

Suntory Beverage & Food Limited
Investor Relations Website <PDF version>



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SBF Financial results
suntory.jp/financial_results_en/



Corporate Governance Report
suntory.jp/governance_report_en/



SBF sustainability
suntory.jp/sbf_sustainability_en/





Becoming a True Global Company beloved by consumers all around the world

Makiko Ono

President & Chief Executive Officer



We are now surrounded by extremely difficult business environment, such as global political uncertainty, surging material and energy costs, and the sharp devaluation of yen. In this challenging environment, we will focus on our efforts to become a True Global Company that is beloved by consumers, stakeholders and employees.

● Brand Innovation

We will create and refine our brands, and further enhance their taste and quality by quickly capturing the change in lifestyle and preference of consumers to be beloved by consumers from all around the world. We will also leverage our extensive portfolio to expand our brands globally, creating intergroup synergy. We will take on the challenge of innovation and provide products and services with new value that exceed consumers' expectations.

● Diversity

We will focus on promoting diversity and incorporating diverse opinions as it enhances our competitive power, as well as creating a strong organization that fuses different ideas and values to create new innovations.

● Sustainability

We conduct our business with the blessing of nature, mainly water. To continue our business for years and generations to come, we will be more than ever proactive in addressing environmental and social issues, and work as a group to lead the industry in water resource conservation, reduction in GHG emission, recycling of PET bottles, not to mention health and human rights.

We will continue to accelerate our performance globally, and all employees globally will work together and combine their strengths to further evolve the operating model and outgrow competition.

We sincerely ask for the continued warm support of our shareholders.

Management Strategy

1

Corporate vision and promise

Promise

Mizu To Ikiru

Water is the source of all the lives on the planet.

We promise and declare to society that we make our living with water.

We embrace nature, enrich our society
and encourage our people to take on new challenges.

Vision

Always start from consumers
Pursue to create new taste, well-being and joy
Aim to be the most locally beloved company

2

Medium-term strategy

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

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

Aim for profit growth which outpaces revenue growth.

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

Growth strategy

First Mover – Organic growth

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

Game changer – Inorganic growth

- Go beyond RTD (Ready To Drink)
- Expand into new markets
- Accelerate M&A investment

Enablers

- Accelerate 'Centers Of Excellence' and 'DX'
 - Establish Asia-Pacific Region to unlock growth*
- * Established in January 2021

Structural transformation

- Vending machine business transformation in Japan
- On-premise business transformation in Europe

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

3

Medium-term plan (2021-2023)

Organic growth

(Base year: 2020, on a currency neutral basis)

Revenue: CAGR mid-single digit growth

Operating Income: CAGR above 10% growth

Operating Income Margin: Achieve 10% by 2023

* Target to surpass 2019 Revenue and Operating Income level in 2022

(Achieved 2019 level of Operating Income in 2021)

Inorganic growth

Accelerate M&A investment

- Maximum net debt equity ratio 1x (Approximately ¥700 billion)
- Allocate ¥200–300 billion for investment

4

Business portfolio policy

Based on the corporate vision & promise, and medium-term strategy, we continuously review and build our business portfolio in terms of category, brand, and geography for sustainable growth.

Each business is comprehensively evaluated based on the strategy, the impact on businesses, the sales growth potential, and the profitability.

Category / Brand

Through core brand innovation and future category innovation, always stay half a step ahead of changing consumer unconscious needs and build a brand portfolio that provides the best taste, quality, well-being and joy.

Geography

Realizing sustainable growth in four major regions: Japan, APAC, Europe, and the United States which have a business platform (supply chain, distribution system) to establish our brands in the market.

Executive Leadership

Board of Directors



President & Chief Executive Officer

Makiko Ono



Director, Executive Vice President
SBF COO
SBF International CEO

Shekhar Mundlay



Director, Senior Managing
Executive Officer
SBF Japan CEO
Director, Chairman of the Board &
Chief Executive Officer of Suntory
Foods Limited

Hachiro Naiki



Director, SBF Europe CEO

Peter Harding



Director

Hiroshi Miyamori

Important Concurrent Positions
Executive Officer of Suntory Holdings
Limited



Outside Director,
Independent Officer

Yukari Inoue

Important Concurrent Positions
Managing Director of Kellogg
Japan G.K.
Outside Director of Toyota Tsusho
Corporation



Director, Member of the Full-time
Audit and Supervisory Committee

Yuji Yamazaki



Outside Director, Member of the Audit
and Supervisory Committee
Independent Officer

Mika Masuyama

Important Concurrent Positions
President and Representative Partner
of Masuyama & Company LLC.
Outside Director of KOKUYO Co., Ltd.
Outside Director of Konoike Transport
Co., Ltd.



Outside Director, Member of the Audit and
Supervisory Committee
Independent Officer

Mariko Mimura

Important Concurrent Positions
Attorney of Nishimura & Asahi (Of Counsel)
Board Director (outside) of TOMY COMPANY, LTD.

Region CEOs



JAPAN

SBF Japan CEO
Hachiro Naiki



ASIA PACIFIC

SBF Asia Pacific CEO
Takayuki Sanno



EUROPE

SBF Europe CEO
Peter Harding



AMERICAS

Pepsi Bottling Ventures CEO
Derek Hill

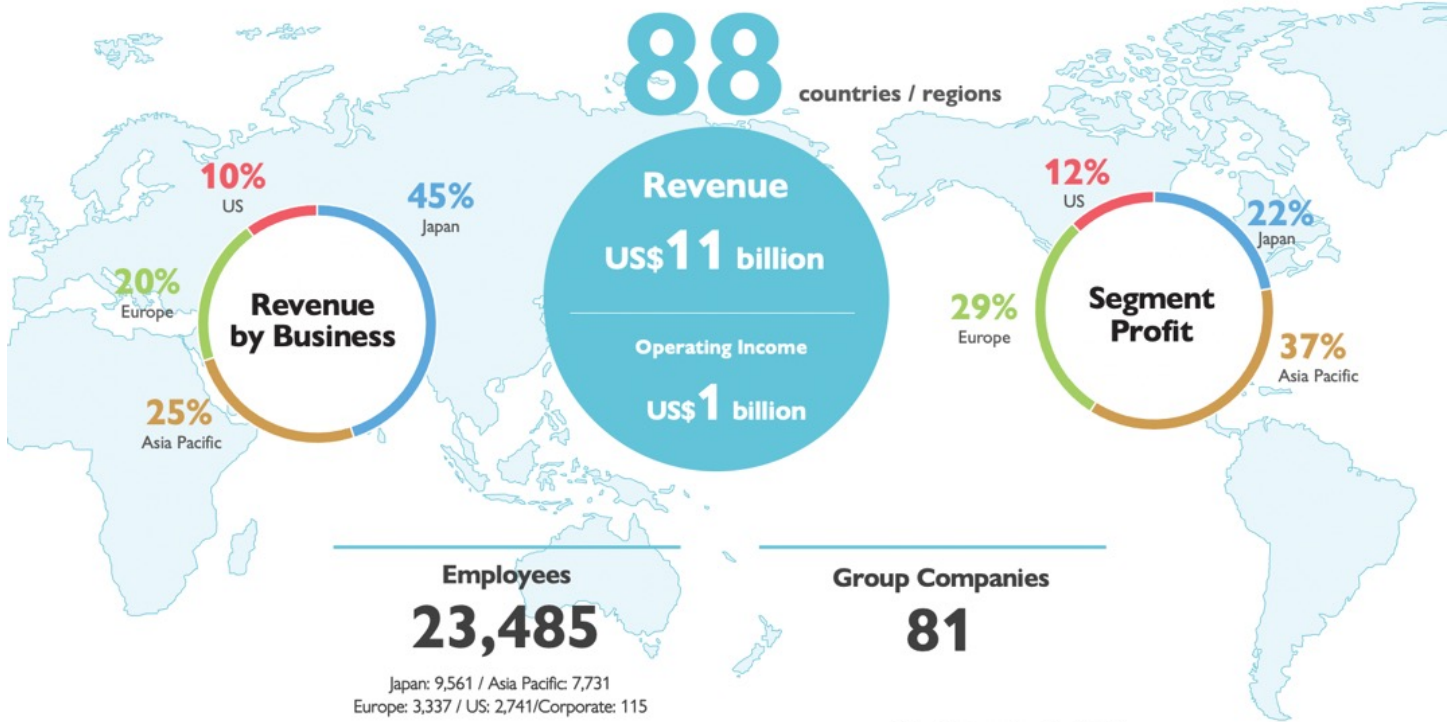
SUNTORY BEVERAGE & FOOD

Business Overview

FY2022

We conduct our businesses in

88 countries / regions

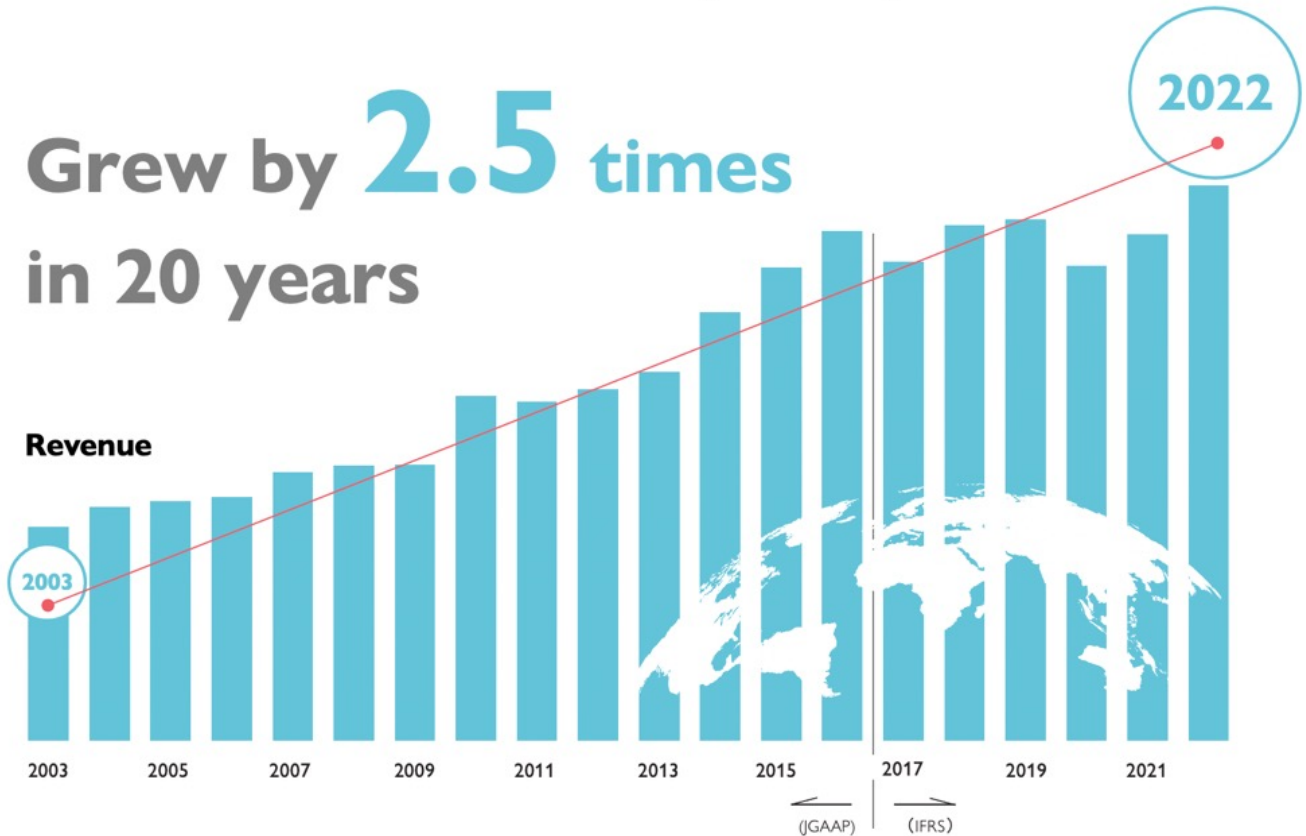


* 1.00 U.S. dollar = 131.7 yen at the end of December 2022

SUNTORY BEVERAGE & FOOD

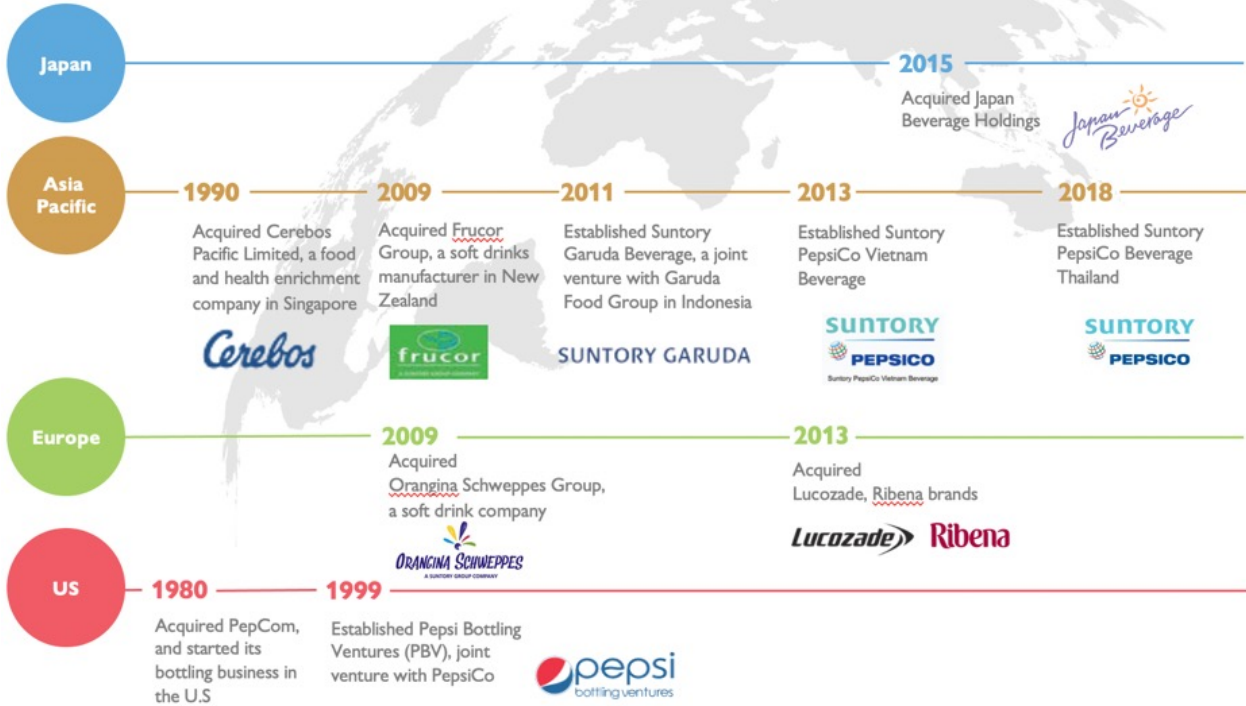
Growth Trajectory

Grew by **2.5** times
in 20 years



SUNTORY BEVERAGE & FOOD

History of M&A



SUNTORY BEVERAGE & FOOD

Japan

In Japan, we have a wide range of categories from water, coffee, non-sugar tea, to special health and functional beverages.

