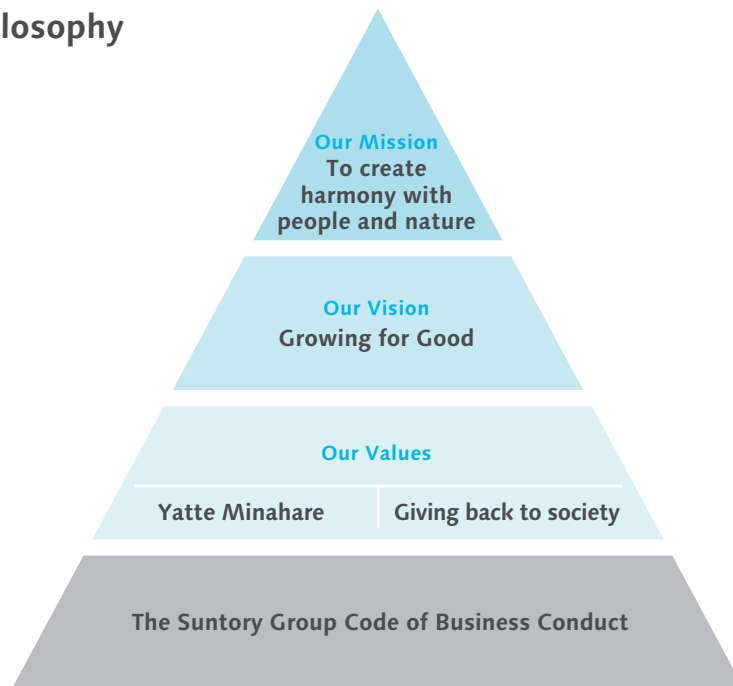
Suntory Group Philosophy

The Suntory Group has formulated following philosophy system in order to offer new values to the customers around the world and to contribute in realizing a sustainable society.



"Follow Your Nature" is our corporate brand promise. It is not just a tagline, but an open door, welcoming employees, consumers, and external stakeholders to understand who we are and what we believe. We strive to protect the environment that nurture and protect precious water vital to the earth while continuing to challenge in creating new values as a company that enrich society.

Suntory Group Philosophy



Our Mission

To Create Harmony with People and Nature

Our mission is the fundamental reason for Suntory to exist, and guides and inspires our organization. To create harmony with people and nature. We will focus on the needs of our customers. We deeply respect nature and will strive to protect the environment. By forging greater bonds of appreciation between people and the world around them, we will seek to promote richer, more fulfilling lives.

Our Vision

Growing for Good

Our Vision describes what Suntory wants to achieve. It applies both to the company as a whole, and to each individual within the company. Growing for good The bigger we are, the greater our positive impact can be. We will grow to become a company that always benefits its community. By doing good things for society and the environment, we will help make a better, brighter future.

Our Values

Our Values reflects our organization's culture.

It is forever fundamental to Suntory and expressed in the two statement:

Yatte Minahare

We earnestly accept challenges. United by our drive to succeed, we move together to create markets and provide new value. From the start, Suntory has been a pioneer. Today we look forward boldly and confidently. Those passions lead to the creation of new markets and also allowed us to offer new values.

Giving back to society

By giving back generously to the world, we show that Suntory stands for both enjoyment and responsibility. While we always aim for success, we recognize the importance of the world around us. We are committed to building long-lasting, mutually beneficial relationships.

The Suntory Group's Code of Business Ethics

The Suntory Group Code of Business Ethics is a foundation for every activity we do to realize our corporate philosophy. It formulates basic stance that we see important to fulfill our responsibilities to the society and gain their trust.

Suntory Group Activities



Activity Report

To realize our mission of "To create harmony with people and nature," we are engaging in various CSR activities with our stakeholders.

To Create Harmony with Customers and Partners

Products and Services

To deliver joy to the customers with the highest quality of products and services

Suntory Group incorporate opinion of its customers in wide range of corporate activities while maintaining and improving quality throughout the entire value chain based on the Suntory Quality Policy of "All for the Quality." We also actively engage in tackling alcohol related problems.



see page 19

To Create Harmony with Nature

Environment

To ensure limited water and resources for future generation

We have established "Suntory Environmental Vision toward 2050" to pass down sustainable and rich natural environment to the next generation and will promote environmental management as a Group through two axes of "Preserving and Regenerating the Natural Environment" and "Reducing Environmental Impact."



see page 27

To Create Harmony with Society

Cultural and Social Contributions

To continue contributing in enriching lifestyles

Based on the founding spirit of "Giving back to society," we engage in wide range of cultural and social contribution activities that best suit the time, centered in the fields of arts and culture, sports and social welfare such as developing the next generation, supporting disaster affected areas and contributing to local communities.



see page 33

To Create Harmony with Employees

Diversity Management

To nurture human resources with bigger dreams for the world

Suntory Group aims for human resource development that challenge to create new values with diversity management as its basic policy and create a working environment filled of creativity and every employee can exert their full potential.



see page 37

To Create Harmony with Customers and Partners

Products and Services

Delivering joy with the highest quality products and services

Quality, usefulness and delighting those we touch is at the core of who we are and how we create — from planning and developing new products and services, sourcing and procuring raw materials, to packaging, manufacturing and logistics until the moment of consumption. We established the “All for the Quality” Suntory Quality Policy because we believe it is our duty to provide trustworthy products and services that satisfy our customers' needs and reflect their feedback. We work hard to preserve our heritage and time-proven processes while continuously adapting to meet our customers' needs. As a global food and beverage company, we also actively engage in efforts to promote responsible drinking and reduce harmful uses of alcohol.

Suntory Quality Policy

"All for the Quality"

The percentage of customers that provided feedback on products or services and answered "would like to continue using Suntory products in the future" in our customer satisfaction questionnaire (2016)

95%





Suntory Quality Policy

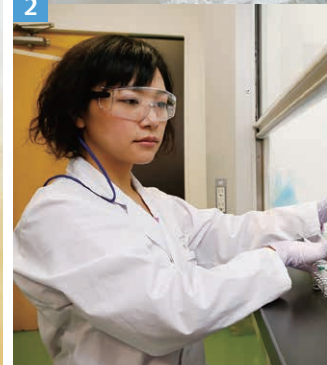
“All for the Quality”

1

1 Checking quality of wheat, ingredient of beer



2



2 Water quality analysis based on Suntory Quality Policy

Customer Safety and Reliability

1 The Basics of Our Customer First Quality Assurance Policy: “All for the Quality”

Since our founding, the Suntory Group has always been guided by a customer-first approach, constantly aiming to improve the quality of our products and services to delight our customers. Under Suntory’s quality policy “All for the Quality,” each and every employee is responsible for maintaining and improving quality to the best of their ability to earn and retain our customers’ trust.

Suntory Quality Policy: All for the Quality

(Formulated in 2004, revised in 2012)

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.

2 Global Adherence to Quality Management Rules and Standards

The Suntory Group’s quality management system enables us to maintain compliance with our quality management rules and standards even as we expand globally and enter into new lines of business.

Currently, we are operating under the Suntory Quality Management Regulations and Suntory Quality Standards which defines the quality management procedures to which each Group company and organization must adhere.

3 Quality Management Committees

We established the Quality Assurance Committee at Suntory Holdings Ltd. to promote quality management throughout the Group. This committee identifies risks to quality and resolves potential issues before they occur across the organization, based on the priorities established by each Group’s quality strategy.

The Chief Quality Officer (CQO) of Suntory Holdings Ltd. plays a vital role in this process by strengthening the quality management capabilities of each Group’s quality assurance committee.



4 Sharing Suntory MONOZUKURI Values to overseas Group companies

5 Top: Tokucha (FOSHU Iyemon) and The Premium Malt's that realized new values/Bottom: Research and development center Suntory World Research Center (SWR)

Safety Science Institute The Extension of Scope Accredited According to ISO/IEC17025

We ensure the quality and reliability of our products through Suntory MONOZUKURI Expert Ltd. and the Safety Science Institute, which have met the ISO/IEC17025 international standards for the simultaneous analysis of metals in water and the analyses of sugar content and total acidity in soft drinks. Our commitment to measurable and highly scientific quality assurance systems helps us to ensure the safety and reliability of our products both now and in the future.



Certification and appendix

Quality Assurance Activities at Group Restaurants

Each Suntory Group restaurants thoroughly check sanitation of kitchen equipment and ingredients, food allergy, and proper food labeling for our customers to feel safe and enjoy their meal.

Creating Value

4 Sharing and Expanding the Common Values in MONOZUKURI*

Our commitment as a manufacturer is creating new value and providing safe, reliable and high-quality products for customers and consumers.

We are sharing and developing "Suntory MONOZUKURI Values" which is the fundamental values and principles of MONOZUKURI in our group companies.

* The word of "MONOZUKURI" itself means "Creating things" such as beverage, whisky, beer, wine, supplements etc.

