Can the information be easily understood by individual shareholders?

Are the quality assurance systems sufficient and effective?

What are the key considerations for prospective business relationships?

Is the employee performance system fair and unbiased?

What is being done to care for the environment?

What are the relationships with local communities?
In order to increase public understanding of the Asahi Breweries Group’s CSR activities and facilitate access to information, this year we are providing reports on our CSR activities through the following three media.

Asahi Breweries Group CSR REPORT 2005
The printed report presents an overview of the Asahi Breweries Group’s CSR activities from social, economic and environmental perspectives, as well as detailed actions. It is organized according to the respective interests of various stakeholders, including consumers, business partners, shareholders, local communities, and employees. Data is also provided for major performance areas. This year, we have also included a number of feature articles to spotlight specific priorities of the Asahi Breweries Group.

Web Site & Pamphlet (in Japanese)
In addition to the content of Asahi Breweries Group CSR Report 2005, the Web site contains detailed performance data. Also, the pamphlet for general readers, written in easy-to-understand style, is available.

Scope of this Report
Reporting Scope
In general, the scope of this report is the activities of Asahi Breweries Ltd., although some of reported activities involve the entire Group or Group companies.

Report Content
Policies, plans, objectives, efforts, and progress are reported for the following three areas: finance, social contributions, and the environment.

Reporting Period
This report primarily covers fiscal year 2004 (January 1, 2004 to December 31, 2004) as well as the history and activities as of the publication date, future perspectives, and plans.

References Guidelines

* GRI: Founded in 1997. GRI develops and promotes globally applicable Sustainability Reporting Guidelines.

Publication Date
Current Edition: September 2005
Previous Edition: September 2004
Next Edition: August 2006
The Asahi Breweries Group considers all stakeholders as “customers” and therefore pursues customer satisfaction not only through its products, but in every business situation. “Satisfying Customers with Great Tastes” is also the fundamental philosophy behind Group-wide CSR activities.
Executive Message

Every Stakeholder Is Our Customer

The daily conduct of activities of the Asahi Breweries Group is guided by the philosophy of bringing greater enjoyment and prosperity to people’s lives through our Food and Health Businesses.

We believe that corporate social responsibility (CSR) lies at the heart of our corporate activities and is essential for our continued acceptance by society as well as for the ongoing enhancement of corporate value. With the understanding that all stakeholders are “customers” who support Asahi Breweries Group, we actively promote CSR activities to attain even higher customer satisfaction.

In fiscal year 2004, we achieved record levels in operating income, ordinary income, and net income, largely due to the support of all our customers. We are deeply grateful for the trust and loyalty that customers have expressed not only for our products, but for our corporate activities as well. To deepen this trust we intend to increase corporate value by providing customer satisfaction in every aspect of our operations.

This CSR report was designed to summarize our efforts during 2004. We hope that it assists readers in understanding our vision and our actions. And we welcome the opinions and feedback of our readers as important considerations in the planning of future CSR activities.
Corporate Philosophy

The Asahi Breweries Group aims to satisfy customers with the highest levels of quality and integrity, while contributing to the promotion of healthy living and the enrichment of society worldwide.

Guidelines for Corporate Activity

Customer satisfaction

• Provide high quality and abundantly original products and services with customer satisfaction as the cornerstone to all corporate activities.
• Propose new value to meet our customers’ expectations by revolutionizing our thinking and behavior.

Safety and environmental responsibility

• Bear full environmental responsibility and ensure the safety of all our corporate activities, ever aspiring to preserve our beautiful earth and be gentle to its people.
• Promote resource renewal and energy conservation through recycling and waste reduction.

Fair, open corporate ethics

• Win customers’ trust through corporate behavior that is based on respect for sound and fair ethics.
• Value the importance of communication with society and actively facilitate mutual comprehension via the disclosure of information.

World-class corporate activities

• Have a global vision and strive to follow international standards for corporate behavior.
• Take on global business opportunities on the world-stage.

A corporate culture rich in ideas and vitality

• Create a corporate climate where the rich ideas and ambitious spirit of each member of society can be leveraged.
• Create a corporate climate that abounds in activities where individuals can think and act for themselves.

Original and responsive corporate action

• Stay ahead of change and always strive to be forward-minded and swift in corporate action.
• Aim to share impressions with society through inventive concepts and individual behavior.

Independent and integrated management

• Aim for corporate management where each company thrives from its own independence.
• Aim for group management that leverages our combined strengths.

Continued, high-quality growth

• Aim for efficient use of managerial resources and productive management.
• Meet everyone’s expectations, from customers and shareholders to employees, through sustained and high quality growth.

Supporting the Global Compact

The Global Compact (GC) was proposed in January 31, 1999 by Kofi Annan, the secretary-general of the United Nations, at an international economic forum. The GC, as revised in June 2004, calls for participating companies to “embrace and enact” within their sphere of influence a total of ten principles in the following four areas: human rights, labor standards, the environment, and anti-corruption. The goal of the GC is to actively effect world-wide change through incorporating and acting on these principles in every aspect of corporate operation.

As of April 2004, over 1,300 companies, international labor organizations, and citizens organizations worldwide are taking part in this effort. Asahi Breweries announced its participation in June 2002.
The Asahi Breweries Group is always challenging itself to bring greater enjoyment and prosperity to people’s lives through our Food and Health Businesses.

**Soft Drink Business**
Production and sales of canned coffee, teas and other soft drinks.

**Overseas Business**
Production and sales of beer in North America, Europe, China and Southeast Asia, along with Oceania. Soft drinks in some countries.

**Food and Pharmaceutical Business**
Production and sales of health-related products, yeast extract, functional foods, deodorizers, and freeze-dried items.

**Alcoholic Beverage Business**
Production and sales of beer, happoshu (low-malt beer), zasshu (no-malt beer), low-alcohol beverages, whisky and spirits, wine, and shochu.

**Restaurant Business**
Management of restaurants, primarily located in the Tokyo area and the Kinki region of western Japan.

**Raw Materials Business**
Production and sales of various kinds of malt including raw materials for beer, yeast material, raw material for bread, and barley tea.

**Logistics Business**
Transportation of products and provision of other logistics services for the Asahi Breweries Group.

**Service Business**
 Provision of maintenance services for draft beer equipment, support for promotions, and brewery tours.

**Outline of the Asahi Breweries Group**
Contributing to Food and Health as a Corporate Group

Under the philosophy of satisfying customers with the highest levels of quality and integrity while contributing to the promotion of healthy living and the enrichment of society worldwide, Asahi Breweries, Ltd. seeks to achieve further prosperity for the entire group. Group companies build on the strength of the alcoholic beverage business managed by Asahi Breweries, Ltd. For example, Asahi Soft Drinks Co., Ltd. engages in the soft drink business, offering canned coffee, Japanese tea, and other soft drinks, while other Group companies, including Asahi Food & Healthcare Co., Ltd., market health foods and nutritional supplements in the food and pharmaceuticals business. In addition, in our beer and soft drink businesses, our dynamic collaborations extend beyond Japanese makers to those in China and other Asian countries.

The Asahi Breweries Group will continue to pursue customer satisfaction by providing high quality products and services in the areas related to Food and Health businesses. Through the cooperation of Group companies in product development, logistics, sales and other arenas, we will grow as a corporate group that is needed and trusted by customers worldwide.

Total Alcoholic Beverage Provider

With Asahi Super Dry, our mainstay beer product, and the popular Asahi Honnama happoshu (low-malt beer) series, Asahi Breweries enjoys a solid position in the beer and happoshu markets. In addition, driven by our fundamental vision of constantly pursuing ever-higher goals, we have enriched our product selection with shochu and low-alcohol beverages.

As a result, Asahi Breweries has nurtured highly regarded brands in every category of beer, happoshu, zasshu (no-malt beer), shochu, low-alcohol beverages, whisky, and wine, and has become a leader in the alcoholic beverage market today.

Corporate Outline

Name of the Reporting Organization:
Asahi Breweries, Ltd.

Head Office Address:
1-23-1 Azumabashi, Sumida-ku, Tokyo 130-8602
(Business Address)
3-7-1 Kyobashi, Chuo-ku, Tokyo 104-8323
(Address of incorporation)

Date Founded:
September 1, 1949

Representative:
Kouichi Ikeda, President and COO

Paid-in Capital:
182,531 million yen (as of December 31, 2004)

Total Assets:
1,038,319 million yen (as of December 31, 2004)

Number of Business Units:
1 head office, 9 headquarters (2 headquarters and 7 regional headquarters), 15 branches, 47 sales offices, 9 breweries, 6 laboratories, 3 overseas offices
(China, U.S.A., U.K.)

Subsidiaries/Affiliates:
53 consolidated subsidiaries,
1 non-consolidated subsidiary under equity method, 16 affiliated companies under equity method

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<tr>
<th>Fiscal years ended December 31</th>
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<tbody>
<tr>
<td>Net sales</td>
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<tr>
<td>($ billion)</td>
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<td>Net income</td>
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<td>($ billion)</td>
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<td>2000  9.7</td>
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<td>2001  13.6</td>
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<td>2002  16.4</td>
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<tr>
<td>2003  23.2</td>
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<td>2004  30.6</td>
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<tr>
<th>As of December 31 of each year</th>
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<tbody>
<tr>
<td>Total assets</td>
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<tr>
<td>($ billion)</td>
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<td>2000  1,134.1</td>
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<tr>
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<td>2003  1,244.4</td>
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<td>2004  1,250.8</td>
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<tr>
<th>As of December 31 of each year</th>
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<tr>
<td>Number of employees</td>
</tr>
<tr>
<td>2000  3,612</td>
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<td>2001  3,779</td>
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<tr>
<td>2002  3,895</td>
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<tr>
<td>2003  3,779</td>
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<td>2004  3,700</td>
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President’s Message

My mission is to enhance the quality of management through ongoing interactions with customers and relationships cultivated through effective communications.

How the Asahi Breweries Group Defines CSR

The Asahi Breweries Group firmly believes that CSR activities enhance corporate value. We recognize that every stakeholder is a “customer” who supports Asahi Breweries, including not only the consumers of our products, but shareholders and investors, suppliers, employees, and local communities as well. The never-ending cycle of our employees’ interaction with customers, from working to satisfy customers to receiving customer feedback and evaluation, and incorporating what they have learned from customers, is the CSR process of the Asahi Breweries Group. CSR at the Asahi Breweries Group can be essentially defined as building relations in order to ensure customer satisfaction—that is, “CS + R” (Customer Satisfaction + Relations). Moreover, I am convinced that my responsibility as the president is to enhance the company’s corporate value by guiding the general direction of these efforts and providing the appropriate level and style of management guidance.

How to Realize “CS + R”

Delivering customer satisfaction is not a simple task. Neither customers nor society at large remain the same day after day. And, in fact, by adapting to changes in customers and markets, we have evolved into a total alcoholic beverage provider and a global company. If we expect solid outcomes today only because business was successful yesterday, we will fail in meeting our responsibility and contributing to a society undergoing rapid change. What do customers and society expect? What action should we take, and how can we fulfill our responsibility? The Asahi Breweries Group will strive to enhance customer satisfaction and corporate value through ongoing public relations activities, disclosing our current status and the efforts of each Group company, and providing opportunities for feedback, in which we respectfully heed the voice of our customers and reflect their comments in our daily business.
Customers
Supporting the Asahi Breweries Group’s Corporate Activities

Enhanced Customer Satisfaction

Customers
Business Partners
Shareholders/Investors
Employees
Local Communities
Global Environment

Investor Relations Tools
Sales Promotion Media
Press Releases
Web Site
Products

Proposal and Information Disclosure to Customers

The “CS + R” Approach

At the Customer Relations Office
At Shareholder Meetings
At Breweries
At Stores

Through Social and Cultural Contributions

Customer Feedback and Opinions

Enhanced Corporate Value

Asahi

CSR REPORT 2005 8
We experienced significant success last year in the Six Priority Initiatives of Our CSR Activities (p. 10) identified by the Asahi Breweries Group as necessary for focusing actions and relationships with stakeholders, and discovered areas that still need improvement.

In the Pursuit of Quality, we began to collectively improve the vision and structure of quality assurance through the integrated efforts of Group companies. In the Compliance with Laws and Ethical Standards, employees across Japan attended training seminars to gain new insight into the Asahi Breweries Group Business Ethics Rule. In regard to Environmental Conservation, the Kyoto Protocol captured international attention as it formally went into effect in February 2005, and the Asahi Breweries continued to work toward meeting its goal of reducing total CO2 emissions by 10% from 1990 levels by 2008.

As for Appropriate Information Disclosure, we appropriately disclosed information to shareholders, investors, and mass media, and we relied on specialized committees to continuously improve product labeling and the responsible expression of advertisement and public interest content. In regard to Living in Harmony with Local Communities, we actively engaged in cultural and social contribution activities in partnership with local nonprofit organizations (NPOs). In Encouraging Socially Responsible Drinking, we established a drinking guideline for all employees and announced our Basic Philosophy for Promotion of Moderate & Responsible Drinking. Looking ahead, we will explore additional in-depth educational activities expand the reach of the newly founded Fund for Preventing Underage Drinking.

The Asahi Breweries Group will further advance its CSR activities by identifying, analyzing and taking action to meet emerging social needs, in addition to existing efforts. Through these CSR activities, we are committed to satisfying our stakeholders, that is, all our customers.
Six Priority Initiatives of Our CSR Activities

**Pursuit of Quality**
Develop and provide high quality products and services to gain the trust and ensure the satisfaction of the customer.

**Compliance with Laws and Ethical Standards**
Perform corporate activities in compliance with laws and ethical standards to gain the trust of society.

**Environmental Conservation**
Reduce the Group’s burden on the environment and carry out conservation activities for forests and water resources to protect the global environment.

**Appropriate Information Disclosure**
Rapidly disclose information in a fair and impartial manner to raise the transparency of corporate management.

**Living in Harmony with Local Communities**
Support volunteer and cultural activities to contribute to the creation of cultural living in communities. In addition, encourage exchanges with local communities to deepen mutual understanding.

**Encouraging Moderate & Responsible Drinking**
Carry out initiatives to prevent underage drinking, drinking and driving, and alcohol consumption by pregnant and breast-feeding women to actively fulfill the responsibility of enlightening consumers on proper drinking.
The Asahi Breweries Group is strengthening its corporate governance to ensure the consistent and ongoing fulfillment of its corporate social responsibility.

**Basic Policy**

The Asahi Breweries Group is committed to strengthening its corporate governance in order to be highly effective and adapt quickly in an ever-evolving business environment. The Group seeks to meet the requirements of consolidated management and earn trust by all stakeholders through the enhancement of social responsibility and management transparency.

**Corporate Governance Structure**

The diagram illustrates the corporate governance structure, including the roles and responsibilities of various committees and departments within the company. The structure is designed to ensure transparent and effective governance, aligning with the Group's commitment to corporate social responsibility.
### Enhancing Management Fairness and Transparency

Asahi Breweries strives to develop its business and secure profits for stakeholders by adopting a system of auditors for monitoring corporate management and directors. The Board of Auditors consists of five auditors, of which three are outside auditors.

The Board of Directors consists of eleven directors, including three outside directors. Asahi Breweries has placed outside directors on its board since 1982 and increased the number from one to three in 2000 to improve the overall review functions of the Board of Directors to incorporate several points of view. This system of outside review is intended to enhance fairness and transparency while further expanding Group management capabilities.

The appointment of directors and executive officers and their compensation are deliberated and determined by the Nomination Committee and the Compensation Committee, respectively, which were established in 2000 and report to the Board of Directors.

The Nomination Committee recommends candidates for directors, executive officers, and corporate auditors to the Board of Directors. The Compensation Committee makes proposals to Board of Directors on the compensation structure for directors and executive officers. We plan to further enhance fairness and transparency by ensuring the effective functioning of these committees.

Total compensation paid to directors in fiscal 2004 was 264 million yen, including 239 million yen paid to company-employed directors, and total compensation paid to auditors was 78 million yen, including 64 million yen paid to corporate auditors. Executive bonuses paid out of profits totaled 42 million yen for directors, of which 38 million yen was paid to company-employed directors, and 8 million yen for auditors, including 5 million yen paid to corporate auditors. Retirement benefits amounted to 132 million yen for three directors who retired during the previous fiscal year and 14 million yen to an auditor who retired.

### Streamlining Decision Making and Administration

Two high-level meetings share overall responsibility for decision making. The Management Strategy Meeting, chaired by the chairman and CEO, deliberates the operations of the entire group, while the Management Meeting, chaired by the president and COO, oversees the main alcoholic beverage business. These meetings maintain the accountability of directors for the entire Group and the responsibility of the COO and executive officers for the alcoholic beverages business, thereby streamlining decision making and clarifying responsibilities.