Consumers can find us anytime and anywhere, not only at supermarkets and convenience stores, but also at vending machines stationed all over the country.

We constantly refine our main brands to better serve changing consumer preferences, while being the center of innovation for all regions to create innovative products that exceed the expectations of consumers.



Main Products



Vending Machine



SUNTORY BEVERAGE & FOOD

Asia Pacific

In Asia Pacific, we cater to the needs of consumers in different markets across the vast region with a diverse portfolio of soft drinks, still drinks, teas, coffees, juices, and wellness products under well-known brands such as Ribena, BRAND'S, V Energy and TEA+. Our products can be found at convenience stores, supermarkets, brick-and-mortar stores and e-commerce platforms.



Main Products



Suntory PepsiCo
Vietnam Beverage
<Vietnam>



Suntory PepsiCo
Beverage Thailand
<Thailand>



Frucor Suntory
<Australia / New Zealand>



Suntory Beverage & Food
Thailand
<Thailand and surrounding areas>



Suntory Garuda
Beverage
<Indonesia>



Cluster Asia
<Singapore / Malaysia / Republic of China / Hong Kong>

SUNTORY BEVERAGE & FOOD

Europe

In Europe, our business revolves around classic, long-seller brands such as Oasis, Lucozade, Ribena and Schweppes that are well known locally and have become a part of consumers' daily lives. We bottle them mainly in UK, Ireland, France, and Spain, and distribute to supermarkets, convenience stores, bars, and restaurants. Our business reaches beyond Europe—we also export these brands from our manufacturing bases to other European countries, Africa, and the Caribbean.



Main Products



Suntory Beverage & Food
France
<France>



Suntory Beverage & Food
Great Britain & Ireland
<UK / Ireland>



Suntory Beverage & Food
Iberia
<Spain / Portugal >



Suntory Beverage & Food
EECM-Benelux
<Belgium / Netherlands / Luxembourg / Italy / Poland / African countries etc.>

*Owned and commercialised within SBFE respective territories

SUNTORY BEVERAGE & FOOD

United States

In the United States, Pepsi Bottling ventures (PBV), the largest bottler for Pepsi-Cola products in North Carolina, manufactures, sells, and distributes some of the world's most recognized consumer brands from PepsiCo. PBV operates 18 bottling and distributing facilities, delighting consumers in North Carolina, South Carolina, Virginia, Maryland, and Delaware. We also develop original brands such as Nature's Twist, non-sugar and non-carbonated fruit drink, to provide consumers with unique, innovative values.



Main Products

Pepsi



Pepsi Zero



Mountain DEW



AQUAFINA



Nature's Twist



SUNTORY BEVERAGE & FOOD

Core Value

1

Gemba Centricity

Go to, see and feel the “Gemba”—the center of all the action and where all the value is created, from our laboratories, factories, logistics centers, and offices, to the marketplace where consumers purchase and consume our brands—to gain inspiration, think, and put it into action.



SUNTORY BEVERAGE & FOOD

Core Value

2

Creation and Development of Long-Selling Brands

We develop and continuously refine brands that are long beloved by always looking half a step ahead of the ever-changing needs of consumers, which we achieve by going to the “Gemba,” where all values are created.

SUNTORY BEVERAGE & FOOD

Core Value

3

MONOZUKURI

With the spirit of “MONOZUKURI”—which literally means “crafting things” in Japanese, we pursue unparalleled craftsmanship in every step to bring the best quality and innovation to our consumers.

Quality Assurance

We have established our own Suntory Beverage & Food Quality Policy and are committed to improving the quality of our products and services throughout the value chain.

Suntory Quality Policy All for the Quality

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

1. Each and every member of the Suntory Group wholeheartedly strives to offer products and services from the consumer's and customer's perspectives.
2. We strive to provide our consumers and customers with accurate information that is easy to understand. We earnestly listen to consumer and 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.

SUNTORY

2018

Research and Development

Our products are only as good as our R&D and technical expertise. Having passion for creating new value, Suntory Group have established 11 R&D facilities all around the world to create innovation.



Suntory World Research Center (Japan)



R&D Center (Japan)



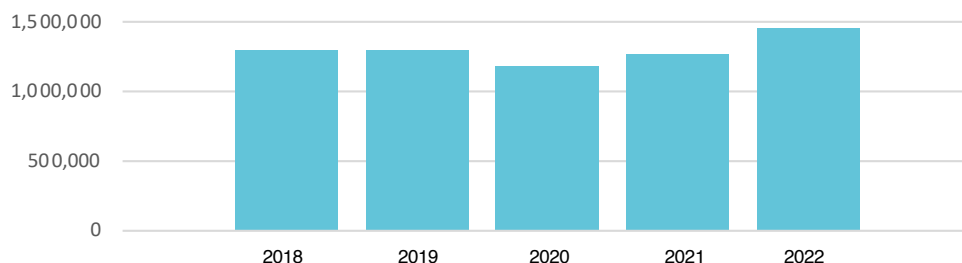
Tordera R&D Centre (Spain)

Financial Highlights

International Financial Reporting Standards (IFRS) have been applied from the fiscal year ended December 31, 2017.

Revenue

(million yen)

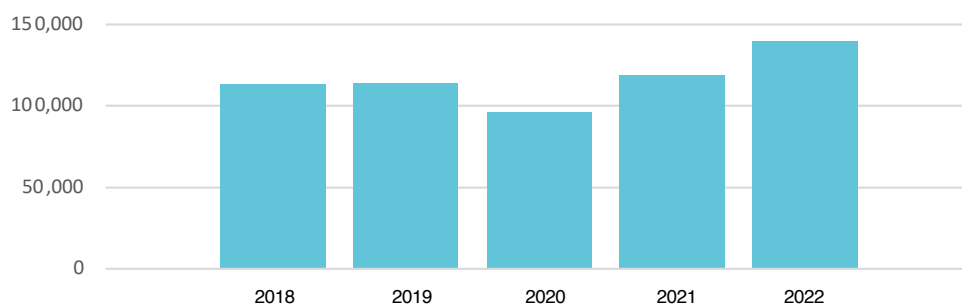


(million yen)

	2018	2019	2020	2021	2022
Revenue	1,294,256	1,299,385	1,178,137	1,268,917	1,450,397

Operating Income

(million yen)

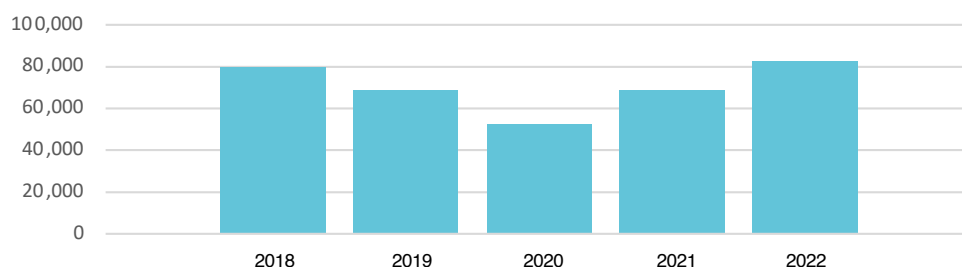


(million yen)

	2018	2019	2020	2021	2022
Operating Income	113,557	113,948	96,177	118,568	139,688

Profit for the year Attributable to Owners of the Company

(million yen)

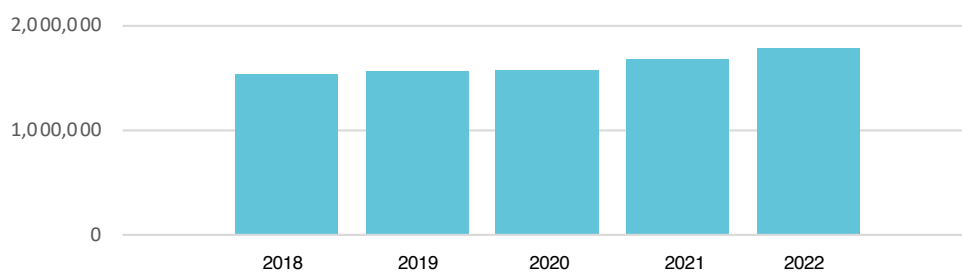


(million yen)

	2018	2019	2020	2021	2022
Profit for the year Attributable to Owners of the Company	80,024	68,888	52,212	68,676	82,317

Total Assets

(million yen)

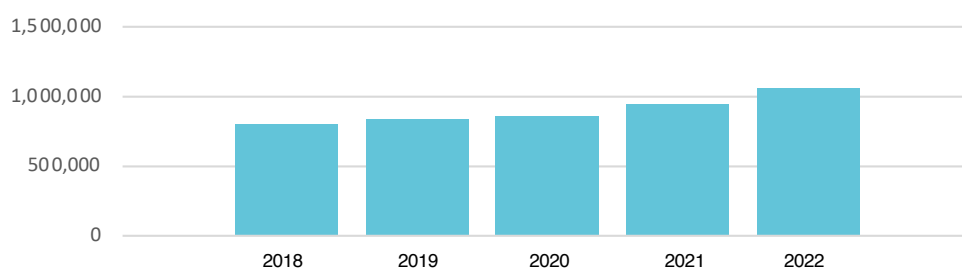


(million yen)

	2018	2019	2020	2021	2022
Total Assets	1,539,416	1,567,299	1,574,251	1,676,926	1,783,349

Total Equity

(million yen)



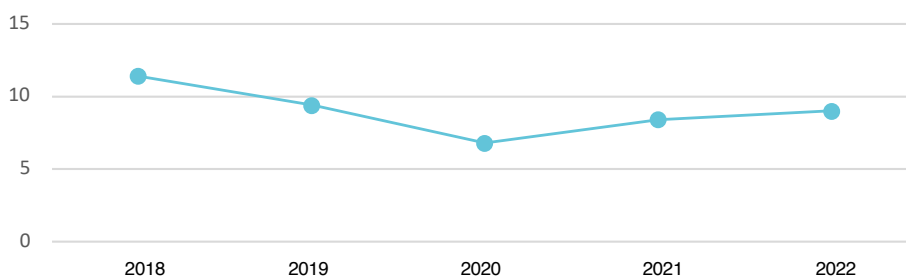
(million yen)

	2018	2019	2020	2021	2022
Total Equity	798,877	837,565	859,556	943,952	1,060,104

Financial Indicators**ROE**

(%)

*Ratio of profit for the year to equity attributable to owners of the Company



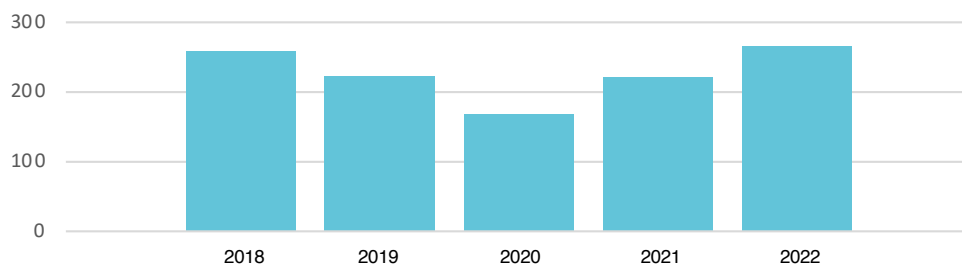
(%)

	2018	2019	2020	2021	2022
ROE	11.4	9.4	6.8	8.4	9.0

Financial Indicators

Basic Earnings Per Share

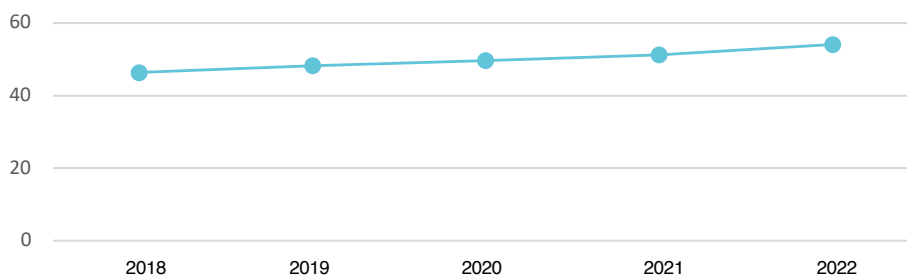
(yen)



(yen)

	2018	2019	2020	2021	2022
Basic Earnings Per Share	258.98	222.94	168.97	222.25	266.40