5 Creating New Value Through Research and Development

Suntory's innovations are the driving force behind the continued growth of our existing and future businesses. Research and development (R&D) is a core component of our operations, as we continuously pursue providing new value—in the form of delicious and healthy products—to our customers. Suntory's craftsmen have formulated the unique taste of Premium Malt's beers by developing micro-organism and enzyme technology.

With this technology and our food processing know-how, we have developed products like Tokucha (FOSHU Iyemon) that are both healthy and delicious. As we look to the future, we will continue to work with R&D experts across various fields to create value and delight for our customers around the world.



7

7 Trained employee responding to customers



8

8 Customer's Perspective Brush-up Seminar for employees



9

9 Example of display to prevent drinking by mistake

Delivering Customer Satisfaction

6 To Create Harmony with Customers

The Suntory Group has maintained a customer-first mentality since our founding and continues to place great value on communication with our customers. We strive to provide a sincere response to all customer inquiries and reflect customer feedback in our corporate activities as well as in the design, development and improvement of our products and services. In April 2017, we announced new initiatives to help us become even more customer-oriented.

Voluntary Declaration toward Consumer Orientation

Under the corporate mission of "To create harmony with people and nature," we will offer products and services that pursue highest quality and enrich the lifestyles of people around the world and contribute in realizing a sustainable natural environment. We strive to be a Growing for Good company that is a good corporate citizen and trusted by the customers following this corporate mission.

- 1 We will offer products and services that create harmony with the customers
- 2 We will pursue safety and reliability from customers' standpoint
- 3 We will utilize customer feedback in our business activities
- 4 We will strive to provide information to the customers
- 5 We will nurture corporate culture and awareness take action from customers' viewpoint

7 Rapid, Accurate and Polite Customer Communications

Our customer center enables us to provide rapid, accurate and clear customer communications that adhere to our customer satisfaction policies and code of conduct. In 2016, 95 percent of customers that provided feedback answered that they "would like to continue using Suntory products" in our customer satisfaction questionnaire. The valuable customer feedback we receive is recorded in a customer information management system and shared with corresponding departments in order to further improve the quality of our products, services and customer communications.

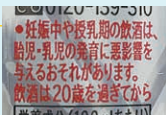
Collective Customer Feedback

We value our customers' voice. It is vital to understand our customers' perspectives in order to develop safe and enjoyable products. In 2016, we received 84,594 customer inquiries.

We listen to this customer feedback carefully and use it to continuously improve our products and services. We also collect customer feedback on new or soon-to-be released products and use these insights to inform our product development.



Can lid displays the words "Contains Alcohol"
"Alcohol" is written in Braille



Labels to warn pregnant and nursing mothers and prevention of underage drinking



10 Left: Website: Suntory's Commitment to Safety and Reliability/Right: "MONOHITO" page content (in Japanese only)

Learning to Exceed Customer Expectations

8 Valuing the Customers' Perspective

To exceed customer expectations, Suntory Group employees complete internal training and development activities that help them gain a better understanding of the customer perspective and to deliver products that exceed customer expectations. These activities shed light on ever-changing customer preferences, interests and expectations to improve the customer experience we are able to provide.

Employee Training at Every Level

Beginning in the fall of 2017, employees who have been with the Suntory Group for a few years will spend one day answering calls at the Customer Center. With the goal of fostering a consumer-centric mindset across the Group, this on-the-job training will enable junior employees to interact directly with customers and gain insight into the customer perspective and experience. As employees are promoted to management positions, their human resource trainings will also include group discussions and case studies that teach customer-oriented decision-making techniques. At every stage of an employee's career, the Suntory Group provides trainings that will lead to greater customer satisfaction.

Improving Contact Points Between Customers and Employees

On a weekly, monthly and yearly basis, we share customer feedback with employees, even those who rarely interact with customers directly. Sharing this feedback helps all employees to remain focused on the customer, their experience and perspectives.

Informational Communication of Products and Services

9 Promoting Easy to Understand and Accurate Product Labeling

The Suntory Group believes that sharing clear and accurate information is vital to ensuring customers' peace of mind and trust in the products and services we provide. For example, we use an easy-to-read "alcohol logo" on products in an effort to ensure that low-alcohol content drinks like Chu-Hi are not mistaken for soft drinks. Suntory MONOZUKURI Expert Ltd. and the Quality Assurance Division collaborate with those in charge of development, production, public relations and advertising in each Group company to ensure all product labels are accurate, useful and easy to understand.

10 Communicating our Safety and Reliability Initiatives

Information on initiatives under the Suntory Commitment to Safety and Reliability are available to customers on the global SNS. For the convenience of our overseas customers, this content is now also accessible on smartphones.



11



12



11 Top: Commitment CEO Conference where CEOs of alcoholic beverage manufacturers gather/Bottom: Meeting with Beam Suntory
12 Educational material for the family to learn about preventing underage drinking

Reducing Harmful Drinking

11 Global Activities

Beam Suntory participates in the International Alliance for Responsible Drinking (IARD) to promote responsible drinking and reduce the harmful use of alcohol. Since 2013, the Suntory Group has worked with other global alcohol manufacturers to promote the "Industry Commitment" to contribute to the World Health Organization's (WHO) global strategy aimed at reducing alcohol abuse. In 2015, the ARS Department* and Beam Suntory also started to create global marketing rules to promote responsible drinking habits.

* ARS: Alcohol Responsibility and Sustainability Department

DRINK SMART® Program at Beam Suntory

Beam Suntory implements the DRINK SMART® program as part of its activities on responsible marketing activities. Based on six basic global principles – from preventing underage drinking and drunk driving, to promoting drinking in moderation and respecting those who do not drink, Beam Suntory is expanding programming to meet the unique needs of each market and culture in collaboration with partner organizations.



12 Activities in Japan (Raising Customer Awareness About Responsible Drinking)

The Suntory Group has enlisted the ARS Committee and ARS Department to participate in responsible marketing and lead programs inside the company and externally to raise consumer awareness about responsible drinking and assist with related research.

The committee also leads alcohol and health workshops and conducts research on the positive and negative impacts of alcohol on the human body.

The Suntory Group is also expanding our campaign on responsible drinking and drinking in moderation across Japan, in cooperation with the Prevention of Binge Drinking Campaign. Additionally, we are publishing the Family Guide to Preventing Underage Drinking and are leading activities that raise awareness about drinking and driving. We have also aligned ourselves with other industry leaders, such as the Brewers Association of Japan and the Japan Spirits & Liqueurs Makers Association, to engage in efforts like the Underage Drinking Prevention Poster, Slogan, which ensures that product labels and packaging effectively inform pregnant and nursing mothers about the adverse effects of drinking.



STOP! Underage Drinking Campaign logo



Raising awareness about drinking in moderation through the moderation campaign (advertising about responsible drinking)



13



14

13 Left: Quality check at a coffee farm (Guatemala)/Right: Quality check at Oolong tea plantation (China)
14 Bau Farms (Brazil) that we contracted for stable high-quality coffee beans

Promoting Responsible Sourcing

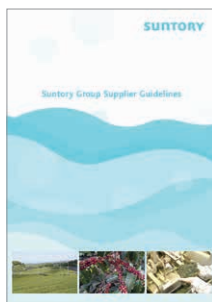
13 Responsible Sourcing Policy

As part of our mission to grow To Create Harmony with People and Nature, we work with our business partners to promote responsible sourcing throughout our supply chain. This means that our procurement activities and those of our partners are fair and in line with our corporate responsibilities related to human rights, labor and environmental standards. We provide fair and competitive opportunities for all suppliers, in accordance with the Suntory Group Basic Policy on Supply Chain CSR, our purchasing management rules and business partner selection standards. In order to further promote CSR procurement in the Group and contribute in realizing a sustainable society, we established Suntory Group Supplier Guideline in June 2017. This guideline consists from request to the suppliers around the world regarding human rights, compliance, environment, etc. to assure that we share same values with the suppliers.

Suntory Group Supplier Guidelines (Excerpt)

Business Conduct Principle

- 1 Legal Compliance and Respect for International Standards of Conduct
- 2 Human Rights, Labor, and Safety and Health
- 3 Product Quality and Safety
- 4 Global Environment
- 5 IT Security and Data Protection
- 6 Coexisting within Society and Nature



14 A High-Quality and Stable Supply of Coffee Beans from Bau Farms

The Suntory Group has entered into a contract with Bau Farms, a distributor of specialty coffee beans from farms in Minas Gerais, Brazil, to supply a high-quality and stable supply of coffee beans to the company. Bau Farms have acquired international certifications from organizations such as the Rainforest Alliance*1 and UTZ*2, which have recognized the farms for thorough quality management and a safe work environment.

*1 International non-profit organization established in 1987 with the purpose of preserving the global environment through the protection of rainforests.

*2 International certification program for sustainable agriculture that only certifies entities after satisfying strict standards.

Fighting Against Child and Forced Labor

Since 2014, the Suntory Group has been making site visits to procurement partners overseas to inquire into their human rights practices, including the use of child and forced labor. Originally, our inquiries focused on producers of malts and hops, which are main ingredients of our beer. In 2015, we shifted our focus to cleaning rooms for oolong tea and in 2016, we confirmed there were no issues at any site by conducting monitoring at five oolong tea enterprises in China.





