

Sustainability

WATER

Conserving Water Resources for Future Generations

SBF has made a promise to society, expressed in the Japanese words, *Mizu To Ikiru*, to use water sustainably. We recognize water sustainability as an important priority for our business activities, and we will continue to contribute to finding solutions to water problems in regions around the world.



Conserving Nature that Fosters Water

Since 2003, Suntory has signed medium- to long-term agreements with local governments and forest owners throughout Japan. Under these agreements, which cover periods of several decades, Suntory develops forests as Natural Water Sanctuaries. By March 2019, we had developed forests covering a total area of approximately 12,000 hectares at 21 locations in 15 prefectures and the groundwater these forests accumulate exceeds the water intake at our production facilities.

In France, Orangina Suntory France entered into a 20-year water resource conservation partnership with Grand Parc Miribel Jonage, a natural park located near its Meyzieu Plant. Under this partnership, the company supports forest conservation activities in the park and educational programs for children.



Japan: SBF employees helping to conserve water resources

In Spain, Schweppes Suntory España is helping to conserve nature near its plant in Carcaixent. The company is also contributing to the conservation of fire-damaged forests.



France: The Grand Parc Miribel Jonage

Environmental Education Initiatives Around the World

Suntory Mizuiku—Education Program for Nature and Water will enter its 16th year in 2019. This unique Suntory program helps children to appreciate the wonders of nature and understand the importance of forests to the maintenance of water resources, while thinking about how water resources can be conserved for the future.

We also began to implement the program in Vietnam in 2015. By the end of 2018, around 18,000 children had participated in the cities of Hanoi, Ho Chi Minh, Bắc Ninh and Bến Tre, and in the Quang Nam, Lang Son provinces. In 2019, we plan to extend the program to other parts of the world, especially Indonesia and other Asian countries.



Vietnam: Activities for the *Suntory Mizuiku* environmental education program

Access to Safe Water

In Nairobi, Kenya, SBF Group is helping to provide access to safe, hygienic drinking water in schools through the Kangemi Resource Centre, a local community support group that aids education and efforts to overcome water shortages.

orphanage in Lagos, Nigeria.

In Vietnam, we helped the main schools involved in the *Suntory Mizuiku* educational program to improve their sanitation environment by repairing and installing toilets, washrooms, and other facilities.



Nigeria: A 2,000-liter water tank donated by SBF in Lagos

Reducing Water Consumption through “3R” Activities

Suntory Group factories use large quantities of water as a raw material, to clean equipment, and as a coolant. Water is a valuable and finite resource that needs to be used as efficiently as possible. We achieve that by reducing the amount of water used, by repeatedly treating and reusing it, and then recycling the water back to nature. We ensure that any waste water we discharge is as close as possible to its natural state and that it is carefully managed under our own standards, which are more rigorous than those mandated by law.

Global Activities Based on the *Mizu To Ikiru* Philosophy

SBF Group companies in various countries are responding to local water-related problems through *Mizu To Ikiru* activities.



Spain: Drawing competition for all Suntory employee children

Spain: SBF Group employees are given hourglasses to measure time spent showering



Vietnam: *Mizuiku* training for executives



Topics

Harmony with Nature that Fosters Water —Initiatives at the *Suntory Tennensui* Plants

Suntory Tennensui is currently produced at the Minami-Alps Plant in Yamanashi Prefecture, the Aso Plant in Kumamoto Prefecture, and the Okudaisen Plant in Tottori Prefecture. At the end of 2020, a new production plant will become operational in Omachi City, Nagano Prefecture, providing a new source of water for *Suntory Tennensui*. In addition

to using environment-friendly equipment, we will also work with local communities to protect the regional environment. The new plant will be a totally new kind of experience-based facility where people will be able to enjoy the wonders of nature and water through all five senses.

We will continue to work through various initiatives to achieve harmony with nature that fosters water.



Image of the new Omachi plant

SBF Selected for the CDP Water Security A List in Three Consecutive Years

CDP is an international non-profit organization dedicated to the measurement, disclosure, management, and sharing of environmental data about businesses and cities. SBF has earned recognition from the CDP for its water resource conservation initiatives and efforts to reduce water consumption in its factories.



First Company in Japan to gain the Alliance for Water Stewardship (AWS) Certification.

The Okudaisen Bunanomori Water Plant, which produces *Suntory Tennensui*, has achieved AWS certification as a sustainable water user.

