

ASAHI GROUP
INTEGRATED REPORT
2019



WE ARE JUST
GETTING STARTED

Asahi



**MOVE FORWARD
WITHOUT STOPPING**





Members who participated in GLDP 2019

Focus Global Leadership
Development Program (GLDP) 2019



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**CONTINUE TO
AIM HIGHER**



Asahi Group Philosophy

Our Mission

Deliver on our great taste
promise and bring more fun to life

Our Vision

Be a value creator globally and locally,
growing with high-value-added brands

Our Values

Challenge and innovation
Excellence in quality
Shared inspiration

Our Principles

Building value together with all our stakeholders

- Customers: Win customer satisfaction with products and services that exceed expectations
- Employees: Foster a corporate culture that promotes individual and Company growth
- Society: Contribute to realizing a sustainable society through our business
- Partners: Build relationships that promote mutual growth
- Shareholders: Increase our share value through sustainable profit growth and shareholder returns



Extensive Experience That Transform Challenges

The Asahi Group has achieved growth throughout the years by cherishing three values: “challenge and innovation” that creates new value, such as the release of *Asahi Super Dry*, which at the time completely changed the way people thought about beer, and the cultivation of brands loved by all generations; “excellence in quality” that the Group delivers to its customers; and “shared inspiration” that the Group enjoys with its stakeholders. Drawing on these values as its foundation, the Group will leverage strengths such as its long-cultivated brands and human resources in Japan and overseas to deliver premium value to an even greater number of customers around the world.

- 1884 • *Hiranosui* (now *MITSUYA CIDER*) is launched.
- 1889 • Osaka Beer Brewing Company is established.
- 1892 • *Asahi Beer* is launched.
- 1900 • Japan's first bottled draft beer is launched.
 - *Asahi Beer* wins a gold medal at the 1900 Paris Expo.
- 1930 • *EBIOS* is launched.

- 1958 • Asahi launches Japan's first canned beer, *Asahi Beer*.
- 1969 • Asahi pioneers the practice of putting expiry dates on product labels.
- 1971 • Asahi launches Japan's first aluminum canned beer.
- 1982 • Mitsuya Foods Co., Ltd. (now Asahi Soft Drinks Co., Ltd.) is established.
- 1985 • Asahi introduces a corporate identity and bolsters brand strength.

- 1989 • Asahi celebrates its 100th anniversary.
- 1992 • Asahi Beer Foods Co., Ltd. (now Asahi Food & Healthcare Co., Ltd.) is established.
- 1994 • Asahi enters the Chinese market.
- 1996 • Asahi begins exports of *Asahi Super Dry* to the United Kingdom.
- 1998 • Asahi claims top share of Japan's beer market.*2



Trend in Revenue*1

1889-

The starting point for “the highest level of quality” and “challenges and innovation”

The Company was founded in 1889 with the aim of producing authentic Japanese beer that is made by Japanese people. Winning awards at expos and exhibitions both domestically and abroad, we are constantly striving for “the highest level of quality,” which has been a part of our corporate culture since our founding.

1949-

A second start and further innovation

In 1949, Asahi Breweries, Ltd. was established, a product of a corporate breakup brought on by post-war economic decentralization in Japan. Thereafter, Asahi continued to expand its business foundation, centered on its whisky and spirits and soft drinks businesses, and worked to create new drinking opportunities, including the introduction of canned beer in Japan.

1987-

An incredible leap brought about by years of innovation

In 1987, Asahi launched Japan's first dry draft beer, *Asahi Super Dry*, which was brought to fruition by ideas that went beyond the common ways of thinking within the beer industry at that time. Since then, Asahi has worked to spur innovation in its overall supply chain management in such ways as establishing quality standards for freshness. In 1998, these efforts would culminate in Asahi capturing the top share of Japan's beer market.

and Innovation into Growth

Group Revenue
in Fiscal 2019

¥2,089.0 billion

- 2001 • Asahi enters the happoshu market.
• Asahi captures top share of the Japanese beer and happoshu markets.*2
- Asahi makes The Nikka Whisky Distilling Co., Ltd. a wholly owned subsidiary.
- 2002 • Asahi acquires *MINTIA*.
- 2006 • Asahi acquires stock in Wakodo Co., Ltd., Japan's largest baby food company.
- 2008 • Asahi acquires stock in Amano Jitsugyo Co., Ltd., Japan's largest freeze-dried food company.

- 2009 • Asahi enters the Oceania market in earnest.
- 2011 • Asahi enters the Southeast Asia market in earnest.
- 2012 • Asahi acquires stock in Calpis Co., Ltd.
- 2016 • Asahi acquires SABMiller plc's beer business in Western Europe.
- 2017 • Asahi acquires SABMiller plc's beer business in Central Europe.
- 2019 • Asahi acquires the premium beer and cider business of the United Kingdom's Fuller, Smith & Turner P.L.C.
- 2020 • Asahi reorganizes its overseas beer businesses.
• Asahi acquires Australian business of Anheuser-Busch InBev.



*1 Revenue figures for the period from 1937 to 1945 were calculated based on production volumes.
*2 Based on taxable shipment volume of five major Japanese breweries

2001- Expanding our business portfolio, and strengthening our brands by leveraging synergies

In 2001, Asahi entered the happoshu market and captured the top share in Japan's beer and happoshu markets. Vigorous M&A activity in the Alcohol Beverages (excluding beer-type), Soft Drinks, and Food Businesses made the Asahi brand a top name in each respective category. Furthermore, as Asahi expanded its portfolio, the Company worked to enhance the brand strength in each of its businesses by developing synergies across their entire range.

2009- Making strategic moves toward global growth

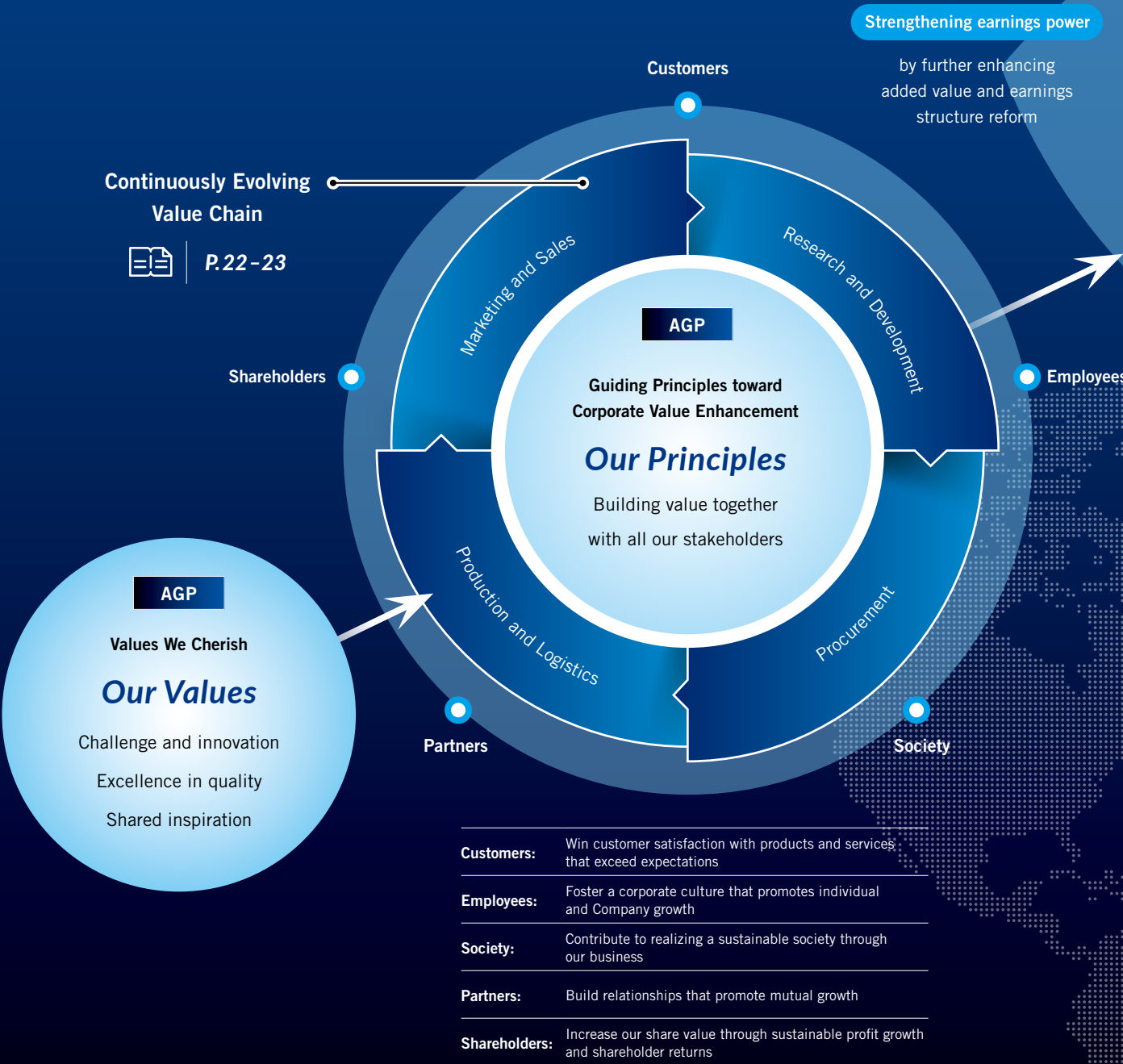
In Japan, Asahi continued its cultivation of new brands, such as *Clear Asahi*, *WILKINSON*, and *MINTIA*, which created new demand for drinking and eating to drive growth of their respective markets, and acquired *CALPIS*, a popular lactic acid bacteria beverage. Overseas, Asahi took on a new challenge as a global player, entering markets in Oceania and Southeast Asia and carrying out a large-scale acquisition of European beer businesses.

2018- Fortifying our global business foundation in the pursuit of further growth

To establish its business foundation—which now spans the globe with the entry of the European business into the Group—as a driver for further growth, Asahi is striving for unique value creation underpinned by its newly formulated Asahi Group Philosophy (AGP). In 2020, Asahi acquired the Australian business Carlton & United Breweries Pty. Ltd. (CUB) of Anheuser-Busch InBev SA/NV, thereby establishing a structure focused on three core regions of operations: Japan, Europe, and Australia. By combining its strengths such as the brands and human resources in these three regions, Asahi aims to become a *Glocal Value Creation Company*.

Further Accelerating Value Creation Through Management Strategies That Reflect the AGP

Under the AGP, we laid out Our Mission and Our Vision, which are goals that the Asahi Group should realize in the future. To reach these goals, we will steadily implement our value creation process, which establishes Our Values and Our Principles—the other two parts of the AGP—as the source of our corporate value creation, and our Medium-Term Management Policy.





AGP

The Asahi Group's Mission and Vision

Our Mission

Deliver on our great taste promise and bring more fun to life

Our Vision

Be a value creator globally and locally, growing with high-value-added brands

Enhancing management resources

aimed at expanding new foundations for growth

Back-cast

Strategies

Medium-Term Management Policy

Enhancing "Glocal Value Creation Management" Based on the Asahi Group Philosophy

Road Map for Enhancing Corporate Value



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Guidelines for the Medium-Term Management Policy*¹
(Assumptions for the next three years)

Revenue	Stable growth of existing businesses–business portfolio restructuring + new M&As
Core operating profit*²	CAGR: medium-to-high single digit range
EPS (Adjusted)*³	CAGR: medium-to-high single digit range
ROE (Adjusted)*³	Maintain at 13% or above

*¹ On June 1, 2020, we completed the acquisition of the CUB business. In relation to this acquisition, we have been examining financing plans, including fundraising. The information on the guidelines of the Medium-Term Management Policy, which is outlined on pages 40 and 41, does not take into account the impact of the CUB acquisition and associated fundraising. Accordingly, we intend to review our Medium-Term Management Policy taking into consideration the impact of acquiring the CUB business.

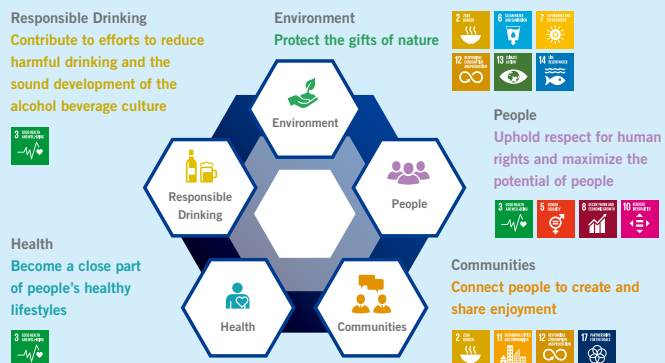
*² Core operating profit is the reference index for normalized business performance.
Core operating profit = Revenue – (Cost of sales + Selling, general and administrative expenses)

*³ Adjusted figures are calculated after the deduction of special factors including business portfolio restructuring and the impact of foreign exchange rates.

Reinforcing ESG initiatives

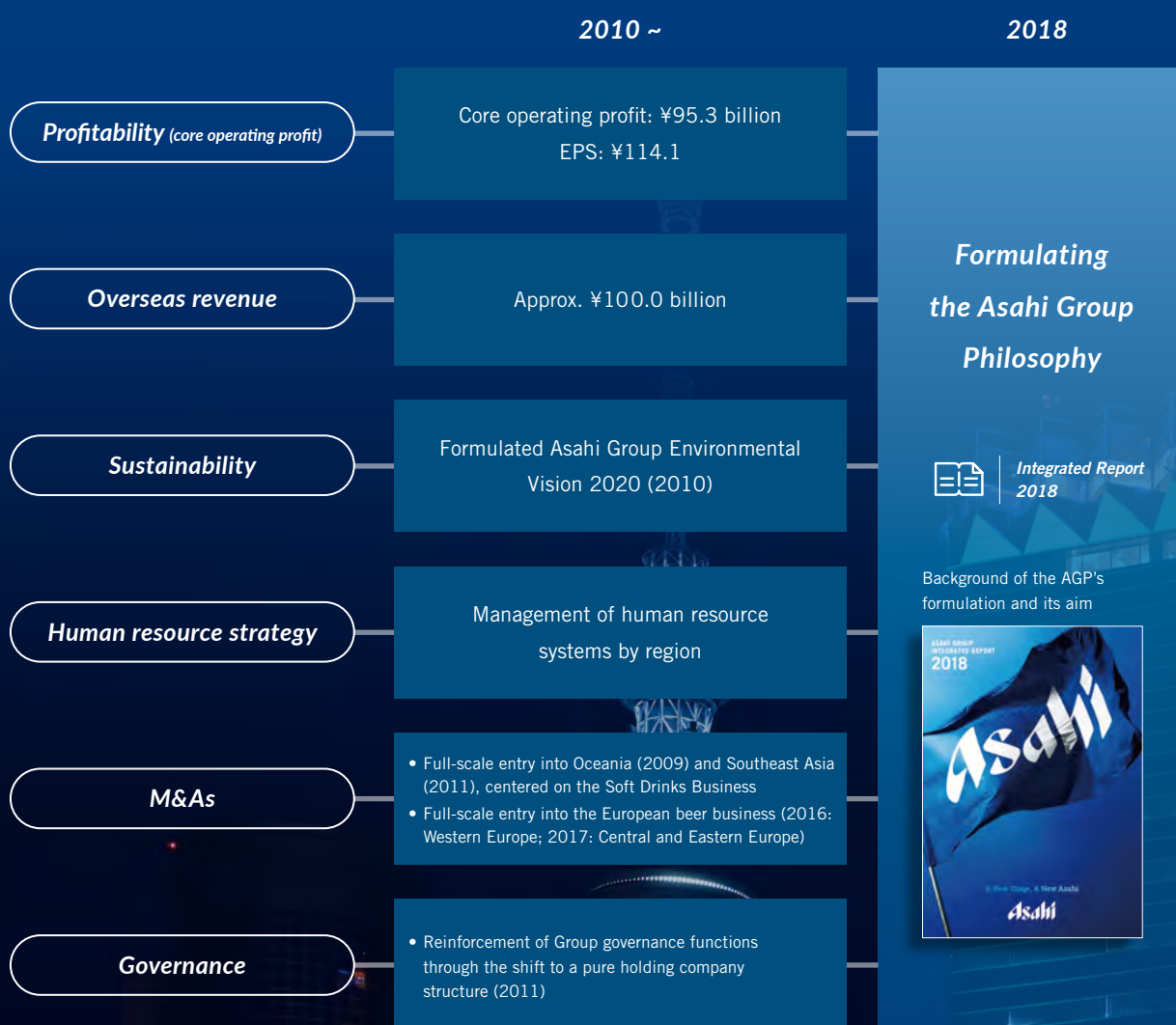
supporting our sustainable value creation process

Strengthening Efforts Based on Our New Material Issues with a View to Realizing the Asahi Group Sustainability Vision



Road Map for Enhancing Corporate Value

The Asahi Group has steadily evolved over the past 10 years, extending its business foundation across the globe with its full-scale entry into Oceania, Southeast Asia, and Europe. Going forward, the Group will continue to pursue its evolution by leveraging the Asahi Group Philosophy (AGP), established in 2018, as the driving force for realizing its vision to “be a value creator globally and locally, growing with high-value-added brands.”



2019

Medium to Long Term

Core operating profit:
¥212.9 billion

EPS:
¥330.0

- Achieve sales growth through the cultivation of high-value-added brands in Japan and overseas and the expansion of cross-selling initiatives
- Enhance ability to generate cash flows through earnings structure reform and business management that leverages ROIC

Approx.
¥700.0 billion

- Through reorganizing overseas beer businesses:
 1. Accelerate the expansion of premium brands in global markets
 2. Reinforce premiumization in the brand portfolio for local markets

- Established a promotion structure for integrating sustainability in our management
- Formulated basic policies and vision for sustainability
- Reestablished our material issues

- Integrate management strategies and sustainability strategies
- Achieve the Asahi Group Sustainability Vision

- Established and strengthened promotion structure for global talent management
- Formulated the globally shared mobility policy

- Secure next-generation managerial talent by establishing succession plans on a global level
- Expand glocal human resources by reinforcing various development programs

- Acquired premium beer and cider businesses of Fuller, Smith & Turner P.L.C.
- Concluded contract for the acquisition of the CUB business in Australia (June 2020: Completed acquisition procedures)

- Examine the acquisition of assets that help strengthen our premium strategies
- Fortify our global management platform centered on the three core regions of operation: Japan, Europe, and Australia

- Strengthened governance structure by separating roles of business supervision and execution
- Introduced Group ERM and the Risk Appetite Statement on a full-scale basis

- Continue to pursue governance reforms with a focus on substance over formality
- Further develop our global governance

Long Term

Be a value creator globally and locally, growing with high-value-added brands

Issuance of *Integrated Report 2019*

Evolving the Group's Management and Pursuing Dialogue with Our Stakeholders

Following up on the acquisition of two beer businesses in Europe, in June 2020 we completed the acquisition of a beer business in Australia. Through this acquisition, the Asahi Group's management transitioned to a global management structure that centers on three core regions of operation: Japan, Europe, and Australia. In addition to expanding our business scale through M&As, we have also accelerated the necessary measures to realize *Glocal* Value Creation Management from a non-financial perspective—including governance, risk management, human resource strategies, and organizational reform. In this way, I believe we have taken a giant step toward enhancing our Group-wide competitiveness centered on the Asahi Group Philosophy (AGP). However, our work does not stop simply with the establishment of frameworks. Going forward, we will continue to pursue further enhancements to our management. Only when we have clearly produced results in this endeavor can we truly say we have realized *Glocal* Value Creation Management. While receiving the candid and astute opinions of our outside directors on a day-to-day basis, we will continue to promote efforts toward realizing our vision for governance.

We find ourselves in an era where risks and opportunities are

intricately intertwined. Under such circumstances, we introduced enterprise risk management (ERM) in 2019 and have been working to reinforce our ability to control risks. At the same time, we are actively accelerating our management by taking further steps to pursue appropriate risks with a view toward future growth. ERM is an endeavor that helps visualize risks and opportunities for all our employees and management. It also helps do the same for all our stakeholders, including our shareholders and other investors. I would like to take this time to once again state our aim of further pursuing dialogue with our stakeholders to create new value through the active disclosure of information related to aspects other than our businesses and performance. We have positioned *Integrated Report 2019* as an important engagement tool for realizing this aim. Through *Integrated Report 2019*, we hope that you gain an understanding of our stance and approach to creating new value with our stakeholders.

Integrated Report 2019 has been produced to include the perspective of sustainable enhancement of corporate value while describing the issues, targets, strategies, and specific measures for future growth and taking into account our current performance and business environment. I therefore declare that the

Section 01

The Ever-Evolving Asahi Group

Glocal Value Creation Management Centered on the AGP

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compilation process, including the discussions we have held, and the content of this report are appropriate. Also, in regard to the spread of COVID-19, based on the policies we disclosed on our corporate website on April 24, we are gathering information on the virus's impact on our employee safety, supply chain, business performance, and other matters and are pursuing rapid decision-making and implementing appropriate counter-measures. I believe that in the "new normal" era, our corporate value enhancement story, which is depicted in this report, serves as the manual for enhancing the Group's corporate value. We appreciate your taking the time to read this report and look forward to not only your impressions of the report itself but also your honest opinions on the Group's management. We also ask for your continued support going forward.

July 2020



Naoki Izumiya
Chairman of the Board



Section 04

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Pursuit of New Heights
of Competitiveness and Profitability

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Editorial Policy

In compiling *Integrated Report 2019*, we have referred to the International Integrated Reporting Framework issued by the International Integrated Reporting Council as well as the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry. In doing so, we have created a communication tool that systematically combines financial and non-financial information as part of our strategy story, aiming to further develop *Glocal* Value Creation Management. We will continue working to enhance the content of the report in the hope that it will promote deeper understanding of the Group among a broad range of readers, including our shareholders and investors.

Report Period Covered

January 1, 2019–December 31, 2019
(including some information outside this period)

Scope of Report

Asahi Group Holdings, Ltd. and Group companies

About Stated Amounts

For all amounts stated in this publication, the figures are truncated to the nearest unit and the percentages are rounded to the nearest digit.

Forward-Looking Statements

The current plans, forecasts, strategies, and performance presented in this report include forward-looking statements based on assumptions and opinions arrived at from currently available information. We caution readers that actual future results could differ materially from these forward-looking statements depending on the outcome of certain factors. All such forward-looking statements are subject to certain risks and uncertainties including, but not limited to, economic conditions, market competition, foreign exchange rates, taxes, and other systems influencing the Company's business areas.

Message from the CEO

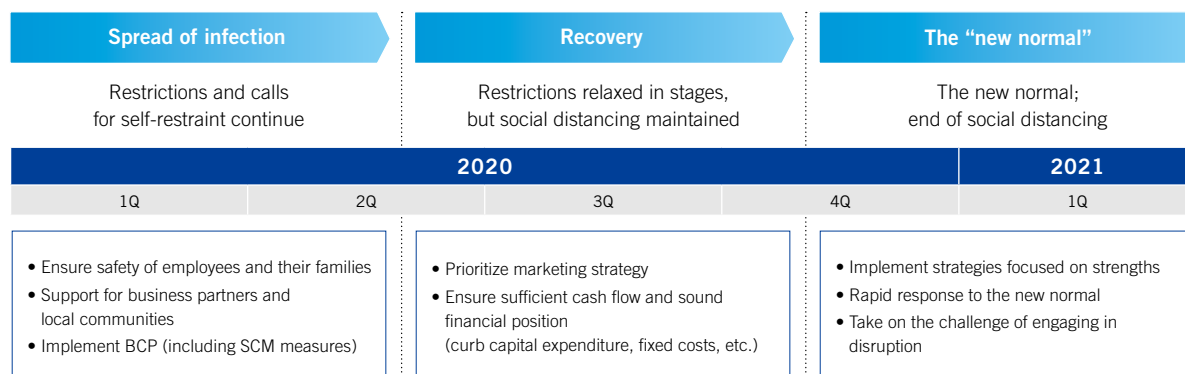
Efforts to realize the Asahi Group Philosophy are precisely what will lead us to sustainable growth. By integrating sustainability in our management, we will accelerate improvement in corporate value over the medium to long term.

In the past two integrated reports, I explained our management policies for improving the Group's corporate value and explained my personal approach to this effort from a medium- to long-term perspective, focusing particularly on the goals of "delivering on our great taste" and "becoming a *Global* Value Creation Company," which are laid out in the Asahi Group Philosophy (hereinafter, "AGP"). Two years have passed since we commenced the full-scale globalization of our business foundation, and one year since we determined our new Group philosophy. During this period, we have been seeing the genuine evolution and transformation of the Group as a whole in more and more places. We have been moving forward with the true integration of sustainability within the Group's management itself through such means as introducing frameworks in our business models, growth strategies, and business activities that place greater emphasis on sustainability. In this year's integrated report, I will focus on the kinds of changes that have been occurring and the progress we are making with efforts to facilitate such changes.

In addition, the spread of COVID-19 across the globe has not only significantly impacted the economy and our business activities but also human life itself. Accordingly, we

stated our forecasts as undetermined when we announced our financial results for the first quarter of fiscal 2020. However, we have left our dividend forecasts unchanged as we believe we can continue pursuing our growth strategies centered on premiumization over the medium to long term. Going forward, we will carry out a focused response to the COVID-19 outbreak in accordance with each phase of our "Novel Coronavirus Response," which was announced in April. We will give first and foremost priority to ensuring the safety of our employees and their families. Upon doing so, we will then give priority to promoting the selection and concentration of our brands as well as ensuring sufficient cash flows and a sound financial position with a focus on the timeline from the recovery phase, where regulations and calls for self-restraint will ease, to the start of the "new normal" era. We will also promote efforts to enhance our overall cost-efficiency. Moreover, in the "new normal" era, rather than simply restarting the strategies we have thus far promoted, we will boldly push forward with various structural reforms and disruptions and further reinforce our strategies geared toward realizing the AGP. In these ways, we will aim to overcome this hardship and become an even more robust corporate group.

Focused Response to Each Phase of COVID-19 Outbreak



▶ Focus efforts on regaining momentum by harnessing strengths such as brands, SCM, and human resources



Akiyoshi Koji
President and
Representative Director, CEO

Transitioning from Instilling to Implementing the AGP— The Further Evolution of the Asahi Group

The AGP has become instilled in the mindsets of our global personnel. In my conversations with the top management and employees of overseas Group companies, I have noticed that the speed at which my ideas are understood has been increasing remarkably. For example, when I was discussing the competitive strategy of “deliver on our great taste” with local personnel, I no longer needed to start the conversation explaining why we need to deliver on that taste, and I received more specific and constructive proposals on what we can do to realize this strategy. Additionally, I am seeing a greater number of employees both in Japan and overseas stating their desire to contribute to the Group’s development and considering ways in which they are able to do so. In these ways, the Groupwide response to the AGP has exceeded my expectations.

We completed the acquisition of the Australia-based Carlton & United Breweries Pty. Ltd. (CUB) in June 2020. With the incorporation of CUB into the Group, we have transitioned to a management structure that spans our three major regions—Japan, Europe, and Australia. Accordingly, in April 2020 we took steps to reorganize the Group’s management structure. This reorganization positions Asahi Group Holdings as our global headquarters that will specialize in formulating global strategies and overseeing the management of the entire Group. It also establishes regional headquarters in each area of operation that will be in charge

of maximizing local growth and value creation. Our most important task under this new structure is to achieve our aim of becoming a *Glocal* Value Creation Company while ensuring that we “deliver on our great taste” in each region. To that end, rather than promoting centralized management where the holding company and regional headquarters have control over the frontline operations, it is essential we pursue management that establishes a unifying force that brings together Our Mission, Our Vision, Our Values, and Our Principles, which we have adopted under the AGP. Through this unifying force, I believe we will see more creative ideas originating from our frontline operations in greater abundance on a Groupwide basis. Such ideas will enable us to “deliver on our great taste,” which in turn helps us move and satisfy our customers. Hearing about this customer satisfaction gives our employees joy and a sense of accomplishment. Additionally, if the process we use to “deliver on our great taste” is well received by our suppliers, shareholders, and investors, we will then gain an even greater sense of accomplishment. This joy and sense of accomplishment provides us with the motivation to pursue new challenges and innovation. Moving on from the stage of instilling the AGP, I believe a major theme for us going forward is to establish a cycle in which we implement the AGP and use the results of these efforts as our motivation to pursue the next stage of the Group’s evolution.



By instilling the AGP, we have greatly improved the speed of our discussions. The next step is to implement the AGP and achieve results.

Realizing a Strong Performance in Our Overseas Businesses and Clarifying Issues in Our Domestic Businesses

In the fiscal year ended December 31, 2019, core operating profit declined due to the decrease in profits in the Alcohol Beverages Business and the Soft Drinks Business, the negative impact of exchange rates, and other factors. The compound annual growth rate (CAGR) for core operating profit stood in the mid-to-high single-digit range of 5.4% based on a fixed exchange rate, thereby progressing in line with the guidelines we adopted under the Medium-Term Management Policy.

In our Overseas Business, we achieved solid results, including growth in profits due to the steady progress we made with premiumization centered on the Europe business as well as the further expansion of our overseas growth foundation, which accelerates our global premium strategy, further underpinned by the acquisition of CUB. From the perspective of sales, we continued our aim to globalize the three premium brands of *Asahi Super Dry*, *Peroni Nastro Azzurro*, and *Pilsner Urquell*, as I discussed in my message last year, by expanding cross-selling initiatives targeting large cities in Europe as well as in the United Kingdom, Japan, South Korea, China, Australia, and North America. As a result, excluding the impact of boycotts in South Korea, these three brands together achieved a total sales growth rate of 10% outside of their respective home markets, which was also in line with our guidelines. While we will need to closely examine the impact of the spread of COVID-19 going forward, we will leverage the organizational reforms we carried out in our overseas beer businesses in January 2020 to further accelerate the rollout of global cross-selling initiatives for our premium brands. At the same time, we will push forward with premiumization in local markets at a greater pace than ever before.

Meanwhile, turning to our existing businesses in Japan, efforts to revitalize the core brand *Asahi Super Dry* in the Alcohol Beverages Business achieved lower-than-expected results, and we experienced delays in establishing a competitive edge with our new genre product, although these results were partially impacted by external factors such as market contraction beyond our expectations and a deteriorating sales mix. As we take on these remaining issues, we will shift from a management approach that emphasizes volume to one that emphasizes

value with a view to “be a value creator globally and locally, growing with high-value-added brands,” which we adopted as Our Vision under the AGP.

Additionally, in light of liquor tax revisions, which will be carried out in three stages spanning from 2020 to 2026, we are working to reform our organization so that our business performance is not reliant on a sales mix improvement contingent upon customers returning to beer as their drink of choice or on a rise in sales volume. As part of this reform, we are transitioning away from KPIs that emphasize sales volumes and share to evaluate the performance of Asahi Breweries and adopting ones that focus on the profitability of product categories, brands, and containers. Furthermore, we are undertaking efforts to streamline our supply chain, from production to distribution and sales, based on the medium- to long-term perspective of five to ten years in the future. These reforms do not represent a diminishing equilibrium. Rather, we will reinvest the resources created through these organizational reforms in initiatives to improve value for our k and create new markets. In terms of information disclosure, we have ended the announcement of year-on-year changes in sales volumes and instead disclose the sales amounts. What is important about this move is that we thoroughly adopt a mindset that emphasizes not only volumes but also value on a Groupwide basis, from upper management to sales personnel on the front lines, and that we focus on value creation over the medium to long term. While market share is certainly an indication of support from our customers, if being overly concerned with securing market share impedes our ability to create value over the medium to long term, then it is not something we should pursue. Market contraction is a reality, and in light of this, we will work to create new market trends aimed at expanding our profit pool in the industry overall by transitioning to management that emphasizes value. Through the pursuit of selection and concentration in categories other than beer-type beverages, we will push forward with comprehensive strategies to improve our product mix.

In the Soft Drinks Business, although we were able to realize a revenue increase above the industry average, we still face issues such as controlling costs in response to severe changes in the operating environment, including the

Message from the CEO

sharp rise in costs that followed the poor weather in July 2019. The fundamental brands in this business—centered on brands that have over 100 years of history, such as *MITSUYA CIDER*, *WILKINSON*, and *CALPIS*—continued to perform well by maintaining a sales growth rate that exceeded the market average. However, in light of the management issues caused by poor weather during the peak season in sales of our soft drink products, we began efforts

to diversify risks in such ways as revising our product mix to become less reliant on summer sales and rebuilding our production and logistics structure so that we can respond flexibly to changes in demand. Going forward, in addition to enhancing the value of our core brands and allocating resources into health-related fields, we will work to optimize our overall supply chain and return to industry-leading levels of profitability.

Further Strengthening Risk Management— Boldly Pursuing Discontinuous Growth

The external environment that surrounds individuals, corporations, the economy, and the entire world is becoming increasingly more complex. In addition, with the worldwide outbreak of COVID-19, it has now become extremely difficult to predict the future. To realize medium- to long-term improvement in our corporate value based on the AGP in this so-called VUCA (volatility, uncertainty, complexity, and ambiguity) era, we need to be focusing not only on the short term but also about 10 years in the future so that we can clarify short-term, medium-term, and long-term management issues through backcasting and formulate specific initiatives to address such issues. As I explained when talking about the Alcohol Beverages Business, our decision to transition to management that emphasizes value was the result of revising our strategies through backcasting in light of the changes in the external environment and with a focus on our vision for the Group over the medium to long term. The key to achieving sustainable growth is clarifying the risks we should take and the risks we should avoid. Just because there is an increasing level of uncertainty in the external environments does not mean that we should excessively avoid taking risks. We therefore need to identify potential risks and opportunities on a Company-wide basis. To that extent, with the introduction of enterprise risk management (ERM) in 2019, we have determined the Asahi Group Risk Appetite, a policy that clarifies risks, at the start of 2020 and have already begun to put this policy into practice. Through appropriate risk taking and risk management

in accordance with the Asahi Group Risk Appetite, we will boldly pursue M&A and innovation that supports discontinuous growth, thereby consolidating sustainable growth (see pages 70–73 for details).

In terms of innovation, we will focus more heavily on product development that leverages the Group's long-cultivated fermentation and lactic acid bacteria technologies. We have adopted the sales ratio of innovative products as a KPI for the Alcohol Beverages Business, and for us such a move is unprecedented. Furthermore, the promotion of a digital transformation, which we already are engaging in, is another important management issue. To that end, we will work to move beyond our conventional policies so that we can accelerate our digital transformation to a greater extent than ever before. This includes establishing a department specializing in digital transformation and actively recruiting external talent. I truly believe that innovative ideas and disruptions are not something that can be achieved by analyzing our conventional value creation, no matter how hard we try. Personally, I will make every effort to analyze various information and data while actively making use of the IT tools we introduce through our digital transformation. At the same time, I will work to gain a firm grasp of changes in the awareness of our stakeholders, starting with customers, and social values to identify new value on my own initiative. Through these means, I will strive to further enhance the Group's management and businesses.

Aiming for the Complete Integration of Sustainability in Our Management— Building a New Sustainability Framework

There is another important initiative I would like to talk about in terms of realizing sustainable growth, and that is to build a new sustainability framework. While we have thus far made concerted efforts to promote sustainability in line with our conventional material issues, we determined that we need to further enhance such efforts if we are to realize the AGP. Accordingly, we decided to establish a new sustainability framework that reaffirms our commitment to the AGP's realization. As part of this framework, we formulated the Asahi Group Sustainability Principles and the Asahi Group Sustainability Vision and revised our material issues. The details of our revised material issues do not differ greatly from our conventional ones. However, "Communities" and "Health" have become more prominent as necessary elements for realizing the AGP from the perspective of sustainability. While "Communities" and "Health" had yet to be identified as material issues up to this point, we believe that stepping up initiatives in these two areas is essential to realizing the AGP, and therefore added them as new material issues (see pages 64–65 for details).

Also, to work in tandem with this new framework, we ramped up our sustainability promotion structure. Aiming for the complete integration of sustainability in our management, we established the new Global Sustainability Committee, of which I chair. In addition to establishing a new sustainability framework based on the AGP, we will incorporate a sustainability promotion structure within our corporate governance framework. By doing so, we will accelerate the promotion of sustainability on a global and Groupwide basis. Until now, we have viewed corporate value as the combination of our financial value and social value, and our way of thinking regarding efforts toward sustainability is a means to improve our social value. However, we have now reached a point in time where we need to view sustainability as the basis of our management itself. ESG risks such as climate change are extremely important management issues that can jeopardize our management itself. Furthermore, the rising trend of people becoming more health and ethically oriented represents a tremendous business opportunity for a BtoC entity such as the Asahi Group.

Environmental risks are arguably the most urgent type of management issue in consideration of today's society. Accordingly, we have positioned the response to climate change, starting with endorsing the recommendations of

the Task Force on Climate-related Financial Disclosures (TCFD), as one of our top risks. We have adopted Asahi Group Environmental Vision 2050, which focuses on the year 2050. To realize this vision, we have formulated Groupwide targets for each environmental issue we face, such as climate change, water resources, and containers and packaging. In addition, we determined milestones for the initiatives we are taking to address such issues. These kinds of environmental issues impact the continuity of our businesses themselves, as our businesses are only made possible thanks to the blessings of nature. Furthermore, these issues are important to the sustainability of both our businesses and our planet, and by tackling them head-on we will further accelerate our efforts to realize mutual creation together with our investors and other stakeholders.

We endorsed the recommendations of the TCFD in 2019, and this integrated report marks the first time we have disclosed the details of that endorsement. Also, we have been treating climate change as a top risk under ERM and have held numerous discussions at meetings of the Board of Directors regarding the details of analyses performed under the TCFD framework. For the time being, the recommendations of the TCFD will be applied to the Alcohol Beverages Business (including our overseas businesses), given its high ratio of sales. Going forward, however, we will extend these recommendations to cover other business fields and will hold more detailed discussions on how to tackle the issue of climate change (see pages 58–61 for details).

Furthermore, for issues pertaining to human rights and alcohol consumption, I believe that the goal of "building value together with all our stakeholders," which has been adopted as Our Principles under the AGP, will become even more important in the future. In terms of human rights, we are currently taking steps to build a structure for human rights due diligence. After first analyzing human rights risks, which will involve ascertaining which of these risks exists and at what point do they impact our value chain, we will then devise measures to address these risks. Human rights risks exist throughout the entire supply chain of the Asahi Group, and it is therefore not suitable for us to analyze and promote efforts to address these risks based solely on the perspective of the Asahi Group. For this reason, we will hold repeated dialogues with our suppliers and other stakeholders while receiving the candid advice of experts so that we

Message from the CEO

are able to incorporate objective perspectives into our approach. In terms of alcohol-related issues, we have adopted “working in conjunction with a variety of stakeholders to reduce inappropriate alcohol consumption” as a part of our Asahi Group Responsible Drinking Principles. Alcohol regulations differ based on the laws and ordinances of each country and region, and as changes to these regulations occur in an inconsistent manner, it is extremely important that we promote a response to such changes on a local basis. To that end, it is crucial that we collaborate with local

community members, NGOs, and other organizations in each region of operation.

In this way, we will take steps to accelerate the pace of each effort to promote sustainability. At the same time, it is important that we generate a massive overall movement to pursue sustainability on a Groupwide basis. Accordingly, I will show true leadership as the chair of the Global Sustainability Committee to ensure that we enhance the speed of our Groupwide efforts toward sustainability.

Reaffirming Our Commitment to Realizing the SDGs— Establishing Our Specific Path Step by Step

Under the newly formulated Asahi Group Sustainability Vision, we have reaffirmed our commitment to realizing the Sustainable Development Goals (SDGs). While we have shown our intention to accomplish this task through the sustainability initiatives we have pursued thus far, by once again declaring our commitment to the SDGs via the Asahi Group Sustainability Vision, we will establish a more specific path that details how each Asahi Group Initiative contributes to each target of the SDGs. For example, as part of our efforts to reorganize the Food Business, in April 2020 we integrated the animal feed business of Asahi Calpis

Wellness Co., Ltd. with Asahi Biocycle Co., Ltd., which operates a fertilizer business that makes use of the cell walls of brewer's yeast, to create a newly integrated company. Maintaining the name Asahi Biocycle, this new company has adopted the approach of contributing to the resolution of various environmental issues by leveraging the Group's expertise and technologies related to yeast and microbes. In these ways, we will continue to examine measures to realize the SDGs through not only individual efforts in our frontline operations but also through major frameworks such as the Group's reorganization.

