

# Respecting Nature to Shape a Sustainable Society

Priorities identified in our long-term strategy for the period to 2030 are "accelerate sustainability management and contribution to local societies," and "strengthen unique global management system of Genba Heroes."

We will focus our business activities toward the creation of a sustainable society, so that SBF will continue to be seen as a company that is essential to society.



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Our promise, *Mizu To Ikiru*—Living with Water, has three meanings. First, it means "embrace water and nature." As a company that provides consumers with water, a blessing of nature, we must protect and help to maintain a global environment that nurtures water.

Second, it means that we will "enrich our society." Just as water quenches the thirst of every creature, our aim is to bring benefits to society.

Third, it expresses our determination to be as flexible as water as we continue to "take on new challenges." We want

our employees to be as free and flexible as water so that we boldly take up new challenges in the spirit of *Yatte Minahare*.

### Building a Sustainable Society— Focus on Water-related Activities

Water is the source of all life and a vital resource for the business operations of SBF. As a company that has made a promise to society through our *Mizu To Ikiru* (living with water) philosophy, we will further strengthen our focus on water-related initiatives and develop them on a global scale. Within Japan, we are working through our *Natural Water Sanctuary* project to conserve forests because of their important role in the maintenance of water resources. We are also helping to encourage future generations to protect and conserve water through our unique *Suntory Mizuiku* environmental education programs. We have maintained these "Protecting Water" activities for many years in cooperation with local communities. Our goal is to contribute to water sustainability by using

knowledge gained through these activities within the SBF Group, by actively expanding our initiatives overseas, and by engaging in regionally focused activities.

### International Initiatives to Reduce Environmental Load— SBF's Environmental Goals

As people become more affluent, they also become more concerned about the burdens imposed on nature and the environment. This trend is resulting in accelerating efforts to create a sustainable society, including the Paris Agreement and other international initiatives to reduce greenhouse gas emissions, and the adoption of Sustainable Development Goals (SDGs) at a United Nations summit meeting.

SBF has worked to fulfill its obligations as a company that relies on the blessings of nature by reducing both the amount of water it uses and also the amount of carbon dioxide emitted. We have responded to current international trends by setting new long-term environmental goals for the period to 2030.

We will expand activities based on these goals across the entire SBF Group.

### Emphasis on People and Frontline Operations— Our *Yatte Minahare* Heritage

Throughout its history, the growth of the Suntory Group has been driven by the spirit that embraces challenges. We have boldly taken up new challenges without fear of failure, which has resulted both in the proposal of new value and in the creation of totally new markets. Our founding spirit, as expressed in the phrase *Yatte Minahare*, has been passed down from generation to generation and remains a key element in our value system and a driving force for our activities now and in the future. As the scope of our business operations expands globally, we aim to create a corporate culture in which diverse people from different countries and regions can work together as individuals who truly embody the *Yatte Minahare* spirit.

# Water

Water sustainability is an priority for SBF as a company that makes its living with water as the basis for creating value. We will continue to develop water-related activities principally in the countries where we are doing on business.

## The Suntory Group's Sustainable Water Philosophy

As a global soft drink company that has made "Mizu To Ikiru" as our promise, we share a sustainable water philosophy and will continue our efforts to contribute to the solution of water-related issues in various parts of the world.



### Understanding the natural cycle of water

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



### Promoting environmentally conscious water use

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



### Conserving watersheds

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



### Engaging with local community

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

## Conserving and Regenerating Nature, which Fosters Clean Water

The Suntory Institute for Water Science works with scientists in many fields to ensure healthy water cycles in various locations. Using detailed surveys and research based on scientific evidence, it works to maintain the sustainability of clean groundwater.