Ratio of Equity Attributable to Owners of the Company to Total Assets (%)

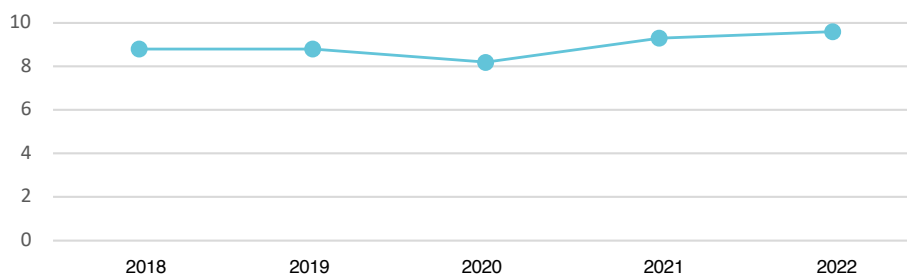


(%)

	2018	2019	2020	2021	2022
Ratio of Equity Attributable to Owners of the Company to Total Assets	46.4	48.3	49.7	51.3	54.1

Ratio of Operating Income to Revenue

(%)

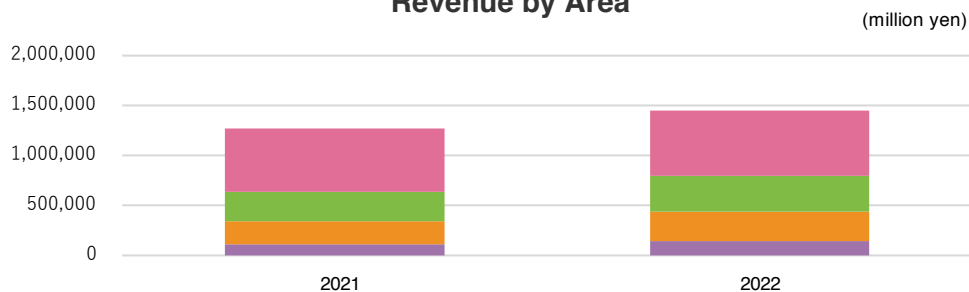


(%)

	2018	2019	2020	2021	2022
Ratio of Operating Income to Revenue	8.8	8.8	8.2	9.3	9.6

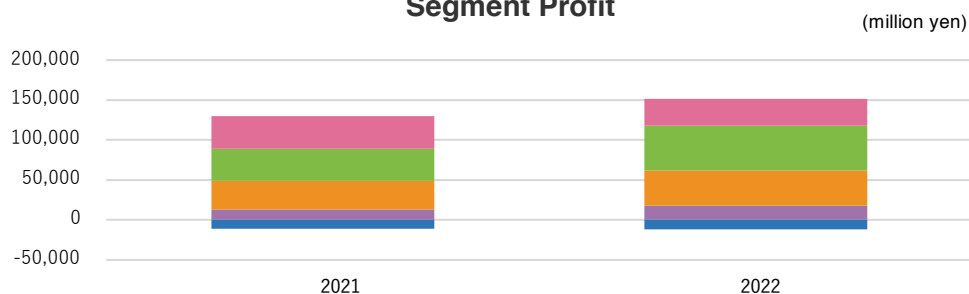
Business Segments

Revenue by Area



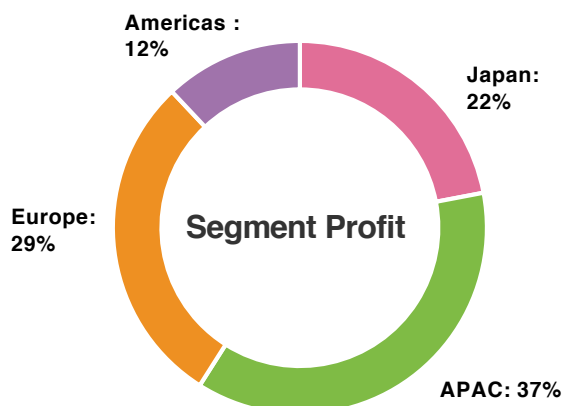
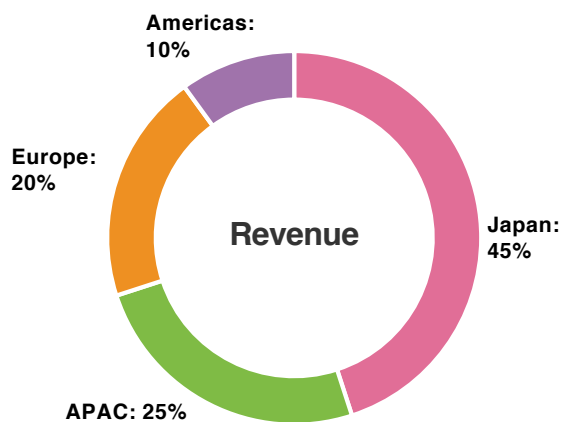
Year	2021	2022
Japan	629,640	653,199
APAC	295,948	359,423
Europe	234,862	292,297
Americas	108,466	145,477
Consolidated total	1,268,917	1,450,397

Segment Profit



Year	2021	2022
Japan	40,945	33,430
APAC	39,744	56,445
Europe	35,726	43,418
Americas	13,330	18,212
Reconciliation	-11,178	-11,817
Consolidated total	118,568	139,688

Breakdown by segment (FY2022)



Sustainability Vision

Suntory Group Sustainability Vision

■ The Suntory Group's vision on sustainability

As a multifaceted consumer-oriented company, we are dedicated to promoting a sustainable society where nourishing and enriching people's lives and conserving the natural environment coexist in an interconnected, mutually prosperous relationship. To realize this ambition, we deeply respect the blessings of nature on which our products rely, and engage in a range of corporate social responsibility activities to promote responsible environmental management that ensures sustainable use of natural resources and a healthy natural water cycle. In addition to delivering safe, high-quality products and services that consumers love, we continue to look for opportunities across our entire value chain to contribute to a sustainable society.

Our world faces a wide variety of environmental and social issues, such as water shortages, loss of biodiversity, climate change, pollution and increasing waste, poverty, human rights violations, and more. The Sustainable Development Goals (SDGs)* adopted at the 2015 UN Summit call on businesses to address social issues and to promote a sustainable society. While the world works to solve these problems together, we will continue to tackle these issues as we expand our global business.

* Sustainable Development Goals are targets adopted in a UN Summit in September 2015 that the whole world should tackle by 2030

Suntory Group's Corporate Philosophy

Suntory Group's Corporate Philosophy consists of our purpose and values, based on our founding spirit and motto. It expresses our corporate aims and the principles we embrace to achieve them.

Our Purpose The goals of the Suntory Group's business and our corporate direction

**To inspire the brilliance of life,
by creating rich experiences for people, in harmony with nature.**

Our Values The values we embrace to achieve our purpose

Growing for Good

We keep growing, as individuals and as a corporation, towards a better world. By continuing to grow, we expand our capacity to improve society.

"Yatte Minahare"

We refuse to fear failure, refuse to give in or give up, and stay relentless in our quest to innovate new values.

Giving Back to Society

We give back from what our business earns, not only by reinvesting in our company, but by caring for our customers and partners and contributing to society.

Corporate Slogan The essence of our philosophy that we communicate with our partners and the world

SUNTORY
Sustained by Nature and Water

As a corporation sustained by the gifts of nature and water, we will always protect the ecosystems that deliver water. Because our ecosystem is the wellspring, not only of our business and the rich experiences we create for people's lives, but also of human life itself. We will continue to be a company where everyone is empowered with the freedom and flexibility to innovate. Through all of our corporate pursuits, Suntory seeks to inspire the brilliance of life.

Suntory Beverage & Food's Clarification of Materiality

We used global trends relating to the SDGs as the basis for an analysis of issues in terms of their importance to our shareholders and other Suntory Beverage & Food stakeholders, and also from the viewpoint of opportunities and risks in the context of our medium- to long-term management strategies. After assessment and verification by third-party organizations, we selected five of the 17 SDGs as goals or highly significant initiatives. They are Goal 6 (Clean Water and Sanitation), Goal 3 (Good Health and Well-being), Goal 8 (Decent Work and Economic Growth), Goal 12 (Responsible Consumption and Production), and Goal 13 (Climate Action). We will continue to expand our activities in these areas.

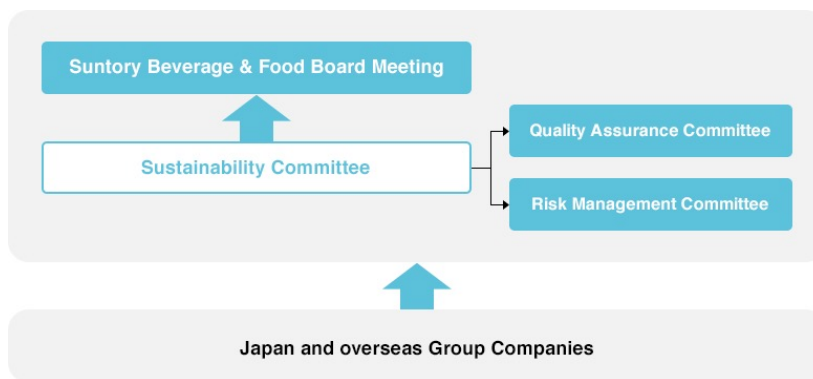


* Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) are targets that should be reached globally by 2030 that were adopted at the UN Sustainable Development Summit held in September 2015.

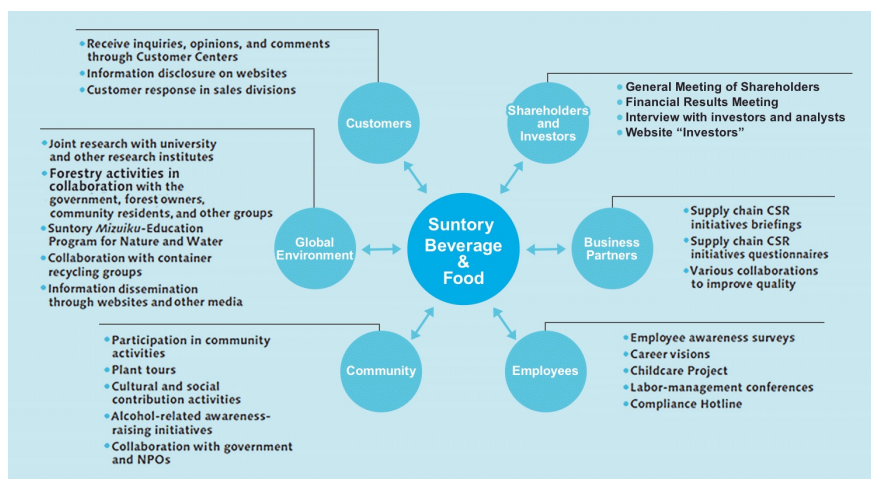
Suntory Beverage & Food's sustainability management promotion organization

Suntory Beverage & Food has established Sustainability Committee to promote global initiatives in collaboration with the board. We develop strategies based on the Sustainability Vision and monitor the progress of projects.



Relations with Stakeholders

Suntory Beverage & Food pursues its business activities amid a range of connections with a variety of stakeholders. To continue being a company that contributes to the realization of a sustainable society, we will make clear our responsibilities to our stakeholders and communicate with them in various ways. We aim to incorporate feedback we receive and social needs into our corporate activities and continuously work to build deeply trusting and collaborative relationships with them.



Opportunities for Communication with Stakeholders

Environmental Vision

The natural environment is an essential foundation for our business. Suntory Group promotes environmental management and actively engages in activities to pass down a sustainable society to the next generation.

Basic Stance on Group's Environmental Activity

The circular system consisting from plants and forests nurtured by water, rivers, oceans, atmosphere, and the ecosystem made by living things are the basis of all life.

As a company that delivers the blessings of water and nature to our customers, we believe that protecting beautiful and clean water with healthy ecosystems, using them appropriately, and replenishing to nature is a great responsibility. Ingraining this concept in every part of the Group, Suntory strives to build a prosperous and sustainable society by preserving and regenerating the natural environment and reducing environmental impact.

Suntory Group's Environmental Principles

Suntory Group sets principles that clearly indicate our prioritized environmental initiatives such as achieving water security, conserving and regenerating biodiverse ecosystems, promoting a circular economy and transitioning to a net zero carbon society (established 1997, revised 2022.) To achieve a vibrant global environment, we are championing the transformation to a sustainable society by collaborating with our stakeholders, deepening dialogues with local communities, and transparently disclosing our progress.

Suntory Group's Environmental Principles

At Suntory Group, environmental management is at the core of our business strategy.

In our commitment to cultivating a sustainable and vibrant society now and in the future, these environmental principles inform the actions we take each day across our entire value chain.

1. Achieving water security

Water is the most vital resource for our business. At Suntory, we aim to become net water positive by using water carefully and localizing water stewardship to contribute to nature's healthy water cycle.

2. Conserving and regenerating biodiverse ecosystems

Thriving water and agricultural systems are crucial to our business. We strive to protect and regenerate biodiversity through local water source conservation and sustainable agricultural practices.

3. Promoting a circular economy

To effectively reduce waste and efficiently utilize limited resources, we imbed sustainable principles throughout the lifecycle of our products, promote the 3Rs (reduce, reuse, recycle) for all raw materials, use renewable resources when available, and collaborate with stakeholders to build a fundamentally circular system.

4. Transitioning to a net zero-carbon society

In the face of climate change, we are doing our part to achieve a net-zero carbon society by reducing greenhouse gas emissions across our value chain.

5. Engaging with society

To achieve a vibrant global environment, we are championing the transformation to a sustainable society by collaborating with our stakeholders, deepening dialogues with local communities, and transparently disclosing our progress.