In addition, the Executive Officers system introduced in 2000 separates the management strategy planning and supervisory roles of directors from the administrative roles of executive officers. The main missions of the directors is the supervision of business and decision making for the company and to strengthen and grow the Group through the development of business strategies and important management decision making with respect to the entire Group. In addition, we seek to streamline administration by clearly demarcating supervisory roles from administrative roles, which are assigned to Executive Officers.

### Promoting CSR Management

Asahi Breweries established a CSR Committee in December 2003 at the Asahi Breweries Head Office for effective CSR management. In September 2004, representatives from 16 departments at the Asahi Breweries Head Office and 16 Group companies joined the CSR Committee, essentially broadening its function into a Groupwide CSR Committee.

Under the new structure, the CSR Committee promotes CSR activities for the entire group under the Six Priority Initiatives of CSR: Pursuit of Quality, Compliance with Laws and Ethical Standards, Environmental Conservation, Appropriate Information Disclosure, Living in Harmony with Local Communities, and Encouraging Moderate & Responsible Drinking.
The Asahi Breweries Group is promoting compliance to earn customer trust.

**System for Promoting Compliance**

Revising the *Asahi Breweries Group Business Ethics Rule* for Greater Effectiveness

To consistently earn the trust of stakeholders, compliance must be thoroughly implemented across the enterprise, encompassing all executives and employees of the Asahi Breweries Group, as well as contract, temporary, and part-time employees.

Consequently, the Asahi Breweries Group established the Asahi Breweries Group Business Ethics Rule in November 1999.

In October 2003, the *Asahi Breweries Group Business Ethics Rule* was revised to help employees more precisely determine what they should and should not do at the finest level of detail. In addition to including concrete standards governing day-to-day work, the table of contents and index were also updated to make the document more accessible and easy to understand.

**Asahi Breweries Group Business Ethics Rule**

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<thead>
<tr>
<th>Section One</th>
<th>The Fundamental Philosophy</th>
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<td>Part One</td>
<td>Responsibilities to Consumers</td>
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<td>Part Two</td>
<td>Responsibilities to Clients and Related Industries</td>
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<td>Part Three</td>
<td>Responsibilities to Suppliers</td>
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<td>Part Four</td>
<td>Responsibilities to Employees</td>
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<td>Part Five</td>
<td>Responsibilities to Society</td>
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<td>Part Six</td>
<td>Responsibilities for the Global Environment</td>
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<td>Part Seven</td>
<td>Responsibilities to Governmental Institutions</td>
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<td>Part Eight</td>
<td>Responsibilities to Shareholders and Investors</td>
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<tr>
<td>Section Three</td>
<td>Implementation Guidelines</td>
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</table>

**Compliance Promotion System**

**Operation of the Legal Promoter System**

The Asahi Breweries Group has formulated a system for practicing compliance rooted in the routine work, while revising the *Asahi Breweries Group Business Ethics Rule* so that all executives and employees can concretely understand the importance of compliance.

The Legal Promoter System, which has been in operation since 1999, forms the heart of these efforts. The purpose of this system is to ensure the wide-spread practice of compliance on a daily basis in all business units and across the entire Group under the leadership of legal promoters who have been trained by the Legal Management Department. There are approximately 130 legal promoters.

In addition, 26 Senior Legal Promoters highly knowledgeable on compliance were assigned to major business units starting in 2002, to further reinforce the compliance promotion system. Other activities for promoting compliance contained in the Implementation Guidelines of the *Asahi Breweries Group Business Ethics Rule* include self-check cards carried by employees to use in confirming compliance, and the submission of signed pledges to observe ethics rules, which all executives and employees, except corporate auditors, are obliged to sign.
Ensuring Thorough Compliance Implementation
To ensure compliance implementation, a team comprised of members from the Legal Management Department, the Quality Assurance Department, Social & Environmental Management Department, and the General Affairs & Secretary Department, in addition to the Audit Departments, conducts internal audits of business units, including group companies.

Since 2002, we have also conducted annual surveys on corporate ethics involving all employees across the entire group to identify compliance issues, as part of the “Check” function in our Plan-Do-Check-Act (PDCA) cycle for promoting compliance. The 2005 survey indicated that level of recognition of the business ethics rule was raised from 54% after it was first established to 91% as a result of compliance training. In addition, we hold compliance training sessions under specific themes, such as public expression and the Anti-Monopoly Law, as well as compliance seminars conducted by an outside lawyer for directors.

The Asahi Breweries Group will continuously enhance its compliance system through such efforts as updating the Asahi Breweries Group Business Ethics Rule, implementing action plans, and verifying results.

Establishment of In-house Reporting System, Clean Line System
Preventing Problems Associated with Identified Corporate Risks
The Clean Line System was set up as an in-house reporting method for quickly identifying potential risks and preventing the occurrence of major problems. It was established to address problems which, for whatever reason, employees felt they could not report or could not seek advice through the standard channels of communication. The system provides a mechanism to protect employees in reporting or consulting with experts with regard to actions at the workplace that are or may be against prevailing laws and regulations, the Asahi Breweries Group Business Ethics Rule, or other rules.

Consultations can be arranged either through an internal contact person using the Corporate Ethics Committee Office or external contact person using contractual lawyers. Any issues reported through the system are vigorously investigated and reviewed by the Corporate Ethics Committee. The identity of employees who report problems to contractual lawyers can be protected, and steps are taken to ensure that no employee ever places themselves at risk by reporting a problem.

Eight such incidents were handled through the Clean Line System in 2004.
The Asahi Breweries Group declares that it will handle the personal information of its customers and business partners ("customers") appropriately and safely, based on deep recognition of the need to securely handle personal information under the principle of respect for the individual. Under this declaration, the Asahi Breweries Group will hereby make public the Asahi Breweries Group Personal Information Protection Policy based on the "Act concerning Protection of Personal Information" (Law No. 57, May 30, 2003) and related laws and regulations as well as the guidelines of the related ministries ("prevailing laws and regulations").

March 29, 2005

Asahi Breweries Group

Personal Information Protection Policy

1. When acquiring the personal information of customers, the Asahi Breweries Group will clearly disclose the intended use and utilize legal and fair means for acquiring such information.

2. The Asahi Breweries Group will handle personal information it has acquired from customers as delimited by the declared or published purpose except as provided under prevailing laws and regulations.

3. The Asahi Breweries Group will strive to maintain the accuracy of acquired personal information and update it as necessary within the delimited purpose and implement reasonable measures to manage the information to prevent loss, leakage or unauthorized access.

4. The Asahi Breweries Group will only entrust the handling of customers’ personal information to outside contractors with sufficient security capabilities and will provide necessary and adequate supervision.

5. The Asahi Breweries Group will not disclose or provide personal information of customers to a third party without the prior consent of customers except as provided under prevailing laws and regulations.

6. The Asahi Breweries Group will make public its disclosure procedures as provided under prevailing laws and regulations and will appropriately address inquiries and requests from customers for such disclosure.

7. The Asahi Breweries Group will observe prevailing laws and regulations concerning the protection of private information and continuously develop and improve the Group’s structure to do so through such efforts as employee education.
Activity Report
2004
Asahi Breweries Group Efforts for Satisfying Customers with Great Taste
The entire Asahi Breweries Group is working on the Six Priority Initiatives.

Pursuit of Quality

In our pursuit of satisfying customers with the highest level of quality, we constantly apply both innovation and tradition in manufacturing.

Asahi Breweries’ quality assurance system is committed to delivering the highest quality. Our efforts include raising the level of quality and increasing production efficiency as research for work restructuring. Every plant promotes this research, in which every employee is encouraged to strive for self-improvement and set their own goals for achieving their dreams, without compromise. We also introduced Technical Master and Technical Expert Programs to establish, improve and pass on skills that are fundamental for manufacturing high quality products.

Compliance with Laws and Ethical Standards

We go beyond compliance training to actively promote ongoing improvement in compliance at each worksite.

The Asahi Breweries Group held compliance training sessions in various parts of Japan in association with the significant revision of the Asahi Breweries Group Business Ethics Rule in October 2003. In addition to the training sessions, we have appointed Legal Promoters (LPs) and Senior Legal Promoters (SLPs), known as “compliance evangelists,” to each business unit and company. LPs and SLPs provide leadership in formulating company structures, disseminate information on the Asahi Breweries Group Business Ethics Rules at worksites, and raise awareness of new laws, such as the Personal Information Protection Law.

Environmental Conservation

A Group-wide goal for reducing CO₂ was set under the new Second Medium-term Environmental Management Plan.

The Nikka Whisky Distilling Co., Ltd. operates six plants in Japan. As a result of efforts to conserve energy and reduce the emissions of greenhouse gases in all plants, particularly the Sendai Distillery and Kashiwa Plant, we were able to reduce total CO₂ emissions in fiscal year 2004 by 5% from the previous year, representing a 43% reduction compared to 1990 levels. The goal of the Asahi Breweries Group under the Second Medium-term Environmental Management Plan is to limit total CO₂ emissions within ±0% of 1990 levels while increasing the scale of production to approximately 1.6 times 1990 levels. Nikka Whisky joins other Group companies in their commitment to significantly contribute to the achievement of this goal through further improvements in energy efficiency.
The Asahi Breweries Group believes that CSR activities fulfill our responsibilities for a wide range of stakeholders.
We established Six Priority Initiatives for the Group in 2004 to ensure that CSR activities genuinely reflect the character of the Asahi Breweries Group.
In the following special feature articles, our employees explain in their own words how they are engaged in CSR in their own worksites.

**Appropriate Information Disclosure**

As a recipient of the Excellence in IR Award and the Award for Excellence in Corporate Disclosure, we will continue to disseminate accurate information.

In 2004, Asahi Breweries received the Japan Investor Relations Association’s Excellence in IR Award for Fiscal 2004 for its timely and appropriate information disclosure, easily understood explanatory materials, and its highly rated, proactive investor relations (IR) efforts for individual investors. In addition, the Security Analysts Association of Japan selected Asahi Breweries as the No. 1 food-related business under the Excellence in Corporate Disclosure category. With the growing public interest in corporate information disclosure, Asahi Breweries will continue to provide information that is true, accurate, and timely.

**Living in Harmony with Local Communities**

Asahi Breweries actively works with regional residents in conserving water resources to protect abundant local water systems.

We began water resource conservation activities at our Shikoku Brewery to protect the rich water resources of the area. In an initiative taken by brewery employees, local citizens participated with them in planting trees, trimming undergrowth, and participating in games designed to raise awareness of environmental conservation. I am glad to hear that our activities are providing a model for the roll out of water resource conservation activities by other plants. We are determined to take on new challenges while maintaining open communications with local citizens.

**Encouraging Moderate & Responsible Drinking**

We are implementing a variety of activities related to the Fund for Preventing Underage Drinking and the Moderate & Responsible Drinking Committee.

Asahi Breweries, which had previously encouraged moderate & responsible drinking, established the Moderate & Responsible Drinking Committee in 2004 and decided to expand the scope of our activities by setting up six working groups and formulating basic principles and action guidelines. We also created the Fund for Preventing Underage Drinking and began supporting organizations, individuals and business establishments in addressing this issue. Encouraging moderate & responsible drinking is one of our most important civic duties as an alcoholic beverage provider. We will continue to take bold actions that contribute to a prosperous and healthy lifestyle.
The quality assurance system of the Asahi Breweries Group continues to evolve, from setting rules to rooting principles among production worksites.

In order to realize its management philosophy of delivering customer satisfaction, the Asahi Breweries Group focuses its energy on expanding its quality assurance system through the Pursuit of Quality, one of our Six Priority Initiatives for CSR activities. In addition, we have been actively working on establishing a quality assurance system for the Group beyond our role as a beer and happoshu (low-malt beer) provider to encompass our wider function as a total alcoholic beverage provider.

This section reviews the history of quality assurance efforts at Asahi Breweries and summarizes the current status and future vision of the Group-wide quality assurance system.

In the Beer and Happoshu Category

Satisfying Customers with the Highest Levels of Quality and Integrity

In order to realize its corporate philosophy, “satisfying customers with the highest levels of quality and integrity,” Asahi Breweries worked daily to formulate a quality assurance system for delivering the highest level of quality, through such efforts as introducing Total Quality Management (TQM) and acquiring ISO 9001 certification.

The quality assurance system of the Asahi Breweries Group continues to evolve, from setting rules to rooting principles among production worksites.

In the Beer and Happoshu Category

Satisfying Customers with the Highest Levels of Quality and Integrity

In order to realize its corporate philosophy, “satisfying customers with the highest levels of quality and integrity,” Asahi Breweries worked daily to formulate a quality assurance system for delivering the highest level of quality, through such efforts as introducing Total Quality Management (TQM) and acquiring ISO 9001 certification.

In the Beer and Happoshu Category

Challenge of Reducing Quality Risk Factors

The next step in strengthening Asahi Breweries’ structure for guaranteeing quality was the Reducing Defective Products Project (1998-2000) for minimizing quality risk factors.

The context for this effort was our realization of certain shortcomings associated with our efforts in response to standards and rules, including the introduction of the Guarantee System and acquisition of ISO certification. While the introduction of standards and guidelines stimulated an awareness of the importance of such structures in production worksites, there was also a superficial attitude of simply obeying the rules without a genuine commitment to the spirit of compliance.

In production worksites, materials vary according to product, and facilities and processes are always evolving. Under these conditions, just observing existing standards and rules is not enough to ensure that the correct action is promptly implemented.

Consequently, Asahi Breweries started the Reducing Defective Products Project with the objective of going beyond the basic establishment of standards and rules to deeply embed the philosophy behind the rules into the organization. This project began by gathering under one roof all brewery managers responsible for beer and happoshu (low-malt beer) processes to review past quality issues. The managers then set down in writing a universal and systematic perspective on quality control that would be likely to stand up to the challenges of daily changes in facilities and processes. They extracted the essence of the abundant knowledge and experience they had gained in their respective
production worksites over the years, including such observations as the importance of paying attention to actual worksite and product conditions, and recognizing the clear signs of an impending problem.

In 1999, Asahi Breweries formally summarized this collective wisdom into standard facility procedures for defective products, which were to be applied to facilities and processes in the form of a checklist for defective products. These procedures were then put into effect for all processes related to the manufacturing of beer and happoshu. In addition, a mechanism was developed to help employees document and conduct self-evaluations every year and to systematically submit new ideas for improvement in the form of a “Countermeasures Report” to assist in the formal incorporation of these ideas.

**In the Other Alcoholic Beverages Category and Across the Group**

**Strengthening the Quality Assurance System in the Other Alcoholic Beverages Category**
The alcoholic beverage manufacturers of the Asahi Breweries Group who shoulder the responsibility for other alcoholic beverages inaugurated extensive parallel activities to establish quality assurance systems in the midst of their respective proprietary operations.

**Reducing Defective Products Project Implemented in the Other Alcoholic Beverages Category**
In 2004, the Hirosaki Plant of the The Nikka Whisky Distilling Co., Ltd., acquired HACCP, an international certification for food sanitation management. In addition, the Reducing Nonconforming Products Project was launched in 2003 based on production risks identified in the Reducing Defective Products Project at the Asahi Breweries. Asahi-Kyowa Liquor Manufacturing Co., Ltd. and Satsumatsukasa Shuzo Co., Ltd. started developing a quality assurance system, from production to shipment, using a process control table and a risk management table according to individual production items based on the Reducing Defective Products Project.

**Total Alcoholic Beverage Worksite Managers Meeting**
One quality assurance activity implemented across the Group is the Total Alcoholic Beverage Worksite Managers Meeting. The meeting brings together managers of the business units of Asahi Breweries and other Group liquor manufacturing companies to establish goals by discussing the desired quality level to be achieved in the Group and sharing the know-how and skills of each company.

**Pursuing Synergies across the Asahi Breweries Group**
Departments in charge of quality assurance at Asahi Soft Drinks Co., Ltd., and Asahi Food & Healthcare Co., Ltd., seek to establish synergies among areas of expertise related to quality management, such as quality assurance and quality audits, by jointly implementing measures with Asahi Breweries while at the same time formulating their own quality management systems for their respective product requirements.
Activities of Asahi Soft Drinks
Asahi Soft Drinks acquired ISO 9001 and HACCP certifications for its Kashiwa, Akashi, and Hokuriku Plants and is now preparing to acquire certifications for its Fujisan Plant. In addition to the periodic external auditing required for certifications, the company implemented a joint plant audit with Asahi Breweries in 2004 on a pilot basis, with plans for full implementation of this plant auditing system starting in 2005. The company also introduced the Taikoban Guarantee System of Asahi Breweries in 1995, including appropriate improvements in accordance with company specifications.

Furthermore, we conduct periodic quality assurance to ensure the quality policy is observed and to share information with outsourced plants entrusted with production. In addition, an intranet-based quality assurance system was constructed in 2001 to strengthen and enhance the trail of documentation toward designing a way to monitor the production records of all plants, including information on raw materials, quality, and operations.

