

Corporate Governance Report

Last Update: March 25, 2021

Asahi Group Holdings, Ltd.

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

The corporate governance of Asahi Group Holdings, Ltd. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Company began to implement its new Group philosophy, the “Asahi Group Philosophy (AGP)” In 2019. The “AGP” consists of four elements: Mission, Vision, Values and Principles. It articulates the Group’s mission and vision for the future, reaffirms values cherished and handed down over the years, and serves as its action guidelines for our stakeholders and the Group’s commitments to them.

“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 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

The “Medium-Term Management Policy,” established based on the “AGP,” sets the following three key priorities. Under this policy, the Group enhances “Glocal Value Creation Management.”

- “Strengthening earning power” driven by high added value enhancement and earning structure reform
- “Sophisticating management resources” aimed at expansion of the new foundation for growth
- “Reinforcing ESG initiatives” supporting sustainable corporate value creation process

The Company believes that “growth-oriented governance,” in which the Company makes transparent, fair, swift and bold decisions, is indispensable for realizing sustained corporate value enhancement based on these matters.

In the future, the Company Group will address the following policies with the aim of achieving the sustainable growth and the increase of corporate value over the medium- to long-term, and promote “growth-oriented governance.”

(1) Ensuring Rights of and Equality among Shareholders

The Company shall make suitable responses to substantially ensure the rights of shareholders in accordance with applicable laws and regulations. The Company shall also take full care of the interests of foreign and/or minority shareholders and improve the environment in which shareholders can exert their rights appropriately.

(2) Appropriate Collaboration with Various Stakeholders

The Company shall consider corporate value not only as a financial value but also as the sum of social values closely related therewith.

To continue to be a corporate group trusted around the world, the Company, while contributing to resolving social issues through our business activities, shall carry out constructive dialogue and practice appropriate collaboration based on its action guidelines and promises for stakeholders, defined in its “AGP,” including customers, employees, society, business partners and shareholders.

The Board of Directors and management, including the Representative Director and CEO (“CEO”), of the Company shall carry out appropriate communication and play a leadership role toward the realization of a new corporate culture of respecting all the stakeholders and collaboration therewith while giving the utmost priority to compliance.

(3) Ensuring Proper Information Disclosure and Transparency Thereof

To promote constructive dialogue and appropriate communication with all stakeholders, the Company shall appropriately disclose information by endeavoring to provide easy-to-understand, useful information not limited to financial information but also including non-financial information such as management strategies, management issues, allocation of resources, risks, corporate governance, sustainability, and R&D.

(4) Responsibilities of the Board of Directors, Audit & Supervisory Board Members, and Audit & Supervisory Board

The Board of Directors shall appropriately fulfill the roles and responsibilities including those mentioned below to achieve the sustainable growth and the increase of corporate value over the medium- to long-term of the Company, as well as to promote the improvement of earning capacity and capital efficiency by taking into account their fiduciary responsibility and accountability to shareholders.

- Determine and execute important corporate strategies such as the “AGP” and “Medium-Term Management Policy.”
- Properly support risk-taking by the management, including the CEO, by streamlining the internal control system and risk management systems such as the enterprise risk management (ERM), and setting the risk appetite.

The Audit & Supervisory Board Members and the Audit & Supervisory Board shall, taking into account their fiduciary responsibility and accountability to shareholders, appropriately fulfill their roles and responsibilities by supervising the execution of duties by the Board of Directors and management, including the CEO, from an objective viewpoint that is independent from the Board of Directors and management, including the CEO, utilizing the advantages of the audit & supervisory board members system with its independence and in which the power of final decision making is given to each person and which has Standing Audit & Supervisory Board Members, and the fact that the majority of the board members are independent Outside Audit & Supervisory Board Members.

In addition, the Nomination Committee and the Compensation Committee, a majority of whose membership consists of independent Outside Directors and independent Outside Audit & Supervisory Board Members, have been established on a discretionary basis to act as advisory bodies to the Board of Directors. Under these bodies, independent Outside Directors/Audit & Supervisory Board Members appropriately monitor the management, including the CEO, with high effectiveness.

(5) Dialogues with Shareholders and Investors

The Company shall promote constructive and purposeful dialogues with shareholders and investors through investor relations and shareholder relations activities to be conducted by CEO, etc. for the purpose of contributing to the sustainable growth and the increase of corporate value over the medium- to long-term.

In order to promote effective corporate governance on the basis of such basic views, the Company endeavors to establish more substantial corporate governance by evaluating the effectiveness of the Board of Directors and the Audit & Supervisory Board, verifying the effectiveness of such evaluation, while also pinpointing issues and making improvements.

In 2020, third-party evaluation was conducted with respect to both the Board of Directors and the Audit & Supervisory Board, and self-evaluations with input from third parties concluded that both entities were “functioning effectively.”

(Summary of the results thereof has been disclosed on the Company's website: <https://www.asahigroup-holdings.com/company/governance/policy.html>)

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company has implemented all of the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

(Principle 1-4 Cross-Shareholdings)

The Company does not maintain certain holdings of shares when such holdings are deemed as neither contributing to its sustainable growth nor increasing its corporate value over the medium- to long-term, in terms of asset and capital efficiency improvement for enhancing "Glocal Value Creation Management" based on the AGP.

The 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 to not contribute 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 sufficiently engage in requisite dialogue with the counterpart entity, as a shareholder. Shareholdings that are deemed to not be improvable, even after engaging in dialogue, will be sold in a timely and appropriate manner. It is the view of the Company that the implementation of such measures ensures that the reduction of cross shareholdings is proceeding in an appropriate manner.

The Company appropriately exercises voting rights of the stocks held thereby by comprehensively judging whether the relevant proposals contribute to the sustainable growth and the increase of corporate value over the medium- to long-term of the Company, and whether they contribute to the common interests of the investee's shareholders. It is the Company's view that the implementation of such measures ensures appropriate responses regarding the exercise of voting rights of cross-shareholdings.

(Principle 1-7 Related Party Transaction)

With regard to all of its transactions including those with related parties which are executed by the Company, the Company examines their appropriateness from professional viewpoints such as finance, accounting, taxation and legal affairs depending on the transaction scale and significance and executes them given the necessary approvals, in accordance with internal regulations. The content of the respective transactions is regularly audited by the organizations in charge of internal audit and may be examined by the Audit & Supervisory Board Members at any time.

If conflicting interest transactions by Directors are conducted, approval of the Board of Directors is received in accordance with applicable laws and regulations, and the results thereof are reported to the Board of Directors.

(Principle 2-6 Roles of Corporate Pension Funds as Asset Owners)

With regard to the management of the corporate pension funds, the Company will take measures to perform its role as an asset owner. In particular, the Company Group strives to reliably ensure the payment of pension funds to beneficiaries, now and in the future, formulating strategic asset composition ratio from medium- to long-term perspectives while listening to the opinions of asset management institutions. In addition, the Company Group regularly monitors the asset management status of pension fund assets, and when required, it revises the strategic asset composition ratio that has been formulated. The Company Group will conduct comprehensive evaluation that will encompass qualitative evaluation such as investment policy, asset management processes and compliance, in addition to asset management performance.

With regard to the asset management, the organization in charge of the Company's finance checks the status and has a system in place to provide advice and proposals to each Group Company.

(Principle 3-1 Full Disclosure)

- (1) The Company Group conducts business activities globally in the Alcoholic Beverages, Soft Drinks and Foods segments, under the command of the Company, which is a pure holding company. Having established the AGP in 2019, the Group aims to achieve sustainable growth and increase its corporate value over the medium- to long-term. The AGP consists of four elements: Mission, Vision, Values and Principles. It articulates the Group's mission and vision for the future, reaffirms values cherished and handed down over the years, and serves as its action guidelines for our stakeholders and the Group's

commitments to them. By generating and implementing strategies based on the AGP, domestic and overseas operating companies of the Group will work together to further improve its corporate value.

(2) The Medium-Term Management Policy, established based on the AGP, sets the following three key priorities. Under this policy, the Group enhances “Glocal Value Creation Management.”

1. Strengthening earnings power by further enhancing added value and earnings structure reform
 - Promoting the premiumization strategy by enhancing high- added-value brands in all businesses and expanding the five global brands*
 - Reforming the earnings structure in response to changes in the business environment
 - Targeting the efficiency of improving earnings structure (total for 2021–2023): over ¥50.0 billion for reallocating on business performance recovery and investments in the enhancement of management resources and reinforcing of ESG initiatives
2. Enhance management resources aimed at expanding new foundations for growth
 - Bolstering investment in intangible assets (R&D, human resources, etc.) with the aim of boosting innovation and new value creation
 - Constructing new operating model by accelerating DX (Digital Transformation)
3. Reinforce ESG initiatives supporting our sustainable value creation process
 - Integrating sustainability into management strategy through such initiatives as “Asahi Group Environmental Vision 2050” and “Sustainable Communities”
 - Enhancing risk management systems (enterprise risk management), strengthening global governance centered on the three pillars in Japan, Europe, and Australia

Going forward, the Company will deepen dialogue with its stakeholders and aim to achieve sustainable growth and enhance its corporate value over the medium- to long-term by positioning these three key priorities as a stakeholder engagement agenda.

(3) For the remuneration, etc. of the senior management and Directors of the Company, please refer to “II.1 [Director Remuneration], Disclosure of Policy on Determining Remuneration Amount and Calculation Methods” of this Report.

(4) In order to realize effective corporate governance, for Director and Audit & Supervisory Board Member candidates, and for management, including the CEO, the Board of Directors shall elect individuals who will contribute to the sustainable growth and the increase of corporate value over the medium-to long-term of the Company.

The nomination of Director and Audit & Supervisory Board Member candidates, and the election and dismissal of management, including the CEO, shall be deliberated by the Nomination Committee, and determined upon resolutions by the Board of Directors. The concepts of nomination of Director and Audit & Supervisory Board Member candidates, and the election and dismissal of management positions, including the CEO, are as follows.