Direction of environmental management
for 2050 envisioned by Suntory

Vision toward
2050

Number of employees participating in Hands-On
Experience with Forestry (2014 to 2016)

6,463

To Create Harmony with Nature

Environment

Conserving natural resources for future generations

Precious natural resources, such as water and agricultural products, are the foundation of our business and empowers us to be the company that we are.

The Suntory Group is committed to operating and growing "To Create Harmony with People and Nature," which begins by operating sustainably and taking the lead in ecological and restoration efforts to ensure that future generations inherit a healthy and abundant natural environment. The Suntory Group works to promote environmental stewardship based on two pillars: 1) preservation and regeneration 2) reducing our environmental impact. Additionally, we have set targets for 2020 as well as formulated an Environmental Vision 2050 under our brand promise to "Follow Your Nature."

2003
Approx. 270 ha

As of February 2017
Approx. 9,000 ha



1

2

1 Suntory Natural Water Sanctuaries in 20 locations in 14 cities throughout Japan
2 Hands-On Employee Forestry Training

Promoting Environmental Management

Formulating Suntory's Environmental Vision 2050 — Including 2020 Targets —

The Suntory Group has defined environmental management policies to provide clear direction to employees across the business. We are committed to ensuring that all employees fully comprehend and embrace our approach to environmental management so that we can coexist with nature, preserving and regenerating natural resources while reducing our environmental impact.

Overview of Suntory's Environmental Vision 2050

Preserving and Regenerating Nature

- Global expansion of conservation activities to protect wild birds, which are indicators of a healthy biosphere.
- Expand areas covered by our Natural Water Sanctuaries program, which nurtures ground water and generates twice the amount needed for our plants and distilleries.

Our Mission:
To create
harmony
with people
and nature

2020 Targets

Reducing Our Environmental Impact

- Reduce water consumption across the Suntory Group's^{*1} plants by 35%^{*2}
- Reduce CO₂ emissions throughout the Suntory Group^{*1} entire supply chain by 24%^{*2}

Challenge 1
A global leader in protecting nature

2050
Suntory's Environmental Vision 2050

Challenge 2
Reducing global environmental impact by half

Preserving and Regenerating Nature

1 Natural Water Sanctuaries

Water is what makes our business possible. The Suntory Group uses a significant amount of groundwater in our product manufacturing stage. As a result, we are committed to nurturing and preserving the forests that supply this precious resource. We have entered into medium- and long-term agreements with forest owners and governmental bodies in each region. In 2003, we also founded Suntory Natural Water Sanctuaries to conserve and sustain the forests which in turn nourish the groundwater we use. We have also set environmental targets and conducted rigorous surveys and research projects grounded in science to further our protection of forests, wildlife and water in the future.

*1 The group of companies that covers more than 80% of the Suntory Group's sales for 2012 (including overseas companies)

*2 Reduction per unit production based on the business areas in 2007



3 Top: 28th donation ceremony of Suntory Fund for Bird Conservation that protect riparian large birds, etc./ Bottom: Hanging nest boxes in the bird sanctuary at Hakushu Distillery

4 Top: *Suntory Mizuiku* "Outdoor School of Forest and Water"/Bottom: *Suntory Mizuiku* "Teaching about Water at Schools"

2 Hands-On Employee Forestry Training

We encourage our employees to participate in hands-on conservation projects at Suntory Natural Water Sanctuaries. Many Suntory Group employees and their families have participated in volunteer activities at our Natural Water Sanctuaries. Continuing through 2013, this volunteer program became the foundation of our hands-on forestry training program in 2014. Our goal is to encourage 6,000 employees from our soft drink and liquor businesses to participate in the forestry training program. We hope that these activities help them feel more connected with Suntory's founding promise to grow and To Create Harmony with People and Nature. In FY2016, nearly 3,000 people participated in the program. In the past 3 years, the total number of employees in this program added up to 6,463, surpassing our initial target.

3 Suntory Bird Conservation Activities

Wild birds are a natural barometer for the health of a forest. We believe that protecting wild birds is an essential component of supporting nature holistically. In 1973, we launched our Suntory bird conservation activities and established the Suntory Fund for Bird Preservation in 1989. Between 1990 and 2017, the Fund has provided 417,760,000 yen (approximately USD\$3.8 million) in grants to 343 organizations that support wild bird conservation in Japan and abroad. Most recently, in 2014, we established the Riparian Large Bird Conservation to protect storks, crested ibis, cranes and other large birds that help preserve the naturally rich waterfronts of Japan.

4 *Suntory Mizuiku* – Education Program for Nature and Water "Outdoor School of Forest and Water"

Suntory Mizuiku, our natural water education program for children, was created to ensure that future generations inherit a rich and abundant natural environment. The first pillar of *Suntory Mizuiku* is our Outdoor Forest and Water Education program for third- through sixth-graders and their parents. Held at the Natural Water Sanctuaries, this program is conducted in partnership with expert environmental educators. The program has been recognized for its effectiveness in teaching children to value water, forests and the vast wilderness of Hakushu (Yamanashi prefecture), Okudaisen (Tottori prefecture) and Aso (Kumamoto prefecture). As of 2016, almost 21,000 parents and their children have participated in this program since the program launched in 2004.

"Teaching about Water at Schools"

The second pillar of *Suntory Mizuiku* is our Water Education in Schools program for fourth- and fifth-grade students and their teachers. Through educational videos and experiments about the cycles of nature and its importance, we encourage students to preserve water for future generations. As of 2016, 105,000 students at 1,400 schools have participated in the program, which has been held in metropolitan areas such as Keihanshin, Yamanashi, Aichi, Gifu, Tottori and Kumamoto. In 2015, we held *Suntory Mizuiku* in Vietnam, our first time conducting the program outside of Japan. We are currently expanding our original education program to include lessons about water, health management and the importance of water conservation.



5



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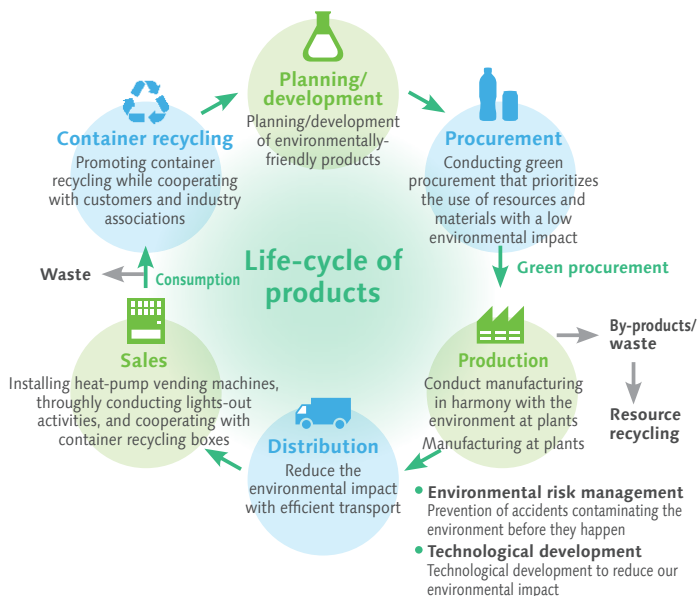
5 Top: Managing wastewater 24 hours/Bottom: Implemented highly efficient Integrated Transportation Arrangement system to reduce travel distance and time
6 Left: Solar panel at Minami Alps Water Plant of Suntory Products Ltd./Top: First private company to implement lithium-ion battery equipped electric buses for plant visits/Bottom: Snow room at Okudaisen Bunanomori Natural Mineral Water Plant of Suntory Products Ltd.

Reducing Our Environmental Impact

5 Reducing CO₂ Emissions and Water Consumption Throughout our Value Chain

The Suntory Group works to reduce the environmental impact of our activities along the entire supply chain, from sourcing ingredients and raw materials, through production, packaging, distribution and recycling. These efforts are geared toward lowering our carbon emissions as well as limiting our water use, doing our part in helping to reverse global warming, preventing pollution and responsibly managing chemical substances. To further mitigate our environmental impact, we have reduced the weight of our containers, increased the use of recycled materials and installed energy-saving vending machines. Additionally, our ground transportation has been optimized for efficiency, due in part to our modal shift^{*1}, use of larger vehicles that transport more goods in fewer trips, and an independently developed system. Due to increased shipping to Kyushu as a result of the Kumamoto Earthquake, our CO₂ emissions increased by five percent (to 123,000 tons) between 2015 and 2016. However, we were able to limit the per unit production increase to three percent.

*1 Changing distribution method with lower CO₂ emissions. Compared to the CO₂ emission when transporting freight by 1km by truck, CO₂ emission of sea transport is approximate 1/5 and train is approximately 1/8.



6 Energy-Saving and Water Conservation Initiatives at Production Plants

Living in harmony with nature begins with our plant operations. To ensure our production processes are energy-efficient, we keep meticulous records and manage our operations centrally. We are contributing to the fight against global warming throughout our operations, switching to low-emission fuels and using renewable energy where possible. When it comes to water conservation, we focus on the three Rs—Reduce, Reuse, Recycle—to reduce the amount of water our plants use to clean and cool equipment. Our efforts are paying off: between 2007 and 2016, we've reduced our water use by 32.5 percent per unit production across our plants.