ENVIRONMENT

Responding to the Environmental Challenges Facing Society

SBF is promoting environmental management as part of the Suntory Group. As a company that benefits from the blessings of nature, we believe that we have a special responsibility to contribute to the creation of a sustainable society.



2030 Environmental Goals

We have set two goals for the reduction of the environmental impact resulting from our business operations.

1. Water

- 15% reduction*1 in the amount of global water used in SBF plants

· We will reduce the amount of water used for cleaning facilities and packages and cooling systems in our plants. We will also maximize water reuse.

*1 Reduction per unit of production based on business segments in 2015

2. CO₂

- 25% reduction*2 in global CO₂ emissions from SBF plants
- 20% reduction*2 in global CO₂ emissions across our entire value chains other than SBF plants

· We will reduce container weights and increase the use of recycled and plant-based materials.
· We will actively introduce Japan's most energy-efficient vending machines.

*2 Reduction of total emissions volume based on business segments in 2015



Certification of Science Based Target (SBTs)

One of our 2030 Environmental Goals is to reduce greenhouse gas emissions. Our reduction goal has been certified, on the basis of scientific evidence, as the level required to achieve the target set by the Paris Agreement, which aims to keep the global temperature rise of this century below 2°C.

Reducing CO₂ Emissions

We are converting facilities at our plants to use fuels with low CO₂ emission levels, such as liquefied natural gas (LNG). We are also using various renewable energy resources, such as sunlight, snow/ice, biomass, and micro-hydro systems.

In 2014, we began to install "Eco Active" ultra-energy efficient vending machines with the aim of further contributing to the reduction of environmental impact. These machines operate on just 420 kWh per year, or about half of the power consumed by conventional vending machines, which is the lowest power consumption of any vending machine in Japan.



A snow chamber at the Okudaisen Bunanomori Water Plant



Energy efficient vending machine

Responding to the Plastic Waste Problem

SBF has adopted a "2R+B" strategy that calls for the reduction of the quantities of plastic used, the recycling of plastic waste, and the use of bio-derived materials obtained from plants. We have undertaken a variety of innovations, including the development of lightweight container materials, the reduction of container thicknesses, and the introduction of PET bottles made from plant-derived materials.

We have been contributing to Japan's transition into a recycling-based society for many years. For example, in 2011, we became the first manufacturer in Japan to introduce mechanical recycling on a bottle-to-bottle (BtoB) basis.

In 2018 we made a significant step forward in the area of PET bottle recycling with the introduction of the world's first flake to preform (FtoP) direct recycling system. Developed in collaboration with Kyoei Sangyo Co., Ltd, this highly efficient BtoB technology reduces environmental impact by producing bottles from recycled PET. We will continue to use advanced technology such as this as we work toward our medium-term target of using recycled PET bottles for over half of the soft drink products we sell in Japan by 2025.

SBF Group companies around the world are also pursuing initiatives in response to local priorities, including the improvement of recycling rates, the creation of social infrastructure, and consumer education.

In Europe, the introduction of recycled PET bottles has been a priority for Lucozade Ribena Suntory for many years. It is also supporting the development of a circular economy society through the UK Plastics Pact, a framework for government-industry collaboration.

In Oceania, Frucor Suntory has pledged its support for the New Zealand Plastic Packaging Declaration and is working to raise recycling rates.



FtoP direct recycling system

Reducing the Environmental Footprint of PET Bottles

(As of February 2019)



*3 Polyethylene cap made from 100% plant-based ethylene. This does not account for any trace amounts of petroleum-based materials left on machinery at the time of material conversion or plastic colorants

*4 For mineral water PET bottles (500 to 600 milliliters) manufactured in Japan

Supply Chain Sustainability Initiatives

At all stages in our supply chains, we work with our business partners to ensure not only product safety but also sustainability, through business activities guided by our consideration for the environment and society. The Suntory Group adopted The Suntory Group's Basic Policy on Supply Chain CSR in 2011, and the Suntory Group Supplier Guidelines in 2017. The Global Procurement Conference, in which overseas Group companies also participate, provides a forum for the discussion and sharing of the Suntory Group's global procurement

philosophy and business practices under that philosophy.

To monitor the activities of our suppliers, we conduct yearly questionnaire surveys and visits to producers of raw materials, such as oolong tea and fruit juices. Our monitoring activities also include discussions about human rights issues, such as child labor and forced labor.