- Individuals nominated for Director, Audit & Supervisory Board Member or management, including the CEO, shall possess a wealth of experience, excellent insights and expertise, while ensuring that diversity is maintained with regard to such factors as gender and international experience.
- With regard to candidates for Directors, the Company shall nominate persons who are suitably qualified to be Directors of the Company who possess a wealth of experience, extensive knowledge and high-level expertise required by the Company, according to the “Skill Matrix of the Board of Directors,” which clarifies the requirements of Directors derived from the group philosophy of the Asahi Group, “AGP,” the Asahi Group Code of Conduct, and management strategies in order to ensure balance and diversity in terms of the knowledge, experience and ability of the entire board necessary for the sustainable growth and the increase of corporate value of the Company over the medium- to long-term.
- After being deliberated beforehand by the Nomination Committee, having been judged to be appropriate, and having received the accord of the Audit & Supervisory Board in the case of Audit & Supervisory Board Members, the Committee shall nominate candidates for Director and Audit & Supervisory Board Members, as well as management, including the CEO, respectively.
- With regard to executive directors, such as representative directors (management, including the CEO), performance shall be deliberated periodically by the Nomination Committee every year. In the event that these deliberations produce a result that meets the criteria for dismissal as determined by the Board of Directors, after the result of these deliberations has been verified by the Board of Directors, the relevant individual shall not be nominated as a candidate for Director, and in addition, he or she shall be dismissed from the position as representative director or executive director (management, including the CEO).

(5) For the explanation of the election and dismissal method used in electing and dismissing senior management (Directors with title and higher) and appointing candidates for Directors and Audit & Supervisory Board Members, please refer to the convocation notice for the General Shareholder Meeting, as well as “II.1 [Directors], Outside Director’s Relationship with the Company (2)” and “II.1 [Audit & Supervisory Board Members], Outside Audit & Supervisory Board Members’ Relationship with the Company (2)” of this Report for Outside Directors/Outside Audit & Supervisory Board Members, and also, refer to the “Corporate Governance Guideline, 5. Supplementary Information, (2) Explanation about election of senior management, Directors and Audit & Supervisory Board Members, as well as concurrently held positions at other listed companies” published on the website of the Company for all Directors and Audit & Supervisory Board Members.

[\(https://www.asahigroup-holdings.com/en/whoweare/governance/\)](https://www.asahigroup-holdings.com/en/whoweare/governance/)

(Supplementary Principle 4-1-1)

The Board of Directors shall, in addition to specifying the matters to be resolved by the Board of Directors in the Regulations of the Board of Directors, and delegating determination of the matters that are not to be resolved by the Board of Directors to the Representative Director (CEO), delegate the execution of such matters to the Representative Director (CEO), and executive directors. The Board of Directors shall receive reports from the Representative Director (CEO), as the individual ultimately responsible for management and execution, and from the executive directors as the individuals responsible for execution in the various operations, and supervise them accordingly. For such matters to be resolved, please refer to the “Corporate Governance Guideline, 5. Supplementary information, (1) List of matters subject to resolution at the Board of Directors” published on the website of the Company.

[\(https://www.asahigroup-holdings.com/en/whoweare/governance/\)](https://www.asahigroup-holdings.com/en/whoweare/governance/)

(Principle 4-9 Independence Standards and Qualification for Independent Outside Directors)

For the meaning of the independence of Outside Directors/Audit & Supervisory Board Members of the Company, please refer to “II.1 [Independent Directors/Audit & Supervisory Board Members], Matters relating to Independent Directors/Audit & Supervisory Board Members” of this Report.)

(Supplementary Principle 4-11-1)

The Board of Directors includes Outside Directors who are corporate managers and/or experts with a wealth of experience, excellent insight and high-level expertise required by the Company, and have characters appropriate for the position of Director of the Company, to ensure balance in terms of knowledge, experience and ability of the entire board, and its diversity, as deemed necessary for achieving sustainable growth and increasing corporate value over the medium- to long-term of the Company. The Board of Directors also includes Internal Directors who have characters appropriate for the position of Director of the Company, having been comprehensively evaluated based on their experience, insight and professional background with reference to the requirements for officers, which are determined based on the AGP, action guidelines and management strategies of the Company. Moreover, the number of Directors shall be that necessary to ensure balance in terms of knowledge, experience and ability of the entire board, and its diversity, with Outside Directors accounting for at least one-third of its Directors.

In addition, the Board of Directors has established a Nomination Committee and a Compensation Committee to act as advisory bodies to the Board of Directors, in order to recommend candidates for positions such as Directors and Audit & Supervisory Board Members, and those who are appointed by the Board of Directors including Representative Directors, the CEO and Corporate Officers with specific executive responsibilities, and in order to formulate remuneration system for Directors and Corporate Officers. The committees, which have been established to improve fairness, objectivity and transparency with regard to these matters, are each made up of five (5) individuals, namely two (2) independent Outside Directors, one (1) independent Outside Audit & Supervisory Board Member, and two (2) Internal Directors, and each has an Outside Director as the chairperson. The committees shall deliberate or make decisions on important matters, based on regulations determined upon resolutions by the Board of Directors.

(Supplementary Principle 4-11-2)

Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, devote their hours and energy necessary to appropriately perform their roles/duties through works as Directors and Audit & Supervisory Board Members, and their holding concurrent positions is within a reasonable scope. For the important status of holding concurrent positions at

the time of update of this Report, please refer to “II.1 [Directors], Outside Director’s Relationship with the Company (2)” and “II.1 [Audit & Supervisory Board Members], Outside Audit & Supervisory Board Members’ Relationship with the Company (2)” of this Report.

(Supplementary Principle 4-11-3)

Asahi Group Holdings, Ltd. (the “Company”) established its group philosophy “Asahi Group Philosophy” and strives for sustainable growth and the increase of corporate value over the medium- to long-term. Towards this, the Company recognizes that this relies on improving the effectiveness of its Board of Directors and further increasing the effectiveness of corporate governance.

Accordingly, the Company’s Board of Directors has evaluated the effectiveness of the Board of Directors in fiscal 2020. A summary of the results of this evaluation is provided below.

I. Overview of Results

1. Conclusion

The Company’s Board of Directors concluded that the Board of Directors in fiscal 2020 has the effectiveness necessary for sustainable growth and the increase of corporate value of the Company over the medium- to long-term, and continues to improve the base of that effectiveness. In addition, The Board of Directors believes that it is important to address the issues identified from the evaluation and further improve the effectiveness.

2. Viewpoints of evaluation

i) Identifying themes to be carried out and setting targets for deliberating and monitoring

In fiscal 2020, progress was made on submitting and discussing megatrends, global governance, sustainability and other important matters that had not been sufficiently addressed in the past regarding the long-term improvement of corporate value.

ii) Deliberating and monitoring under the structure needed for the Board of Directors

In fiscal 2020, the Company established a framework (PDCA) for decision-making and monitoring by setting an agenda for priority initiatives and other measures. As a result, deliberations on important matters proceeded in a timely and appropriate manner.

II. Developmental Issues to Be Addressed in Fiscal 2021

The Company’s Board of Directors has identified the following issues and, by addressing the issues in the activity plan of the Board of Directors for fiscal 2021, will further enhance the effectiveness of the Board of Directors.

1. Discussions related to strategies and business portfolios that anticipate ultra-long-term and long-term megatrends
 - Because it was concluded that, as well as continuing to move forward with discussions related to long-term and ultra-long-term megatrends, the Board of Directors must deliberate management strategy from a long-term to ultra-long-term perspective, and promote debate on the future business portfolio.
2. Discussions on sophisticating Group global governance and the crisis management
 - Because the Board of Directors must move forward with discussions aimed at enhancing Group governance.
 - Because there is a need for the Board of Directors to promote discussions aimed at building structures that assume the emergence of risks and other potential crisis situations.
3. Discussions and monitoring of integrating the sustainability strategies and management strategies
 - Further progress on integrating and unifying sustainability and management strategies. Because it is necessary to discuss the integration of sustainability into management strategy, and the monitoring of that integration, while taking megatrends into account.
4. Discussions on sophisticating the Board of Directors’ functions for a global company
 - Because it is necessary for the Board of Directors to discuss a vision for the future of the organization, both as a global company originating in Japan, and as the Board of a company in which the proportion of the overseas business is expected to continue to rise going forward.

III. Methods of Evaluation

The fiscal 2020 effectiveness evaluation of the Company’s Board of Directors focused more on substance than on formality. The evaluation was conducted between December 2020 and January 2021 and obtained the following three types of evaluations and opinions. Based on these, the Board of Directors held multiple

discussions in March 2021, and determined the evaluation for fiscal 2020 and the issues to be addressed in fiscal 2021.

i) Evaluation by Board of Directors

For a small number of evaluation items focused on substance, a questionnaire mainly for evaluation opinions and interviews by a third party were conducted for all Directors. A questionnaire with the same items was conducted for Audit & Supervisory Board Members. The results were compiled and analyzed by the third party.

ii) Evaluation by the Secretariat of the Board

The Secretariat of the Board of Directors, together with a third party, confirmed the formal items.

iii) Opinions of a third party

The Company received the opinions of a third party based on the evaluation by Directors and Audit & Supervisory Board Members and evaluation by the Secretariat, as well as on materials such the materials and minutes from Board of Directors meetings.

IV. Response to the Issues Identified Last Year

1. “Deepening discussions that would contribute to the mid- to long-term improvement of corporate values”
The Board of Directors held discussions in light of megatrends, etc., and a certain amount of progress was made in the discussions.
2. “Monitoring that can contribute to the Group governance”
The Board of Directors held discussions on global governance, and there were many opinions. Individual risk management measures have been improved.
3. “Enhancing the transparency of the Nominating Committee and Compensation Committee”
The two committees provided reports on its findings and views about the results of their review of the skill matrix of the Board of Directors and other matters to the Board of Directors, and the Board of Directors held discussions.
4. “Accelerating ESG initiatives”
The Board of Directors held discussions on various matters related to sustainability, and developed initiatives.
5. “Strengthening information to enhance the effectiveness of the Board of Directors”
Due to the impact of the COVID-19 pandemic, there were fewer opportunities for dialogue and communication with investors and other stakeholders.

For more information, please visit our website.

(<https://www.asahigroup-holdings.com/en/company/governance/policy.html>)

(Supplementary Principle 4-14-2)

The Company has set the requirements according to the stage of each officer that are necessary for the sustainable growth and the increase of corporate value over the medium- to long-term of the Company. Based on said requirements, the Company therefore provides measures and information to improve the individual performance of all officers according to training programs tailored to each officer.