CO₂ Emission Performance^{*2} 2016 (at 25 production plants in Japan and 54 production plants overseas)^{*3}

	Emission (1,000 tons)	Per unit production reduction rate ^{*4}
Japan	336	4.8% reduction
Americas	184	2.6% reduction
Europe	119	5.8% reduction
Asia/Oceania	144	6.9% reduction

Water Usage Performance 2016 (at 25 production plants in Japan and 54 production plants overseas)^{*3}

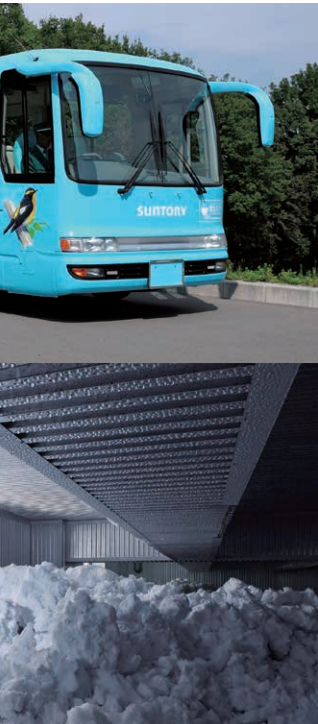
	Usage amount (1,000 m ³)	Per unit production reduction rate ^{*4}
Japan	21,332	3.4% reduction
Americas	6,517	1.6% reduction
Europe	5,732	7.4% reduction
Asia/Oceania	5,522	6.3% reduction

*2 CO₂ emissions from electricity are calculated using a CO₂ emission coefficient based on the GHG protocol 2007.

*3 Data covers 25 production plant in Japan and 54 production plants in overseas owned by companies that consists 90% of the Suntory Group's sales

*4 Per unit production is the amount of emission per kiloliter produced; the rate of reduction is shown as a comparison to the previous year

* CO₂ of production plants of Suntory Beverage & Food in Japan and overseas are 419,000t (Scope 1: 200,000t, Scope 2: 218,000t) and water consumption is 21,574,000 m³



Lightest plastic bottle cap in Japan^{*7}

Thinnest labels in the Japan (Using 80% recycled PET resin)

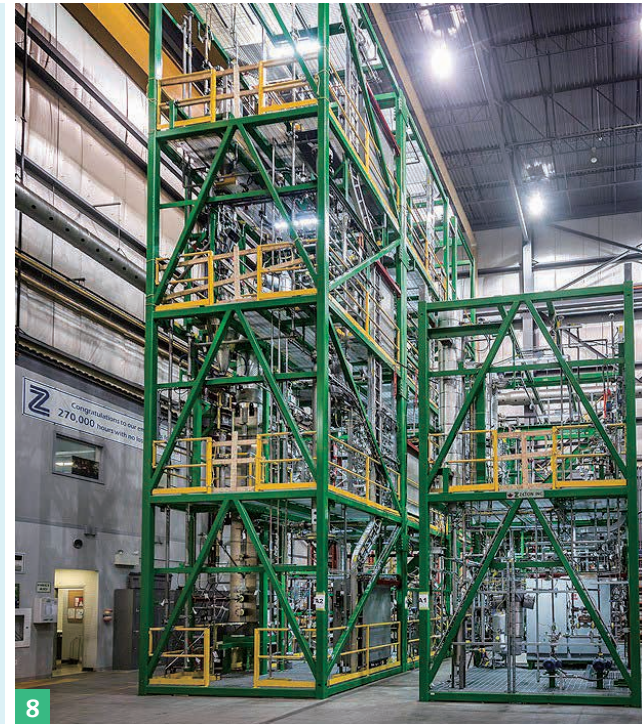
Lightest PET bottle in Japan^{*8} (Using 30% plant-derived materials)

2R + B^{*9}

^{*7} For 30 φ plastic bottles

^{*8} Plastic bottles for mineral water in Japan (500ml to 600ml) Data surveyed by Suntory as of March 2016

^{*9} 2R+B is a registered trademark.



7 Development of containers under the 2R+B strategy **8** Demonstration plant in Texas, U.S.A.

Energy-Saving Vending Machines

To further enhance our energy efficiency, the Suntory Group has introduced “heat-pump energy-saving vending machines,” which consume less energy than conventional vending machines. We are on-track to meet our goal of replacing 80 percent of Suntory Group vending machines with this energy-efficient alternative by the end of 2017. Moreover, since 2014, we have begun to install “extreme energy-saving vending machines,” which consume half as much energy as “heat-pump energy-saving vending machines.” By controlling power usage and utilizing new technology, under optimal conditions, we operate vending machines with the lowest energy consumption in Japan.^{*5}

^{*5} Compared to a selection of 25 primary automatic vending machine manufacturers in Japan as of December 2016. (Survey conducted by Suntory Beverage Solution Ltd.)



Suntory Beverage & Food Ltd. Named a CDP Water 2016 A List Company

In 2016, Suntory Beverage & Food Ltd. was recognized by the Carbon Disclosure Project (CDP)^{*6} for initiatives ranging from water resource cultivation to reduced water use in plants. Among a group of 1,252 organizations surveyed worldwide, Suntory Beverage & Food Ltd. was one of 24 companies recognized on the 2016 CDP Water A List.

^{*6} The Carbon Disclosure Project is an international NPO that measures, discloses, manages and shares vital environmental data of companies and cities.



7 Introducing Environmentally-Friendly Containers and Packaging

In 1997, we developed environmental design guidelines for packaging and containers to reduce their environmental impact. Today, we continue to reduce the environmental impact of our plastic bottles by designing containers that are both people- and planet-friendly, based on our own unique 2R+B approach^{*10} (Reduce/Recycle+Bio). Suntory Beverage & Food Ltd. was awarded the 2016 Minister of the Environment Award for Promoting the Development of a Recycling-Oriented Society in recognition of our efforts to reduce our environmental impact and adopt the world's first plastic bottle cap that uses 30 percent bio-based polyethylene terephthalate (PET) materials.

^{*10} Plastic bottles for mineral water (500 ml to 600 ml) in Japan as of March 2016 according to survey by Suntory Beverage & Food Ltd.

8 Developing Plastic Bottles Using 100% Bio-based PET Materials

The Suntory Group is swapping out petroleum-based raw materials for renewable raw materials to manufacture our plastic bottles. In 2013, we rolled out 550ml Suntory Tennensui mineral water bottles that were made with 30 percent bio-based polyethylene terephthalate (PET) materials. Suntory Holdings Ltd. is now working with Anellotech, Inc., a green innovation and technology company in the United States, to develop a plastic bottle made from 100 percent bio-based PET materials. In 2016, we constructed a verification plant to produce PET bottle materials in the state of Texas, as we plan to introduce plastic bottles made from 100 percent bio-based PET materials for the Suntory Tennensui brand.



To Create Harmony with Society

Cultural and Social Contributions

To continue contributing in enriching lifestyles

At Suntory, we are committed to giving back to the communities that have supported our growth and success. In the spirit of "Giving back to society," which originated with our founder, Shinjiro Torii, we contribute to cultural and social initiatives that have a lasting impact on current and future generations. We also support a wide range of community-building initiatives, from programs that support child development to those that provide disaster relief, and contribute to local communities through the arts, culture, sports, and social welfare.

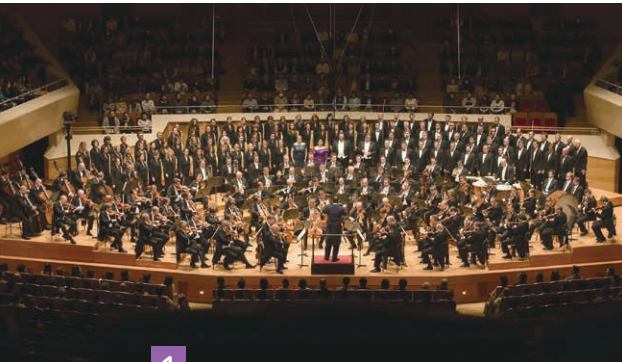
Number of visitors to Suntory Hall and
Suntory Museum of Art in 2016

Approx.
1,030,000 people

Founding year of Social Welfare Organization Hojukai

1921





1



2



3



4



6

1 Top: Suntory Hall Bottom: Suntory Museum of Art 2 38th Suntory Prize for Community Cultural Activities award ceremony
3 Concert by student musicians 4 Rugby Clinic by Sungoliath

Enriching Lives and Culture in Japan

1 Suntory Foundation for Arts

Following the opening of the Suntory Museum of Art in 1961, the Suntory Group established the Torii Music Foundation in 1969 and the Suntory Hall in 1986. The Suntory Group has supported the arts for nearly half a century because we believe that art and music uplift the spirits of our communities. In 2009, we established the Suntory Foundation for Arts, with a focus on contributing to the popularization and expansion of Japanese music and art.