Evolving My Leadership—Shifting from Top-Down Management to “Community at the Top” Management

Until now, I have more or less adopted a top-down approach in my decision-making and leadership style. With this style, I would first communicate my ideas and intentions to the personnel surrounding me and make a final decision after incorporating the various opinions of others. However, as we are working to expand our global business foundation and transition from the phase of instilling the AGP to the phase of implementing it, I would like to adopt a “Community at the top” style of management. “Community at the top” is a term I coined myself, and it involves first receiving the opinions of corporate officers and managerial personnel regarding each important management theme, rather than starting with my ideas and intentions. As both the times and the status of the Group change, I believe that having discussions after I have received opinions focused

on risks and opportunities from our expert corporate officers and managerial personnel will lead to more appropriate decision-making. In an age where it is extremely difficult to predict the future, I believe that considering and determining everything from a top-down approach presents a risk to our operations. I have therefore instructed our corporate officers to not only consider issues from the perspective of Company-wide optimization and from a bird's-eye perspective as a member of our top management but also to fully incorporate within their decision-making the expertise and analytical capabilities they possess in their respective areas of responsibility. My role will then be to make decisions in a comprehensive manner after holding discussions supported by outstanding expertise.

I hope that our stakeholders will evaluate how we will be able to enhance our corporate, financial, and non-financial value over the medium- to long-term period of five to ten years.



On the other hand, there may be concerns that the speed of decision-making will decline under this “Community at the top” style of management. However, by issuing reports and keeping in contact via e-mails and our

intranet while only meeting face-to-face for consultations, we will ensure that this “Community at the top” management does not impact the speed of our decision-making.

Hoping for an Evaluation of Our Management and Business over the Medium to Long Term

It is my hope that we can thoroughly communicate to our shareholders, investors, and other stakeholders the mission and vision we have for our businesses at all times and that we can deepen their understanding of the AGP. I also hope that the sustainable growth and value creation we realize through the AGP can be evaluated under a slightly longer time frame. While we will obviously maintain our commitment to deliver results in the short term, I hope that our stakeholders will evaluate how we will be able to enhance our corporate, financial, and non-financial value over the medium- to long-term period of five to ten years. In terms of human resources, which provide the source of our value creation, we have put in place various systems such as global mobility policies and compensation schemes. In addition, we are working to appoint corporate officers from overseas companies as corporate officers at the holding company and are promoting personnel exchanges between our subsidiaries inside and outside Japan. In these ways, we are strengthening our framework for utilizing and developing global human resources. Furthermore, in 2020 we intend to hold the Global Talent Forum, an event where the CEOs of Group companies in each region gather together to

discuss succession plans for local managerial personnel. We will also enhance our training programs to foster the managerial ranks of the next generation. Through efforts such as these, we will work to make more sophisticated succession plans that target a broader range of candidates.

The results of the various initiatives I have explained in this message will begin to materialize not in the short term but over the medium to long term. Even if we are not able to see the success of these initiatives right away, I truly believe they will be crucial to enhancing the competitiveness and growth potential of the Asahi Group in the future. I would like to once again ask our stakeholders for their continued support from a medium- to long-term perspective as we pursue these endeavors going forward.

July 2020

Akiyoshi Koji

Akiyoshi Koji
President and Representative Director, CEO

The Asahi Group's Management Team (As of March 25, 2020)

The Asahi Group's management is made up of members with a wealth of experience, knowledge, and expertise. In March 2019, the Group transitioned to a structure in which the chairman of the Board of Directors serves as a non-executive officer and in which the roles of business supervision and execution are clearly separated. At the same time, this structure concentrates the authority of representation on one individual member.

Guided by this new system, the Group will continue its efforts to accelerate and optimize its decision-making process as it further promotes "management for corporate value enhancement."

1 Naoki Izumiya

Chairman of the Board

As of March 2019

Significant concurrent positions

- External Board Director of Recruit Holdings Co., Ltd.
- Outside Director of Obayashi Corporation

2 Akiyoshi Koji

President and Representative Director, CEO

As of March 2018

3 Atsushi Katsuki

Managing Director and
Managing Corporate Officer,
CFO (Chief Financial Officer)

As of March 2020

4 Yutaka Henmi

Director and Corporate Officer,
CSCO (Chief Supply Chain Officer)

As of March 2020

5 Taemin Park

Director and Corporate Officer,
CAO (Chief Alliance Officer)

As of March 2020

6 Keizo Tanimura

Director and Corporate Officer,
CHRO (Chief Human Resources Officer)

As of March 2020

7 Tatsuro Kosaka

Independent Outside Director

As of March 2016

Significant concurrent positions

- Representative Director, President of Chugai Pharmaceutical Co., Ltd.*1

8 Yasushi Shingai

Independent Outside Director

As of March 2018

Significant concurrent positions

- Outside Director of Mitsubishi UFJ Financial Group, Inc.
- Outside Director of Dai-ichi Life Holdings, Inc.

9 Christina L. Ahmadjian

Independent Outside Director

As of March 2019

Significant concurrent positions

- Professor of Graduate School of Business Administration, Hitotsubashi University
- Outside Director of Mitsubishi Heavy Industries, Ltd.
- Outside Director of Japan Exchange Group, Inc.
- Outside Director of Sumitomo Electric Industries, Ltd.

10 Yoshihide Okuda

Standing Audit & Supervisory Board Member

As of March 2019

11 Naoko Nishinaka

Standing Audit & Supervisory Board Member

As of March 2020

12 Katsutoshi Saito

Independent Outside Audit & Supervisory
Board Member

As of March 2014

Significant concurrent positions

- Advisor to The Dai-ichi Life Insurance Company, Limited
- Outside Director of Imperial Hotel, Ltd.

13 Yumiko Waseda

Independent Outside Audit & Supervisory
Board Member

As of March 2015

Significant concurrent positions

- Partner and Attorney at Law of Tokyo Roppongi Law & Patent Offices

14 Yutaka Kawakami

Independent Outside Audit & Supervisory
Board Member

As of March 2017

Significant concurrent positions

- Certified Public Accountant
- Supervisory Director of Nippon Building Fund Inc.

Ryoichi Kitagawa

Managing Executive Officer

Noboru Kagami

Managing Executive Officer

Yukitaka Fukuda

Executive Officer

Tomomasa Kanda

Executive Officer

Manabu Sami

Executive Officer

Tatsuhito Chiku

Executive Officer

Kazuma Kohno

Executive Officer

Kaoru Sakita

Executive Officer

Akira Tanaka

Executive Officer

Satoshi Akiba

Executive Officer

Kazutomo Tamesada

Executive Officer

Kazuhiko Nomura

Executive Officer

Shunjiro Sakano

Executive Officer

Osamu Ishizaka

Executive Officer

Wayne Angus

Executive Officer

Yoshinori Ito

Executive Officer

Atsushi Kagaya

Executive Officer*2

Tatsushi Akita

Executive Officer*2

*1 Appointed on March 30, 2020

*2 Appointed on April 1, 2020

5



11



8



13



3



2



1



4



10



7



12



6



9



14



Continuing to Create Value That Exceeds Customer through Challenge and Innovation



Gifts
from nature

Research and Development

Procurement

Developed strengths

- Ingredient technologies such as for yeast and lactic acid bacteria
- Sensory analysis, analytical, and other fundamental technologies
- Cross-business-field accumulation and utilization of insight

Challenges to undertake from an operational perspective

- Evolution and speeding up of technological capabilities through the acceleration of personnel exchanges in addition to integration of expanded operating bases through M&As
- Expansion of the scope of our product development activities through open innovation with outside fields

Challenges to undertake from an ESG perspective

- Realization of process innovation for achieving Asahi Group Environmental Vision 2050
- Development of eco-friendly packaging materials
- Development of products and technologies that offer health value
- Strengthening of quality assurance structure through the use of the latest analytical technologies
- Contribution to a recycling-based society through the recycling and adding value to by-products

SDGs We Will Address to Accomplish These Goals

2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	13 CLIMATE ACTION	14 LIFE BELOW WATER	

Developed strengths

- Optimization of procurement strategies tailored to the operating environment (Operating companies)
- Adaptable procurement capabilities coordinated with the value chain (Operating companies)
- Enhancement of procurement functions through Group coordination (Holding company)
- Procurement risk management capabilities (Holding company)

Challenges to undertake from an operational perspective

- Fostering of mutually beneficial, win-win relationships with suppliers
- Utilization of procurement know-how and supplier network on a global scale

Challenges to undertake from an ESG perspective

- Reduction of CO₂ emissions in line with Scope 3 from the production and transport of raw materials, etc.
- Securement of eco-friendly materials for packaging
- Ascertainment of water risks in provenances
- Promotion of CSR procurement based on the Asahi Group Sustainable Procurement Principles
- Widespread enforcement of the Asahi Group Supplier Code of Conduct
- Establishment of human rights due diligence process in the supply chain

SDGs We Will Address to Accomplish These Goals

6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	

Expectations



Drawing on the gifts from nature to deliver a great taste that exceeds customer expectations

▶ **Developed strengths**

- The Group's unique quality standards
- Highly efficient logistics networks
- Supply-demand management techniques and inventory management techniques

▶ **Challenges to undertake from an operational perspective**

- Pursuit of total freshness management activities
- Building of global optimal production systems
- Creation of synergies through the sharing of technologies developed in Japan and Europe (product development, quality improvement, cost reduction)
- Cost reduction through the optimal location of sites
- Standardization of manufacturing processes and exterior packaging
- Expansion of modal shift and round-trip logistics

▶ **Challenges to undertake from an ESG perspective**

- Utilization of renewable energy in production processes
- Reduction of water consumption through cleaning and sterilization and use of recycled water
- Continuous 100% recycling of by-products and waste
- Establishment of human rights due diligence process at Company-owned and outsourced factories
- Promotion of modal shift and joint transportation

SDGs We Will Address to Accomplish These Goals



▶ **Developed strengths**

- Marketing capabilities that have cultivated top brands in Japan, Europe, and Australia
- Development capabilities of new categories and brands that respond to changes in the consumption environment
- Sales capabilities deeply rooted in local markets and focused on proposing solutions to issues
- Marketing network in Japan and overseas that drives new market cultivation

▶ **Challenges to undertake from an operational perspective**

- Premiumization of brand portfolio in local markets
- Reinforcement of the global rollout of premium beer brands
- Market revitalization and new market creation through the proposal of new value
- Strengthening of co-creation capabilities with business partners

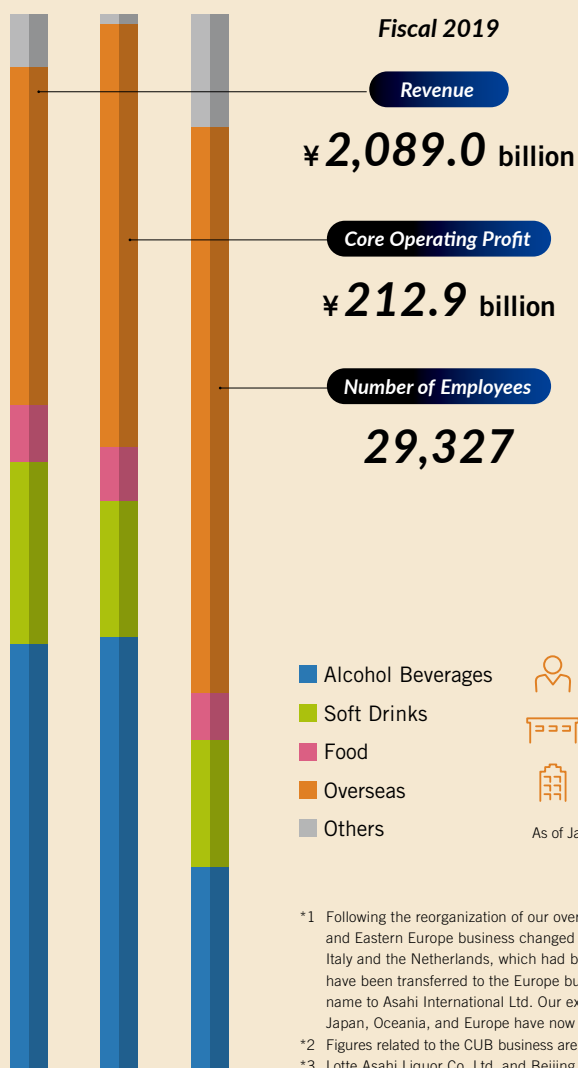
▶ **Challenges to undertake from an ESG perspective**

- Sales promotions for products that create health value
- Enhancement of the energy efficiency of beer dispensers and soft drink vending machines
- Implementation of awareness-raising activities to resolve alcohol-related issues and health issues
- Collaborative efforts with local community members, etc., to address community issues

SDGs We Will Address to Accomplish These Goals



The Asahi Group's Global Three-Region Business for Further Corporate Value Enhancement



Europe

Europe Business*1

- 9,085 Employees
- 15 Plants
- 28 Subsidiaries

As of January 1, 2020

*1 Following the reorganization of our overseas beer businesses in January 2020, the Central and Eastern Europe business changed its name to the Europe business. Our businesses in Italy and the Netherlands, which had been included in the former Western Europe business, have been transferred to the Europe business. The Western Europe business changed its name to Asahi International Ltd. Our export and licensing businesses in all areas outside of Japan, Oceania, and Europe have now been centralized within Asahi International.
 *2 Figures related to the CUB business are as of June 1 2020, the date the business was acquired.
 *3 Lotte Asahi Liquor Co. Ltd. and Beijing Beer Asahi Co Ltd.

Our Global Management Foundation



Efforts to Instill the AGP

In 2019, the year when the AGP was enacted, we published issues of the *AGP Journal*, a magazine shared Group-wide, a total of five times. The purpose of the *AGP Journal* was to instill and enhance the understanding of the AGP on a Group-wide basis. Within the magazine, we shared the necessary approaches for implementing the AGP as well as examples of it in action with Group employees around the world.

In addition, we included interviews with CEO Akiyoshi Koji and members of the top management at each operating company regarding the vision for the Asahi Group in the future based on the AGP. We also introduced the individual visions of our Group companies and examples of activities they are conducting geared toward instilling the AGP. By doing so, we aimed to help all employees incorporate the AGP into their

Structure

Japan

Japanese Business

 13,658
 34  47

Southeast Asia Business

 2,899
 8  26

Asahi International Ltd.*1

 1,020
 2  15

Other overseas businesses*3 (South Korea, China, etc.)

 509
 1  4

Oceania

Oceania Business*2

 3,505 (1,349)
 16 (6)  83 (55)

Figures in parentheses are for the CUB business, acquired in June 2020, on a stand-alone basis.

day-to-day work and ensure that the AGP is reflected in our business strategies and business planning. We also aimed to deepen each Group company's understanding of each other.

Going forward, we will further strengthen efforts to communicate information on the AGP through such means as our newly established intranet site for sharing internal information across the Group.



Focus

Innovation Created through the Coming Together of Diverse Personalities



Richard Ingram

Managing Director – Europe,
Middle East, Africa and Latin America
Asahi International



Effie Markopoulos

General Counsel
Asahi Beverages, Oceania Region

Working for Asahi is a special experience. We are given high levels of trust and autonomy to run our businesses and deliver on our promises. It's critical that you join companies that you can believe in, that have clear values. Asahi is kind with people, respectful and trusting, and in business we are driven, ambitious and innovative. It's a unique combination.

The GLDP taught me a lot about the Company's values and culture; it brought together many different people with different cultural backgrounds and outlooks. We learnt that together we could achieve more and think differently. Importantly, we all had a passion for beer—its quality and its role in society!

Since my participation in the GLDP, I have changed roles and as a managing director I am committed to growth, to superior quality and excellence in execution—not only in a commercial sense but also with my teams. *Kanpai!*

As general counsel for Asahi Beverages in Oceania, I work within a culture that has a strong focus on community, people, and leadership development. The GLDP provided me with a unique opportunity within a cross-functional and multi-market-based team, to closely consider how I can personally contribute to activating the Asahi Group Philosophy and Vision in our region.

The GLDP challenged me to think about the obstacles that must be overcome for the Asahi Group to realize its vision. We engaged in detailed analysis of what it truly means to “be a value creator globally and locally, growing with high-value-added brands.”

We learnt about the criticality of keeping ahead of megatrends, including climate change and other environmental issues, which was the focus of our project. My GLDP team challenged the Asahi Group Medium-Term Management Policy targets relating to ESG and presented recommendations for the acceleration of those activities.

For me, the close consideration of ESG has brought a new passion and perspective to the current initiatives being implemented in the Oceania Region. I have leveraged this in my work locally by sharing the information gained from other markets during the GLDP. In this sense, the GLDP clearly brought to life the concept of *glocal*, the importance of diversity, and the strength of what can be achieved by bringing together shared values and a shared Group Philosophy.



Global Leadership Development Program—A Training Program Targeting Candidates for Next-Generation Management

Since 2014, the Asahi Group has been offering the Global Leadership Development Program (GLDP). In addition to deepening the understanding of the Group's history and management policies, including the AGP, the GLDP aims for its participants to acquire global business vantage points and perspectives, gain an understanding of employees from different regions, and build a network with such employees. The GLDP was held for the third time in 2019, targeting 13 employees who have been selected from operating companies in Japan and overseas as candidates for next-generation management. It involved a total of three on-site sessions and multiple off-site meetings where participants made proposals on how to realize the AGP.



Tomas Mraz

Sales Director
Plzeňský Prazdroj, a. s.



Renganathan Tewagudan

Asahi South East Asia Pte Ltd
Group Chief Innovation Supply Chain and
Transformation Officer

The most valuable experience is probably getting to know colleagues from different parts of the world and understanding and identifying the specifics, but also the similarities of their markets.

I was also intrigued by a different approach to solving the same problems; cultural differences are clearly an advantage in this case. And it is up to us to learn to take advantage of this fact. I had a chance to understand and to gain more insight into Asahi philosophy, and I was very impressed by the humility and respect for the individual parts of the organization. Also, I have come to understand that this new era, when Asahi becomes a major international entity, brings new challenges to the perfectly planned Asahi business.

The challenges that affect our daily lives are no longer just local, so international cooperation is the best way to overcome them. The story of Asahi has many chapters, and I believe that the beginning of the 21st-century chapter will be enormously successful. I am glad to be able to join this rich history with my small contribution.

Being part of the GLDP brought home the realization of working for a true MNC, with diversity across the continents in every aspect of values, culture, expertise, and management style. Though challenging, it was a unique experience that made me become a better, more emotionally intelligent and persuasive leader. The GLDP also encourages us to develop our level of emotional intelligence so that we can navigate the many interpersonal challenges we face within the organization and in our lives. I learnt how to attempt to always understand and appreciate the unique diversity, and to respect and acknowledge our differences in order to build mutual trust and respect. The structured and frequent informal interaction with team members helped develop a certain flexibility and awareness in my management style. It has also helped to reshape my communication and leadership skills for managing a diversified group with different skill sets, interests and emotional needs in order to build, share and work toward Asahi's vision and to build on Asahi's core values.

The GLDP team's decision to take up the issue of sustainability as its group project was very timely and important for the organization. Working on the project gave me a deep understanding of setting the sustainability agenda, direction, and the accelerated journey to realize Asahi's sustainability goals. This has helped me incorporate Asahi's CSR value into our business to help the socioeconomic well-being of Southeast Asian communities.

Building Value Together with All Our Stakeholders

Under the Asahi Group Philosophy (hereinafter, “AGP”), which was newly formulated in 2019, we have established Our Principles, which serve as a code of conduct for our employees. With the AGP, we also aim to realize improvements in corporate value by building value together with our stakeholders. In this section, we will introduce representative examples of building value together with our customers, employees, business partners, and shareholders, who are regarded as extremely important stakeholders within Our Principles.



Strengthening Our Response to the Heightened Environmental Awareness of Consumers

To respond to the heightened environmental awareness of consumers, the Asahi Group is strengthening environment-friendly initiatives throughout its entire value chain.

Asahi Soft Drinks Co., Ltd. is expanding its lineup of label-less PET bottle products and as of April 2020 has rolled out such offerings as *Asahi OISHII MIZU* under the four brands. By choosing not to attach labels to its PET bottle products, Asahi Soft Drinks is able to lessen its burden on the environment by decreasing the amount of waste. At the same time, the company is able to eliminate the time and effort consumers must put in to remove labels from PET bottles when disposing of them. Furthermore, Asahi Soft Drinks is working to expand the sales routes for these label-less products, centered on mail-order and home delivery channels.

Asahi Beverages is focusing its efforts on improving its use of plastic packaging, including using 100% recycled PET in its bottles for its still water brand, *Cool Ridge*. To help close the loop on PET packaging within Australia, Asahi Beverages has signed a memorandum of understanding to jointly develop a local plastic pelletizing facility, which will help process PET bottles into pellets that can then be re-made into new PET bottles.

This agreement is to form a joint venture with the waste management company Cleanway and the packaging company Pact Group. Cleanway will provide available feedstock through its collection and pellet sorting network. Pact will provide technical and packaging expertise, and Asahi Beverages and Pact will buy the majority of the recycled

pellets from the facility to use in their packaging products.

By 2030, Asahi Beverages aims to use environment-friendly materials for 100% of its plastic bottles, and this project will significantly help accelerate efforts toward reaching that goal.

In addition to considering the environment with its products, the Asahi Group is actively pursuing environment-friendly initiatives throughout its entire manufacturing process. To achieve zero CO₂ emissions throughout its value chain, a target adopted under Asahi Group Environmental Vision 2050, the Group is proactively promoting the introduction of renewable energy for its manufacturing processes. As part of this effort, Asahi Breweries, Ltd. has been making use of renewable energy for the manufacture of the beer varieties available in the *Asahi Super Dry* 350 ml cans and beer gift sets, as well as for the manufacture of *Asahi Dry Zero* 350 ml cans. Also, from 2020 Asahi Breweries Europe Ltd has begun production using 100% renewable energy from wind and solar power generation at three beer factories in Italy and a brewery in the Netherlands. In 2021, three breweries in Poland will follow.

Going forward, the Asahi Group will continue to strengthen its efforts to respond to the heightened environmental awareness of consumers.



Strengthening Efforts to Promote Health

In March 2019, the Asahi Group formulated the Basic Policy on Promotion of Good Health based on the Asahi Group Philosophy (hereinafter, “AGP”). Guided by this policy, we are moving forward with efforts to promote the good health of our employees. In 2019, we focused on three efforts: building an organizational health promotion structure, improving the overall health of our employees, and carrying out evaluations of these efforts and examining ways to improve them.

In terms of building an organizational health promotion structure, we continued to hold regular meetings of the Group Council for Promotion of Good Health, which is

overseen by the Board of Directors. At the same time, we worked to strengthen our health promotion structure by assigning a public health nurse to the Human Resources Division of Asahi Group Holdings, which functions as a secretariat. For efforts to promote good health, we focused on measures to help employees quit smoking. With the aim of preventing smokers from directly damaging their own health from smoking as well as the health of others from second-hand smoke, we are thoroughly enforcing a Group-wide policy to abolish indoor smoking areas as much as possible. As a result of this effort in 2019, we eliminated 28 indoor smoking areas in Japan.

In regard to evaluating and improving our health promotion efforts, we introduced a system for the uniform management of health-related information within the Group, thereby establishing a framework for effectively accumulating and utilizing such information on a continuous basis. We will set up a structure for putting a PDCA cycle into motion by using the data we gather through this system.

These health promotion efforts garnered external praise, with Asahi Group Holdings, Ltd. being chosen for inclusion in the Health and Productivity Stock Selection in 2020. Going forward, we will continue to take proactive steps to promote the good health of our employees.

The Asahi Group's Basic Policy on Promotion of Good Health

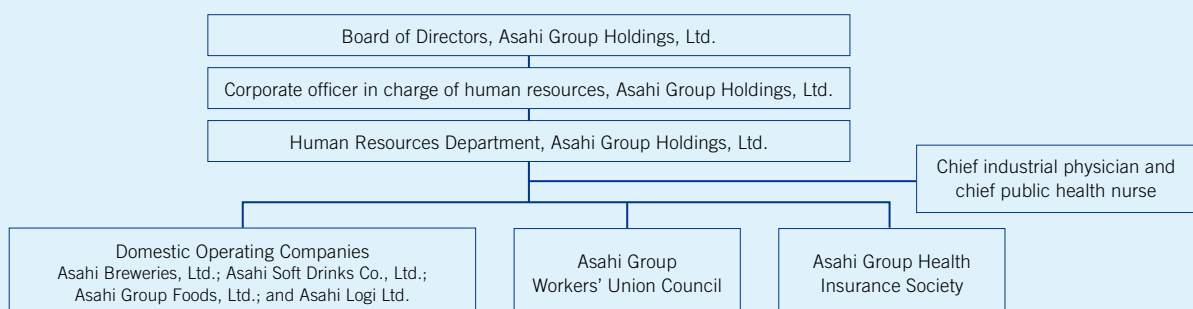
At the Asahi Group, each of us takes measures to improve our health, keep each other healthy both mentally and physically, and lead fulfilling lives together.

We:

- believe that we should improve our health ourselves;
- pay attention to our peers' health and help them improve their health;
- work together to create a vibrant workplace;
- take actions individually for improving our health in a way that is suitable for each one of us; and
- make it a habit to make healthy choices and remain in good health throughout our life.



Structure of the Asahi Group Health Promotion Committee





Partners



Revising Our Procurement Policies to Establish a Sustainable Supply Chain

Against the backdrop of strengthening efforts to expand its global growth foundation and promote sustainability, the Asahi Group revised its procurement policies in 2020.

With this revision, we positioned the Asahi Group Sustainable Procurement Principles as our fundamental policy for building sustainable relationships with suppliers that promote mutual growth. We also revised the content of these principles in accordance with the requirements of the Asahi Group Code of Conduct. The Asahi Group Sourcing and Purchasing Policies stipulate the conduct to which Group personnel in charge of procurement must adhere. In addition to activities such as selecting suppliers, concluding contracts with them, and placing orders, we added rules on internal reporting and clarified our organizational procurement

structure within these policies. The Asahi Group Supplier Code of Conduct sets forth the actions that we ask our suppliers to comply with. Through our recent revisions, we expanded the scope of activities that require compliance, including respect for local communities and responsible drinking.

When making these revisions, we asked for the understanding and cooperation of our suppliers through explanatory meetings on our supplier policies and other events. Going forward, we will confirm the CSR activities of our suppliers via such tools as supplier CSR assessment checklists. We will also swiftly enforce improvement measures in cases where actions that deviate from the Asahi Group Supplier Code of Conduct are discovered. In these ways, we will strive to establish a sustainable supply chain.

Policies up to 2019

Asahi Group Procurement Guidelines

CSR Principles for Asahi Group Suppliers

Revisions from 2020 Onward

Asahi Group Sustainable Procurement Principles

Asahi Group Sourcing and Purchasing Policies

Asahi Group Supplier Code of Conduct

Message from a Supplier



Hiroyuki Shimada
President and
Representative Director
Nippon National Seikan Co., Ltd.

Nippon National Seikan Co., Ltd. manufactures and sells aluminum cans for beverages. To date, we have worked together with Asahi Breweries to lower the amount of finite resources we use as well as our CO₂ emissions by reducing the weight of the cans we produce. In addition, we are making use of solar energy and working to reduce and recycle waste.

Recently, we received an explanation on the revisions to the Asahi Group Supplier Code of Conduct as well as the circumstances leading up to these revisions. We understand that all eight principles outlined in the code of conduct are extremely important, and the revised content of these principles has further raised our awareness of how we are involved with the end-user through our relationship with Asahi Breweries.

The various standards required by Asahi Breweries are extremely strict, and we will fulfill our responsibility to adhere to these standards so that we can steadily deliver products that can be used with peace of mind. Furthermore, every employee at Nippon National Seikan takes the Code's principles to heart and will continue to make every effort to comply with these principles. Going forward, we will continue to pursue a sustainable relationship with Asahi Breweries that realizes mutual growth.



Promoting Engagement through IR Activities

The Company is pursuing the fair and broad disclosure of financial information, including operating results, and non-financial information on matters such as management strategies, business challenges, risks, and governance. At the same time, we have actively engaged in dialogue with shareholders and investors while implementing management reforms to reflect their voices.

Looking ahead, we will promote investor relations (IR) activities from a medium- to long-term perspective based on the key priorities laid out under the Medium-Term Management Policy as our Engagement Agenda (agenda for constructive dialogue) in order to continuously raise sustainable corporate value.

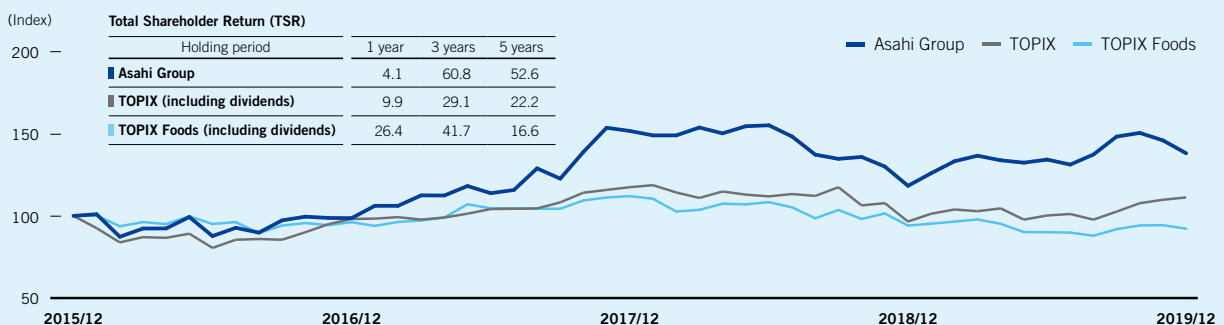
Major IR Activities in 2019

Activity	Frequency	Details
Financial results briefings for analysts and institutional investors	4 times	Quarterly briefing sessions (second- and fourth-quarter briefing sessions by the president and relevant officers and first- and third-quarter teleconferences by the IR and finance sections)
Business briefings for analysts and investors	2 times	Briefings held by the top management of operating companies (Alcohol Beverages, Soft Drinks, and ESG) and briefings on the Europe business. Holding of IR Day
IR interviews for analysts and institutional investors	Aggregate of approx. 300 companies	IR interviews and teleconferences for analysts and institutional investors
Individual visits for Japanese institutional investors	2 times	President's visits to approx. 20 shareholders and investors in Japan (second and fourth quarters)
Individual visits for overseas institutional investors	2 times	Visits by the president to approx. 50 overseas shareholders and investors (North America, Europe, and Asia)
Briefing sessions for private investors	17 times	Briefing sessions by the president (contents made available on the Company's website) Briefing sessions by IR officers held at breweries across Japan

External Awards Related to Our IR Activities

Awards for Excellence in Corporate Disclosure (The Securities Analysts Association of Japan)	The top company in the Foods category 2019 (12 consecutive years between 2003 and 2014 as well as 3 consecutive years between 2017 and 2019)	The top company in the Disclosure to Individual Investors category (2009, 2016, and 2017)
IR Award (The Japan Investor Relations Association)	IR Special Award (2013)	IR Grand Prix Award (2014)
	Best IR Award 2019 (2004, 2010, and 2019)	Companies with the Greatest Improvement in IR (2018)
Corporate Value Improvement Award (Tokyo Stock Exchange)	Excellence Award (2018)	
NIKKEI Annual Report Awards (Nikkei Inc.)	Award for Excellence (2004, 2015, 2018, and 2019) 2019	
Award for Excellence in Integrated Reporting (WICI Japan)	The Excellence in Integrated Reporting Prize (2015 and 2019) 2019	

Stock Price



Notes: 1. The closing price on December 30, 2015 has been indexed to 100.

2. TSR is based on investment conducted at the closing price on December 30, 2014.

Section 02

Progress in Medium-Term Management Policy

Results of *Glocal* Value Creation Management




In accordance with the Medium-Term Management Policy, which is based on the Asahi Group Philosophy, the Asahi Group will pursue *Glocal* Value Creation Management through three key priorities: i) strengthening earnings power, ii) enhancing management resources, and iii) reinforcing of ESG initiatives. We will also promote constructive dialogue with stakeholders using these three key priorities as our engagement agenda and leverage the disclosure of integrated information in accordance with the Guidance for Collaborative Value Creation and other guidelines to facilitate swift and bold decision-making. In these ways, we will create business opportunities that draw on our unique strengths while engaging in an appropriate level of risk-taking.

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Financial Highlights

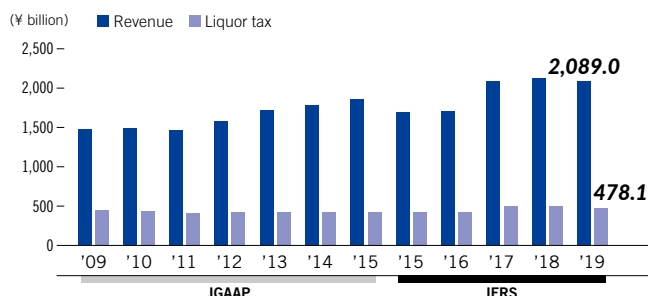
Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
Years ended December 31

Revenue / Liquor Tax


¥2,089.0 billion 

Revenue

Overall revenue was down following lower revenue in the Alcohol Beverages Business, which saw the contraction of the beer-type beverage market, and in the Overseas Business, which was adversely impacted by the strong yen. The amount of liquor tax paid declined in conjunction with revenue.

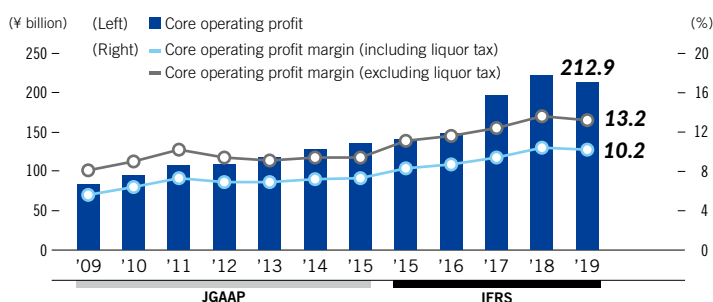


Core Operating Profit*¹ / Core Operating Profit Margin

¥212.9 billion 

Core Operating Profit

Core operating profit decreased due to lower profit in the Alcohol Beverages Business and the Soft Drinks Business and impacts of the strong yen, which outweighed the increases in profit in the Food Business and the Overseas Business.

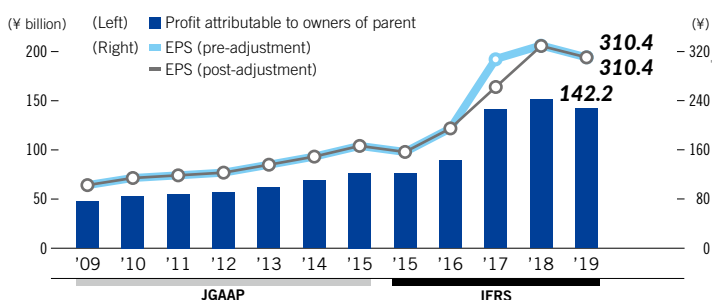


EPS*² / Profit Attributable to Owners of Parent


¥310.4 

EPS (post-adjustment)

Profit attributable to owners of parent decreased as a result of the lower core operating profit as well as the incurring of business integration-related expenses associated with the reorganization of the Overseas Business. Post-adjustment earnings per share (EPS) also decreased.

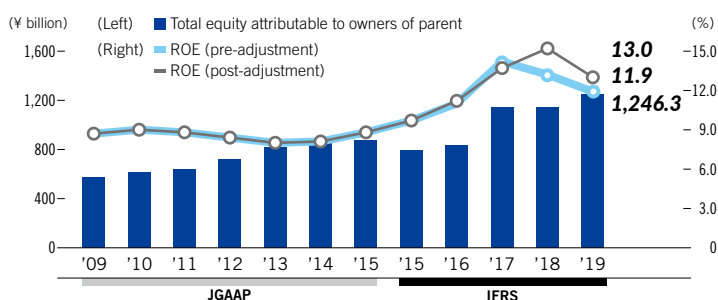


ROE*² / Total Equity Attributable to Owners of Parent

13.0% 

ROE (post-adjustment)

Return on equity (ROE) after adjustment remained at the level stipulated in the guidelines of the Medium-Term Management Policy (13% or above), despite a decline stemming from the decrease in profit attributable to owners of parent.



*¹ Core operating profit is the reference indicator for normalized business performance.
Core operating profit = Revenue - (Cost of sales + Selling, general and administrative expenses)

*² Both pre-adjustment and post-adjustment figures are provided for EPS, ROE, and the dividend payout ratio. Post-adjustment figures exclude one-off special factors such as the impacts of business portfolio restructuring and foreign exchange movements.

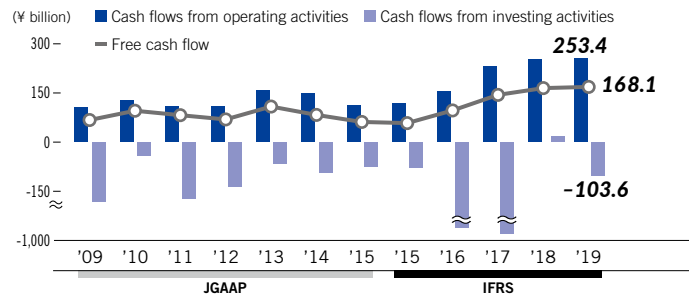
Cash Flows

¥168.1 billion



Free Cash Flow*3

Despite a decline in profit before tax that followed the decrease in core operating profit, free cash flow increased because of improved asset efficiency. Meanwhile, cash flows from investing activities recorded a significant turnaround from the previous fiscal year due to the absence of the gain on the sale of stock in Tsingtao Brewery Co., Ltd., recorded in the previous year as well as the acquisition of the beer and cider operations of The Fuller's Beer Company Limited of the United Kingdom.



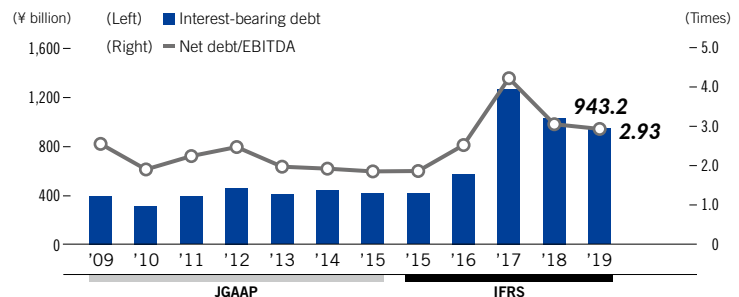
Interest-Bearing Debt / Net Debt/EBITDA*4

2.93 times



Net Debt/EBITDA

Net debt/EBITDA declined due to efforts to reduce debt and enhance our investment capacity through the generation of cash in our core businesses.



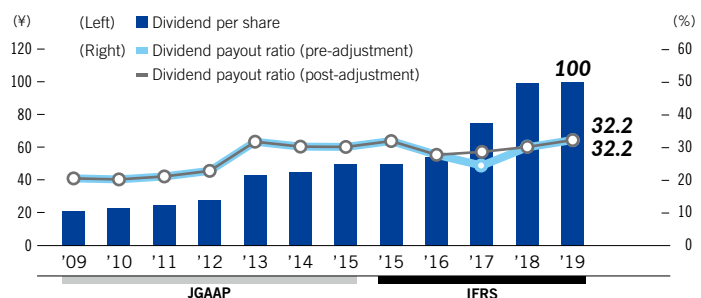
Dividend per Share / Dividend Payout Ratio*2

32.2%



Dividend Payout Ratio (post-adjustment)

The dividend per share was increased by ¥1. In addition, the consolidated dividend payout ratio was raised as part of a phased increase aimed at reaching the level stipulated in the guidelines of the Medium-Term Management Policy (stable dividend increases to realize a consolidated dividend payout ratio of 35% by 2021).



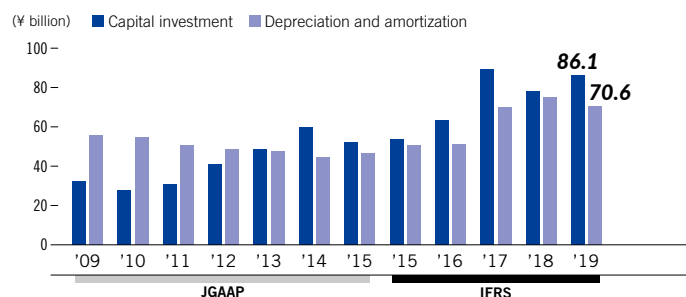
Capital Investment / Depreciation and Amortization*5

¥86.1 billion



Capital Investment

Overall capital investment was up due to higher investments for upgrading lactic acid bacteria fermentation equipment in the Soft Drinks Business and bolstering freeze-dried food production capacity in the Food Business.