Also, as the need arises, the Company implements measures to improve the individual performance of all officers including lectures by experts and various presentations.

The Company provides summary information regarding business activities, financial data and organization of the overall Company Group at the time of assumption of office by any independent Outside Director/Audit & Supervisory Board Member.

(Principle 5-1 Policy for Constructive Dialogue with Shareholders)

The Company’s basic stance of handling a request for an interview from any shareholder and investor looking forward to a constructive dialogue that would contribute to the sustainable growth and the increase of corporate value over the medium- to long-term is that the CEO or Director shall respond to such request depending on the purpose as necessary.

To promote constructive dialogues with shareholders and investors, the Company shall appoint an officer who controls IR and/or financial affairs to lead dialogues with shareholders and investors and ensure well-organized collaboration among the auxiliary organizations by providing the information for the dialogues. In addition, to promote such constructive dialogues with shareholders, the Company endeavors to understand the shareholder structure and conducts various explanatory meetings by the CEO or Directors, visits to domestic/overseas investors and/or factory tours for shareholders, of which the results are shared with the

Board of Directors and the management, including the CEO, as needed. As for the dialogues with shareholders and investors, the Company strives to prevent leakage of insider information.

2. Capital Structure

Foreign Shareholding Ratio	From 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	54,461,000	10.75
Custody Bank of Japan, Ltd. (Trust Account)	22,251,042	4.39
The Dai-ichi Life Insurance Company, Limited	16,000,000	3.16
SMBC Nikko Securities Inc.	11,557,520	2.28
Fukoku Mutual Life Insurance Company	10,000,000	1.97
GIC PRIVATE LIMITED - C	9,639,914	1.73
Asahi Kasei Corporation	8,785,300	1.66
JPMorgan Securities Japan Co., Ltd.	8,428,900	1.58
Sumitomo Mitsui Banking Corporation	8,028,000	1.49
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	7,562,700	1.40

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	N/A

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	December
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

5. Other Special Circumstances which may have Material Impact on Corporate Governance

N/A

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson
Number of Directors	8
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tatsuro Kosaka	From another company											
Yasushi Shingai	From another company								△			
Christina L. Ahmadjian	Scholar											

* Categories for "Relationship with the Company"

- * "○" when the director presently falls or has recently fallen under the category;
- * "△" when the director fell under the category in the past
- * "●" when a close relative of the director presently falls or has recently fallen under the category;
- * "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tatsuro Kosaka	○	N/A	[Reasons of Appointment as an Outside Director] Since being appointed as an Outside Director of the Company in 2016, Tatsuro Kosaka has used his extensive experience, including as a CEO of a global company, to provide appropriate oversight for business execution through active 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, from the viewpoint of global management, group governance, ESG, etc. Furthermore, as the chairperson of the Nomination Committee, he has played a leading role in making fair and transparent decisions on succession plans for management team including the CEO and on personnel affairs of officers. Furthermore, he sufficiently possesses a 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 a necessary human resource who is indispensable to the composition of the Board of Directors, mainly to provide a supervisory function from a management perspective based on his high level of corporate management capability, for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus the Company appointed him again as an Outside Director. [Reasons of designated as an Independent Directors] The Group maintains transactional relationships with neither Tatsuro Kosaka nor entities where he concurrently serves, and based on the “Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members” which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Tatsuro Kosaka meets the requirements for independent officers as defined by the Tokyo Stock Exchange, we have registered him as an

			independent officer as stipulated by the said Exchange.
Yasushi Shingai	○	Mr. Yasushi Shingai had served as a Director of Japan Tobacco Inc. until the end of March 2018. The Company Group has transactions with such company group. However, as the transaction amount in the last business year was less than 1% of the consolidated revenue (or the consolidated sales) of the Company and the consolidated revenue (or the consolidated sales) of such company, respectively, there is no business relationship affecting the management of the Company to be specified.	[Reasons of Appointment as an Outside Director] Yasushi Shingai possesses the extensive experience Since being appointed as an Outside Director of the Company in 2018, Yasushi Shingai has used his extensive experience, including as Executive Deputy President and CFO of a global company and Deputy CEO of an overseas tobacco business headquarters company, to provide appropriate oversight for business execution through active opinions and recommendations. 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, from the viewpoints of group governance, ESG, and management strategy with a view to the ultra-long term. Furthermore, as the chairperson of the Compensation Committee, has played a leading role in verifying the appropriateness and effectiveness of the officers' remuneration plan and in making fair and transparent decisions on the implementation of the plan (determining bonus amounts, etc.). Furthermore, he sufficiently possesses a 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 Yasushi Shingai is a necessary human resource who is indispensable to the composition of the Board of Directors, mainly to provide a supervisory function from a progressive and wide-ranging management perspective for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus the Company appointed him again as an Outside Director. [Reasons of designated as an Independent Directors] Although the Group maintains transactional relationships with a group company of Japan Tobacco Inc., where Yasushi Shingai served as an Executive Director, the amounts involved in such transactions account for less than 1% of the consolidated revenue (or consolidated net sales) of the Company and the company. As such, based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Yasushi Shingai meets the requirements for independent officers as defined by

			the Tokyo Stock Exchange, we have registered him as an independent officer as stipulated by the said Exchange.
Christina L. Ahmadjian	○	N/A	[Reasons of Appointment as an Outside Director] Since being appointed as an Outside Director of the Company in 2019, Christina L. Ahmadjian has used her extensive experience as a university professor and an expert in the fields of corporate governance and organization culture to provide appropriate oversight for business execution through active opinions and recommendations. In particular, she has contributed to increasing the effectiveness of the Board of Directors by providing opinions and recommendations, and dialogue from viewpoints such as global and ESG, covering the Environment, Social, and Governance matters overall, and global human resource development. Furthermore, as a member of the Compensation Committee, she has contributed to making fair and transparent decisions on the verification of validity and implementation of a new officers' remuneration plan. (determining bonus amounts, etc.) Furthermore, she possesses a high level of insight, expertise, and ability required as an Outside Director of the Company due to her 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 a necessary human resource who is indispensable to the composition of the Board of Directors, mainly to provide a supervisory function from the perspective of an expert on global organizational culture and other matters for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus the Company newly appointed her as an Outside Director. [Reasons of designated as an Independent Directors] The Group maintains transactional relationships with neither Christina L. Ahmadjian nor Hitotsubashi University, and based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that she maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Christina L. Ahmadjian meets the requirements for independent officers as defined by the Tokyo Stock Exchange, we have registered her as an independent officer as stipulated by the said Exchange.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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A. Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	5	5
Full-time Members	0	0
Internal Directors	2	2
Outside Directors	2	2
Outside Experts	0	0
Other	1	1
Chairperson	Outside Director	Outside Director

B. Supplementary Explanation

The Nomination Committee provides reports on its findings and views about the candidates, etc. for Directors and Audit & Supervisory Board Members in response to the inquiries referred from the Board of Directors. The Committee consists of two (2) Outside Directors, one (1) Outside Audit & Supervisory Board Member and two (2) Internal Directors, and the members are selected by the Board of Directors. Its chairperson is co-operatively appointed from among Outside Directors, and the person responsible for the organization in charge of human resources acts as the secretariat. The Committee held nine (9) meetings during fiscal 2020, and provided reports on its findings and views, primarily about personnel affairs of officers, based on the skill matrix of the Board of Directors, the skill set of CEO, the succession plan and its planning, and representatives of principal subsidiaries. The percentage of attendance of the members was 100.0%.

As of March 25, 2021, the chairperson and members of the committee are as follows.

Chairperson

- Outside Director (independent officer) Tatsuro Kosaka

Members

- Outside Director (independent officer) Yasushi Shingai
- Outside Audit & Supervisory Board Member (independent officer) Katsutoshi Saito
- Chairman of the Board Akiyoshi Koji
- President and Representative Director, CEO

Senior General Manager of the Japan Regional Headquarters Atsushi Katsuki

(Note) CEO: Chief Executive Officer

The Compensation Committee provides reports on its findings and views about the remuneration system and amount of remuneration for Directors and Corporate Officers in response to the inquiries referred from the Board of Directors. The Committee consists of two (2) Outside Directors, one (1) Outside Audit & Supervisory Board Member and two (2) Internal Directors, and the members are selected by the Board of Directors. Its chairperson is co-operatively appointed from among Outside Directors, and the person responsible for the organization in charge of human resources acts as the secretariat. The Committee held a total of five (5) meetings during fiscal 2020, and provided reports on its findings and views primarily about individual evaluations of officers and bonus amounts determined on that basis. The Committee also made individual evaluations of officers and determined bonus amounts on that basis. The percentage of attendance of the members was 100.0%.

As of March 25, 2021, the chairperson and members of the committee are as follows.