Suntory Hall

When the Suntory Hall opened in 1986, it was the first hall in Tokyo dedicated to live concerts. In 2016, 630 performances were held in Suntory Hall, featuring world-class artists from all over the world, welcoming approximately 650,000 audience members.

Suntory Museum of Art

Based on our "Art in Life" principle, the Suntory Museum of Art opened its doors in 1961. In March 2007, the Museum was moved to Tokyo Midtown in Roppongi, where it now houses approximately 3,000 pieces, including one National Treasure and 15 Important Cultural Properties, and hold various events. In 2016, 380,000 people visited the Museum.

2 Suntory Foundation

Established in 1979 to celebrating the 80th anniversary of Suntory's founding, the Suntory Foundation is committed to support research in the field of humanities and social science, with the aim of fostering culture in local communities. The Foundation also awards the coveted Suntory Arts Prize and the Suntory Prize for Community Cultural Activities. In addition to conducting its own research, the Foundation provides grants to research institutes and overseas publishers in the humanities and social sciences and supports young researchers.

Developing the Next Generation

3 Supporting the Next Generation Through Arts and Culture

The Suntory Museum of Art is dedicated to helping the next generation appreciate art and culture through "Education Program." The museum runs various activities such as the "Children's Museum: Everything Open All Day!" initiative during holidays for elementary to junior high school students and their guardians for free since 2014. Since 2014, we have hosted "Concerts for Children" at Suntory Hall and organized the "Minato-Ku & Suntory Hall Enjoy! Music Project." Additionally, we are strengthening programs to nurture young performers as well.

4 Supporting the Next Generation Through Sports

Players from the Suntory Sungoliath rugby team and the Suntory Sunbirds volleyball team hold sports clinics to teach sports to children across Japan. In 2016, approximately 6,000 children participated in these clinics. Additionally, the Sungoliath rugby team provides operational support to the Suntory Cup Japan Kid's Tag Rugby Championship and the Sunbirds host Ball Play Seminars for Children, so these young athletes can experience the joy of exercise in their elementary school classes. We also provide operational support to local volleyball competitions.

5 Hibarigaoka Gakuen

The Hibarigaoka Gakuen has been educating children, from kindergarten through high school, since Suntory's founder Shinjiro Torii became its first chairperson in 1950. The school places particular importance on cherishing the concept of "filial piety" and also strengthening activities and special lectures about the environment.



6 Takadonoen and Tsubomi Nursery School 7 Top: Wheelchair basketball class /Bottom: Supporting Japanese national wheelchair basketball team
8 "Häagen-Dazs Ice Cream School" by the Suntory Tohoku Sunsun Project 9 Press conference for the "Suntory Land of Water Kumamoto Support Project"

Social Welfare

6 Hojukai

In 1921, Suntory's founder and first Chairman of Hojukai Shinjiro Torii, established the "Imamiya Dispensary" free clinic in the Airin district of Osaka City to assist people struggling with financial hardship. Since then, Hojukai has served as a social welfare organization, operating "Takadonoen," a special care facility for seniors, "Domyoji Takadonoen," a general-purpose welfare facility, the Tsubomi Nursery School, and the West Asahi-ku Community General Support Center commissioned by Osaka City. Today, Hojukai is working on expanding its services to include in-home nursing care. In 2017, Takadonoen and the Tsubomi Nursery School relocated to new, even more comfortable facilities, enabling them to provide an even greater level of care.

Challenged Sports

7 Suntory Challenged Sports Project

Suntory Group has been engaging in activities close to challenged athletes with the slogan of "PASSION FOR CHALLENGE" based on its founding spirits "Yatte Minahare." To further promote challenged sports, we become official sponsors of the Japanese Para-Sports Association and the Japan Wheelchair Basketball Federation since 2015, we have promoted the importance of sports and encouraged employees to volunteer and conduct outreach.

Disaster Recovery Support

8 Supporting the Great East Japan Earthquake Recovery Efforts

In response to community-rebuilding efforts following the earthquake and tsunami, the Suntory Group launched the "Suntory Tohoku Sunsun Project" with particular focus on the fishing industry, children, culture and sports and challenged sports. Through "Support Recovery of the Fishing Industry," we have helped the fishing industry to recover approximately 10,000 fishing vessels through covering part of the fee for acquiring them and our "Youth Support Initiatives," have enabled us to support building seven after-school and childcare facilities and holding workshops hosted by Suntory Group companies. We established the Vienna Philharmonic & Suntory Music Aid Fund to provide support through culture, the arts, and sports. Additionally, the Suntory rugby and volleyball teams holds sports clinics in areas affected by the disaster, and our "Challenged Sports" program provides grants for young people with disabilities to pursue their athletic passion. All told, we have contributed more than 10.8 billion yen to support disaster relief activities to date and remain committed to reconstruction efforts moving forward.

9 Supporting Kumamoto Earthquake Recovery Efforts

The Suntory Group has delivered approximately 210,000 bottles of Suntory Tennensui mineral water in April 2016 and contributed 100 million yen in relief aid to municipalities affected by the Kumamoto earthquake in following May. We also launched the "Suntory Land of Water Kumamoto Support Project," providing an additional 300 million yen to support reconstruction initiatives in October of the same year. We are dedicated to ensuring the sustainability of groundwater in this region and continue to engage in activities to uplift the lives of community members in affected areas through culture, arts, and sports.





To Create Harmony with Employees

Diversity Management

Nurturing employees' bold ambitions

Diversity is at the center of the Suntory Group's management philosophy. Because embracing diverse values and ideas across our employee base drives value for our business, the Suntory Group is committed to supporting the creative potential of our employees as they address our business challenges head-on.

We actively encourage consistent communication between supervisors and employees to clarify each employee's unique role and goals, helping co-create targets and continuously supporting their individual development.

We have also established methods and incentives that enable employees to embrace Yatte Minahare – Suntory's spirit of bold ambition – so they are equipped to work toward loftier goals without the fear of failure.

Number of Suntory Group employees

38,013

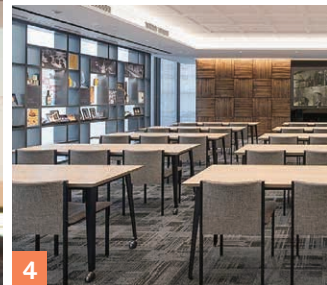
Ratio of female managers targeted for 2025

20%



1

1 Holding Global Human Resources Conference with overseas Group companies



4



5

Global One Suntory

1 Suntory People Way

Our business expansion is accelerating across the globe, and our employee base is growing along with it. To support our employees, who are the driving force behind our growth and transformation, we established the "Suntory People Way," a core set of principles that is rooted in and elevates our unique culture by focusing on three elements: Family, the "Yatte Minahare" spirit of bold ambition and Engagement. A concept and belief closely held by everyone at Suntory Group, the Suntory People Way helps define all of our human resource activities. Moreover, to develop management solutions for diversity promotion, we also created the Group Diversity Vision.

Suntory People Way

FAMILY

We are One Suntory family. We provide opportunities for personal and professional growth, health and well-being with long term view, while empowering our people to deliver results.

YATTE MINAHARE!

Just like our founders, we set exciting and ambitious goals and then tenaciously pursue their achievement. We demonstrate a spirit of never giving up.

ENGAGEMENT

We are bonded by the Founding Spirit and vision of "Growing for Good". Each and every day, our highly engaged and unique individuals work in harmony, bring our very best and create value that surprises and delights our customers, consumers and society.

Suntory Group Diversity Vision

We will come together as ONE by respecting our individualities and fostering trust, leveraging each Suntorian's unique traits and talents.

We will courageously embrace diverse thinking, actions and experiences to build an even better future as ONE SUNTORY.

Promoting Work-Life Balance

2 Health Management to Maintain and Improve Employee Wellbeing

We believe that the ability to work energetically each day, motivated both in body and mind, is what constitutes health. In 2016, The Suntory Group initiated Health Management – a wide range of health measures for our employees, from enhanced health check-ups and periodic self-checks, to the establishment of a follow-up system and initiatives to prevent lifestyle-related diseases. Suntory's Health Management has been recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi in the 2017 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category) - White 500.



3 Global Health Management

The health and wellness of our employees and their families is an essential foundation to their – and our – spirit and innovation. Suntory has launched a cross-Group project team that advances activities that promote and protect the health of our employees. This initiative helps bring best practices across our business units globally to promote health. For example, all employees around the world are following in the footsteps of Suntorians of Suntory Beverage & Food Europe by adopting their Walking Activity, which encourages employees to get moving.

UNIVERSITY



4 Suntory Founding Spirits Hall established in January 2016 5 Ambassador Program
6 Global Leadership Development Program 7 Global Leadership Forum

Developing Human Resources

4 Suntory University – ONE SUNTORY

Because corporate growth relies on a strong and engaged workforce, we are dedicated to creating an environment where employees can develop and harness their capabilities to the fullest. In April 2015, we launched the Suntory University Human Resource Development Program so our employees can sharpen their skills, grow personally, and stay motivated. Additionally, Suntory University fosters an understanding of our Founding Spirits, and ultimately help realizes our vision for a global ONE SUNTORY.