*3 Free cash flow = (Cash flows from operating activities + Proceeds from sales of property, plant and equipment) – Purchase of property, plant and equipment

*4 Under IFRS, EBITDA = Core operating profit + Amortization of intangible assets + Depreciation

Under JGAAP, EBITDA = Operating income + Amortization of goodwill + Depreciation

*5 The above capital investment and depreciation and amortization amounts do not include lease assets or trademarks at the time of acquisition of subsidiaries.

Sustainability Highlights

Eliminating the Negative Impact

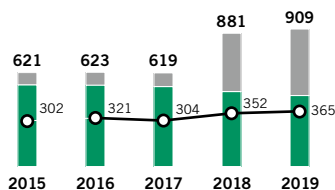
Environment



Climate Change Response Measures

CO₂ emissions **909,000 tons**

With the establishment of Asahi Group Environmental Vision 2050 in 2019, the Asahi Group defined a list of environmental issues to be addressed, one of which was climate change. We have declared our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures and are examining initiatives such as analyzing climate change-related opportunities and risks and response measures.



■ Scope 1 and 2 (Japan) (Kilotons) ■ Scope 1 and 2 (Overseas) (Kilotons)
○ Per basic unit (kg/¥ million [Net sales and revenue])

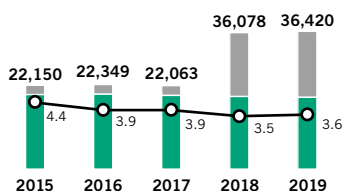
1. The targets of overseas Scope 1 and 2 are Oceania for 2015–2017; Oceania and Europe for 2018; and Oceania, Europe, and Southeast Asia for 2019.
2. CO₂ emissions per basic unit for 2016 onward were calculated using revenue in accordance with International Financial Reporting Standards (IFRS).



Sustainable Water Resources

Alcohol Beverages and Soft Drinks businesses
Basic unit of water consumption **3.6 m³/kl**

We are working to reduce water consumption by cutting back on water use at manufacturing bases and promoting the reuse of water. At the same time, we seek to minimize the environmental burden associated with water intake and exhaust.



■ Water consumption (Japan) (Thousand m³) ■ Water consumption (Overseas) (Thousand m³)
○ Per basic unit (m³/¥ million [Net sales and revenue])

- Notes: 1. From 2017, the scope of calculation was expanded to include Japan and overseas (Oceania) companies.
2. From 2018, the scope of calculation was expanded to include Japan and overseas (Europe and Oceania) companies.
3. From 2019, the scope of calculation was expanded to include Japan and overseas (Europe, Oceania, and Southeast Asia) companies.

Human Rights and Human Resource Management



Human Resource Development

Numbers of countries and people participating in Engagement Survey **8 countries**
1,036 people

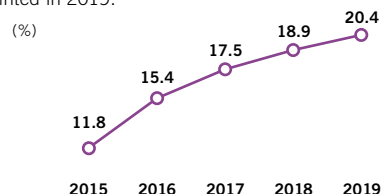
In 2019, an Engagement Survey was implemented at Asahi Breweries Europe Ltd and Asahi Holdings (Australia) Pty Ltd. In 2021, we plan to issue a standardized Engagement Survey on a Group-wide basis.



Promotion of Diversity

Ratio of female managers **20.4%**

We have specific goals for promoting the success of female employees at each major operating company, and we are advancing initiatives for accomplishing these goals. As a result of these efforts, the ratio of female managers has been increasing steadily and a female, non-Japanese outside director was appointed in 2019.



Respect for Human Rights

Number of participants in human rights training **372 people**
(Group companies in Japan)

In 2019, we advanced training on human rights policies and LGBT sensitivity training for managers in the human resources and general affairs divisions of Group companies in Japan as well as universal manner training open to voluntary participation, with the aim of achieving the goals of the Asahi Group Human Rights Principles established in May 2019. The scope of employees taking part in these training programs will be expanded going forward to foster understanding regarding human rights among employees.

This page presents the Group's accomplishments up to fiscal 2019 based on its material issues. Please see pages 52–53 for details on the Group's newly established material issues.



P.52–53

Responsible Business Activities

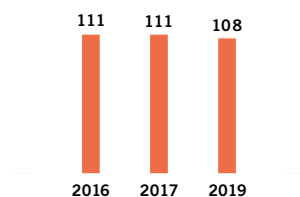


Supply Chain Management

Number of companies participating in Asahi Group Procurement Policy Presentations

108 companies

We held presentations on the Asahi Group Philosophy and procurement policies for the major Japanese suppliers that represent nearly 50% of our transaction value with suppliers. To provide safe and reliable products and services, we are working to build solid relationships of trust and long-term cooperative ties with our suppliers.



Note: Asahi Group Procurement Policy Presentations were not held in 2018 as the Asahi Group Philosophy was in the process of being developed.



Food Safety and Reliability

Quality-related incidents

1

The Asahi Group performed one voluntary product recall in 2019 in response to a mislabeling issue. Group-wide quality assurance systems are being reinforced to prevent recurrence of such issues as we pursue higher levels of quality.

Note: The number of quality-related incidents represents the number of incidents for which notification was provided via newspapers or Company websites due to violations of internal regulations or of the regulations stipulated by Global Reporting Initiative standards 416-2 and 417-2.



Exercise of Social Responsibility through Products and Services

Number of participants in *Wakodo Nutrition Consultations*

103,000

Asahi Group Foods, Ltd. provides lectures and consultations by employees with expert knowledge, including certified dieticians, for parents with children in the weaning period.

Increasing the Positive Impact of the Asahi Group

Value Creation Utilizing the Strengths of the Asahi Group

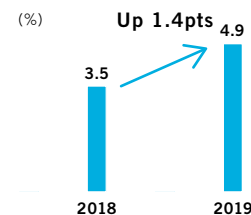


Resolving Social Issues through New Drinking Opportunities

Percentage of non-alcohol product sales among all product sales (Asahi Breweries Europe Ltd)

4.9 %

As part of its efforts to promote responsible drinking, Asahi Breweries Europe Ltd invests and promotes innovation in the non-alcoholic segment of its portfolio. By doing so, the company is gradually increasing the percentage of non-alcohol product sales within its entire product portfolio.



Providing Products Utilizing Yeast and Lactic Acid Bacteria

Sales volumes of *CALPIS* brand and *Calpis-Derived Lactic Acid Bacteria Science Series*

44.12 million cases

Through products and initiatives that address health-related needs, Asahi Soft Drinks Co., Ltd. is creating new health value and working to provide such value to society at large. With the *CALPIS* brand, Asahi Soft Drinks has collaborated with local communities to promote awareness-raising activities related to health and deliciousness based on the theme of fermentation. By doing so, the company has contributed to regional revitalization.



Expanding Health-Based Business and Business That Contributes to a Recycling-Based Society

Reduction in quantity of feed grain needed to rear livestock by expanding sales of *CALSPORIN*[®]

620,000 tons

Through the utilization of *CALSPORIN*[®], a probiotic used for livestock production, Asahi Calpis Wellness Co., Ltd. has improved the efficiency of feed grain use, thereby contributing to a reduction in the quantity of feed grain needed to rear livestock.

Eleven-Year Financial and Non-Financial Summary

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
Years ended December 31

JGAAP

	2009	2010	2011	2012	2013
Operating Results (For the year):					
Revenue	¥ 1,472.4	¥ 1,489.4	¥ 1,462.7	¥ 1,579.0	¥ 1,714.2
Cost of sales	958.4	943.3	907.2	974.7	1,032.8
Selling, general and administrative expenses	431.2	450.7	448.3	495.9	563.9
Core operating profit* ¹	82.7	95.3	107.1	108.4	117.4
Profit attributable to owners of parent—pre-adjustment					
Profit attributable to owners of parent—post-adjustment* ²	47.6	53.0	55.0	57.1	61.7
EBITDA* ³	145.7	157.6	166.8	170.9	183.6
Capital investment	32.5	27.8	30.6	41.1	48.4
Depreciation and amortization	55.9	54.6	50.7	48.5	47.7
Research and development expenses	9.3	9.3	8.9	9.6	10.8
Financial Position (At year-end):					
Total assets	¥ 1,433.6	¥ 1,405.3	¥ 1,529.9	¥ 1,732.1	¥ 1,791.5
Interest-bearing debt	391.8	311.4	390.0	456.2	403.7
Total equity	577.7	612.6	643.7	726.8	827.4
Cash Flows:					
Cash flows from (used in) operating activities	¥ 106.3	¥ 125.6	¥ 108.5	¥ 109.2	¥ 157.2
Cash flows from (used in) investing activities	(180.6)	(41.7)	(171.2)	(134.3)	(65.7)
Cash flows from (used in) financing activities	78.5	(90.8)	67.0	43.0	(84.9)
Cash and cash equivalents at end of period	18.0	10.8	16.1	34.3	41.1
Per Share Data (In yen):					
Profit attributable to owners of parent—pre-adjustment					
Profit attributable to owners of parent—post-adjustment* ²	¥ 102.49	¥ 114.10	¥ 118.36	¥ 122.75	¥ 135.73
Dividends	21.00	23.00	25.00	28.00	43.00
Equity attributable to owners of parent	1,233.25	1,315.51	1,378.19	1,553.35	1,772.47
Financial Ratios:					
Core operating profit margin (%)	5.6	6.4	7.3	6.9	6.9
ROE (Ratio of profit to equity attributable to owners of parent) (%) —pre-adjustment					
ROE (Ratio of profit to equity attributable to owners of parent) (%) —post-adjustment* ²	8.7	9.0	8.8	8.4	8.0
ROA (Ratio of profit before tax to total assets) (%)	6.6	7.1	7.6	7.0	7.0
Total asset turnover (Times)	1.08	1.05	1.00	0.97	0.97
Equity attributable to owners of parent ratio (%)	40.0	43.6	41.9	41.8	45.7
Net debt/EBITDA (Times)	2.55	1.90	2.24	2.47	1.97
ESG:					
Number of employees at year-end	17,316	16,712	16,759	17,956	18,001
Number of directors (Total) (At year-end)	13	13	11	10	11
Number of directors (Outside) (At year-end)	3	2	3	3	3
Water consumption (Thousand m ³)* ⁴	19,828	19,130	18,966	19,532	23,664
CO ₂ emissions (Kilotons)* ^{4, *5}	756	740	728	815	855
CO ₂ emissions (Scope 3) (Kilotons)* ⁶	—	—	—	—	—

*¹ Core operating profit is the reference indicator for normalized business performance. Core operating profit = Revenue – (Cost of sales + Selling, general and administrative expenses)

*² Post-adjustment figures exclude one-time special factors such as the impacts of business portfolio restructuring and foreign exchange movements.

*³ Under IFRS, EBITDA = Core operating profit + Amortization of intangible assets + Depreciation

Under JGAAP, EBITDA = Operating income + Amortization of goodwill + Depreciation

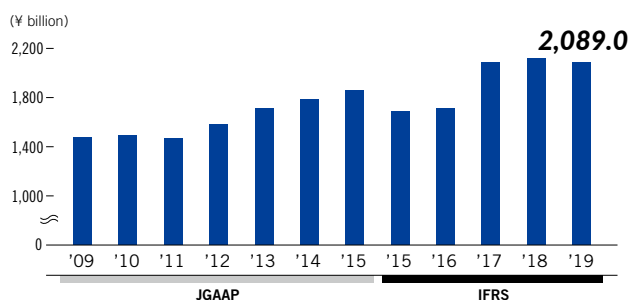
*⁴ Please refer to the following link for information on the scope of calculation regarding water consumption and CO₂ emissions
Sustainability website:

<https://www.asahigroup-holdings.com/csr/editing.html>

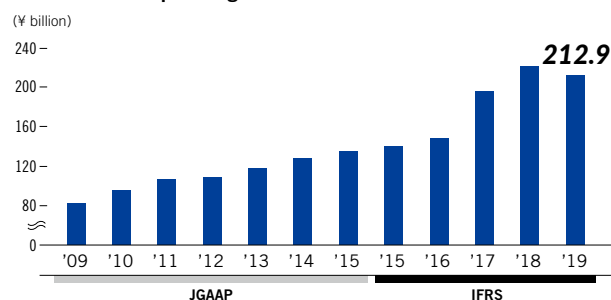
*⁵ Results up to 2013 are for Scope 1, 2, and 3 in Japan. Results from 2014 on are for Scope 1 and 2 in Japan and overseas.

*⁶ Applicable to Asahi Breweries, Ltd. and Asahi Soft Drinks Co., Ltd.

Trend in Revenue



Trend in Core Operating Profit



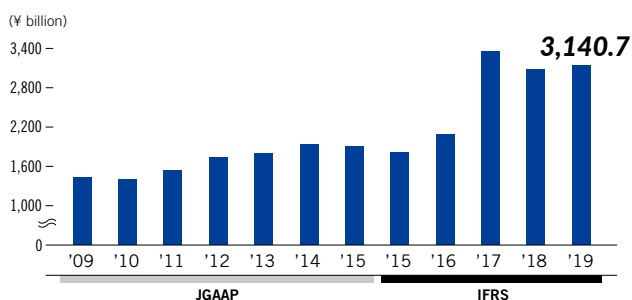
Information about This Page

- The Company's consolidated financial statements have been prepared based on JGAAP for the years up to the fiscal year ended December 2015 and based on International Financial Reporting Standards (IFRS) from the fiscal year ended December 2016 onward. The line items have been prepared based on IFRS.
- The IFRS line item "revenue" corresponds to "net sales" under JGAAP, while "core operating profit" corresponds to "operating income"; "profit attributable to owners of parent" corresponds to "net income"; and "equity attributable to owners of parent" corresponds to "shareholders' equity."

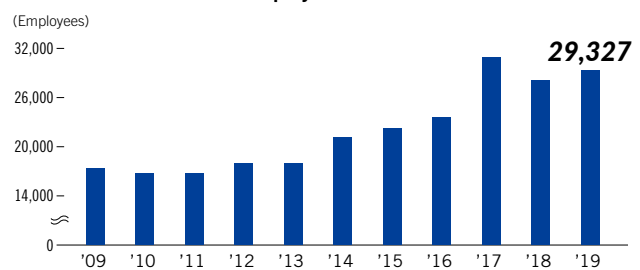
IFRS

(Billions of yen)							(Billions of yen)	%
2014	2015	2015	2016	2017	2018	2019	YoY Change (2019/2018)	
¥ 1,785.4	¥ 1,857.4	¥ 1,689.5	¥ 1,706.9	¥ 2,084.8	¥ 2,120.2	¥ 2,089.0	-1.5	
1,073.4	1,100.5	1,102.8	1,098.1	1,295.3	1,303.2	1,297.3	-0.5	
583.7	621.7	445.9	460.2	593.1	595.6	578.7	-2.8	
128.3	135.1	140.6	148.4	196.3	221.3	212.9	-3.8	
69.1	76.4	75.7	89.2	141.0	151.0	142.2	-5.9	
192.3	197.9	197.2	205.8	285.3	318.4	304.8	-4.3	
59.8	52.0	53.5	63.4	89.5	78.2	86.1	10.1	
44.5	46.6	50.8	51.0	69.8	75.0	70.6	-5.8	
10.7	10.3	10.3	9.5	11.6	12.3	12.8	3.7	
¥ 1,936.6	¥ 1,901.5	¥ 1,804.6	¥ 2,086.3	¥ 3,346.8	¥ 3,079.3	¥ 3,140.7	2.0	
434.7	414.9	414.4	570.3	1,261.9	1,027.3	943.2	-8.2	
896.5	891.8	803.6	846.1	1,152.7	1,149.6	1,248.2	8.6	
¥ 146.7	¥ 112.7	¥ 116.4	¥ 154.4	¥ 231.7	¥ 252.4	¥ 253.4	0.4	
(92.1)	(75.5)	(77.0)	(268.5)	(885.8)	22.5	(103.6)	—	
(35.8)	(73.0)	(75.2)	119.5	661.8	(270.5)	(158.8)	—	
62.2	43.2	43.2	48.4	58.0	57.3	48.4	-15.4	
¥ 148.92	¥ 166.25	¥ 164.82	¥ 194.75	¥ 307.78	¥ 329.80	¥ 310.44		
45.00	50.00	50.00	54.00	262.23	328.95	310.44		
1,904.64	1,916.69	1,723.97	1,825.57	2,499.62	2,502.67	2,720.76		
7.2	7.3	8.3	8.7	9.4	10.4	10.2		
			11.0	14.2	13.2	11.9		
8.1	8.8	9.7	11.2	13.7	15.2	13.0		
7.1	7.6	6.5	7.7	7.2	6.5	6.3		
0.96	0.97	0.93	0.88	0.77	0.66	0.67		
45.5	46.2	43.7	39.9	34.2	37.2	39.7		
1.92	1.85	1.86	2.52	4.22	3.05	2.93		
21,177	22,194		23,619	30,864	28,055	29,327		
9	9		10	10	10	9		
3	3		3	3	3	3		
23,615	23,933		23,889	23,723	38,623	40,292		
613	621		623	619	881	909		
—	2,960		3,169	2,912	2,889	2,923		

Trend in Total Assets




Trend in the Number of Employees at Year-End



Overview of the Medium-Term Management Policy

Enhancing “*Glocal* Value Creation Management” Based on the Asahi Group Philosophy

Strengthening earnings power	by further enhancing added value and earnings structure reform	
■ Enhancing high-added-value brands in Japan and overseas and achieving revenue growth through expanded cross-selling initiatives		P.42, 44
■ Reforming the earnings structure through the introduction of zero-based budgeting and optimization of procurement systems <small>Target impact of earnings structure reform including zero-based budgeting (total for 2019–2021): Over ¥30.0 billion</small>		P.88
■ Enhancing business management through ROIC and improving asset and capital efficiency through cash flow maximization		
Enhancing management resources	aimed at expanding new foundations for growth	
■ Reforming the corporate culture to realize disruptive innovation and investing in intangible assets (R&D, human resources, etc.)		P.48, 50
■ Promoting bolt-on M&As complementing existing businesses and expanding alliance with competitors and companies in other industries		P.46
■ Implementing business structure reform by leveraging digital transformation and advancing our business model		—
Reinforcing ESG initiatives	supporting our sustainable value creation process	
■ Formulating “Asahi Group Environmental Vision 2050” and improving our sustainable activities through value creation that leverages the Group’s unique strengths		P.52, 56
■ Promoting <i>glocal</i> talent management and diversity and developing a human rights management system		P.48, 62
■ Enhancing risk management systems (enterprise risk management) and reforming corporate governance systems supporting Group and global growth		P.70, 74, 78

Key Medium-Term Issues by Business

Alcohol Beverages	Enhancing the structure for innovation and cost reduction and establishing a position as the leader in the domestic alcohol beverages industry	P.98
Soft Drinks	Aiming to be the leader in the soft drinks industry with industry-wide top-class profitability	P.100
Food	Further enhancing unique strengths and expanding foundations for growth through new market creation	P.102
Overseas	Driving sustainable Group growth centered on promoting “premiumization” and expanding cross-selling initiatives of core premium brands	P.104

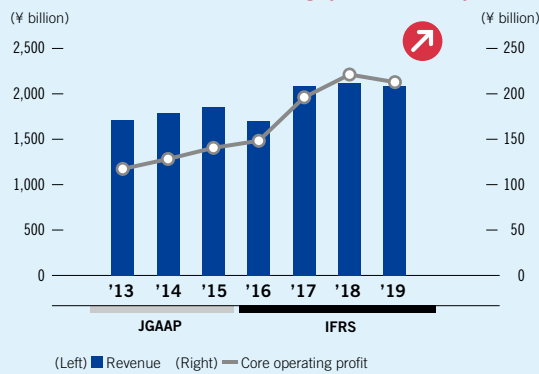
Key Performance Indicator (KPI) Approach and Guidelines

Guidelines for the Next Three Years

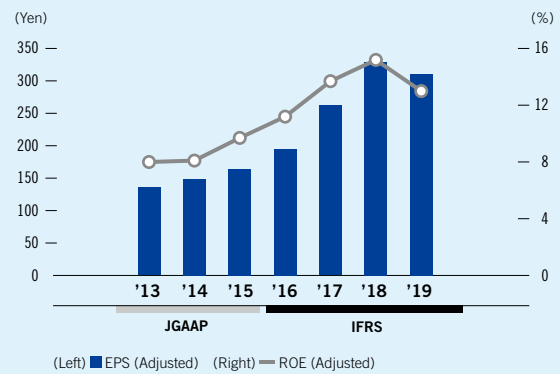
Revenue	Stable growth of existing businesses—business portfolio restructuring + new M&As
Core Operating Profit*¹	CAGR: Medium-to-high single digit range
EPS (Adjusted)*²	CAGR: Medium-to-high single digit range
ROE (Adjusted)*²	Maintain at 13% or above

Revenue / Core Operating Profit

Realize a steady CAGR in
the medium-to-high single digit range
over roughly the next three years



EPS (Adjusted) / ROE (Adjusted)



*1 Core operating profit is the reference indicator for normalized business performance.

Core operating profit = Revenue – (Cost of sales + Selling, general and administrative expenses)

*2 Adjusted figures are calculated after the deduction of special factors including business portfolio restructuring and the impact of foreign exchange rates

Financial and Cash Flow Strategy

Guidelines for 2019 Onward

Cash Flow	FCF* ³ : Above ¥170.0 billion (annual average)
Investment for Growth / Debt Reduction	Prioritize M&As for the expansion of growth foundations and promote debt reduction for the enhancement of investment capacity Net debt/EBITDA: Below 2 times by the end of fiscal 2021
Shareholder Returns	Stable dividend increases with the aim of achieving a dividend payout ratio of 35%* ⁴ by fiscal 2021 (aiming for a dividend payout ratio of 40% in the future)

*3 Free cash flow = (Cash flows from operating activities + Proceeds from sales of property, plant and equipment) – Purchase of property, plant and equipment

*4 Adjusted profit attributable to owners of parent, used for calculation purposes, excludes one-off special factors including business portfolio restructuring.

On June 1, 2020, we completed the acquisition of the CUB business. In relation to this acquisition, we have been examining financing plans, including fundraising. The information on the guidelines of the Medium-Term Management Policy, which is listed on this page, does not take into account the impact of the CUB acquisition and associated fundraising. Accordingly, we intend to review our Medium-Term Management Policy taking into consideration the impact of acquiring the CUB business.

Japan

Transforming toward Value-Focused Management That Seeks to Create New Markets and Value for Customers

Transformation Oriented Toward Ongoing Value Creation

Over the past two years, the scale of the domestic beer-type beverage market, excluding private brands, contracted to the extent that exceeded expectations as demand shifted toward other categories such as ready-to-drink beverages amid a rising emphasis on thriftiness. In response to this market contraction and diversification of needs, Asahi Breweries, Ltd. has begun implementing management reforms aimed at transforming toward value-focused

management based on its long-term management policy, which was developed with an eye to 5 to 10 years down the line. Based on this policy, we will transform management to focus on value as opposed to volume and thereby improve profitability while creating new value and markets with the aim of realizing the vision—“be a value creator globally and locally, growing with high-value-added brands”—described in the Asahi Group Philosophy.

Overview of Value-Focused Management

1) Improve overall product mix	Promotion of strategies for improving overall product mix by transitioning to key performance indicators for the Company and individual evaluations emphasizing profitability pertaining to product categories, brands, and containers and focusing on resource allocation accordingly
2) Realize leaner management not predicated on volume growth	Realization of overall supply chain management in regard to areas such as sales, production, and distribution from a long-term perspective looking 5 to 10 years down the line
3) Create new markets and value	Allocate funds produced through management reforms to the improvement of the value provided to customers and the creation of new markets to produce a virtuous cycle of continuous growth

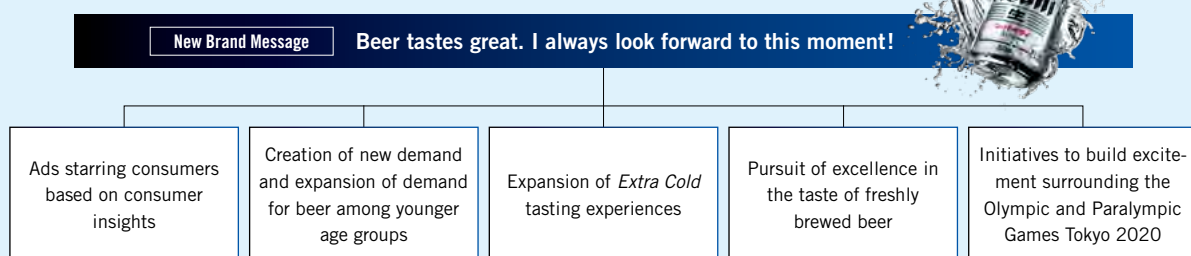
Initiatives for Improving the Value of *Asahi Super Dry*

At the Asahi Group, the balance of management resource allocation will be geared toward invigorating the beer market in order to drive the improvement of product mixes throughout the industry. Accordingly, we will be rolling out marketing campaigns aimed at increasing the number of *Asahi Super Dry* consumers based on the clear brand message defined for this offering. These campaigns will include advertisements starring consumers based on

consumer insights as well as the proposal of new drinking scenes and experiences.

In advertising *Asahi Super Dry* to younger age groups, women, and other new targets, we will solicit how this offering delivers the benefits that these groups seek from beer with the goal of going beyond simply recovering momentum in the short term to steadily expand the base of *Asahi Super Dry* fans.

Major Initiatives





Voice

Quest to Become the Beer and Alcohol Producer That Generates the Most Excitement in the World with a New Brand Message

Marketing That Moves Customers on an Emotional Level

I joined Asahi Breweries and became the senior general manager of the Marketing Headquarters in September 2018.

Ambition is something that has long been imbued in the DNA of Asahi Breweries, and it was this ambition that led to the creation of *Asahi Super Dry*. However, when Asahi Breweries became the industry leader, its in-house atmosphere may have started to trend toward following past customs and success stories. At the time of my joining the company, this position gave rise to a sense of conservatism that drove people in the direction of following precedent in order to minimize the risk of failure. As an outsider to the alcohol beverage industry, I immediately recognized what my mission was: To create new value with fresh ideas unbound by industry conventions. The fundamental goal of marketing is to win the favor of consumers, who have the freedom to choose whatever products they please, for a company and its products and to thereby encourage ongoing purchases. Realizing that changes in the actions of consumers are prompted by changes in their attitudes, we aspire to conduct marketing that moves customers on an emotional level, believing that moving customers in this manner will stimulate changes in their actions.

The domestic beer-type beverage market continues to contract as the population of consumers including younger age groups declines and as tastes grow more diverse. However, we are also approaching a major opportunity in the revision of the liquor tax scheduled for October 2020. I am therefore convinced that we can invigorate the market through dedication to customer-focused marketing.

Initiatives and Successes at Asahi Breweries

The first step of this marketing transformation entailed realigning our marketing practices to position customers as the star, whereas our products had been treated as the star previously. This realignment took the form of a simple change in our overall message, from “please enjoy *Asahi Super Dry*” to “please have fun with *Asahi Super Dry*.” However, this simple change resulted in a clear transformation in the goal of our marketing activities, from promoting the excellence of our products to enriching the lives of customers, the star, with the value of our products.

Yuichi Matsuyama

Senior Managing Director,
Senior Managing Executive Officer
Asahi Breweries, Ltd.



Our next step was to research the moment at which the value of beer is most palpable to customers via a large-scale consumer survey. The results of this survey granted us new insight into the consumers through the realization that beer is viewed as a special beverage that envelopes all of the emotions one experiences in everyday life and makes everything feel okay in the moment when one senses that beer tastes great. This realization shaped the new brand message of *Asahi Super Dry*—“Beer tastes great. I always look forward to this moment!”—based on which we have been rolling out brand advertisements since November 2019. These new advertisements, which are designed to sing the praises of our everyday lives, have had a clear benefit, winning the support of a wide range of ages and earning us our highest-ever rating in commercial favorability surveys. We have also been proposing value founded on new ideas in our attempts to approach younger age groups and women, which has been a challenge previously. Such proposals include *Asahi Super Dry The Cool*, which encourages customers to drink straight from the bottle, and *BEER DROPS*, beer cocktails made by inserting slow-melting frozen fruit juice into beer to let customers enjoy the ensuing changes in fragrance and taste.

At the same time, we hope to further refine the *karakuchi* taste and freshness that represents unique physical values of *Asahi Super Dry* not found anywhere else while establishing its brand value as being represented by a dominating presence in all customer touchpoints.

Vision for the Future

Our vision for the future is for Asahi Breweries to become the beer and alcohol producer that generates the most excitement in the world and for *Asahi Super Dry* to become the most beloved beer brand in the world.

The Olympic and Paralympic Games Tokyo 2020, unfortunately, have been delayed until 2021. This delay is especially regrettable because, as Asahi Breweries is a Tokyo 2020 Olympic Gold Partner, this event was to be a chance for us to take a large step forward toward our vision. Regardless though, we will continue to move forward with preparations to ensure that we can fully communicate the appeal of *Asahi Super Dry* to the world when the event is eventually held.

Global

Accelerating Our Premium Strategies through the Reorganization of Overseas Beer Businesses

Our Strategy and the Outline of Reorganization of Overseas Beer Businesses

To realize “driving sustainable Group growth centered on promoting ‘premiumization’ and expanding cross-selling initiatives of core premium brands,” which is a key issue for the Overseas Business adopted under the Medium-Term Management Policy, we carried out the reorganization of our overseas beer businesses in January 2020.

Specifically, this reorganization aimed to integrate and separate functions and achieve effective organizational management centered on our beer businesses in Europe, thereby reinforcing our *glocal* management structure. For our conventional business in Western Europe, we changed the name of Asahi Europe Ltd to Asahi International Ltd. Through this new company, we will strive to expand our global presence by centralizing export operations and marketing functions for

global premium brands such as *Asahi Super Dry* and *Peroni Nastro Azzurro*, which had previously been dispersed across different regions. Additionally, we changed the name of our Central and Eastern Europe Business to simply the Europe Business. By transferring control of our businesses in Italy and the Netherlands, which belonged to our former Western Europe Business, to the Europe Business, we transitioned to a structure that enables us to specialize in local European markets and strengthen our foundation for sustainable growth through the premiumization of our entire portfolio.

Going forward, we will work toward accomplishing swift growth as a highly competitive, global premium beer manufacturer by building a structure for promoting business management optimized for both global and local markets.

Reports from On-Site Managers

Global Enhancing the Position of the *Asahi Super Dry* Brand in the United Kingdom

As an iconic international brand, our top priority for *Asahi Super Dry* is growing our super premium market presence and trade advocacy globally so that consumers can receive the perfect *karakuchi* experience wherever they are in the world.

In the UK, we undertook the challenge to upgrade the image and positioning of an established brand, with no previous premium credentials in the British beer market. We applied the knowledge from our experience with *Peroni Nastro Azzurro* and implemented the codified Super Premium brand-building approach. We knew we had to deliver on themes like provenance, consumption experience, brand story, and visual identity so that consumers would view *Asahi Super Dry* as a Super Premium beer.

To reposition *Asahi Super Dry* successfully we focused on:

- Delivering a superior liquid proposition;
- Telling the persuasive brand heritage and beer development story to our customers;
- Sharing the compelling category positioning narrative with key customers;
- Creating premium brand assets—fount, glass, packaging, and communication;
- Concentrating the distribution to reach relevant consumer demographics;
- Rebuilding distribution in premium outlets, on- and off-premise;

- Pricing according to the new brand credentials into Super Premium segment; and
- Expanding into the broader market once we established the Super Premium proposition.

As a result, in Off-Premise, *Asahi Super Dry* distribution now leans toward premium retailers. The average price per litre is 30% higher,^{*1} delivering 37% more value^{*2} than in January 2018. In On-Premise, the distribution is 35% higher, but in more premium premises with a number of high-end outlets, it doubled. We are delivering a 21% higher price per litre^{*3} and 136% more absolute value^{*2} versus January 2018, adding nearly £20 million in brand value^{*2} in two years.

In terms of brand equity, *Asahi Super Dry* is building positive momentum in key funnel metrics (awareness/trial), with the target audience in London growing significantly versus last year: Awareness (81%, +6pts), Consideration (67%, +4pts), Trial (56%, +5pts).

Asahi Super Dry was recognized by Drinks International as the second best-selling and the fourth top-trending beer brand in the latest 2020 report. The brand also won the “Best Branded Content Series” at the Digiday Marketing and Advertising Awards Europe 2019.

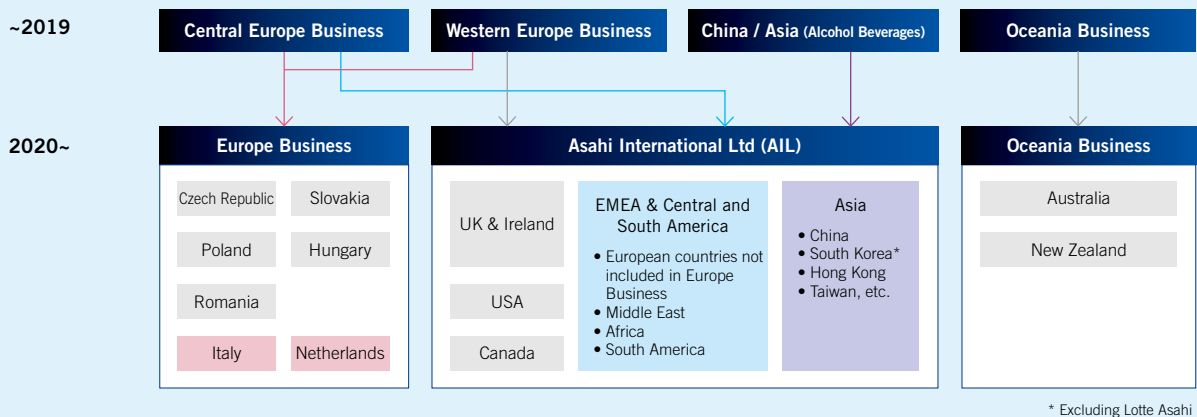
*1 Based on Nielsen MAT to 25.01. 2020

*2 The figures are based on internal evaluation indicators.

*3 Based on TCGA OPMS data to 25.01. 2020



Overview of Reorganization



Local Establishing a Local Presence in Poland (Kompania Piwowarska)

Kompania Piwowarska is a market leader in Poland, the second-largest beer market in Europe in terms of volume. Covering about a third of the total beer market in the country and with a very strong market position, Kompania Piwowarska is well set up for the journey to delight consumers and deliver on the great taste promise. Our strategy has been consistent for many years, building on a portfolio of strong local brands.

The two core brands *Zubr* and *Tyskie* operate in the mainstream segment and sell a total volume of about 10 million hectolitres, while in the premium segment, Kompania Piwowarska sells more than 3 million hectolitres through a diverse range of iconic brands.

The challenge in our portfolio is to continue the premiumization journey through the reshaping of our portfolio to further realize the premiumization of *Zubr* and *Tyskie*. We also must place a stronger focus on premium brands in high growth profitable segments. In 2019, the premium segment grew by 12% year on year.

Tyskie had been relaunched in 2018, with a new recipe and a completely renewed visual identity. The brand is now fully consolidated both from the sales and brand equity perspective.

In premium settings, the portfolio strategy aims to capture diverse drinking occasions. Among the core pillars of the strategy include:

- Growth of non-alcoholic portfolio with *Lech Free*, building on the trend of a healthier lifestyle;
- Development of Czech brands with *Kozel* and *Pilsner Urquell*;
- Growth in premium lagers with *Lech Premium*;
- Growing range of crafted products seeking to deliver craft experience for all with *Książęce*; and
- Capturing of spirited occasions with *Captain Jack* in the flavored segment.

In the NAB segment, growth in 2019 was driven by *Lech Free 0.0*, especially its flavored range, with two new flavors launched throughout the season. *Lech Free* doubled its volume in 2019 and reached the No. 1 position in the NAB segment.

The Czech portfolio in 2019 was driven mainly by *Kozel*, which delivered growth of 63% year on year.

Our crafted portfolio is represented by the *Książęce* brand, offering a range of beers inspired by traditional brews from different parts of the world, such as IPA, Porter, or Weizen.

The year 2019 for Kompania Piwowarska meant also strengthening its position in the spirit-flavored beer segment. In 2018, the company launched rum-flavored beer, *Captain Jack*, and in 2019 added a new orange flavor. Both of these flavors have been positively received by consumers.

Overall, the premiumization strategy resulted in strong NPR/hl growth both in 2019 and the year before.

Enhancing Management Resources

Expanding Our Business Foundation through the Acquisition of the CUB Business

Aiming to Establish a Global Platform Centered on Three Regions through the Acquisition of a New Business in Australia

Significance of the Acquisition

On June 1, 2020, Asahi Group Holdings acquired Carlton & United Breweries Pty. Ltd. (CUB), an Australian company belonging to Anheuser-Busch InBev SA/NV that operates a beer and cider business. Through this acquisition, we will further promote “strengthening earnings power” and “enhancing management resources” in the Overseas Business. By doing so, we will establish a firm global management platform centered on three regions of operation: Japan, Europe, and Australia.

Specifically, with this acquisition, EBITDA in the

Oceania business, including existing business, now totals roughly ¥100.0 billion, which is on a par with that of the Europe business. Factoring in EBITDA of ¥200.0 billion in Japan, we now have in place a business foundation spanning three core regions. By integrating the strengths we have cultivated in each of these regions, including brands and human resources, we aim to realize sustainable growth and medium- to long-term corporate value enhancement with a view to becoming a *Global* Value Creation Company based on the AGP.

Business Overview

The CUB business serves as an operating company centered on the beer and cider business. The strengths of the CUB business include:

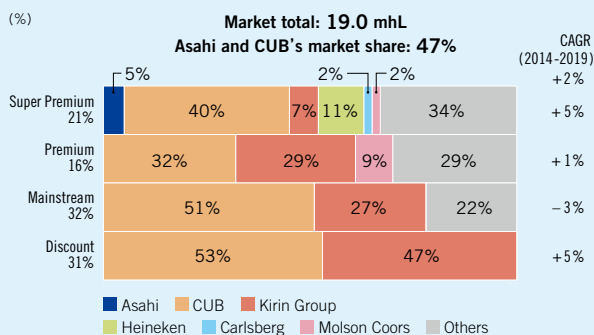
1. A diverse brand portfolio, including top brands such as *Carlton* and *Great Northern*
2. An expansive and robust sales network as well as the ability to cultivate new sales channels using technology
3. Product development and marketing capabilities that can respond to market changes
4. A firm earnings base with an EBITDA margin of over 40%
5. Outstanding human resources that underpin the above four strengths

With these kinds of sophisticated management resources, the CUB business has established a solid foundation in Australia.

In particular, in terms of beer categories, the CUB business offers a large number of domestic and overseas brands in the premium beer, craft beer, and mainstream categories, with a market share of 46%.^{*1} Also, in the Australian market, the overall sales volume has been almost flat, with an annual growth rate of 2%^{*1} over the past five years. Meanwhile the sales volume growth rate in the premium and super premium markets has been 1% and 5%, respectively, steadily expanding on an ongoing basis.

Going forward, while the spread of COVID-19 may potentially slow down the pace of premiumization, we anticipate that the trend toward premium brands will continue over the medium to long term.

Share by Company and Price Range in the Australian Beer Market (2019)



Direction Going Forward

Going forward, we will first promote the integration of operations between the CUB business and the Asahi Group. This will involve the combination of strengths long-cultivated by the Group and the CUB business as well as the establishment of an even stronger business foundation in Australia. At the same time, we will aim to promptly realize synergies with the CUB business. Also, we will move forward with the sales process of certain brands we acquired through the CUB business.*2

In particular, we will expand the rollout of company brands such as *Asahi Super Dry* and *Peroni Nastro Azzurro*, making use of the CUB business's expansive and robust sales network. In addition, we will work to further enhance our brand value, including brands owned by the CUB

business. Through these efforts, we will create top-line synergies on a sustainable basis.

Additionally, from the perspective of costs, we will pursue synergies focused on cost reductions by enhancing the efficiency of logistics and other departments and engaging in joint procurement that leverages economies of scale. In this way, we will work to further improve our operating margin. At the same time, by securing outstanding human resources, we will further expand our pool of *glocal* talent as we work to enhance management resources from the perspective of personnel.