Chairperson

- Outside Director (independent officer) Yasushi Shingai

Members

- Outside Director (independent officer) Christina L. Ahmadjian
- Outside Audit & Supervisory Board Member (independent officer) Yumiko Waseda
- Managing Director and Managing Corporate Officer, CFO Ryoichi Kitagawa
- Director and Corporate Officer, CHRO Keizo Tanimura

(Note) CFO: Chief Financial Officer; CHRO: Chief Human Resources Office

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Board Members, Independent Accounting Auditor and the organizations in charge of internal auditing hold meetings with one another regularly or as needed to exchange information and opinions and coordinate. In fiscal 2020, the Audit & Supervisory Board Members and Independent Accounting Auditor met sixteen (16) times to report, exchange opinions, and hold discussions, and the Audit & Supervisory Board Members and the organizations in charge of internal auditing met each other eight (8) times to report, exchange opinions and hold discussions, and gave/received the audit reports as needed.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Katsutoshi Saito	From another company										△			
Yumiko Waseda	Lawyer													
Yutaka Kawakami	CPA													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

- * “●” when a close relative of the director presently falls or has recently fallen under the category;
“▲” when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. *Kansayaku* of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
- k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Katsutoshi Saito	○	Mr. Katsutoshi Saito had served as an operating officer within the title of Chairman and Representative Director of The Dai-ichi Life Holdings, Inc. until the end of March 2017. The Company Group has transactions with such company group. However, as the transaction amount in the last business year was less than 1% of the consolidated revenue (or the consolidated sales) of the Company and the consolidated revenue (or the consolidated sales) of such company, respectively, there is no business relationship affecting the management of the Company to be specified.	[Reasons of Appointment as an Outside Katsutoshi Saito has abundant experience and broad knowledge having long served as a corporate manager of a global corporation and institutional investors. He has provided active 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 an appropriate human resource for strengthening the composition and functions of the Company's Audit & Supervisory Board in the aim for Sustainable Corporate Growth and Increased Corporate Value, and thus the Company appointed him as an Outside Audit & Supervisory Board Member. [Reasons of designated as an Independent Audit & Supervisory Board Member] Based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" described in "Matters relating to Independent Directors/Audit & Supervisory Board Members" of [Independent Directors/Audit & Supervisory Board Members] hereof which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus the Company designated him as an Independent Audit & Supervisory Board Member.
Yumiko Waseda	○	N/A	[Reasons of Appointment as an Outside Through many years of practice as an 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 provided active 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 an appropriate human resource for strengthening the composition and functions of the Company's Audit & Supervisory Board in the aim for Sustainable Corporate Growth and Increased Corporate Value, and thus the Company appointed her as an Outside Audit & Supervisory Board Member. [Reasons of designated as an Independent Audit & Supervisory Board Member] Based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" described in "Matters relating to Independent Directors/Audit & Supervisory Board Members" of [Independent Directors/Audit & Supervisory Board Members] hereof which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that she maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus the Company designated her as an Independent Audit & Supervisory Board Member.
Yutaka Kawakami	○	N/A	[Reasons of Appointment as an Outside Yutaka Kawakami possesses professional knowledge of accounting required for corporate auditors of the Company through his many years of activities as a certified public accountant with extensive experience

		in accounting audits of global companies, and a high level of insight for auditing management coming from his abundant auditing experience both in Japan and overseas. Furthermore, as an Outside Audit & Supervisory Board Member, he has provided active opinions and recommendations at Audit & Supervisory Board meetings of the Company and carried out appropriate auditing of the duties of the Directors of the Company. Accordingly, we deem that Yutaka Kawakami is an appropriate human resource for strengthening the composition and functions of the Company's Audit & Supervisory Board in the aim for Sustainable Corporate Growth and Increased Corporate Value, and thus the Company appointed him as an Outside Audit & Supervisory Board Member. [Reasons of designated as an Independent Audit & Supervisory Board Member] Based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" described in "Matters relating to Independent Directors/Audit & Supervisory Board Members" of [Independent Directors/Audit & Supervisory Board Member] hereof which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus the Company designated him as an Independent Audit & Supervisory Board Member.
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[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	6
Matters relating to Independent Directors/Audit & Supervisory Board Members	
The Company has elected three (3) independent Outside Directors and three (3) independent Outside Audit & Supervisory Board Members, each with a broad stakeholders' viewpoint, to contribute to the sustainable growth and the increase of corporate value over the medium- to long-term of the Company and enhancement of social value.	

The Company has established standards as set forth below for objectively assessing the independence of its Outside Directors and Outside Audit & Supervisory Board Members (herein this section the “Outside Directors/Audit & Supervisory Board Members”) and accordingly deems that an Outside Director/Audit & Supervisory Board Member lacks sufficient independence for the Company if any of the following apply, such that he or she is:

1. A party who serves as an executive^{*1} of the Company or a subsidiary of the Company (herein this section collectively referred to as the “Group”) or has served as an executive of the Group in the past;
2. A party for whom the Group is a major business partner^{*2} (or if the business partner is an incorporated entity, an executive thereof);
3. A party who is a major business partner of the Group^{*3} (or if the business partner is an incorporated entity, an executive thereof);
4. A consultant, certified public accountant or other accounting professional, or an attorney at law or other legal professional who has been paid substantial amounts of money or other financial benefits^{*4} other than Directors’ and Audit & Supervisory Board Members’ remuneration paid by the Group (or if the party receiving such financial benefits is an incorporated entity, association or other organization, then persons belonging to such organization);
5. A certified public accountant who belongs to the auditing firm which serves as the Accounting Auditor of the Group;
6. A major shareholder^{*5} of the Group (or if the major shareholder is an incorporated entity, an executive thereof);
7. An executive of an incorporated entity that is a major shareholder of the Group;
8. An executive of a company which has a relationship involving cross-assumption of office of Outside Directors/Audit & Supervisory Board Members^{*6};
9. A party who receives substantial donations^{*7} from the Group (or if the party receiving such donations is an incorporated entity, association or other organization, then an executive thereof);
10. A close relative^{*9} of a party who falls under any of the above items from 1 to 9 (limited to important persons^{*8}, with the exception of item 1);
11. A party who has fallen under any of the above items from 2 to 10 during the past five (5) years;
12. A party who has exceeded the tenure for Outside Directors/Audit & Supervisory Board Members stipulated by the Company^{*10}; or
13. Notwithstanding the provisions of the respective items above, a party with respect to whom there are special grounds for deeming there to be potential for conflict of interests with general shareholders.

*1. “Executive” refers to an executive as defined in Item 6, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act, and includes both executive directors and employees, but does not include Audit & Supervisory Board Members.

*2. “Party for whom the Group is a major business partner” refers to a party whose transactions in the most recent fiscal year amount to 2% or more of the consolidated revenue of the business partner’s group.

*3. “Party who is a major business partner of the Group” refers either to a party whose transactions in the most recent fiscal year amount to 2% or more of the Company’s consolidated revenue, or a party who loans to the Group an amount equivalent to 2% or more of the Company’s consolidated assets as of the end of the most recent fiscal year.

*4. “Substantial amounts of money or other financial benefits” refers to money and other financial benefits amounting to 10 million yen or more annually, excluding Directors’ and Audit & Supervisory Board Members’ remuneration, for the most recent fiscal year (if such financial benefits are obtained by an incorporated entity, association or other organization, it refers to money or other financial benefits amounting to 2% or more of such organization’s total revenues for the most recent fiscal year).

*5. “Major shareholder” refers to a person or incorporated entity that directly or indirectly holds 10% or more of the Company’s total voting rights.

*6. “Relationship involving cross-assumption of office of Outside Directors/Audit & Supervisory Board Members” refers to a relationship where an executive of the Group serves as an outside director/audit & supervisory board member of another company, and an executive of that company serves as an Outside Director/Audit & Supervisory Board Member of the Company.

*7. “Substantial donations” refers to annual donations of 10 million yen or more made during the most recent fiscal year.

*8. “Important person” refers to directors (excluding outside directors), executive officers, corporate officers, and other executives in positions of general manager or above; certified public accountants belonging to auditing firms or accounting offices; attorneys at law belonging to legal professional corporations or law firms; councilors, directors or other officers belonging to incorporated foundations,

incorporated associations, educational institutions and other incorporated entities; and other persons objectively and reasonably deemed to be in positions of similar importance.

*9. “Close relative” refers to a spouse or persons within the second degree of consanguinity.

*10. “Tenure of Outside Directors/Audit & Supervisory Board Members stipulated by the Company” means ten (10) years with respect to Directors and twelve (12) years with respect to Audit & Supervisory Board Members.

[Incentives]

Incentive Policies for Directors	Bonuses (annual and medium-term) and Stock Compensation
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Supplementary Explanation

Under its performance-linked remuneration system, the Company has adopted three elements: an annual bonus linked to performance on a single fiscal year basis, a medium-term bonus linked to medium-term performance, and stock compensation intended to motivate recipients to improve sustainable corporate value over the long term, and to align interests and risks with those of shareholders.

Short-term performance-linked bonuses are determined using core operating profit and profit attributable to owners of parent as performance benchmarks in proportion to the level of achievement of targets, which are set at the beginning of each fiscal year, and other factors. Medium-term performance-linked bonuses are determined using financial and social value indicators set in line with the goals of the “Medium-Term Management Policy” as performance benchmarks in proportion to the level of achievement of targets, which are set at the beginning of each fiscal year.

For stock compensation, under the system adopted, points are granted according to the position held, and at the time of the Directors’ retirement, the Company shares in the number equivalent to the cumulative number of these points will be delivered, thereby offering appropriate incentives.

The bonus and the stock compensation are provided only to Internal Directors.

Recipients of Stock Options

Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	Selected Directors
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Supplementary Explanation

The total amount of the remuneration of Internal Directors and Outside Directors is disclosed, respectively. The remuneration, etc. of Directors is disclosed through posting them on the website of the Company, etc. for public inspection. The details are as follows:

- In the securities report, 661 million yen for Internal Directors (including stock compensation) and 91 million yen for Outside Directors/Audit & Supervisory Board Members (including the amount for Outside Audit & Supervisory Board Members) are disclosed as the remuneration, etc. of Directors (including the bonus for the 97th fiscal year) paid.

- The total amount of the remuneration, etc. in the 97th fiscal year of Naoki Izumiya, Chairman and Representative Director is 203 million yen (basic remuneration: 83 million yen, bonus: 90 million yen, stock compensation: 30 million yen), and the total amount of the remuneration, etc. of Akiyoshi Koji, President and Representative Director is 227 million yen (basic remuneration: 83 million yen, bonus: 109 million yen, stock compensation: 35 million yen). The remunerations of the above two (2) persons become not less than 100

million yen, respectively. Therefore, such remunerations of two (2) persons are set forth in the securities report in accordance with the “Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.”
- In the business report, the total amount of the remuneration, etc. of all of Directors and Outside Directors is disclosed in accordance with the Ordinance for Enforcement of the Companies Act.

Policy on Determining Remuneration Amounts
and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

A Directors' remunerations

<Basic concepts>

The remunerations for Directors are designed and operated as follows.