■ Environmental Vision toward 2050 and Environmental Targets toward 2030

The Suntory Group established the Environmental Vision toward 2050 and Environmental Targets toward 2030 to provide clear direction to our environmental management. As we engage in greater efforts to address global issues and work toward the realization of a sustainable society, in April 2021 we revised the greenhouse gas (GHG) reduction targets in the Environmental Targets toward 2030, and in December 2021, we revised our water targets.

Environmental Vision toward 2050

The Suntory Group has formulated the vision below toward 2050 for the purpose of passing down a sustainable global environment to the next generation around the pillars of water sustainability and climate change measures as a company in harmony with people and nature.

1. Water Sustainability

- Reduce the water intensity*1 of production at our owned plants*2 by 50%*3 globally.
- Replenish more than 100% of water used at all of our owned plants globally through conservation of the surrounding ecosystem.
- Achieve sustainable water use for all key ingredients.
- Share the Sustainable Water Philosophy to the communities where our business operates.

2. Climate Change Measures

- Aim for net zero greenhouse gas emissions across the whole value chain by 2050
Continue to promote energy conservation, proactively implement renewable energy solutions, utilize next-generation infrastructure options and work together with stakeholders across the value chain in order to contribute to realizing a decarbonized society

*1 Water intensity is the amount of water withdrawn per unit of production, which is 1 kiloliter of production

*2 Owned plants that manufacture finished products and excludes plants for packaging and ingredients

*3 Reduction of water intensity of production based on 2015 baseline

Environmental Targets toward 2030

We have set the following Environmental Targets toward 2030 to achieve the Environmental Vision toward 2050.

1. Water

Reduction of water used in direct operation

Reduce the water intensity*1 of production at our owned plants *2 by 35%*3 globally. In addition, explore reduction of absolute amount of water withdrawn in highly water stressed areas

Water replenishment

Replenish more than 100% of water used in at least 50% of our owned plants*2 globally, including all those in highly water stressed areas, through local water source conservation efforts.

Sustainable water use in raw ingredients

Collaborate with suppliers to improve water-use efficiency in the production of water-intensive key ingredients*4 in highly water stressed areas.

Water education and access to safe water

Expand water education programs and initiatives to provide safe water access for more than 1 million people.

2. Greenhouse gas (GHG)

- Reduce GHG emissions from our direct operations by 50%*5
- Reduce GHG emissions across our entire value chain by 30%*5

*1 Water intensity is the amount of water withdrawn per unit of production, which is 1 kiloliter of production

*2 Owned plants that manufacture finished products and excludes plants for packaging and ingredients

*3 Reduction of water intensity of production based on 2015 baseline year

*4 Coffee, barley, grapes

*5 Based on emissions in 2019.

Disclosures Based on Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

In order to sustain business and continue to create value, the Suntory Group thinks it is necessary to identify risks due to climate change as well as their potential impact on business and respond appropriately.

In May 2019, the Suntory Group has declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations established by the Financial Stability Board (FSB).



In July 2019, Suntory also established seven important sustainability themes for the group and the reduction of Green House Gas (GHG) emissions is one of the key theme.

In 2022, risks and opportunities related to climate change that effect the society and corporations were assessed and identified to calculate the monetary impact on business. We aim to improve resilience by incorporating specific measures for actualized risks and opportunities in the strategy. We will continue to expand disclosure of related information.

1. Governance

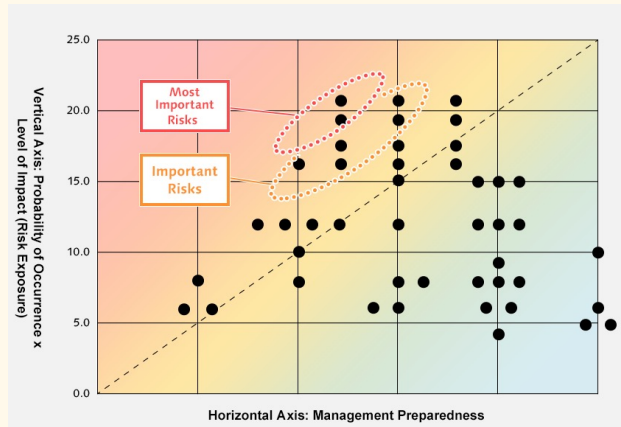
At Suntory Beverage & Food, risk management committee and Sustainability Committee are in constant collaboration, and important decisions are further discussed and resolved by the board. Progress on strategies relating to environmental and social issues, as well as business risks and growth opportunities, are reported to the board accordingly. The board members are also provided opportunities to deepen their knowledge of sustainability through training sessions with external experts, convening board meetings at production and R&D facilities, and exchanging views.

Suntory Beverage & Food's sustainability management promotion organization



2. Strategy

Suntory Group assesses climate change related issue based on their importance. For risks that are expected to have a large impact on business, we have set medium- to long-term targets and are proceeding with initiatives. As the approach to identifying risks and their assessment, we create a heat map of the identified risks based on the two axes of "Risk Exposure" and "Degree of Response", evaluate their importance, especially for group-wide material risks, on a three-point scale, and identify the risks to be prioritized. "Risk Exposure" is calculated by probability of occurrence (probability) x magnitude of impact (impact), and "Degree of Response" is calculated by the degree of preparation for countermeasures. As a result of the evaluation, climate-related risks are positioned as one of the most important risk types.



With consumers, investors, and other stakeholders increasing interest in GHG emissions by corporations, we recognize that risks and opportunities related to climate change may greatly affect our business strategy. We conduct scenario analysis to understand and take measures against risk and opportunities related to climate change that may impact business and consider them during financial planning.

■ Risks and Opportunities (Identify risks and opportunities, estimate the amount of monetary impact)

At Suntory Beverage & Food, to identify important financial risks and opportunities for an organization, impact and frequency of each item in the span of short (0 to 3 years), medium (3 to 10 years), and long (10 to 30 years) term were considered. Result of the internal assessment is organized and shown below. Of the identified risks and opportunities, we recognized that increase in costs due to introduction of carbon tax, opportunity loss due to insufficient supply of water at production sites, and increase in raw material costs due to decrease in yield of agricultural products are the three items that may have a significantly impact and estimated the amount of their monetary impact on business.

For the basis of analyzing risks and opportunities, we used RCP 8.5 (4°C Scenario) as global warming scenario and IEA NZE 2050 and other scenarios as decarbonization scenario.

1. Identify major risks and opportunities			2. Assess the impact of each risks and opportunities on business (For most important risk, estimate the amount of monetary impact)	3. Determine / conduct response measures
Types of Risks and Opportunities			Estimated impact on business	Measures to reduce risks / seize opportunities
Transition Risk	New regulation	Increase in production costs due to introduction of carbon pricing	<ul style="list-style-type: none"> Increase in financial burden due to introduction of carbon tax and its tax rate increase Estimated impact on business: JPY8.5 billion in 2030 and JPY17.5 billion in 2050^(Note 1) 	<ul style="list-style-type: none"> Introduction of internal carbon pricing and use it for decision making related to investment Plan to invest (shift to renewable energy, utilization of heat pumps, etc.) by 2030 to promote decarbonization. If the targets set in “Environmental Targets toward 2030” and “Environmental Vision toward 2050” are met, effects of reduction will be JPY4.25 billion in 2030 and JPY17.5 billion in 2050.
		Physical risks	Impact of insufficient supply of water on operation of production sites	<ul style="list-style-type: none"> Opportunity loss due to suspension of plant operations caused by insufficient supply of water, Group’s most important raw material Estimated impact on business: JPY6.5 billion^(Note 2)
Increase in procurement costs due to decline in yield of agricultural products	<ul style="list-style-type: none"> Increase in costs to procure raw materials with same level of quality as now Estimated impact on business: JPY9.0 billion (RCP 8.5 scenario, 2050) (For details, refer to “Activities for stable procurement of raw materials”) 		<ul style="list-style-type: none"> Assess the impact of estimated future yield considering climate change and other factors by origin of raw materials and formulate strategy for stable procurement Start trial of sustainable farming (For details, refer to “Activities for stable procurement of raw materials”) 	
Acute risks	Flood, etc. caused by large typhoon or heavy rain		<ul style="list-style-type: none"> Suspension of operations due to flooding, disruption of value chain, and other damages from a flood 	<ul style="list-style-type: none"> Build a system or assessing risk of all productions sites at the Risk Management Committee
Opportunities	Products / Services	Impact on health due to rising temperatures	<ul style="list-style-type: none"> Rising average temperatures and heat waves will increase the need for anti-heat stroke beverages and water beverages 	<ul style="list-style-type: none"> Invested in capital to increase production capability and stable supply system Products development that meet consumer needs
		Change in consumer behavior due to increased environmental awareness	<ul style="list-style-type: none"> Enhancement of brand value through public recognition of the company’s commitment to the conservation of water resources 	<ul style="list-style-type: none"> Continue and strengthen water cultivation activities based on scientific data, water-saving and water quality management activities at plants, and “Mizuiku” - Natural Water Education Program as well as sharing information with the public
	Resource efficiency	Cost reduction due to introduction of new technology	<ul style="list-style-type: none"> Reduction in use of petroleum resources and CO₂ emissions due to development of new technology Cost reduction in taxes related to one way plastics 	<ul style="list-style-type: none"> Development of new technology for more efficient PET preform manufacturing process (F-to-P direct recycling technology, etc.) Development of efficient used plastic recycling technology (R Plus Japan Ltd.)

Note 1: Estimated using our Scope 1 and 2 emissions in 2019 and carbon tax price independently estimated based on forecast figures of the International Energy Agency (IEA)’s “Net Zero by 2050: A Roadmap for the Global Energy Sector (NZE).”

● 2030: Japan, Europe, and Americas. US\$130/ton, APAC US\$90/ton.

● 2050: Japan, Europe, and Americas. US\$250/ton, APAC US\$200/ton.

Note 2: Estimated impact on profit if all plants located in areas with high level of water stress have restriction on water withdrawal. Aqueduct Country Ranking developed by World Resources Institute and Water Risk Filter developed by World Wide Fund for Nature (WWF) are used for assessing water stress level of areas where our plants are located in. (Exchange rate as US\$1 = JPY139)

We aim to be resilient by considering both scenarios and taking a strategic approach toward the above actualized risks and opportunities. We have been focusing on identifying water supply risks, proper management of water, water resource cultivation activities, and other water sustainability activities but are considering risks related to raw material procurement and other aspects. In addition, in order to reduce GHG emissions throughout the value chain, from raw material procurement to manufacturing, distribution, sales, and recycling, we set challenges for each department and take action. For opportunities, we are expanding our product portfolio of beverages with ingredients which are recommended by the Ministry of Environment of Japan as products addressing climate change. We believe that continuing and enhancing water resource cultivation activities, "Mizuiku" - Natural Water Education Program and other activities related to water as well as sharing information about Suntory Group's approach to water to the public will raise our brand value and lead to increased sales. In terms of resource efficiency, we are actively promoting the recycle of plastic bottles.

Water Risk Assessment

Water is the most important ingredient of our products, as well as a precious shared resource, it is imperative for the Suntory Group to understand the impact that water risk has on our business, local communities, and the ecosystem based on water risk assessment for sustained business growth.

Based on this, the Suntory Group conducted a risk assessment of water sustainability at its own plants*.

*Plants owned by Suntory Beverage & Food that manufactures finished products and excludes plants for packaging and ingredients: 10 plants in Japan, 33 plants overseas

[More details about the water supply risk assessment](#)

Stable Procurement of Raw Materials

With regard to agricultural products and other raw ingredients, it is predicted that extreme weather, such as drought and flooding, occurring due to the rise in the Earth's average temperature due to climate change will have a major impact on their production activities, including fluctuations in yield and the need to move production to other areas which offer suitable cultivation. As corporate activities become more and more globalized, the need to appropriately manage human rights of people who work in the supply chain and other social issues increases.

To offer our consumers high-quality products and services, we believe it is crucial to promote sustainability throughout our entire supply chain. This means we need to give due consideration to the environment and society, as well as to safety and reliability. Based on this belief, we established and promote a long-term strategy for a safe, reliable, and sustainable supply of raw materials.

[More details about the stable procurement of raw materials](#)

3. Risk Management at Suntory Beverage & Food

Suntory defines "risk" as a potential event that affects the achievement of the Group's strategies and goals. Through the Risk Management Committee (RMC) and the risk management committees and risk management teams established at each group company, we identify and evaluate important risks for the entire group and identify risks that should be prioritized for our company, consider countermeasures, and review them on an annual basis.

■ Risk Management System at Suntory Beverage & Food



■ Approach to Identifying and Evaluating Risks

For the risks identified, we create a heat map based on the two axes of "Risk Exposure" and "Degree of Response", evaluate the importance especially for group-wide material risks on a three-point scale, and identify the risks to be prioritized. "Risk Exposure" is calculated by probability of occurrence (probability) x magnitude of impact (impact), and "Degree of Response" is calculated by the degree of preparation for countermeasures. As a result of the evaluation, climate-related risks are positioned as one of the most important risk types.

■ Approach to Managing Identified Risks

For the identified risks that should be prioritized, a person in charge and a monitoring organization will be appointed to implement the risk countermeasures. The response status is reported and discussed by the Risk Management Committee (RMC), and the PDCA cycle of extraction, evaluation, countermeasures, and monitoring is carried out.