Since 2003, Suntory has signed medium- to long-term



agreements with local governments and forest owners in Japan. Under these agreements, which cover periods of several decades, Suntory develops and cultivates forests as Natural Water Sanctuaries. By the March of 2017, these activities were in progress in 20 forests with a combined area of approximately 9,000 hectares in 14 prefectures. The volume of groundwater from these forests is greater than the amount of water taken up by Suntory production facilities. A total of 7,133 employees have deepened their understanding of the sustainable water philosophy and learned about the importance of forests in maintaining water resources by gaining first-hand experience with forestry in the Natural Water Sanctuaries.

To ensure the long-term sustainability of our worldwide business activities we study and assess water resource and water-related risks in every overseas location in which we establish a manufacturing facility. This work is applied to environmental management.

## Global Water Initiatives

### Suntory Mizuiku— Education Program for Nature and Water

*Suntory Mizuiku*, our nature and water environmental education program, which entered its 15<sup>th</sup> year in 2018, is a unique Suntory Group initiative to help children to appreciate the wonders of nature and understand the importance of forests to the maintenance of water resources, while thinking about how water resources can be conserved for the future.

Through the Outdoor School of Forest and Water, children in the 3<sup>rd</sup> to 6<sup>th</sup> grades of elementary school and their caregivers experience the grandeur of nature and learn about the importance of

water and forest watersheds at locations where *Suntory Tennensui* is produced.

In schools, working with elementary school teachers, we teach children in the 4<sup>th</sup> and 5<sup>th</sup> grade about the mechanisms and importance of nature, using videos and experiments. The children are encouraged to think about what they can do to conserve water for the future. By the end of 2017, a total of approximately 145,000 children had participated in these classes.

Since 2015, *Suntory Mizuiku*, our nature and water environmental education program has been running in Vietnam. In addition to learning about the importance of water, hygiene management, and water resource

conservation in relation to local social issues, children also visit plants operated by Suntory PepsiCo Vietnam Beverage to learn about water conservation and pollution prevention. Initially provided in Hanoi, the programs have since been extended to Ho Chi Minh, Bac Ninh, and Ben Tre. In 2018, Quang Nam Province, Lang Son Province, and Ha Giang Province were also added. The programs are highly regarded by local governments and communities. Suntory is also contributing to the improvement of the children's sanitation by helping participating schools to encourage hand washing and install or improve toilets and water purification facilities.

### Water Resource Conservation Activities in France

Orangina Suntory France manufactures and sells soft drinks, including *Orangina* and *Oasis*, in France. In 2017, the company entered into a new water resource conservation partnership with Grand Parc Miribel Jonage, a natural park located near the company's Meyzieu Plant. Activities under the agreement include forest conservation in the park, and educational programs for children. While establishing facilities relating to water in the park for the enjoyment of visitors from local communities, Orangina Suntory France also works with communities to protect and develop local water resources and the natural environment.



### Initiatives in Africa

In South Africa, SBF is helping to introduce environmental and water-related education programs in elementary schools in cooperation with the Wildlife and Environment Society of South Africa (WESSA). We are working to expand and enhance the educational content so that schoolchildren can learn about the importance of water to all living things, including plants, and day-to-day water conservation activities and water sanitation, so that they can help to ensure a brighter future for the regional environment.

In Nairobi, Kenya, SBF is helping to supply safe and clean drinking water to schools through the Kangemi Resource Centre, a local community support organization.



### SBF Selected as a Member of the CDP Water A-List for Two Straight Years

SBF has been selected for inclusion in the CDP Water A-List in two successive years in recognition of our efforts to develop water resources and reduce water use. The list is compiled by CDP, an international non-profit organization, on the basis of a survey conducted with the support of 803 worldwide institutional investors with total assets under management of US\$100 trillion. We see SBF's selection for the list as evidence of international recognition for our environmental conservation and restoration activities and our efforts to reduce environmental impact.



# Environment

SBF is promoting environmental management as part of the Suntory Group. As a company that benefits from the blessings of nature, we believe that we have a special responsibility to contribute to the creation of a sustainable society. As part of that commitment, we have adopted new environmental goals for 2030.