- To further strengthen the incentive to strive for the Company's sustainable growth and enhancement of corporate value over the medium- to long-term
- Remuneration with a content and level that is effective in continuing to ensure outstanding human resources with diverse skills
- To base on the role and magnitude of responsibilities of the Directors and their contribution to performance
- Remuneration highly variable based on performance linked to management strategy
- Remuneration in which benefits and risks are shared with shareholders and which provides an incentive to management from a standpoint as shareholders
- Remuneration determined with reference to external data based on transparent and fair processes

<Composition of remuneration>

The remunerations for Directors comprise basic remuneration, bonuses (annual and medium-term), and stock compensation for Directors (excluding the Outside Directors; hereinafter the “Internal Directors”) and basic remuneration only for Outside Directors. With the principle that the remunerations of Internal Directors will be highly linked to performance, the percentage of variable remuneration (bonus and stock compensation) in the annual income for the President and Representative Director will be more than 60%, and the percentage of stock compensation, which is remuneration that shares benefits and risks with the shareholders, will be around 15%. With respect to the other Internal Directors, the percentage of variable remuneration is at least 40%, by a design based on positions and roles.

<Remuneration level>

The remunerations for Directors are set at a level of remuneration aimed at 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 using Japanese companies with business operations that are the same in scale as those of the Company (top 100 companies by market capitalization) as the main group of benchmark companies.

<Fixed remuneration>

The only fixed remuneration for Directors is the basic remuneration paid in a fixed monthly amount. The basic remuneration is determined by adding the actual expenses paid by the Directors, such as health checkup expenses to the fixed amount based on their positions and roles.

Revisions of 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 (the timing of any revisions is, in principle, each April but there is no requirement for an annual revision).

<Variable remuneration>

As one of the basic concepts 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 design for remunerations for Directors has been implemented, with consideration given to increasing variable remuneration (incentive) as a percentage of annual income as well as contributing to the Company's sustainable growth (short-term, medium-term, and long-term) and enhancement of corporate value (in terms of both financial value and social value) through an incentive system as a whole.

<Method for determining remuneration>

Directors' remunerations are set in line with a resolution at a meeting of the Board of Directors within the total amount of remunerations resolved in advance at a General Meeting of Shareholders. When remuneration related resolutions are being made by the Board of Directors, the Compensation Committee, which has Outside Directors/Audit & Supervisory Board Members constituting a majority of its membership and an Outside Director appointed as its chairperson, acts as an advisory body to the Board of Directors, evaluating the content of said resolutions in the interests of greater transparency and objectivity through fair processes.

B Audit & Supervisory Board Members' remunerations

Audit & Supervisory Board Members' remunerations are set by discussion by the Audit & Supervisory Board Members within the total amount of remunerations resolved in advance at a General Meeting of Shareholders. Remunerations for an Audit & Supervisory Board Member consist only of basic remuneration (monthly and fixed), and the level of such basic remunerations is set subject to a mutual consultation of Audit & Supervisory Board Members according to his/her job responsibilities and status distinction between internal and outside and by drawing on outside professional organization' survey data.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

For the holding of the meeting of the Board of Directors, the relevant documents are sent to the Outside Directors and Outside Audit & Supervisory Board Members, and the explanation thereof is conducted, whenever necessary.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration
Decisions (Overview of Current Corporate Governance System)**

The Directors/Audit & Supervisory Board Members of the Company consist of five (5) Internal Directors (male: one (1), female: one (1)) and three (3) Outside Directors (male: two (2), female: one (1)), as well as two (2) Standing Audit & Supervisory Board Members (all of whom are male) and three (3) Outside Audit & Supervisory Board Members (male: two (2), female: one (1)), and all Outside Directors/Audit & Supervisory Board Members are designated as Independent Directors/Audit & Supervisory Board Members as defined by the Stock Exchange. Such Outside Directors/Audit & Supervisory Board Members are Directors and Audit & Supervisory Board Members who are judged by the Company to have no fear of occurrence of the conflict of interest with general shareholders, and they initiatively exchange their opinions at the meeting of the Board of Directors. Furthermore, Outside Directors and Outside Audit & Supervisory Board Members also give beneficial advice from their respective specialty and wide range of viewpoints, as members of an optional Nomination Committee or Remuneration Committee. The meeting of the Board of Directors, in principle, is ordinarily held once per month, and extraordinarily held, whenever necessary. In fiscal 2020, ordinary meetings of the Board of Directors were held twelve (12) times, and matters concerning long-term megatrends grasped from an ultra-long-term perspective, sustainability strategies, the group governance among other issues were deliberated. The attendance rate for Outside Directors was 100%.

As of March 25, 2021, the chairman and members of the board are as follows.

Chairman of the Board Akiyoshi Koji
President and Representative Director, CEO
Senior General Manager of the Japan Regional Headquarters Atsushi Katsuki
Managing Director and Managing Corporate Officer, CFO Ryoichi Kitagawa
Director and Corporate Office, CAO Taemin Park
Director and Corporate Officer, CHRO Keizo Tanimura
Outside Director (independent officer) Tatsuhiro Kosaka
Outside Director (independent officer) Yasushi Shingai
Outside Director (independent officer) Christina L. Ahmadjian
Standing Audit & Supervisory Board Member Yoshihide Okuda
Standing Audit & Supervisory Board Member Naoko Nishinaka
Outside Audit & Supervisory Board Member (independent officer) Katsutoshi Saito
Outside Audit & Supervisory Board Member (independent officer) Yumiko Waseda
Outside Audit & Supervisory Board Member (independent officer) Yutaka Kawakami

(Note) CEO: Chief Executive Officer; CFO: Chief Financial Officer; CAO: Chief Alliance Officer; CHRO: Chief Human Resources Officer

The Corporate Strategy Board is established as an advisory organization for the President and Representative Director. The “Corporate Strategy Board” provides reports on its findings and views about evaluation of the legality, objectivity and reasonableness and of substantial matters concerning business execution in response to the inquiries referred from the President and Representative Director. The Board consists of the President and Representative Director and other executive directors, Corporate Officers and Standing Audit & Supervisory Board Members, and the President and Representative Director serves as its chairperson. The Board held a total of forty-eight (48) meetings during fiscal 2020, and provided reports on its findings and views primarily about development of corporate strategies and status of business executions by Group companies.

In addition to the above, the Global Sustainability Committee, the Information Disclosure Committee, the Risk Management Committee and the Compliance Committee are established as an advisory organization for the President and Representative Director.

The Global Sustainability Committee provides reports on its findings and views about formulation and monitoring of sustainability strategies for the entire Asahi Group in response to the inquiries referred from the President and Representative Director. The Committee consists of the President and Representative Director, the Director in charge of sustainability, CEOs of overseas Regional Head Quarters, etc. The President and Representative Director serves as the committee chairperson and the organization in charge of sustainability acts as a secretariat.

The Information Disclosure Committee is responsible for centrally managing and controlling corporate information disclosure, and provides reports on its findings and views in response to the inquiries referred from the President and Representative Director from the perspective of fair, expeditious and wide-ranging information disclosure. The Committee consists of the President and Representative Director and other executive directors, as well as executive officers who are appointed by the committee chairperson. The President and Representative Director serves as the committee chairperson and the organization in charge of public relations acts as a secretariat.

The Risk Management Committee provides reports on its findings and views in response to inquiries referred from the President and Representative Director regarding matters of identifying and evaluating the Group’s key risks, and action plans in that regard. The Committee consists of the President and Representative Director and other executive directors, as well as Corporate Officers who are appointed by the committee chairperson. The President and Representative Director serves as its chairperson, and the organization in charge of corporate strategy acts as a secretariat. In addition, Standing Audit & Supervisory Board Members also attend this Committee’s meetings and state opinions as necessary.

The Compliance Committee provides reports on its findings and views in response to inquiries referred from the President and Representative Director regarding matters of promoting and supervising corporate ethics and compliance for the overall Asahi Group. The Committee consists of the President and Representative Director and other executive directors, as well as Corporate Officers who are appointed by the committee chairperson. The President and Representative Director serves as its chairperson, and the organization in charge of legal affairs acts as a secretariat.

The Management Monitoring System is established mainly through the Directors’ supervision on the status of business execution and the Audit & Supervisory Board Members’ and Audit & Supervisory Board’s audit. For the audit system on Audit & Supervisory Board Members, the transparency is improved as the Outside Audit & Supervisory Board Members represents a majority of Audit & Supervisory Board Members, and Audit & Supervisory Board Members’ audit works can be smoothly conducted as staff is assigned to the Audit & Supervisory Board. The Company has five (5) Audit & Supervisory Board Members: two (2) standing Audit & Supervisory Board Members and three (3) Outside Audit & Supervisory Board Members. Standing Audit & Supervisory Board Member Yoshihide Okuda has primarily been involved in finance and accounting, including serving as Corporate Officer of the Company and General Manager of Finance Department. After being appointed as a Director of the Company in 2013, he served as Chief Financial Officer. Furthermore, Outside Audit & Supervisory Board Member Yutaka Kawakami has expert knowledge related to corporate accounting and abundant auditing experience both in Japan and overseas as a certified public accountant and an engagement partner for accounting auditors at listed companies, etc. The three (3) Outside Audit & Supervisory Board Members each have abundant experience and broad insight as a corporate manager, a lawyer, and a certified public accountant, respectively. Three (3) dedicated staff members have been assigned

to the Audit & Supervisory Board to provide appropriate assistance for the Audit & Supervisory Board Members' duties and enable them to perform their audit duties smoothly.

The key items, etc. of audit plans and courses of action are reviewed yearly according to the management environment. In fiscal 2020, the meeting of the Audit & Supervisory Board was held thirteen (13) times, and the percentage of attendance of Outside Audit & Supervisory Board Members was 100%. For the internal audit, the members of the organization in charge of audits having the internal audit function audit whether the business executions of the entire Group are appropriately and efficiently conducted in accordance with the annual audit plan.

In this way, the Company has a system of mutual checks and cooperation among the "Board of Directors" and its component the Internal Directors and Outside Directors, the "Audit & Supervisory Board" and its component Standing Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members, and the "organization in charge of audits," which has been established based on knowledge cultivated over many years.

For the view of enhancement of the power of the Board of Directors, a higher-grade Corporate Governance System is realized by adding the optional "Nomination Committee," "Remuneration Committee" and "Corporate Officer System."

The Company has entered into an agreement with each Outside Director/Audit & Supervisory Board Member that limits his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, his/her liabilities are limited to 20 million yen or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher.

For the Accounting Auditor, the Company has concluded an audit agreement with KPMG AZSA LLC which has conducted an audit of the Company.

The Company has been continuously audited for the following period.