*1 Source: Global Data

*2 Brands to be sold: Two beer brands (*Stella Artois* and *Beck's*) and three cider brands (*Strongbow*, *Little Green*, and *Bonamy's*)

Voice

Both CUB and Asahi are steeped in tradition. They are national icons—the most famous beer companies in Australia and Japan. They both have a deep emotional resonance with many of the people in their respective countries. CUB beers such as *Victoria Bitter*, brewed since 1854, are almost a by-word for Australianness. Our Cascade Brewery in Tasmania has been continuously operating since 1832, and it is Australia's oldest manufacturing plant and older than Melbourne itself. Now we have this privileged opportunity to bring these great companies together—the best of Australia, and the best of Japan. We know that we are going to create something truly special with you.

Ambitions

Asahi now has a portfolio of beers that is the envy of every other brewer in the world. We have a beer for every beer drinker's taste, and a growing portfolio of other alcohol beverages. We are committed to our plans to increase our market share. We are committed to meeting the increasingly diverse demands of our drinkers and customers as we grow market share and profits. With some of the best innovators, brewers, and marketing people in Australia, we continue to deliver what Australians want. Whether it is Australia's most popular beer, *Great Northern Super Crisp*, created less than 10 years ago, or *Carlton Zero*, our first non-alcoholic beer, we are committed to staying ahead of our competitors.



Peter Filipovic

Chief Executive Officer,
Carlton & United Breweries Pty. Ltd.

Communities

We are a company that is deeply immersed in the communities in which we operate. We are committed to supporting local communities across Australia. Whether it is by providing drought and fire-affected communities with our free canned drinking water, or supporting local sporting clubs that are at the heart of their communities, CUB celebrates connecting people for a better Australia. We are also committed to ambitious sustainability targets. We have committed to sourcing 100% of purchased electricity from renewable sources by 2025, and we have almost achieved that goal, years before our target.

Looking Forward

We are looking forward to becoming an even better company as we learn from each other. I feel confident that this combination will be great for both CUB and Asahi. Our teams at CUB are very excited to have joined Asahi and look forward to our joint future with huge optimism.

Strengthening Our Human Resource (Organizational) Capabilities

Promoting Our Redefined Human Resource Strategy Globally and Enhancing Its Effectiveness

The human resource strategy that the Asahi Group aims to achieve is a self-sufficient strategy where regional management can act on its own based on a sufficient understanding of globally shared policies. As we explained in last year's integrated report, we positioned 2019 as a year in which we will make our *glocal* talent management approach visible to all employees so that they can gain a sense as to what that approach entails. To that end, we established and thoroughly

enforced globally shared frameworks and carried out unique management initiatives at each Group company. With the addition of the Australia-based CUB business to the Group in June 2020, we will work to further strengthen human resources in such ways as offering employees opportunities for growth that span across regions. At the same time, through these kinds of global human resource initiatives, we expect to promptly realize synergies with the CUB business.

Holding Global Human Resources Conference 2019

Following up on the conference in 2018, we held Global Human Resources Conference 2019, where discussions were held with a focus on succession plans. The conference was opened to a broad range of personnel, including not just the CEOs of Group companies of each region but also management personnel as well. Specifically, the discussions covered

various topics, including sharing information on the number and development status of successor candidates in each region to see if there were any personnel interested in pursuing a career in other markets or that could become successor candidates in a different region. In addition, there were discussions on how to best approach human resource evaluations.

Talent Management Methods

- Unify evaluation methods based on performance and potential by standardizing potential models around the globe
- Develop globally shared grading systems
- Establish competitive compensation packages in each area using benchmarks based on external data

New Human Resource Initiatives Going Forward

Following the introduction of a regional headquarters (RHQ) system in Japan, Europe, and Australia in April 2020, we established a structure that will transfer authority over human resource strategies to the RHQ, enabling them to draft and implement their own strategies. Through this new structure, we hope to accelerate the reshuffling of personnel in a way that transcends the business and functional boundaries within the RHQ. For example, in Japan we have the Alcohol Beverages, Soft Drinks, and Food businesses, but thus far our human resource systems differed by business. By standardizing these systems and removing business barriers, we have been seeing personnel transfers between businesses at a higher rate than ever before. One example of this is the transfer of employees who belonged to the marketing division of the Soft Drinks Business to the marketing division of the Alcohol Beverages Business. Such a transfer lets these

employees combine their existing experience with brand-new perspectives, thereby enabling them to produce further results. We believe that limiting an employee's capabilities to the perspective of just one business is wasteful, and we therefore work to unleash the full capabilities and potential of our employees by having them experience different perspectives.

In addition, the importance of promoting management with an awareness of sustainability has become a topic of great significance recently, and under our human resource strategy we will step up efforts based on sustainability themes. Examples of sustainability themes in terms of human resources are promoting diversity, embracing the LGBT community, protecting human rights, and ensuring occupational health and safety. We believe that these themes also include adopting an approach where employees can demonstrate their abilities in a sustainable manner and play an active role

to the greatest extent possible. If we subscribe to the idea that sustainability represents management itself, then we should also believe that human resources, sustainability, and management are all one and the same. Guided by this idea, we will transform our human resources division into an

organization responsible for drafting and implementing the human resource strategies within our overall management strategies, taking into account the perspective of achieving sustainable corporate value enhancement.

Reinforcing Our *Glocal* Talent Management

In our promotion of *glocal* talent management, we have established and thoroughly reinforced approaches and policies to be shared on a global basis. While doing so, we have started to encounter the issue of drawing the line between ensuring global uniformity and maintaining local uniqueness. Establishing competitiveness in terms of compensation is a matter that differs between Europe, Australia, and Japan, and we essentially aim to maintain the unique nature of compensation in each area. However, if our compensation systems are too unique to a particular region, that can create an obstacle for global personnel transfers. Guided by the AGP, we are working to make our evaluation systems as uniform as possible around the world. Meanwhile, for human resource and career development, we will meet the needs for fostering diverse capabilities by combining globally shared initiatives

spearheaded by our Head Office with unique efforts led by our RHQ. As part of this approach, we are implementing the Global Leadership Development Program (GLDP). The GLDP offers an opportunity for employees from different regions and with different capabilities to receive a ticket, so to speak, for realizing their career path within the Asahi Group. How these employees use that ticket depends on the individual, and we will closely observe how employees make use of the skills they learned through the GLDP in their actual work. To date, the GLDP has targeted general managers in each region, but going forward we aim to expand this scope to include three ranks of employees: directors, general managers, and junior managers. In this way, we will strive to further strengthen and expand our human resources.

FAQ about Our Human Resource Strategy

Q How will the Group's management change through the human resource strategy?

Mobility policies and all other human resource initiatives are in place based on an awareness of ensuring effective succession plans. Following the widespread promotion of our human resource strategy, we have come to recognize the importance of holding discussions at, for example, meetings of the Nomination Committee of Asahi Group Holdings regarding not only successors for the Company's management but also those for local subsidiaries as well. Accordingly, we are now actually holding discussions at meetings of the Nomination Committee on developing management personnel and their successor candidates in Japan and all other regions of operation. The Nomination Committee is also gathering information on relevant personnel, which it uses to ensure swift and effective decision-making.

Human Resource Development Structure



Notes: 1. Development concentrated on manager ranks and above is carried out in consideration of personnel mobility overseas.
2. The period for holding the GLDP in 2020 is yet to be determined due to the impact from the spread of COVID-19.

Research and Development

Promoting R&D Activities that Support the Ongoing Development of the Asahi Group through Initiatives in Focus Areas

Establishment of AQI and Reinforcement of Medium- to Long-Term R&D Capabilities

At the Asahi Group, R&D organizations have been set out in operating companies, and these organizations are responsible for R&D activities that make direct contributions to business activities through the development of new products, the enhancement of quality management, or other means. At the same time, medium- to long-term research themes connected to ongoing Group development are assigned to Asahi Quality and Innovations, Ltd. (AQI), an R&D subsidiary established in April 2019. R&D activities are advanced through coordination between R&D organizations in operating companies and AQI.

In addition, five focus areas have been defined for AQI's R&D activities with an eye to medium- to long-term changes in the social and competitive climates, and this company engages in research and development while monitoring the allocation of resources to specific themes. Research is being promoted in regard to yeast, lactic acid bacteria, and other areas based on the Group's proprietary materials and technologies while we also introduce new technologies like artificial intelligence (AI) and take part in open innovation through collaboration with universities and venture companies.

Five Focus Areas for AQI's R&D Activities

Focus Area	Initiatives in 2019
1. R&D to establish pillars for new businesses	<ul style="list-style-type: none"> Research and development for creating new value with fermentation and yeast technologies
2. R&D to provide outstanding ingredients for health foods	<ul style="list-style-type: none"> Group-wide deployment of products using lactononadecapeptide as a functional substance
3. R&D to spur development innovation	<ul style="list-style-type: none"> Development of beverage package designs using virtual reality and AI Selection of baby food ingredients using AI-powered inspection equipment
4. R&D to improve social value, including reducing environmental burden	<ul style="list-style-type: none"> Research and development on eco-friendly containers CO₂ emissions reduction initiatives
5. R&D to create new businesses through the incorporation of knowledge	<ul style="list-style-type: none"> Development of crop frost damage reduction formulations using coffee by-products (collaboration with venture company)

Policies for Future R&D Activities at AQI

As the Asahi Group's business domain expands, AQI is optimizing the allocation of R&D resources by defining clear development priorities. Looking ahead, we plan to advance research on the development of products with function claims with an even greater degree of efficiency while conducting balanced investments in the development of beverages that provide new value and in the reduction of

environmental impacts. Meanwhile, we will move ahead with R&D activities aimed at supporting the ongoing growth of the Group, which will include reinforcing governance structures pertaining to investments in venture companies and stepping up basic research on alcohol beverages from a global standpoint.

Topics

Deployment of Products Using Lactonadecapeptide as a Functional Substance

The Asahi Group has long been researching and utilizing functional materials with the aim of contributing to people's health through food.

Lactonadecapeptide is a substance the Group discovered in the fermented milk produced by lactic acid bacteria. Through clinical trials on middle-aged and elderly groups, it was found that lactonadecapeptide has benefits for concentration, memory, and information processing capabilities as a functional substance that heightens cognitive functioning.

In September 2019, Asahi Soft Drinks Co., Ltd. launched the *HATARAKU ATAMANI* series of foods with function claims. Products in this series are made using lactonadecapeptide. This substance is also being embraced for use in other Group products, such

as the *OISHIKU TOKERU Chocolat* series of chocolate products offered by Asahi Group Foods, Ltd.

Going forward, the Asahi Group will continue to create high-value-added products through R&D activities oriented toward discovering unique materials with superior health benefits.



Development of Crop Frost Damage Reduction Formulation Using Coffee By-Products

Together with KUREI Co., Ltd., a venture company originating from Kansai University, AQI has succeeded in the development of a crop frost damage reduction formulation (product name: *FROST BUSTER*).

FROST BUSTER is a liquid formulation made using coffee grounds, a by-product from the canned coffee manufacturing process, that reduces the formation of ice crystals. Frost damage occurs when frost is produced as a result of the rapid drops in temperature seen at dawn and can have a negative impact on crops by destroying portions of flower bud cells. This phenomenon therefore can have a serious impact on the sustainability of agriculture operations by reducing the income of agriculture workers or causing them to leave the industry for other professions.

Verification tests at agricultural sites have confirmed that dusting crops with *FROST BUSTER* can significantly reduce frost damage on multiple types of crops.

We thus began offering *FROST BUSTER* on a trial basis in March 2020.

Such efforts to develop new products through the effective use of by-products will be continued into the future with the goal of helping resolve social issues by creating positive value for the environment via our business activities.

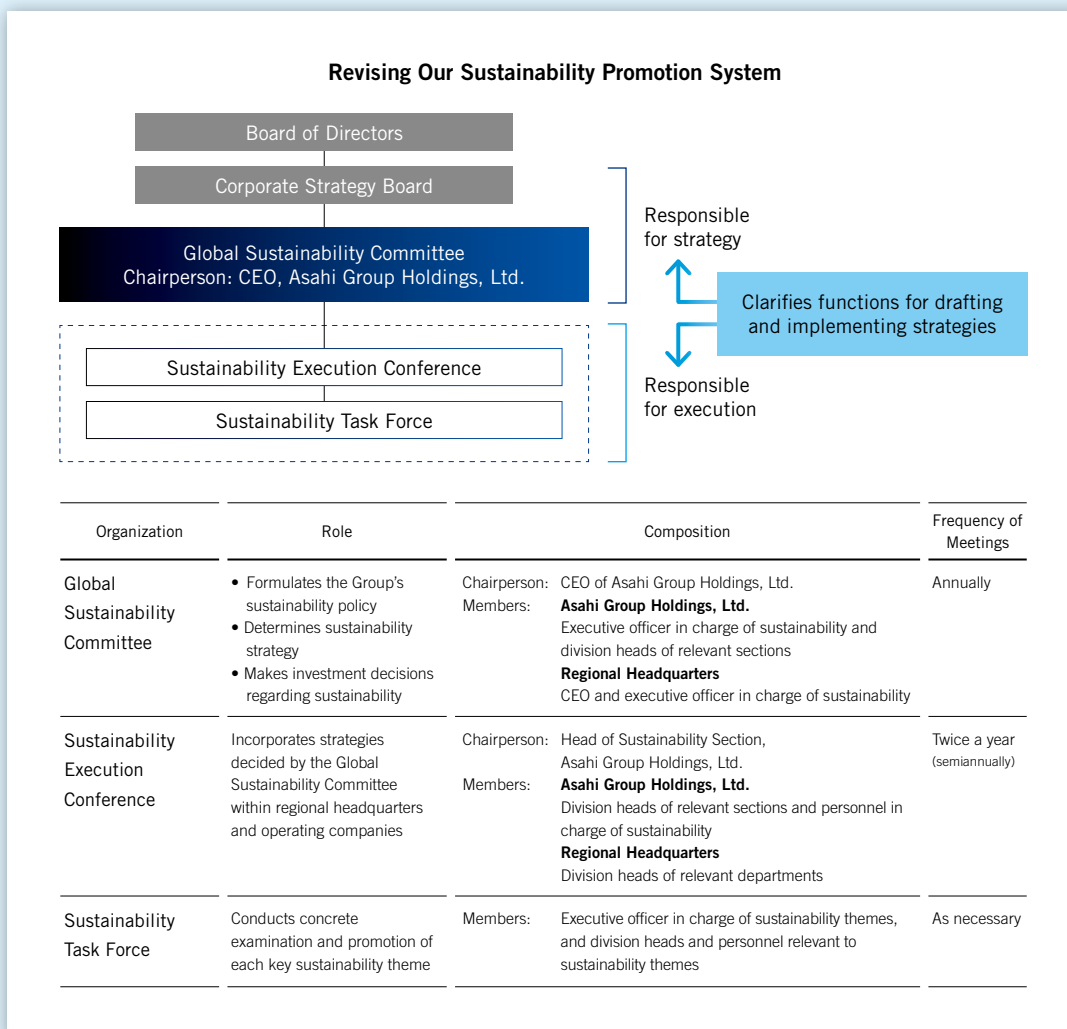


Sustainability Strategy of the Asahi Group

Strengthening Our Foundation for Promoting Sustainability Integrated with Management

In its Medium-Term Management Policy, which was formulated in 2016, the Asahi Group positioned ESG initiatives as one of its three key priorities and changed course toward sustainability management. Since then, we have established policies and structures for key issues such as the environment, human rights, and alcohol-related problems and have created a PDCA cycle to address individual issues. However, as we have not yet fully integrated our overall sustainability strategy with our management strategy, we significantly

revised our sustainability promotion system from 2020 in an effort to improve this situation. Specifically, we newly established a Global Sustainability Committee, chaired by the CEO of Asahi Group Holdings, and incorporated a system for promoting sustainability into our corporate governance system. Through these efforts, we will integrate sustainability promotion with management to further accelerate the promotion of sustainability on a Group-wide and global basis.



Formulation of Our Basic Policy and Vision on Sustainability, and Revision of Our Material Issues

01

Formulation of Our Basic Policy and Vision on Sustainability

To realize the AGP, we fostered a shared awareness across the Group by officially stating the significance of pursuing sustainability and our vision for the future.

Asahi Group Sustainability Principles

1. The Asahi Group is striving to realize the tastiness of products and services that exceed consumer expectations, using the blessings of nature. We preserve finite nature to hand down the important blessings of nature to future generations.
2. The Asahi Group is striving to bring more fun to life through its products and services. We build a sustainable society to allow a better life to be inherited.

Asahi Group Sustainability Vision

Based on the Sustainability Principles, we will strive to create values toward a better future in all regions where we operate by incorporating “Environment,” “People,” “Communities,” “Health,” and “Responsible Drinking” into our corporate strategy.

Through these initiatives, we will continue to take on challenges and innovation to contribute to achieving the United Nations Sustainable Development Goals (SDGs).

02

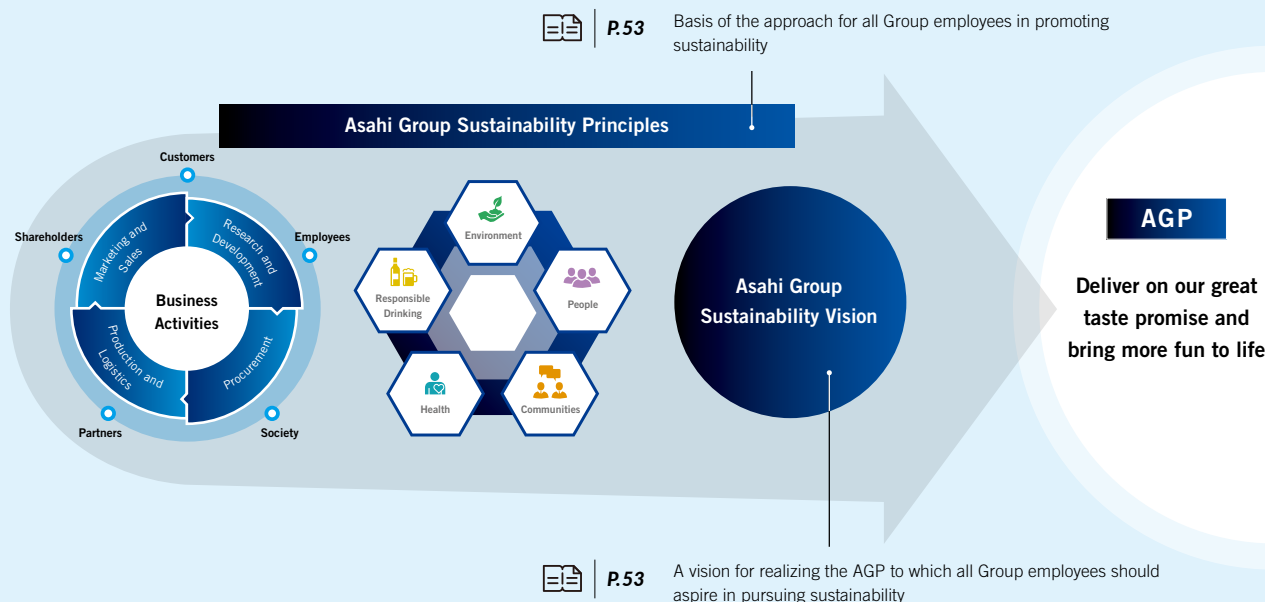
Revision of Our Material Issues

We revised the Asahi Group’s material issues as follows, based on our Sustainability Vision and a review of the issues.









Overall Framework for Promoting Sustainability toward Realizing the AGP

We will resolve social issues in the areas we have defined as material issues through our business activities and help to realize the AGP through efforts toward achieving our future vision.



KPIs Based on Material Issues

Materiality	Theme	Organizations	KPI
Environment  P.56	Climate change	Entire Group*1	Risk Reduce CO ₂ emissions 30% by 2030 in Scope 1 and 2 (compared to 2015)
		Entire Group*2	Risk Reduce CO ₂ emissions 30% by 2030 in Scope 3 (AB, ASD: compared to 2015) (ABEG, AHA: compared to 2020)
		Entire Group*2	Risk Reduce CO ₂ emissions to zero by 2050 in Scope 1, 2 and 3 and become carbon neutral
		Operating companies in Japan	Risk Reduce CO ₂ emissions by 1% or more YoY through the introduction of high efficiency equipment and other initiatives
		ABEG	Risk Convert the energy used in the 3 plants in Poland to 100% renewable energy by 2021
		ABEG	Risk Reduce in CO ₂ emissions 50% or more at plants by 2025 through introduction of renewable energy (compared to 2015)
		ABEG	Risk Reduce CO ₂ emissions to zero at plants by 2030 through introduction of renewable energy and become carbon neutral
		AGHSEA	Risk Reduce CO ₂ emissions by 2% YoY
	Sustainable raw material procurement	AGS	Risk Raise the ratio of palm oil purchased from RSPO-certified suppliers to 5% in 2020 and 25% in 2021 (Book and Claim certification system)
		AGHSEA	Risk Purchase 30% of palm oil from MPSO-certified suppliers by 2021
		AGHSEA	Risk Purchase 30% of sugar from VIVE-certified suppliers by 2021
	Sustainable containers/packaging (plastics issue)	AB, ASD, AHA	Risk Chance Convert plastic containers to materials that can be 100% effectively utilized (reuse, recycle, composting, heat recycle) by 2025
		ASD	Risk Chance Make the ratio of eco-friendly materials in plastic containers 60% by 2030
		ABEG	Risk Chance Reduce plastic container/packaging 30% by 2030 (compared to 2019)
		ABEG	Risk Chance Use recycled materials on the average 60% for all plastic by 2030
		ABEG	Risk Chance Use recyclable materials for all container/packaging by 2030
		AHA	Risk Chance Make the ratio of eco-friendly materials in plastic containers 100% by 2030
		AHA	Risk Chance Make packaging of all products to be recyclable, compostable, or reusable by 2025
AHA	Risk Chance Bring up the ratio of recyclable PET to 70% by 2020		
AHA	Risk Chance Develop a method to reuse more plastic than the amount used at the company by 2025		

Materiality	Theme	Organizations	KPI	
Environment  P.56	Sustainable containers/ packaging (plastics issue)	AGHSEA	Risk Chance Reduce the amount of plastic used per liter of products by 5% YoY	
		AGHSEA	Risk Chance Use recycled materials on 30% of PET bottles by 2025	
		AGHSEA	Risk Chance Bring up the ratio of FSC-certified cardboard used for product packaging to 100% by 2021	
		AGHSEA	Risk Chance Make all packaging with 100% recyclable materials by 2025	
	Sustainable water resources	Entire Group*3	Risk	Make the basic water consumption to 3.2 m ³ /kl by 2030 through streamlining of water usage and expansion of recycling system
		Entire Group	Risk	Carry out water risk survey periodically (once every 5 years) at Group manufacturing bases
		AB	Risk Chance	Achieve water neutrality at all breweries in Japan by 2025 through the utilization of the Asahi Forest
	Circular economy	AGHSEA	Risk	Reduce water consumption by 1% or more YoY
		Operating companies in Japan	Risk Chance	Maintain the 100% recycling rate for all byproducts and waste
		AGHSEA	Risk Chance	Achieve an 80% waste recycling rate by 2020
People  P.62	Respect for human rights	HD	Risk Start the human rights due diligence process at suppliers in 2020	
	Human resources development	HD	Chance Achieve the following targets for the numbers of participants in training programs: - LEAD (a program to develop business leaders in Japan): 75 - Global Leadership Development Program (a program to develop <i>g/local</i> business leaders): 35 - One Young World (an external training program focused on resolving global issues): 25	
	Diversity	HD	Risk Achieve a participation rate of 90% or higher in e-learning on human rights and LGBT at Japanese operating companies	
	Workforce health and safety	AB	Risk	Achieve a 100% participation rate in the seminar for managers, seminar for supervisors, and training for employees, which are all intended for plant employees
		ABEG	Risk	Achieve Disabling Injury Frequency Rates (DIFR) of 0.37, Total Recordable Injury Frequency Rates (TRIFR) of 1.85 in 2020
		AGHSEA	Risk	Reduce the loss time injury frequency rate (LTIFR) by 5% YoY
		Operating companies in Japan	Chance	Achieve a 100% stress check implementation rate
		Operating companies in Japan	Chance	Achieve a 98% rate for the medical consultation of metabolic syndrome by 2023
		Operating companies in Japan	Chance	Achieve a 45% rate for the implementation of guidance on lifestyle diseases by 2023
	ASD	Chance	Implement appropriate initiatives at 12 business sites in response to health issues at each site	
Communities  P.64	Create people-to-people connections	HD	Chance Launch three products that feature "Barley of Hope" from operating companies in 2020	
		ASD	Chance Implement unique initiatives at 14 business sites to resolve local issues	
		ASD	Chance Organize delivery lessons called the "Mitsuya Cider Classroom for the Future of Water and the Environment" (SDGs School for Children) in all 47 prefectures	
		ASD	Chance Achieve the sales targets for <i>Tokusan Mitsuya</i> that feature local specialty ingredients	
		ASD	Chance Achieve a visitor total of 96,500 at the four plants across Japan	
	Realize sustainable supply chains	AGHSEA	Chance	Have 50 or more employees under AGHSEA participate in community programs (beach cleaning, etc.)
		HD	Risk	Achieve a response rate of 90% or higher for the supplier CSR questionnaire
		HD	Risk	Conduct 12 on-site interviews in 2020 based on the supplier CSR questionnaire
		HD	Risk	Explain the Asahi Group Supplier Code of Conduct, amended as of January 1, 2020, to 90% or more of the suppliers
		Health  P.65	Secure food safety & reliability	Entire Group
AGHSEA	Risk Acquire HACCP certification for all plants by 2022			
Create value of health	AGS		Chance	Achieve a participation total of 100,000 in <i>Wakodo Nutrition Consultation Activities</i>
	ASD		Chance	Achieve the sales targets for Foods for Specified Health Uses, Foods with Functional Claims, and healthcare products * Target products: <i>Karada Calpis</i> , <i>Karada Jurokucha</i> , etc.
	ASD		Chance	Achieve sales targets for the 100ml series, which advertises value of health * Target products: <i>Todoku Tsuyosa-no Nyusankin</i> , <i>Mamoru Hataraku Nyusankin</i> , etc.
	AHA		Risk Chance	Reduce quantity of sugar used in soft drink products company-wide by 20% by 2025
	AGHSEA		Risk Chance	Reduce the quantity of sugar contained in 70% of the RTD products for Malaysia to 6 g or less per 100 ml by 2021
Responsible Drinking  P.66	Reduction in inappropriate drinking	Entire Group	Risk Display age restrictions on alcohol consumption on all products under alcoholic beverage brands (including non-alcoholic beverages sold under that brand) by 2024	
		Entire Group	Risk Achieve 80% compliance with IARD Digital Guiding Principles by 2021	
		Operating companies in Japan	Risk Achieve a participation rate of 90% or higher at Japanese operating companies for e-learning on appropriate drinking	
	Solution of social issues through creation of new drinking opportunities	ABEG	Chance Raise sales volume ratio of non-alcohol products to 6.4% of all products in 2020	

Note: Abbreviations stand for the following operating companies.

HD: Asahi Group Holdings, Ltd., AB: Asahi Breweries, Ltd., ASD: Asahi Soft Drinks Co., Ltd., AGS: Asahi Group Foods, Ltd., ABEG: Asahi Breweries Europe Ltd, AHA: Asahi Holdings (Australia) Pty Ltd, AGHSEA: Asahi Group Holdings Southeast Asia Pte. Ltd.

*1 Operating companies in Japan, ABEG, AHA

*2 AB, ASD, ABEG, AHA

*3 AB, ASD, AHA, AGHSEA, ABEG

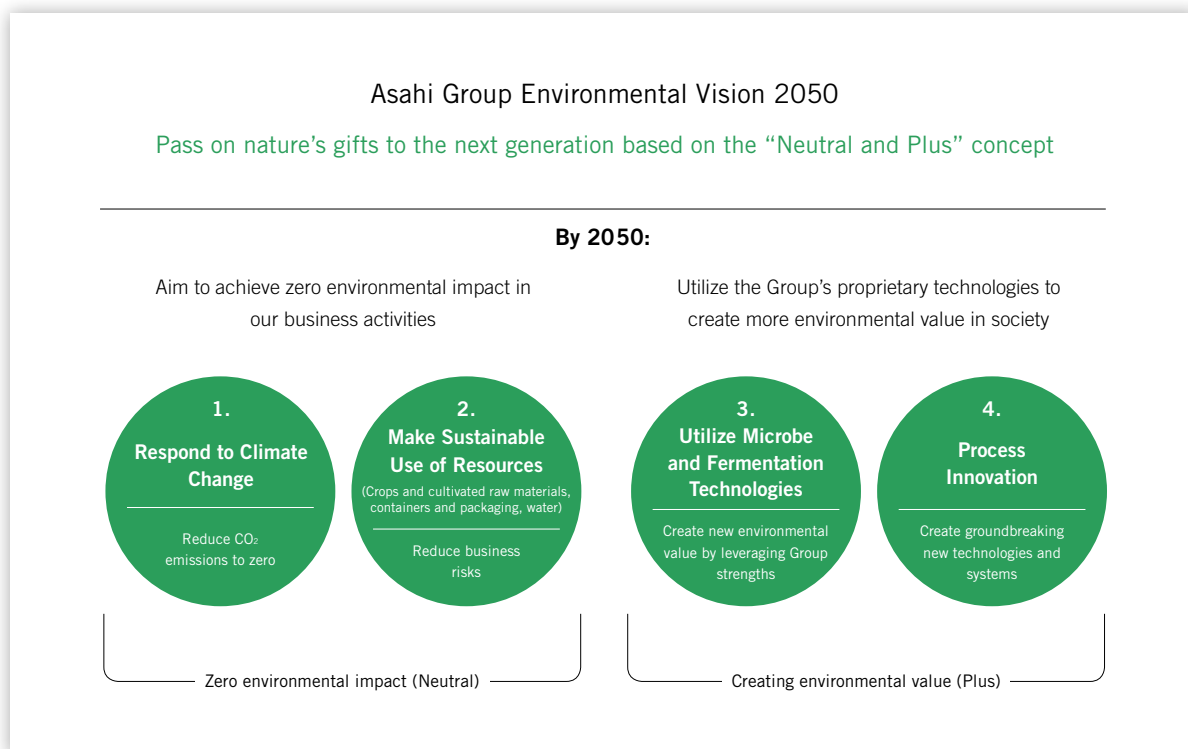
Materiality Story 01

Environment

The Asahi Group uses the blessings of nature to create its products and services. Without these blessings, the Group would be unable to continue its business operations. Accordingly, we will work to protect the blessings of nature by actively promoting efforts to address a wide range of environmental issues.



We formulated Asahi Group Environmental Vision 2050 in 2019, and have since been promoting initiatives to realize this vision.



Please refer to the following links for more detailed information on Asahi Group Environmental Vision 2050
 Overview of Asahi Group Environmental Vision 2050: <https://www.asahigroup-holdings.com/en/csr/environment/policy.html>
 Utilize microbe and fermentation technologies: <https://www.asahigroup-holdings.com/en/csr/environment/bio.html>
 Process innovation: <https://www.asahigroup-holdings.com/en/csr/environment/greenhousegases.html>

1 Respond to Climate Change

Please see pages 54–55 for individual targets.



P.54–55

Progress of Efforts toward Asahi Carbon Zero

To achieve Asahi Carbon Zero, our medium- to long-term goal for reducing CO₂ emissions, we have been engaging in such efforts as introducing renewable energy and reducing the weight of our containers. In these ways, we are striving to achieve carbon neutrality throughout our entire value chain.

Asahi Carbon Zero—Medium- to Long-Term Target for Reducing CO₂ Emissions

2030	30% reduction in Scope 1 and Scope 2 (vs. 2015)	▶	2050	Aim for zero CO ₂ emissions in Scope 1 and Scope 2
	30% reduction in Scope 3 (vs. 2015)			Aim for zero CO ₂ emissions in Scope 3

2 Make Sustainable Use of Resources

Please see pages 54–55 for individual targets.



P.54–55

Raw Materials

Progress of Efforts toward the Sustainable Procurement of Raw Materials

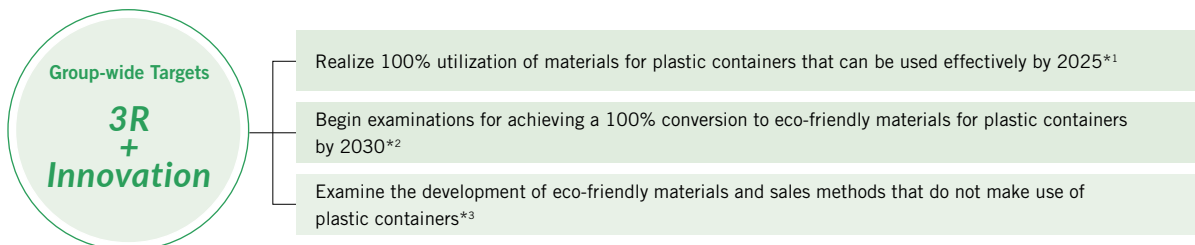
The Asahi Group is currently working to define sustainable raw materials and identify key materials that qualify as such. In addition, we have established a monitoring framework in accordance with our sustainable raw materials definition and commenced actual monitoring activities under this framework.

Containers and Packaging

Progress of Efforts toward Addressing Plastic-Related Issues

We are currently moving forward with efforts to address urgent plastic-related issues.

Direction of Strategies for 2030



Targeted containers: PET bottles, plastic bottles, caps used for PET and plastic bottles, certain plastic containers and plastic cups (used for sales), etc.

*1 Effective use: Reusable, recyclable, compostable, thermal recyclable, etc.

Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., and Asahi Holdings (Australia) Pty Ltd

*2 Eco-friendly materials: Recyclable materials, biomass materials, biodegradable materials, etc.

*3 Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Breweries Europe Ltd, Asahi Holdings (Australia) Pty Ltd, and Asahi Group Holdings Southeast Asia Pte. Ltd.

Water

Progress of Efforts toward the Sustainable Use of Water Resources

We have determined targets for reducing our basic unit of water consumption on a Group-wide basis that focus on the beer and soft drink factories of our operating companies. In addition, we are expanding the area of land we manage for Asahi Forest through long-term contracts and other means with a view to realizing water neutrality at beer factories in Japan.

Group-wide Targets for Water Resources	Achieve a basic unit of water consumption of 3.2 m³/kl or less by 2030*¹
Efforts to Assess and Eliminate Water Risks	Regular implementation of a water risk survey to ensure the sustainability of our water resources (Survey frequency: Once every five years)
Efforts toward Water Neutrality	<ul style="list-style-type: none"> • Leverage Asahi Forest to realize water neutrality at beer factories in Japan by 2025*² • Expand water conservation activities at each factory

*1 Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Breweries Europe Ltd, Asahi Holdings (Australia) Pty Ltd, and Asahi Group Holdings Southeast Asia Pte. Ltd.

*2 Enhance the efficiency of water use at domestic beer factories and reduce the amount of water used. At the same time, enhance groundwater recharge capabilities (a forest's capacity to capture and store water) through forest conservation activities at our company forest, Asahi Forest, in Hiroshima Prefecture with the aim of equalizing the amount of water used at our factories with the amount of water the forest captures and stores by 2025 (targeted expansion of Asahi Forest's land: 365 ha)

Column

Efforts to Respond to Climate Change— Endorsing the Recommendations of the TCFD

The Asahi Group understands that evaluating the impact of climate change-related risks and opportunities on its businesses and drafting appropriate response measures are important matters in terms of realizing a sustainable society and ensuring business continuity. To that end, the Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019. We have held repeated discussions at meetings of the Corporate Strategy Board and Board of Directors that focused on our beer businesses, which are impacted the most by climate change. By doing so, we quantitatively evaluated the impact of climate change-related risks and opportunities on these businesses using scenario analysis methods.

Going forward, we will further deepen our examinations of risk response measures. At the same time, we will expand the scope of our scenario analysis to include not only our beer businesses but also our other alcohol beverage businesses as well as our soft drink and food businesses. We will also work to enhance the accuracy of this analysis.

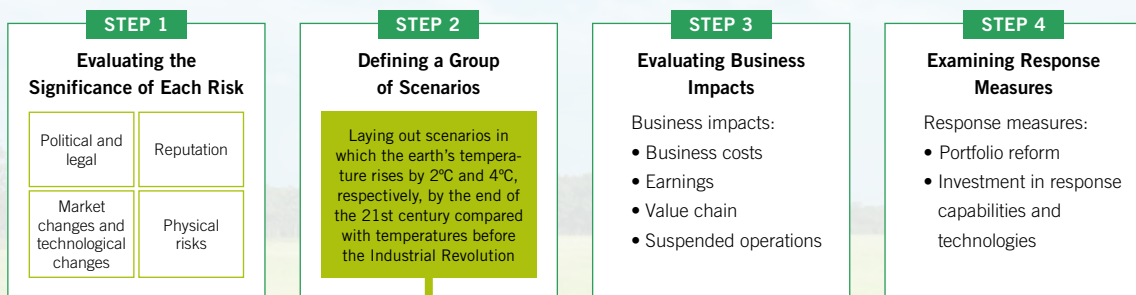
Governance

Viewing climate change as an important issue pertaining to sustainability, the Asahi Group’s Global Sustainability Committee, chaired by the CEO, formulates climate change strategies. At the same time, the Committee makes reports to the Board of Directors and works to strengthen a PDCA cycle under the Board’s supervision.

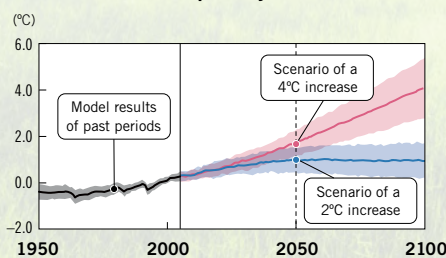
Please see page 81 for more information on the Global Sustainability Committee.  P.81

Strategies

We implemented scenario analysis using the following steps with the aim of examining the impact of climate change-related risks and opportunities on our beer businesses (in terms of beer ingredients and the beer product value chain).



RCP Scenarios Adopted by the IPCC



Referencing the representative concentration pathway (RCP) scenarios RCP 2.6 (2°C scenario) and RCP 8.5 (4°C scenario) adopted by the Intergovernmental Panel on Climate Change (IPCC) as well as the scenarios adopted by the International Energy Agency (IEA)

Source: Company materials created based on the IPCC’s Fifth Assessment Report, Summary for Policymakers (Figure SPM.7)

STEP 1 Evaluating the Significance of Each Risk

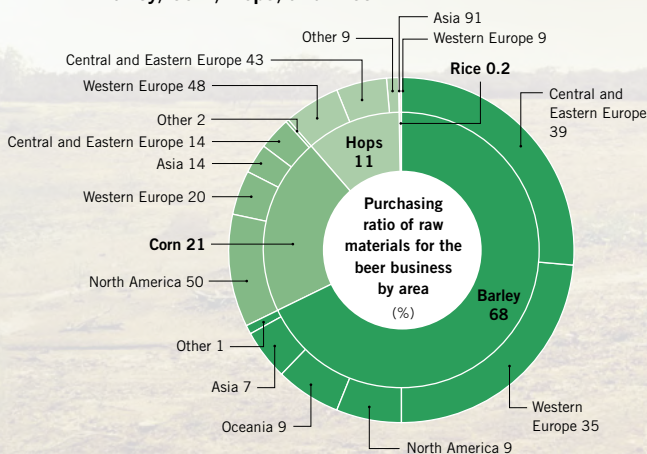
Among the various risks and opportunities stemming from climate change, including transition risks and physical risks, the risks that we believe to be of particular importance to our beer businesses have been identified as follows.

Risk Category	Business Risks and Opportunities	Reasons for Selection as an Important Risk/Opportunity
Political and Legal	Carbon Tax and Carbon Pricing Risk	Under Asahi Group Environmental Vision 2050, we are taking steps to achieve Asahi Carbon Zero, an initiative that aims for zero CO ₂ emissions within our value chain. However, while circumstances vary by country and region, we anticipate a significant financial impact from the introduction of a carbon tax.
	Regulations on Water Use Risk	Water is indispensable to our raw material production and factory operation. Therefore, we anticipate that the introduction of additional regulations on water use will have a significant impact on our business continuity and financial position.
Market Changes and Technological Changes	Changes in Customer Behavior Risk Chance	Risks and opportunities stemming from the heightened environmental awareness of consumers have the potential to become a new factor that impacts net sales.
Physical Risks	Rising Price of Raw Materials Risk	In the event that the price of raw materials were to rise due to a decline in the harvest of important agricultural materials, or that such a decline would make it necessary for us to switch to different materials, we believe there would be a significant impact on our financial position and business continuity.
	Rise in Global Average Temperature Chance	The volume of beer consumed in summer could be significantly affected by a rise in the global average temperature.
	Changes in Precipitation Patterns Risk	If our agricultural land and production bases were impacted by severe water shortages, it could potentially become difficult to continue our business operations.
	Intensification of Abnormal Weather Risk	In the event that damage from heavy rains and typhoons, which are occurring more frequently in recent years, were to become more severe, our value chain may suffer significant harm, making it difficult to continue our business operations.

