

## Corporate Governance

### Basic Stance on Corporate Governance

As a company dedicated to the *Mizu To Ikiru* (living with water) philosophy, SBF has promised to respect nature, enrich society, and continually take up new challenges. Our new vision, which reflects social changes and a growing consumer focus on health, is to enrich our drinking-experiences to be more natural, healthy, convenient, and fulfilling, by leading the next drinks revolution. We will also strive to enhance our corporate governance so that we can fulfill our corporate social responsibilities while maintaining good relationships with all stakeholders, including shareholders and investors, consumers, local communities, suppliers, and employees.

### Overview of Corporate Governance Framework

For its corporate governance framework, SBF has shifted to a Company with an Audit & Supervisory Committee and has put in place the requisite structures, the Board of Directors, the Audit & Supervisory Committee, and Independent Accounting Auditor. The purpose of this framework is to further enhance SBF's corporate governance through various means. These include improving the effectiveness of audits and supervision by having a Director who is also an Audit & Supervisory Committee member with voting rights on the Board of Directors (hereinafter referred to as an "Audit & Supervisory Committee member") conduct audits, further strengthening the supervisory functions of the Board of Directors by increasing the percentage of Outside Directors and realizing prompt decision making by the Board of Directors, by entrusting Directors with the responsibility for making all or certain important decisions regarding business execution.

### State of Corporate Governance, Management Oversight Organizations Relating to Management Decision-making, Executive Actions, and Auditing

Organizational Format	Company with Audit & Supervisory Committee, etc.
Term of office of directors as defined in the Articles of Incorporation	1 year
Chairman of meetings of the Board of Directors	President
Number of Directors	9
Number of Outside Directors	3
Number of Outside Directors who have been designated as independent directors/auditors	3

### Basic Policy on Establishing Internal Control Systems

Suntory Beverage & Food Limited (the "Company") hereby establishes its Basic Policy on Establishing Internal Control Systems, as follows.

- (1) System for Ensuring That the Execution of Duties by Directors, Executive Officers and Employees of the Company, as Well as by Directors, Executive Officers, Others with Equivalent Duties ("Officers") and Employees of the Company's Subsidiaries Conforms with Laws and Regulations and the Articles of Incorporation
- (2) System for the Preservation and Management of Information Concerning the Execution of Duties of the Company's Directors
- (3) Regulations and Other Systems for Managing Risk of Losses of the Company and Its Subsidiaries
- (4) System for Ensuring that Directors of the Company and Officers of the Company's Subsidiaries Execute Their Duties Efficiently
- (5) System for Reporting to the Company Matters Related to the Execution of Duties by Officers of the Company's Subsidiaries
- (6) Other Systems to Ensure the Appropriateness of Business of the Group Consisting of the Company, Its Parent Company and Its Subsidiaries

With respect to transactions between Group companies, including the parent company, internal procedures shall be established pertaining to matters such as performing transactions and determining transaction terms and conditions, and steps shall be taken to ensure the objectivity and rationality of such transactions. In particular, care shall be taken to ensure independence from the parent company with respect to transactions with the parent company.

- (7) Matters Regarding Directors and Employees Who Assist in the Duties of the Audit & Supervisory Committee of the Company, Matters Regarding the Independence of Such Directors and Employees from Other Directors (Excluding Directors Serving on the Audit & Supervisory Committee), and Matters Related to Ensuring the Effectiveness of Instructions Given by the Audit & Supervisory Committee to Such Directors and Employees
- (8) System for the Company's Directors (Excluding Directors Serving on the Audit & Supervisory Committee), Executive Officers and Employees, as Well as Directors, Executive Officers, Audit & Supervisory Board Members, Others with Equivalent Duties and Employees of the Company's Subsidiaries or Other Persons Who Receive Reports from Such Persons to Report to the Company's Audit & Supervisory Committee and Other Systems Related to Reporting to the Audit & Supervisory Committee

- (9) System to Ensure That a Person Who Has Reported to the Company's Audit & Supervisory Committee Are Not Treated Adversely Based on the Fact Such a Report Has Been Made by the Person

The Directors (excluding Directors serving on the Audit & Supervisory Committee), Executive Officers, employees and others of the Group may directly report to the Audit & Supervisory Committee, and any adverse treatment based on the fact that such a report has been made by the person is prohibited under the internal regulations, etc.

- (10) Policies Regarding Procedures for Advance Payment or Reimbursement of Expenses Arising in Conjunction with the Execution of Duties by Audit & Supervisory Committee Members of the Company (Limited to Those Expenses Incurred in Relation to Execution of Audit & Supervisory Committee Duties) and Other Policies for Processing Expenses and Obligations Arising with Respect to Execution of Such Duties, and Other Systems for Ensuring That the Audit & Supervisory Committee Effectively Performs Audits

remuneration for Audit & Supervisory Committee members should be ¥150 million or less per year. Decisions concerning the allocation of remuneration to individual directors (excluding Audit & Supervisory Committee members) are made by the Board of Directors. Decisions about the allocation of remuneration to individual Audit & Supervisory Committee members are subject to deliberations by the Audit & Supervisory Committee. Details of remuneration amounts are as shown below.

### Total Compensation Amounts for Persons Receiving Total Compensation of ¥100 Million or More

Name	Title	Millions of yen		
		Total Compensation by Type		Total Compensation, etc.
		Basic Compensation	Bonuses	
Saburo Kogo	Director	72	54	126

For detailed information about corporate governance, please visit our website.

### Compensation for Members of the Board of Directors and Audit & Supervisory Committee

It was resolved at the Ordinary General Meeting of Shareholders held on March 27, 2015 that remuneration will be ¥1,000 million or less per year for directors and ¥100 million or less per year for outside directors (excluding Audit & Supervisory Committee members). These amounts do not include salaries earned by directors who are also employees. It was decided, based on a resolution at the same Ordinary General Meeting of Shareholders, that

### Total Compensation to Company Officers, Total Compensation by Type of Officer, and Numbers of Officers Receiving Compensation

Type of Officer	Total Compensation, etc.	Millions of yen		Number of Eligible Directors
		Total Compensation by Type		
		Basic Compensation	Bonuses	
Directors (excluding Audit & Supervisory Committee members and outside directors)	353	203	149	8
Outside directors (excluding Audit & Supervisory Committee members)	12	12	—	1
Directors (Audit & Supervisory Committee members, excluding outside directors)	50	28	21	1
Outside directors (Audit & Supervisory Committee members)	24	24	—	3

Note: These amounts do not include salaries earned as employees.