Quality is the top priority of the Asahi Breweries Group in demonstrating a trustworthy commitment to safety, satisfaction, and the delivery of products and services that are appreciated by customers.

Asahi Food & Healthcare’s Actio Acerola C

The Asahi Breweries Group has worked as a fully integrated team on quality assurance activities related to reliability and safety while providing customers with better products and services. In July 2004, Asahi Food & Healthcare was ordered by the Fair Trade Commission to discontinue the sales of Actio Acerola C that carried a label declaring the product contained vitamin C derived from natural acerola. The order alleged that most of the vitamin C contained in the product was synthetic in origin, and therefore violated the Law for the Prevention of Unreasonable Premiums and Misrepresentation Concerning Products and Services.

Based on the manufacturing specification submitted by the material provider, Asahi Food & Healthcare had believed the vitamin C contained in the raw material was derived from natural acerola. As the result of a company investigation in April 2004 of the material provider following the issuance of the Fair Trade Commission order, it was confirmed that synthetic vitamin C was in fact contained in the raw material. The company immediately stopped the sale of the product in question. In addition, it released a public apology in national newspapers and voluntarily recalled the product, reimbursing consumers for its cost.

After April 2004, Asahi Food & Healthcare conducted a general inspection of package descriptions for all products, including the labeling of raw materials, on the grounds that the incident revealed an inadequate confirmation of raw material quality and content at the time of product development. In addition, the company completely reviewed its quality assurance system to prevent the recurrence of such issues, and is now developing and selling products under the new quality assurance system.

* Asahi Food & Healthcare’s quality assurance system was revised on the following points:
(1) Completely revising the product development flow
(2) Tightening raw material selection and procurement standards, including safety checks and documentation trail
(3) Strengthening the labeling check system
(4) Reviewing the production process control standard
(5) Reviewing the quality audit standard
Encouraging Moderate & Responsible Drinking

As a socially responsible alcoholic beverage provider, the Asahi Breweries Group is committed to encouraging moderate & responsible drinking.

On one hand, liquor is a cultural asset that has brought joy and pleasure to people’s lives and is closely associated with the natural features, cultures and lifestyles of the various regions of the world.

On the other hand, inappropriate consumption of alcohol beverages has created harmful situations for individuals and society as a whole.

As a total alcoholic beverage provider, the Asahi Breweries Group acknowledges its responsibility to take the initiative in addressing these issues. This section reviews our activities for promoting moderate & responsible drinking through communication with customers, others in the industry, and people around the world.

Basic Definition of Moderate and Responsible Drinking

Throughout history, alcohol has brought joy and pleasure to cultures and played an important role in celebrating major events in the lives of people. A variety of alcohol, such as beer, wine, and whiskey, and their different recipes have been produced around the world since ancient times, each reflecting the distinctive natural features and cultures of its region of origin, and this abundant variety of alcohol reaches consumers across national borders. In this sense, alcohol is a cultural asset shared by almost all people and cultures. The Asahi Breweries Group is proud of its participation in the manufacture and sales of alcoholic beverages in this context.

At the same time, however, the inappropriate consumption of alcohol can disrupt the lives of individuals, families and society as a whole, through such problems as drinking and driving, underage drinking, and alcohol dependence.

Consequently, the Asahi Breweries Group has long encouraged moderate & responsible drinking to eliminate the problems associated with inappropriate drinking and allow people to include alcoholic beverages in their celebrations and social life.

Left: Pamphlet promoting responsible drinking, The Chief of All Medicines When Drinking Properly
Right: Keeping on Good Terms with Alcohol: A Guidebook for Responsible Drinkers

Upper: Records indicate that beer was made from foxtail millet in ancient China around 2000 B.C.

Right: Historic records show that ancient Germanic people in North Europe made beer around 1800 B.C. This beer is reported to have been the origin of present-day beer recipes, which processes barley into malt.
One of the Six Priority Initiatives for CSR activities
Asahi Breweries has taken many actions to raise awareness and encourage customers to practice moderate & responsible drinking. These activities have included Mini Manuals for customers; a booklet for college freshmen titled Keeping on Good Terms with Alcohol: A Guidebook for Responsible Drinkers; an educational video for junior high school students titled Forward to a Brighter Day! Junior High School Students Say NO to Alcohol!!; and the Healthy Relationship between People and Alcohol Web site, introducing the company’s efforts to address alcohol-related problems.

Since 2004, the company has also identified “Encouraging Moderate & Responsible Drinking” as one of its Six Priority Initiatives for CSR activities. In line with this priority, Asahi Breweries convened an inter-departmental organization, the Moderate & Responsible Drinking Committee (p. 32), and established The Asahi Breweries Group: Basic Philosophy for Promotion of Moderate & Responsible Drinking. Furthermore, the company actively disseminated information, provided labels cautioning pregnant and nursing mothers not to drink, and adopted voluntary advertisement standards.

In March 2005, we established the Fund for Preventing Underage Drinking to support organizations, individuals, and institutions conduct research and seminars for preventing underage drinking (p. 32).

Major Activities to Promote Responsible Drinking

1984 We created Mini Manuals containing the message, “Attention Customers: Please Drink Responsibly.” The manuals caution customers who purchase beer to avoid or prevent underage drinking, binge drinking, drinking by pregnant or breastfeeding women, drinking and driving, and so on.

1998 We issued Keeping on Good Terms with Alcohol: A Guidebook for Responsible Drinkers, a booklet for college freshmen. Approximately 1.7 million copies have been distributed as of the end of March 2005.

June 2001 We joined the International Center for Alcohol Policies (ICAP).

December 2001 We released Forward to a Brighter Day! Junior High School Students Say NO to Alcohol!! a video for preventing underage drinking, targeting junior high school students. The video was a collaborative effort involving The Nikka Whisky Distilling Co., Ltd. and the Japan Health and Alcohol Incorporated Association. The company distributed approximately 7,800 copies of the video to 5,800 junior high schools and boards of education as well as audio-visual library centers across Japan.

September 2002 Alcohol and Health, an alcohol encyclopedia, was published on our Web site.

September 2003 We opened the Healthy Relationship between People and Alcohol Web site, which provided information on Asahi Breweries efforts to address alcohol-related problems.

June 2004 Product containers began to display labels to reduce the consumption of alcohol by pregnant and breastfeeding women.

July 2004 The Moderate & Responsible Drinking Committee was established as an inter-departmental organization of Asahi Breweries.

September 2004 The Asahi Breweries Group: Basic Philosophy for Promotion of Moderate & Responsible Drinking was established. Booklets and pocket cards were printed and distributed to all Group employees.

March 2005 We set up and announced the first call for proposals for the Fund for Preventing Underage Drinking to support organizations and individuals in tackling research and action to prevent underage drinking.

In Partnership with People around the World

Expanding Activities under a Global Vision
The issue of moderate & responsible drinking is increasingly being recognized as a major social concern, not only in Japan, but also in almost every country around the world. The World Health Organization (WHO) included alcohol abuse as an international social issue on the agenda of the World Health Assembly (WHA) held in May 2004.

Asahi Breweries has long promoted moderate & responsible drinking amid the public concern for alcohol-related problems. In June 2001, we became the first Asian alcoholic beverage producer to join the International Center for Alcohol Policies (ICAP), an international nongovernmental organization (NGO). The company is working to address alcohol-related problems on a global scale by participating on the ICAP board of directors.

In November 2003, Asahi Breweries hosted the ICAP board for its first meeting in Japan, with discussions including the ICAP Five Year Strategic...
Plan 2004-2008. Asahi Breweries is ICAP’s only corporate representative in Japan. The company also represented the Japanese alcoholic beverage industry at ICAP’s Alcoholic Beverage Industry Self-Regulation Meeting in London, October 2004, which invited related members of WHO, and the international meeting held in Amsterdam, February 2005.

**In Partnership with the Alcoholic Beverage Industry**

**Leading Activities on Behalf of the Industry**

Education in moderate & responsible social drinking is critical for addressing alcohol-related problems that have become international concerns. These educational efforts must involve industry and government and cannot be limited to activities by individual corporate or organizational entities. Therefore, beyond its own educational efforts, Asahi Breweries actively promotes moderate & responsible drinking awareness across the industry and throughout society as a whole. Our efforts include providing useful information and proposals for action to the alcoholic beverage industry, the government and municipalities, building upon the wealth of data and international relationships we acquire as a member of the International Center for Alcohol Policies (ICAP).

The Asahi Breweries Group will continue to fulfill its social responsibilities by encouraging moderate & responsible drinking from the perspective of industry self-regulation and public education and awareness building activities.

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**International Center for Alcohol Policies (ICAP)**

Established in 1995, ICAP is an international nongovernmental organization (NGO) focused on addressing alcohol-related problems. Nine of the world’s major liquor providers, including Asahi Breweries, are members. ICAP projects and services focus on raising public awareness of moderate & responsible drinking, study and research of the alcohol policies of individual countries, epidemiological studies, publishing, and the sponsoring of forums. Activities are guided by these two basic philosophies: (1) reducing alcohol abuse across the world and (2) promoting understanding of the roles of alcohol beverages in society.

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Healthy Relationship between People and Alcohol, our portal Web site, offers a wealth of information along with reports on the activities of Asahi Breweries to promote proper drinking.
For Consumers and Civil Society

In order to contribute to the creation of a healthy and affluent society through food products, Asahi Breweries assumes responsibility for developing, manufacturing, and delivering safe, quality products to its customers. This has meant far more than establishing a rigorous quality assurance system. We have also promoted appropriate and accurate package labeling and advertising expressions, introduced universal design, and taken action in response to feedback from our customers and the market. In addition, as a total alcohol beverage maker, we actively educate consumers about responsible drinking behavior. Asahi Breweries continues to strive to offer safety and security to customers, earn their trust, and deliver satisfaction.

Customer Relations Office
The Customer Relations Office functions as point of contact for receiving inquiries, opinions, and suggestions from our customers.

Voice Park
Voice Park is a Web site that encourages communication between customers and product developers. Asahi Breweries presents the behind-the-scenes story on product development on the site, which also provides a bulletin board for customers to post comments.

Relations with consumers and civil society
Customer Relations Office, Customer Information Topics, Voice Park, various pamphlets, etc.

Various Pamphlets
In addition to “mini-guides” explaining product characteristics and tips for enjoying them, we issue pamphlets to enhance customer satisfaction.
Asahi Breweries’ Quality Assurance System

Quality Assurance Activities

Providing the Highest Quality
In line with its Quality Philosophy, Asahi Breweries has established cross-organizational teams and auditing groups to promote quality assurance at every stage, from the procurement of raw materials to manufacturing, logistics, and distribution.

Asahi Breweries’ Quality Philosophy
Asahi Breweries recognizes quality as a top priority and provides the highest quality in order to earn customer trust and deliver customer satisfaction.

Pursuing Customer Satisfaction
In its pursuit of customer satisfaction, the Asahi Breweries has established quality assurance structures, including Total Quality Management, ISO 9001 certification, and the Taikoban Guarantee System (p. 27).

Our activities reach well beyond these specific efforts to continually upgrade the entire quality system. We conduct cross-organizational problem solving and actively encourage process improvements that are not limited to specific departments. For example, the Reducing Defective Products Project (1998 to 2000) focused on minimizing quality risk factors, the Business Reform Research Activities (2002 to present) is working to establish ideal breweries, the Public Expression Committee (1995 to present, see p. 30) is reviewing appropriate product labeling and advertisement content, and the Quality Management Committee (2003 to present, see p. 27) is striving to improve the overall quality assurance structure and product quality.

Quality Assurance Structure

Utilizing Customer Information
Developing New Products

Product Development
• Process of New Product Development
• ISO 9001
• Quality Management Committee
• Public Expression Committee

Utilizing Customer Information
Quality Management Committee for Quality Improvement

Procurement of Raw Materials
• Procurement Testing of Raw Materials
• Quality Examination
• QA Conference
• Raw Material Risk Control Standards

Public Expression Committee for Appropriate Labeling

Manufacturing
• Quality Assurance System
  • Takoban Guarantee System
  • TECOS
  • ISO 9001
  • Reducing Defective Products Activities
  • Food Sanitation Control

Shipment
• Shipment Judgment Standards
• Rules for Shipment Date and Freshness Date
• Gift Wrapping Process Standards

Distribution

Logistics
• Storage and Transportation Control

Customer Relations
• Freshness Management

Keg Draft Beer Quality Assurance
• ISO 9001
• Keg Draft Beer Quality Seminar
• Freshness Management

Information Flow
Manufacturing/Distribution Process
Introduction of IP Handling*

Since 2001, Asahi Breweries has only procured materials for beer and happoshu additives like cornstarch and corn grits that have been managed through identity preserved (IP) handling systems.

An identity preserved (IP) system verifies that genetically modified agricultural products and non-genetically modified products are strictly separated in every stage of distribution.

Quality Control for Production

Executing the Taikoban Guarantee System to Ensure Quality

The making of beer involves many different processes, including the brewing process that creates the essence of the product and the packaging process for filling bottles and cans with beer.

The Taikoban Guarantee System ensures the delivery of products to customers that exceed quality standards as a result of consistent, well-established production processes. Managers responsible for each step confirm product quality and the proper functioning of equipment for each production lot and enter the data into the TECOS21 system. Every step is accounted for, including the brewing process for making beer; packaging beer into glass bottles, cans or kegs; and providing

Quality Control for Raw Material Procurement

Confirming Raw Material Safety through Traceability

Consumers are increasingly concerned about food safety. Therefore, Asahi Breweries concentrates on procuring raw materials that are extremely safe. Raw materials for beer include malt, hops, and additives like cornstarch. In order to ensure traceability for all raw materials, Asahi Breweries performs analytic tests to confirm quality against our Raw Material Risk Control Standards, which stipulate what must be analyzed, the methods of analysis, and the standard values for each material from the perspective of food safety. In addition, we always confirm the safety of samples before starting to use any new raw material.

In this context, Asahi Breweries applies its Raw Material Risk Control Standards to rigorously inspect every raw material used in daily operations. We also seek to guarantee safety by regularly testing for the presence of agrichemical residues.

In addition, we visit our suppliers to conduct audits of their quality control systems, from production to shipping, based on applicable rules and standards. We also hold Supplier Quality Management Meetings, where we discuss ways to maintain and improve the quality of raw materials.
engineering support that ensures the supply of water and natural gas. Nothing is shipped until the person in charge of final quality assurance determines the product is ready. The appearance of any abnormality will interrupt the process until the cause is identified and resolved.

**TECOS21**

TECOS (Technical Computer System) provides data support for the Taikoban Guarantee System. Product quality can be evaluated against standard quality values and specifications by simply entering the actually measured values. The system can be used to track minor process changes or control traceability information, in addition to producing quality certifications required for proceeding to the next process. In order to further enhance its data processing capabilities to keep pace with advances in information technology, Asahi Breweries upgraded the system to TECOS21. The new system is capable of handling a far larger scale of quality assurance items and supports the networking of machinery and measured data. The system was first installed with the opening of Shikoku brewery in 1998, and we continue to regularly improve it.

**Systemizing the Reducing Quality Risk Factor Concept**

The Taikoban Guarantee System confirms that appropriate processes are followed and provides a data-supported means for ensuring that a certain standard of quality is met. Asahi Breweries goes even further to assure quality by developing and implementing systems to minimize quality risk factors at each brewery.

The systemization of this vision involves a series of actions. First, we identify potential risks such as microbe pollution, exposure to foreign liquids or gases, the entry of foreign matter, or the inadvertent cross-mixing of brands. Second, drawing upon our manufacturing experience, we clarify the possibility of such risks by inspecting the production site and engineering support that ensures the supply of water and natural gas. Nothing is shipped until the person in charge of final quality assurance determines the product is ready. The appearance of any abnormality will interrupt the process until the cause is identified and resolved.

**Introducing the Technical Master System and the Technical Expert System**

**Technical Master System**

Consistently producing good products requires establishing, improving, and sharing the techniques that form the backbone of manufacturing. Therefore, in 2001, Asahi Breweries introduced the Technical Master System to certify technicians who have attained a high level of core expertise. The system also enhances motivation and upward mobility and nurtures younger talent by clarifying the competencies required by the organization.

Each year, every brewery submits recommendations for Technical Master certification, which are reviewed at a meeting of business unit managers. Including the two employees certified as Technical Masters in 2004, there are now nine Technical Masters who exercise their expertise by supporting the launching of overseas production or delivering lectures at training sessions. In April 2004, Asahi Breweries conducted an overseas Technical Masters training session in Germany to identify successful methods and broaden the base of knowledge and techniques for human resource training.