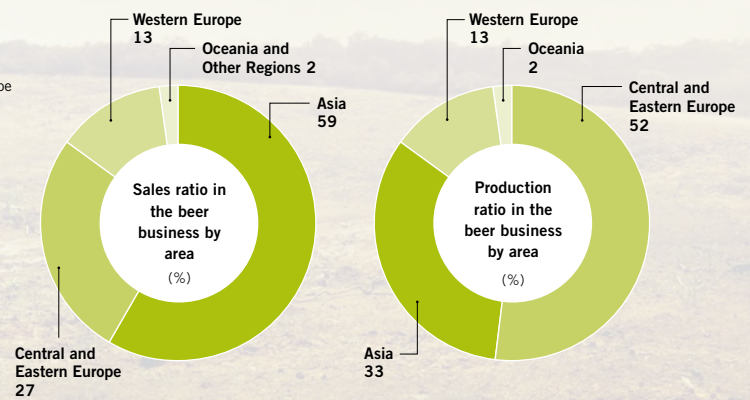
STEP 3 Determining Targets for Business Impact Evaluations

We have determined the following targets for our business impact evaluations focusing on the level of importance to the Group's businesses.

Agricultural Raw Materials: Barley, Corn, Hops, and Rice



Targeted Regions: Japan, Europe, and Australia



Notes: 1. Figures are based on 2018 results.
2. Total value does not equal 100 as figures are rounded up.

Efforts to Respond to Climate Change—Endorsing the Recommendations of the TCFD

STEP 3 **STEP 4** **Evaluating Business Impacts and Examining Response Measures**

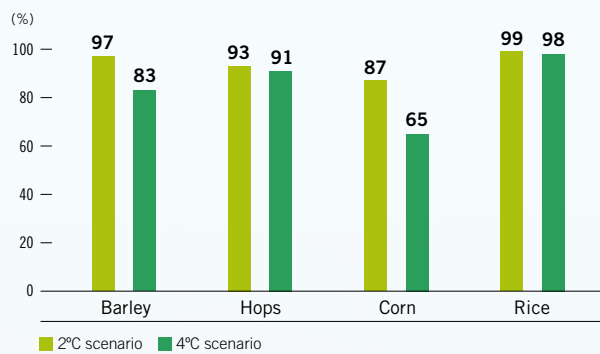
Among the important risks identified in STEP 1, we recognize rising raw material prices due to a decline in the harvest of agricultural materials and increased costs owing to the introduction of a carbon tax, which have a particularly high impact on our businesses. We therefore evaluated this business impact as follows.

Impact from Decline in Harvest of Agricultural Materials

Referencing various published documents, we have made estimations concerning the changes in harvest yields of important raw materials under both the 2°C scenario and the 4°C scenario. As a result, we have discovered that declines in the harvest yields for barley and corn were significantly higher under the 4°C scenario than the 2°C scenario. These estimations have issues with accuracy as they are based on trial calculations using limited information, and we will therefore continue to gather information to improve the accuracy of our estimations going forward.

Impact on Harvest Yield Amounts under the 2°C Scenario and the 4°C Scenario

(Estimated values for 2050 using supply volume in 2018 as 100)

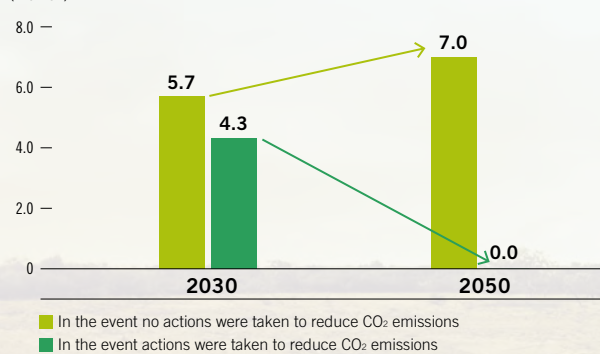


Impact from the Introduction of Carbon Tax

For the 2°C scenario, we conducted a trial calculation on the impact of a carbon tax based on our CO₂ emissions throughout the entire value chain. As a result, we have discovered that by implementing the Asahi Carbon Zero initiative, which aims for a 30% reduction in CO₂ emissions by 2030 and zero emissions by 2050, we can reduce this amount by ¥1.4 billion by 2030 and completely eliminate the impact of ¥7.0 billion from a carbon tax by 2050 compared with a scenario in which we did not implement Asahi Carbon Zero. In light of these results, we believe that the current strategies we are pursuing have a strong resilience to cost increases due to climate change and are therefore appropriate based on that perspective. However, the values for the carbon tax impact can change by country as some countries may not introduce such a tax at all or introduce a tax under a

Impact of a Carbon Tax under the 2°C Scenario

(¥ billion)



different time frame. We will continue to gather information to improve the accuracy of our estimations going forward.

Examining Response Measures

We will continue to accelerate our existing response measures to important risks. At the same time, as a crucial management task, we will adopt the following direction for our risk response measures going forward. In addition, we will also examine measures to respond to opportunities.

Business Risks	Existing Measures	Direction of Response Measures Going Forward
Rising Price of Raw Materials	<ul style="list-style-type: none"> Engage in risk dispersion through multi-sourcing 	<ul style="list-style-type: none"> Development of weather-resistant raw materials Development and introduction of cultivation method Transition to substitute materials Change in procurement areas
Carbon Tax and Carbon Pricing	<ul style="list-style-type: none"> Promote Asahi Carbon Zero Introduce co-generation systems Promote a modal shift Introduce renewable energy provided by wind power generation in Poland and the Netherlands Install highly efficient refrigeration systems 	<ul style="list-style-type: none"> Examine the acquisition of SBT 1.5°C verification Participate in RE100 and further utilize renewable energy
Regulations on Water Use	<ul style="list-style-type: none"> Achieve 100% use of renewable water resources by 2050 Realize water neutrality at our domestic beer factories by 2025 Reduce the amount of water used (reduce water consumption during cleaning and sterilization processes and effectively utilize recycled water) 	<ul style="list-style-type: none"> Further reduce the amount of water used (introduce large-scale recycling systems, etc.) Ascertain water risks at production bases and examine response measures based on analyzed data
Changes in Customer Behavior	<ul style="list-style-type: none"> Print the Green Energy Mark logo on <i>Asahi Super Dry</i> 350 ml cans, beer gift sets, and <i>Asahi Dry Zero</i> 	<ul style="list-style-type: none"> Respond to the growing trend of ethical consumption (make use of certified raw materials, etc.)
Intensification of Abnormal Weather	<ul style="list-style-type: none"> Implement measures to respond to wind- and water-related disasters 	<ul style="list-style-type: none"> Give consideration to the medium- to long-term impact of climate change when changing location of production bases or building new ones

Risk Management Structure

In the Asahi Group Risk Appetite Statement, which was formulated in 2020, the Asahi Group has announced its policy of promoting efforts to reduce risks that impact the natural environment. Accordingly, climate change has been adopted as a main risk within our enterprise risk management (ERM) system, and we are working to set in motion a PDCA cycle under this management system. Furthermore, through collaboration between our sustainability management system, renewed in 2020, and ERM system, we will pursue risk management on a Group-wide basis.

Please see pages 71, 73, and 81 for details on the links between climate change risks and ERM.



P.71, 73, 81

Indices and Targets

We are pursuing efforts through the Asahi Carbon Zero framework with the aim of achieving our goal of zero CO₂ emissions, adopted under Asahi Group Environmental Vision 2050. Our first move with these efforts is to aim for a 30% reduction in CO₂ emissions by 2030. In addition, as an important theme for addressing climate change, we have set specific targets for containers, packaging, and water within the goal for achieving 100% use of sustainable materials, which is also adopted under Asahi Group Environmental Vision 2050, and are stepping up efforts on a Group-wide basis toward reaching these targets.

Please see page 54 for more details on our specific indices and targets.



P.54

Materiality Story 02

People

The Asahi Group respects the human rights of its diverse group of stakeholders, including its employees and suppliers, and strictly adheres to fair labor practices. In addition, the Group is fostering a corporate culture that provides fulfillment to its employees by creating working environments that are rich with diversity and allow employees to grow their talents. Through such efforts, the Group is striving to bring more fun to the lives of its employees, suppliers, and various other stakeholders.



Efforts toward Commencing Human Rights Due Diligence

Positioned as our most significant policy toward human rights, we established the Asahi Group Human Rights Principles in 2019 based on the AGP and the Asahi Group Code of Conduct. At the moment, we are undertaking efforts to identify human rights risks facing our supply chain and employees. At the same time, we are engaging in human rights research to reinforce our human rights due diligence process.

2018 to present: Preparations to commence human rights due diligence

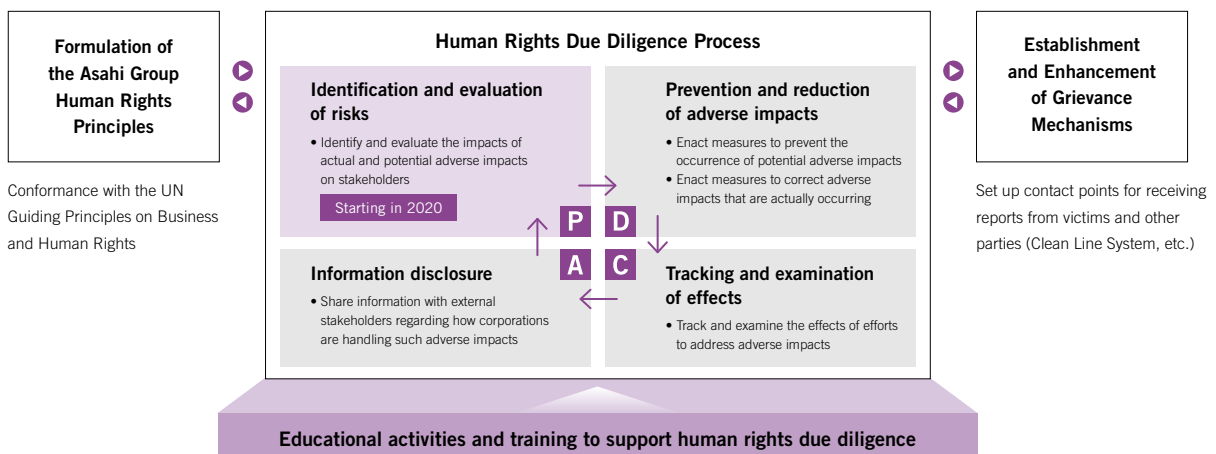


Priority efforts identified throughout this process

Priority Efforts

- Respond to human rights risks within the supply chain
- Respond to human rights risks facing employees and implement educational activities and training to realize the Asahi Group Human Rights Principles
- Establish mechanisms for handling complaints

Overall Structure of Our Human Rights Due Diligence



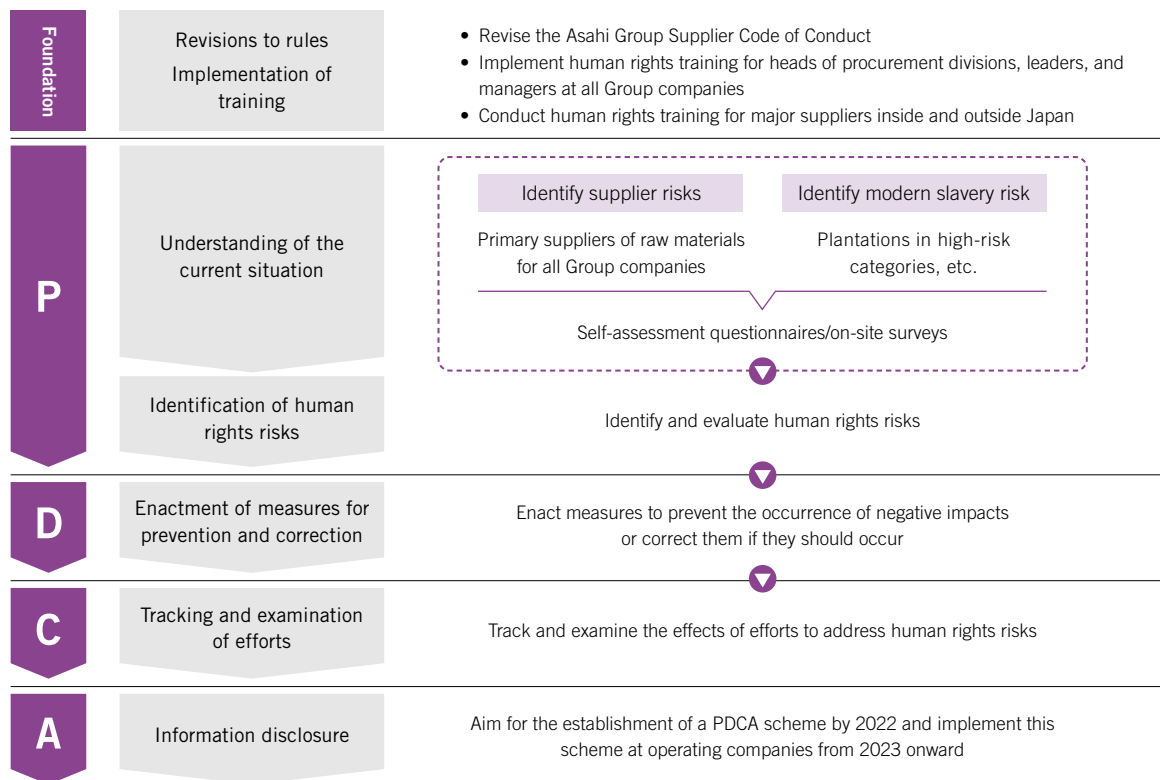
Efforts to Address Human Rights Risks in the Supply Chain

2017: Analysis of modern slavery risk

We conducted a theoretical analysis of modern slavery risk in the 17 countries where our manufacturing plants are located, covering 11 key raw ingredients we procure. As a result, we discovered that the cultivation stage of our supply chain had the highest potential for modern slavery risks to occur. Furthermore, among the key raw ingredients we procure directly, we confirmed business impacts pertaining to five ingredients that were determined to have a very high modern slavery risk.

2018 to 2019: Formulation of Asahi Group Human Rights Principles and creation of human rights due diligence

2020 to 2022: Action plan



2019: Holding of stakeholder dialogues

Main points brought to our attention through dialogues

- Strengthen approach toward suppliers in high-risk categories
- Improve understanding and response pertaining to achieving 100% use of sustainable materials



Stakeholder dialogues



Please visit the following URL for more details on the dialogues we held with stakeholders in December 2019.
<https://www.asahigroup-holdings.com/en/csr/philosophy/dialogue2019.html>

Materiality Story 03

Communities

The Asahi Group aims to have its products to not only be consumed by customers but also play an important role in bringing customers together and creating enjoyable moments for them, thereby bringing more fun to life. In addition, through co-creation with its suppliers and other stakeholders, the Group will strive to enhance the sustainability of its supply chains.



Approach to Supply Chain Management

The Asahi Group believes that the management of its entire supply chain, not only the areas in which the Group is directly involved, is essential to the promotion of sustainability.

To realize a sustainable supply chain, we formulated the Asahi Group Supplier Code of Conduct in January 2020, which lays out a set of actions to which we ask our suppliers, as well as their upstream suppliers and subcontractors, to adhere. In determining this code of conduct, we took into consideration the following efforts to address social issues.

- Establishment of structures to prevent human rights infringements in light of stricter laws and regulations pertaining to human rights
- Efforts to respond to the impact of climate change across the entire value chain, including stable procurement
- Efforts as a corporate group that manufactures and sells alcohol beverages to promote responsible drinking through collaboration with all of our stakeholders, including those involved in our supply chain

Going forward, we will continue to maintain our robust, trust-based relationships and long-term collaborative partnerships with our suppliers as we work to establish sustainable co-creative relationships that realize mutual value enhancement.

Asahi Group Supplier Code of Conduct

1. Respect of human rights
2. Improvement of working environment
3. Environmental consciousness
4. Fair business practices
5. Quality assurance
6. Information management
7. Respect of local communities
8. Responsible drinking

Collaboration with Local Communities

The concept of “bring more fun to life,” adopted under the AGP, conveys our desire to have our products be not only something consumed by our customers but also something that brings people together and creates enjoyable moments. For example, Asahi Soft Drinks Co., Ltd. is promoting efforts toward local communities under the theme of “regional co-creation” with the aim of becoming a close part of people’s lives and creating enriched communities together with them. As part of these efforts, Asahi Soft Drinks is providing visiting lectures for elementary school students. In the past, these lectures focused on communicating the importance of conserving the environment, including water resources. Since 2018, the company has been giving lectures that utilize the *Tokusan MITSUYA* series, which uses locally produced fruits from all over Japan. These lectures are offered at elementary schools where such local fruits are produced. In addition to conventional content, these lectures communicate to children that the fruits grown in their communities are used in the *Tokusan MITSUYA* series, thereby creating interest in local production and fostering a sense of pride toward local specialties. In 2019, these lectures were offered in six different regions across Japan.

Materiality Story 04

Health

Amid the growing interest in improving health through food, the Asahi Group has been pursuing a wide range of initiatives that contribute to people's health through the Group's products themselves as well as awareness-raising activities centered on Group products. To respond to the rise in health awareness among consumers going forward, the Group will strengthen these initiatives by utilizing its expertise and technologies.



Creating Health Value through Our Products

The Asahi Group is responding to the heightened health awareness of consumers by pursuing various initiatives that contribute to health through its products.

Asahi Beverages Pty Ltd. has adopted the target of reducing the amount of sugar used in its soft drink products by 20% compared with fiscal 2015 based on the commitments of the Australian Beverages Council, an industry group to which the company belongs. To reach this target, Asahi Beverages reduced the amount of sugar used in flavored mineral water products under the *Schweppes* brand, its mainstay brand within the soft drinks category, by 3.4 to 3.8 grams per 100 ml, thereby reducing the total amount of sugar used in these products by 24%. Going forward, Asahi Beverages will enhance its lineup of products in no-sugar and low-sugar beverage categories to meet the needs of consumers.



Creating Health Value through Awareness-Raising Activities

Asahi Group Foods, Ltd. is implementing *Wakodo Nutrition Consultations*, an activity where employees with expert knowledge, including certified dietitians, provide lectures and consultations at stores to parents and guardians who are pregnant or currently raising children.

Creating meal plans for infants requires a great deal of consideration. Moreover, the concerns facing parents and guardians, including addressing physical and mental conditions and food preferences, as well as the information these parents and guardians need, differ greatly from case to case. As *Wakodo Nutrition Consultations* allows these individuals to receive a face-to-face consultation with company employees with expert knowledge, it has received positive feedback from participants, including "The detailed explanations I received through *Wakodo Nutrition Consultations* helped relieve all the uneasiness that I was feeling."

Going forward, Asahi Group Foods will continue to promote awareness-raising activities through its businesses so that it can help infants and senior citizens realize healthy eating habits.



Materiality Story 05

Responsible Drinking



Alcohol has the power to bring delight and pleasure into our daily lives. On the other hand, inappropriate drinking habits can lead to a range of problems for individuals, their families, and society at large. As a corporate group that manufactures and sells alcohol beverages, the Asahi Group is working to reduce inappropriate drinking habits while at the same time promoting activities that contribute to the sound development of the alcohol beverage culture. By doing so, the Group aims to create enjoyable lifestyles for people around the world.

Formulating a Global Slogan Shared Among All Employees to Strongly Promote Responsible Drinking

Responsible Drinking Ambassador

To realize the Asahi Group Responsible Drinking Principles, which were formulated in 2019, we created a global slogan so that all of our employees can conduct themselves with a shared awareness of responsible drinking. Based on the belief that promoting employee awareness is the first step toward realizing these principles, we included the word “Ambassador” in the slogan “Responsible Drinking Ambassador” with the intention to transform the actions of each employee. We also created the slogan only in English so that the very same words are shared among all Group employees.

To foster awareness among employees that they are “ambassadors” and to have them acquire knowledge befitting of such a title, we have offered e-learning programs at certain operating companies that handle alcohol. In Japan, we are rolling out these programs at all Group companies, including the ones that are not involved with alcohol. In these ways, we are moving forward with awareness-raising activities for our employees.

Overview of the Asahi Group Responsible Drinking Principles

Principle 1	Awareness and Actions of Employees	As a member of a corporate group that manufactures and sells alcohol beverages, all employees will recognize that we have responsibilities, and that we act accordingly.
Principle 2	Reduction and Prevention of Issues Caused by Inappropriate Drinking Habits	We will work to reduce drink driving, under-age drinking, drinking during pregnancy and breastfeeding, binge drinking, and other issues.
Principle 3	Responsible Marketing Activities	We will comply with relevant regulations, industry standards, and internal policies of Asahi Group companies.
Principle 4	Appropriate Information Disclosure	We will disclose appropriate information to external parties; we will provide advice and messaging to consumers regarding responsible alcohol consumption; and we will work to disseminate correct knowledge.
Principle 5	Collaboration with Stakeholders	We will work in conjunction with a variety of stakeholders to reduce inappropriate alcohol consumption.
Principle 6	Development of Innovative Products	We will work to develop innovative products that contribute to the sound development of the alcohol beverage culture, by mobilizing the knowledge and technology of the Asahi Group while utilizing the gifts from nature.

About Principle 3 Responsible Marketing Activities

The Asahi Group has formulated policies and independent standards at each Group company to promote responsible marketing activities in accordance with the laws, regulations, cultures, and customs of each region of operation.

Asahi International Ltd has established the Responsible Marketing Policy to serve as its guiding principle when rolling out advertisements. This policy explains in clear writing how Asahi International respects consumers by acting with honesty and integrity and that its alcohol beverages are for adults of legal drinking age.

Asahi Breweries Europe Ltd has formulated the Policy on Commercial Communication. This policy lays out standards for such matters as adhering to laws and regulations when deploying advertisements and ensuring that alcohol beverage advertisements do not target underage people. Asahi Breweries Europe Ltd asks that its suppliers also adhere to these standards. Furthermore, the company has introduced a framework for evaluating compliance with the standards of the Policy on Commercial Communication and has established the Sales and Marketing Compliance Committee, which is chaired by a third party, to monitor any violations of these standards. The findings of the Committee's investigations are presented in a report that is issued at the end of each year.



Please refer to the following links for more details:

Asahi International Ltd. <https://www.asahiinternational.com/media/vwfnoujv/all-responsible-marketing-policy.pdf>
Asahi Breweries Europe Ltd http://www.asahibreweries.eu/documents/Corporate_Policies/Compliance/POCC.pdf

About Principle 5 Collaboration with Stakeholders

In the Asahi Group Responsible Drinking Principles, we voice our support for the “Global strategy to reduce the harmful use of alcohol,” which has been adopted by the World Health Organization (WHO).

To promote responsible drinking on a global scale, we have affiliated ourselves with the International Alliance for Responsible Drinking (IARD), an international NPO, and are working together with alcohol manufacturers around the world to encourage responsible drinking habits. In January 2020, the 12 companies belonging to IARD announced a new set of clear and direct actions aimed at accelerating efforts toward reducing the global issue of underage drinking. The Asahi Group is committed to these actions and is making concerted efforts to ensure its success.



Please refer to the following link for details on the joint statement by IARD-affiliated companies:

<https://cms.iard.org/getmedia/49b6f5c7-8654-4800-bf0a-0da33f18bbb6/Actions-to-accelerate-reductions-in-underage-drinking.pdf>

About Principle 6 Development of Innovative Products

As part of our efforts to promote responsible drinking, we are actively making a broad range of proposals to provide consumers with the option of choosing non-alcohol beverages offered under alcohol brands. In January 2019, Asahi International*¹ released the non-alcohol beer *Peroni Libera*. This product was created under the concept of offering customers a stylish premium non-alcohol beer, without compromise on the taste or the social feeling of the occasion with the aim to experience the sense of luxury offered by a premium brand. Accordingly, *Peroni Libera* offers a new, stylish way to enjoy non-alcohol beer at bars, restaurants, and in other settings. In the United Kingdom, *Peroni Libera* recorded £2.96 million in sales, becoming the No. 1 beer-brand product released that year in the British market in 2019.*² *Peroni Libera* is sold in 12 countries around the world, including Australia, where it is offered by Asahi Premium Beverages Pty Ltd.



*1 Company name as of 2020

*2 Source: Nielsen Scantrack Data to 28.12.2019

Section 03

Corporate Governance

Entrenchment of Management from a Group-wide and Global Perspective



The Asahi Group is accelerating efforts to reform its corporate governance as it enters into a new stage of growth. In 2019, we adopted new enterprise risk management approaches to facilitate effective risk-taking and risk management in the Group's globally expanding business domain. In 2020, we commenced the implementation of the newly formulated Asahi Group Risk Appetite Statement. In this section, we will explain the Asahi Group's ever-evolving corporate governance system.

- 70** Advancing Asahi Group Enterprise Risk Management to Realize Discontinuous Global Growth
- 74** Dialogue: Chairman of the Board × Outside Director Vision for the Group's Ever-Evolving Management
- 78** The Asahi Group's Governance—
Governance Systems for Rapidly Accelerating Global Management

Advancing Asahi Group Enterprise Risk Management to Realize Discontinuous Global Growth

With the aim of realizing sustainable growth and enhancing corporate value over the medium to long term, the Asahi Group has revamped its risk management and is working to put in place a structure for promoting appropriate risk-taking while controlling overall risk Group-wide. As the first step in that process, we introduced enterprise risk management (ERM) in January 2019 in order to control overall risk effectively and efficiently. In addition, in 2020 we established the Asahi Group Risk Appetite Statement, which clearly specifies risks to be accepted or to be minimized. Combining ERM and the Statement, we will boldly pursue challenges such as M&As and innovations that support discontinuous growth.

Overview of Enterprise Risk Management (ERM)

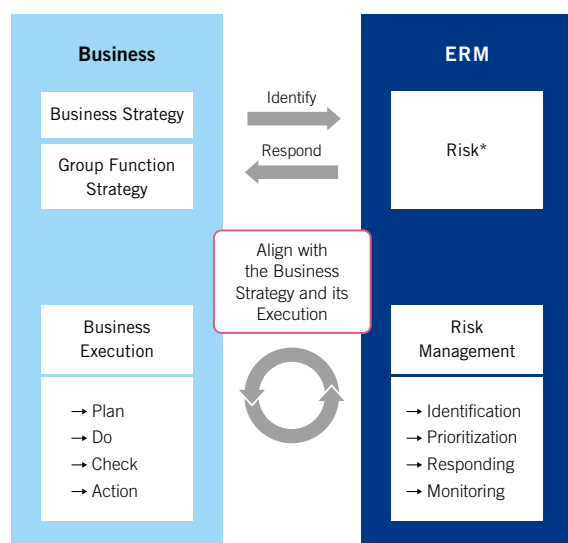
Background of Introducing ERM

- Scale of business increased and business operations diversified due to our further globalization following the acquisition of the Europe business. Accordingly, opportunities for further growth increased, as did the level of uncertainty.
- With the various changes occurring in the business environment in recent years, we needed to appropriately control uncertainty regarding our businesses in order to realize stable growth.

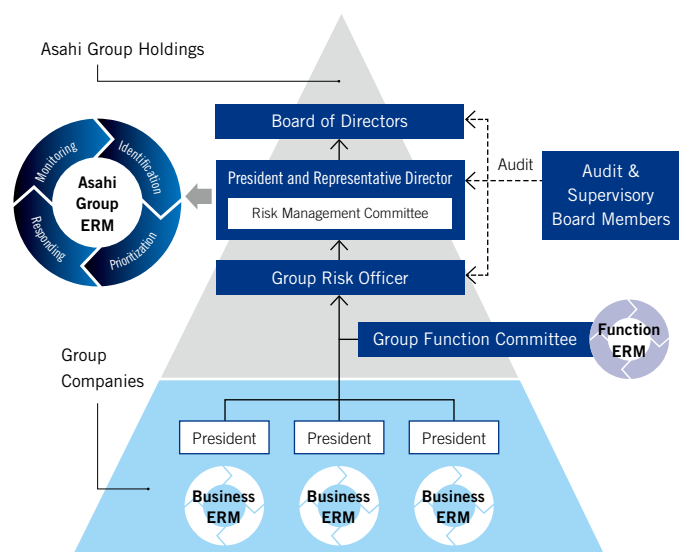
Key Points for Promoting ERM

- Introduction of enterprise risk management (ERM), a system for managing risks as an organization, in 2019 in order to achieve business targets
- Control of overall risk volume by putting the Asahi Group Philosophy (AGP) into action and managing major risks that could impede the advancement of our Medium-Term Management Policy
- Implementation of ERM centered on Risk Management Committee and confirmation of its effectiveness through monitoring by the Board of Directors

Asahi Group Enterprise Risk Management



Asahi Group ERM Structure



* Definition: The effect of uncertainty on the ability of the Asahi Group to achieve the strategic objectives defined in the Medium-Term Management Policy based on "The Asahi Group Philosophy"

Note: Asahi Group ERM is based on the ISO 31000 international standard for risk management and the COSO ERM integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission.

Formulation of the Asahi Group Risk Appetite Statement

- Clarifies risks to be accepted or to be minimized in order to achieve the objectives of the Medium-Term Management Policy
- Serves as both implementation guidelines for ERM and decision-making guidelines for taking risks
- Examined in reflection of Group strategies, status of risks, risk-taking culture, and stakeholder expectations and determined by the Board of Directors
- Monitoring of the Statement's Group-wide application and implementation status performed by the Risk Management Committee and reported to the Board of Directors
- Promotes appropriate risk-taking on a Group-wide basis

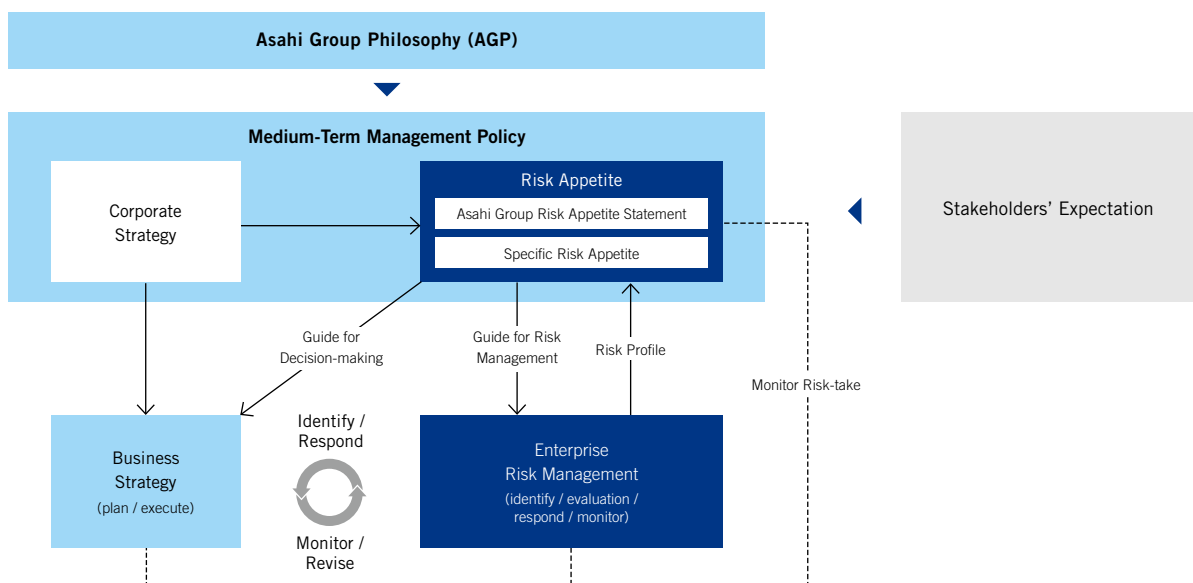
The Asahi Group Risk Appetite Statement

The Asahi Group Medium-Term Management Policy seeks to promote “*Global Value Creation Management*” based on the Asahi Group Philosophy in order to sustainably increase its corporate value.

In order to achieve the strategic objectives defined in the Policy:

- the Asahi Group achieves organic growth by building high-value-added brands, and with regard to inorganic growth achieved by M&A activities and innovations, is willing to take commercial risks in a controlled manner that balance the need for a robust financial position while creating value growth for shareholders;
- the Asahi Group delivers excellent quality products and ensures a safe work environment for everyone at the Asahi Group, both of which are critical priorities at the heart of Asahi's success;
- the Asahi Group pursues initiatives to protect the environment and is willing to innovate to create greater environmental value in society; and
- the Asahi Group accepts as little risk of non-compliance with the Asahi Group Code of Conduct and the Asahi Group Human Rights Principles as possible.

Asahi Group Risk Appetite Framework



Advancing Asahi Group Enterprise Risk Management to Realize Discontinuous Global Growth

Risks of Primary Concern under Asahi Group ERM

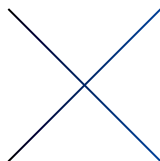
Risk Type	Details	Projected Impact on the Asahi Group	The Asahi Group's Response
1 Emergence of New Business Models via Technological Innovation	<ul style="list-style-type: none"> Creation of added value for manufacturing and sales processes through IoT Streamlining of supply chain through utilization of AI Emergence of alcohol-alternative products Possibility of new business models through technological innovation 	<ul style="list-style-type: none"> Reduction of industry presence and competitiveness Establishment of market dominance through the Asahi Group's leadership and creation of new markets 	<ul style="list-style-type: none"> Reform of corporate culture to realize innovations and disruptions Investment in intangible assets (including R&D and human resource development) Implementation of structural reforms leveraging digital transformation and advancement of business model Active utilization of open innovation and new technology, including AI Establishment of Asahi Quality and Innovations, Ltd., a Group base for innovation
2 Expansion of Business Operations	<ul style="list-style-type: none"> 2009: Acquisition of Schweppes Australia 2012: Acquisition of Calpis Co., Ltd. 2016: Acquisition of SABMiller plc's beer business in Western Europe 2017: Acquisition of SABMiller plc's beer business in Central and Eastern Europe 	<ul style="list-style-type: none"> Realization of discontinuous growth Impairment loss resulting from market contraction, sharp rise in interest rates, and change in operating and competitive environment, etc. 	<ul style="list-style-type: none"> Active pursuit of external management resources, including European beer businesses Completed acquisition of Australia-based CUB business in June 2020 Minimizing of the Group's risks through implementation of Asahi Group ERM and ERM in respective businesses Further improvements to ensure effectiveness of Group governance
3 Information Security	<ul style="list-style-type: none"> Disruption to business activities as a result of power outages, disasters, and cyberattacks; loss of confidential information; leakage of personal information; fraud; and violation of regulations in various countries 	<ul style="list-style-type: none"> Interruption of business Cash outflow due to compensation and claims for damages, etc. Imposition of fines due to General Data Protection Regulation (GDPR) violations Decline in operating results, financial condition, and corporate brand value 	<ul style="list-style-type: none"> Monitoring of cyber security incidents through ASAHI-CSIRT and other IT systems Development of system for timely and optimal prevention and protection against recurring incidents Security measures associated with software and devices Training and development of employees
4 Social Values Pertaining to Alcohol Consumption	<ul style="list-style-type: none"> Examinations regarding possible implementation of global alcohol sales regulations Decline in alcohol consumption stemming from increased focus on alternatives and health worldwide 	<ul style="list-style-type: none"> Deterioration in operating results of Asahi's core Alcohol Beverages Business Expenses associated with regulatory compliance Impairment of reputation 	<ul style="list-style-type: none"> Collaboration with alcohol industry and industry groups such as IARD Announcement of joint declaration formed by the CEOs of participating companies in IARD to promote initiatives on the prevention of underage drinking Promotion of responsible drinking awareness campaigns and health-conscious products Establishment of sales and marketing-related voluntary standards
5 Domestic Operating Environment	<ul style="list-style-type: none"> Impact of domestic economic trends and demographics on consumption of alcohol beverages, soft drinks, and food Continuously severe competition within deflationary environment 	<ul style="list-style-type: none"> Decline of Group profitability Decrease in customer retention 	<ul style="list-style-type: none"> Enhancement of core brand value and creation of new markets Continuous engagement in earnings structure reforms Reinforcement of product lineup for all alcohol beverages other than beer-type beverages Expansion of Soft Drinks and Food businesses
6 Widening Supply-Demand Gap in Domestic Logistics	<ul style="list-style-type: none"> Widening supply-demand gap of truck drivers as a result of declining working population associated with the declining birthrate and aging population, greater transportation volume due to expansion of e-commerce, and reduction in load factor Further expansion of supply-demand gap due to delays in such efforts as enhancing productivity and reducing long work hours in logistics industry 	<ul style="list-style-type: none"> Increase in transportation costs Stagnant supply of products 	<ul style="list-style-type: none"> Endorsement of White Logistics Movement, an initiative launched by the Japanese government Group-wide implementation of local-production-for-local-consumption logistics model Reduction of logistics-related labor and load through introduction of logistics devices and systems Installation of new hybrid production line for beer and soft drinks Active promotion of modal shift Establishment of new trunk transport scheme to enhance logistics efficiency and realize labor savings
7 Securing of Diverse Talented Personnel	<ul style="list-style-type: none"> Decrease in domestic working population as a result of declining birthrate and aging population Greater demand for personnel and changes in necessary skill set stemming from expansion of global business 	<ul style="list-style-type: none"> Further strengthening of business competitiveness Lack of capability to achieve medium- to long-term targets in light of inadequate and unstable workforce 	<ul style="list-style-type: none"> Promotion of <i>glocal</i> talent management Establishment of system for cultivating candidates for future management positions and formulation of succession plan Global promotion of optimal placement of personnel Revitalization of interaction between personnel across all regions Hiring of diverse personnel regardless of gender or nationality
8 Quality	<ul style="list-style-type: none"> Uncertainty regarding safety and occurrence of quality-related accidents despite consistent dedication to providing customers with the highest level of quality 	<ul style="list-style-type: none"> Loss of customer confidence Hindrance to development of high-value-added brands Impairment of corporate brand value 	<ul style="list-style-type: none"> Promotion of efforts to identify, examine, and address matters requiring special attention and tasks that may impact quality throughout each process, from product design to sales Advancement of quality assurance technology through introduction of AI and other leading technologies Adoption of international approaches to quality and food safety management systems tailored to product characteristics and the environments of production plants

Risk Type	Details	Projected Impact on the Asahi Group	The Asahi Group's Response
9 Large-Scale Natural Disasters	<ul style="list-style-type: none"> Rising number of risks related to earthquakes, tsunamis, typhoons, floods, and other natural disasters in Japan and overseas 	<ul style="list-style-type: none"> Interruption and halt to business activities Inability to procure raw materials and resources Halt to product deliveries Incurrence of significant costs for facility repairs Decline in consumer sentiment 	<ul style="list-style-type: none"> Formulation of BCP by reflecting on past performance and experience in large-scale disasters Prevention of secondary disasters by reinforcing production plants with earthquake-resistant construction, ensuring safety of equipment, etc. Establishment of backup facility at data center Strengthening of emergency communications system through deployment of safety confirmation system, satellite mobile phones, etc.
10 Use of Plastics	<ul style="list-style-type: none"> Strict social views on products made from large amounts of plastic in light of plastic waste contribution to marine pollution Strengthening of regulations on plastic waste and on imports of plastic products 	<ul style="list-style-type: none"> Drastic decline in demand for the Group's products using large amounts of plastic materials in containers and packaging Impairment of Asahi's reputation due to inadequate response Higher recycling expenses and sharp increase in production costs through use of alternative materials 	<ul style="list-style-type: none"> Promotion of 3Rs Make all packaging with 100% recyclable materials by 2025 (Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., and Asahi Holdings (Australia) Pty Ltd) Begin examinations for achieving a 100% conversion to eco-friendly materials for plastic containers by 2030 Make the ratio of eco-friendly materials in plastic containers 60% by 2030 at Asahi Soft Drinks Make the ratio of eco-friendly materials in plastic containers 100% by 2030 at Asahi Holdings (Australia) Development of new eco-friendly materials and discussions on the adoption of sales methods that do not involve the use of plastic containers and packaging
11 Risks Related to Climate Change	<ul style="list-style-type: none"> Rising cost of key raw materials Rise in average temperatures, shift in precipitation patterns, and intensification of abnormal weather Tightening of climate change-related regulations <ul style="list-style-type: none"> Introduction of carbon pricing Tightening of water resource-related regulations Change in consumer behavior 	<ul style="list-style-type: none"> Higher product prices and operating costs reflecting implementation of carbon tax Impact of water use regulations on business continuity Incurrence of losses from product waste, opportunity loss, and damaged equipment and facilities due to the intensification of abnormal weather Loss of opportunities and incurrence of plant relocation costs as a result of inability to secure water resources Negative impact on earnings due to rise in raw material costs stemming from reduction in harvest of main agricultural crops Higher operating costs associated with tightening supply and demand for water and increased water costs caused by severe droughts 	<ul style="list-style-type: none"> Impact of higher ethical standards on sales Reduce CO₂ emissions 30% by 2030 in Scope 3 by 2030 (compared with 2015) Reduce CO₂ emissions to zero by 2050 in Scope 1, 2 and 3 and become carbon neutral Make basic water consumption to 3.2 m³/kl by 2030 through streamlining of water usage and expansion of recycling system Endorse TCFD recommendations, proactive efforts to analyze and respond to risks and opportunities presented by climate change, and enhancement of disclosure of such details
12 Country Risks Associated with Global Business Development	<ul style="list-style-type: none"> Political uncertainty, economic crisis, retaliatory tariffs, threats of boycott over treatment of refugees, racial discrimination, tightening of regulations, tax reform, natural disasters, and other factors associated with foreign-owned companies 	<ul style="list-style-type: none"> Reduced cost competitiveness due to unfavorable conditions for foreign-capital companies Sales decline and profit loss arising from boycott movements Threats to business continuity and business closures attributable to political, military, and social pressure Safety concerns among overseas-dispatched employees and local employees overseas Failure to achieve management targets and recording of medium- to long-term losses Business withdrawals 	<ul style="list-style-type: none"> Collection of information at Group companies Prevention and avoidance through appointment of external consultants, etc.
13 Compliance with Laws and Regulations and Soft Law	<ul style="list-style-type: none"> Alcohol-related tax laws such as the Liquor Tax Act, Food Sanitation Act, Product Liability Act, Labor Standards Act, Anti-Bribery Act, Unfair Competition Prevention Act, environmental laws, and various other legal restrictions 	<ul style="list-style-type: none"> Disciplinary measures and filing of legal action due to violation of laws and regulations Social sanctions Impairment of Asahi's reputation and corporate brand value due to loss of stakeholder trust 	<ul style="list-style-type: none"> Promotion and supervision of Group-wide corporate ethics and compliance by the Compliance Committee Implementation of training to ensure strict adherence to and raise awareness of Asahi Group Code of Conduct among employees Formulation of Asahi Group Human Rights Principles in accordance with the United Nations Guiding Principles on Business and Human Rights Monitoring of human rights risks throughout supply chain Further sophistication of human rights management structure
14 Other Risks	<ul style="list-style-type: none"> Impact from the spread of COVID-19 	<ul style="list-style-type: none"> Lower overall consumption volume of alcohol beverages, soft drinks, and food, higher prices of raw materials, and difficulty in acquiring raw materials due to deterioration of global economy stemming from further spread of COVID-19 and prolonging of current difficult circumstances as well as cancellations and postponement of various events 	<ul style="list-style-type: none"> Enforcement of strict measures to prevent further spread of COVID-19 Revise product and sales channel strategies in accordance with changes in consumer behavior Securing of adequate amounts of key raw materials Examine business strategies in anticipation of the "new normal" era
	<ul style="list-style-type: none"> Financial risk: exchange rate risk, interest rate risk, rating risk, asset price fluctuation risk Tax risk Regulatory risk Litigation risk 	<ul style="list-style-type: none"> Increased costs, increasingly severe competition, restrictions to business activities, and impact on operating results and financial condition 	<ul style="list-style-type: none"> Utilization of various risk-hedging strategies

Dialogue: Chairman of the Board × Outside Director Vision for the Group's Ever-Evolving Management

Naoki Izumiya

Chairman of the Board



Christina L. Ahmadjian

Independent Outside Director

To reinforce the practice of management for corporate value enhancement, the Asahi Group is actively incorporating outside opinions. To that end, a dialogue was held between Independent Outside Director Christina L. Ahmadjian and Chairman of the Board Naoki Izumiya. In this dialogue, the two discussed what the Asahi Group needs to do to achieve further growth as a *Glocal* Value Creation Company amid its rapid global expansion.