Data

Water

■ Targets Toward & Progress at Suntory Beverage & Food

Targets Toward 2030

- 1 Reduction of water used in direct operation**
Reduce the water intensity*¹ of production at our owned plants*² by 20%*³ globally. In addition, explore reduction of absolute amount of water withdrawn in highly water stressed areas
- 2 Water replenishment**
Replenish more than 100% of water used in at least 50% of our owned plants*² globally, including those in highly water stressed areas, through local water source conservation efforts.
- 3 Sustainable water use in raw ingredients**
Collaborate with suppliers to improve water-use efficiency in the production of water-intensive key ingredients*⁴ in highly water stressed areas.
- 4 Water education and access to safe water**
Expand water education programs and initiatives to provide safe water access for more than 1 million people.*⁵

2022 Progress

- 1** Reduced per consumption of water by **22%** compared to 2015
- 2** Implemented water resource cultivation activities in **27%** plants worldwide. Plants located in highly water stressed areas, activities are implemented in **23%** of these areas.
- 3** Gain and understand information on water management of tier 1 suppliers through Sedex.
- 4** Water enlightenment program: **510,000** people
Provision of safe water: **300,000** people,
Total **810,000** people*⁶

*1 Water intensity is the amount of water withdrawn per unit of production, which is 1 kiloliter of production

*2 Owned plants that manufacture finished products and excludes plants for packaging and ingredients

*3 Reduction of water intensity of production based on 2015 baseline year

*4 Coffee, etc.

*5 1 million people is Suntory group's target

*6 Total 810,000 people is Suntory group's progress

■ Water Use Performance at Suntory Beverage & Food

Area	Water use (thousand m ³)				
	2015 (base year)	2019	2020	2021	2022
Japan	10,708	10,628	10,332	10,240	10,786
Americas	1,286	1,273	1,442	1,505	1,541
Europe	3,861	3,518	3,119	3,315	3,434
Asia	4,490	7,152	6,362	6,208	6,757
Oceania	562	438	444	424	397
Africa	216	129	89	84	0
Total	21,122	23,138	21,789	21,776	22,916

*2022: Data covers 10 production plants in Japan and 38 production plants overseas

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd.
The Independent Assurance Report is published on [Suntory Group Home Page](#).

■ Water use at Suntory Beverage & Food

Destination	Waste Water (thousand m ³)			
	2019	2020	2021	2022
Rivers / lakes	7,222	6,767	6,703	6,689
Sea	0	0	0	0
Sewers	5,785	5,370	5,740	5,259
Others (for watering plants, etc.)	0	0	0	0
Total	13,007	12,136	12,443	11,948

*2022: Data covers 10 production plants in Japan and 38 production plants overseas

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd.
The Independent Assurance Report is published on [Suntory Group Home Page](#).

■ Water use reduction progress of Suntory Beverage and Food Water use intensity in recent 3 years (Intensity: Water use for production of 1 kL)

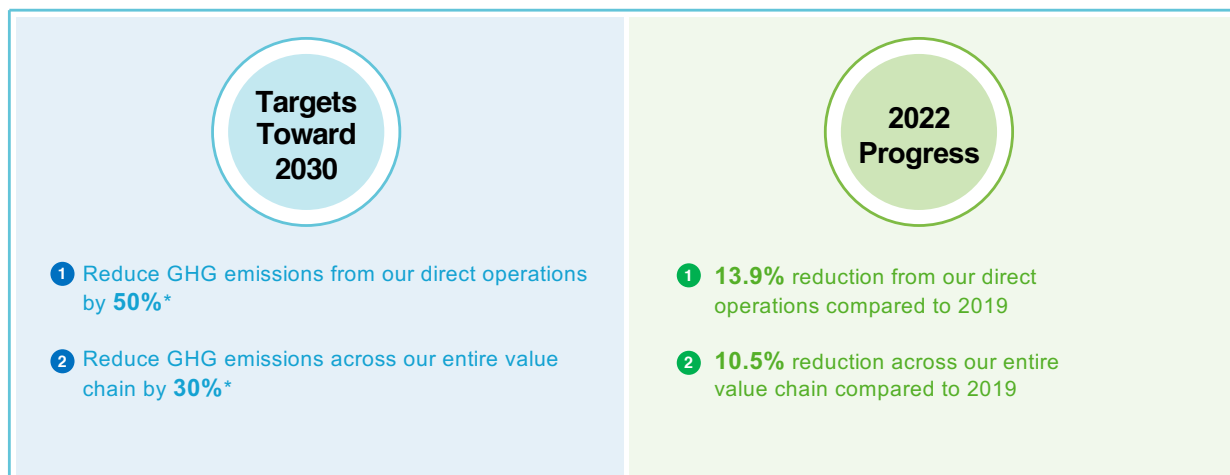
2019	2020	2021	2022
2.6	2.5	2.4	2.3

*Per unit production is the amount of usage per kiloliter produced

*2022 data covers 10 production plants in Japan and 38 production plants overseas.

Greenhouse Gas (GHG)

Targets Toward & Progress at Suntory Beverage & Food



* Based on emissions in 2019

Scope 1 and 2 emissions by area at Suntory Beverage & Food

Area	GHG emissions (thousand tons)							
	2019 Scope 1+2 (base year)	2020 Scope 1+2	2021			2022		
			Scope 1	Scope 2	Scope 1+2	Scope 1	Scope 2	Scope 1+2
Japan	218	210	118	91	209	116	24	140
Americas	24	22	7	13	21	32	10	43
Europe	77	59	59	1	60	50	0	50
Asia	204	176	49	155	205	55	179	234
Oceania	19	13	9	4	13	6	1	7
Africa	8	6	8	0	8	0	0	0
Total	549	485	251	264	515	259	214	473

*Suntory Beverage and Foods Group's Scopes 1 and 2 emissions of 473 thousand t-CO₂e★ (Scope 1: 214 thousand t-CO₂e★, Scope 2: 212 thousand t-CO₂e★) have been externally assured, which do not include emissions of GHG other than CO₂ at overseas production plants and CO₂ emissions at non-production sites outside of Japan. The reporting boundary for the figures externally assured is as follows:

10 production plants in Japan, 38 production plants overseas, and non-production sites in Japan (offices such as main office, training sites, R&D facilities, sales sites, restaurants and development sites)

※Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd.

The Independent Assurance Report is published on [Suntory Group Home Page](#).

*Emission factors for GHG calculation are as follows:Fuel:

For Japan: Factors specified by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

For overseas: Factors obtained from fuel suppliers or factors specified by the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

GHG from Electricity consumption:

For Japan: The adjusted emission factors for each electric power company specified by the Act on Promotion of Global Warming Countermeasures.

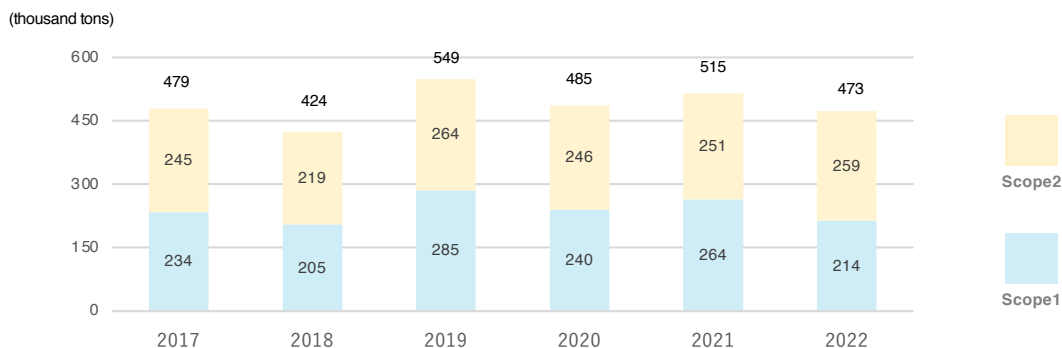
For overseas: Factors obtained from individual power suppliers or IEA emission factors by country.

GHG other than CO₂:

For 10 plants in Japan: Factors specified by the Act on Promotion of Global Warming Countermeasures

· The total may not match the sum of each figure due to rounding.

■ Changes in Scope 1 and 2 emissions at Suntory Beverage & Food



■ Scope 3 Emissions at Suntory Beverage & Food

Category	Emissions (thousand tons CO ₂ e)	Calculation Method
1. Purchased goods and services	3,487★	[Raw Materials and Packages] Calculated by multiplying the weight of raw materials and packaging materials purchased for products manufactured and sold by the Suntory Beverage & Food Group (in Japan and overseas) by the emission factors. 40% of Category 1 GHG emissions are calculated using emission factors calculated from the GHG emissions of suppliers of raw materials and packaging materials. [Contract manufacturers] Calculated by multiplying the volume of the products that Suntory Beverage & Food Group (in Japan), Suntory Beverage & Food Europe, and Frucor Suntory Group have outsourced to contract manufacturers by the emission factors.
2. Capital Goods	145★	Calculated by multiplying the amount of capital expenditure excluding land expenditure of Suntory Beverage & Food Group by emission factors.
3. Fuel and energy-related activities not included in Scope 1 or 2	68	Calculated by multiplying the amount of energy consumed by Suntory Beverage & Food Group by corresponding emission factors.
4. Upstream transportation and distribution	271	Calculated by multiplying the transportation volume in tons-km of goods owned by Suntory Beverage & Food Group by corresponding emission factors.
5. Waste generated in operations	4	Calculated by multiplying the weight of waste disposed by Suntory Beverage & Food Group by corresponding emission factors.
6. Business travel	7	Calculated by multiplying the amount of business travel expenses of Suntory Beverage & Food Group by corresponding emission factors.
7. Employee commuting	29	Calculated by multiplying the amount of commuting expenses of Suntory Beverage & Food Group by corresponding emission factors.
8. Upstream leased assets	32	Calculated by multiplying the storage volume as well as the floor area of distribution centers rented by Suntory Beverage & Food Group by emission factors.
9. Downstream transportation and distribution	199	Calculated by multiplying the transportation volume in tons-km and sales volume of goods of Suntory Beverage & Food Group by corresponding emission factors.
10. Processing of sold products	—	None
11. Use of sold products	61	Calculated by multiplying the sales volume of goods of Suntory Beverage & Food Group by corresponding emission factors.
12. End-of-life treatment of sold products	365★	Calculated by multiplying the weight of packaging materials purchased by the Suntory Beverage & Food Group by emission factors.
13. Downstream leased assets	317★	Calculated by multiplying the electricity used by leased assets of Suntory Beverage & Food Group (In Japan) by emission factors.
14. Franchises	9	Calculated as Scopes 1 and 2 CO ₂ emissions from the direct operations of companies and stores franchised by the Suntory Beverage & Food Group.
15. Investments	—	None
Total	4,994★	

*The Suntory Beverage & Food Group's beverage and food businesses in Japan and overseas are included in the scope. For some overseas group companies, emissions were estimated by using Japan-based emission factors or production volume in Japan.

*Emission factors used to calculate emissions for Japan include the following:

- "Emission factor database for corporate GHG emissions accounting over the supply chain (Version 3.2)" (March 2022, Japan's Ministry of the Environment)
- "LCI Database IDEA Version 2.3" (Advanced LCA Research Group, The National Institute of Advanced Industrial Science and Technology and Sustainable Management Promotion Organization)

*Results have received independent assurance from KPMG AZSA Sustainability Co., Ltd. The assured value is indicated with ★.

Plastic

■ Targets Toward & Progress at Suntory Beverage & Food

Targets Toward 2030

- Switch all the PET bottles used globally to be made of recycled or plant-based material by 2030, achieving zero use of virgin petroleum-based materials.

2022 Progress

- Percentage of PET bottles made of recycled or plant-based material: **26%**

Japan **46%***
Overseas **10%**

* Ratio of the number of 100% sustainable bottle

Information

SBF sustainability
suntory.jp/sbf_sustainability_en/



Suntory Beverage & Food Limited Corporate Governance Policy

April 3, 2023

<Basic policy for the Company's corporate governance>

This policy sets out the basic corporate governance framework of Suntory Beverage & Food Limited (the "Company").

Characteristics of the Company's corporate governance

The Company and its subsidiaries (the "Group") comprise the beverage and food segments of the Suntory Group, and share the corporate philosophy, founding spirit, and Group Management Policy with their parent company Suntory Holdings Limited ("Suntory Holdings") and respective Suntory Group companies. As a member of the Suntory Group, we consider that we have the characteristics of creating Group synergy and contributing to the foundation that supports the Company's sustainable growth through the utilization of its brands, human capital, intellectual property and other group business resources.

On the other hand, the Company believes that it has the characteristics of contributing to the foundation that supports the Company's sustainable growth through the improvement of the quality of management of the Company as it is required to be independent as a listed company due to its choice to be listed, in addition to it being accountable to investors and observing the regulations in the capital markets.

Basic policy for the Company's corporate governance

As the Company has the two characteristics stated above, there are concerns regarding conflicts of interest between Suntory Holdings and the Company's general shareholders. However, we think both characteristics make up the foundation that supports the Company's sustainable growth. Therefore, the basic policy for the Company's corporate governance is that it shall promote unified group management as a member of the Suntory Group and utilize the brands, human capital, intellectual property and other group business resources while maintaining independence of management, which is necessary as a listed company, making its own decisions regarding major business resources that act as the source of the Company's corporate value, such as brands, human resources, key assets and information, which are necessary to continue to exist independently, holding and securing such business resources, and working for the Company's sustainable growth while placing due consideration on shareholder conflict of interest.

Based on the basic policy for the Company's corporate governance stated above, the Company strives to enhance corporate governance in order to maintain good relationships with shareholders, other investors, and other stakeholders (customers, local communities, business partners and employees, etc.) and to allow us to fulfill our corporate social responsibilities. The Company's Board of Directors will continue to review this policy regularly on an ongoing basis, and work toward the creative evolution of our corporate governance to enhance corporate value.

Appropriate information disclosure

The Company discloses financial information such as its financial position and business performance as well as nonfinancial information such as corporate strategy, management issues, risks and corporate governance in accordance with laws and regulations. The Company also strives to proactively disclose information other than that mandated by laws and regulations as well as information in English.