**Technical Expert System**

In contrast with the Technical Master System, which certifies significant accumulated experience and outstanding skills, the Technical Expert System provides more readily achievable goals. The system was launched in 2005 to encourage the growth of new and middle-tier employees by certifying that employees have attained a given level of technical ability. The first certifications of technical experts will take place at the end of the current fiscal year.

Asahi Breweries believes this complements the Technical Master System by encouraging a faster process for passing on techniques to younger employees and nurturing a corporate learning environment.

**Quality Control of Distribution and Sales**

**Implementing Total Freshness Management Activities**

Corresponding to its vision to “Satisfy Customers with Great Tastes,” Asahi Breweries implements Total Freshness Management Activities to deliver freshly brewed beer as soon as possible.

For example, establishing twenty-four hour production and full-time shipping systems at our breweries has reduced the average number of days from production to shipping from twenty days in the 1980s to three days for the main Asahi Super Dry brands.

In addition, from the viewpoint of logistics systems to ensure customers enjoy fresh beer, we provide wholesalers, retailers, and bars and restaurants with videos and hands-on training on the proper handling of draft beer in kegs.

Asahi Breweries will continually enhance the perception that “freshness means Asahi” by developing technology and mechanisms that maintain our fresh taste right up to the moment of consumption. We will also launch the Asahi Quality Access Web site to offer information on the source and production date for production lots, and implement additional collaborative efforts involving marketing, production, logistics, and other departments.

* Technology and Mechanisms to Maintain Our Fresh Taste

These measures to maintain fresh taste include the new antioxidant program that prevents the development of oxidants in each production stage, from the procurement of raw materials to brewing and packaging.
In 2004, as part of our internal and external training activities, we conducted 55 training sessions and visits for 13 employees of the Customer Relations Office. Topics included consumer response practice, coping with complaints, data analysis, coaching, crisis control, CSR activities, and financial management analyses. We also sponsored beer, whisky and shochu tours and inspections of PET bottle recycling processes.

Improved tap
The tap now has a new form and size based on the science of sensibility engineering, in response to comments expressing desire for a beer can that is ideal for pouring and drinking.

*Science of sensibility engineering
A statistical method applying the human sense of sensibility to product design.

Improved Production Date Printing
We will become the first in the industry to start printing the production date on top of the six-can multi-pack, in response to comments expressing a desire for a better display of production and "best before" dates (planned for summer 2005).

Representative product improvements
Based on comments from customers, we made the following product improvements:

Comments from Customers Received at the Customer Relations Office (2004)

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<th>Content</th>
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<tr>
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<tr>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
</tbody>
</table>
Clearer Expression of Alcoholic Content

Indication of alcoholic content is printed in large type to prevent people who are not of drinking age and others who do not drink alcohol from mistakenly consuming the drink. In addition, whenever we launch a new alcoholic product, whether through repackaging or different content, such as Frozen Cocktails, we ensure indications of alcoholic content are even more boldly visible.

Recycle Mark

Recycling marks indicate the packaging material is recyclable and encourage active support for re-use and recycling.

“Best Before” Dates

Production and “best before” dates are now expressed with four digits instead of two for products in Japan.

Disclosure of Ingredients

We have started to display caloric content and other frequently desired nutritional information.

Information on New Materials

Whenever a new material or new raw material is used, we strive to explain the specific content and amount to avoid misunderstanding.

Related laws

Law on Alcohol Tax, Food Hygiene Law, JAS Law, Health Promotion Law, Gift Display Law, Fair Competition Code, etc.

Voluntary Advertising Expression Standard

Major standards address observing related laws; social morality and ethics; alcohol-related problems, including the prevention of underage drinking, socially responsible drinking, and prevention of drinking and driving; safety; human rights issues; and environmental issues.

Improving Expressions

In regard to alcoholic beverages packaging, we design our displays to help customers—including those who do not drink alcoholic beverages—easily find such information as warnings to prevent underage drinking, as well as information on recycling and nutritional content.

Public Expression Committee

The cross-organizational committee is chaired by the manager of the General Support Headquarters and comprises 16 departments: planning and production departments, which are responsible for new product development, advertising and publicity, and sales promotion; and other departments such as legal management, quality control, the Customer Relations Office, social and environmental management, supply chain management, and production. The committee convenes weekly to review and evaluate products, advertising, pamphlets, and campaign supplies and giveaways, and to authorize distribution. In 2004, 1,075 items were reviewed. The committee requested resubmissions for 126 of these items to address such concerns as potentially misleading expressions, for example, the origin of materials listed in material specifications and catalogs, and to ensure the desired impact of promotional strategies for preventing underage drinking. Committee requests are recorded in the minutes of their meetings and used as a reference for activities in the coming year.
In July 2004, Asahi Breweries succeeded in developing the industry’s first plastic beer bottle and publicly announced the introduction of “Beer in a PET Bottle” (tentative name) by the end of the year.

Following the release of this announcement through various media, we received approximately 800 comments, both positive and negative. While many welcomed the news, saying they very much looked forward to it or could hardly wait to display it in the shop, others expressed concerns about the cost of recycling or increased volumes of waste. In response to the environmental concern, Asahi Breweries confirmed the plastic beer bottles were recyclable, just like existing PET bottles for soft drinks.

Given the strength of the response, however, we determined the number of PET beer bottles, once introduced, would rapidly and significantly exceed projections, and potentially overwhelm the operation of current PET bottle recycling system.

Therefore, we decided to cancel the introduction of beer in PET bottles.

Based on this experience, Asahi Breweries will continue to research and develop attractive products while taking into full consideration their social and environmental impact.
Activities Promoting Moderate & Responsible Drinking

Establishing the Moderate & Responsible Drinking Committee

“Encouraging Moderate & Responsible Drinking” is one of Asahi Breweries’ Six Priority Initiatives for CSR activities. Consequently, Asahi Breweries established the cross-organizational Moderate Responsible Drinking Committee in July 2004. The committee, which consists of six working groups, established The Asahi Breweries Group: Basic Philosophy for Promotion of Moderate and Responsible Drinking and Drinking Rules in September 2004, which was publicly announced and went into immediate effect across the Group.

Asahi Breweries published the core premises behind these decisions in Japanese and English pamphlets as well as pocket cards and distributed them to all executives and employees in the Group. In addition, as a means for promoting moderate & responsible drinking, we implemented additional measures, including a revision of in-house standards and advertisements warning against drinking while pregnant or breastfeeding. We also set up the Fund for the Prevention of Underage Drinking.

Fund for the Prevention of Underage Drinking

Underage drinking is the most serious alcohol-related problem for society. It is associated with the risk of impaired growth, sexual dysfunction, physiological disorders such as dysfunctions of the liver and pancreas due to the lower metabolic breakdown of alcohol of youth compared to adults, in addition to greater likelihood of developing an alcohol dependency at an early age.

In order to contribute to the solution of this problem, Asahi Breweries established the Fund for the Prevention of Underage Drinking in May 2005. The fund primarily supports medical and socio-cultural research on the prevention of underage drinking and organizations that share this goal, as well as individuals and institutions that hold prevention forums and seminars. A total of ten million yen is distributed per year, supporting ten to twenty projects, with each project receiving between five hundred thousand yen and one million yen.

Moderate & Responsible Drinking Committee

The Moderate & Responsible Drinking Committee consists of six working groups in which member employees from Group departments discuss measures for each area with set goals related to them.

1) Product Policy Group
   This group discusses and publishes the basic policy and in-house standards regarding product development and expression.

2) Moderate & Responsible Drinking Expression Group
   The task of this group is to broadly disseminate the moderate & responsible drinking promotional message, drink responsibly through various advertisements and POPs. In addition, the group works to include warnings on all alcoholic drink packages against drinking while pregnant or breastfeeding.

3) Sensible Drinking Enlightenment/Educational Activities Group
   This group established The Asahi Breweries Group: Basic Philosophy for Promotion of Moderate & Responsible Drinking and created pamphlets for both internal and external use, in addition to pocket cards. The group also created Web sites—Alcohol and Health, and Good Relationship between People and Alcohol—which provide comprehensive information on alcohol-related issues. In the future, the group will conduct employee training to thoroughly enact these corporate visions and drinking rules, establish health management systems, and encourage alcoholism prevention programs beyond the boundaries of the company.

4) Overseas and Domestic Markets and Consumer Organization Relations Group
   In cooperation with the International Center for Alcohol Policies (ICAP), the Group gathers and shares the latest information on alcohol policies by WHO and overseas nations. In addition, we concentrate our efforts to promote the actions of the Brewers Association of Japan, Japan Spirits & Liquors Makers Association, and Japan Health and Alcohol Incorporated Association, as well as relationships and communications with governmental and consumer organizations.

5) Medical Research on Alcohol and Health and Related Facility Support Group
   Following the establishment of the Fund for the Prevention of Underage Drinking in March 2005, this group supports medical research on alcohol and health as well as related research institutions.

6) Information Research and Investigation Group about the “Good and Bad” of Alcohol
   This group gathers and categorizes information about the “good and bad” of alcohol. In addition, it also promotes medical and socio-cultural research on alcohol.
For Business Partners

Cooperation is essential for providing the best products and services. Therefore, we partner with suppliers that consistently provide safe, high-quality raw materials and resources, as well as with distributors and retailers that deliver products reflecting market trends and consumer lifestyles. Based on this approach, we have established ethical policies, systems, and programs to ensure fair and equitable business practices, while shifting alcohol distribution in response to the deregulation of alcohol licensing.

Questionnaire on the Social Responsibilities

We ask prospective business partners to submit this survey as a means of developing mutual understanding.

HOT LINE for distributors, Procurement Web site, Questionnaire on the Social Responsibilities, Questionnaire on the Environment, Alcoholic Drink Sales Training Program, Full House for restaurants, Keg Fresh Beer Quality Seminar, etc.

Relations with Business Partners

HOT LINE for distributors, Procurement Web site, Questionnaire on the Social Responsibilities, Questionnaire on the Environment, Alcoholic Drink Sales Training Program, Full House for restaurants, Keg Fresh Beer Quality Seminar, etc.

Keg Fresh Beer Quality Seminar

This seminar is designed to help wholesalers, retailers, and restaurants develop a base of knowledge and technical expertise in serving draft beer through direct, hands-on practice sessions.
Establishing and Publicly Announcing Our Basic Purchasing Policy

In line with its corporate philosophy to provide the best products and services, Asahi Breweries established its **Basic Purchasing Policy** in August 2003, which requires compliance with all relevant laws and regulations in purchasing decisions. The policy calls for the application of fair and equitable practices in the selection of products and business partners, in Japan and overseas.

The **Basic Purchasing Policy** encompasses four major components. Under **Fairness and Justice**, the policy pledges to offer opportunities for participation, regardless of company location, based on an evaluation of quality, cost, delivery time restraints, corporate vision, and technical skills. Under **Confidentiality**, the policy calls for the protection of business partner information. The **Procurement** component, **Procurement**, refers to prohibiting conflicts of interest, rewards, and purchasing incentives, and a firm commitment to ethical practice. The fourth component, **Consideration of Responsibilities to the Environment and Society**, promotes the realization of a sustainable society.

Asahi Breweries publicly discloses its basic policy, along with detailed business standards and entry sheets, on its Procurement Web Site. For Business Partners

### The Major Components of the Basic Purchasing Policy

- **Asahi Breweries Basic Purchasing Policy**

  - **Fairness and Justice**
  - **Confidentiality**
  - **Consideration of Responsibilities to the Environment and Society**
  - **Maintenance of Purchasing Ethics**

### Asahi Breweries Procurement Web Site


This Web site introduces Asahi Breweries’ Basic Purchasing Policy and related information. It encourages business partners to consider environmental issues as a social responsibility, along with efforts to realize a better society.

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**Basic Purchasing Policy**

- **Asahi Breweries** is committed to observing both the letter and the spirit of relevant laws and maintaining high ethical standards in all purchasing activities.

- **Asahi Breweries** selects products based on a combined evaluation of quality, cost, and delivery schedule.

- **Asahi Breweries** maintains a system for engaging Japanese and overseas suppliers that is fair, just, transparent, and straightforward.

- **Asahi Breweries** strives to fulfill its corporate social responsibility for preserving natural resources and environmental conservation when purchasing products.

**Fairness and Justice**

- **Asahi Breweries** provides fair and just opportunities for both Japanese and overseas organizations wishing to become suppliers.

- **When selecting a supplier**, **Asahi Breweries** considers the philosophy and technology of the company as well as quality, cost, and delivery schedule of the potential supplier’s product.

- **When requesting quotations**, **Asahi Breweries** provides the same information and conditions to every potential supplier. No supplier receives special treatment or information that would constitute an advantage.

**Confidentiality**

- **Asahi Breweries** will not disclose to external parties any information or technology provided by a supplier without their express prior consent. The internal disclosure of information and technology is strictly limited to personnel who require such information.

- **Asahi Breweries** does not develop supplier relations for the purpose of collecting information or technology. Quotations and technical inquiries by personnel in charge of procurement are strictly limited to items that Asahi Breweries is considering for purchase. Such activities, however, do not guarantee the actual purchase of every item under consideration.

**Procurement**

- **Personnel in charge of purchasing** shall have no conflicts of interest with any supplier. Should such conflicts of interest arise, the company will appoint new staff members to be in charge.

- **Personnel in charge of purchasing** shall not receive gifts or personal financial gain from any supplier. Purchasers may not demand donations.

- **Purchasers shall not abuse their position** as a customer to obtain unfair reductions in prices or services.

**Responsibilities to the Environment and Society**

- **Asahi Breweries** recognizes that realizing a sustainable society requires an active commitment to tackling environmental problems and fulfilling its social responsibility. To this end, the company believes it must gain the understanding and cooperation of suppliers to fulfill its corporate mission.

- **Asahi Breweries** asks all potential suppliers to complete an Environmental Questionnaire and a Social Responsibility Questionnaire. The company considers a potential supplier’s commitment to the environment and its social responsibility in the selection process.

- **Asahi Breweries** also asks suppliers to complete an Environmental Questionnaire and a Social Responsibility Questionnaire at regular intervals after being selected. The company is committed to encouraging suppliers to provide maximum support its environmental objectives to create a sustainable society. In this way, the company believes it can build long and trusting relationships with suppliers.
**Fair and Equal Purchasing**

**Procurement Clean Line**
The Procurement Clean Line is a reporting system that current and future business partners can confidently use in situations where employees or the procurement division take inappropriate actions in violation of the *Basic Purchasing Policy* or fail to comply with legal requirements or social ethics. In these situations, partners can contact Asahi Breweries through such channels as Web sites. Issues are investigated and verified by an objective, third-party organization associated with the Corporate Ethics Committee, which operates independently of the procurement division.

No cases were presented to the Procurement Clean Line in 2004. In addition, in regard to payment to business partners, all contract items were properly fulfilled, including payment dues and methods; no breaches of contract were filed.

Asahi Breweries is committed to strengthening compliance on a daily basis, increasing the transparency of purchasing activities through the Purchasing Clean Line, and building trust with business partners.

**Questionnaires on the Social Responsibilities and the Environment**
Asahi Breweries requires companies that wish to initiate a new business relationship to complete a Questionnaire on the Social Responsibilities and Questionnaire on the Environment. Purchasing items subject to these questionnaires are listed on the Procurement Web site.

In 2004, we requested existing partners, as well as new partners, to submit questionnaires, and all complied. In addition, we shared feedback with them based on compiled responses to improve mutual understanding.
Shared Prosperity with Distributors

Supporting the Activation and Strengthening of Management Foundations

The Asahi Breweries Group recognizes that customers enjoy and appreciate its products because of the daily efforts of wholesalers and retailers. Therefore, in the context of sharing prosperity with distributors, the Asahi Breweries Group implements measures to stimulate market growth and fortify the management foundation of wholesalers.

For example, we introduced a new business deal system for beer and happoshu in January 2005. To promote a fair business environment, the new system abolished the Three-Tiered Price System*1 and prohibited Incremental Rebates*2 for dealers under special contract.

Asahi Breweries continues to review its business systems in light of the changes in alcoholic drink distribution and the overall business environment, toward the goal of establishing a more efficient and sound distribution system.

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Alcoholic Drink Sales Training Program

The number of retailers selling alcohol has been increasing due to the deregulation of alcohol retail licensing in April 2003. Consequently, Asahi Breweries established the Alcoholic Drink Sales Training Program for distributors in July 2004.

Focused on the managers in charge of retail sales at shops, this program is led by Asahi Breweries’ retail sales personnel and includes instruction, DVDs, and eight textbooks for developing the necessary expertise to sell alcohol.

Through this training program, Asahi Breweries continues to raise public consciousness and standards for alcohol-related issues such as moderate & responsible drinking. We provide assistance for similar activities by retailers.

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Asahi Breweries Group Company Efforts

**Asahi Field Marketing Co., Ltd.**

Supports sales section design and sales promotion based on storefront marketing, with superstores, discount stores, and other mass merchandisers.