They also discussed what steps the Group needs to take to strengthen its governance.

Medium- to Long-Term Opportunities and Risks for the Rapidly Globalizing Asahi Group

Izumiya: Ms. Ahmadjian, one year has passed since your appointment as outside director. During this year, what positive aspects have you seen from the Group and the Board of Directors and what issues do you feel need to be addressed?

Ahmadjian: There are not many corporate groups that have globalized in such a rapid and extensive way as the Asahi Group. Considering the industrial structure and changing demographics in Japan, this rapid and extensive globalization is an important initiative for improving the Group's corporate value over the medium to long term. Risks naturally come with globalization, and I have yet to see a corporate Group in Japan other than Asahi that has been able to engage in bold and strategic decision-making to globalize so quickly and efficiently.

On the other hand, I believe the Board of Directors needs to globalize even further in terms of the way it holds discussions and collects information. Each week, I am provided with newspaper articles on the Group's businesses, but these have primarily been articles related to domestic businesses. This is extremely helpful for deepening my understanding of such businesses. However, for the Board of Directors to hold deeper discussions that focus on medium- to long-term opportunities and risks from a worldwide perspective, there needs to be greater emphasis placed on more global information.

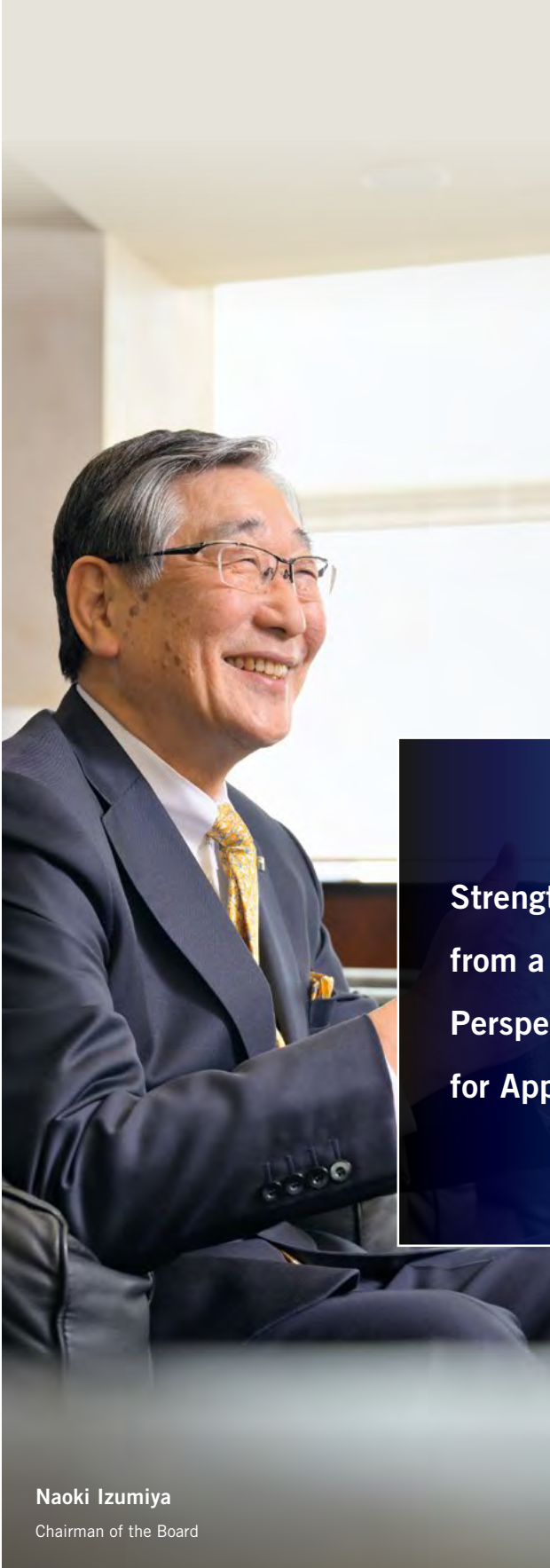
Izumiya: In 2019, we moved forward with a broad range of initiatives, including large-scale investments, to further promote our globalization. At Board of Directors' meetings, our outside directors asked many questions regarding these initiatives, which were often answered by relevant internal parties. Originally, we should be able to further invigorate Board meetings by repeatedly holding discussions from the perspective of global growth opportunities and risks. Though we have maintained a strong awareness of how to share relevant information, viewpoints, and opinions with the outside directors in a timely manner, we understand that there is still room for improvement in this regard.

When holding discussions only between internal personnel,

the perspectives and information can become limited, which means that the strategies we are able to formulate become limited as well. I therefore have a strong desire to strategically establish highly transparent and objective corporate governance together with our outside directors. For example, in terms of global investments, there are times when we need to decide on refraining from making investments rather than taking risks. Amid these circumstances, could you tell us your opinion on how the Board should recognize and understand potential value and risk of impairment loss?

Ahmadjian: During examinations for acquiring Carlton & United Breweries (CUB), the Board of Directors was extremely swift in not only providing the outside directors with information but also answering our questions, and for that the Board deserves high praise.

I would say no to investments that do not align with the AGP and Group strategies and are carried out more or less for show. For the majority of investments, the pros and cons of refraining from making an investment are something we do not find out until after deciding to do so. This makes the decision to refrain from investing quite difficult. Accordingly, rather than focusing solely on the pros and cons, our investment decisions should be based more on our growth strategies and risk appetite and whether or not an investment falls within our tolerance level for taking risks. Furthermore, in addition to investment decision-making, post-merger integration after an acquisition is also extremely important. This means that the Board of Directors must follow up on an acquisition after it is made to ensure the entire process goes smoothly. I therefore believe the risk of impairment loss is also something that depends more on a company's efforts after an investment is made. One major issue I have found from observing many companies is that when a non-global company executes a global investment or acquisition, that company itself then must become globalized. I think it is wonderful that the Asahi Group has adopted a Group philosophy based on global perspectives. However, in light of this, it is essential that the Group globalizes its business execution and has in place a Board of Directors that can underpin that effort.



Naoki Izumiya
Chairman of the Board



Christina L. Ahmadian
Independent Outside Director

**Strengthening Investment
from a Long-Term
Perspective and Striving
for Appropriate Risk-Taking**



Reexamining the strengths we have cultivated over our long history to rediscover their benefits holds the key to achieving success with our *glocal* strategies going forward

Vision for the Supervision of Business Execution

Izumiya: To date, we have had many discussions at Board meetings from the perspective of business execution. However, as chairman I am a bit concerned about whether or not all Board members have a sufficient understanding of the supervision of that business execution.

Ahmadjian: Rather than methods of supervision, I believe it depends more on the composition of board members and the establishment of KPIs. In the United States, there are companies with clear KPIs and where every member of the board is an outside director other than the CEO. For companies in the United Kingdom, outside directors tend to comprise over half of board members. Compared to these kinds of companies, I feel that Japanese companies are not yet at the level they should be in terms of member composition and KPIs. At the very least, outside directors should make up half of the members of a board of directors. The chairman and CEO of the Asahi Group have an extremely high awareness of governance, and our governance therefore functions well. The Audit & Supervisory Board will play an important role in raising the Group's governance to a higher level than ever before, but I believe the Group could benefit from examining the adoption of Western-style committee systems. Such systems will become important because as we move forward with our globalization efforts, our stakeholders such as our investors and employees will become more global as well.

Izumiya: Personally, I feel that before we begin adopting new systems, we must first strengthen our monitoring activities under our current system. This starts first and foremost with our KPIs, as you commented on. Specifically, we need two types of KPIs: KPIs for monitoring our daily business execution and KPIs for monitoring the progress of our strategies. KPIs for monitoring day-to-day business execution can be determined through collaboration between members in charge of business execution. However, KPIs for monitoring the progress of strategies need to be formulated through repeated discussions led by the Board of Directors. In addition to KPIs, there is a need for more sufficient discussions on matters such as determining future skill matrixes, securing and cultivating managerial talent, and further developing the Nomination Committee and the Compensation

Committee. Improving our discussions on such matters is the most important issue for us this year.

In terms of structure, one of the issues with a Western-style company with a committee governance structure is that, for example, a company may change its CEO if it performs poorly in a single year. For a corporate group such as the Asahi Group, which is currently executing massive investments on an ongoing basis, such a structure could run the risk of creating an unstable situation for the Company. To that extent, a company with an audit and supervisory board structure allows us to monitor daily business execution while confirming risks from a separate angle. Of course, this does not mean that an audit and supervisory board structure will always be the best fit for the Group in the future, but I believe it is the most effective structure for the Group at this time.

The Asahi Group's Sustainability

Ahmadjian: I believe that the Asahi Group is at the top of its class among Japanese companies when it comes to efforts toward sustainability, but of course there is still more the Group can do. I attended Davos 2020, and at the conference there was a great deal of discussion regarding various strategies centered on the Sustainable Development Goals (SDGs). What I came to understand from these discussions is that the SDGs are no longer something that is incorporated into corporate strategies, but are rather the essence of corporate strategies themselves. We find ourselves in an era where a company cannot expand profits if it is unable to create environmental value. I am quite fond of Eiichi Shibusawa, the "father of Japanese capitalism," and I have read a great deal about the history of the Japanese economy. Eiichi Shibusawa himself was a social entrepreneur, and I believe that the concept of "economy and ecology in business" is deeply rooted in Japan, as represented not only by the actions of Eiichi Shibusawa but also by the Omi merchants, who held the philosophy that business should be "good for everyone." Given this history, I feel that Japanese companies should show more leadership and initiative going forward. In addition to the environment, social issues pertaining to health and appropriate drinking habits have a major impact on our medium- to long-term strategies. Overseas, there has been an increasing

amount of media coverage on alcohol. In addition, the demand for non-alcohol beverages has been rapidly increasing. For these reasons, I think it is important to consider management issues under a 10-year time frame, rather than the medium-term perspective of three years, and discuss strategies for turning these issues into business opportunities over the long term.

Izumiya: Japanese companies are becoming increasingly more engaged in efforts toward ESG and the SDGs, including through the endorsement of the UN Global Compact and the Task Force on Climate-related Financial Disclosures. However, in order for these endorsements to amount to more than just token efforts, Japanese companies now need to indicate the approach they will take to ensure the success of such efforts and to hammer out the details of these efforts. Moreover, in addition to the environment and alcohol, risks pertaining to cyber security have been dramatically increasing in recent years. Ms. Ahmadjian, how do you view cyber security risks around the world?

Ahmadjian: In the report on risks provided at the Davos Conference, information security ranked among the top five risks alongside climate change and water. The report indicates that even world-leading cyberattack prevention systems still receive 90% of all attacks. In consideration of these circumstances, in the United States there have been calls for companies to appoint personnel specializing in cyber security as board members. I personally believe that while strengthening cyber security systems is obviously necessary, remedial measures after an attack has occurred, including efforts to realize a swift recovery, are also extremely important. I therefore feel that the approach to dialogue at Board of Directors' meetings is the most valuable thing to consider in terms of cyber security. To that end, even more so than diversity of skills among Board members, it is crucial to consider how we can increase the time for dialogue within the limited time available for Board meetings. I believe we need to create more opportunities for discussions on how to respond to cyberattacks.

Vision for the Asahi Group's Board of Directors Going Forward

Ahmadjian: We had originally intended to carry out an on-site inspection of our business in the Czech Republic this year. However, this has been delayed a year due to the spread of COVID-19. We will continue to closely monitor conditions in the region and, going forward, when visiting the Czech Republic I hope to observe market trends and local factories to further deepen my understanding of our business there. Additionally, as the Board of Directors possesses a symbolic presence as the head of the Asahi Group, I believe that holding Board of Directors' meetings overseas will be of great significance. Holding meetings in other countries will certainly increase the motivation of employees in those countries.

Izumiya: I first would like our outside directors to visit our local businesses to not only observe but also hold meetings and engage in other activities with local management. In this manner, I hope that overseas visits serve as an opportunity for the outside directors to enhance their understanding of our overall business. As we are expanding our businesses extensively across the world, there are significant time restrictions when it comes to on-site visits. However, there are many aspects that can only be understood by actually visiting a region, and I therefore wish to examine possibilities for more on-site visits as well as overseas Board meetings.

Ahmadjian: At the same time, while the position of the Japanese market will change due to our globalization, it is still the mother market that should serve as a role model for each region within our global management. In addition, it remains the core market for the Group's growth. As Japanese companies expand overseas, this process can sometimes make it difficult to understand what the significance of being a Japanese company is. Accordingly, I believe we should constantly hold discussions and share our opinions on this significance. If we lose sight of the significance of being a Japanese corporate group, then I believe we can no longer call ourselves the Asahi Group. As a corporate group originating in Japan, our core competence is being able to spread the positive aspects of Japan across the world, and to leverage those aspects to compete on the global stage.

Also, social and environmental issues differ by region, and it is essential to share information and success stories between regions. The taste of local consumers and marketing methods also differ by region. There are regions where we are launching new products one after the other, and if we are able to share the consumer responses and opinions we receive in these regions, as well as the success stories, with other regions, then I feel we will be able to create new added value to a greater extent than ever before.

Izumiya: At the moment, the Asahi Group is considering strategies on a global basis and businesses on a local basis. With that approach, we are striving to succeed over the global competition by promoting our businesses in Japan, Europe, and Australia in a manner that caters to the local conditions in each region. Furthermore, looking back on our history, our predecessors have left us with the abundance of experience, knowledge, and insight that they have cultivated. As the times change, such experience, knowledge, and insight can decline in value, but over the span of 20 to 30 years there comes a time when their original value becomes apparent again. I therefore believe that reexamining our long-cultivated strengths to rediscover their benefits will lead to the success of our *glocal* strategies going forward. For that reason, I absolutely hope that we can share our long-cultivated strengths on a global basis.

From the perspective of global management, as Ms. Ahmadjian discussed today, we will hold greater discussion on the globalization of our business execution and the role that the Board needs to play to underpin that globalization.

The Asahi Group's Governance— Governance Systems for Rapidly Accelerating Global Management

Basic Policy

Asahi Group Holdings considers strengthening the Asahi Group's corporate governance to be a top managerial priority in order to realize "Our Principles: Building value together with all our stakeholders," a concept adopted as a code of conduct and promise to stakeholders under the Asahi Group Philosophy (AGP). To this end, the Company is making proactive efforts to strengthen the Group's management, improve its trust-based relationship with society, and enhance its sociability and transparency as a corporation. Under these efforts, the Company believes it is essential to pursue growth-oriented governance entailing transparent, fair, timely, and decisive decision-making in order to realize

sustainable corporate value improvement. Furthermore, the Company agrees with the core concept of Japan's Corporate Governance Code, namely that ensuring sustained growth and improving corporate value over the medium to long term will contribute to all stakeholders and, subsequently, to the development of the overall economy. On this basis, the Company is implementing growth-oriented corporate governance.

Moreover, the Company promotes effective corporate governance by evaluating the effectiveness of the Board of Directors and the Audit & Supervisory Board and verifying its results, while identifying issues and making improvements in order to realize more substantial corporate governance.



Corporate Governance Guidelines
https://www.asahigroup-holdings.com/company/governance/pdf/200325_guidelines.pdf

Measures for Enhancing Corporate Governance

2000	<ul style="list-style-type: none"> Corporate Officer System was introduced. Nomination Committee and Compensation Committee were established. Number of Outside Directors was increased from one to three.
2007	<ul style="list-style-type: none"> Terms of Directors were shortened to one year.
2011	<ul style="list-style-type: none"> The Company transitioned to a pure holding company structure.
2013	<ul style="list-style-type: none"> Takeover defense measures were abolished.
2015	<ul style="list-style-type: none"> Corporate Governance Guidelines were formulated. Evaluations of the effectiveness of the Board of Directors were commenced.
2017	<ul style="list-style-type: none"> Performance-Linked Stock Compensation Plan was introduced for Internal Directors.
2018	<ul style="list-style-type: none"> Title of CEO was transferred from Chairman of the Board to President and Representative Director to improve the effectiveness of management supervision from an operational execution perspective.

2018	<ul style="list-style-type: none"> Majority of officers appointed as members of the Nomination Committee and Compensation Committee are from outside the Company. Both committees are chaired by an Outside Director. Third-party evaluations with respect to the effectiveness of the Board of Directors were introduced. Evaluations of the effectiveness of the Audit & Supervisory Board were commenced and third-party evaluations were introduced.
2019	<ul style="list-style-type: none"> The Company transitioned to a structure in which the Chairman of the Board of Directors does not serve concurrently as a Representative Director. Standards and guidelines were formulated for the resignation of the CEO, the appointment of Representative Directors, and the clarification of terms of office for officers. The number of Outside Directors on the Board of Directors was raised, now constituting one third of total Board members. The overall functions of remuneration systems were strengthened to provide an incentive to Internal Directors.
2020	<ul style="list-style-type: none"> The CXO system was introduced to enhance global governance.

Reasons for the Selection of Independent Directors and Audit & Supervisory Board Members

Based on the Company's Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members, the Company has deemed that its Outside Directors and Outside Audit & Supervisory Board Members maintain sufficient independence with no potential conflicts of interest occurring between them and general shareholders. Moreover, as they meet the requirements for

independent directors and auditors as defined by the Tokyo Stock Exchange, the Company has reported them as independent directors and auditors to said exchange. Information on the Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members can be found in the Company's Corporate Governance Guidelines.

Reasons for the Selection of Outside Directors and Outside Audit & Supervisory Board Members

Name	Reasons
Tatsuro Kosaka Tenure (as of March 31) 4 years Number of meetings attended Board of Directors 12/12	Tatsuro Kosaka has utilized his extensive experience, including as a CEO of a global company, to appropriately oversee business execution by actively providing opinions and recommendations. In this fiscal year in particular, he has contributed to increasing the effectiveness of the Board of Directors by providing opinions and recommendations based on his experience and insight, and through dialogue, with respect to important issues such as the agreement to acquire the Australian beer and cider business. Furthermore, as the chairperson of the Nomination Committee, he has played a leading role in making fair and transparent decisions on succession plans for the management team, including the CEO, and on personnel affairs of officers. He sufficiently possesses the high level of insight, expertise, and ability required as an Outside Director of the Company due to his extensive experience in corporate management over many years. Accordingly, we deem that Tatsuro Kosaka is essential to our organization and an indispensable member of the Board of Directors, mainly for his ability to provide a supervisory function from a management perspective based on his high level of corporate management skills.
Yasushi Shingai Tenure (as of March 31) 2 years Number of meetings attended Board of Directors 12/12	Yasushi Shingai has utilized his extensive experience, including as Executive Deputy President and CFO of a global company and Deputy CEO of an overseas business headquarters, to appropriately oversee business execution by actively providing opinions and recommendations. In this fiscal year in particular, he has contributed to enhancing the effectiveness of the Board of Directors by providing opinions and recommendations based on his experience and insight, and through dialogue with respect to important issues such as the agreement to acquire the Australian beer and cider business. Furthermore, as the chairperson of the Compensation Committee, he has played a leading role in making fair and transparent decisions on the formulation and implementation of a new executive remuneration plan (determining bonus amounts, among other matters). He sufficiently possesses the high level of insight, expertise, and ability required as an Outside Director of the Company, due to his extensive experience in corporate management accumulated over many years. Accordingly, we deem that Yasushi Shingai is essential to our organization and an indispensable member of the Board of Directors, particularly for his ability to provide a supervisory function from a progressive and wide-ranging global management perspective.
Christina L. Ahmadjian Tenure (as of March 31) 1 year Number of meetings attended Board of Directors 9/9	Christina L. Ahmadjian has utilized her extensive experience as a university professor and an expert in the fields of corporate governance and organizational culture to appropriately oversee business execution by actively providing opinions and recommendations. In particular, she has contributed to enhancing the effectiveness of the Board of Directors by providing opinions and recommendations, and through dialogue from perspectives such as ESG, which encompasses all matters related to the environment, society, and governance, and global human resource development. Furthermore, as a member of the Compensation Committee, she has contributed to making fair and transparent decisions on the formulation and implementation of a new executive remuneration plan (determining bonus amounts, among other matters). She possesses the high level of insight, expertise, and ability required as an Outside Director of the Company due to her scholarly research into corporate governance and organizational culture and her experience serving as an outside director in multiple companies. Accordingly, we deem that Christina L. Ahmadjian is essential to our organization and an indispensable member of the Board of Directors, particularly for her ability to provide a supervisory function from the perspective of an expert on global organizational culture and other matters.
Katsutoshi Saito Tenure (as of March 31) 6 years Number of meetings attended Board of Directors 12/12 Audit & Supervisory Board 13/13	Katsutoshi Saito has a wealth of experience and wide-ranging knowledge from having served as a corporate manager of a global corporation and institutional investors for many years. He has actively provided opinions and recommendations at Audit & Supervisory Board and Board of Directors' meetings as an Outside Audit & Supervisory Board Member, along with appropriate auditing of the duties of the Directors of the Company. As a member of the Nomination Committee, he provides specific opinions and recommendations from a management perspective. Accordingly, we deem that Katsutoshi Saito is essential to our organization for his efforts in helping the Company promote global business management and realize sustainable increases in corporate value.
Yumiko Waseda Tenure (as of March 31) 5 years Number of meetings attended Board of Directors 12/12 Audit & Supervisory Board 13/13	Owing to many years as a practicing attorney, Yumiko Waseda possesses expert knowledge on corporate law and intellectual property, as well as a high level of insight that enables her to audit management from the perspective of compliance. As an Outside Audit & Supervisory Board Member, she has actively provided opinions and recommendations at the Audit & Supervisory Board and Board of Directors' meetings of the Company, and carried out appropriate auditing of the duties of the Directors of the Company. She has also provided specific opinions and recommendations and contributed to raising the level of transparency and objectivity of the remuneration structure for the Company's Directors as a member of the Compensation Committee. Accordingly, we deem that Yumiko Waseda is essential to our organization for her efforts in helping the Company promote global business management and realize sustainable increases in corporate value.
Yutaka Kawakami Tenure (as of March 31) 3 years Number of meetings attended Board of Directors 12/12 Audit & Supervisory Board 13/13	Yutaka Kawakami has expert knowledge related to corporate accounting and a wealth of auditing experience both in Japan and overseas as a certified public accountant and an engagement partner for accounting auditors at listed companies, among other organizations. As an Outside Audit & Supervisory Board Member, he has actively provided opinions and recommendations at Audit & Supervisory Board and Board of Directors' meetings and carried out appropriate auditing of the duties of the Directors of the Company. Accordingly, we deem that Yutaka Kawakami is essential to our organization for his efforts in helping the Company promote global business management and realize sustainable increases in corporate value.

Notes: 1. The number of Board of Directors' and Audit & Supervisory Board meetings attended refers to those in 2019.

2. As Christina L. Ahmadjian was newly appointed as a Director at the 95th Annual General Meeting of Shareholders held on March 26, 2019, the above number of Board of Directors' meetings that she was able to attend is different from the other officers.

Members of the Nomination Committee and Compensation Committee

Name	Directors									Audit & Supervisory Board Members				
	Naoki Izumiya	Akiyoshi Koji	Atsushi Katsuki	Yutaka Henmi	Taemin Park	Keizo Tanimura	Tatsuro Kosaka	Yasushi Shingai	Christina L. Ahmadjian	Yoshihide Okuda	Naoko Nishinaka	Katsutoshi Saito	Yumiko Waseda	Yutaka Kawakami
Nomination Committee	○	○					◇	◇	◇			◇		
Compensation Committee			○			○	◎	○				○		

Note: ◇ denotes Outside Directors / Outside Audit & Supervisory Board Members ◎ denotes committee chairpersons ○ denotes committee members

Corporate Governance System (As of April 1, 2020)

Characteristics of Our Corporate Governance System

- The chairman serves as a non-executive director.
- Over one third of Board of Director members are Outside Directors.
- Advisory committees have been established voluntarily.

Nomination Committee (chaired by Outside Director) /
 Compensation Committee (chaired by Outside Director)

Directors and the Board of Directors

Meetings in 2019 ▶ 12

The Board of Directors is responsible for determining and implementing important corporate strategies, such as the AGP and the Medium-Term Management Policy. The Board of Directors also provides effective support for risk-taking of management under the CEO by streamlining the internal control system and risk management systems, such as enterprise risk management (ERM), and establishing the Risk Appetite Statement. Regular meetings of the Board of Directors are held once a month, in principle, and special meetings are held as necessary. In 2019, the Board of Directors met 12 times and the rate of attendance by Outside Directors was 100%. In addition, meetings were held 10 times via written correspondence. In regard to the composition of the Board of Directors, Outside Directors are selected from among corporate managers, experts, and other professionals who possess the necessary experience, insight, and professional expertise required by the Company. In addition, the Company makes it its policy to have Outside Directors account for one third or more of the total members of the Board. This approach is taken to ensure an overall balance of knowledge, experience, and ability as well as the diversity of the Board of Directors. Furthermore, Internal Directors are appointed after being comprehensively evaluated and judged based on their experience, insight, and professional background with reference to the requirements for Directors, which are determined based on the AGP, the Asahi Group's Corporate Action Guidelines, and management strategies of the Company.

Audit & Supervisory Board Members and the Audit & Supervisory Board

Meetings in 2019 ▶ 13

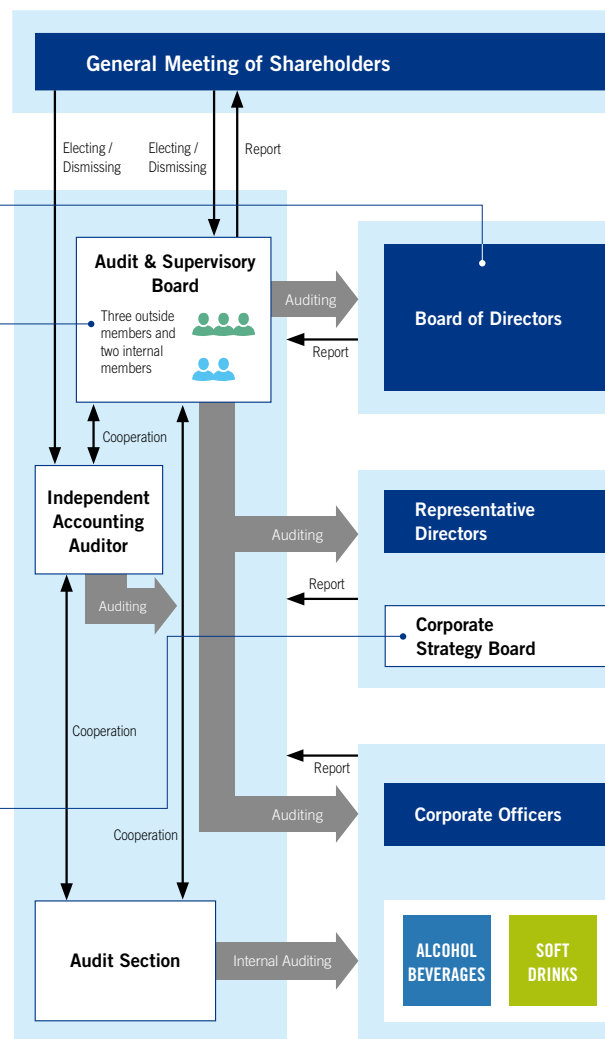
By combining the information held by the Standing Audit & Supervisory Board Members and the high level of expertise of the Outside Audit & Supervisory Board Members, the Company's system enables Audit & Supervisory Board Members to exercise their authority freely and decisively, making appropriate judgments and taking action from an independent and objective standpoint. In 2019, the Audit & Supervisory Board met 13 times and the rate of attendance by Outside Audit & Supervisory Board Members was 100%. To ensure balance in terms of knowledge, experience, and ability, as well as diversity for the entire Audit & Supervisory Board, the Company has decided that the Audit & Supervisory Board be composed of suitable members who fulfill the requirements of officers, who are determined based on the AGP and management strategies of the Company. Moreover, the Audit & Supervisory Board appoints at least one member with an appropriate knowledge of finance and accounting and one member with an appropriate knowledge of legal affairs. Three Outside Audit & Supervisory Board Members shall be elected from among accounting experts, lawyers, and corporate managers who have a wealth of experience and broad insight in their respective fields and who fulfill the requirements for independent officers as stipulated by the Company. The Standing Audit & Supervisory Board Members attend important meetings such as those of the Corporate Strategy Board, examine important documents for approval, and collect information from the Directors, the sections in charge of internal audits, and other divisions. They report the collected information at Audit & Supervisory Board meetings, where they share this information with the Outside Audit & Supervisory Board Members. Through discussions and other examinations held based on this information, the Audit & Supervisory Board Members conduct appropriate audits of the business execution by the Directors.

Corporate Strategy Board

Meetings in 2019 ▶ 42

The Corporate Strategy Board discusses matters pertaining to the evaluations of the legality, objectiveness, and rationality of important issues related to business operations. The board comprises the president and other executive directors, corporate officers, and Standing Audit & Supervisory Board Members, with the president and representative director serving as the chair. The board met 42 times in 2019 and primarily discussed matters pertaining to the establishment of business strategies and operational execution at Group companies.

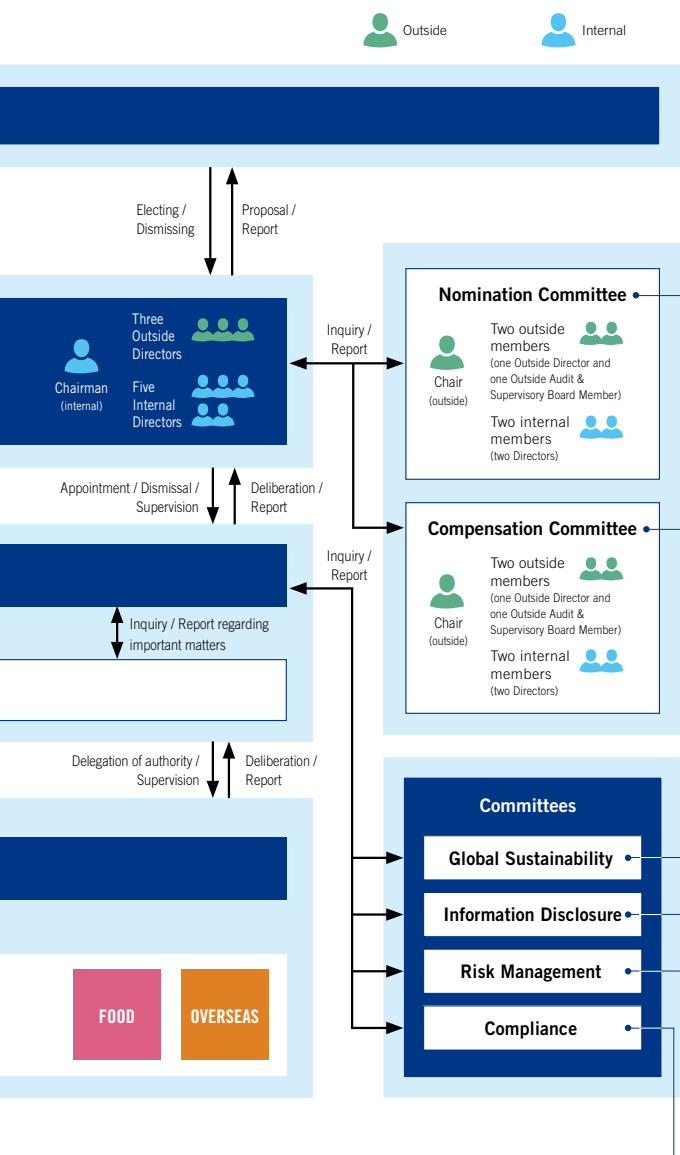
Corporate Governance System Chart



Compliance Committee

Meetings in 2019 ▶ 7

The Compliance Committee discusses matters related to corporate ethics, compliance promotion, and business supervision. The committee comprises the president and representative director and other executive Directors as well as executive officers appointed by the committee chair, who is the president and representative director. Standing Audit & Supervisory Board Members also attend the meetings and provide opinions as necessary. The committee met seven times in 2019 and provided reports on the operational status of the compliance promotion plans, internal whistleblower systems, and other matters.



Nomination Committee

Meetings in 2019 **8**

The Nomination Committee discusses matters including succession plans for Directors, Audit & Supervisory Board Members, and corporate officers as well as the selection of candidates for these positions. The committee consists of two Outside Directors, one Outside Audit & Supervisory Board Member, and two Internal Directors. The two Outside Directors on the committee select which one of them will serve as the chairperson. The committee met eight times during 2019 and primarily discussed matters such as the appointment of Directors, Audit & Supervisory Board Members, and corporate officers based on the succession plan and its planning, as well as officers and representatives of principal subsidiaries. The rate of attendance by committee members was 100%.

Compensation Committee

Meetings in 2019 **9**

The Compensation Committee discusses matters pertaining to the remuneration systems and amounts for Directors, Audit & Supervisory Board Members, and corporate officers. The committee consists of two Outside Directors, one Outside Audit & Supervisory Board Member, and two Internal Directors. The two Outside Directors on the committee select which one of them will serve as the chairperson. The committee met nine times during 2019 and held discussions primarily in relation to matters such as the new remuneration plan for officers (revision of the medium-term bonus plan and stock compensation plan, formulation of benchmarks for variable remuneration, etc.), individual evaluations of officers and bonus amounts based on such evaluations, and disclosure of officer remuneration, etc. The rate of attendance by committee members was 100%.

Global Sustainability Committee New

The Global Sustainability Committee was established on April 1, 2020 as an organization for discussions on matters related to the formulation and monitoring of sustainability strategies. The Global Sustainability Committee is chaired by the president and representative director and consists of officers in charge of sustainability at Asahi Group Holdings, CEOs of regional headquarters, and other members. Among matters concerning enterprise risk management (ERM), the committee holds in-depth discussions on sustainability-related issues and reports to the Risk Management Committee as appropriate.

Risk Management Committee

Meetings in 2019 **6**

The Risk Management Committee holds discussions related to the promotion and oversight of ERM for the entire Asahi Group. The Risk Management Committee consists of the president and representative director, who also serves as the chairperson, and other executive directors, as well as corporate officers who are appointed by the committee chairperson. The Standing Audit & Supervisory Board Members also attend the meetings and provide opinions as necessary. The committee met 6 times in 2019 and held discussions on matters such as identifying and evaluating critical risks and formulating and monitoring the status of action plans, as well as risk appetite initiatives for proposal to the Board of Directors.

Information Disclosure Committee

Meetings in 2019 **8**

The Information Disclosure Committee manages and oversees the disclosure of corporate information in an integrated manner and carries out discussions from the perspective of unbiased, swift, and far-reaching information disclosure. This committee is composed of executive Directors, excluding the president and representative director, and corporate officers, and the Director in charge of public relations serves as the chairperson. The committee met eight times in 2019. Meetings were used to analyze information details and determine the information to be disclosed as well as the content and means of disclosure while referencing the Timely Disclosure Rules of the Tokyo Stock Exchange.

Remuneration for Directors, Audit & Supervisory Board Members, and the Independent Accounting Auditor

New Basic Policy on Director Remuneration

The Company has established and put into practice a remuneration system for Directors based on the following concepts.

- To further strengthen the incentive to strive for the Company's sustainable growth and enhancement of corporate value over the medium to long term
- To offer remuneration of a nature and level that is effective in continuing to secure outstanding human resources with diverse skills
- To base remuneration on the role and magnitude of responsibilities of the Directors and their contribution to performance
- To offer remuneration that fluctuates greatly in accordance with performance related to management strategies
- To offer remuneration in which benefits and risk are shared with shareholders and which provides incentive to management from the standpoint of shareholders
- To offer remuneration that is determined in reference to external data and based on a transparent and fair process

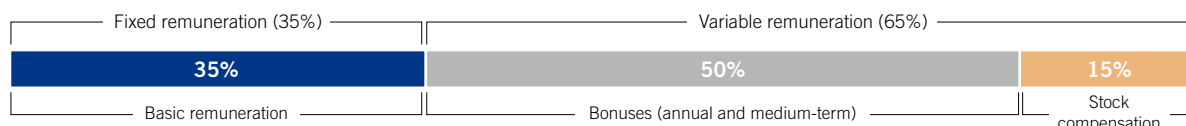
Remuneration for the Directors of the Company comprises basic remuneration, bonuses (annual and medium-term), and stock compensation. Remuneration for Outside Directors consists solely of basic remuneration. Based on the principle that remuneration for Internal Directors should

be closely linked to performance, the percentage of variable remuneration (bonus and stock compensation) in the annual income for the president and representative director is set to be more than 60%. In addition, the percentage of stock compensation is set to be around 15%. For other Internal Directors, the percentage of variable remuneration is set at 40% or more and is designed in accordance with the Director's position and role.