Three Programs of Suntory University

Philosophy Program Founding Spirits: This program ensures all employees are equipped to practice and embody our Yatte Minahare spirit of bold ambition and commitment of giving back to society.

Leadership Program Leadership Development: This program nurtures employees' leadership potential through training and mentoring, with the goal of cultivating employees' potential so they can take on global challenges.

Fundamental Resource Development Program Infrastructure Human Resource Development: This program aims to build a culture of ongoing learning and growth by supporting our employees' autonomy while developing their individual skills.

5 Cultivating Ambassadors

It is vital to Suntory's growth and success that we nurture team unity globally, and for each Suntorian, wherever they are, to share in our values. In 2012, we established the Ambassador Program to help raise employees' understanding of our Founding Spirits as well as foster unity across the different Suntory groups. Through a comprehensive program of lectures, tours and workshops in Japan, employees return to their home companies and become ambassadors, sharing what they have learned with others. As of December 2016, more than 850 employees have participated in these programs.

6 Cultivating Future Global Management Leaders

In 2016, Suntory conducted a Global Leadership Development Program (GLDP) around the Suntory Leadership Competency, an index of competencies and values the Group has consistently applied. This six-month program brought together 25 Suntorians from Japan and in our operations around the world to develop their leadership skills, with the ultimate goal of continually cultivating talent among the company's rising leaders around the world. Graduates of the program gain a deeper understanding of our corporate values and philosophies through rigorous team discussion and working sessions designed to drive innovation.

7 Leadership Development through Management Strategies Curriculum

We have developed a management strategies curriculum that incorporates a variety of insight and perspectives from outside of the company. We leverage learning from other industries and regions around the world to continuously cultivate strong business leaders, beyond conventional operations know-how. For example, the Global Leadership Forum (GLF) is a program that targets senior leadership selected from within each Group company and designed to (1) Support Suntorians with a deep understanding of the Founding Spirits; (2) Provide an overall Group management perspective that goes beyond the range of individual companies and functions; (3) Share expertise to facilitate synergy through networking between target individuals.

CSR Management

Corporate Governance

We have introduced a pure holding-company system that separates "group management" and "business operations" and maintains a good relationships with all stakeholders while striving to enhance our corporate governance, so that we may fulfill our social responsibilities as a company.

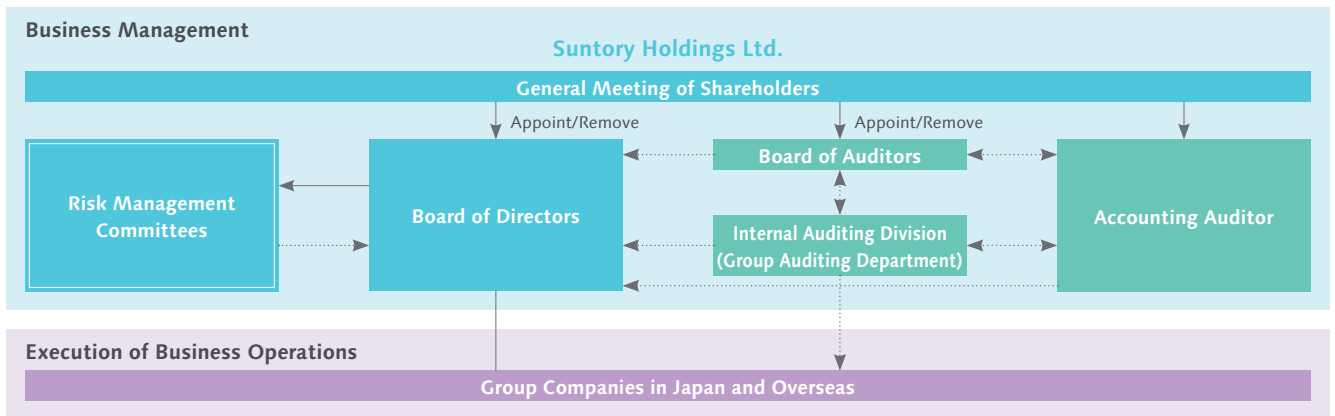
• Boards Responsible for Group Management

The Suntory Holdings' Board of Directors, which is made up of 11 directors, including one outside director (as of April 2017). The Board of Directors engage in concrete discussion, debate and makes decision regarding management issues of the entire Group and also functions as auditors of the business administration practiced by all Group companies. We have also separated the business administration and execution of business operations and make swift decisions through the adoption of the Executive Officer system.

• The Management Auditing System

Suntory Holdings' Board of Auditors is made up of four auditors, including two external auditors (as of April 2017) to monitor the execution of operations, the status of internal control systems, and other related matters. In addition to setting up a Board of Auditors Office to support the auditing operations of the Board of Auditors, Suntory Group has established a Group Auditing Department that acts as an internal auditing division which audits and inspects the execution status of business operations of all Group companies. The external auditors also audit accounts, verifying the appropriateness and legality of accounts and the internal accounting systems from an objective perspective.

Corporate governance structure



Risk Management

In response to the expansion of global business, the Global Risk Management Committee (GRMC) was newly established in April 2015 in order to carry out risk management throughout the entire Group worldwide. A risk management committee and risk management teams have been installed in each business enterprise according to objectives from ascertaining our risks to executing countermeasures and establishing crisis management systems to fulfill our responsibilities to all stakeholders.

• Enterprise Risk Management (ERM)

We assess risk that includes the business risk as well as environmental and social issues at all of our Group companies every year as the risk surrounding companies becomes more diverse and complex due to the globalization and informatization of the economy and greater awareness of corporate social responsibility. We are advancing Group-wide risk reduction activities by identifying risk that has a large impact on all of our stakeholders. We engage in monitoring through our departments supervising response to risk together with each risk management committee. In FY2016, we identified and captured risk throughout the entire Group from a global perspective and examined countermeasures in addition to risk extraction and countermeasure assessment at each business entity. The content of these activities is reported at the Board of Directors Meeting.

• Strengthening Information Security Systems

The Suntory Group is promoting activities to reduce risks in the entire Group concerning information security crises such as ① information leaks, ② damage to reputations due to SNS flaming, and ③ system failure or stop in operations caused by attack to the system from outside through enhancing each respective countermeasures.



Guide Book on Using Social Media

● **Anti-bribery Education**

We declared a basic approach to anti-bribery initiatives (Anti-Bribery Measures) for Suntory Group executives and employees throughout the world in 2015 after stricter bribery regulations such as The Foreign Corrupt Practices Act (FCPA) were put into effect internationally. Guidelines on business entertaining and gift-giving were formulated to comply with global standards and raise awareness. The efforts of the GRMC are reported at the Board of Directors Meeting. In addition to the business entertaining and gift-giving addressed in 2016, we formulated global anti-bribery policies as new guidelines that covered aspects such as donations and political contributions while making every effort to raise awareness and train our employees. In the event of corruption or actions thought to be corruption are discovered, we have established and set in place a Global Compliance Hotline to report and advise about any potential corruption and advocate our employees to report the discovery of these actions immediately.



Study session on the anti-bribery guideline

Compliance

We have established a compliance promotion system to realize our corporate mission from a cross-Group view based on the Suntory Group's Code of Business Ethics formulated in 2003 so that all of our employees share common values and take action according to common rules. We revised our principles with reference to the ISO26000 international standard in 2012 and revised again in 2017 for all Group employees around the world to better understand it. In addition, we hold workplace discussions around various themes such as cases related to compliance and ongoing worldwide and the diverse challenges seen from the overall and individual standpoint

of the Group companies to remind about basic compliance and nurture an ethical perspective.

The Compliance Department was established under the Risk Management Headquarters to promote compliance from a cross-Group perspective. The Compliance Department must remain aware of all measures formulated and implemented at each workplace and how those measures conform to policy as well as offer advice on specific issues. They take an active role in promotion by formulating and raising awareness about unique action policies that respond to the various issues faced by each Group company in Japan and overseas.

The Suntory Group's Code of Business Ethics (Excerpt)

1. Customer-oriented Standpoint

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. Fair and Just Activities

We undertake all business activities in compliance with laws and regulations, and in accordance with a strong sense of ethical values.

3. Contribution to Society

We, as a good corporate citizen, will actively make contributions to society.

4. Preserving the Environment

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.

5. Creating Comfortable Working Environment with Diversity and Respect Human Rights

We respect human rights and endeavor to create a corporate group where employees are engaged and satisfied.