**East Japan Asahi Draft Beer Service, Ltd. / West Japan Asahi Draft Beer Service, Ltd.**

Promotes quality management of draft beer at restaurants and recommends drink menus in line with customer taste preferences.

**Full House Co., Ltd.**

Provides advice to restaurants and conducts support activities such as seminars and restaurant market surveys.

**Asahi Distribution Research Institute, Ltd.**

Provides timely industry information to special dealers and conducts support activities to strengthen management.

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*1 Three-Tiered Price Structure
A price structure in which the maker sets the production, wholesale, and retail prices.

*2 Increment Rebate
Rebate paid based on the amount of sales.

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Textbooks for Alcoholic Drink Sales Training Program
A corporation’s fundamental responsibility is to generate revenue through sound, transparent business operations and return satisfactory value to shareholders. In order to fulfill this responsibility, business must be conducted in accordance with clear policies and plans. Communication with shareholders and investors is essential, which requires disclosing appropriate management information and incorporating their feedback into business management. Asahi Breweries continues to proactively disclose detailed information required by shareholders and investors, for the purpose of maintaining solid relationships in Japan and overseas to fulfill their trust and expectations.

Shareholders’ Meeting
Reports on critical business matters and adoption of resolutions.

IR Web site
Provides information for shareholders and investors. The Asahi Breweries IR Web site provides details on the shareholders courtesy program for individual investors.

Relations with Shareholders and Investors
Shareholders’ Meeting, visiting investors abroad, IR Web site, news e-mail, individual investors meetings, analyst meetings and conference calls, Asahi Super Report (business report in Japanese) and survey card, English annual report, one-on-one meeting with institutional investors, product exhibition and tasting session, etc.

Product Exhibition and Tasting Session
Held to help shareholders understand the Group’s diverse projects and products.

For Shareholders and Investors
For Shareholders and Investors

Returning Value to Shareholders

Basic Policy and Commitments in 2004

Returning Value to Shareholders through Increased Dividends and Repurchase of Shares

With respect to the priority on shareholder value, Asahi Breweries strives to ensure that investors receive a continuing, stable return based on financial results. In 2004, Asahi Breweries increased its dividends by ¥2 per share to a total annual dividend of ¥15, and repurchased about ¥6.8 billion of its shares in 2004. We continue to review and implement a variety of actions, including increasing dividends and repurchasing shares, to return value to shareholders in the context of the prevailing business environment.

New Shareholders Courtesy Program

In line with our commitment to incorporate shareholder feedback into corporate management and operations, the company launched a shareholders’ courtesy program in 2003 after receiving many requests through a survey. Once a year, shareholders can select a courtesy gift, such as a specially brewed beer or a gift package containing products from affiliates. Shareholders can also choose, in lieu of receiving a gift, to have the company make a donation of comparable value to the Asahi Breweries’ Mizu no Wakusei (water planet) Environmental Fund* as a contribution to forest protection and greening activities.

* Asahi Breweries’ Mizu no Wakusei Environmental Fund
Created to protect water, an essential component of beer, and greenery, which is essential for fostering clean water (p. 60).

For Shareholders and Investors

Communication with Shareholders and Investors

Shareholders’ Meeting, Product Exhibition and Tasting Session

Larger Venue Used for Shareholders’ Meeting

To encourage as many shareholders as possible to attend, the company moved the venue for the 2004 Shareholders’ Meeting from the Asahi Breweries’ headquarters, the site of earlier meetings, to a hotel in central Tokyo with better accessibility and a larger space. As a result, 1,118 shareholders attended in 2004 and 1,529 participated in 2005.

Comments received from shareholders attending the meeting in 2005 included appreciation for the high value that Asahi Breweries places on individual shareholders and for the polite stance and sincerity of the chairman.

Shareholders who are not able to attend annual meetings can exercise their voting rights via the Internet.

Promoting Understanding through the Product Exhibition and Tasting Session

For the second consecutive year, a product exhibition and tasting session was held after the Shareholders’ Meeting in 2005 with good attendance.

The event showcased Asahi Breweries Group’s products and courtesy gifts and offered free samples of main and new products for participants to taste. A display panel illustrated CSR activities and we provided an introduction to our breweries tours.

Directors participating in the event in 2005, including the chairman and the president, directly listened to shareholders’ opinions and requests. Attendees expressed being very impressed by the presence of the chairman and the president and they looked forward to having an opportunity like this every year.

Other participants commented that they had not realized the variety of products offered by Asahi Breweries other than beer and happoshu and that it was nice to try many types of products. This event has proven to be a very significant opportunity for participants, including individual shareholders, to deepen their understanding of Group operations and products.

We will continue to promote better understanding of the Asahi Breweries Group among shareholders.

For Shareholders and Investors

Net Income per Share (Consolidated) and Annual Dividends

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income per Share (Yen)</th>
<th>Annual Dividends per Share (Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>-31.5</td>
<td>0</td>
</tr>
<tr>
<td>2001</td>
<td>12.0</td>
<td>12</td>
</tr>
<tr>
<td>2002</td>
<td>27.0</td>
<td>8</td>
</tr>
<tr>
<td>2003</td>
<td>28.9</td>
<td>4</td>
</tr>
<tr>
<td>2004</td>
<td>46.8</td>
<td>8</td>
</tr>
<tr>
<td>2005</td>
<td>62.5</td>
<td>16</td>
</tr>
</tbody>
</table>

Product exhibition and tasting session
After the Shareholders’ Meeting (p. 38), a product exhibition and tasting party is held to help deepen shareholder understanding of the Asahi Breweries Group. The event also provides an opportunity for direct dialogue with Asahi employees on the company’s products. We strive to include feedback from occasions like these into our corporate operations.

**Prompt and Fair Information Disclosure**

Asahi Breweries’ basic policies on information disclosure state that information should be disclosed in accordance with the timely disclosure regulation of the Tokyo Stock Exchange where its securities are listed, and that even in cases which do not fall under the timely disclosure regulation, information deemed related to investment decisions should be disclosed voluntarily and fairly. The company complies with statutory disclosure standards under these basic policies. Asahi Breweries also voluntarily discloses information at the request of shareholders, investors, and financial analysts inside and outside of Japan, and keeps them informed of the current status of corporate operations.

Voluntarily disclosed information includes the Medium-Term Management Plan, monthly taxable shipments for beer and happoshu, and presentation documents related to announcements of results. In order to ensure that shareholders and investors inside and outside of Japan receive the same information in a timely manner, video coverage of interim and annual results announcements, with simultaneous interpretation voiceover in English, is provided on the Asahi Breweries Investor Relations Web site. Conference calls can also be accessed via audio webcast.

These basic policies, information disclosure methods, and voluntarily disclosed items are posted on the IR Web site under the Disclosure Policy.

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**Releasing Information to Individual Investors via the Internet**

In July 2004, Asahi Breweries started an e-mail news service to help investors more clearly understand the company. The service provides such information as updates on the IR Web site, press releases, new product development, and campaign events.

As an additional reference for individual investors, the Asahi Breweries IR Web site was set up on the existing IR site to offer information on stock investment.

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**Results Announcement Meeting and Road Show for Institutional Investors**

Following the announcements of interim and fiscal year-end results, meetings are held for institutional investors in Japan. The president, financial officer, and other directors attend these meetings to report on business results, positive and negative factors affecting earnings, and future management strategy and actions.

Teleconferences are held on the same day as the announcements of quarterly results. We receive many questions and suggestions from financial analysts and investors in these meetings and teleconferences.

For individual investors overseas, the company issues an annual report in English and the latest results are posted to our English Web site. The president and financial officers also explain the medium- and long-term strategy of the Group at “road show” meetings held every year in the United States and Europe.
Responses to External Evaluations

Status of SRI and Inclusion of CSR-related Indices

Awareness of Socially Responsible Investment (SRI) continues to grow. In addition to standard financial indices, SRI includes criteria that focus on corporate commitment to society and protecting the environment.

Many institutions inside and outside of Japan evaluate SRI, and Asahi Breweries is traded as part of several SRI indices and funds.

Status of SRI Inclusion

As of June 2005, Asahi Breweries is included in the following international SRI indices: Dow Jones Sustainability Index (U.S.A.), ETHIBEL Sustainability Index Global (Belgium), and FTSE4Good Global Index (U.K.). In July 2004, the company was included in the domestic index, Morningstar Socially Responsible Investment Index.

External Evaluation on Information Disclosure and IR

The Security Analysts Association of Japan selected Asahi Breweries as the No. 1 food company in Japan in IR efforts for fiscal 2004 by presenting the company with the Award for Excellence in Corporate Disclosure at the association’s ninth awards ceremony. Asahi Breweries also received the Japan Investor Relations Association’s Excellence in IR Award for fiscal 2004. The Group’s Annual Report 2003 received the Award for Excellence from the Seventh NIKKEI Annual Report Awards 2004* in December 2004.

* NIKKEI Annual Report Awards 2004

The award, sponsored by Nihon Keizai Shimbun, Inc., was initiated in 1998 to increase awareness of Japanese corporate annual reports and encourage improvement in quality.

Evaluation of the Asahi Breweries Group at Japan Investor Relations Association’s Excellence in IR Award for Fiscal 2004

(The Japan Investor Relations Association)

• Details of monthly data and business results are highly evaluated.
• Earnings forecast includes information that captures investor interest.
• IR department proactively discloses information and responds to media requests at any time of the year.
• Top executive directly delivers and clarifies the management plan.
• Presentation documents uses charts and figures to make the report easy to understand.
• The Group improved IR activities during the year and is aggressively engaged in IR for individual investors.

Objective Assessment of Corporate Activities and Operations

To improve our efforts in management, compliance, employment, and environmental protection, we take seriously the results of assessments conducted by external organizations beyond our own internal independent assessments. We ensure that corporate planning and activities address urgent tasks or issues that require improvement.

For Shareholders and Investors
For Employees

Providing the highest quality products to consumers requires a pleasant and lively work environment in which each employee can develop his or her skills. Therefore, Asahi Breweries takes action to eliminate and prevent any form of discrimination on the basis of race, nationality, creed, gender, or any factor unrelated to employees’ performance of their duties. Our recruitment, assignment, and performance evaluation procedures take into account the fundamental human rights of applicants and employees. Asahi Breweries remains committed to creating a pleasant work environment for its employees from a variety of perspectives and approaches. This includes implementing education guidelines that encourage employees to independently pursue their own personal development, improving self-development programs, establishing a health management system for employees, creating a pleasant workplace for women and physically challenged employees, and setting up a disaster-prevention system for earthquakes and other disasters.

Career Design Sheet
Asahi Breweries’ personnel system for placement and transfer puts importance on dialogue with employees and uses a Career Design Sheet on which employees can express their career vision over the next 10 years.

Training and Education Programs
Various training and education programs support employees in developing their skills and abilities.

Relations with Employees
Career Design Sheet, Cafeteria Plan, training and education programs, Life Plan Check Sheet, Occupational Safety and Health Committee, ASAHI WELL NET, etc.

ASAHI WELL NET
This comprehensive health management system keeps track of health check-ups for all employees and allows them to view the results of past check-ups and compare them to their current condition.
For Employees

Equality and Fairness in Employment

Employment Policies and Situations

Recruitment and Performance Evaluation Based on the Individuality of Each Applicant and Employee

Asahi Breweries recognizes that sustainable growth cannot be attained without excellent human resources and a pleasant work environment in which all employees can work comfortably and develop their skills. From this viewpoint, we conduct interviews with the applicant or employee to determine the appropriate hiring decision or performance evaluation. These dialogues encompass a broad perspective of abilities, expertise and skills, and avoid any form of discrimination on the basis of race, nationality, creed, gender, or any factor not related to the employee’s performance, in accordance with the Asahi Breweries Group Business Ethics Rule.

Number of Employees (on a Non-Consolidated Basis) (As of the end of December)

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>526</td>
<td>566</td>
<td>3,086</td>
</tr>
<tr>
<td>2001</td>
<td>566</td>
<td>578</td>
<td>3,213</td>
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<tr>
<td>2002</td>
<td>578</td>
<td>530</td>
<td>3,417</td>
</tr>
<tr>
<td>2003</td>
<td>530</td>
<td>507</td>
<td>3,249</td>
</tr>
<tr>
<td>2004</td>
<td>507</td>
<td>500</td>
<td>3,193</td>
</tr>
</tbody>
</table>

Employment of Foreign Nationals

Asahi Breweries hires non-Japanese employees and new college graduates, who are employed and evaluated regardless of their nationality. We also work to recruit and retain a wide variety of foreign mid-career workers based on evaluations of their expertise as well as knowledge of technologies or languages. When working visas are required prior to employment, the company will conclude the required work contract, reference papers and provide details in the required format on why the person is being employed. The company strives to create a comfortable work environment for non-Japanese employees.

Increasing the Employment Rate of the Physically Challenged

As of June 2004, 2.01% of the company’s workforce consists of people with physical challenges, exceeding the legal mandate of 1.8%.

In accordance with the employment policies prepared by the Personnel Department, we frequently contact schools and job centers for the physically challenged in our recruitment efforts. The recruitment process is designed so that applicants are able to take alternative forms of testing to eliminate any disadvantage due to their disabilities.

Asahi Breweries assists the physically challenged to continue working over the long term by continually improving existing work sites and creating a workplace in which they can fulfill their potential.

In addition, some of our managers who supervise physically challenged employees have been certified as vocational life consultants for the disabled. We have also installed handrails and access ramps to establish a comfortable and pleasant working environment.

Asahi Breweries strictly enforces its policy of limiting access to personal information regarding the disabilities and illnesses of employees.

Labor Union Relationships

Coordinated Resolution of Labor-Management Issues

Labor unions have been formed at Asahi Breweries and certain affiliates. Open communications are maintained between management and labor through negotiations and meetings, including the spring convening of the Wage Negotiation Meeting, and the monthly meetings of the Personnel System Committee, the Comfort and Prosperity Creation Committee, and the Committee on Health and Welfare.
Occupational Safety and Health Committee
The Asahi Breweries Group understand that creating a safe environment in which all employees of the Asahi Breweries Group—contract, temporary, and part-time employees as well as temporary workers dispatched by personnel agencies—can work comfortably is a top priority.

Therefore, Asahi Breweries convenes an Occupational Safety and Health Committee at each worksite as a monthly discussion forum for representatives of labor and management.

In order to raise awareness of safety across the entire Asahi Breweries Group, safety management personnel training seminars are conducted under the guidance of a visiting lecturer. In addition, information exchange sessions are regularly held to share knowledge and expertise regarding safety and health in each workplace.

One of the safety management personnel training seminars held in 2005 was a workshop for the entire Group, introducing risk assessment techniques for categorizing potential risks according to principles of our safety and health management system.

Disaster-Prevention Activities for Earthquakes
Asahi Breweries has strengthened its risk management measures for various potential disasters such as earthquakes.

For example, emergency procedure manuals in the event of earthquakes have been prepared and placed at appropriate locations. A comprehensive system is in place for checking into and confirming the safety of victims that encompasses the stockpiling of emergency supplies, upgrading communication equipment such as satellite cellular phones, and introducing a safety confirmation system*.

Furthermore, Asahi Breweries has implemented additional measures for factories and sales offices located in earthquake-prone areas, such as seismic retrofitting and larger stocks of emergency supplies. The number of areas requiring these measures is on the rise. The company has relocated its information systems to a secure building in the event of an earthquake directly below the Tokyo metropolitan area. We are also improving our business continuity plan for large-scale earthquakes. Regular drills are conducted for other disasters such as fire, and training is provided to prevent the release of harmful substances in the wake of a disaster. Employee volunteer firefighting teams are organized in each worksite.

<table>
<thead>
<tr>
<th>Safety Management Personnel Training Seminars</th>
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</thead>
<tbody>
<tr>
<td>Asahi Breweries Group holds safety management personnel training seminars led by a visiting lecturer twice a year for newly appointed safety officers at each Group company. Participants receive practical, experience-based training on the skills and check points for inspecting worksites, along with the principles of risk assessment. The seminars also serve as a platform for exchanging information among companies of the Asahi Breweries Group. Each participant shares the safety plans and specific activities of their worksite as well as safety-oriented education, training methods and cooperation with affiliates and suppliers related to safety.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disaster-Prevention Activities for Earthquakes</th>
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</thead>
<tbody>
<tr>
<td>Asahi Breweries has strengthened its risk management measures for various potential disasters such as earthquakes. For example, emergency procedure manuals in the event of earthquakes have been prepared and placed at appropriate locations. A comprehensive system is in place for checking into and confirming the safety of victims that encompasses the stockpiling of emergency supplies, upgrading communication equipment such as satellite cellular phones, and introducing a safety confirmation system*. Furthermore, Asahi Breweries has implemented additional measures for factories and sales offices located in earthquake-prone areas, such as seismic retrofitting and larger stocks of emergency supplies. The number of areas requiring these measures is on the rise. The company has relocated its information systems to a secure building in the event of an earthquake directly below the Tokyo metropolitan area. We are also improving our business continuity plan for large-scale earthquakes. Regular drills are conducted for other disasters such as fire, and training is provided to prevent the release of harmful substances in the wake of a disaster. Employee volunteer firefighting teams are organized in each worksite.</td>
</tr>
</tbody>
</table>

* Safety confirmation system
A system designed to facilitate inquiries and confirmation of victim safety following a major disaster by storing emergency contact numbers and addresses of employees in a database.