51 years

The period stated above denotes the consecutive audit period through which KPMG AZSA or its predecessor (Asahi & Co.) has been appointed as an auditor of the Company since the predecessor was incorporated as an audit firm. If the period is counted inclusive of the term for which Asahi & Co.'s predecessor (a sole practitioner) was appointed as an auditor, the period is 60 years.

Names of certified public accountants who performed the duties and number of years of audit

Hiroyuki Yamada (Number of years of audit: 2 years)

Hiroto Yamane (Number of years of audit: 3 years)

Kei Sakayori (Number of years of audit: 6 years)

The independent Accounting Auditor has appropriately established a rotation schedule regarding its engagement partners, pursuant to revisions of the Certified Public Accountants Act made in 2003 and 2007. The engagement partners are not involved in carrying out audit services after having been engaged in such services for 7 consecutive years. The lead engagement partner is not involved in carrying out audit services after having provided such services for 5 consecutive years.

3. Reasons for Adoption of Current Corporate Governance System

The Company adopts the current Corporate Governance System because the Company believes by the following reasons that the transparency of management is secured and the suitability of business of the Company is warranted:

- (1) Election of Outside Directors who supervise the business execution of the Company from the independent and fair viewpoint and Outside Audit & Supervisory Board Members who conducts the audit of the Company from the special viewpoint of accounting, legality, etc.;
- (2) Election of Outside Directors and Outside Audit & Supervisory Board Members as members of the Nomination Committee and the Remuneration Committee, the optional advisory organizations for the Board of Directors; and
- (3) Prompt execution of duties and enhancement of supervisory function of the Board of Directors by the introduction of the Corporate Officer system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice is sent no later than three (3) weeks prior to the holding date of the Meeting, and also before such sending, the details are early disclosed in the “Annual General Meetings of Shareholders” on the website of the Company, “Listed Company Search” on the website of the Tokyo Stock Exchange, and “Electric Voting Platform” operated by ICJ Inc.
Scheduling AGMs Avoiding the Peak Day	In principle, the Meeting is held in the afternoon of a date avoiding the peak day.
Allowing Electronic Exercise of Voting Rights	The electronic exercise of voting rights via the Internet of a computer, smart phone or cellular phone is allowed.
Participation in Electronic Voting Platform	The Company has participated in the electronic voting platform in and after 2007, and initiatively conducts the activities for promoting the exercise of voting rights, including the appropriate explanation of proposals, to institutional investors.
Providing Convocation Notice in English	The full text of the convocation notice is prepared in English, and publicly disclosed on the English website.
Other	The holding of the General Shareholder Meeting in the afternoon, the questionnaire prior to the holding of the General Shareholder Meeting and the establishment of the site for shareholders setting forth the report of the General Shareholder Meeting are conducted for the vitalization of the General Shareholder Meeting and the improvement of communication with the shareholders.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The details of the disclosure policy, including the “Basic Disclosure Policy” are posted on the website of the Company.
Regular Investor Briefings for Individual Investors	The briefings for individual investors are held in the factories of Group Companies, halls of the securities companies, etc., whenever necessary.
Regular Investor Briefings for Analysts and Institutional Investors	The briefings for analysts and institutional investors are held by the Company’s representative and the persons in charge, coinciding with the presentation of financial results.
Regular Investor Briefings for Overseas Investors	The briefing for overseas investors is held in Europe, USA, and Asia once per year, respectively.
Posting of IR Materials on Website	The “Statement of Accounts,” “Integrated Report,” “Convocation Notice of the Annual General Meeting of Shareholders,” “Securities Report” etc. are posted on the Investor Information site of the website of the Company, and the video of the progress of the General Meeting of Shareholders is transmitted. Also, the special site for individual investors is established, and the “IR news” is distributed to applicants via e-mail.
Establishment of Department and/or Manager in Charge of IR	Handled by the organization in charge of IR.
Other	<Holding of IR meetings with analysts and institutional investors> IR meetings with Japanese and overseas analysts and institutional investors are held throughout the year. (That excludes the silent period.)

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The “Asahi Group Philosophy” and “The Asahi Group Code of Conduct” stipulate respect for all stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	The Company has established “supporting our sustainable value creation process through ‘Reinforcing ESG Initiatives’” as one of the key priorities in the “Medium-Term Management Policy.” In addition to carrying out initiatives for global issue of sustainability such as the environment and communities, the Company also aims to sophisticate its risk management systems (Enterprise Risk Management) and to strengthen global governance systems To promote these initiatives throughout the entire Group, the Board of Directors has newly established the “Asahi Group Sustainability Principles” and the “Asahi Group Sustainability Vision” and is promoting activities based on five material issues and the 15 themes for initiatives. Asahi Group’s 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’s 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). Material Issues and Themes for Initiatives Environment: Climate change, Sustainable raw material procurement, Sustainable containers/packaging (plastics issue), Sustainable water resources, Circular economy People: Respect for human rights, Human Resources Development, Diversity, Workforce health and safety Communities: Create people-to-people connection, Realize sustainable supply chains Health: Secure food safety & reliability, Create value of health Responsible drinking: Reduction in inappropriate drinking, Solution of social issues through creation of new drinking opportunities The Company will strive to provide effective communication on the Group’s sustainability initiatives by disclosing such information on its website. (Japanese version) https://www.asahigroup-holdings.com/csr/ (English version) https://www.asahigroup-holdings.com/en/csr/
Development of Policies on Information Provision to Stakeholders	The “Disclosure Policy” is established and the appropriate information disclosure is timely conducted.
Other	<Initiatives regarding the respect for human rights> In the “Asahi Group Human Rights Principles,” the Company recognizes its responsibility as a company operating businesses globally to respect the human rights of all people who are impacted by the Company’s business

	activities and declares that in carrying out business, it shall respect individual human rights and diversity, it shall not take part in discrimination or acts leading to the loss of individual dignity, and not take part in forced labor or child labor. <“People Statement,” Basic Policy on Group Personnel in the Asahi Group> The Company has formulated “People Statement” to obtain excellent personnel with diversity from various countries and foster a corporate culture with a high level of engagement and is aiming to put the “Asahi Group Philosophy” into practice. <Commitment to Diversity Promotion> The Company has formulated the “Diversity & Inclusion Statement.” The Company believes that being a diverse and multicultural organization is the key to it becoming a stronger and more innovative company and achieving long-term success. Accordingly, the Company aims for a future in which each individual earns respect, is accepted for their individuality, and is allowed, even as an individual, to grow as a skilled worker or professional. The Company is fostering a corporate culture in which anyone can freely make statements, ideas can be generated from anywhere, and all employees can contribute freely to a better future. In addition, the Company aims to promote healthy living and the enrichment of society worldwide, by providing a level of <i>Kando</i> (deliciousness, happiness and innovation) that exceeds people’s expectations as a result of addressing their various needs and expectations. We do this on the basis of our awareness that various needs and expectations for products and services coexist, given that societies and markets worldwide are made up of many different types of people with numerous diverse attributes in terms of genders, ages, disabilities and nationalities, to name just a few.
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

<Overview of the resolution regarding systems to ensure appropriate business operations> The Board of Directors passed the following resolution with respect to the above-mentioned systems. To “Deliver on our great taste promise and bring more fun to life” as stipulated in its group philosophy, the “Asahi Group Philosophy,” the Company shall: • establish, in accordance with the Companies Act and the Regulation for Enforcement of the Companies Act, the following basic policies (the “Basic Policies”) to improve systems designed to ensure the appropriate execution of Directors’ duties in conformity with laws and regulations and the Articles of Incorporation of the Company and its subsidiaries (herein this section the “Group Companies”) and ensure the appropriate business operations of the Group Companies (herein this section the “Internal Control System”); • recognize that it is the Representative Director(s) who shall assume the ultimate responsibility for the improvement of the Internal Control System in accordance with this resolution and demand the Representative Director(s) to cause the Directors and Corporate Officers, through the respective departments and organizations they are in charge of, to develop and fully enforce individual internal regulations that will be applied to the Company and the entire Asahi Group and are required based on the Basic Policies; and • take steps to maintain and enhance the effectiveness of the Internal Control System by reviewing the Basic Policies and relevant internal regulations that will be applied to the Company or the entire Asahi Group in a timely and appropriate manner in accordance with changes in conditions and circumstances. (1) System to ensure execution of duties by Directors and employees of the Company and the Group Companies in conformity with laws and regulations and the Articles of Incorporation of the Company and the Group Companies
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- 1) In order to promote “Building value together with all our stakeholders” as stipulated in the “Asahi Group Philosophy,” the Company shall establish “The Asahi Group Code of Conduct” and ensure its Directors, Audit & Supervisory Board Members and employees abide by these regulations.
- 2) The Company shall establish a “Compliance Committee” to oversee compliance of the Asahi Group based on the “The Asahi Group Ethics/Compliance Policies.”
- 3) An officer of the Company in charge shall have authority over compliance within the Asahi Group. The section in charge of legal affairs shall handle day-to-day compliance and risk management tasks.
- 4) The Company shall assign responsible persons in charge of compliance in the Company and the Group Companies. The responsible person shall make efforts to prioritize compliance in all aspects of business activities at each Group Company.
- 5) The Company shall establish a “Clean Line System” and other systems for employees in Japan and overseas, enabling them to blow the whistle on illicit behavior of others.
- 6) The Company shall establish “The Asahi Group Sustainable Procurement Principles & Sourcing and Purchasing Policies” addressing mutual cooperation for fair and equitable deals and social responsibilities between each Group Company and suppliers and a system that enables suppliers to blow a whistle on breaches of the Policy as necessary. The Company shall inform and spell out these measures to its suppliers to enable the Company to develop an Internal Control System in cooperation with its suppliers.
- 7) To ensure antisocial forces do not exert any undue influence on the Group, all relevant information shall be shared within the Asahi Group and the Company shall establish an internal system on the measures. The Company shall also cooperate closely with industry bodies, local communities, the police and other external specialist organizations in this field.
- 8) The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations that will be applied to the Company or the entire Asahi Group.