## 2030 Environmental Goals

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

### 1. Water

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

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

### 2. CO<sub>2</sub>

**• 25% reduction\*2 in global CO<sub>2</sub> emissions from SBF plants**  
**• 20% reduction\*2 in global CO<sub>2</sub> emissions across our entire value chains other than SBF plants**

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

\*1 Reduction per unit of production based on business segments in 2015  
 \*2 Reduction of total emissions volume based on business segments in 2015

We will maximize synergy benefits within the SBF Group by regularly sharing technology and expertise accumulated at plants and in frontline business operations in each country and applying them to other areas of activity, and by implementing appropriate measures across all value chains.

We have had these CO<sub>2</sub> emissions goals validated by the SBT\*3 initiative and have publicized our participation.

\*3 Science Based Targets (SBT) initiative certifies mid- to long-term greenhouse gas emission reduction targets as scientific if they will contribute to keeping the global average temperature rise within 2°C of that prior to the Industrial Revolution.

#### Initiatives across Entire Value Chains Reducing Environmental Impact

The SBF Group will reduce environmental impact across entire value chains, from the procurement of raw materials to manufacturing, logistics, sales, and recycling.



#### Initiatives to Reduce Water Use and CO<sub>2</sub> Emissions in Production

We use large quantities of water to clean and cool production equipment in our plants. We ensure that this limited resource is used responsibly by applying the "3Rs"—Reduce, Reuse, Recycle—to minimize water use in every aspect of our operations. Measures to reduce energy consumption and CO<sub>2</sub> emissions include the reuse of heat from in-house power generation facilities, and conversion to fuels that emit less CO<sub>2</sub>.

#### Water Usage Performance 2017 (at 9 production plants in Japan and 37 production plants overseas)\*\*

	Usage amount (1,000 m <sup>3</sup> )	Per unit production reduction rate*6
SBF Total	22,084	-1.4%

#### CO<sub>2</sub> Emission Performance\*5 2017 (at 9 production plants in Japan and 37 production plants overseas)\*\*

	Emission (1,000 tons)	Per unit production reduction rate*6
SBF Total	431	-0.3%

Note: In 2017, expansion of manufacturing lines at some factories in Japan temporarily affected per-unit reduction rates.

\*4 Data covers 9 production plants in Japan and 37 production plants in overseas owned by companies that consists 95% of the SBF Group's sales  
 \*5 CO<sub>2</sub> emissions from electricity are calculated using a CO<sub>2</sub> emission coefficient based on the GHG Protocol.  
 \*6 Per unit production is the amount of emission per kiloliter produced; the rate of reduction is shown as a comparison to the previous year

#### Water Cascade

At the Suntory Products Limited Minami-Alps Hakushu Water Plant, the amount of water used per unit of production has been reduced to the lowest level in the industry by means of advanced recirculation and reuse equipment. Another example of efficient water utilization at the plant is the storage of rainwater in tanks for use in plant irrigation and as a coolant for air conditioning equipment.

#### Conversion to Fuels with Low CO<sub>2</sub> Emissions

We are switching from fuel oil to fuels with low CO<sub>2</sub> emissions per thermal unit, such as city gas and liquefied natural gas (LNG). We are also actively using green electric power at overseas plants especially in France.

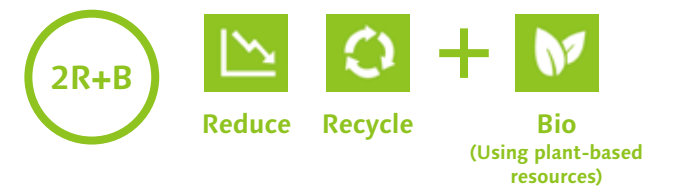
#### Accelerating the Shift to Renewable Energy

Various forms of renewable energy are used at SBF Group plants, including solar power, snow-ice, biomass, and micro-hydro power systems. The Suntory Products Limited Minami-Alps Hakushu Water Plant has the largest solar power generation capacity of any beverage industry plant. By using solar panels with a capacity of approximately 490kW to provide part of the electricity used in the plant, we have reduced CO<sub>2</sub> emissions at the plant by approximately 205 tons per year compared with electricity purchased from an electric power company.

