

## Corporate Governance

### Basic Stance on Corporate Governance

As a company dedicated to the *Mizu To Ikiru* philosophy, SBF has promised to respect nature, enrich society, and continually take up new challenges. Our vision, which reflects social changes and a growing consumer focus on health, is to be the first to create next-generation drinking experiences that are healthier, more natural, convenient, and enhance people's lives. We will also work to augment 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

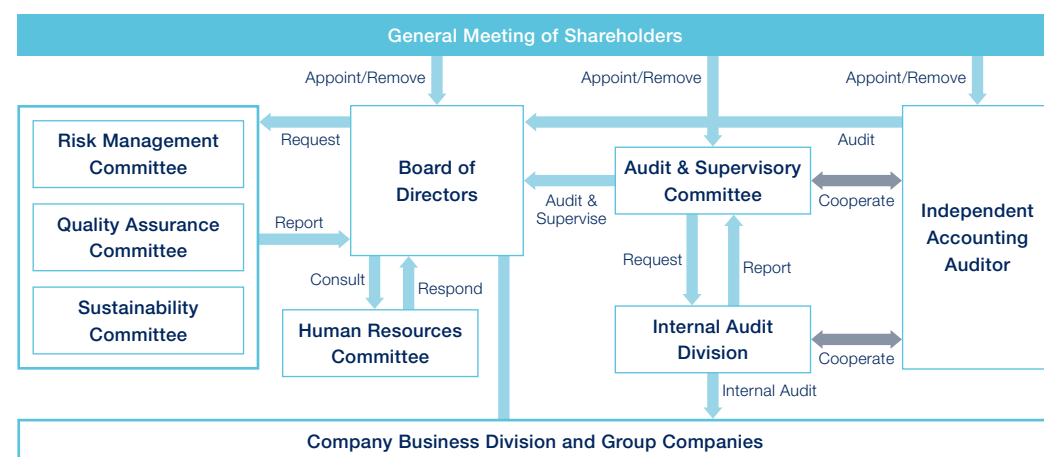
Suntory Beverage & Food Limited (the "Company") has chosen

to be incorporated as a company with an Audit & Supervisory Committee for its corporate governance structure. The aim of this decision is to improve the effectiveness of auditing and supervisory functions through the auditing performed by directors, who have the right to vote at Board meetings and serve on the Audit & Supervisory Committee, as well as to improve the effectiveness of internal controls through the implementation of auditing that utilizes the internal audit division.



For further information on the overview of our corporate governance system, please visit our website.  
<https://www.suntory.com/softdrink/ir/management/governance02.html>

### Outline of Corporate Governance Framework



### Reasons for Selection of Outside Directors

Member of the Audit & Supervisory Committee	Independent officer	Reason for selection	FY2018	
			Attendance at the Board of Directors	Attendance at the Audit & Supervisory Committee
Yukari Inoue	○	Ms. Inoue has an abundance of expertise and knowledge in corporate management through her many years of service, and keen insights derived mainly from her professional experience overseas.	12/15	
Harumichi Uchida	○	Mr. Uchida has an abundance of expertise and knowledge as an attorney, and keen insights in the field of corporate law.	15/15	14/14
Mika Masuyama	○	Ms. Masuyama has a wealth of consulting experience and keen insights in fields such as corporate governance, human resource management, and M&A.	15/15	14/14

### Reason for Choosing the Current Corporate Governance System

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 the Company'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.

### Evaluation of the Effectiveness of the Board of Directors

Once a year, the Company requires all directors to conduct a self-evaluation on the effectiveness of the Board of Directors. In 2018, a questionnaire, which required a signed response, was distributed to all directors regarding the awareness of current conditions and how discussions should proceed in the future concerning important Company management issues. The purpose of the questionnaire was to evaluate the effectiveness of the Board of Directors, including its role, composition, and suitability of operations, and to provide an opportunity to grasp each director's awareness of the issues involved. Based on the results of the questionnaire, at the Board meeting held in January 2019, the directors discussed the issues concerning the Board of Directors and the policies for responding to those issues that had been confirmed in 2018. It was also confirmed at that meeting, that improvement had been obtained regarding the enhancement of discussions relating to the management plan, which had been an issue in the 2017 evaluation. Also, the deliberations performed for medium- and long-term management strategies, management issues, etc. are being enhanced each year. In addition, discussions regarding the medium- and long-term management strategies and management issues deserving of prioritized deliberation in 2019 were also carried out. Looking forward, we will work on further improving the effectiveness of the Board of Directors.

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

By resolution of the Ordinary General Meeting of Shareholders held on March 27, 2015, remuneration for directors (excluding directors who are Audit & Supervisory Committee members) has been established as ¥1,000 million or less per year (not including the salaries earned by directors who are also employees). Remuneration for outside directors was established as ¥100 million or less per year. The limit for Audit & Supervisory Committee member remuneration was set at ¥150 million per year according to a resolution passed at the same meeting. The allocation of remuneration to individual directors (excluding directors who are Audit & Supervisory Committee members) is entrusted to the Board of Directors, while the allocation of remuneration to each Audit & Supervisory Committee member is entrusted to the Audit & Supervisory Committee.

### (i) Total amount of compensation, total amount by type of compensation, and number of recipients by director category

Title	Total compensation and other remuneration (millions of yen)	Total compensation by type (millions of yen)		Number of eligible directors
		Base compensation	Bonuses	
Directors (excluding Audit & Supervisory Committee members and outside directors)	329	209	119	7
Outside directors (excluding Audit & Supervisory Committee members)	12	12	—	1
Directors (Audit & Supervisory Committee members, excluding outside directors)	46	28	18	1
Outside directors (Audit & Supervisory Committee members)	28	28	—	2

Note: Amounts do not include salaries earned as employees.

### (ii) Total compensation amounts for persons receiving total compensation of ¥100 million or more

Name	Title	Total compensation by type (millions of yen)		Total compensation, etc. (millions of yen)
		Base compensation	Bonuses	
Saburo Kogo	Director	72	43	115

### (iii) Policy on determining remuneration, etc. for the Company's directors

Remuneration, etc. for the Company's directors are structured to be at levels that correspond to their role and responsibilities in a manner that motivates them to improve the Company's performance and corporate value and gives consideration to securing outstanding personnel.

Remuneration, etc. for the executive directors consists of base compensation (monthly, fixed amount) and a bonus (annual, performance-based) and this level is set depending on responsibilities. Bonuses are primarily determined by a benchmark based on consolidated operating income (excluding one-time income and expenses).

Remuneration, etc. for non-executive directors shall in principle only consist of base compensation (monthly, fixed amount). Full-time Audit & Supervisory Committee members shall be paid, in addition to base compensation, a bonus (annual, performance-based) in consideration of the contribution to the Company's performance. Bonuses are mainly determined by a benchmark based on consolidated operating income (excluding one-time income and expenses).

In addition, the Company does not have a retirement allowance system or a stock option system.

### Securing Independence from the Parent Company

The Company recognizes Suntory Holdings Co., Ltd. as its parent company.

The Company does not conduct business development based on the instructions and approval of the parent company, but carries out specific business execution based on its own decision-making centered on the Board of Directors including the independent outside directors.



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

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