(2) System to ensure the preservation and management of information related to execution of duties by Directors

- 1) Information related to execution of duties by Directors shall be properly preserved and managed in accordance with “Document-Management Policies” and other related internal regulations that will be applied to the Company or the entire Asahi Group.
- 2) The aforementioned information shall be preserved and managed in a way accessible by Directors and Audit & Supervisory Board Members for inspection at any time.
- 3) Control over the clerical tasks related to preservation and management of the aforementioned information shall be determined in accordance with internal regulations that will be applied to the Company or the entire Asahi Group.

(3) Regulations and other organizational structures of the Asahi Group to manage risk of loss

- 1) The Company shall position risk management as a core element of its corporate management in “The Asahi Group Risk Management Policies,” and implement it in a continuous manner.
- 2) In addition to having the appropriate sections manage risk in their respective areas, the Company shall establish a “Risk Management Committee” to identify and evaluate cross-sectional material risk for the entire Asahi Group, and design countermeasures accordingly.
- 3) With regard to the risk of failing to maintain product quality, as a food and drink manufacturing group, the Asahi Group strongly recognizes their social responsibility to consumers to ensure the safety and security of their products and shall establish sufficient control systems.
- 4) In the event of any major accident, disaster, scandal, etc., the Company shall establish an “Emergencies Response Headquarters” chaired by the President and Representative Director.

(4) System to ensure efficient execution of duties by Directors of the Company and the Group Companies

- 1) To ensure efficient performance of duties by Directors, the Board of Directors shall divide duties in a reasonable way to be delegated to respective Directors.
- 2) The Company shall establish “Delegation of Authority” and “The Asahi Group’s Delegation of Authority” stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among sections and among Group Companies.
- 3) The Company shall ensure the effective utilization of the “Corporate Strategy Board,” consisting of the Company’s internal Directors, and Standing Audit & Supervisory Board Members by such means as formulating the Asahi Group’s corporate strategy and implementing progress management.

4)To maximize operational efficiency, the Company shall utilize indices that provide an objective and rational way of measuring its management and control of operations; and it shall employ a unified system of follow-up and evaluation.

5)To use funds efficiently, a global cash management system among the Company and the Group Companies is introduced.

(5) System to ensure appropriate operations of the Asahi Group

1)All systems required for the Internal Control, including those for risk management, compliance and crisis management system, shall apply comprehensively across the entire Asahi Group. As the holding company, the Company shall manage the said systems of the Group Companies while respecting their autonomy, and supporting the development and operation of the Internal Control System, in accordance with the conditions and circumstances with which individual companies are facing.

2)While cooperating with the internal auditing organs established within the Asahi Group, the section in charge of internal auditing in the Company shall get a grasp of and evaluate the Internal Control System and discipline in day-to-day tasks within the Asahi Group by directly and indirectly auditing the Group Companies, and this section shall also conduct the evaluation of internal control related to financial reporting of the Group Companies and submit the relevant reports.

3)Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled “Asahi Group’s Delegation of Authority.”

4)Each of the Group Companies will provide reports at the “Corporate Strategy Board” one or more times each quarter on performance of its operations including risk-related information.

(6) Securement of employees in the event that Audit & Supervisory Board Members request staff to assist in their auditing duties

The “Audit & Supervisory Board” shall appoint staff to serve the Audit & Supervisory Board, for assistance in the activities of the Audit & Supervisory Board Members.

(7) Independence of employees assigned to assist the Audit & Supervisory Board Members from the Directors and ensuring the effectiveness of instructions given to relevant staff

1)When a member of the staff who serves the Audit & Supervisory Board, as stipulated in the previous paragraph, receives an order from an Audit & Supervisory Board Member in relation to auditing duties, he/she shall not be subject to directives or orders from Directors or other employees regarding that order.

2)Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff who serves the Audit & Supervisory Board shall require the prior concurrence of Audit & Supervisory Board Members.

(8) System for Directors’ and employees’ reporting to Audit & Supervisory Board Members

1)Directors and employees shall report regularly to Audit & Supervisory Board Members on matters related to the Internal Control System, and shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees (including from Directors and employees of the Group Companies).

2)Directors shall ensure that Audit & Supervisory Board Members have every opportunity to participate in discussions of important bodies, etc. such as the Board of Directors meetings, the “Corporate Strategy Board” meetings, the “Risk Management Committee” meetings, and the “Compliance Committee” meetings. Directors shall provide details of the agenda items of such meetings beforehand for Audit & Supervisory Board Members.

3)Audit & Supervisory Board Members shall at all times have the right to review documents such as the minutes of important meetings and the documents of approval.

(9) System for reporting, by the Group Companies’ Directors, Corporate Auditors, employees or persons receiving reports, to the Company’s Audit & Supervisory Board Members

1)The Group Companies’ Directors, Corporate Auditors, employees or persons receiving reports from them shall report regularly to the Company’s Audit & Supervisory Board Members on matters related to the Internal Control System and, shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees of the Group Companies.

2)The Company's or the Group Companies' sections in charge of internal auditing shall report the results of the Group Companies' internal audits to the Audit & Supervisory Board Member of the Company without delay.

3)The whistle blowing contacts under the Clean Line System shall be the Company's Audit & Supervisory Board Members, section in charge of general and legal affairs, or external attorneys at law designated by the Company ("external attorneys at law"), and the information reported to the Company's section in charge of general and legal affairs or the external attorneys at law shall be reported to the Company's Audit & Supervisory Board Members.

4)The Company prohibits any party from treating the whistle blower prescribed in the preceding item and this item in any manner disadvantageous to him/her on the ground of the whistle blow.

(10) Policy on procedures for advance or reimburse expenses incurred in association with Audit & Supervisory Board Members' execution of their duties, and treatment of other expenses or debts incurred in association with the execution of their duties

To defray expenses incurred in association with the Audit & Supervisory Board Members' execution of their duties, the Company shall secure a certain specific amount of budget and shall, in response to the request of the Audit & Supervisory Board or the Standing Audit & Supervisory Board Members concerned, advance or reimburse expenses or otherwise treat debts incurred in association with the Audit & Supervisory Board Members' execution of their duties.

(11) Other systems ensuring effective auditing by Audit & Supervisory Board Members

To ensure the effectiveness of auditing activities, Directors shall ensure opportunities for Audit & Supervisory Board Members to exchange information and opinions regularly with members of the section in charge of internal auditing of the Company and with the Independent Accounting Auditor.

<Overview of operation of systems to ensure appropriate business operations>

(1) Overall Internal Control System

1)In order to develop and operate the Internal Control Systems of the Company and the Group Companies and effectively achieve the objectives of internal control, the section of the Company in charge of internal auditing cooperates with the internal auditing organs established within the Asahi Group in conducting audits to determine whether business operations are executed properly and efficiently in accordance with annual audit plans.

2)With respect to internal control over financial reporting, the section of the Company in charge of evaluation of internal control cooperates with the organs in charge of evaluation of internal control established within the Asahi Group and performs evaluations of the Group Companies' internal control activities pursuant to the "Policies of Management Assessment and Reporting of Internal Controls over Financial Reporting."

(2) Compliance System

1)The Company established "The Asahi Group Code of Conduct," and tries hard to keep its employees informed about it.

2)The Company promotes awareness of compliance by putting managers responsible for compliance in place in the Company and the Group Companies and conducting education by job class.

3)The Company conducts multifaceted and multilayered surveys of compliance awareness and behavior by conducting a "Compliance Questionnaire" to the employees of the Company and the Group Companies. In fiscal 2019, the questionnaire results continued to reveal that: "Compliance awareness remained at a high level."

4)By keeping in place the "Clean Line System," the Company detects and resolves risk problems early, and effectively prevents risk problems themselves from occurring.

(3) Risk Management System

1)The Risk Management System adopts enterprise risk management (ERM) for the overall Asahi Group.

2) The respective companies of the Asahi Group identify and evaluate critical risks (including ESG-related risks) that could impede achievement of business objectives across all risk categories such as strategy and operations. They also draw up action plans and continually implement and monitor such plans. The respective companies of the Asahi Group report details of such initiatives to the Company's Risk Management Committee, which monitors such initiatives, while its members identify and evaluate critical risk across the

Group, draw up action plans, and execute and monitor such plans. They also report to the Board of Directors with the aim of ascertaining and evaluating effectiveness of such initiatives and risk management processes, and the Board of Directors supervises the initiatives and risk management.

3)The Company has a system in place to deal with any major accident, disaster, scandal, etc. by setting up an “Emergency Response Headquarters” under the management of the President and Representative Director. In 2020, the Company set up an “Emergencies Response Headquarters” in response to the worldwide outbreak of the novel coronavirus infection. While placing the safety of customers, business partners, and employees as the top priority, the Company implemented various measures to prevent the further spread of the infection under the management of the President and Representative Director as follows: strict observance of prevention measures according to the guidelines of WHO and health authorities of respective countries; travel ban in principle to and from the countries and areas of high infection risk; the suspension and limitation of events which gather many customers such as factory tours and sales promotion activities; and making remote work as its basic work style in Japan.

(4) Business Management of Group Companies

1)With respect to the Group Companies’ business management, the Company has put in place a system whereby, pursuant to the “Asahi Group’s Delegation of Authority,” the Group Companies’ business executions are subject to resolutions of the Company’s Board of Directors or decisions of an individual Director or the responsible persons of the responsible sections of the Company, depending on the degree of their importance.

2)Once a month, the “Corporate Strategy Board” receives reports from main Group Companies on the status of their business executions.

(6) Execution of Directors’ Duties

In order to ascertain the efficiency of Directors’ duties, the Board of Directors conducts rational assignment sharing of services to be performed by Directors and Corporate Officers, and has each Director and Corporate Officer report on the status of his/her business execution once every 3 months.

(6) Execution of Audit & Supervisory Board Members’ Duties

1)Audit & Supervisory Board Members attend meetings of the Board of Directors, the “Corporate Strategy Board,” the “Risk Management Committee,” the “Compliance Committee” and other important organs, and receive reports from Directors, employees, thereby confirming the status of development and operation of the Internal Control System.

2)Audit & Supervisory Board Members work to enhance the effectiveness of auditing by finding opportunities regularly or as needed for exchanging information and views with the section in charge of internal auditing, the Independent Accounting Auditor, etc. During fiscal 2020, Audit & Supervisory Board Members had opportunities to exchange information and views with the section in charge of internal auditing for a total of 8 times, with the Independent Accounting Auditor for a total of 16 times. Audit & Supervisory Board Members also find opportunities to exchange information and views with Audit & Supervisory Board Members of the main Group Companies once a month.