#### "2R+B" Strategy for PET Bottles

Most SBF Group products are supplied to consumers in containers. We are actively working to minimize the

environmental load resulting from containers and packaging. We have adopted a unique "2R+B" strategy for PET bottles as the basis for the efforts to develop containers that combine consideration for the environment with usability. By reducing the amount of plastic used and using recycled and plant-based materials, we are helping to ensure effective utilization of resources while reducing CO<sub>2</sub> emissions.



#### Energy-efficient Vending Machines

Since 2007, SBF has been installing heat pump vending machines\*7. These dramatically reduce the amount of electric power consumed compared with conventional machines. By the end of 2017, 71% of our vending machines were of this type.

In April 2014, we began to install energy-efficient "eco-active" vending machines as a way of further contributing to the reduction of environmental impact. These operate on 420kWh per year, or about one-half of the amount consumed by conventional vending machines. This is the lowest power consumption of any vending machine in Japan\*8.

\*7 Heat pump vending machines recover heat from the refrigeration compartment and use it in the heating compartment.  
 \*8 As of January 2018, based on research by Suntory Beverage Solution Limited using a selection of 25 vending machines produced by leading Japanese vending machine manufacturers.

#### Column

### Acting against Marine Plastic Pollution

Marine pollution caused by plastic containers, including PET bottles, has become a serious problem and is the subject of debate as a global environmental issue. As a beverage company that uses large quantities of containers, we are working actively with governments, communities, and industry groups to find solutions to this problem. In addition to our company 2R+B strategy, we are continually encouraging consumers in Japan and overseas to recycle containers. We will continue to work on improvement initiatives with various stakeholders with the aim of raising recycling rates in countries and regions.

For instance, our Group company Lucozade Ribena Suntory, U.K. has signed the UK Plastics Pact\*9.

\*9 The UK Plastics Pact is a collaborative initiative with UK governments and NGOs that will create a circular economy for plastics.

# People

Human resource diversity is a priority for the Suntory Group. Because the Group relies on diverse values and ideas to generate innovation, diversity management is a core management policy. SBF's approach to this policy is that regardless of nationality, gender, or other attributes, every individual employee in our Group is a full member of the Suntory Group and the SBF family. That is why we call our Group employees "Suntorians." We strive to build a corporate culture and maintain a workplace environment in which all employees can achieve continuing growth as individuals who share the same aspirations and values, by boldly taking up the challenge of creating new value in their respective workplaces.

## One Suntory, One SBF

### The Suntory People Way

The accelerating global expansion of Suntory Group's business operations has been paralleled by the expansion of the diversity of people in our workforce. The philosophy on the role of people as the driving force for growth across the entire Suntory Group is encapsulated in the "Suntory People Way." This philosophy reflects the originality and uniqueness of Suntory. It consists of three elements—Family, *Yatte Minahare*, and Engagement—each representing the thoughts and ideas about the people who make up the Suntory Group. This philosophy is also the starting point for all activities relating to our people.

We also adopted the Suntory Group Diversity Vision as a definition of our management priorities in relation to diversity promotion.



### Suntory Group Diversity Vision

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

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

## Discovery and Promotion of People with the Potential for Success in a Global Arena

### Group Talent Review

Every year Suntory Group members carry out a talent review covering each country, region, and business area in which they are involved. The purpose of this process is to discover, develop, and utilize human resources with the potential to make a group-wide contribution at the global level. Review results are shared and discussed across the entire Group. Senior managers from each group meet to look at the positioning of key talent in the Group, to draw up succession plans for key positions, and consider the relocation of personnel to different countries or business areas. This process creates a wide range of growth opportunities and plays an important role in career development. We will continue to evolve our group-wide talent development systems.