6. Management and Use of Information and Assets

We endeavor to properly manage and effectively utilize corporate assets and information and respect the rights of third parties



Compliance Hotline awareness poster



Poster to raise awareness about drinking manner as an occasional reminder to employees

The Suntory Group Around the World

The Suntory Group

Number of Group companies and employees: As of December 31, 2016 (321 companies and 38,013 employees)

Sales: January 1 to December 31, 2016 (total of ¥2,651.5 billion)

- Non-alcoholic Beverage and Food Companies
- Alcoholic Beverage Companies
- Health Foods, Restaurants, Flowers, and Services Companies
- Cross-functional Companies and Others



Europe*1

Sales: **¥293.9 billion**

Group companies: **106**

Employees: **4,960**

- Suntory Beverage & Food Europe
- Orangina Suntory France
- Lucozade Ribena Suntory
- Schweppes Suntory España
- Schweppes International
- Château Lagrange S.A.S.
- Grands Millésimes de France S.A. (GMdF)
- Château Beychevelle
- Château Beaumont
- Barrière Frères S.A.
- Weingut Robert Weil



Asia/Oceania

Sales: **¥283.8 billion**

Group companies: **79**

Employees: **9,605**

- Suntory Beverage & Food Asia
- BRAND'S Suntory
- Suntory Garuda Group
- Suntory PepsiCo Vietnam Beverage Co., Ltd.
- Frucor Group
- Suntory (China) Holding Co., Ltd.
- Suntory Huiyuan (Shanghai) Beverage Co., Ltd.
- ASC Fine Wines Holding Ltd.
- Suntory (China) Holding Co., Ltd.
- Suntory F&B International Group
- Toyota Suntory Midorie (Shanghai) Co., Ltd.
- Suntory Business System Asia
- Suntory China Quality Assurance Center Co., Ltd.
- Suntory Trading Hong Kong Ltd.

Around the World



Japan

Sales: ¥1,747.5 billion

Group companies: 82

Employees: 18,149



Americas*²

Sales : ¥326.3 billion

Group companies: 54

Employees: 5,299

- Suntory Beverage & Food Ltd.
- Suntory Foods Ltd.
- Suntory Foods Okinawa Ltd.
- Suntory Beverage Solution Ltd.
- Suntory Beverage Service Ltd.
- Sunvend Co., Ltd.
- Japan Beverage Holdings, Inc.
- A-Star Co., Ltd.
- Suntory Products Ltd.
- Suntory Spirits Ltd.
- Suntory Allied Ltd.
- Sungrain Ltd.
- Osumisyuzo Ltd.
- Suntory BWS Ltd.
- Suntory Beer Ltd.
- Okinawa Suntory Ltd.
- Kyushu Suntory Techno Products Ltd.
- Suntory Liquors Ltd.
- Suntory Wine International Ltd.
- Fwines Co., Ltd.
- Iwanohara Vineyard Co., Ltd.
- Monte Bussan K.K.
- Dynac Corp.
- Pronto Corp.
- Izutsu Maisen Co., Ltd.
- Suntory Flowers Ltd.
- Suntory Marketing & Commerce Ltd.
- Suntory Publicity Service Ltd.

- Suntory Investment and Development Ltd.
- Sun-Ad Co., Ltd.
- Suntory Wellness Ltd.
- Connecto Co., Ltd.
- Häagen-Dazs Japan, Inc.
- Suntory MONOZUKURI Expert Ltd.
- Suntory Coffee Roasting Ltd.
- Suntory Malting Ltd.
- Suntory Logistics Ltd.
- Suntory Business System Ltd.
- Suntory System Technology Ltd.
- Suntory Communications 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
- Social Welfare Organization Hojukai

Cultural Facilities

- Suntory Museum of Art
- Suntory Hall

- Pepsi Bottling Ventures Group
- Beam Suntory Inc.
- Restaurant Suntory Mexico Group

*1 Europe, Middle East and countries in Africa

*2 Countries in North America as well as Central and South America

Suntory Group's Business Overview

Non-alcoholic Beverage and Food Business

We pursue the highest level of taste and quality to bring happiness and health to the lives of our customers and deliver a variety of products, ranging from mineral water, coffee, green tea, oolong tea, carbonated drinks and sports drinks. We also develop variety of premium products unique to Suntory that are tailored to both the taste of customers and the needs of the time, such as the food for specified health uses (FOSHU) which utilize our research technology developed over many years. We manufacture and sell these developed non-alcoholic beverages and foods globally in Japan, Europe, Asia, Oceania, the Americas, etc.



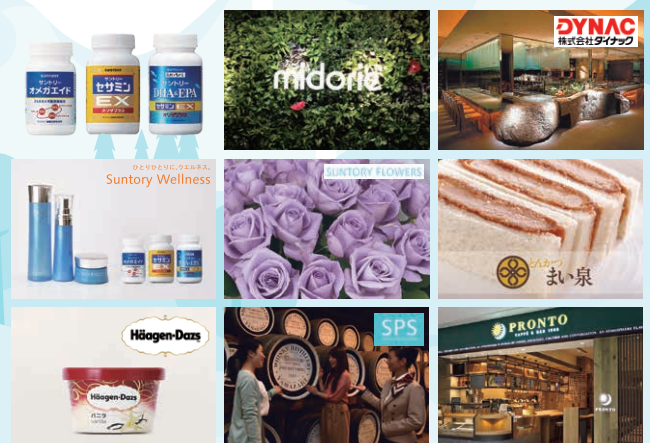
Alcoholic Beverage Business

Since the inauguration of its business in the production and sale of wine in 1899, the Suntory Group has continued taking on challenges in new businesses, including production of Japan's first authentic whisky and entry into the beer market, to provide a wide variety of products as a multi-faceted beverage company. Aiming for greater growth, we pursue global expansion of our spirits business through Beam Suntory Inc., and have strengthened our beer business through Suntory Beer Ltd. We are engaged in winemaking of the highest quality in Japan and Europe, and have also linked up with noted wineries around the world to develop a wine business based on a global perspective.



Health Foods, Restaurants, Flowers, and Services

We are widely involved in restaurant businesses in Japan and overseas such as manufacture and sales of ice creams as well as restaurants mainly in Mexico and Asia to offer new value in the food culture of our customers. Moreover, we provide a wealth of products in our health food business, such as Sesamin EX that leverages long-term polyphenol research. In our flower business we offer variety of products such as the world's first blue rose that takes advantage of our biotechnology developed in other businesses. We are also expanding our beverage business in China, greenification business which proposes a wall surface greenification system, advertising, support for sales promotion and reception service for cultural facilities.



Cross-functional Companies and Others

Suntory has established functional companies which bring together operations that crosscut all Suntory Group companies to carry out expert services related to optimization of management, quality assurance, technological development, supply chain management, advertising and design, customer relations, and business systems, while further improving the efficiency of group management. Our cross-functional companies are responsible for services such as fundamental research and operational support. We also proactively contribute to cultural and social activities through such as backing for three public interest incorporated foundations that promote the arts, academic research and local culture, and a social welfare organization that operates senior care facilities and nursery schools.



Suntory Group's Corporate Overview

Suntory Group

Group companies: 321^{*1}

Employees: 38,013^{*1}

Consolidated sales: ¥2,651.5 billion^{*2}

Consolidated ordinary income: ¥175.8 billion^{*2}

*1 As of December 31, 2016

*2 January 1, 2016 to December 31, 2016

Suntory Holdings Limited

Head Office: 2-1-40 Dojimahama, Kita-ku, Osaka City, Osaka, JAPAN

Suntory World Headquarters: 2-3-3 Daiba, Minato-ku, Tokyo, JAPAN

Inauguration of business: 1899

Established: February 16, 2009

Chairman of the Board & Chief Executive Officer: Nobutada Saji

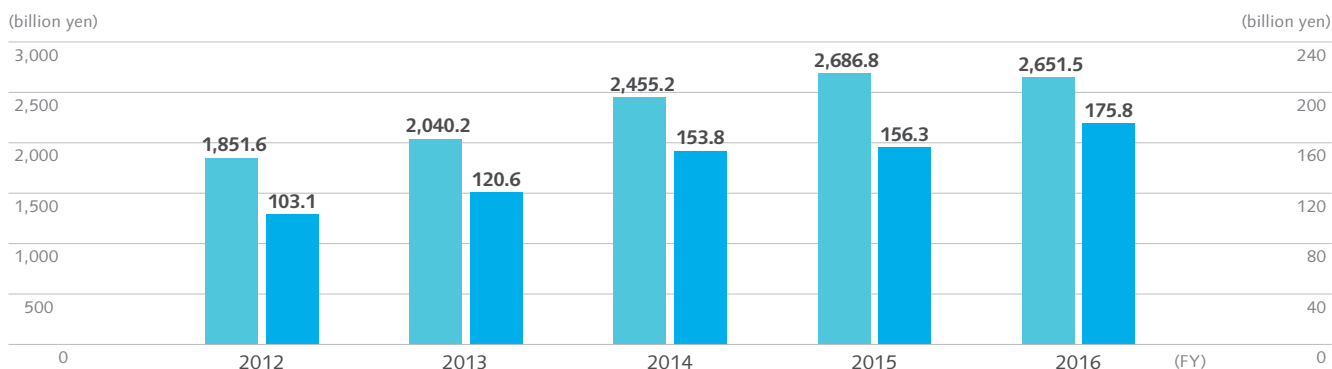
President & Chief Executive Officer, Member of the Board, Representative