Employees Health Management
Mental Health Care Practice
Asahi Breweries provides regular health check-ups for all executives and employees.

The results of these check-ups are compiled in a database on ASAHI WELL NET, a computer-based health management system set up for this purpose. Employees can easily confirm and manage their physical condition at any time by reviewing the results of their examinations. The company allows only one in-house information manager to have access to the entire database.

The company supports the mental well-being of employees as well as their physical health. Internal specialists in industrial medicine, nurses, and health visitors are on hand to spot early warning signs of stress and help to prevent stress-related problems. In addition, the company contracts with specialists at university hospitals to provide mental health examinations for each employee. Professionals in the field are also available to train managers on how to help their subordinates handle mental health issues.
Supporting Employees in Improving Their Abilities
Asahi Breweries encourages the development of employees who are capable of bettering themselves independently for their own personal development. Various training programs are offered to correspond with employees’ willingness to grow at their own pace, such as rank-based programs including introductory training for new employees, as well as self-study programs and professional training programs.

The company also established the Asahi Business Leader Development School to nurture next-generation management talent and provide a system for supporting employees in obtaining special qualifications for professional career development. The curriculum aligns with our overall approach of enabling employees to improve their abilities by themselves and for themselves as a driving force for the company’s own development.

In the years ahead, Asahi Breweries will press on with efforts to establish a human resource development system that further enhances Group synergies by clarifying requirements for each company, department, management, and employee, and developing suitable education programs to meet these requirements.

Improving Individual Skills through Self-study Programs:
Self-study programs consist of three options: selective training, correspondence courses, and e-Learning via the Web. Employees can select from more than 300 menu items, to construct a suitable curriculum for their specific needs.

Raising Next-generation Business Leaders:
A series of lectures was started at the Asahi Business Leader Development School to cultivate next-generation management talent and at the Asahi Business College, mainly for executives. Training sessions based on MBA-level studies help business leaders acquire world-class knowledge and thinking skills.

Cultivating Professionals:
Professional training programs are conducted, including a system for helping employees obtain special certifications, as well as department training sessions and workplace training, so that trainees are able to practically apply what they have learned, rather than just gaining abstract knowledge.

<table>
<thead>
<tr>
<th>Major Training Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optional programs</td>
</tr>
<tr>
<td>Asahi Business Leader Development School</td>
</tr>
<tr>
<td>Rank-based programs</td>
</tr>
<tr>
<td>Introductory training for new recruits, Training for newly appointed supervisors (producers)</td>
</tr>
<tr>
<td>Self-study programs</td>
</tr>
<tr>
<td>Selective training, Correspondence courses, and e-Learning</td>
</tr>
<tr>
<td>Professional training programs</td>
</tr>
<tr>
<td>System for supporting employees to obtain special qualifications, Asahi Business College</td>
</tr>
<tr>
<td>Department-based programs</td>
</tr>
<tr>
<td>Department training sessions, Workplace training</td>
</tr>
</tbody>
</table>

Introductory training for new recruits
Selective training
Applying an Interview-Oriented Performance Review System

Asahi Breweries’ performance and merit review system for personnel evaluation is designed to energize individual staff and worksites. At the heart of the system is an employee interview which is conducted within the framework of the employee’s own initiative.

The process involves two stages. First, based on personnel evaluation standards made available to all employees, managers conduct interviews with each employee every six months to review performance, identify areas to review and consider, and ultimately come to a joint assessment of the employee’s work. Then, the overall director of the worksite or another manager at a comparable level reviews the evaluation and makes a final determination in order to prevent assessments that are inflated or excessively strict. Some departments have adopted multi-rater evaluations that incorporate the perspectives of supervisors as well as colleagues, assistants and subordinates to provide a wider scope of feedback for cultivating human resources.

Supervisors thoroughly review with employees the results of these personnel evaluations, as well as their own comments, so that employees can fully understand and agree with the results.

In 2003, the company introduced Challenge Targets to support employees who aggressively demonstrate individuality and enthusiasm for superior achievement.

Career Design Sheet

Asahi Breweries has also established an interview-oriented system for employee transfers and deployment.

Personnel Department at the company’s head office and other worksites regularly review the local needs of each worksite, individual circumstances, and personnel evaluation of each employee. At the same time, a Career Design Sheet is used to facilitate personnel decisions and help employees formulate long-term plans. Employees are asked to provide comments on the sheet that describe their desired line of work and workplace as well as the type of work they want to be doing in 10 years. In determining the appropriate position for an employee, the Personnel Department takes into consideration information gathered by staff members at the head office and worksites as well as the employee’s own wishes as recorded in the Career Design Sheet.

For Employees

Creating a Pleasant Work Environment

Personnel Evaluation and Performance Rating

Challenge Targets

To release a new corporate spirit in which employees can take risks without fear of failure, Asahi Breweries has been implementing Challenge Targets to encourage employees to do something exciting. The goal of the system is to help employees achieve innovations and improvements beyond standard performance targets and generate results that significantly surpass standard performance targets. There are no demerits for eligible employees under this system. Accomplishments identified during their personnel evaluations in each business term are added to their overall performance reviews.

Research on Working Situations in Overseas Worksites

For worksites outside Japan, Personnel Department staff members meet with all overseas transferees once a year to determine their individual situations. Through these meetings, staff gather information on the working environment for local employees and other information that arise in the course of conversation with employees.
Maternity Leave, Childcare and Other Family Care

Support Systems that Exceed Legal Requirements
Asahi Breweries provides employees with support systems at levels that exceed legal mandates. Consequently, employees are able to take maternity leaves as well as childcare and family-care leaves while retaining their positions at their workplace.

Employees are allowed to take up to 14-weeks as leave of absence for pre- and post-natal care. During this period, a portion of their salary is paid by corporate health insurance. Childcare leaves may be granted for employees who have children under the age of two years. This benefit is also available for male employees.

Leave to care for family members is limited to 12 months for each family member within a two-year period from the start of the first such leave. During this leave, the company provides some benefits to supplement income.

In addition, Asahi Breweries allows shorter working hours, limits overtime work, and grants exemptions from midnight shifts to employees who are taking leaves for childcare or family care.

Support Systems

<table>
<thead>
<tr>
<th>System</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternity leave system</td>
<td>Employees are allowed to take leaves of absence of up to 14-weeks for pre- and post-natal care.</td>
</tr>
<tr>
<td>Childcare leave system</td>
<td>Employees are allowed to take leave when they have children under the age of two years.</td>
</tr>
<tr>
<td>Family care leave system</td>
<td>Employees who provide care for relatives are allowed to take leaves of absence up to one year within a two-year period, as well as the right to start or leave work two hours earlier or later than usual.</td>
</tr>
<tr>
<td>Exemption from full working hours for child care</td>
<td>Employees who provide care for elementary school-aged children in third grade or below or other children under school age are allowed to start or leave work one hour earlier or later than usual.</td>
</tr>
<tr>
<td>Exemption from full working hours for family care</td>
<td>Employees who provide care for family members who are eligible under this system, are allowed to start or leave work two hours earlier or later than usual.</td>
</tr>
</tbody>
</table>

Raising Awareness of Human Rights

Prohibiting Sexual and Power Harassment
Asahi Breweries Group Business Ethics Rule expressly states that “The Company shall respect all fundamental human rights of its employees in accordance with the principles of the Global Compact. There shall be no forms of discrimination on the basis of race, nationality, creed, religion, physical ability, age, gender, sexual orientation, or any other factor unrelated to an employee’s execution of their duties.” For this reason, the company does not allow any form of discrimination, including power and sexual harassment.

The company has established a reporting and response system for issues related to human rights, which includes a consultation service section in the Personnel Department as well as the General Affairs Department at worksites to deal with such issues.

There have been no reported issues related to child labor or forced labor.

Measures against Sexual Harassment
Sexual harassment is completely prohibited in accordance with the Asahi Breweries Group Business Ethics Rule. Asahi Breweries’ manual on the prevention of sexual harassment is available on the company’s Intranet, where employees can review it at any time. The company actively raises public awareness of such issues by conducting educational seminars and encouraging employees at each worksite to participate in public seminars.

If a sexual harassment complaint should be made, the managers in charge of general affairs and related staff in the Personnel Department and each worksite coordinate in implementing appropriate measures and ensuring that (1) the person bringing the complaint does not suffer any disadvantages from making the complaint, (2) the privacy of all concerned parties is protected, and (3) the complaint is quickly investigated. Severe measures are provided under the company rules for any complaint of sexual harassment that is substantiated.

Health and Welfare Systems

A Unique Welfare Program through the Cafeteria Plan
Conventional health and welfare systems offered by companies are no longer adequate for the increasingly diverse working patterns and life styles of employees at Asahi Breweries.

Therefore, in 2002, Asahi Breweries introduced the Cafeteria Plan (a selective benefits system), which allows employees to freely make choices that correspond with their lifestyles and life plans.

The Cafeteria Plan consists of seven main categories: building wealth, housing, health, children’s education, sports club memberships, foreign language study, or other qualification courses.

In 2004, the procedures for this plan were simplified. A Life Plan Check Sheet was prepared and distributed to all employees to explain the fundamentals of this plan.
For Local Communities

The guiding principle behind every activity of Asahi Breweries is to promote healthy living and the enrichment of society worldwide. Therefore, as a responsible corporate citizen, we actively participate in cultural and community activities that are not directly associated with our food-related business operations. We encourage the growth and development of local communities, work with artistic and cultural activities that provide opportunities for young artists, and support employees in volunteer activities that they choose.

Newsletter
We publish Asahi Breweries MÉCENAT, a free newsletter that introduces our patronage of the arts.

Water Resource Preservation Activity
Every brewery of Asahi Breweries works with local community residents and NPOs to preserve water resources.

KIDS Project
Employees plan and carry out social events with children living in welfare facilities.

Relations with Local Communities
Newsletter, Nature School, Water resource preservation activity, Web site on social and cultural contributions, KIDS Project, etc.
Basic Principle and Focus of Activities

Toward Realizing a Healthy and Prosperous Society

The Asahi Breweries Group works hard to contribute to “the promotion of healthy living and the enrichment of society worldwide.” These actions focus on revitalizing and developing local communities, realizing a barrier-free society, promoting and disseminating art and culture, conserving the global environment and developing an international society. In 2004, we focused on actions that contributed to local communities and fostered communications.

Supporting the Arts and Culture

Supporting the Development of Artistic and Cultural Activities

Since the establishment of the Corporate Culture Department (currently the Social & Environmental Management Department) in 1990, our artistic and cultural activities have become more organized and well-planned. Our basic concept is Future, Citizens, Local Communities. Creating the culture of tomorrow depends on providing a bridge between citizens and the arts, and recovering local resourcefulness through unique activities that are deeply rooted in the local community.

Activities include Lobby Concerts, Food Culture Seminars, the Asahi Art Collaboration Exhibition, Asahi Arts Festival and management of Asahi Arts Square, which opened as a new center for increasing exposure to cultural expressions. In 2004, we sponsored or supported programs in cooperation with NPOs nationwide. These activities were highly regarded. The Asahi Arts Festival received the Contemporary Composite Art Award in the 2004 Mécénat Awards. In addition, Asahi Breweries set up two foundations intended to promote cultural development. The Asahi Beer Arts Foundation operates the Asahi Beer Oyamazaki Villa Museum and fosters artistic and cultural activities focused on the arts and music, while the Asahi Breweries Foundation supports research about food.

Assistance for NPOs and NGOs

Asahi Breweries has been actively supporting the organizational meetings for Arts NPO Link, which was formally established in October 2004, since the completion of its draft plan. The objectives of Arts NPOs Link are to connect Arts NPOs nationwide, address common issues, and develop supportive environments for NPO activities. Arts NPO Link was proposed in the first Arts NPO Forum in Japan in 2003 and founded in the second forum in 2004. Asahi Breweries’ assistance to the organizational meetings helps to accelerate the progress of Arts NPO Link and encourage active citizen participation in the arts.

Philosophy of Community and Cultural Activities

Asahi Breweries Group’s engagement in community and cultural activities is intended to help enrich communities across the world at the local and regional levels. Through these activities, Asahi works to win the trust of the communities it serves and to share in the excitement of their growth and prosperity. The Group therefore aims to contribute to community development through the social awareness of its employees, along with an open corporate culture and abundant creativity.

Guidelines for Action

1. Challenging the new and the unknown, and constantly generating the highest possible cultural value.
2. Stressing the importance of communication within the community and helping to deepen mutual understanding.
3. Engaging in society by participating in community activities.
4. Fostering future cultural development by participating in creative Mécénat activities.
5. Meeting the challenge of creating a new corporate culture by encouraging employees to volunteer in community and cultural activities.

Important Goals

1. Contributing to the revitalization and improvement of local communities.
2. Contributing to the realization of a community that ensures access for all people.
3. Contributing to the creation of new culture and living art.
4. Contributing to the protection of our global environment.
5. Contributing to the development of a global society.
Contributing to Society

Ongoing Contributions to Society
Our ongoing contributions to society include KIDS Project, a volunteer activity initiated by employees; Nature School soil and water courses, which help people in wheelchairs to enjoy rice planting and fishing; and Artbility—Asahi Breweries Encouragement Prize, which supports physically challenged artists. We conduct these activities in cooperation with various NGOs and NPOs.

Donations to Various Areas
Asahi Breweries makes donations in a wide range of fields, such as culture and the arts, the environment, community activities, health and medical science, social welfare, formal and social education, academic research and studies, international exchange and cooperation, and sports. We select recipients and determine the appropriate level of support through careful ethical and legal reviews. In 2004, we donated approximately 800 million yen.

Of this total, 46 million yen was donated to the victims of the Niigata Chuetsu and Sumatra earthquakes, including over 5.8 million yen contributed by employees. We also donated Asahi Beer products and a “rainy day” reserve.

Barrier-Free Brewery
Asahi Breweries strives to make its facilities barrier-free, so that all members of society enjoy convenient access. For example our breweries, which welcomes many visitors, provide visitor ramps and tours in sign language.

KIDS Project
Asahi Breweries employees developed this project to provide children living in welfare facilities with greater opportunities for social interaction. The project is set up in six locations nationwide. All recreational events and social gatherings are planned and carried out by employees themselves.

Drawing class

Nature School
This is a project for children and adults in wheelchairs. The water course, started in 1999, offers opportunities to enjoy fishing in mountain streams and surfing in the ocean. In the soil course, which started in 2000, participants dig potatoes, plant rice, and weed from snow sleds. They are even able to harvest rice that they planted. Representatives from NPOs and local farmers participate along with employees. As of the end of December 2004, 160 physically challenged people, 279 employee volunteers and 550 NPO representatives and local residents have participated in this project.

Rice planting in the Nature School soil course

Artbility—Asahi Breweries Encouragement Prize
Artbility is a project for physically challenged artists and is managed by Tokyo Colony, a social welfare corporation. Asahi Breweries supports the project and has participated in the Artbility Awards since their inception. Asahi Breweries awards the Asahi Breweries Encouragement Prize to physically challenged artists who show significant promise.
Environmental Events for Parents and Children

Every year, many people visit the Asahi breweries, all of which conduct special tours for parents and their children under the theme of recycling. A total of 1,800 people visited breweries in 2004. In addition to brewery tours, the Nagoya and Kanagawa Breweries conducted events for parents and their children focusing on the environment.

Nagoya Brewery

In April and July 2004, Nagoya Brewery organized Eco Press Club events, in which a total of 86 parents and children participated in brewery tours as “newspaper reporters” who interviewed employees at work and created an ecology newspaper. After the events, the newspapers were available in the brewery as an additional source of information about environment activities from the customer’s perspective.

Kanagawa Brewery

In March 2004, Kanagawa Brewery sponsored Eco Exploration Party to provide an opportunity for interacting with nature. Sixty parents and children participated. After touring the brewery with a special focus on ecology, participants were guided by a forestry instructor in exploring the natural surroundings of the brewery site and observing small animals and plants. Children used magnifying glasses to examine the shape of flowers. The instructor explained the origin of flower names, adding to the children’s enjoyment of the event.