Also, the remuneration for Directors is set at a level that aims for the achievement of performance targets, taking into consideration the level of remuneration that is effective for continuing to secure outstanding human resources with diverse skills. Other Japanese companies of the same scale as the Company (a top 100 company in market capitalization) are used as benchmarks for determining remuneration levels.

Additionally, bonuses and performance-linked stock compensation are only offered to Internal Directors. Remuneration for Audit & Supervisory Board Members consists solely of basic remuneration (monthly, fixed).

Composition of Remuneration for the President and Representative Director (Remuneration model when achieving 2020 performance targets)



Comparison of Director Incentives

	Annual bonus	Medium-term bonus	Stock compensation
Objective	Strengthen incentive to strive for the Company's sustainable and steady growth, enhancement of financial value, and achievement of targets	Strengthen incentive to strive for the Company's discontinuous growth and achievement of medium-term operating results	Strengthen incentive to strive for the Company's long-term sustainable increase in corporate value and align interests and risks with those of shareholders
Period	Single fiscal year	Three years	Three years
Payment method	Cash	Cash	Stock
Payment period	Every March	Following March after end of period	Upon resignation
Performance indicators (weighting)	<ul style="list-style-type: none"> • Consolidated core operating profit (50%) • Profit attributable to owners of parent (50%) 	<ul style="list-style-type: none"> • Financial value indicators (60%) • Social value indicators (40%) 	None
Individual evaluation	Yes	Yes	No
Clawback provision (return of incentive compensation)	No	No	Yes

Fixed Remuneration

Basic remuneration is determined based on the significance of the position and role of the Director. Revisions to basic remuneration are determined based on changes in position or role, taking into account such factors as changes in business operations and the status of remuneration levels.

Variable Remuneration

As a basic policy for further strengthening the incentive to strive for the Company's sustainable growth and enhancement of corporate value over the medium to long term, the system for Director bonuses has been designed based on the points to the right, giving consideration to increasing the

percentage of variable remuneration (incentive) within Directors' annual income as well as contributing to the Company's sustainable growth (short-term, medium-term, and long-term) and enhancing corporate value (in terms of both financial value and social value) through the incentive system as a whole.

In regard to social value indicators, which serve as performance indicators for medium-term bonuses, the Company utilizes MSCI, CDP, FTSE4Good, and other indices, determines key performance indicators (KPIs), and comprehensively assesses the status of their achievement.

Method for Determining Remuneration

Remuneration for the Company's Directors is determined through a transparent and fair process. This process is based on the approval of the Board of Directors following examinations by the Compensation Committee, which comprises a majority of independent officers and is chaired by an independent officer. In addition, the Compensation Committee uses objective, external data as necessary in order to ensure fair decision-making.

Key Points for Determining Variable Remuneration

- Establishing a new "Medium-Term Bonus Plan (Cash-Based)" to provide a strong incentive for achieving medium-term performance
- Changing to a method of evaluation for the annual bonus that combines year-on-year comparisons with target achievement comparisons, in addition to adding consolidated core operating profit as a new performance indicator
- Introducing social value indicators (multiple ESG indices), in addition to financial indicators linked to the Medium-Term Management Policy, as a performance indicator for the medium-term bonus
- Introducing frameworks for reflecting individual evaluations for the annual bonus and medium-term bonus based on the contribution of each Director
- Focusing the objective of stock compensation on "increasing the incentive for Directors and Audit & Supervisory Board Members to strive to continuously enhance corporate value over the long term and to share benefits and risks with shareholders."

Remuneration for the Company's Audit & Supervisory Board Members is determined through mutual consultation of Audit & Supervisory Board Members according to his/her job responsibilities and the distinction of status between Internal and Outside Member and by utilizing survey data from external specialized agencies.

Reference: Total Remuneration for Directors and Audit & Supervisory Board Members (2019)

	Fixed remuneration		Variable remuneration						Total (Millions of yen)
	Basic remuneration		Annual bonus		Medium-term bonus		Stock compensation		
	Number of people	Total (Millions of yen)	Number of people	Total (Millions of yen)	Number of people	Total (Millions of yen)	Number of people	Total (Millions of yen)	
Directors (of whom, Outside Directors)	14 (4)	353 (51)	10 (—)	228 (—)	10 (—)	83 (—)	6 (—)	80 (—)	745 (51)
Audit & Supervisory Board Members (of whom, Outside Audit & Supervisory Board Members)	6 (3)	114 (40)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	114 (40)

- Notes: 1. The figures above include amounts paid to five Directors, Katsutoshi Takahashi, Yoshihide Okuda, Noboru Kagami, Kenji Hamada, and Naoki Tanaka, and one Audit & Supervisory Board Member, Akira Muto, who retired upon the expiration of their terms of office at the conclusion of the 95th Annual General Meeting of Shareholders held on March 26, 2019.
2. A resolution authorizing payments associated with the termination of the retirement benefits for Directors and Audit & Supervisory Board Members to be paid at the time of retirement was passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007. As of the end of this fiscal year, the anticipated total amount of future payments was ¥19 million to one Director.
3. The maximum amount of Director remuneration (basic remuneration and bonus) is ¥1,500 million (including ¥100 million for Outside Directors) per year (resolved at the 95th Annual General Meeting of Shareholders held on March 26, 2019). In addition to those listed above, at the 95th Annual General Meeting of Shareholders held on March 26, 2019, a resolution was passed to pay stock compensation to Directors (excluding Outside Directors) who were elected during the period of the Trust and took office and for whom the Company contributed up to ¥300 million during the period of the Trust (three years). The Company may grant up to a total of 25,000 shares of the Company per fiscal year to all eligible Directors.
4. The amounts for annual bonus and medium-term bonus are the amounts that were recorded as costs during this fiscal year.
5. The amount of remuneration stated as stock compensation is the amount that was recorded as cost in accordance with the stock compensation plan that was resolved at the 95th Annual General Meeting of Shareholders held on March 26, 2019.
6. The maximum amount for Audit & Supervisory Board Members' remuneration is ¥140 million (including ¥50 million for Outside Audit & Supervisory Board Members) per year (resolved at the 95th Annual General Meeting of Shareholders held on March 26, 2019).

Succession Plan and Training

The Company regards the succession plan for its CEO and Directors as a matter of utmost priority, and accordingly formulates a succession plan pursuant to the requirements of the CEO and Directors and the composition of the entire Board of Directors.

Based on the succession plan, the Company makes appointments and assignments according to plan, conducts coaching of successor candidates, and carries out training, etc., for successors of future generations. Meanwhile, the Company arranges professional assessments by external organizations and makes use of such means as 360-Degree

Feedback in-house. The Nomination Committee regularly monitors and reviews such plans as necessary.

For Directors and Audit & Supervisory Board Members, the Company provides the training required for their roles and responsibilities on a regular basis. The Company provides Outside Directors and Outside Audit & Supervisory Board Members with information relating to the overview of the Asahi Group including its businesses, financial affairs, and organizations, and implements measures, such as office visits, to facilitate their understanding of the Group and human resources.

Policy of Reducing Cross-Shareholdings

The Company makes it its policy to refrain from holdings of shares when such holdings are deemed as neither contributing to the ongoing growth of the Company nor increasing its corporate value over the medium to long term. This policy has been adopted out of consideration for our goal of pursuing asset and capital efficiency improvement for the promotion of *Glocal* Value Creation Management based on the Asahi Group Philosophy in the Medium-Term Management Policy. Cross-shareholdings are examined in terms of their holding purpose, risks, performance as measured against capital cost, etc., and the appropriateness of holding the shares is comprehensively reviewed every year by the Board of Directors. In the event that a shareholding is deemed not to contribute to the Company's sustainable

growth or to the increase of its corporate value over the medium to long term, the result of said review shall be disclosed and the Company shall engage in the requisite dialogue with the counterpart entity as a shareholder. Shareholdings that are deemed not improvable, even after engaging in dialogue, are to be sold in a timely and appropriate manner. For each target agenda item, the Company appropriately exercises the voting rights attached to the stocks it holds by comprehensively judging whether proposals contribute to the ongoing growth of the Company and to increases in its corporate value over the medium to long term, and whether they contribute to the common interests of the investee's shareholders.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors analyzed and evaluated its effectiveness in 2019 while also taking into consideration third-party opinions based on questionnaires and interviews as part of the Company's efforts to implement growth-oriented corporate governance that contributes to the practice of

management for corporate value enhancement. An overview of the results and the initiatives to be implemented going forward is as follows. Please refer to the following website for details on the methods of analysis and evaluation and evaluation items.



Summary of the Results of the Evaluation of the Effectiveness of the Board of Directors (March 25, 2020)
https://www.asahigroup-holdings.com/en/whoweare/governance/pdf/200325_board_of_directors_result_en.pdf

I. Overview of Results of Analysis and Evaluation

i) Conclusion

The Company's Board of Directors concluded that the Board of Directors in fiscal 2019 was "functioning effectively." Although there remain many issues to be addressed, the overall evaluation was high.

ii) Analysis and evaluation

- "Performed adequately" or "Performed adequately overall" accounted for a high proportion of the responses to the questions in the effectiveness evaluation questionnaires, submitted by the Directors and Audit & Supervisory Board Members.
- Nearly all answers included proposals, advice, and observations with regard to the discussions and initiatives of the Board of Directors, including the enhancement of corporate value over the medium to long term, appropriate risk-taking, and communication with shareholders and investors.
- In addition to the evaluation questionnaires, a third party conducted interviews with all Outside Directors to obtain objective opinions. Their opinions have been reflected in the evaluation.

II. Future Initiatives

After considering the results of the evaluation, the Company's Board of Directors has prioritized the following five issues, which will be addressed to enhance their overall effectiveness:

i) Deepening discussions that contribute to medium- to long-term improvements in corporate value

- Facilitating discussions on medium- to long-term management strategies and business portfolios
- Conducting discussions on optimal corporate governance models for the Company
- Restructuring the operations of the Board of Directors to facilitate such discussions (including administrative support and time management for discussions at Board meetings)

ii) Monitoring that contributes to Group governance

- Strengthening reporting and monitoring by the Group's regional headquarters
- Appropriate monitoring that facilitates ERM and risk appetite initiatives

iii) Enhancing the transparency of the Nomination Committee and the Compensation Committee

- Increasing the transparency of discussions held by the respective committees
- Reconfirming the matters to be shared by each committee with the Board of Directors

iv) Accelerating ESG initiatives

- Supervising the direction of ESG initiatives (from an ultra-long-term management viewpoint)
- Monitoring the milestone achievements of ESG initiatives

v) Strengthening the provision of information to enhance the effectiveness of the Board of Directors

- Strengthening the provision of information regarding stakeholder engagement

III. Responses to Issues Identified in Previous Fiscal Year

- Strengthening the Group's effective corporate governance system, establishing a risk management system for the enhancement of Group governance, and reinforcing ESG initiatives were identified in the previous fiscal year as issues to address.
- To address those issues, the Project for Enhancing the Effectiveness of the Board of Directors (comprising the chairperson, two Outside Directors, the CEO, and one Outside Audit & Supervisory Board Member) was established within the Board of Directors. Through this project, the Board of Directors conducted studies on items to be

discussed at Board meetings to enhance its effectiveness, carried out discussions on risk appetite and, as a part of its ESG initiative, agreed to recommendations of the Task Force on Climate-related Financial Disclosures and held discussions on the establishment of the Asahi Group's Human Rights Policy.

- A certain level of progress has been made with all of the aforementioned issues. However, the Board of Directors is aware of the need for further efforts with regard to the majority of comments cited in the evaluation, and therefore is committed to continuing to improve in these areas.

Main Activities of the Board of Directors in Fiscal 2019 (Excluding deliberated or reported reviews of issues and legal matters)

- Formulation of Asahi Group Philosophy and Group Code of Conduct
- Formulation of Medium-Term Management Policy
- Corporate governance
- Succession plan
- Reform of remuneration systems for Directors
- State of deliberations of the Nomination Committee and the Compensation Committee
- State of responses to cross-shareholdings
- Status of shareholder relations and investor relations activities
- Enterprise risk management (ERM)
- Basic policy on the prevention of bribery; basic policy on the observation of competition-related laws; and basic policy on the environment
- M&As
- Reports from the CEOs of local, integrated companies on the state of overseas operating companies
- Evaluation of the effectiveness of the Board of Directors and evaluation of the effectiveness of the Audit & Supervisory Board

Evaluation of the Effectiveness of the Audit & Supervisory Board

The Company's Audit & Supervisory Board has been evaluating its own effectiveness since fiscal 2018 as an ongoing initiative. In fiscal 2019, it conducted an effectiveness evaluation focusing on the status of efforts to respond to the matters that were identified in fiscal 2018 as needing to be addressed. The Company will aim to engage in best

practices among companies in Japan in terms of further enhancing the effectiveness of its Audit & Supervisory Board and its continuous efforts to respond to the expectations of stakeholders by strengthening its corporate governance throughout the organization.



Summary of the Results of the Evaluation of the Effectiveness of the Audit & Supervisory Board (March 26, 2020)
https://www.asahigroup-holdings.com/en/whoware/governance/pdf/200326_audit_and_supervisory_board_result_en.pdf

I. Overview of Results of Analysis and Evaluation

- The Company's Audit & Supervisory Board concluded that it was "functioning effectively" in fiscal 2019. In conducting the evaluation, in addition to a questionnaire on effectiveness for each Audit & Supervisory Board Member of the Company, the evaluation involved administering a questionnaire and conducting interviews of Standing Audit & Supervisory Board Members of Group companies and the members of the Internal Audit Section of the Company, upon gaining third-party advice. Opinions on the evaluation were received from third parties and the results of the aforementioned process were collated. From the results, issues to be addressed in fiscal 2020 to further improve effectiveness were identified.

II. Initiatives Going Forward

After having engaged in discussions on the evaluation and analysis for fiscal 2019, the Company's Audit & Supervisory Board recognized the following four points as considerations that need to be addressed.

1. Enhancement of the system as the Group to respond to emergencies
2. Further strengthening of Group governance
3. Expansion and deepening of cooperation with Outside Directors
4. Expansion and enhancement of collaboration with outside auditor and Internal Audit Section

Section 04

Progress in Financial and Business Strategies

Pursuit of New Heights of Competitiveness and Profitability



In June 2020, the Asahi Group completed the acquisition of Carlton & United Breweries of Australia, thereby transitioning to a business structure that covers the three core regions of Japan, Europe, and Oceania. At the same time, the global COVID-19 pandemic has pressed us with the need for detailed yet decisive financial risk management. In this section, you will find an explanation of the Group's financial strategies going forward by the CFO as well as reports on the progress of the strategies of our various businesses in 2019.

- 88** Message from the CFO
- 92** Discussion and Analysis of 2019 Business Results
- 96** Business Overview
- 98** Strategy by Business
- 106** External Recognition
- 107** Corporate Profile / Stock Information

We will enhance our awareness of various risks to a level greater than ever before and pursue more intricate yet bold risk control measures.

Atsushi Katsuki

Managing Director and
Managing Corporate Officer, CFO

In June 2020, the Asahi Group completed its acquisition of Carlton & United Breweries (CUB). Through large-scale investments that have been accelerated since 2016, the ratio of overseas core operating profit has grown tremendously, and with this growth interest-bearing debt has also seen a substantial increase. Accordingly, we will enhance our awareness of various risks to a level greater than ever before and make use of our newly established risk management structure. While doing so, we will pursue more intricate yet bold risk control measures. Engaging in these endeavors is the most fulfilling part of serving as CFO, and I have renewed my determination to work tirelessly to support the CEO in various ways.

Achieving Profit Growth in Our Overseas and Food Businesses and Making Further Accomplishments with Cost Reductions

In the fiscal year ended December 31, 2019, we continued to see steady profit growth in our Overseas and Food businesses. On the other hand, profits declined in the Alcohol Beverages Business, due to ongoing market contraction, and in the Soft Drinks Business, due to the impact of unfavorable weather. In addition, the impact of foreign exchange rates placed downward pressure on revenue and core operating profit to the extent of ¥49.2 billion and ¥6.1 billion, respectively. As a result, consolidated revenue declined 1.5%, to ¥2,089.0 billion, and core operating profit decreased 3.8%, to ¥212.9 billion.

In terms of cost reductions, we are targeting an impact of over ¥30.0 billion from efforts to enhance cost efficiency over the three-year period of our Medium-Term Management Policy, ending in 2021. To that end, we are promoting earnings structure reform through such means as optimizing our supply chain, starting with procurement. In fiscal 2019, the first year of the policy, we achieved approximately ¥16.0 billion in total cost reductions, including a cost reduction of ¥6.8 billion in the Overseas Business as a result of efforts to enhance the efficiency of IT systems.

At the beginning of the year, we released our full-year forecast for our business performance in fiscal 2020. However, due to the spread of COVID-19, the outlook on matters such as when the virus will be contained in each region has become increasingly uncertain, and it is therefore difficult for us to make an estimate regarding the virus's impact on our business performance at this time.

Accordingly, we stated our forecasts as undetermined when we announced our financial results for the first quarter of fiscal 2020. Going forward, taking into account such factors as the outlook for COVID-19's containment, we intend to announce our revised forecast by the time we release our first-half results, including the impact of incorporating the CUB business into the scope of consolidation.

In light of the current situation, we will swiftly promote efforts to prioritize brand investments both in Japan and overseas and enhance the overall efficiency of fixed costs, thereby working to thoroughly curtail any negative impact on our business performance. Additionally, we will take further steps to curb non-urgent capital expenditure and reduce working capital, among other efforts. By doing so, we will give priority to securing cash flows and financial soundness as we diligently prepare ourselves for further growth during the period of recovery and the "new normal" era that will follow thereafter.

Improving and Strengthening Our Financial Base with a View to Future Growth Investments

After acquiring the Europe business, we moved forward with asset management and other initiatives, and by fiscal 2019, our net debt/EBITDA improved to the level of three times or less. However, with the acquisition of CUB, net debt/EBITDA now exceeds four times. Initially, we expected to once again reach a level close to three times over the upcoming three years, but this may take a bit longer than

expected due to the impact of the spread of COVID-19. With that said, we will strive to realize a swift recovery in our business performance and promptly repay interest-bearing debt using the cash flow generated from our operating activities, including the CUB business. We will continue to proactively examine investments, including M&As, that will contribute to future growth. However, we aim to implement such investments after we have once again realized net debt/EBITDA of around three times or less. Also, the approximately ¥1,200.0 billion used to acquire CUB was procured through a bridge loan from financial institutions, and we are examining ways to secure permanent financing for this loan within a year. As part of this permanent financing, we are considering raising ¥300.0 billion in equity credit attributes, in combination with the issuance of common stock (including the use of treasury shares), totaling up to ¥200.0 billion, and subordinated bonds (assuming 50% as equity credit attribute), with the aim of securing financial soundness and maintaining our credit rating.

While we have set an upper limit on the issuance of common stock to raise capital, we will flexibly consider the scale and timing of this issuance taking into account trends in the stock market and fundraising environment. As for the remaining amount of the bridge loan, we will examine a broad range of fundraising methods with the aim of steadily procuring funds, reducing interest rate costs, and diversifying repayment periods. We understand that there are concerns that our weighted average cost of capital (WACC) will rise due to this capital funding. However, if we look at the overall balance, debt financing makes up the majority of this fundraising, which means that our WACC is likely to decrease instead. Under the basic approach of maintaining our current credit rating, we will further enhance our dialogue with credit rating institutions to ensure that they continue to have a sufficient understanding of the Asahi

Financial and Cash Flow Strategy*1 (revised in 2019)

Guidelines for 2019 Onward	
Cash Flow	FCF*2: Above ¥170.0 billion (annual average)
Investment for Growth / Debt Reduction	Prioritize M&As for the expansion of growth foundations and promote debt reduction for the enhancement of investment capacity Net debt/EBITDA: Below 2 times by the end of fiscal 2021
Shareholder Returns	Stable dividend increases with the aim of achieving a dividend payout ratio of 35%*3 (by fiscal 2021) (aiming for dividend payout ratio of 40% in the future)

*1 On June 1, 2020, we completed the acquisition of the CUB business. In relation to this acquisition, we have been examining financing plans, including fundraising. The information on the above guidelines does not take into account the impact of the CUB acquisition and associated fundraising. Accordingly, we intend to review our Medium-Term Management Policy taking into consideration the impact of acquiring the CUB business.

*2 Free cash flow = (Cash flows from operating activities + Proceeds from sales of property, plant and equipment) – Purchase of property, plant and equipment

*3 Adjusted profit attributable to owners of parent, used for calculation purposes, excludes one-off special factors including business portfolio restructuring.

Message from the CFO

Group's medium- to long-term growth story.

We will also maintain our stance of engaging in active dialogue with our shareholders and investors. Although the full-year forecast for our business performance has been left undetermined, we have decided to leave our full-year dividend forecast as is based on the fact that we anticipate relatively stable cash flows from our businesses even with the fluctuations in the economic environment. This allows us to raise funds without issue at this time, knowing that the decline in our business performance is a short-term matter and we have confidence in the continuity of our businesses. Going forward, there will be no change to our shareholder return policy of working to steadily increase dividends with a target payout ratio of 40% in the future, and with a payout ratio of 35% by 2021 serving as a milestone in this process. We will respond to shareholders' day-to-day support by steadily increasing income gains and leveraging growth investments to realize higher capital gains.

Further Enhancing Efforts to Improve Asset and Capital Efficiency

As a means to verify capital efficiency, we are conducting monitoring activities from the perspective of return on

invested capital (ROIC). Every period, we confirm that the level of Company-wide ROIC is sufficiently higher than our WACC. However, it does us no good to simply observe our Company-wide ROIC, and so every quarter we analyze figures that comprise the ROIC tree of each business, thereby evaluating the results of our efforts to improve asset efficiency. At the same time, we are pursuing efforts to improve our asset efficiency. I believe that these are the important points of ROIC management. Our Company-wide ROIC has declined temporarily due to the acquisition of CUB. However, through sustainable profit growth centered on our Overseas Business as well as the reinforcement of our monitoring activities of each business, we expect to steadily improve ROIC, including in the CUB business.

In terms of our global cash management, 2019 was a year in which we made significant advancements. For example, we neared the completion of efforts to visualize cash flows from important overseas subsidiaries. We also moved forward with cash pooling, where we pool together surplus funds between companies. For the visualization of cash flows, we achieved results that go beyond simply enhancing asset and capital efficiency, including improving the operational efficiency of departments in charge of fund

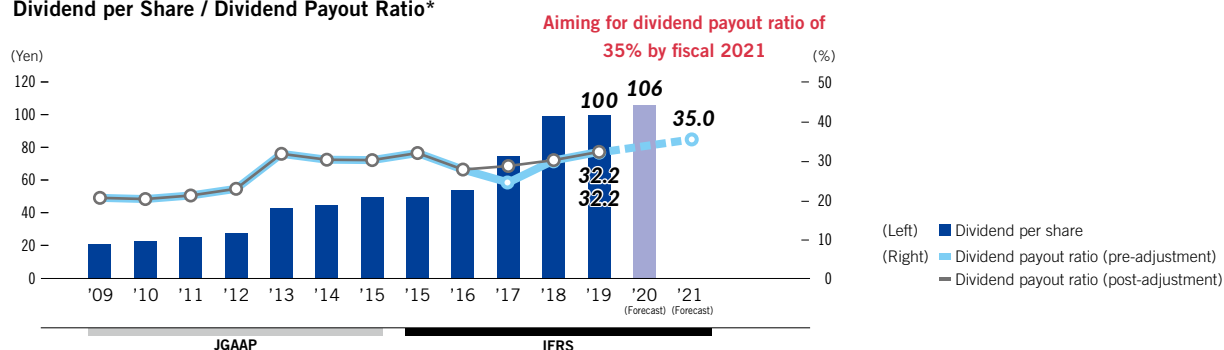
Aim and Outline of the Financing Plan for the CUB Business Acquisition (Securing Approx. ¥1.2 trillion in Permanent Financing)

- Considering to raise ¥300.0 billion of equity credit attributes in order to secure financial soundness and maintain current credit rating
- Minimizing dilution for existing shareholders in combination with the issuance of common stock, including the use of treasury shares, and subordinated bonds

Funding Methods	Overview
Public Offering	Issuing common stock including use of treasury shares* (Approx. 25.50 million shares) (Maximum amount: ¥200.0 billion)
Subordinated Bonds	Issuing subordinated bonds (assuming 50% as equity credit attribute) to secure financial soundness and maintain credit rating (Equity value: Approx. ¥300.0 billion)
Debt	Considering to diversify funding methods in order to reduce total cost of capital and interest (Approx. ¥800.0 billion)

* We intend to execute a subordinated loan (assuming 50% equity) as a backup plan in the event that fundraising through the issuance of common stock does not go as planned.

Dividend per Share / Dividend Payout Ratio*



* Both pre-adjustment and post-adjustment figures are provided for the dividend payout ratio. Post-adjustment figures exclude one-off special factors such as the impacts of business portfolio restructuring and foreign exchange movements.

* As our business performance forecasts for fiscal 2020 have yet to be determined, we are unable to calculate the dividend payout ratio for fiscal 2020 at this time.

management and reinforcing internal controls. Furthermore, even amid the spread of COVID-19, we expanded our Group financing framework in such ways as adjusting surpluses and shortages of funds at our subsidiaries in Japan and overseas. We made use of this expanded framework to respond to fund shortage risks. In the CUB business, we intend to swiftly introduce and apply these kinds of cash management systems.

Implementing Well-Balanced Resource Allocation Focused on Current Demand and Medium- to Long-Term Growth

In fiscal 2019, capital expenditures totaled ¥86.1 billion. As I explained earlier, in fiscal 2020 we will move forward with the review of future capital expenditures in light of the impact from the spread of COVID-19. With that said, growth investments from a medium- to long-term perspective are not something we should refrain from, and accordingly we intend to proactively invest in such areas as expanding our production facilities in Europe, where there is a risk of our production capacity becoming tightened, in order to meet demand. Additionally, we will actively invest in expanding cross-selling initiatives of global brands, such as *Asahi Super Dry*, *Peroni Nastro Azzurro*, and *Pilsner Urquell*, and fostering growth drivers for the next generation, including non-alcohol beer.

In Japan as well, we will implement well-balanced resource allocation toward businesses that are expected to see stable demand and have a high potential for growth going forward, including whisky and freeze-dried foods. At the same time, we will continue to invest in the optimization of our supply chain, including promoting the shift to hybrid factories that can steadily produce positive impacts. Our first priority will be to establish growth foundations in our three core regions of operation. However, in terms of expansion in other regions, we will further enhance our capabilities regarding information collecting, analysis, insight, and marketing while bolstering our ability to propose value. Through such efforts, we will further increase the potential for global growth in our business portfolio so that we do not let opportunities to expand into new regions pass us by.

When it comes to medium- to long-term growth, what is important is that we not focus our attention solely on investments to reduce costs but rather on ensuring we are able to effectively allocate resources in ways that better secure future growth and contribute to the top-line growth of the Group. This includes allocating resources toward disruptive innovation and digital transformations. We are already

thoroughly engaged in such investments, and in April 2019 we established Asahi Quality & Innovations, Ltd., an independent research subsidiary. Through this subsidiary, we are accelerating investments geared toward the next generation. Under our conventional organizational structure, it tended to take quite some time to make decisions on next-generation investments. However, as we have made various efforts—including investments in external venture companies—to become an organization that can flexibly conduct examinations and make decisions, my job as CFO is to further increase the speed of next-generation investments while controlling risks by adhering to a consistent level of financial discipline. I therefore hope to boldly allocate resources so that we can capitalize on the opportunities before us.

Enhancing Dialogue and Developing Financial Strategies That Strike a Balance with Sustainability

Sustainability has become an essential part of management following the growing need for management that emphasizes social, environmental, and economic sustainability from a medium- to long-term perspective. In light of this, we will revamp our material issues and incorporate sustainability into the core of our business strategies. A sustainable performance in terms of corporate finance has become essential as well. As stakeholder interest in sustainability has been rising, my job as CFO is to not only pursue profits but also monitor the sustainability of procurement and other areas that have a financial impact. At the same time, I am responsible for further promoting the sustainable allocation of resources in order to generate value for the future. Additionally, from 2020 we will disclose our financial results denominated in yen as well as constant foreign currencies. This is one example of how we are considering disclosure methods that allow our stakeholders to better understand our global business activities and the sustainability of these activities. Furthermore, we have introduced enterprise risk management and announced the Asahi Group Risk Appetite Statement, which are both efforts that not only help us control risks within the Group's financial strategies but also ensure stable value creation for all our stakeholders. We expect that these efforts will also further enhance our dialogue with stakeholders. Going forward, we will work harder than ever before to collect information and draw on our inventiveness. At the same time, from the perspective of both finance and sustainability, we will continue to push forward with strategies that can earn the trust of our shareholders, investors, and all other stakeholders.

Discussion and Analysis of 2019 Business Results

Analysis of Business Results

Overview of Business

In 2019, the overall trend in the global economy was one of ongoing growth as seen in factors such as the strong conditions in the U.S. economy against a backdrop of higher employment levels and increased consumer spending. Bearish conditions were, however, witnessed in Asia and Europe. The Japanese economy also experienced a gradual recovery, despite sluggish exports, as consumer spending picked up following improvements in the job market and in wage levels.

Under these conditions, the Asahi Group is promoting *Global Value Creation Management* as described in the Medium-Term Management Policy while being guided by the Asahi Group Philosophy. In the Medium-Term Management Policy, we have defined the three key priorities of strengthening earnings power, enhancing management resources, and reinforcing ESG initiatives. Initiatives for strengthening earnings power include cultivating high-value-added brands and reforming earnings structures in domestic and overseas operations.

As a result of these initiatives, we posted revenue of ¥2,089.0 billion, down 1.5% year on year. Core operating profit*¹ was ¥212.9 billion, down 3.8%, and operating profit came to ¥201.4 billion, down 4.9%. Profit attributable to

owners of parent was ¥142.2 billion, down 5.9%. This outcome was attributable to the impacts of the unseasonable weather seen during highly profitable periods and the intensification of competition in domestic operations as well as negative foreign exchange influences in overseas operations. These factors offset the benefits of improved brand quality and new value proposals made to customers as well as the advancement of the premiumization trend centered on Europe.

When excluding the impacts of negative foreign exchange influences, revenue rose by 0.8% while core operating profit decreased 1.0%.*²

*¹ Core operating profit is the reference indicator for normalized business performance.
Core operating profit = Revenue – (Cost of sales + Selling, general and administrative expenses)

*² Performance when excluding the impacts of negative foreign exchange influences is calculated by translating foreign currency-denominated amounts for 2019 based on the foreign exchange rate in 2018.

Revenue

In the Alcohol Beverages Business, revenue was down despite increases in non-beer sales attributable to the strong performance of ready-to-drink beverages and whisky and spirits, as beer and happoshu sales decreased year on year due to market contractions and other factors. The Soft Drinks Business posted higher revenue as the solid

Major Trends in Business Performance

(¥ billion)

	2018* ¹	2019	YoY Change
Revenue	2,120.2	2,089.0	(31.2)
■ Alcohol Beverages* ²	913.3	886.8	(26.5)
■ Soft Drinks* ²	370.7	376.2	5.4
■ Food	115.9	117.6	1.6
■ Overseas* ²	710.4	699.5	(10.8)
■ Other	109.4	109.1	(0.2)
Adjustment (corporate/elimination)	(99.7)	(100.4)	(0.7)
Core operating profit	221.3	212.9	(8.4)
■ Alcohol Beverages* ²	109.5	105.5	(3.9)
■ Soft Drinks* ²	37.2	33.2	(4.0)
■ Food	12.3	13.0	0.6
■ Overseas* ²	100.6	102.4	1.8
■ Other	2.5	2.2	(0.2)
Adjustment (corporate/elimination)	(40.9)	(43.5)	(2.6)
Core operating profit margin (including liquor tax)	10.4%	10.2%	(0.2pts)
Core operating profit margin (excluding liquor tax)	13.6%	13.2%	(0.4pts)
Profit attributable to owners of parent	151.0	142.2	(8.8)

*¹ We changed the disclosure method to allocate the results of IFRS adjustment into each individual operating company's revenue and core operating profit. In response to this change, the figures in 2018, the year used for comparisons, for each operating company include the impacts of the IFRS adjustment.

*² We reorganized our business segments, etc., on January 1, 2019. As a result, we reflect the impact of the following two changes in the figures for 2018, the year used for comparisons.

1. Change of the export structure, including the transfer of export beer sales at Asahi Breweries, Ltd., which were previously included in the Alcohol Beverages Business, to Other/elimination in the Overseas Business

2. Transfer of Taiwan Calpis Co., Ltd., which was previously included in Other/elimination in the Overseas Business, to Asahi Soft Drinks Co., Ltd. in the Soft Drinks Business

performance of the *WILKINSON* brand, which benefited from growth in the unsweetened carbonated beverage market, and of high-added-value products in the health function domain offset the declines in sales of *MITSUYA* and *CALPIS* brand products owing to unseasonable weather during highly profitable periods. The Food Business also enjoyed higher revenue following favorable performance centered on major brands as well as success in new value proposal measures pertaining to baby food and freeze-dried food products. Conversely, revenue was down in the Overseas Business. Although this business saw brisk performance in operations in Europe and Oceania due to progress in the premiumization trend and the expanded sales of high-value-added products, overall performance suffered due to negative foreign exchange influences, the impacts of the boycotts in South Korea, and effects of the conversion of certain Chinese operating subsidiaries to equity-method affiliates conducted during the previous year.

As a result, consolidated revenue, including the decrease in revenue of the Other Business, amounted to ¥2,089.0 billion, down 1.5%, or ¥31.2 billion, year on year.

Core Operating Profit

In the Alcohol Beverages Business, core operating profit was down as a result of lower revenue, the impacts of which

we were unable to absorb through reductions to manufacturing costs and earnings structure reforms implemented via the introduction of zero-based budgeting (ZBB). Core operating profit in the Soft Drinks Business declined following decreases in factory utilization rates that resulted from the impacts of the unseasonable weather seen during highly profitable periods. The Food Business achieved higher core operating profit due to the rise in revenue, increases in overall efficiency pertaining to fixed costs, and improvements in product category mixes. In the Overseas Business, core operating profit was up because of the strong performance of operations centered on Europe and Oceania.

As a result of the above, consolidated core operating profit, which includes the decline in profit of the Other Business, decreased 3.8%, or ¥8.4 billion, to ¥212.9 billion.

Operating Profit

Operating profit decreased 4.9%, or ¥10.3 billion, year on year as a result of the decrease in core operating profit and an increase in other expenses.

Profit Attributable to Owners of Parent

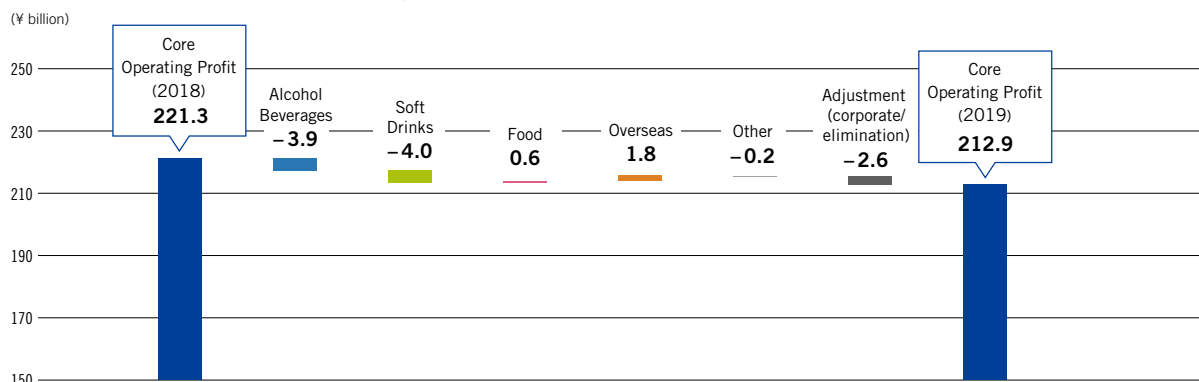
Profit attributable to owners of parent was ¥142.2 billion, down 5.9%, or ¥8.8 billion, year on year, due to a decrease in profit before tax.

Analysis of Financial Position

Total assets stood at ¥3,140.7 billion on December 31, 2019, an increase of ¥61.4 billion from a year earlier, due in part to an increase in property, plant and equipment and an increase in other financial assets associated with exchange contracts, which outweighed the decrease in intangible assets that accompanied yen appreciation and amortization expenses. Total liabilities came to ¥1,892.5 billion, down ¥37.1 billion from the previous year-end, primarily as a

result of a decline in financial liabilities. Total equity at the end of the year stood at ¥1,248.2 billion, up ¥98.6 billion from the previous year-end. This outcome was a result of an overall increase in retained earnings owing to the recording of profit attributable to owners of parent, which occurred despite the downward pressure on retained earnings from dividends paid. The equity attributable to owners of parent ratio improved 2.5 percentage points, to 39.7%.

Factors Contributing to Change in Core Operating Profit



Analysis of Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥253.4 billion, an increase of ¥1.0 billion from the previous year, resulting from the cash inflow of profit before tax of ¥197.3 billion and non-cash items including depreciation, outweighing cash outflows including income taxes paid.

Cash Flows from Investing Activities

Net cash used in investing activities came to ¥103.6 billion, compared with net cash provided by investing activities of ¥22.5 billion in the previous year, a turnaround of ¥126.1 billion, primarily due to the acquisitions of shares of subsidiaries in European operations.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥158.8 billion, down ¥111.7 billion from the previous year, primarily due to the decrease in financial liabilities that followed the repayment of long-term loans.

As a result of the above, cash and cash equivalents at the end of the period stood at ¥48.4 billion, a decline of ¥8.8 billion from the end of the previous year.

Cash Flow Indicators

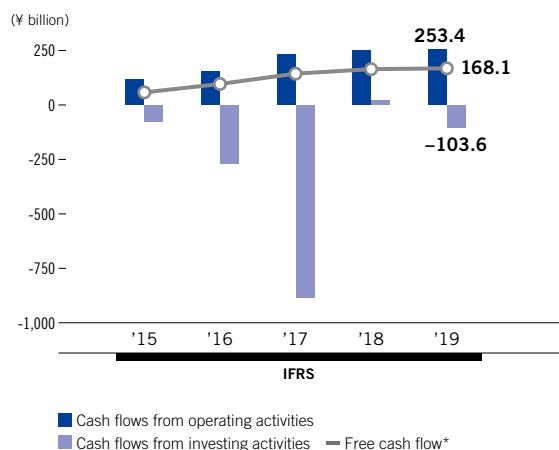
	2018	2019	YoY Change
Cash flow to interest-bearing debt ratio (annual)	4.1	4.1	Unchanged year on year
Interest coverage ratio (times)	37.0	36.9	0.1 percentage point decrease

Liquidity and Capital Resources

We acquire our capital resources principally through cash flows generated by operating activities, loans from financial institutions, and the issuance of bonds. As a management policy, we regard the reduction of interest-bearing debt as a priority issue. Nevertheless, we make flexible use of financial liabilities according to the need for capital resources to invest. Potential investments include capital expenditure to strengthen and streamline our business foundations and strategic investments such as M&As. In regard to the acquisition of Carlton & United Breweries of Australia, which was closed on June 1, 2020, funds will be procured through a combination of debt financing, with the goal of minimizing interest costs, and equity financing, aimed at facilitating the quick recovery of the Company's financial position, maintaining current credit ratings, and minimizing refinancing risks.

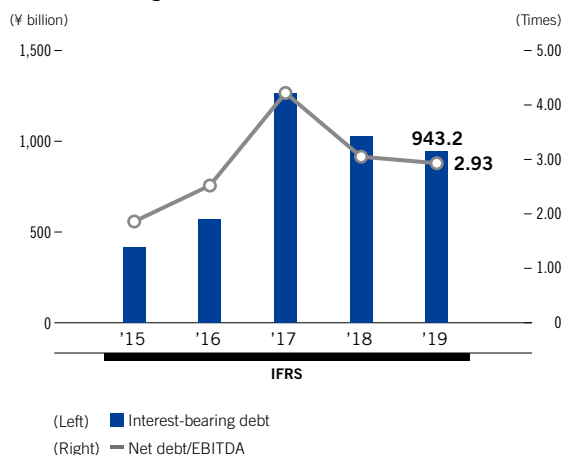
We will focus on reducing overall capital and interest costs in this financing endeavor. Meanwhile, we meet working capital needs, in principle, through short-term loans and the issuance of commercial paper. In addition, the Company and its major consolidated subsidiaries have introduced a cash management system that channels the excess funds of Group companies to the Company so that we can centrally manage these funds. This system enables us to both improve capital efficiency and minimize financing costs.