[>Corporate Governance Report](#)

[>Disclosure policy](#)

[>Shareholders and other investors](#)

Information

Corporate Governance Report

suntory.jp/governance_report_en/



Disclosure Policy

suntory.jp/disclosure_policy_en/



Role and composition of the Board of Directors, nomination and remuneration of Directors, and ensuring the effectiveness of the Board of Directors

(1) Organizational composition

The Company has chosen to be incorporated as a company with an Audit and Supervisory Committee for its organizational composition.

Based on this organizational composition, the Company may delegate all or part of a decision regarding the execution of important duties to an Executive Director in accordance with the Companies Act and the Articles of Incorporation. The Board of Directors shall mainly hold discussions, etc. regarding corporate strategy, medium- and long-term plans, and management issues and, while focusing on managerial decision-making and management supervision, which are the responsibilities of the Board of Directors, shall actively delegate decision-making authority regarding business execution to the management team in order to expedite decision-making of the management team regarding business execution. The Audit and Supervisory Committee works to improve the level of auditing by improving the effectiveness of auditing and supervisory functions through the implementation of auditing by Audit and Supervisory Committee Members, who have the right to vote at board meetings, and by enhancing the effectiveness of internal controls through the implementation of auditing that utilizes and is conducted in cooperation with the internal audit division.

Concerning the specific business actions for delegation of decision-making authority regarding business execution, in accordance with the distinctions clarified in the regulations of the Board of Directors and Company's internal regulations, individual business decisions as a rule are delegated to the management team including the Representative Director, President & Chief Executive Officer, while the execution of certain important duties, namely M&A, organizational restructuring, and major asset acquisitions and disposals, etc., are to be decided by the Board of Directors.

(2) Rationale for responsibilities and composition of the Board of Directors, and criteria for selection of Directors

The Company, while considering the business environment and management issues of the time, defines the responsibilities that the Board of Directors should fulfill, and at the present moment, such responsibilities are defined as "implementing corporate strategy and achieving management targets through wide-ranging and practical discussions regarding corporate strategy, medium- and long-term plans, and management issues."

While considering the corporate philosophical framework of the Suntory Group, the Company believes the composition of the Board of Directors should be made up of Directors equipped with diverse values so they are capable of demonstrating strategic and broad management judgment focused not only on the management issues directly at hand, but also beyond those issues to the far future. Specifically, in order to ensure that the Board of Directors effectively fulfills its responsibilities, the Company follows a policy of achieving an optimal composition in the context of the corporate strategies and management issues of the time, while giving consideration to perspectives including: (i) overall size of the Board of Directors, (ii) ratio of internal Directors and Outside Directors, (iii) role and qualities expected from each internal Director and Outside Director, and (iv) diversity such as gender and international representation. In terms of the ratio of internal Directors and Outside Directors, from the perspective of safeguarding the interests of shareholders other than the parent company, Suntory Holdings, the Company will continually strive to ensure that Independent Outside Directors comprise at least one third of the Company's Directors, by emphasizing the role of Outside Directors in the expectation that they will ensure independence from Suntory Holdings and the management of the Company, while at the same time balancing this by stressing the importance of the role to be fulfilled by the internal Directors to enable strategic discussions by the Board of Directors to be coordinated with the key strategies for each business domain and region.

In terms of criteria for selection of Directors, for Executive Directors, the Company judges whether to nominate incumbent Directors for reelection and conducts evaluations of new candidates, taking into account their familiarity with the Group businesses, whether they possess the skills necessary to implement the management of the Group appropriately, and other factors. For Outside Directors, the Company judges whether to nominate incumbent Directors for reelection and conducts evaluations of new candidates, taking into account whether they possess the skills to contribute to the duties to be fulfilled by the Board of Directors, whether they possess the insight and experience to be in charge of initiatives for supporting the Audit and Supervisory Committee, Human Resources Committee, Special Committee and other realization of effective corporate governance, and other factors, as well as independence from both Suntory Holdings and the Company's management team. In addition to these, if a Director seriously lacks the qualifications, or seriously neglected his or her duties, the Company has a policy of examining the necessity of his or her dismissal.

(3) Human Resources Committee

Of its own volition, the Company has established the Human Resources Committee (hereinafter in this section, the committee).

The committee takes on the responsibility of exercising its authority in a manner that places due consideration on the "characteristics" and "basic policy" of the Company's corporate governance and along with concerns regarding shareholder conflict of interest in order to ensure objectivity and transparency regarding the nomination and remuneration of Directors and continuously ensure effectiveness of the management structure tasked with facilitating the Company's sustainable growth.

To fulfill this responsibility, the committee exercises its authority through deliberating and making a report to the Board of Directors on the following: (i) proposals for selection of candidates for Directors at the General Meeting of Shareholders, and need for dismissal of Directors (ii) status of formulation and implementation of succession planning with respect to candidates for the CEO and Outside Directors, (iii) the levels of remuneration for Directors (excluding Audit and Supervisory Committee Members) and criteria, etc. to be referred to when deciding on remuneration.

The committee also confirms whether the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with the policy for determining the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) established by the Board of Directors. In terms of composition, Independent Outside Directors make up a majority in the committee to ensure its independence and objectivity. The committee currently consists of five members (three of whom are Independent Outside Directors): the Representative Director, President & Chief Executive Officer, an Outside Director and three Audit and Supervisory Committee Members. When the nomination and remuneration of Directors is considered by the Human Resources Committee, it is essential that deliberations take into account the specifics of the Company's management circumstances and measures for achieving unified management of the Suntory Group. To reflect the substantive importance of such issues, the Representative Director, President & Chief Executive Officer serves as chair of the Committee, providing appropriate agenda items and decision-making materials and facilitating active discussions. During actual operation, Independent Outside Directors actively participate in deliberations from an independent and objective standpoint to ensure the effectiveness and independence of the committee.

In 2022, Human Resources Committee meetings were held seven times. Deliberations at the committee meetings encompassed matters such as proposals for Director candidates (including Outside Directors) and levels and criteria of remuneration for Directors.

(4) Current composition of the Board of Directors

Currently, the Board of Directors is composed of nine members (three of whom are Outside Directors).

Outside Directors who are independent from the Company's management team and Suntory Holdings constitute at least one third of the Board of Directors, and accordingly, the Board of Directors can be viewed as having secured the required independence to fulfill its responsibilities.

The Board of Directors can also be viewed as possessing the required skills as a whole and having an appropriate size for ensuring substantive discussion is carried out.

[>Skillset matrix of the current Board of Directors](#)

The Outside Directors are expected to provide advice and perform management supervision from strategic and broad viewpoints and an independent and objective standpoint and the Company selects individuals for Outside Director positions who have abundant knowledge, experience and expertise in such the areas of corporate management, international perspectives, marketing, corporate governance/risk management, and human resource development. Currently four of the nine Directors are women, and two are foreign nationals. This ensures diversity from the viewpoint of gender and international representation, etc., and reflects efforts to strengthen the Group's potential for sustainable growth and accelerate globalization.

As described above, the current composition of the Board of Directors can be viewed as having achieved an optimal structure for fulfilling the board's duties.

[>For the reasons for selection of Directors and important concurrent positions, please refer to the Notice of Conversation of the Ordinary General Meeting of Shareholders.](#)

(5) Consideration of the CEO Succession Plan

The Company believes that appropriately administering the "CEO Succession Plan" is an important matter of the Company's corporate governance to ensure that the CEO, to whom management of the Company is entrusted, is selected fairly.

Regarding the "CEO Succession Plan," the Human Resources Committee clarifies qualifications required of the CEO in light of the business environment and management issues of the moment, and shares them with the Executive Directors, and the Executive Directors consider selection/reselection of the CEO, personnel selection and evaluation of the next CEO, understanding and training of potential candidates, and others in light of the qualifications which are clarified by the Human Resources Committee. The Human Resources Committee and the Executive Directors proactively share information and the Human Resources Committee deliberates on whether circumstances to be taken into account are reflected properly under an appropriate process, and consequently whether it is a right personnel decision, and reports the result of deliberation to the Board of Directors.

(6) Consideration of Outside Director Succession Plan

The Company believes that appropriately administering the "Outside Director Succession Plan" is an important matter of the Company's corporate governance to ensure that Outside Directors who supervise the management of the Company from an independent standpoint are selected fairly.

Regarding the "Outside Director Succession Plan," the Human Resources Committee plays a leading role in the consideration process. The Human Resources Committee clarifies the role particularly expected and specific skills required of Outside Directors in light of the business environment and management issues of the moment, and while making judgments on reselection based on performance of duties of incumbent Outside Directors, the committee methodically conducts searches and evaluations of new candidates, so that the roles expected and skills required of Outside Directors are consistently satisfied.

(7) Discussions on Director remuneration

Based on a resolution of the Board of Directors, the Company has established on the “policy for determining the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members)” as set out here.

[>Policy for determining the details of remuneration, etc. for individual Directors \(excluding Audit and Supervisory Committee Members\)](#)

To ensure rationality, objectivity and transparency in remuneration decisions, the Human Resources Committee deliberates and discusses whether the Director remuneration conforms with the aforementioned policy, and whether the remuneration has been planned and implemented to attract excellent personnel and provide an incentive for improving corporate value, and be at a level that is suitable for the roles and responsibilities.

(8) Initiatives to enhance effectiveness of the Board of Directors (effectiveness evaluation, etc.)

The Board of Directors holds regular meetings once a month and extraordinary meetings as the need arises. In 2022, the Board of Directors held 13 board meetings and actively discussed, not only various management issues, including the management policy, M&A, corporate governance, and sustainability, but also core-business related key issues and the execution of business. In addition to the number of meetings stated above, there were six written resolutions where it was deemed that a resolution of the Board of Directors had been made.

The Company conducts the following initiatives to enhance effectiveness of the Board of Directors.

In terms of the operational side of the Board of Directors, the Company provides preliminary dissemination of materials (in principle, materials are sent to each Director at least three business days prior to the board meeting) and a background explanation is provided to each Outside Director individually ahead of the board meeting (as a rule, the board secretariat provides individual explanations on the details of proposals and the business conditions which form the background to such proposals ahead of the board meeting). Moreover, the Company provides opportunities for regular exchange of opinions among Outside Directors, and works to strengthen cooperation among Outside Directors.

In terms of training and the sharing of information, in 2022 the Company continued its efforts to equip Directors with sufficient knowledge and understanding of the business to execute their duties, such as by providing the Board of Directors with training on the theme of biodiversity conducted by external professional lecturers as well as holding board meetings, and providing opportunities to exchange opinions, etc. at the Kita-Alps Shinano-no-Mori Water Plant, which was completed in 2021, and at the head office of Suntory Beverage Solution Limited, which was established in 2022. Furthermore, with the aim of deepening their knowledge about the Group’s business and issues that it faces, from time to time the Company explains to Outside Directors about our business and issues, and conducts site inspections at its facilities and provides opportunities to interact with the site executives.

Regarding these initiatives, the Company evaluates the effectiveness of the Board of Directors once a year. For the evaluation, the Company conducted self-evaluations for all Directors using questionnaire surveys, etc., and conducted hearings for Directors as necessary. Based on the results, the Board of Directors discussed issues for further improvements. As the results of the initiatives thus far, in order to enhance discussions on medium- and long-term management issues, the Company has worked to set priority items for discussion at board meetings and improve the quality of reports on operating results. In 2022, the Company conducted a questionnaire survey for all Directors, which required the respondents to provide their name and written responses to evaluate the effectiveness of the Board of Directors and suitable operation of its meetings through fixed-point observation. As a significant evaluation matters for 2022, the Company conducted evaluation on the exchange of opinions between Directors and senior management with the aim of building a more effective Board of Directors.

Futhermore, the Company conducted a questionnaire surveys of the members of the Human Resources Committee and the Special Committee, which are becoming increasingly important for the independent and objective supervisory function they are expected to perform, and which required the respondents to provide their name and written responses, in order to evaluate whether the roles of these two committees are being fulfilled appropriately.

As a result, it was confirmed that specific initiatives are being effectively implemented to reflect the Board of Directors’ effectiveness evaluation from the previous fiscal year, such as (i) that the Board of Directors has been operated efficiently to stimulate active discussions; (ii)that adequate opportunities are also being created, including those outside meetings of the Board of Directors , to promote understanding of the Group’s business and the issues that it faces; and (iii)that opportunities for the broad and substantial discussion of matters relating to management strategy and management issues are being systematically generated by a Board of Directors characterized by abundant diversity in terms of gender and international representation. It was also confirmed that the Human Resources Committee and the Special Committee are appropriately fulfilling their roles based on their respective duties.

The Company confirmed that conducting more substantive strategic and wide-ranging discussions on medium- and long-term management issues will continue to be an issue for the Board of Directors in the future. At the board meeting held in January 2023, the Board of Directors discussed the medium- and long-term corporate strategies and management issues to focus on in deliberations in 2023, and the deliberation schedule.