The Kanagawa Brewery decided to use the site as a demonstration of ecosystem recovery and for environmental education. Artificial waterways were laid out in the southern-east portion of the brewery site and the Firefly Pond (Biotope) was created in harmony with neighboring vegetation. Fireflies are raised on the site. In 2004, local elementary school students were invited to participate in an event to release larvae. At the end of May, they returned to see the adult insects glowing at night.

Water Resources Conservation

Since Asahi Breweries depends on water as a principal raw material, we are responsible for conserving the forests which play a vital role in sustainable water resources. Although most of Japan is covered by forests, some national and private forests have been ruined because of inadequate care for them. Therefore, Asahi Breweries has become involved in nurturing forests which protect water resources.

Shikoku Brewery

Since 2004, the Shikoku Brewery has been working to conserve the forest ecology of Mt. Ishizuchi, which supplies water for brewery operations. The Shikoku Brewery joined with business centers, Mutsuyama Branch and Shikoku Regional Headquarters, in trimming undergrowth and cutting vines.

The Shikoku Brewery developed the activity plan in cooperation with the Ishizuchi Water Resources Forests Club, a volunteer group that has long conserved water resources in the Toyo basin, and with local forestry instructors. A total of 100 people participated, including local residents, local NPOs, and employees. Local residents were invited through e-mail magazines and Web sites. Most participants came from the neighboring Saijo and Mutsuyama cities. Parents and children also took part. The Shikoku Brewery is committed to continuing such efforts to nurture forests.

Asahi Breweries is planning for all breweries nationwide to be involved in projects for conserving water resources by the end of 2006, following the successful efforts of the Nagoya and Shikoku Breweries. In addition, the company is expanding activities to include Asahi Soft Drinks Co., Ltd. and The Nikka Whisky Distilling Co., Ltd., which are other Group companies that use water as a raw material. Working from a long-term perspective, Asahi Breweries will nurture water resources as “village forests” that supply precious water to each brewery. The companies will help plant trees, trim undergrowth and prune trees to encourage their healthy growth.
For the Global Environment

Barley, hops, and clear water are products of the land. To protect these precious blessings of nature and pass them on to future generations, Asahi Breweries is addressing the responsible use of resources and energy and working to reduce the environmental burden associated with the production of beer and happoshu. Beyond reducing the environmental burden of the breweries, we also promote comprehensive environment protection activities across the entire supply chain, from production and logistics to sales and consumption.

Environmental Culture Seminars
We conduct Asahi Beer Environmental Culture Seminars, which include the participation of guest lecturers who discuss environmental issues with participants.

Brewery Eco Tour
The tours introduce the environmental protection efforts of Asahi Breweries and provide opportunities to reflect on environmental issues.

Asahi Eco Space
Asahi Eco Space—Minerva’s Forest is on permanent display in the headquarters of Asahi Breweries, to illustrate the company’s commitment to addressing environmental issues.
Environmental Impact of Asahi Breweries

Environmental Burden from Raw Materials to Consumption and Disposal

Asahi Breweries collects and analyzes data on the use of resources and energy as well as the environmental burden generated at each stage, from raw materials and resources, production and logistics, to customer consumption and disposal of goods. This enables us to accurately determine the total environmental burden generated by business activities and take necessary actions to reduce it.

We already recycle 100% of the waste materials and by-products generated in the production of beer, and we will continue our efforts to reduce CO2 emissions generated by energy use, effectively use water resources, and collect reusable resources.

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**INPUT**

**Energy**
- City gas: 2,819,000 GJ (81,221,000 Nm3)
- A-grade heavy oil: \( \times 10^9 \)
- Electric power: 2,582,000 GJ (2,572,000 kWh)
- Total: 6,280,000 GJ

**Resources**
- Bottles: 536,000 tons
- Aluminum cans: 70,000 tons
- Steel cans: 1,000 tons
- Cartons: 40,000 tons
- Bottle tops: 2,000 tons
- Labels: 1,000 tons
- Total: 640,000 tons

**Raw materials**
- Malt: 224,000 tons
- Adjuncts: 179,000 tons (rice, corn processed materials, etc.)
- Hops: 3,000 tons
- Total: 406,000 tons

**Purchase of Liquefied Carbon Dioxide**
- Purchase: 12,300 tons
- Collection by Asahi Breweries: 59,200 tons
- Total: 71,500 tons

**Fuel for Vehicles**
- 907,000 GJ (light oil: 23,749 kl)

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**OUTPUT**

**Air**
- CO2: 309,000 tons
- NOx: 128 tons
- SO2: 41 tons
- Soot and dust: 4 tons

**Discharged Water**
- 13,931,000 m³

**Disposal Materials and By-products**
- 309,000 tons

**Collection of Containers and Packages**
- Bottles: 98.2% (2004) (Reference)
- Aluminum cans: 81.8% (2003)
- Steel cans: 87.5% (2003)
- Cartons: 105.5% (2003)

*The recycle rate of aluminum cans, steel cans, and cartons (cardboard) is based on nationwide figures.

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For the Global Environment

For Consumers and Civil Society

For Business Partners

For Shareholders and Investors

For Employees

For Local Communities

For the Global Environment

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*1 A-grade heavy oil
The sulfur content of A-grade heavy oil is less than or equal to 2% and burning this oil generates less sulfur oxide than other grades of heavy oil.

*2 Corporate-owned Asahi Forest
The Asahi Forest, located in Shobara City, Hiroshima Prefecture and neighboring areas, absorbs 12,000 tons of CO2 every year. The scope: All breweries of Asahi Breweries, Ltd.
Establishing Basic Environmental Principles
Asahi Breweries’ Guidelines for Corporate Activity, established in January 1998, clearly state “Safety and environmental responsibility.” Based on these guidelines, we established our Basic Environmental Principles in January 2000. These principles define the Group’s environmental concepts and policies, and set forth action guidelines related to environmental conservation for all employees.

Environmental Committee Leads in Enforcing the PDCA Cycle
The Asahi Breweries Group has organized an Environmental Committee. The committee established the Medium-term Group Environmental Management Plan and monitors the plan’s progress and status. Policies and plans formulated by the Environmental Committee are approved by the Management Strategy Meeting and the Management Meeting. The policies and plans are then shared with the headquarters, breweries, and each affiliated company by the Social & Environmental Management Department, the operational agent of the Environmental Committee.

Each brewery has an ISO Environmental Management Committee which promotes environmental activities based on the Medium-term Environmental Management Plan of the Asahi Breweries Group, the annual plan, and ISO 14001 Environmental Management Program. As required, a cross-organizational project is launched to respond to new concerns. Each quarter, the ISO Project Office of the head office and at each brewery identifies and analyzes the accomplishments and status of activities. Results are reported to the Head Office Environmental Committee and to each brewery’s ISO Environmental Management Committee as the basis for developing next year’s plan.

Basic Environmental Principles

Basic Philosophy
Beer is made from the bounties of nature, such as water, barley, and hops. At the Asahi Breweries Group, we believe it is our responsibility to enable our children to inherit a healthier planet. To achieve our goals of protecting this beautiful planet and the people who live on it, we believe our actions must demonstrate our gratitude for the natural bounty the Earth provides us all.

Guidelines for Action
(1) Strive to promote waste reduction and recycling to reduce the use of natural resources and to conserve energy.
(2) Endeavor to reduce the output and usage of substances that burden the environment, such as CO2 and CFCs.
(3) Promote systems and practices that conserve water, the most precious resource for the Asahi Breweries Group.
(4) Be aware of environmental concerns in product development, in the development of technologies, and in procurement.
(5) Contribute to society by actively supporting environmental protection activities and encouraging employees to participate as well.
(6) In addition to carefully observing all environmental laws and regulations, each affiliated company will develop its own environmental standards.
(7) Outside Japan, be aware of local environmental concerns and actively work to promote environmental protection in each country where the Group operates.
(8) Strive to communicate openly with society by providing appropriate information on our environmental systems and practices.

Environmental Audit
The Asahi Breweries Group conducts external certification audits based on ISO 14001 standards. Periodic internal environmental audits are also conducted by internal audit teams in each business unit. Apart from these audits, internal environmental audit teams of the head office conduct the Head Office Environmental Audit every other year to confirm that the environmental activities of each business unit and brewery are proceeding satisfactorily.

Head Office Environmental Audit Conducted in 2004

Audit Scope
Asahi Breweries
(based on 11 business units)
Breweries (Shinbashi, Suita, Hokkaido), Research and development center, Headquarters office/ regional headquarters (Hokkaido, Tokyo metropolitan area, Chubu, Kinki, Chugoku, Shikoku, Kyushu)
Each affiliated company
(based on 2 business units)
Breweries (Shinbashi, Suita, Hokkaido), Research and development center, Headquarters office/ regional headquarters (Hokkaido, Tokyo metropolitan area, Chubu, Kinki, Chugoku, Shikoku, Kyushu)

Audit Results
Follow-through requiring more than improvement 34 cases
Major follow-through issues
Issues related to waste materials (contract documentation, inadequate management of manifests, etc.): 30 cases
Inadequate management of environmental facilities (storage treatment, etc.): 3 cases
Others: 3 cases

Measures
All these items are addressed and improved within three months, the target period set by Asahi Breweries.
Environmental Management System

ISO 14000 Certification and Eco Action 21
The Asahi Breweries Group plans to have every production site nationwide acquire either ISO 14001 or Eco Action 21 certification by the end of 2006.

In addition, all sales units of Asahi Breweries introduced Asahi Way in May 2004. Asahi Way manages the environmental protection activities of each site, including measurable targets and progress, and promotes activities to reduce the environmental burden in accordance with each activity.

Asahi Way will be introduced into the sales units of affiliated companies.

ISO 14001 and Eco Action 21 Certified Business Units
- Domestic production sites of the Asahi Breweries Group: 21 of 30 business units
- Overseas production bases of the Asahi Breweries Group: 3 business units
- Logistics bases of the Asahi Breweries Group: 10 business units in 4 companies
- Sales bases of the Asahi Breweries Group: 2 business units in 2 companies

*Eco Action 21 certification: Ministry of the Environment established this certification and registry system in 1996 to provide companies, schools and public institutions with a method for establishing, managing, evaluating, and reporting the effectiveness of activities to protect the environment.
Compliance with Laws Related to the Environment and Number of Accidents

Compliance with Laws Related to the Environment
Operations at all breweries comply with environmental regulations and laws. In addition, we set up even higher standards for brewery environmental facilities, such as drainage treatment and boiler equipment.

Prevention of Serious Accidents
There were no significant environmental accidents in any brewery of Asahi Breweries in 2004.

Preventing Environmental Pollution

Actions to Prevent Environmental Pollution
Asahi Breweries prepares for situations that can impact the environment, such as large-scale earthquakes and fires. We work to improve facilities and conduct drills based on ISO 14001 standards and Asahi Breweries’ own measures to deal with large-scale earthquakes.

Employee Environmental Education

Periodic and Ongoing Environmental Education for All Employees
Asahi Breweries offers educational programs related to environmental policies and goals in the brewery and head office based on ISO 14001 standards. Since 2003, we have offered training in environmental issues solutions. In 2004, we conducted an Environmental Risk Management Seminar to prevent illegal dumping and held Asahi Way workshops to set up environmental management systems in our sales sections.

Representative Measures

Breakwaters
We set up breakwaters around tanks to prevent the outflow of pharmaceutical products and harmful matter outside the breweries in the event of damage to chemical tanks by a large-scale earthquake.

Automatically Detecting Chemical Substances
A sensor immediately detects malfunctions, such as the outflow of chemical substances or oil into rain run-off drains, and the automatic chemical detection system prevents discharge outside the brewery.

Drills
To minimize environmental impact on neighboring areas, we conduct drills based on ISO 14001 standards on the assumption that chemical substances and oil may be released outside the breweries in the event of a large-scale earthquake.
### Goals and Status of Group Medium-term Environmental Management Plan

#### Achieved Goals One Year Ahead of Schedule and Formulated a New Medium-term Plan

The Asahi Breweries Group achieved the goals of its First Medium-term Environmental Management Plan, launched in 2001, one year ahead of the 2004 target date. Therefore, we have established and are already proceeding to implement actions for a Second Medium-term Environmental Management Plan with goals for the period 2004 to 2006.

#### Major Points of Second Medium-term Environmental Management Plan

- We set specific goals through the Asahi Breweries Group.
- In response to the enforcement of the Kyoto Protocol, we changed CO2 emissions goals from basic units to the total amount of emissions.

### Asahi Breweries Group Medium-term Group Environmental Management Plan and Status

#### Key Issues

<table>
<thead>
<tr>
<th>Subissue</th>
<th>Scope</th>
<th>Asahi Breweries, Ltd.</th>
<th>Asahi Breweries Group (including Asahi Breweries, Ltd.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Targets for 2006</td>
<td>Results of 2004</td>
</tr>
<tr>
<td>Reduc. of total CO2 emissions at production sites</td>
<td>All group production companies</td>
<td>Total CO2 emissions: 262,000 tons (+0% compared to 1990) (2006 Goals) Total CO2 emissions: 235,000 tons (-10% compared to 1990) [Reference] Compared to previous year: -2.5%</td>
<td>Total CO2 emissions: 309,000 tons (+18% compared to 1990) [Reference] Compared to previous year: -2.5%</td>
</tr>
<tr>
<td>Reduc. of energy unit consumption at production sites</td>
<td>All group production companies</td>
<td>Basic unit: 2.06 GJ/kl (-36% compared to 1990) Unit consumption: 2.4 GJ/kl (-26% compared to 1990)</td>
<td>Total amount of energy consumption to achieve the goal above for CO2 total emissions</td>
</tr>
<tr>
<td>Promote water unit consumption at production sites</td>
<td>Major group production companies</td>
<td>Basic unit: 6.2 m3/kl (-32% compared to 1990) Unit consumption: 6.3 m3/kl (-30% compared to 1990)</td>
<td>Total amount: 23,230,000 m3/year (+15% compared to 1990)</td>
</tr>
<tr>
<td>Achieve 100% recycling of waste materials at production sites</td>
<td>All group production companies</td>
<td>Achieved in all breweries</td>
<td>Achieve 100% recycling rate of waste materials in all group production sites by 2006</td>
</tr>
<tr>
<td>Reduce service in all offices</td>
<td>All sales offices of Asahi Breweries</td>
<td>Reach 100% recycling rate in all sales units</td>
<td>Roll out starting in 2005 [Reference] Achieved in the head office (January) and in Hokkaido branch (March) in 2005</td>
</tr>
<tr>
<td>Increase the number of sites with production departments certified for environmental management</td>
<td>All group production companies</td>
<td>Acquire ISO 14001 certification in all breweries</td>
<td>Acquired certification at the Kanagawa Brewery (achieved certification in all nine breweries)</td>
</tr>
<tr>
<td>Strengthening and extending the environmental management system into the sales departments</td>
<td>All group production companies</td>
<td>Maintain and improve Asahi Way</td>
<td>Introduced Asahi Way in all sales units in 2004</td>
</tr>
</tbody>
</table>

#### Major Group production companies:

#### All Group production companies:
Energy Conservation and Reduction of CO₂ Emissions

Energy Conservation Facilities and Fuel Conversion
The goal of Asahi Breweries is to reduce total CO₂ emissions by 10% compared to 1990 levels by 2008.

Our CO₂ emissions are generated by electricity usage and boiler firing or during the brewing, bottling, canning, and barreling processes. To achieve our 10% reduction goal, we place the highest priority on reducing CO₂ emission, and are therefore introducing co-generation systems, energy-conserving facilities, fuel conservation, and CO₂ recycling systems.

In 2004, we introduced co-generation systems in the Kanagawa Brewery. In the Nishinomiya Brewery, we introduced the same co-generation systems along with an anaerobic water processing system which collects and reuses methane gas as an energy source for processing drainage. In addition, we increased our storage tank capacity for collecting CO₂ generated in the brewing process.

As a result, total energy consumption decreased from 6441 TJ in 2003 to 6260 TJ in 2004, and the energy consumption unit decreased from 2.46 GJ/kl in 2003 to 2.40 GJ/kl. Total CO₂ emissions decreased from 317,000 tons in 2003 to 309,000 tons in 2004, and the CO₂ emission unit decreased from 121 kg/kl in 2003 to 118 kg/kl in 2004.

In 2005, we will introduce co-generation systems in the Hakata Brewery, and all breweries will convert to natural gas fuel systems by 2008.

CO₂ Recycling Systems
In all nine breweries of Asahi Breweries, CO₂ produced in the brewing process is collected and stored in tanks. CO₂ is reused in the packaging and other processes.

Reduction of CO₂ Emissions in Logistics
In 2004, 17 logistics sites nationwide were consolidated into 15. The total travel distance for deliveries significantly decreased from 98,920,000 km in 2003 to 85,774,000 km in 2004. As a result, total CO₂ emissions in 2004 were 62,000 tons, a 14% reduction from 2003.