Cash Flows



* Free cash flow = (Cash flows from operating activities + Proceeds from sales of property, plant and equipment) – Purchase of property, plant and equipment

Interest-Bearing Debt / Net Debt/EBITDA



Capital Investment

Capital investment during 2019 increased ¥7.9 billion, to ¥86.1 billion. In the Alcohol Beverages Business, we focused on strategic investment to improve profitability as well as investments for bolstering whisky production capacities. In the Soft Drinks Business, we carried out investments for augmenting our production capacities in order to increase the ratio of in-house production as well as investments for improving profitability through the capitalization of

vending machines. In the Food Business, we executed strategic investments to boost production capacities for expanding sales. In the Overseas Business, our focus was on a strategy of continuous profitability improvement, based on which we conducted capital investments for heightening efficiency as well as investments for increasing the production capacities of beer manufacturing facilities in Europe.

R&D Expenses

Groupwide R&D expenses in 2019 increased ¥0.4 billion, to ¥12.8 billion. Expenses were related to the development of products boasting unique value in the Alcohol Beverages Business, Soft Drinks Business, and Food Business as well as the development of technologies to link core Group research areas, such as yeast, lactic acid bacteria, and fermentation technologies, to the future creation of innovative products that are the first of their kind in all Group areas of operations. In addition, Asahi Quality and Innovations, Ltd. (AQI), a new company tasked with drafting research

strategies, carrying out R&D activities, and working to create new businesses, was established and commenced operations in April 2019. Focus areas have been defined for AQI, which prioritizes the allocation of resources to research themes and new business development based on Group strategies. AQI is thus building upon the Group's accumulated yeast and lactic acid bacteria research insight to create new businesses and value. Furthermore, we are utilizing cutting-edge technologies and open innovation to advance initiatives not confined to our traditional R&D fields.

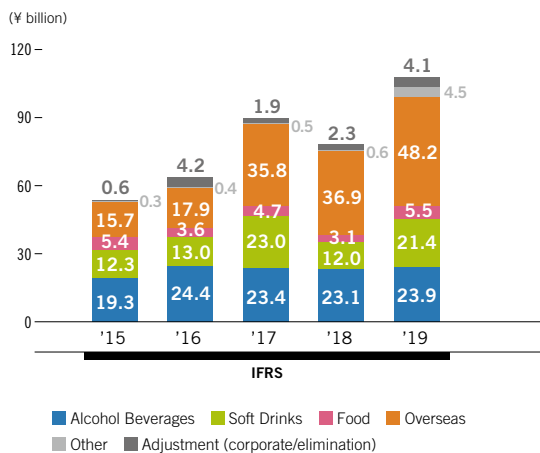
Profit Distribution Policy and Dividends

Regarding the use of free cash flow, we will give priority to investments for growth such as M&As and other initiatives while working to enhance our capital investment capacity by reducing debt based on the Medium-Term Management Policy. Moreover, regarding shareholder returns, we aim to steadily increase dividends with the goal of reaching a payout ratio of 35% by 2021.

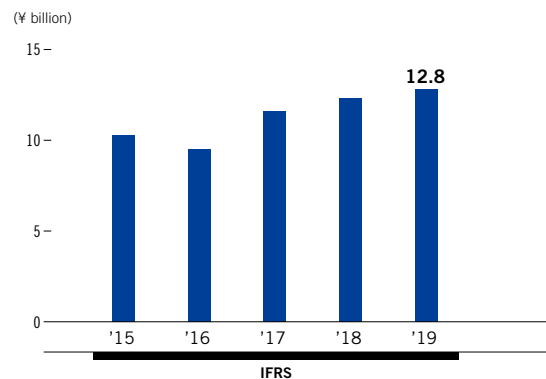
For 2019, we paid a full-year ordinary dividend of ¥100 per share, up ¥1 from the previous year, based on our consolidated financial position and full-year results. For 2020, we plan to pay a full-year ordinary dividend of ¥106 per share, comprising an interim dividend of ¥53 per share and a year-end dividend of ¥53 per share, up ¥6 from 2019.

Note: The dividend payout ratio is calculated based on the figure for profit attributable to owners of parent, which excludes one-off special factors such as the impacts of business portfolio restructuring and foreign exchange movements.

Capital Investment by Business

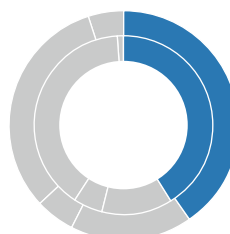


R&D Expenses



Alcohol Beverages Business

As the Group's largest cash cow business, the Alcohol Beverages Business offers a comprehensive lineup of alcohol beverages, starting with beer-type beverages. In this business, we aim to establish a position as the leader in the domestic alcohol industry through the cultivation of strong brands in each product category and the strengthening of proposals for new value through innovation.



Revenue Breakdown by Business Segment (outside)*1

42.5%

Core Operating Profit Breakdown by Business Segment (inside)*2

45.1%

Soft Drinks Business

Centered on Asahi Soft Drinks Co., Ltd., the Soft Drinks Business offers such products as *MITSUYA CIDER*, *WILKINSON*, *CALPIS*, *WONDA*, *Asahi "Juroku-Cha,"* and *Asahi OISHII MIZU*. Through this business, we aim to become an industry-leading company through efforts to enhance the intrinsic value of our products focused on core brands including 100-year-old brands that originated in Japan, and establish a foundation for future growth.



Revenue Breakdown by Business Segment (outside)*1

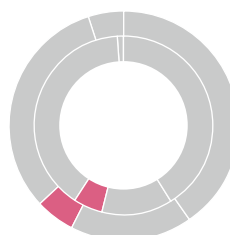
18.0%

Core Operating Profit Breakdown by Business Segment (inside)*2

14.2%

Food Business

Centered on Asahi Group Foods, Ltd., the Food Business manufactures and sells confectioneries, health foods, supplements, powdered milk products for infants and baby food, food and other products for nursing care, freeze-dried foods, and raw materials for food products. In this business, we are working to establish a foundation for the next stage of growth by leveraging our core brands. Through this effort, we will strengthen proposals for new value in the form of "deliciousness with added value" in line with diversifying consumer needs and values.



Revenue Breakdown by Business Segment (outside)*1

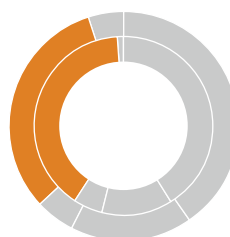
5.6%

Core Operating Profit Breakdown by Business Segment (inside)*2

5.6%

Overseas Business

The Overseas Business is making efforts to establish a growth foundation in Europe, Oceania, Southeast Asia, China, and other regions. In this business, we are working to enhance our product portfolio centered on the core brands in each region. In addition, we are expanding cross-selling initiatives that leverage the brands and know-how we have cultivated to date. In these ways, the Overseas Business will drive the sustainable growth of the Group.



Revenue Breakdown by Business Segment (outside)*1

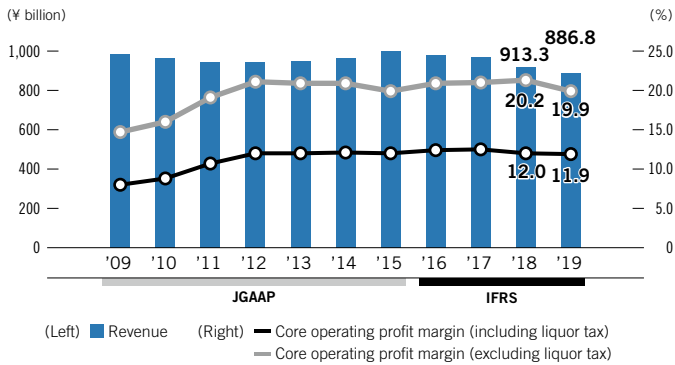
33.5%

Core Operating Profit Breakdown by Business Segment (inside)*2

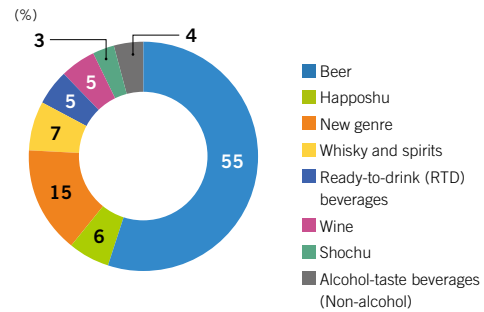
43.7%

*1 The ratio of revenue in each business to total revenue is calculated by subtracting the revenue in each business from total consolidated revenue, including adjustments (corporate/elimination).
 *2 The ratio of core operating profit in each business to total core operating profit is calculated by subtracting the core operating profit in each business from total consolidated core operating profit (excluding amortization of intangible assets occurring following acquisitions), including adjustments (corporate/elimination).
 *3 We changed the disclosure method to allocate the results of IFRS adjustment into each individual operating company's revenue and core operating profit. In response to this change, the figures in 2018, the year used for comparisons, for each operating company include the impacts of the IFRS adjustment.
 *4 We reorganized our business segments, etc., on January 1, 2019. As a result, we reflect the impact of the following two changes in the figures for 2018, the year used for comparisons.
 1. Change of the export structure, including the transfer of export beer sales at Asahi Breweries, Ltd., which were previously included in the Alcohol Beverages Business, to Other/elimination in the Overseas Business
 2. Transfer of Taiwan Calpis Co., Ltd., which was previously included in Other/elimination in the Overseas Business, to Asahi Soft Drinks Co., Ltd. in the Soft Drinks Business

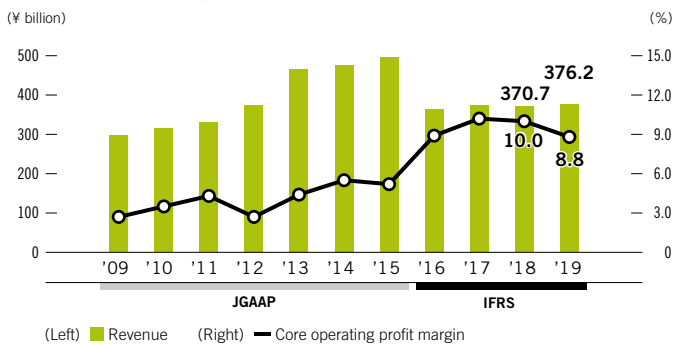
Revenue and Core Operating Profit Margin*3*4



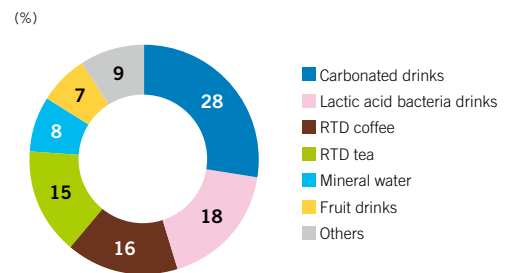
Revenue by Category in 2019



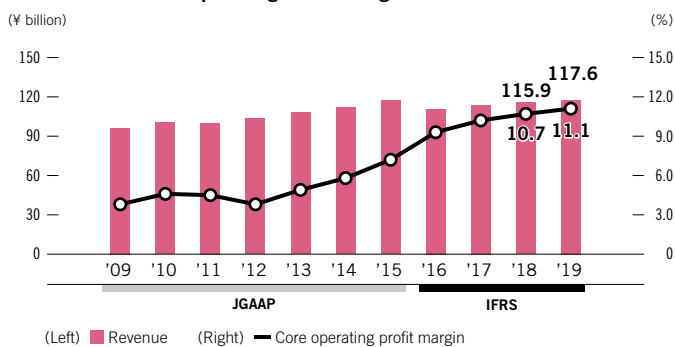
Revenue and Core Operating Profit Margin*3



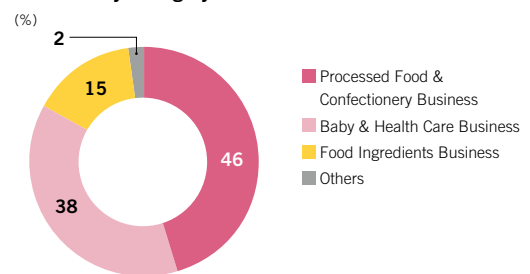
Sales Volumes by Category in 2019



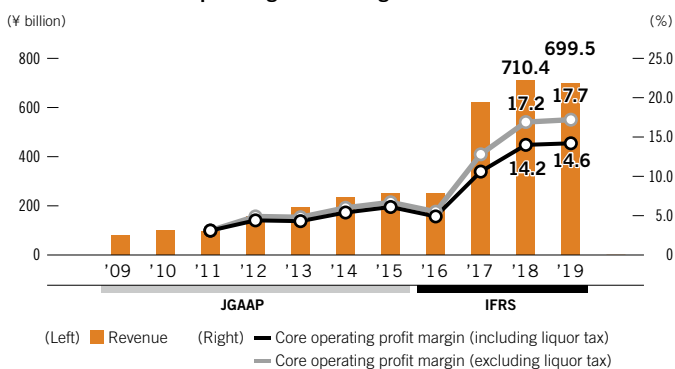
Revenue and Core Operating Profit Margin*3



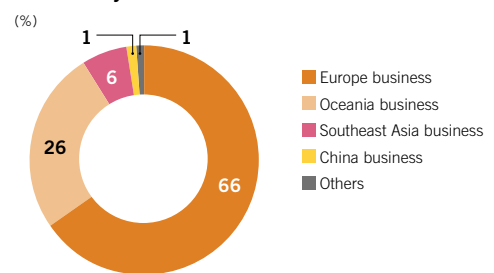
Revenue by Category in 2019



Revenue and Core Operating Profit Margin*3*4



Revenue by Business in 2019



Reference: Revenue by business based on business portfolio restructuring from fiscal 2020 (fiscal 2019 results)

Europe business	56%	Southeast Asia business	6%
Oceania business	26%	Asahi International, Ltd.	15%



Alcohol Beverages Business

Enhancing our structure for innovation and cost reduction and establishing our position as the leader in the domestic alcohol industry

Key Initiatives of the Medium-Term Management Policy

- Implement integrated marketing strategy for new market creation centered on future environmental changes and renovate core brand value
- Promote zero-based budgeting and minimize costs and create resources for investment toward growth by building optimal production and logistics systems
- Refine product development process, expand new drinking opportunities, and enhance business model utilizing digital transformation

Strengths

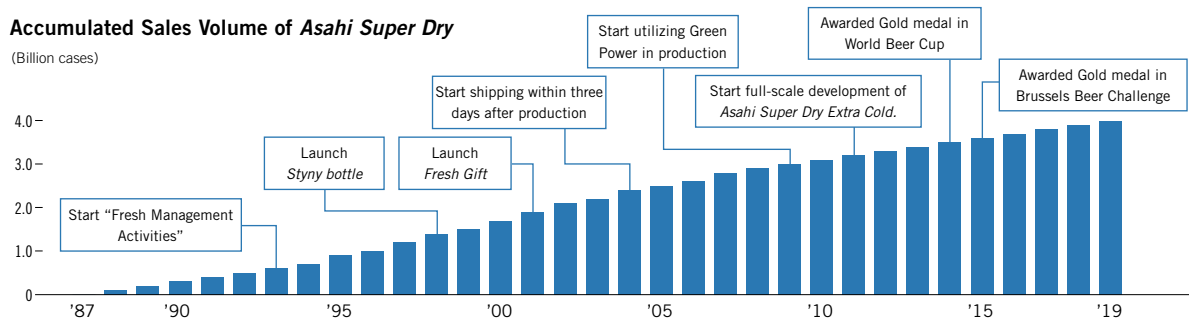
- Top share in beer-type beverage market centered on *Asahi Super Dry*
- Strong brand portfolio in all product categories
- High-quality manufacturing technologies and efficient supply chain management
- Co-creation capabilities based on strong relationships with business partners

Opportunities and Risks

- Maturity of beer-type beverage market and growing diversity of people's needs and values
- Changes in demand structures and product portfolios following reduction in tax rate disparity between beer-type beverages
- Ability to stimulate demand by taking advantage of position as Gold Partner of the Olympic and Paralympic Games Tokyo 2020
- Ongoing increases in distribution, personnel, raw material, and other costs
- Diversification of consumption and competition trends arising from advancement of digital technologies

Accumulated Sales Volume of *Asahi Super Dry*

(Billion cases)



Notes: 1. Case numbers have been converted to large bottles (633 ml × 20)
 2. Excludes results for *Asahi Dry Premium* and *Asahi Super Dry Dry Black*

2019 Results

In beer-type beverages, we set out to enhance our market presence by establishing our brand theme of “THE JAPAN BRAND” for *Asahi Super Dry* and boosting its advertising appeal, while also launching *Asahi Gokujo Kire Aji*, which offers a clear, crisp finish and the satisfying taste of 100% barley.*

In alcohol beverages other than beer-type beverages, we launched the highly carbonated *Wilkinson Highball* within our ready-to-drink (RTD) beverages category and stepped up efforts to propose new settings for enjoying *Black Nikka* in the whisky and spirits category. Further, we sought to reinforce and cultivate our core brands in each category, such as by engaging in activities to create new demand for *Asahi Dry Zero* beer-taste (non-alcohol) beverages.

As a result, despite the favorable performance of the alcohol beverages other than beer-type beverages category over the previous year, revenue declined 2.9% year on year, to ¥886.8 billion, due primarily to the lower beer-type beverage sales volumes stemming from the contraction of the entire beer-type beverage market. Although we made efforts to reform our earnings structure, core operating profit also saw a decline, falling 3.6%, to ¥105.5 billion, owing to lower revenue and other factors.

* Created from the use of malt, barley, and spirits (barley); does not include the use of hops



Asahi Gokujo Kire Aji Wilkinson Highball



Black Nikka Clear Blend Asahi Dry Zero

2020 Targets

In 2020, under our newly established long-term management policy—transform toward value-focused management that seeks to create new markets and value for customers—we aim to create special value and experiences for our customers, centered on beer-type beverages.

In beer-type beverages, we introduced our new *Asahi Super Dry* brand message of “Beer tastes great. I always look forward to this moment!,” and in line with this message, we will rediscover the value and create meaningful experiences for enjoying beer in our bid to invigorate the beer market. In addition, we will strengthen the *Clear Asahi* brand and launch the new *Asahi THE RICH* brand as part of our efforts to enhance our presence in the new genre beer-type beverage market.

In alcohol beverages other than beer-type beverages, we will reinforce our core brands such as *Zeitaku Shibori* RTD and *Asahi Dry Zero* non-alcohol beer taste beverages. At the same time, we will propose different scenarios for enjoying our alcoholic beverages through such efforts as the rollout of new, highly differentiated products.



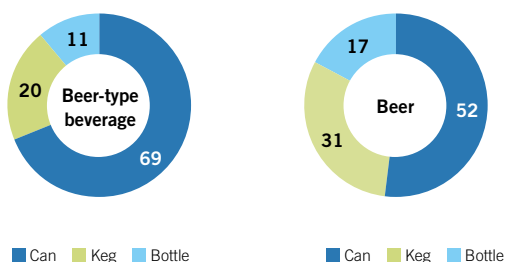
Asahi Super Dry Clear Asahi



Asahi THE RICH Zeitaku Shibori

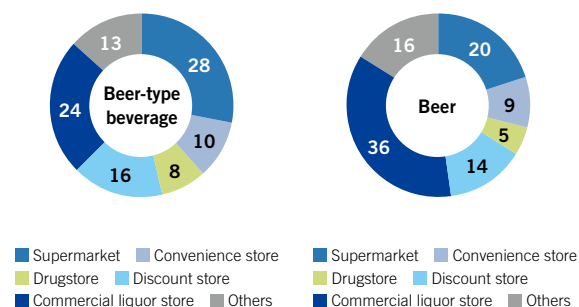
Sales Composition by Container Type (2019)

(%)



Sales Composition by Marketing Channel (2019)

(%)



Soft Drinks Business



Aiming to be the leader in the soft drinks industry with industry-wide, top-class profitability

Key Initiatives of the Medium-Term Management Policy

- Enhance the six core brand values and improve profitability by building optimal production and logistics systems and reforming vending machines business
- Establish new foundations for growth by creating new categories and allocating business resources to health-conscious categories
- Strengthen corporate brand value by resolving social issues in the areas of health and the environment and expand alliances with partners

Strengths

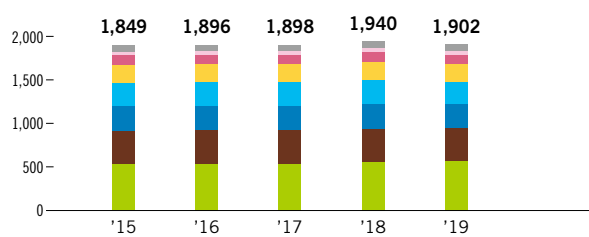
- Multiple long-selling brands centered on growing categories
- Industry-leading profitability achieved through optimal production and logistics systems
- Synergy-creation capabilities leveraging business integrations and alliances
- Corporate culture of addressing health, environmental, and other social issues

Opportunities and Risks

- Diversification of consumption patterns stemming from maturity of soft drinks market and increasing health awareness
- Changes to consumption and competition trends driven by e-commerce and other examples of sales channel diversification
- Trend toward lower prices stemming from expansion of retailers' private label products
- Ongoing increases in distribution, personnel, raw material, and other costs
- Increasing attention to plastic waste and other environment-related social issues

Japan's Soft Drinks Market by Category

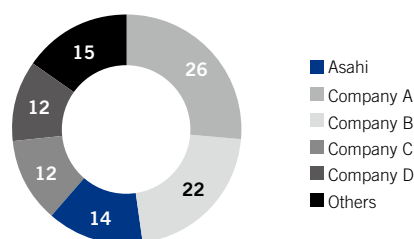
(Million cases)



■ RTD tea ■ RTD coffee ■ Carbonated drinks ■ Mineral water
■ Vegetable and fruit drinks ■ Sports drinks and energy drinks
■ Lactic acid bacteria drinks ■ Other soft drinks

Market Share by Company in 2019

(%)



Source: Inryo Soken

2019 Results

With our core brands, we sought to enhance our lineup of *MITSUYA* and *WILKINSON* products and aggressively promoted their advertisements. We also focused on boosting the value of the *CALPIS* brand, which marked the 100th anniversary of its release, through such means as introducing limited-edition products and conveying the appeal of fermented foods. In the health function domain, we stepped up our efforts in high-added-value products with the launch of the *HATARAKU ATAMANI* series of foods with function claims containing lactononadecapeptide, which was derived from cognitive function research conducted on *CALPIS SANNYU*.

As a result, despite the impact of poor weather during peak season, revenue climbed 1.5% year on year, to ¥376.2 billion, on the back of *WILKINSON*'s continuous growth in the sugar-free carbonated beverage market and the steady improvement of high-added-value products in the health function domain. Core operating profit dropped 10.8%, to ¥33.2 billion, in the wake of aggressive spending on advertisements and sales promotion and higher manufacturing costs associated with reduced utilization rates at our factories stemming from the impact of poor weather.

2020 Targets

In 2020, we will direct our attention to revitalizing the soft drinks market by way of reinforcing the carbonated beverages category and introducing products that create new value. We will also strengthen initiatives to improve our social value. Through these kinds of efforts, we will strive to establish a robust business foundation with a view to further growth.

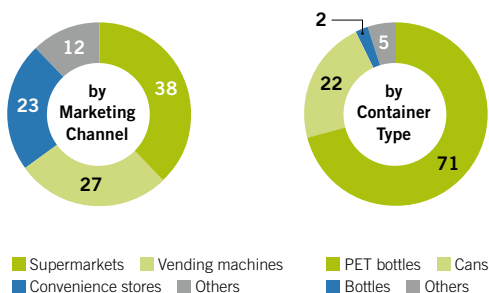
In the carbonated beverages category, we will forge ahead with marketing activities that promote the value offered by the *MITSUYA* and *WILKINSON* brands, with the aim of raising our brand loyalty and increasing the number of new customers.

For products creating new value, we will look to generate new opportunities for the consumption of products that offer health value through the launches of *GREEN CALPIS*, the first plant-derived soft drink under the *CALPIS* brand made from fermented soy milk, and *PLANT TIME*, a latte drink consisting of plant milk.

As for our efforts to enhance social value, we will expand our lineup of products using label-less plastic bottles.

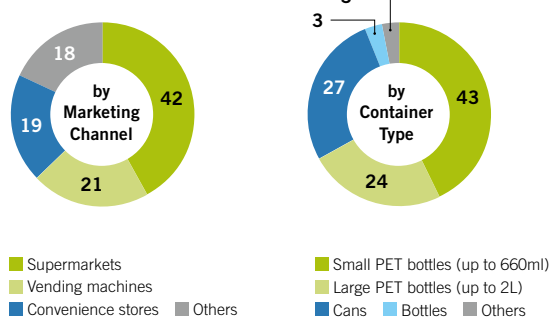


Sales Volumes in the Domestic Soft Drinks Market (2019) (%)



Source: Inryo Soken

Sales Volumes of Asahi Group Holdings (2019) (%)



Source: Inryo Soken

Food Business



Further enhancing our unique strengths and expanding our foundations for growth through new market creation

Key Initiatives of the Medium-Term Management Policy

- Further improve the value of core brands and categories that utilize core technologies and materials
- Nurture growth drivers in new categories and markets and develop overseas business
- Streamline overall value chain, improve productivity, and reinforce quality assurance system

Strengths

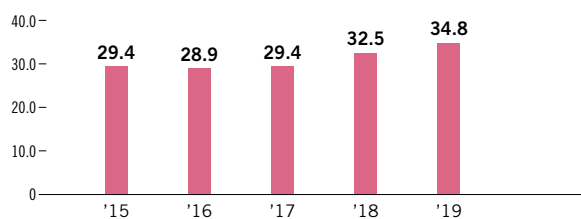
- Diverse portfolio of products tailored to various lifestyles and life stages
- High profitability achieved by cultivating numerous leading brands and categories
- Wide-ranging product development capabilities leveraging Group-wide core technologies and materials
- Strong partnerships with diverse sales channels and consumers

Opportunities and Risks

- Diversification of market needs in conjunction with demographic changes and work-style reforms
- Consumption by inbound travelers to Japan, consumption through spreading e-commerce venues, and changes in competitive environment
- Potential for overseas distribution of powdered infant formula and freeze-dried foods
- Ongoing increases in distribution, personnel, raw material, and other costs
- Growing social issues related to individuals caring for both children and elderly family members

Breath Mint Tablet Market Scale

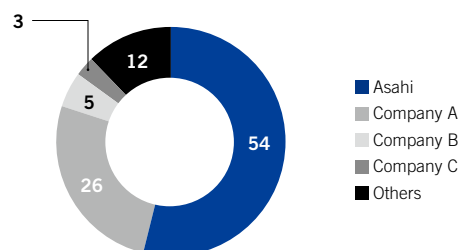
(¥ billion)



Source: INTAGE Food SRI, Candy (Candy Tablet Market), Nationwide (excluding Okinawa), All Industries, January 1, 2015–December 31, 2019; INTAGE Inc.

Share of Breath Mint Tablet Sales (2019)

(%)



Source: INTAGE Food SRI, Candy (Candy Tablet Market), Nationwide (excluding Okinawa), All Industries, January 1, 2019–December 31, 2019; INTAGE Inc.

2019 Results

With *MINTIA* breath mint tablets, we sought to expand the customer base by updating their lineup of core products and releasing *MINTIA Breeze Clear Plus*, which offers a refreshingly cool and clear flavor from start to finish. With regard to *Dear-Natura* dietary supplements, we actively promoted sales, centered on their core products, and concentrated on expanding the product lineup. We also proposed new value for baby food with the release of the *WAKODO GLOBAL* series, which entails sampling 30 types of ingredients during the baby food stage with the intention of expanding babies' sense of taste. As for freeze-dried food, we further expanded our market presence by launching *Juhinmoku no Ippai*, a new series of freeze-dried miso soup containing a range of ingredients, and opening two new Amano Freeze-Dry Station stores.

As a result, revenue rose 1.4% year on year, to ¥117.6 billion. Core operating profit also increased, rising 5.3%, to ¥13.0 billion, reflecting higher revenue and such measures as the streamlining of fixed costs.

2020 Targets

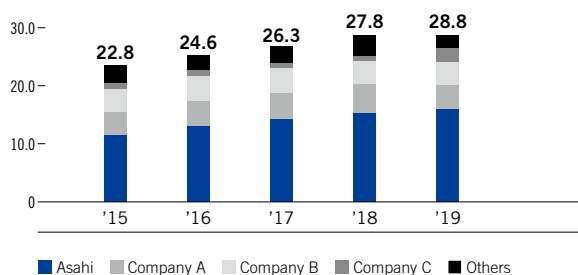
In 2020, we will gear our efforts toward creating a foundation for sustainable growth through the proposal of new value in the form of core brands that anticipate diversifying lifestyles.

For *MINTIA*, we will propose new value and ways of enjoying the breath mints in order to meet the need for instant refreshment, which has been rising through the diversification of work styles. Moreover, with regard to *Dear-Natura* dietary supplements, baby food, and freeze-dried food, we will amplify their brand strengths by expanding product lineups and promoting sales promotion activities, particularly for their core brands and categories. Our goal is to realize greater customer satisfaction by exercising our strengths for offering product lineups that closely reflect the needs of all generations and stages of life, from babies to the elderly, as well as all situations in our day-to-day activities and lifestyles.



Baby Food Market Scale

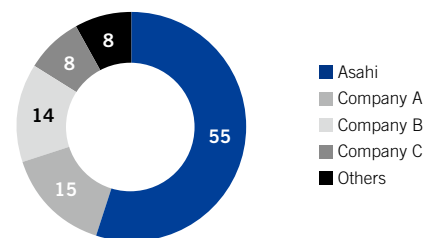
(¥ billion)



Source: INTAGE Food SRI, Baby Food, Nationwide (excluding Okinawa), All Industries, January 1, 2015–December 31, 2019; INTAGE Inc.

Share of Revenue in Baby Food Market in 2019

(%)



Source: INTAGE Food SRI, Baby Food, Nationwide (excluding Okinawa), All Industries, January 1, 2019–December 31, 2019; INTAGE Inc.

Overseas Business



Driving sustainable Group growth centered on promoting premiumization and expanding cross-selling initiatives of core premium brands

Key Initiatives of the Medium-Term Management Policy

- Reinforce premium portfolio in each country and expand cross-selling initiatives of core premium brands centered on Europe
- Create opportunities for growth through innovation in the areas of non-alcohol beer taste beverages and functional drinks in light of consumption diversification
- Promote continuous zero-based budgeting, reinvest for further growth, and strengthen foundations for growth through bolt-on M&As

Strengths

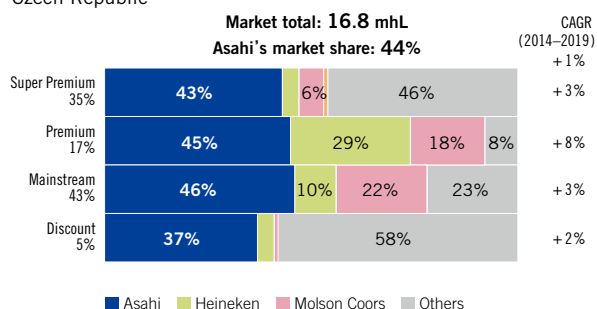
- Historic European premium brands and strong product portfolio
- Expertise in cultivating premium brands and securing human resources
- Prominent network in Oceania and Asia
- Synergy-creation capabilities leveraging inter-regional network

Opportunities and Risks

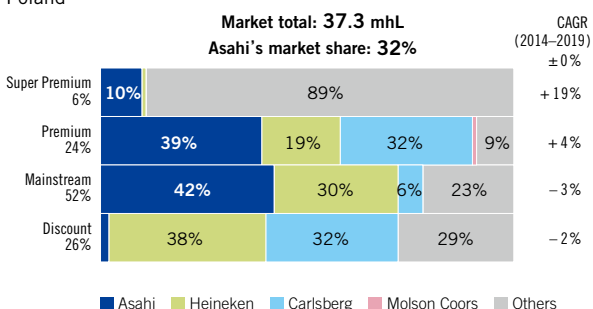
- Ongoing growth of global premium and super premium brand markets
- Growth of non-alcohol beer taste beverages, functional beverages, and other high-added-value product categories
- Fierce competition with major global companies
- Ongoing increases in distribution, personnel, raw material, and other costs
- More stringent regulations regarding alcohol and sugar

Market Share by Price Segment and Composition by Channel (2019)

Czech Republic*1*2



Poland*1*2



*1 The price of the leading brand in the most popular pack type = 100
Super Premium > 151 150 > Premium > 115 114 > Mainstream > 91 90 > Discount
*2 Source: Based on Company estimates (on a volume basis)
*3 Source: GlobalData (on a volume basis)

2019 Results

In the Europe Business, we pressed forward with premiumization and cultivated new growth drivers in the home markets of Western and Central Europe, where we fine-tuned our marketing activities centered on *Peroni Nastro Azzurro*, *Pilsner Urquell*, and other leading brands in each country and heightened our rollout of non-alcohol beverages.

In the Oceania Business, we strengthened proposals for creating added value by aggressively promoting sugar-free carbonated beverages and premium beer brands such as *Asahi Super Dry*.

Meanwhile, we ramped up our rollout of health-oriented soft drink products in the Southeast Asia Business while engaging in efforts to expand our premium beer brands in the China Business.

As a result, despite the favorable performances of the Europe and Oceania businesses, revenue fell 1.5% year on year, to ¥699.5 billion, due to the impact of yen appreciation on their respective regions as well as the effects of the deconsolidation of a subsidiary in the China Business in the previous year and the consumer boycott that took place in South Korea. On the other hand, despite the negative impacts stemming from the yen appreciation and lower revenue in the South Korea Business, core operating profit was up 1.8%, to ¥102.4 billion, owing to the recording of higher profits in the Europe and Oceania businesses.

2020 Targets

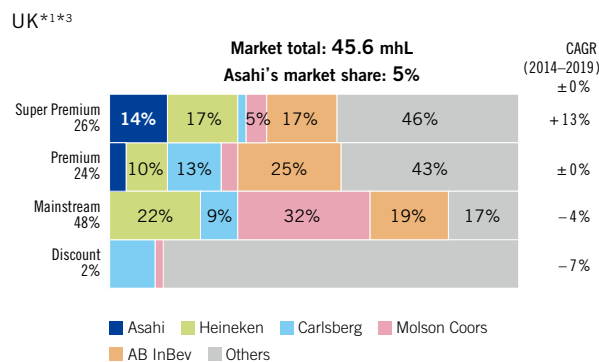
In 2020, we will focus our efforts on accelerating the establishment of growth engines by further expanding our premium beer brand in the global market and pursuing the premiumization of our brand portfolio in the respective local markets, among other measures.

In the Europe Business, we will carry out the investments to further promote premiumization and the branding of our products while being proactive in the rollout of non-alcohol beverages, in our bid to establish a solid earnings foundation.

In the Oceania Business, our efforts will focus on bolstering our lineup of RTD products and placing emphasis on high added value through the aggressive expansion of premium beer brands and functional beverages.

As for the Southeast Asia Business, we will strengthen our presence in the respective markets of the Philippines and Indonesia while fortifying our lineup of health-oriented soft drink products in Malaysia.

Meanwhile, at Asahi International, Ltd., our efforts will be geared toward expanding the rollout of our premium beer brand in all regions based on our portfolio strategy.

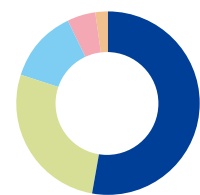


Europe Business / Revenue Composition by Country (2019)



- Czech Republic & Slovakia
- Italy
- Hungary
- Poland
- Romania
- Netherlands

Asahi International, Ltd. / Revenue Composition by Country (2019)



- UK
- Asia
- Canada
- USA
- EMEA & LATAM

External Recognition

Inclusion in ESG Indices

Interest in investment focusing on environmental, social, and governance (ESG) factors has been rising in recent years. This investment approach, seen primarily in the asset management activities of domestic and overseas institutional investors, entails using both financial data and non-financial initiatives in evaluation standards for investment decisions. ESG evaluations are conducted by numerous domestic and overseas institutions. Asahi Group companies are included in a number of ESG indices.



Evaluation of Environmental Preservation Activities

A survey by international NPO CDP placed Asahi Group Holdings, Ltd. on the A List, its highest rating, in the categories of climate change and water security for the second consecutive year.



Evaluations of Diversity and Employee Health Management Initiatives

The Asahi Group has long been aspiring to develop workplace environments that allow all employees to remain healthy and feel empowered in their work. These initiatives have been highly evaluated, resulting in the Group receiving several honors from external bodies.



The Asahi Group's Website Please refer to the information on the Company's website for more details on the Asahi Group.



▶ Company Information

<https://www.asahigroup-holdings.com/en/whoware/>

- CEO message
- Group philosophy and management policy
- Corporate governance
- Information on Group companies
- History and profile

▶ For Shareholders and Investors

<https://www.asahigroup-holdings.com/en/ir/>

- Financial information and results
- IR library
- IR events
- Share and bond information

Corporate Profile / Stock Information (As of December 31, 2019)

Corporate Profile

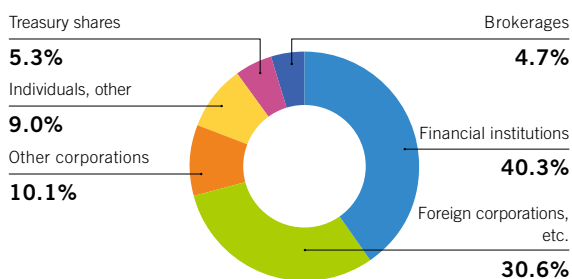
Date of establishment	September 1, 1949
Issued capital	¥182,531 million
Number of employees	155 (consolidated: 29,327)
Number of Group companies	Consolidated subsidiaries: 145 Equity-method affiliates: 22
Total number of issued shares	483,585,862
Trading unit	100 shares
Number of shareholders	106,544
Stock exchange listing	Tokyo Stock Exchange
Securities code	2502
Fiscal year-end date	December 31
Annual general meeting of shareholders	March
Administrator of shareholder registry	Sumitomo Mitsui Trust Bank, Limited
Independent accounting auditor	KPMG AZSA LLC

Major Shareholders

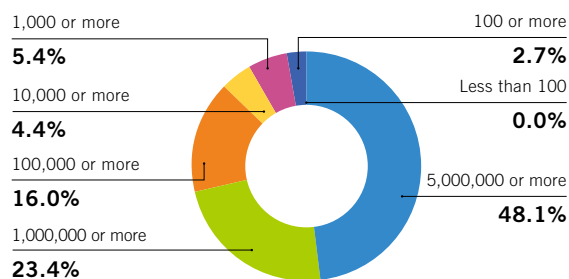
Name of shareholder	Number of shares held (in hundreds)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	458,917	10.0
Japan Trustee Services Bank, Ltd. (Trust Account)	244,386	5.3
The Dai-ichi Life Insurance Company, Limited	160,000	3.5
Fukoku Mutual Life Insurance Company	100,000	2.2
Asahi Kasei Corporation	97,853	2.1
SSBTC CLIENT OMNIBUS ACCOUNT	85,421	1.9
Japan Trustee Services Bank, Ltd. (Trust Account 5)	85,269	1.9
Sumitomo Mitsui Banking Corporation	80,280	1.8
Sumitomo Mitsui Trust Bank, Limited	71,260	1.6
STATE STREET BANK WEST CLIENT - TREATY 505234	65,102	1.4
Total	1,448,488	31.6

Notes: 1. The Company holds treasury shares numbering 254,736 hundred shares. However, the Company is excluded from the above list of major shareholders. The treasury shares exclude the Company's shares (357 hundred shares) held by Japan Trustee Services Bank, Ltd. as trust property of the performance-linked stock compensation system for Directors.
2. Shareholding percentages are calculated based on the total number of issued shares less the number of treasury shares.

Breakdown of Shareholdings by Investor Type



Breakdown of Shareholdings by Number of Shares Held



▶ Sustainability

<https://www.asahigroup-holdings.com/en/csr/>

- President's message
- CSR management
- State of specific initiatives in key categories
- External evaluations
- GRI guideline comparison tables

▶ R&D

<https://www.asahigroup-holdings.com/en/research/>

- Message regarding the Group's R&D activities
- R&D areas
- R&D structure
- R&D technologies
- Awards

Asahi

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