Suntory Group Supplier Guidelines

HEALTH & WELLNESS

Helping People to Enjoy Healthier Lifestyles

SBF uses knowledge accumulated through the development of natural and healthy products in Japan to provide consumers worldwide with products that bring enjoyable wellness to their lives.



Expanding Our Portfolio of Natural and Healthy Products—SBF's Key Strength

For decades the expansion of the world beverage market has been driven by consumer demand for drinks, especially carbonated products, which contain large amounts of sugar. In recent years, there has been an accelerating shift in demand toward healthier and more natural drinks.

For many years SBF has developed sugar-free and low-sugar drinks, such as tea and water, for consumers in Japan, which has become a leading market for natural & healthy beverages. Today, we are using that knowledge to develop new drinks in other countries, such as *goodmood* in Indonesia and *MayTea* in France. *goodmood*, which was developed in Indonesia, was also launched in Vietnam and Thailand in 2019.

In Europe, we are actively reducing the

amount of sugar in our products, especially in *Lucozade* and *Ribena*. Our goal for the future is to use the synergy of our global long-selling brands, our technology, and our expertise to help consumers worldwide to experience enjoyable wellness.



goodmood (Indonesia)



MayTea premium low-sugar iced tea (France)

Ideas for Healthier Lifestyles

We have aligned our vision for the future in Japan with that of consumers who want to continue to enjoy healthy and positive lifestyles. Our commitment to supporting the aspirations of these consumers is encapsulated in the “100-Year-Life Project,” which we launched in the fall of 2018. Activities under this project include joint research with outside institutions, the development of beverages designed to combat lifestyle diseases, the reinforcement of our product portfolio, and the provision of lifestyle improvement programs.

In Europe, we issued a report entitled “Moving on Health and Wellbeing.”

Activities include initiatives to encourage nearly one million people to do more exercise, halving the amount of sugar used in our main brands, restructuring office health programs with the cooperation of employees, and the promotion of physical and mental wellbeing at work. Focusing on beverage products, we will continue to contribute globally to solving health problems from the perspectives of both taste and health.



100-Year-Life Project

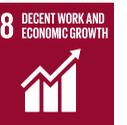


Moving on Health and Wellbeing

PEOPLE

Enhanced Growth for Employees and Society

One of the fundamental principles of the Suntory Group is the promotion of diversity through diversity management. Throughout the world, we aim to create energized working environments in which people with a wide variety of individual attributes can work productively in the Suntory culture of freedom and open-mindedness.



Sharing and Disseminating Our Philosophy —Yatte Minahare, Giving Back to Society, One Suntory

We use a variety of activities to foster understanding and acceptance of our founding philosophy, including the *Yatte Minahare* spirit, in all of our Group companies in Japan and overseas. Top management executives are actively

involved in these efforts. For example, they personally visit offices and plants in Japan and other countries to hold town hall meetings at which they explain our founding spirit and vision in their own words.



Spain: Employees and Yatte Minahare

Global Human Resource Development, Promotion, and Exchange —Talent Management Encompassing All Employees

We conduct talent reviews across the entire SBF Group in order to discover, develop, and utilize people with the ability to succeed in the global arena. We also consider human resource exchanges across borders and business segments as a way of accelerating career development through the provision of a wide variety of

growth opportunities.

The Suntory Group also implements talent management for all employees. For example, specialist advisers help employees to develop their careers independently through individual career consultations and workshops.



Thailand: “One Suntory Walk” event

Topics

Selection for the “White 500” List



The Suntory Group recognizes healthy and energetic employees as the source of its competitiveness. In 2016 we began to introduce health management and implement work-style reform initiatives with the aim of maintaining and improving the health of our employees and their families. In recognition of these efforts, Suntory Holdings and Suntory Beverage & Food were selected for the large enterprise category of the “White 500” list in 2019. The Certified Health and Productivity Management Organization Recognition Program is jointly administered by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi to provide recognition for companies that have made outstanding progress with health and productivity management.

Selected as One of Vietnam's Top Three Sustainable Businesses in 2018 and for Asia Human Resources Development Awards 2018

Suntory PepsiCo Vietnam Beverage was selected by the Vietnam Chamber of Commerce and Industry (VCCI) as one of the top three sustainable businesses in Vietnam. This is the third time that the company has won the award.

In addition, for recognition of its positive impact on communities through human resource development in Asia, Suntory PepsiCo Vietnam Beverage was selected for the Asia Human Resources Development Awards.