### Leadership Development, Training Programs

The Suntory Group recognizes people as the source of

corporate growth. This philosophy was reflected in the establishment of the *Suntory University* human resource development program in April 2015. The Suntory Group is continually developing business leaders to drive business growth, by providing opportunities for people aspiring to a higher-level business career to stretch their career goals. The diverse training curricula go beyond traditional operational categories and include opportunities to work with or in other companies and countries. They are also linked to management strategies. There are programs for people at various career levels, including the Global Leadership Development Program for team leaders, the Beyond Borders Program for organization leaders, and the Global Leadership Forum for next-generation management candidates. The Career Challenge Program is designed to strengthen the basic skills needed for global operations, while the Trainee Program allows people to develop their cultural adaptability through OJT with overseas Group companies. In addition, there are training courses designed to share and disseminate knowledge and policies relating to specific functions, such as production and R&D.

### Sharing and Disseminating the Founding Spirit

We have developed activities to ensure that people in all Group companies in Japan and overseas understand and share the Suntory corporate philosophy and founding spirit—*Yatte Minahare*, and giving back to society. Under the Suntory Group's Ambassador Program, we use lectures, facility tours, and workshops to deepen understanding about Suntory's founding spirit, while building a sense of unity as members of the Suntory Group. Senior executives from SBF visit business sites in Japan and overseas and actively participate in town hall meetings to talk about the founding spirit and SBF's vision in their own words.

### Reforms toward Productivity Improvement and More Flexible Workstyles

Suntory Group employees come from a wide range of backgrounds. We have implemented a variety of initiatives to help them work energetically while achieving high productivity, including the introduction of flextime, the promotion of teleworking, and the use of shared offices in Japan. Other innovations that are helping to improve individual skill levels and day-to-day productivity are intranet-based knowledge sharing, and IT skill training programs that we have developed in-house. We are progressively using robotic process automation (RPA) to improve efficiency, and we are expanding the range of processes covered by this initiative to include administrative and sales management areas.

In 2016, we established the "Terakoya" (temple school) website as a forum



where employees can use time freed up through productivity improvement to achieve further personal growth by engaging in their own learning and teaching activities. Through this site, where employees can share their personal interests and skills regardless of their work or positions, we are encouraging the development of a culture in which anyone can learn or be taught.

### Promoting Health Management

The Suntory Group has been promoting health management since 2016. Suntory companies have introduced various initiatives to encourage individuals to set lifestyle improvement goals and work continuously and independently to improve their health. Under the Suntory Health Challenge, for example, employees attend health camps and earn "health mileage points" according to their efforts. In 2017, approximately 38,000 employees from all Suntory Group companies worldwide were invited to the "One Suntory Walk," an event that combined global health management with environmental management.

In recognition of these initiatives, both Suntory Holdings Limited and Suntory Beverage & Food Limited (SBF) were included in the 2018 "White 500" list. This is the large corporate section of a program jointly run by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi to provide recognition for "Outstanding Health and Productivity Management Organizations."



Column

## Suntory Holdings Limited ranked No.5 in the Beverage Industry in Fortune Magazine's "World's Most Admired Companies" List

Suntory Holdings Limited was selected for fifth place in the beverages section of the 2018 list of the World's Most Admired Companies published by the U.S. business magazine Fortune. The list ranks approximately 650 of the world's leading companies according to nine assessment items, including innovation, social responsibility, and quality of products and services. The rankings are based on a questionnaire survey of approximately 3,900 corporate managers and finance analysts. Ranked at number 5, Suntory Holdings was the top Japanese company in the beverages section. It was also the highest-ranked Japanese company in 2016. We see this ranking as high recognition for the corporate activities of the Suntory Group.