Information

Skillset Matrix of the Board of Directors
suntory.jp/skill_matrix_en/



Independent Outside Directors

- (1) The Company believes that an Outside Director must be independent from the management team of the Company and the parent company Suntory Holdings in order for him or her to fulfill the duties of an Outside Director. Accordingly, the Company views Outside Directors as lacking independence if they fall under one or more of the categories below.
 - 1) The relevant Outside Director is currently or has in the past (within the last ten years) been an executive officer of the Company, its subsidiaries, parent company or fellow subsidiaries, or a non-executive director of the parent company.
 - 2) A close relative (of first or second degree) of the relevant Outside Director is currently or has in the past (within the last ten years) been a key business executive of the Company, its subsidiaries, parent company or fellow subsidiaries, or a non-executive director of the parent company.
 - 3) A company where the relevant Outside Director currently serves as an executive officer has transactions with the Company, its subsidiaries, parent company or fellow subsidiaries and the monetary amount of such transactions was greater than 2% of consolidated revenue for any of the company where the relevant Outside Director serves, the Group or the Suntory Group in the past three business years.
 - 4) The relevant Outside Director has, as an expert or consultant in the field of law, accounting, or tax, received remuneration of over ¥10 million directly from the Company, its subsidiaries, parent company or fellow subsidiaries in the past three business years. This excludes remuneration as a Director of the Company and remuneration paid to the organization or business to which the relevant Outside Director belongs.
 - 5) A nonprofit organization of which the relevant Outside Director is an executive officer has received donations from the Company, its subsidiaries, parent company or fellow subsidiaries of over ¥10 million and this amount exceeded 2% of the relevant organization's total business income in the past three business years.
- (2) At present, three of the Company's nine Directors are Outside Directors, and all Outside Directors of the Company do not fall into any of the categories listed in 1) to 5) above and are viewed as independent from the management team of the Company and from its parent company as well. In addition, the Company has reported to the Tokyo Stock Exchange that all of the three Outside Directors as independent officers.
- (3) The Company believes that if Outside Directors concurrently serve as Directors or officers of other firms, the number of such posts he/she holds should be suitably limited to such that enables the individual to devote the necessary time and effort to discharge his/her duties and responsibilities as a Director of the Company appropriately.

Audit and Supervisory Committee and Audit and Supervisory Committee Members

- (1) Audit and Supervisory Committee Members who serve as Outside Directors constitute a majority of the committee's members. The Audit and Supervisory Committee performs audits on Directors' performance of duties and other general performance of duties relating to the Group's management, in accordance with the internal control system.
- (2) In order to strengthen the auditing and supervisory functions of the Audit and Supervisory Committee, the Company collects information from Directors (excluding Audit and Supervisory Committee Members) and shares information at important meetings. Also, with the aim of ensuring ample cooperation between the internal audit division and the Audit and Supervisory Committee, the Company has a policy of selecting one full-time Audit and Supervisory Committee Member. At present, the Company has selected Yuji Yamazaki as the full-time Audit and Supervisory Committee Member. He has extensive experience in leading the corporate planning division, and he possesses a considerable amount of expertise related to finance and accounting.
- (3) To ensure that the chair has the information required to fulfill the duties of the Audit and Supervisory Committee in abundance, and that they have sufficient time and effort to perform their important duties as chair, a full-time Audit and Supervisory Committee Member has been appointed as chair.
- (4) During actual operation, information routinely gathered by the full-time Audit and Supervisory Committee Member is shared with Audit and Supervisory Committee Members who are Outside Directors, which constitute a majority of the committee's members, and subsequently utilized by the Audit and Supervisory Committee to ensure its effectiveness and independence.
- (5) In 2022, the Audit and Supervisory Committee meetings were held 13 times. Deliberations at the committee meetings encompassed matters such as formulation of audit implementation plans, discussion of important audit items, status on establishment and operation of internal control systems, evaluation of the Accounting Auditor, and preliminary discussion on agenda items of the Board of Directors meetings.

- (6) The Company has established the Group Audit Committee whose membership consists of Audit and Supervisory Committee Members, officers in charge of the corporate strategy division, and other officers. Audit and Supervisory Committee Members facilitate communication with the audit division, managing Directors and executive officers, thereby contributing in improving management quality.
- (7) The full-time Audit and Supervisory Committee Member attends meetings of the Risk Management Committee, Quality Assurance Committee, Sustainability Committee and other important meetings, and strives to collect information and establishes an audit environment.

Accounting Auditor

- (1) The Company has a policy of selecting as its Accounting Auditor an audit corporation which is able to use a network of member firms that operates in many countries and regions and can conduct high-quality audits. At present, the Company has selected Deloitte Touche Tohmatsu LLC as its Accounting Auditor. The Accounting Auditor conducts accounting audits in accordance with Companies Act and Financial Instruments and Exchange Act of Japan.
- (2) The Company ensures that the Accounting Auditor has ample time to prepare a high-quality audit, and that the auditor is able to have direct discussions with the Company's management team as well as the cooperation of the Audit and Supervisory Committee and the internal audit division.
- (3) The Audit and Supervisory Committee formulates criteria for evaluation and selection of the Accounting Auditor. During the process for reselecting the Accounting Auditor, in accordance with these criteria, Audit and Supervisory Committee confirms the Accounting Auditor's audit quality, appropriateness of remuneration level, independence, and expertise, through reports submitted by the finance & accounting division and Accounting Auditor, and makes a decision on the selection after comprehensively considering those results.
- The Audit and Supervisory Committee has established the "Policy Regarding Decisions of Dismissal or Non-reappointment of Accounting Auditor." These decision policy is set forth below.
- If the Company's Audit and Supervisory Committee deems that any circumstance stipulated in any item of Article 340, Paragraph 1 of the Companies Act of Japan applies to the Accounting Auditor, the Accounting Auditor will be dismissed based on the unanimous approval of all Audit and Supervisory Committee Members. In such situations, an Audit and Supervisory Committee Member selected by the Committee shall report to the first General Meeting of Shareholders convened after the dismissal both the fact of the dismissal and the reasons for the dismissal.
- The Company's Audit and Supervisory Committee shall, if it is recognized that on consideration of the Accounting Auditor's performance of their duties and the Company's audit system, etc. there is a need for a change in Accounting Auditor, decide on the content of a proposal to submit to the General Meeting of Shareholders regarding the dismissal or the non-reappointment of the Accounting Auditor.
- (4) In 2023, the Audit and Supervisory Committee received reports from the finance & accounting division and Accounting Auditor regarding the auditing structure and activities of the Accounting Auditor in line with the criteria for evaluation and selection of the Accounting Auditor. It evaluated the Accounting Auditor's audit quality and appropriateness of remuneration level, and confirmed their independence and expertise. As a result of this evaluation, the Audit and Supervisory Committee decided that the Accounting Auditor would be reselected for fiscal 2023.

Shares owned by the Group

- (1) The Group owns shares of some of its counterparties as cross-shareholdings to strengthen business relationships. When looking to newly acquire shares of counterparties, the finance division and any departments (or companies) controlling transactions will give consideration to the current and future profitability of the target company. Moreover, the judgment of whether or not it is appropriate to acquire the aforementioned shares will be made from the viewpoint of whether or not the strengthening of business relationship with the target company will contribute to the maintenance and improvement of the Group's corporate value.
- (2) With respect to the shares of counterparties owned by the Group, the Company's finance division performs an annual examination of each of the relevant securities, whereby it confirms with any departments (or companies) that are controlling transactions with said counterparties about the status of transactions, etc. including the initial purpose of acquiring the shares, the current amount of business transactions and the nature of the business transactions. If there are shares the ownership of which does not match the initial purpose of the share acquisition, the ownership of these shares will be reduced by sale, etc. Inspections are carried out in the board meeting once a year about shares of counterparties owned by the Group, detailing such securities, the purpose and the rationale of their holdings.

- (3) With regard to exercising its voting rights on the cross-shareholdings, the Group exercises such voting rights appropriately based on a judgment on whether the contents of the proposal will maintain and improve the corporate value of the Group, and add shareholder value. The Group arrives at such judgment by arranging for any departments (or companies) controlling transactions to hold discussions with target company and for specialist departments such as the finance division or the legal affairs division to carry out verification. The Group will not exercise voting rights in the affirmative for proposals that impair the Group's corporate value or shareholders value regardless of whether they are company proposals or shareholder proposals.

Transactions, activities, etc. with the Suntory Group

- (1) The Company has established the Special Committee as a system to safeguard the interests of general shareholders based on the "Basic policy" for the Company's corporate governance stated above. To ensure fairness, transparency and objectivity regarding transactions, activities, etc. with the Suntory Group, the Special Committee verifies the necessity and reasonableness, the appropriateness of the terms and conditions, etc., and the fairness of transactions equal to or exceeding a certain amount with the Suntory Group, including Suntory Holdings, and transactions, activities, etc. related to the business resources forming the source of Company's corporate value, such as brands, human resources, key assets and information (hereinafter collectively referred to as "Important Transactions, Activities, etc."), and reports to the Board of Directors. The members of the Special Committee must be persons who have independence from the Suntory Group to ensure the committee's independence and objectivity, and currently it is composed of three Independent Outside Directors.
- (2) Transactions, activities, etc. with the Suntory Group are, in accordance with internal regulations, examined beforehand by the departments conducting the transactions, activities, etc. and by the Company's legal affairs division and finance & accounting division to confirm the necessity and reasonableness of transactions, activities, etc., the appropriateness of their terms and conditions, etc., and the fairness, taking into consideration the perspective of independence from Suntory Holdings. Furthermore, the Board of Directors makes a decision on Important Transactions, Activities, etc. after sufficient deliberation has been made on the necessity and reasonableness of the Important Transactions, Activities, etc., the appropriateness of their terms and conditions, etc., and the fairness through the process of the prior deliberation and report by the Special Committee.
- (3) In addition to deliberation beforehand, in accordance with internal regulations, the legal affairs division, finance & accounting division, and internal audit division conduct a check and the Audit and Supervisory Committee conducts an audit after the transactions, activities, etc. were conducted, for the purpose of confirming whether they were based on the contents of the deliberation. For Important Transactions, Activities, etc., the status is reported to the Special Committee and the Board of Directors, and they confirm the results of the transactions, activities, etc.
- (4) According to these systems, fairness, transparency and objectivity of the transaction, activity, etc. with the Suntory Group is ensured.
- (5) In 2022, the Special Committee meetings were held three times, and confirmed there was the necessity and reasonableness, the appropriateness of the terms and conditions, etc., and the fairness of the Important Transactions, Activities, etc., as a result of deliberations, and reported it to the Board of Directors. The Board of Directors has also approved the said Important transactions, Activities, etc. based on the report by Special Committee.

Internal controls and risk management

- (1) With a basic approach regarding internal control systems having been established by the Board of Directors, the Company will strive to ensure that its business operations are appropriately carried out in accordance with such policy.

[>The Company's internal control system basic policy](#)

- (2) The Company has established the Risk Management Committee, the Quality Assurance Committee, and the Sustainability Committee. The Risk Management Committee takes on the role of promoting the risk management activities of the entire Group. The Committee identifies the Group's risks, designs countermeasures for these risks, and verifies the progress of responding to these risks. The Quality Assurance Committee is in charge of promoting quality assurance activities for the entire Group. The Committee identifies issues pertaining to the Group in terms of quality assurance, works to develop countermeasures, and confirms the progress of responding to such quality assurance issues. The Sustainability Committee is responsible for promoting sustainability management of the entire Group, and will formulate and promote the Group's sustainability strategies that contribute to sustainable development of society and business.

(3) The Group has established an internal audit division which conducts audits of the Group to ensure business operations are being conducted in an appropriate manner. The internal audit division has a number of personnel transferred from the finance & accounting division who possess insight in finance and accounting.

The internal audit division provides regular reports on the action plan and its progress to the Board of Directors, and provides reports directly to the Directors on the results of the internal audit and engages in cooperation with the Directors.

(4) The status of compliance with the Group's aforementioned code of conduct is reported to the Board of Directors on a regular basis upon having administered the questionnaire survey on corporate culture and workplace environment, including the status of compliance with the code of conduct. In 2022, the Company again distributed to the domestic employees a questionnaire survey on corporate culture and workplace environment, including the status of compliance with this code of conduct, and reported the findings of this survey to the Board of Directors.

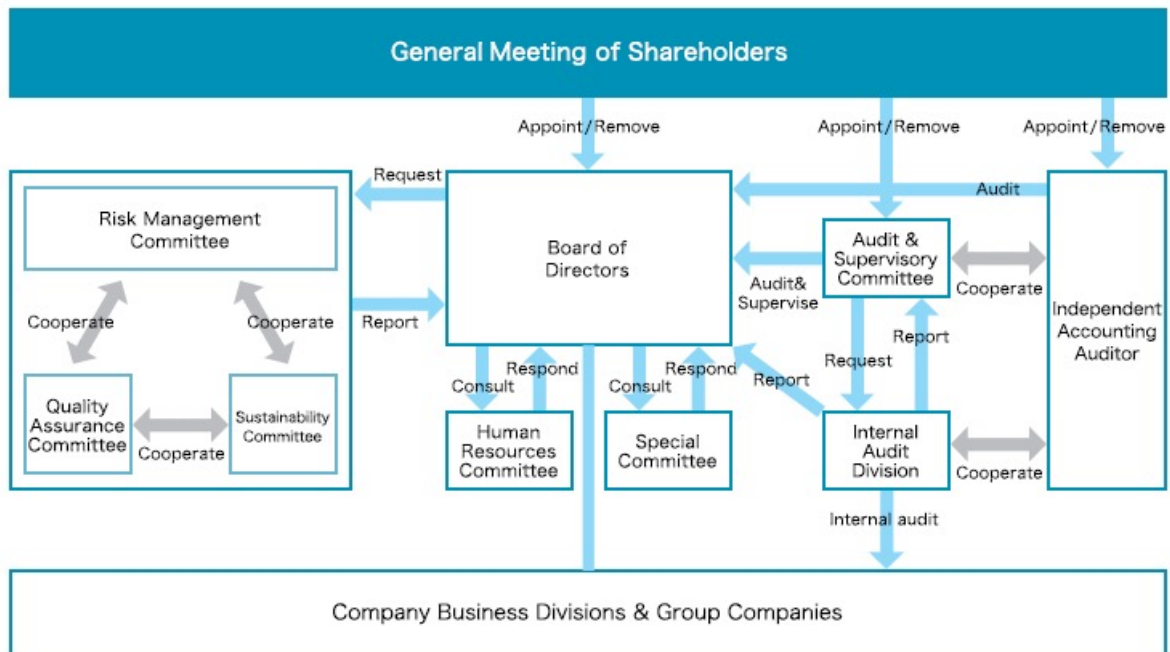
(5) The Company has established three channels for whistleblowing as follows.