3)The Company ensures that Audit & Supervisory Board Members will be able to smoothly perform their duties by posting 3 dedicated employees to the Audit & Supervisory Board.

2. Basic Views on Eliminating Anti-Social Forces

<Basic Views>

Under “The Asahi Group Code of Conduct,” which is common to the entire group in Japan and overseas, it is strictly forbidden in the Group to have any kind of relationship with anti-social forces or persons involved in illegal acts such as money laundering.

<Readiness>

(1) Establishment of Supervisory Department in Charge and Person responsible for the Prevention of Unreasonable Demands

A “Person responsible for the prevention of unreasonable demands” is appointed in the organization in charge of general affairs of the Company and in each of the Group Companies.

(2) Cooperation with External Professional Agencies

Even if an unreasonable demand is received, the Company Group is prepared to deal with it in cooperation with the relevant government agencies including police, organized crime fighting specialists, legal counsel, and other professional consultants.

(3) Collection and Management of Information about Anti-Social Forces

The organizations in charge of general affairs collect information on cases of an anti-social force's unreasonable demands and record that information. The collected information including basic countermeasures are distributed within the Group on a monthly basis for the sharing of information.

(4) Preparation of Response Manuals

Basic views are indicated in the "The Asahi Group Code of Conduct" and, in addition, manuals related to procedures such as the "Asahi Group Manual for Racketeering by Interceding in Civil Disputes and Threatening the Use of Violence" are prepared. Also, to raise the accuracy of response, the "Crisis Management Website" has been opened on the group portal site to disclose the information on remedies.

(5) Implementation of Training

At training sessions and workshops for new employees and legal personnel, "The Asahi Group Code of Conduct," which sets forth basic views, is used as a teaching material. In addition, personnel in charge of general affairs regularly hold information exchange meetings where cases of unreasonable demands in the Group are shared.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

(1) Basic policy

According to the Company's view, the persons who control decisions on its financial and business policy must properly grasp various matters concerning its business, including the initiatives to "create appealing products," to "care about quality and craftsmanship" and to "convey the inspiration to customers," which form the source of the corporate value of the Asahi Group, and other tangible and intangible management resources thereof, potential effects of forward-looking measures and other items that constitute the corporate value, and must enable the Company to maintain and increase the Asahi Group's corporate value as well as the common interests of shareholders continuously and sustainably.

Upon facing a proposal of large-scale share purchases, the Company is not always in a position to automatically object to the purchases even if it is a so-called hostile takeover, which is pursued without approval from the Board of Directors, provided that such takeover contributes to the increase of the corporate value and the common interests of shareholders of the Company. Also, the Company recognizes that the final decision as to whether to accept a proposal for an acquisition of shares in the Company that would lead to a transfer of control of the Company should be made based on the will of the shareholders as a whole.

It shall be noted, however, that there are not a few cases of large-scale share purchases that would not contribute to the increase of the corporate value and the common interests of shareholders of a company, including ones that would, in light of their purposes, etc., cause obvious damage to the corporate value and the common interests of shareholders or could effectively coerce shareholders to sell their shares, ones that the purchaser does not provide information and/or time reasonably necessary for the target company's board of directors and shareholders to review and examine details of the proposed purchase or for the target company's board of directors to make an alternative proposal, and ones where the target company's board of directors would have to conduct negotiation with the purchaser so as to seek more favorable terms than those initially proposed by the purchaser.

The person who intends to conduct a large-scale purchase of shares in the Company must have an understanding of the source of the Asahi Group's corporate value and have the capability to maintain and enhance it in the medium- and long-term; otherwise, the Asahi Group's corporate value and the common interests of shareholders would be damaged.

The Company thus believes that it is necessary to protect the Asahi Group's corporate value, and in turn, the common interests of shareholders, from such large scale share purchases.

(2) Framework that contributes to realization of the basic policy

1)Special Measures Contributing to Realization of the Basic Policy

In 2019, the Company will establish a group philosophy, the “Asahi Group Philosophy,” which articulates the Group’s mission and vision for the future, reaffirms values cherished and handed down over the years, and serves as a code of conduct for our stakeholders and the Group’s commitments to them. At the same time, the Company will establish a “Medium-Term Management Policy” for the realization of the “Asahi Group Philosophy” and put group-wide efforts in line with them. For the details of the “Asahi Group Philosophy” and the “Medium-Term Management Policy,” please refer to “I.1 Basic Views” and “I. [Disclosure Based on Principles of the Corporate Governance Code] (Principle 3-1 Full Disclosure)” of this Report.

The Company believes that it will be able to assure the flexibility of its corporate strategy by setting and carrying out such management policy and will be able to increase its sustained corporate value and ultimately secure common interests of its shareholders by setting such a policy as “Engagement Agenda” (agenda for constructive dialogs) and making dialogs with the stakeholders even more firm, and is striving to further strengthen its corporate governance.

2)Efforts to prevent decisions on the Company’s financial and business policy from being controlled by any person who is inappropriate according to the basic policy

The Company will take appropriate measures against any person who attempts to make a large-scale purchase in accordance with the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations such as requesting provision of necessary and sufficient information for shareholders to properly determine whether to approve or disapprove the large-scale purchase, disclosing the opinions, etc. of the Board of Directors of the Company and endeavoring to secure enough time for shareholders to contemplate the large-scale purchase.

(3) Judgment of the Company’s Board of Directors regarding the specific measures and reasons therefor

The measures described above in 1) of (2) conform to the basic policy of the Company as described above (1), are fully compatible with the corporate value and the common interests of shareholders of the Asahi Group including the Company, and are never implemented for the purpose of maintaining the status of Directors and Audit & Supervisory Board Members of the Company.

2. Other Matters Concerning Corporate Governance System

The internal system for the timely disclosure of the company information and the disclosure policy of the Company are as set forth below.

<Overview of Timely Disclosure System>

(1) Collection of Information

The basic attitude of the Company is to timely disclose the appropriate company information to the investors, and the information to be timely disclosed shall be handled in accordance with the internal regulations (Asahi Group Information Management Regulations and Asahi Group Insider Trade Prevention Regulations) as follows:

- The aggregation/management of the information shall be conducted by the Director in charge of the legal affairs or the organization in charge of legal affairs. The Director in charge of the legal affairs or the organization in charge of legal affairs shall strictly manage the internal information, and promptly transmit the matters to be timely disclosed to the Information Disclosure Committee.
- The timely disclosure of the company information defined by the Stock Exchange, including the material facts, etc., of the Company shall be conducted by the organization in charge of PR under the direction of the Director appointed by the President and Representative Director or the manager of the organization in charge of PR as the person responsible for the handling of information.

(2) Procedures for Information Disclosure

- a. For the information aggregated to the Director in charge of the legal affairs or the organization in charge of legal affairs from each organization of the Company and each of the Group Companies, the organization in charge of legal affairs, as a supervisor, makes a basic decision on whether such information is a matter subject to timely disclosure. For the facts of determination, the occurred facts, and the information of the settlement of accounts out of the above, the “Information Disclosure Committee” analyzes the content of such information, and conducts the prior examination of the necessity of disclosure, content/method of disclosure, etc. in accordance with the Timely Disclosure Regulations, etc.

b. For the information that is judged as special material matters by the Information Disclosure Committee in the above process, the proceedings and content at the meeting of the Information Disclosure Committee are reported by the chief to the President and Representative Director.

(3) Timely Disclosure to the Stock Exchange

The person responsible for the handling of information timely discloses the fact, the timely disclosure of which is judged as necessary, immediately after the occurrence thereof.

<Disclosure Policy>

(1) Basic Disclosure Policy

For the disclosure of the important information in the case where the facts of determination, occurred facts or information on the settlement of accounts affecting on the judgement of investment occur, the Company discloses such facts in accordance with the laws and regulations, including the Financial Instruments and Exchange Act, etc., as well as the “Regulations on Timely Disclosure, etc. of the Company Information of the Issuer of Listed Securities” (hereinafter referred to as “Timely Disclosure Regulations”) established by the Financial Instruments Exchange in which the Company lists stocks.

Also, for the information that is not subject to the Timely Disclosure Regulations, the Company, as a basic policy for information disclosure, conducts a fair/prompt and comprehensive information disclosure to meet the demands from the investors and security analysts.

(2) Method of Information Disclosure

The disclosure of the important information that is subject to the Timely Disclosure Regulations is registered in the “Timely Disclosure Information Transfer System (TDnet)” provided by the Tokyo Stock Exchange in accordance with the above Regulations.

After the registration, the Company promptly provides the same information to news media, and the same information is posted on the website of the Company.

Also, even in the case where the information that is not subject to the Timely Disclosure Regulations, etc. is disclosed, the Company endeavors to ensure that such information is fairly transferred via the website of the Company, media, etc. in accordance with a spirit of the timely disclosure.

(3) Items to be Voluntarily Disclosed

The Company voluntarily discloses the information that is not subject to the Timely Disclosure Regulations, etc., but is judged as being useful for the investment judgement. The information so disclosed includes the “Medium-Term Management Policy,” the monthly sales information, supplemental/presentation materials used in the financial results briefing, etc.

(4) Earnings Forecast and Future Prospect

In addition to the earnings forecast set forth in the statement of accounts, the Company may include the future prospect and opinions in the media, briefings, various materials, questions and answers, etc. In any case, any forecast or prospect, which did not become a fact, is based on the judgement rendered by the Company on certain assumptions at that time.

Therefore, please note that the future prospect may be changed without notice according to the change of the assumptions, and the actual earnings may vary greatly from such prospect due to various elements.

(5) Silent Period

In the Company, the period from the following date of the settlement of accounts to the date of the announcement of the settlement of accounts is the silent period of IR activities to prevent the divulgement of the information of the settlement of accounts and to ensure the fairness of information disclosure. During such period, the Company refrains from giving any comment on the settlement of accounts or any reply to questions.

However, if any fact that is subject to the timely disclosure occurs during such period, the Company will disclose such fact in accordance with the Timely Disclosure Regulations.

<Schema of Timely Disclosure System>