Director: Takeshi Niinami

Capital: ¥70 billion

Consolidated sales/Consolidated ordinary income

■ Consolidated sales (left axis) ■ Consolidated ordinary income (right axis)



Sales by business segment (FY2016)

Other

(Operations in China, health foods, ice cream, restaurants, flowers, and other operations)

¥261.9 billion (10%)

Alcoholic Beverage

(Whisky, RTDs, shochu, beer, wine, and other alcoholic beverages)

¥988.7 billion (37%)

Beverages and Food

(Non-alcoholic beverages, health drinks, processed food, other products)

¥1,400.9 billion (53%)



Sales by geographic region (FY2016)

Asia/Oceania

¥283.8 billion (11%)

Europe

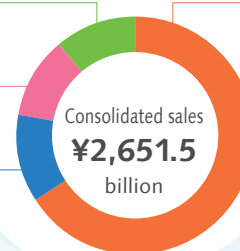
¥293.9 billion (11%)

Americas

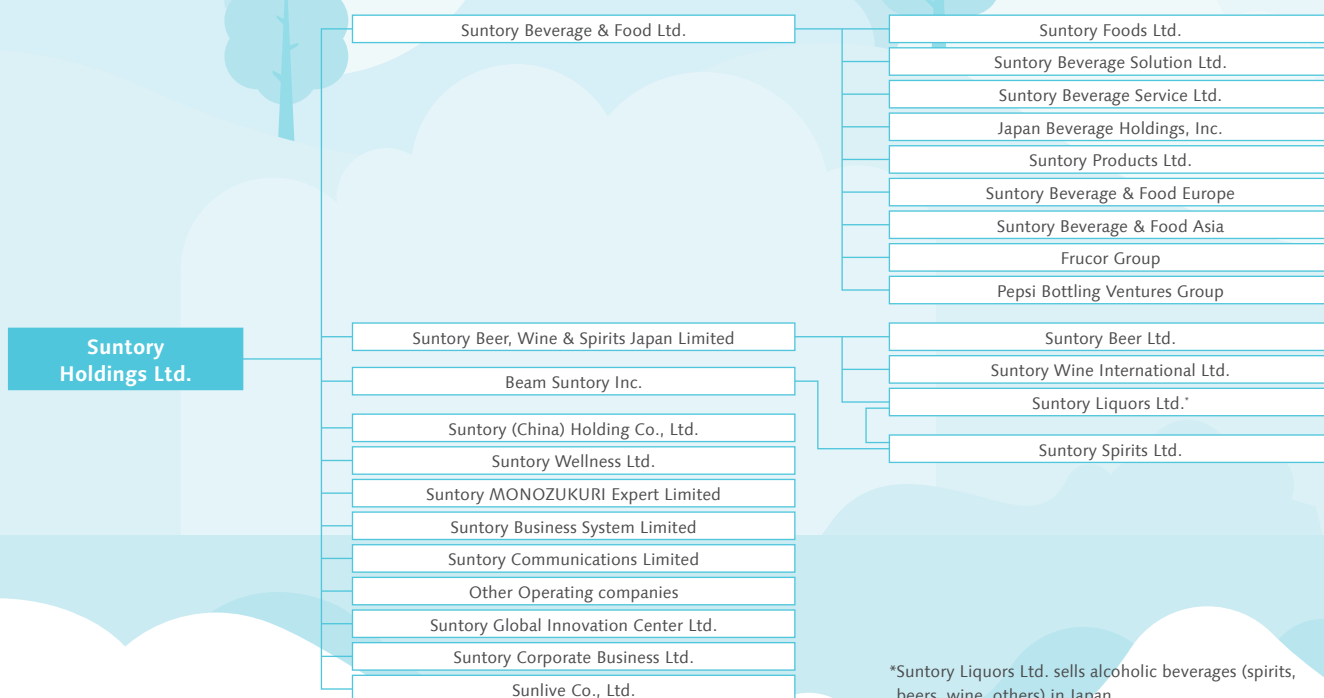
¥326.3 billion (12%)

Japan

¥1,747.5 billion (66%)



Group Organizational Diagram (as of April 1, 2017)



*Suntory Liquors Ltd. sells alcoholic beverages (spirits, beers, wine, others) in Japan.

Stakeholder Dialogue Digest

On June 6, 2017, we invited experts to the Suntory Minami Alps Hakushu Water Plant to introduce the activities of the Plant and also to discuss the activities of the Suntory Group which established the Sustainable Water Philosophy with an aim of contribute in solving issues related to water around the world.

Date: June 6, 2017 (Tue.)

Venue: Suntory Minami Alps Hakushu Water Plant

Experts

Naoki Adachi

Chief Executive Officer,
Response Ability, Inc.

Taikan Oki

Special Advisor to the President,
The University of Tokyo

Sachiko Fumoto

Executive Officer, Nikkei Business
Publications, Inc.

Suntory

Tomomi Fukumoto

Executive Officer, Chief Operating Officer,
Corporate Communication Division, Suntory Holdings Ltd.

Kenji Naiki

Senior General Manager, Environmental Sustainability Strategy
Department, Corporate Communication Division,
Suntory Holdings Ltd.

Masaki Tomioka

Senior General Manager, CSR Department,
Corporate Communication Division,
Suntory Holdings Ltd.

Yuji Tsukamoto

Senior General Manager,
Suntory Minami Alps Hakushu Water Plant, Suntory Products Ltd.



CSR with Story Increase Corporate and Brand Values

I think Suntory's thoughts behind the Sustainable Water Philosophy and they direction of their activities are commendable. It should be also noted that how issues related to water are considered and how to approach them are different by region. There are many companies outside Japan that put effort in investing in CSR because they know CSR has positive impact on their business. CSR with story increases corporate and brand values. I hope Suntory to carry out activities like those as well.

Naoki Adachi Chief Executive Officer, Response Ability, Inc.



It is Vital to Engage in Activities as Part of the Corporate Strategy Instead of CSR

When looking at the SDGs as a common language which overviews the society in future, Suntory's focus on Sustainable Development Goal 6, "Water and Sanitation" is fantastic. I hop Suntory will not focus too much on the environment and engage in activities that lead to creating health economy and a just society. Activities that consider return to business or carrying them out as corporate strategy matches the spirit of the SDGs and are also sustainable activities. I think using Suntory's Yatte Minahare and Giving back to society to understand SDGs is a good idea.

Taikan Oki Special Advisor to the President, The University of Tokyo



Hope for Spark Innovation that Brings Awe to Society through Water

In doing so, Suntory needs to send a message to the customers about what Suntory is doing through water. A communication that customers feel and understand Suntory's CSR activities such as water resource cultivation, great activities carried out as a company, and that purchasing Suntory products contribute in protecting the environment.

Sachiko Fumoto Executive Officer, Nikkei Business Publications, Inc.

In Response to the Feedback

I would like to thank everyone for the advices on where we should direct our activities and our future engagements. Contributing to the enrichment of the society and offering new values with mid- to long-term perspective is our mission and activities unique to Suntory, which continuously challenge to create new values based on our founding spirits and contribute to the society to enrich people's lives. I was also able to reaffirm the importance of communicating in and outside the company together with promoting our CSR activities. Each employee needs to recognize our position as a company which cannot continue its growth without sustainable water. Each employee must also think and act with an understanding of the meanings of Sustainable Water Philosophy and Follow Your Nature to spread the understanding of Suntory around the world. We will firmly draw out an image of what we strive to be and promote activities unique to Suntory so we can contribute in realizing a sustainable society through the Sustainable Water Philosophy and to grow as a "good company" trusted by people around the world.



Tomomi Fukumoto Executive Officer, Chief Operating Officer, Corporate Communication Division, Suntory Holdings Ltd.

Suntory Group's CSR Communication Tools

The Suntory Group is communicating its CSR initiatives in various forms through booklet, website, etc.



Suntory Group CSR Communication Book 2017

This report focuses on important activities to realize our mission "To Create Harmony with People and Nature" and unique Suntory initiatives. It is edited in an easy-to-understand form.

Scope of Subjects Covered

Organizations

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

- Environmental data covers 25 production plants in Japan and 54 production plants in overseas owned by companies that consists 90% of the Suntory Group's sales (P.31)
- For personnel data, focused on employees who have employment contracts with Suntory Holdings Ltd. and Suntory Beverage & Food Ltd. (P.37 to 40)

Time Frame

The data covers performance from January 1 to December 31, 2016. The activities covered include some of the most up-to-date events.

Guidelines Referenced

- GRI (Global Reporting Initiative), "Sustainability Reporting Guidelines 4th Edition" (G4)
- ISO 26000 ("Guidance on social responsibility")

Published

June 2017 (next edition scheduled for June 2018)



Suntory Group CSR Site 2017

The Suntory Group CSR website publishes more detailed information than this report. Information such as CSR-related data, unique Group company initiatives and dialogue with society are available. Please browse through the information based on your needs.

Reported in accordance with the Core level of the Global Reporting Initiative (GRI) G4 guidelines.



Suntory Group CSR website 2017
<http://suntory.com/CSR/>

Inquiries

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SUNTORY

FOLLOW YOUR NATURE