- 1) Division in charge of compliance (via telephone or email)
- 2) Through external channels including a law firm and other providers of services to receive whistleblower disclosures (via telephone or email)
- 3) Through the Audit and Supervisory Committee (via email)

The Group employees in both Japan and overseas have been made aware of the existence of these channels through their publication on the Group's intranet.

The Company's internal regulations prohibit any adverse treatment of whistleblowers. The Group's whistleblowing system "Internal Group Hotline" was registered under the "Whistleblowing Compliance Management System" (registration based on self-assessment of compliance with certain whistleblowing system standards) in May 2020.

<The Company's Corporate Governance Structure>



Information

The Company's internal control system basic policy
suntory.jp/basic_policy_en/



Financial Statement Data

Consolidated statement of financial position (FY2016 - 2022, IFRS)

(Millions of yen)

Fiscal Years	2016	2017	2018	2019	2020	2021	2022
Assets							
Current assets							
Cash and cash equivalents	84,096	113,883	146,535	143,564	167,480	176,655	200,630
Trade and other receivables	176,781	176,653	184,900	191,240	196,242	240,584	270,969
Other financial assets	376	11,793	984	6,200	717	1,252	3,118
Inventories	73,985	81,015	85,766	84,916	79,260	87,807	106,086
Other current assets	23,818	25,487	25,149	20,287	23,496	23,953	25,564
Subtotal	359,057	408,832	443,336	446,210	467,198	530,253	606,370
Assets held for sale	—	22,081	27	104	—	—	—
Total current assets	359,057	430,914	443,363	446,314	467,198	530,253	606,370
Non-current assets							
Property, plant and equipment	362,342	354,216	375,382	372,036	360,358	372,337	381,511
Right-of-use assets	—	—	—	47,446	50,772	52,260	48,841
Goodwill	245,481	254,025	250,685	247,851	250,448	255,599	264,573
Intangible assets	411,356	432,814	418,562	411,374	405,175	430,086	452,444
Investments accounted for using the equity method	3,745	1,233	1,216	1,107	895	1,005	1,305
Other financial assets	13,531	20,460	20,955	17,162	14,513	13,847	14,777
Deferred tax assets	12,206	12,701	14,291	14,428	15,465	14,173	6,398
Other non-current assets	13,677	15,663	14,959	9,575	9,423	7,362	7,125
Total non-current assets	1,062,340	1,091,115	1,096,052	1,120,984	1,107,052	1,146,673	1,176,978
Total assets	1,421,398	1,522,029	1,539,416	1,567,299	1,574,251	1,676,926	1,783,349
Liabilities and equity							
Current liabilities:							
Bonds and borrowings	72,239	95,654	75,437	74,652	83,401	55,789	57,996
Trade and other payables	281,545	289,521	303,783	322,455	308,381	354,595	384,366
Other financial liabilities	31,802	32,678	30,736	38,444	33,542	30,877	34,026
Accrued income taxes	15,849	18,773	18,445	18,815	14,628	14,757	18,098
Provisions	2,147	1,385	2,074	1,511	1,586	2,016	1,417
Other current liabilities	9,886	8,860	8,639	6,026	4,986	5,529	8,254
Subtotal	413,470	446,873	439,117	461,905	446,526	463,565	504,160
Liabilities directly associated with assets held for sale	—	6,215	—	—	—	—	—
Total current liabilities	413,470	453,088	439,117	461,905	446,526	463,565	504,160
Non-current liabilities							
Bonds and borrowings	239,283	211,375	195,436	132,716	120,292	109,558	64,752
Other financial liabilities	23,677	25,306	20,150	45,752	52,867	54,241	44,987
Post-employment benefit liabilities	11,214	11,888	13,258	15,405	15,073	14,697	13,732
Provisions	2,954	2,913	2,702	2,557	2,287	4,312	5,722
Deferred tax liabilities	62,688	66,001	63,494	65,835	71,695	81,403	84,922
Other non-current liabilities	5,294	5,253	6,377	5,561	5,952	5,196	4,965
Total non-current liabilities	345,112	322,738	301,421	267,828	268,168	269,409	219,083
Total liabilities	758,583	775,827	740,538	729,733	714,694	732,974	723,244
Equity							
Share capital	168,384	168,384	168,384	168,384	168,384	168,384	168,384
Share premium	182,326	182,404	182,349	182,349	182,414	182,423	182,229
Retained earnings	309,582	364,274	420,638	464,705	492,451	536,996	594,773
Treasury shares	—	—	—	△ 0	△ 0	△ 0	△ 0
Other components of equity	△ 51,507	△ 24,625	△ 56,548	△ 58,870	△ 61,495	△ 27,210	19,834
Total equity attributable to owners of the Company	608,784	690,437	714,823	756,568	781,755	860,593	965,220
Non-controlling interests	54,030	55,763	84,054	80,997	77,801	83,358	94,883
Total equity	662,815	746,201	798,877	837,565	859,556	943,952	1,060,104
Total liabilities and equity	1,421,398	1,522,029	1,539,416	1,567,299	1,574,251	1,676,926	1,783,349

Financial Statement Data

Consolidated statement of profit or loss (FY2016 - 2022, IFRS)

(Millions of yen)

Fiscal years	2016	2017	2018	2019	2020	2021	2022
Revenue	1,209,149	1,234,008	1,294,256	1,299,385	1,178,137	1,268,917	1,450,397
Cost of sales	△ 677,365	△ 697,789	△ 758,724	△ 763,291	△ 694,282	△ 745,735	△ 897,879
Gross profit	531,783	536,219	535,532	536,094	483,855	523,181	552,518
Selling, general and administrative expenses	△ 412,210	△ 412,444	△ 424,897	△ 414,794	△ 382,331	△ 397,707	△ 420,240
Gain on investments accounted for using the equity method	665	447	137	5	△ 85	70	411
Other income	3,959	5,862	14,591	1,681	3,341	2,887	19,375
Other expenses	△ 12,332	△ 12,129	△ 11,806	△ 9,039	△ 8,603	△ 9,863	△ 12,375
Operating income	111,865	117,955	113,557	113,948	96,177	118,568	139,688
Finance income	559	871	1,032	1,427	861	508	1,629
Finance costs	△ 4,619	△ 4,384	△ 2,777	△ 3,188	△ 2,871	△ 2,024	△ 2,026
Profit before tax	107,804	114,442	111,813	112,186	94,168	117,052	139,291
Income tax expense	△ 29,254	△ 28,267	△ 22,979	△ 32,106	△ 29,873	△ 34,023	△ 38,192
Profit for the year	78,549	86,175	88,833	80,080	64,294	83,029	101,099
Attributable to:							
Owners of the Company	71,501	78,112	80,024	68,888	52,212	68,676	82,317
Non-controlling interests	7,048	8,062	8,808	11,191	12,082	14,353	18,781
Profit for the year	78,549	86,175	88,833	80,080	64,294	83,029	101,099
Earnings per share (Yen)	231.40	252.79	258.98	222.94	168.97	222.25	266.40

Financial Statement Data

Consolidated statement of cash flows (FY2016 - 2022, IFRS)

(Millions of yen)

Fiscal years	2016	2017	2018	2019	2020	2021	2022
Cash flows from operating activities							
Profit before tax	107,804	114,442	111,813	112,186	94,168	117,052	139,291
Depreciation and amortization	62,347	63,934	63,319	71,035	70,652	69,376	70,791
Impairment losses (reversal of impairment losses)	537	184	4,177	2,008	1,962	1,647	2,675
Interest and dividends income	△ 499	△ 871	△ 893	△ 1,422	△ 833	△ 450	△ 1,475
Interest expense	4,380	2,724	2,365	2,824	2,137	1,926	1,949
Loss (gain) on investments accounted for using the equity method	△ 665	△ 447	△ 137	△ 5	85	△ 70	△ 411
Loss (gain) on sales of shares of subsidiaries	—	—	△ 12,038	—	—	—	△ 16,020
Decrease (increase) in inventories	5,373	△ 7,887	△ 4,855	439	5,058	△ 5,503	△ 19,213
Decrease (increase) in trade and other receivables	△ 10,674	△ 1,425	△ 4,946	△ 7,019	△ 5,556	△ 36,634	△ 23,615
Increase (decrease) in trade and other payables	10,125	6,453	7,933	8,943	△ 1,337	32,109	23,472
Other	13,410	3,446	7,211	11,820	△ 3,072	10,099	3,676
Subtotal	192,141	180,554	173,949	200,811	163,265	189,553	181,122
Interest and dividends received	500	833	850	1,345	955	439	1,355
Interest paid	△ 4,833	△ 2,813	△ 2,405	△ 2,776	△ 1,968	△ 2,925	△ 2,026
Income tax paid	△ 24,724	△ 29,061	△ 26,040	△ 28,783	△ 28,232	△ 28,887	△ 29,941
Net cash inflow (outflow) from operating activities	163,083	149,513	146,354	170,596	134,019	158,180	150,509
Cash flows from investing activities							
Payments for property, plant and equipment and intangible assets	△ 51,793	△ 55,339	△ 56,929	△ 58,815	△ 62,485	△ 56,122	△ 60,228
Proceeds on sale of property, plant and equipment and intangible assets	2,651	787	715	332	352	1,191	477
Payments for transfer of business	△ 8,088	—	—	—	—	△ 2,223	—
Payments for purchase of shares of subsidiaries	—	—	△ 26,719	△ 900	—	—	—
Proceeds from sale of subsidiaries	—	—	24,216	—	—	—	18,400
Other	△ 232	1,593	173	1	915	286	△ 1,044
Net cash (outflow) from investing activities	△ 57,461	△ 52,958	△ 58,543	△ 59,382	△ 61,217	△ 56,867	△ 42,395
Cash flows from financing activities							
Increase (decrease) in short-term borrowings	△ 1,291	8,751	4,073	△ 9,458	30,197	△ 29,622	△ 323
Proceeds from long-term borrowings	27,790	26,642	9,500	—	30,000	11,189	6,618
Repayments of long-term borrowings	△ 105,128	△ 61,905	△ 63,027	△ 27,979	△ 57,194	△ 27,820	△ 43,832
Proceeds from issuance of bonds	—	—	29,883	—	—	19,927	—
Redemption of bonds	—	—	—	△ 25,000	—	△ 15,000	—
Payments of lease liabilities	△ 9,509	△ 8,404	△ 6,998	△ 14,842	△ 13,983	△ 16,484	△ 13,524
Dividends paid to owners of the Company	△ 21,321	△ 23,484	△ 23,793	△ 24,101	△ 24,101	△ 24,101	△ 24,101
Dividends paid to non-controlling interests	△ 3,858	△ 5,397	△ 6,516	△ 13,639	△ 11,655	△ 14,197	△ 17,042
Payments for shares of subsidiaries	△ 3,808	△ 171	△ 44	—	—	—	—
Other	—	374	54	△ 134	△ 16	△ 0	△ 0
Net cash (outflow) from financing activities	△ 117,126	△ 63,593	△ 56,868	△ 115,156	△ 46,754	△ 96,109	△ 92,207
Net increase (decrease) in cash and cash equivalents	△ 11,505	32,961	30,941	△ 3,942	26,047	5,203	15,907
Cash and cash equivalents at the beginning of the year	97,718	84,096	113,883	146,535	143,564	167,480	176,655
Reversal of cash and cash equivalents included in assets held for sale	—	—	3,439	—	—	—	—
Cash and cash equivalents at the beginning of the year	97,718	84,096	117,322	146,535	143,564	167,480	176,655
Effects of exchange rate changes on cash and cash equivalents	△ 2,117	265	△ 1,728	971	△ 2,131	3,971	8,067
Cash and cash equivalents included in assets held for sale	—	△ 3,439	—	—	—	—	—
Cash and cash equivalents at the end of the year	84,096	113,883	146,535	143,564	167,480	176,655	200,630

Stock Status

As of December 31, 2022

Total number of shares authorized to be issued	480,000,000 shares
Total number of issued and outstanding shares	309,000,000 shares
Number of shareholders	39,600

Major Shareholders (Top 10 shareholders)

Name	Shares held (Thousands)	Ratio of shareholding (%)
Suntory Holdings Limited	183,800	59.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,014	6.4
Custody Bank of Japan, Ltd. (Trust Account)	7,752	2.5
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	5,533	1.7
SMBC Nikko Securities Inc.	4,618	1.4
JPMorgan Securities Japan Co., Ltd.	3,792	1.2
STATE STREET BANK WEST CLIENT - TREATY 505234	3,737	1.2
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,118	1.0
Mizuho Securities Co., Ltd	2,357	0.7
STATE STREET BANK AND TRUST COMPANY 505103	1,897	0.6

Corporate Bonds and Ratings

Corporate Bonds

First Series of Unsecured Straight Corporate Bonds

Date of issue : Jun. 26, 2014

Total amount of issue : 25 billion yen

Interest rate : 0.259% per annum

Maturity date : Jun. 26, 2019

Third Series of Unsecured Straight Corporate Bonds

Date of issue : Jul. 26, 2018

Total amount of issue : 15 billion yen

Interest rate : 0.001% per annum

Maturity date : Jul. 26, 2021

Second Series of Unsecured Straight Corporate Bonds

Date of issue : Jun. 26, 2014

Total amount of issue : 15 billion yen

Interest rate : 0.700% per annum

Maturity date : Jun. 26, 2024

Fourth Series of Unsecured Straight Corporate Bonds

Date of issue : Jul. 26, 2018

Total amount of issue : 15 billion yen

Interest rate : 0.070% per annum

Maturity date : Jul. 26, 2023

Ratings

Japan Credit Rating Agency, Ltd. (JCR)

As of July 4, 2023

Long-Term Senior Debt Rating (Issuer Rating)	AA
CP Rating	J-1+

Moody's

As of June 23, 2023

Long-Term Senior Debt Rating (Issuer Rating)	A2
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