Reduced Energy Usage in Drainage Treatment
Cleaning up brewery drainage requires significant energy since it contains organic components such as sugar. Therefore, Asahi Breweries introduced into all its breweries an anaerobic water processing system that uses anaerobic methane bacteria to clean drainage. The system also helps control consumption energy in the process of drainage treatment.

CO₂ Emissions
(All breweries of Asahi Breweries)

Energy Consumption
(All breweries of Asahi Breweries)

Transportation Distance and CO₂ Emissions
(Scope: transportation of beer and happoshu)
Since September 2003, Asahi Breweries has invested in Green Power Aso (Nishihara Village, Kumamoto Prefecture), which was established by Electric Power Development Co., Ltd., to support wind-powered generation, a source of energy that is expected to contribute to the prevention of global warming. Green Power Aso began construction of Aso Nishihara Wind Farm, a wind-powered generation station, in February 2004. Operation of the station began in February 2005.

In May 2002, the Kanagawa Brewery of Asahi Breweries, became the first brewery in the industry to commission wind-powered generation under the Green Power Certification System*. The brewery commissioned 2,662,000 kWh in 2004.

* Green Power Certification System
Japan Natural Energy Company Ltd. manages this system to encourage the use of natural energy. Companies and local governments can purchase electricity produced by wind power and biomass, on a subcontracted basis.

Wind-powered generation facilities
Japan Natural Energy Company Ltd. Web site
http://www.natural-e.co.jp/english/index.html

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**Corporate-owned Asahi Forest, 463 Times the Size of the Tokyo Dome**

Asahi Forest, a corporate-owned forest, which reaches out to Shobara City, Hiroshima Prefecture and neighboring areas, is 2,165 ha, 463 times the size of the Tokyo Dome and absorbs 12,000 tons CO₂ annually. Environmental conservation is a top priority in the management of Asahi Forest, which is certified as a water conservation forest and Prefectural Nature Park and recognized as a protected forest reserve. In 2001, Asahi Forest received the Forestry Stewardship Certification from the Forest Stewardship Council (FSC), an international forest certification institution. This certification is granted to forests which are maintained under responsible forestry management.

In general, when trees are planted on a mountainside, 3,000 seedlings are planted per hectare. However, if the forest is allowed to grow at this density, the trees will become thin and crowded. With little or no sunlight reaching the ground, root development is stunted. Therefore, we actively thin the Asahi Forest and develop our sales promotion material from the thinned wood (p. 62).
Reusing Water and Purifying Wastewater

Water Resources—a Major Raw Material for Beer
Asahi Breweries is committed to conserving the quality of water, one of the important ingredients of beer, from the following three aspects: sustainable water resource management, efficient use of water resources, and quality control of water discharge.

Sustainable Water Resource Management
When using water as an ingredient of beer, Asahi Breweries inspects water safety and suitability for beer brewing based on proprietary inspection items, such as the presence and concentration of residual chlorine in the water, in addition to 50 inspection items provided in the water quality criteria stipulated by the Waterworks Law.

Efficient Use of Water Resources
Asahi Breweries is committed to reducing water consumption used for cleaning and sterilizing tanks and pipes in plants. The Second Medium-term Environmental Management Plan calls for reducing unit consumption of water by 32% from 1990 levels by fiscal 2006.

Examples of such efforts at each brewery include shorter cleaning time and the secondary use of water for final rinsing process. These efforts have contributed to annual decreases in water consumption, including a reduction from 17,018,000 m³ to 16,544,000 m³, year-on-year in 2004, with the basic unit falling from 6.5 m³/kl in 2003 to 6.3 m³/kl.

Quality Control of Water Discharges
Asahi Breweries discharges wastewater generated during the production process of beer and Happoshu into sewer systems and rivers after purification using such equipment as an anaerobic water processing system within the brewery.

Several breweries are able to purify wastewater to a quality approaching that of tap water by using ozone and activated charcoal treatment in addition to conventional methods.
The Asahi Breweries Group established Mizu no Wakusei, an environmental fund, in March 2004 under Living in Harmony with Local Communities, one of the Group’s Six Priority Initiatives. With contributions from wide-ranging sources, including customers, shareholders, employees, and Group companies, the fund supports organizations that promote the conservation of water resources and the establishment of green areas, efforts that are integral to the Group’s business activities. As of 2004, the fund has contributed approximately 17 million yen to the Green Fund operated by the National Land Afforestation Promotion Organization.

Presenting the contributors list to the National Land Afforestation Promotion Organization

To exercise its stewardship of water as a gift of nature, Asahi Breweries has actively worked to conserve water around all its facilities since 2004. In June 2004, the Shikoku Brewery inaugurated a joint water resource conservation project with the TOYO Valley Forestry Activation Center, which was established by cities in eastern Ehime Prefecture, and Ishizuchi Water Resources Wood Club, a volunteer organization. With the goal of establishing activities around every brewery by 2006, we plan to develop projects at the Ibaraki and Suita breweries in 2005, in addition to the work already started at the Nagoya Brewery.

Water resource conservation at the Nagoya Brewery

Asahi Breweries began conducting Brewery Eco Tours in 2004 to highlight the environmental conservation activities of its breweries and to teach participants about environmental conservation.

Brewery Eco Tours were held at three breweries in 2004—the Nagoya Brewery, the Kanagawa Brewery, and the Shikoku Brewery. Children who participated in the Nagoya Brewery Eco Tour contributed to the Ecology News at the brewery’s Eco Press Club by summarizing what they had learned and discovered about environmental conservation. Participants in the Kanagawa Brewery’s Eco Exploration, featuring a local forestry instructor, directly experienced the value and wonder of nature by observing the wild grasses and small animals living in the area surrounding the brewery.

The Nagoya Brewery Eco Tour
Reusing Resources

Recycling 100% of Wastes and By-products Generated within Breweries

Approximately 300 thousand tons of wastes and by-products* are generated each year by the manufacturing plants of Asahi Breweries, and since 1998, 100% of these wastes and by-products have been recycled instead of being taken to landfills.

Malt-feed, the malt hulls produced during the preparation process, represents 83% of generated wastes. Some of this malt-feed is recycled as cattle feed. The rest is treated through seasoning, compression molding, burning, and transformation into ceramics for use in Orchid Base, a bedding soil for orchidaceous plants, and as a culture medium for Sangoju, a very sweet tomato.

Sludge and similar by-products of the wastewater processing process account for 8% of wastes and are primarily used for organic fertilizer. Glass cullet, including bottles, represents 6% of wastes and is used as raw material for recycled bottles, while surplus brewing yeast generated during fermentation, representing 1% of total waste, is used for quasi-drugs such as Asahi Food & Healthcare's EBIOS, food additives such as yeast extract, and raw material for brewer's yeast supplements, including Super Brewer's Yeast.

The entire Asahi Breweries Group plans to achieve 100% recycling of all waste at all the production sites by 2006.

* By-products
In Asahi Breweries, materials produced at the same time as main products like beer are called by-products, instead of waste. These include malt-feed and surplus yeast. By-products can be reused in a completely different form as ingredients for quasi-drugs and food additives.

Reuse and Recycling of Containers

Reusing and Recycling Beer Bottles and Cans

Nearly 100% of beer bottles are returned to breweries for recycling after the content has been consumed. The recycle ratio of aluminum cans is extremely high given the public promotion of recycling. Consequently, these containers are uniquely contributing to the formation of a recycling society.

Recycling rate of returnable bottles*

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>97.9</td>
<td>98.3</td>
<td>99.1</td>
<td>102.8</td>
<td>98.2</td>
</tr>
</tbody>
</table>

* Collection Ratio of Returnable Bottles for Asahi Breweries
  = Number of Bottles Collected / Number of Bottles Shipped

Reference: Domestic Recycling Rate of Aluminum Cans*

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>80.6</td>
<td>82.8</td>
<td>83.1</td>
<td>81.8</td>
<td></td>
</tr>
</tbody>
</table>

* Recycling Rate of Aluminum Cans
  = Weight of Cans Collected / Weight of Cans Used

Source: Japan Aluminum Can Recycling Association
Reusing and Recycling of Beer Bottles and Aluminum Cans

Asahi Breweries has participated in the MATICS (Material Tracing IC System) Consortium sponsored by the Japan Research Institute, Ltd. since 2004. The purpose of this consortium is to develop a new mechanism for resource recycling, including the use of IC tags to trace and manage plant wastes throughout their entire life cycle, until they are brought back to plants for disposal.

Asahi Breweries cooperates in such activities as test marketing as well as the drafting of proposals for establishing systems as a user company. Our Ibaraki Brewery has been operating a pilot disposal system for waste plastics in cooperation with a waste disposal company since April 2005.

Compressed waste plastic blocks
Waste plastics are compressed so that IC tags can be attached.

In April 2005, Asahi Breweries launched nationwide distribution of sales promotional materials, made from timber thinned from Asahi Forest, for bars and restaurants (p. 58). The promotional product is a Japanese-style wooden tag for Keg Fresh Beer of Asahi Super Dry, one of our main beers. In the Hiroshima area, the location of Asahi Forest, a sales promotion campaign is under way using two additional types of promotional materials, including a wooden table stand for Asahi Premium Draft Beer Jukusen. Asahi Breweries plans to continue developing sales promotional materials made from environmentally sound materials.
Reducing Environmental Risks
The main raw materials for beer and other liquor produced by the Asahi Breweries Group are agricultural products, such as malt and hops; no toxic chemicals are used. Under the Group Environmental Guidelines, the company stipulates self-regulation that exceeds legally mandated levels to reduce environmental risk factors, including soil contamination and toxic chemicals.

Achieving 100% Recycling at the Head Office
As a major component of the Group’s environmental activities, Asahi Breweries’ head office acquired ISO 14001 certification, the international environment management system standard, in August 2001. Asahi is reducing the consumption of electricity and office paper at offices and promoting the recycling of waste.

As a result, the recycling rate by offices matched that of the breweries in achieving 100% in January 2005, compared to 60.2% in 2004.

Eco Point Improvement
In July 2000, the company set up Environmental Guidelines for Reducing the Environmental Burden of Products and Sales-Promotion Products, which specify the materials, design, and usage of containers, packaging, and sales promotion products. To effectively implement these guidelines, the company also established Eco Point Calculation Standards (environmental consideration level) in 2001. Excluding a few products, for which raw materials cannot be easily changed due to quality issues or the fact they are produced abroad, the ratio of items which have reached the Eco Point standards is now 94.1%, an increase of about 3.9 points from 2003. The improved score is due to the display of disposal instructions on paper and plastic cups.

Environmental Activities at the Head Office
Achieving 100% Recycling at the Head Office

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Environmental Risk Management

Environmentally Sound Containers and Sales Promotion Materials

Eco Point Improvement
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* Eco Point Calculation Standards
All containers, packaging, and sales-promotion products are evaluated on a scale of 1 to 3 for each of the following categories: (1) disposability (safety), (2) disposability (ease of disassembly), (3) disposability (ease of reusing materials), (4) prevention of resource exhaustion (use of renewable materials), (5) reduction of the physical size at disposal, (6) longevity and robustness, (7) display and disclosure of information.

For example, in the category of disposability (ease of disassembly), products that cannot be easily disassembled are rated 1 point; products that can be easily disassembled, 2 points; and products that consist of one material with no need for disassembly, 3 points. Asahi Breweries designates those rated over 60% (at least 13 points out of a possible 21) as environmentally-sound containers or sales promotional products.
The company introduced Asahi Breweries’ Integrated Environmental Burden Index, AGE (Asahi’s Guideline for Ecology) in 2000 to objectively quantify and determine the environmental burden of corporate activities.

AGE quantifies the environmental burden of a product throughout its lifecycle as accurately as possible, from the supply of raw materials, to the production and transportation of the product, up to the consumption, disposal and recycling of the empty container by customers.

In 2004 AGE recorded a low of 3.43, a 0.28 point improvement from 2003. Impact on the water system significantly improved as a result of brewery water conservation efforts. On the other hand, improvements in energy saving and distribution efficiency were offset by a lower container recycling rate. Thus, impact on the earth was 2.58 while impact on the atmosphere was 0.43. Both remained nearly flat, at the same performance level as last year.

The Derivation of AGE

Various environmental burdens, such as CO₂ emissions and water consumption, are evaluated in basic units per 1 kl of beer production. These figures are classified into environmental categories—impact on the entire earth, impact on the water system, and impact on the atmosphere—and applied to weighted multiples (1 to 5) which were originally set by Asahi to derive the AGE index for the year.

CO₂ and water-related issues such as global warming and eutrophication are heavily weighted in each category, given Asahi’s basic environmental policies, operational characteristics, and critical environmental conservation issues.

For Consumers and Civil Society
For Business Partners
For Shareholders and Investors
For Employees
For Local Communities
For the Global Environment

CSR REPORT 2005 64
<table>
<thead>
<tr>
<th>Measures Taken in Response to Third-Party Opinions on Asahi Breweries Group CSR Report 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asahi Breweries Group CSR Report 2004</strong></td>
</tr>
<tr>
<td><strong>Third-party Opinion on Asahi Breweries Group CSR Report 2004</strong></td>
</tr>
<tr>
<td>The entire Group and others in the supply chain should improve its monitoring system to achieve more thorough recycling of waste materials. There should also be a deeper commitment to actively promoting products made from recycled materials.</td>
</tr>
<tr>
<td><strong>Asahi Breweries’ Response</strong></td>
</tr>
<tr>
<td>Asahi Breweries adheres to strict waste separation practices, and by working together with recycling partners to create new products from waste, the company has achieved 100% recycling of waste. Asahi’s production facilities are making efforts to achieve 100% recycling by 2006.</td>
</tr>
<tr>
<td><strong>Reduction of environmental burden from production, logistics, and other business activities</strong></td>
</tr>
<tr>
<td>Asahi Breweries’ commitment in the creation of its own Eco Point system as an index of the degree to which packaging materials are environmentally friendly is commendable. However, setting the approval standard at 75% or even 80% rather than 60% would encourage the company to aim higher. By disclosing information regarding how different materials are evaluated, the company should encourage a bottom-up approach to this commitment starting with employees at the worksites.</td>
</tr>
<tr>
<td>With the improvement in Eco Points for paper and plastic cups, signboards remain as the only items which do not meet the Eco Point approval standard. Signboards are now being designed to consist of the same resin for easier recycling; new signboards will be deployed throughout Japan in 2005.</td>
</tr>
<tr>
<td>Similarly, for the AGE index, in addition to disclosing the method by which this figure is calculated, you should explain the rationale behind this calculation and thereby encourage a bottom-up commitment to this target from employees at the worksites.</td>
</tr>
<tr>
<td>The underlying data previously disclosed only in the data book is now provided on the Web site allowing shareholders to access diverse information. Asahi will provide as much detailed information as possible.</td>
</tr>
<tr>
<td>In addition to procurement of high quality raw materials and expansion of your contractual growing program, you should encourage producers to reduce chemicals while more actively contributing to land conservation.</td>
</tr>
<tr>
<td>Some raw materials, including domestic barley, hops, and corn produced in the U.S., are grown on a contract basis. However, the contractual growing program, which designates production sites, is at risk of being directly exposed to environmental fluctuations. Asahi is focusing on initiatives to ensure both traceability and reduced agrochemical residues in raw material.</td>
</tr>
<tr>
<td><strong>Social responsibility for employment and human rights</strong></td>
</tr>
<tr>
<td>You should create systems and working environments that inspire diverse employees in every Group company.</td>
</tr>
<tr>
<td>Asahi Breweries maintains basic personnel policies that specify employment security, training, evaluation, and treatment for employees and implements personnel reform under these policies. For instance, in order to appoint the right person to the right position, the in-house staff recruitment system recruits and selects employees from all eligible employees in Group companies.</td>
</tr>
<tr>
<td>In addition to promoting the participation of employees in social activities, your business units throughout the nation should be more active in tackling environmental issues around their production facilities and offices.</td>
</tr>
<tr>
<td>In June 2004, conservation work was carried out in the forests of Mt. Ishizuchi, which provide water for Shikoku Brewery. The company plans to promote activities that contribute to the conservation of water resources at all our breweries by 2006.</td>
</tr>
<tr>
<td>In addition, a list of important issues could be drawn up by the Asahi One Beer Club and Asahi Eco Mileage System.</td>
</tr>
<tr>
<td>The Asahi One Beer Club and Eco Mileage System were set up in April 2002 to support each employee’s own volunteer activities. The One Beer Club donated money to the Sumatra earthquakes, the tsunami disaster, and the Niigata earthquake and supported facilities and activities selected by the members themselves.</td>
</tr>
<tr>
<td><strong>Community commitments, cultural and environmental conservation activities</strong></td>
</tr>
<tr>
<td>You should make clear your medium-term objectives in all areas as well as results, providing everything from the highly specialized information required by financial institutions, researchers, and environmental NGOs, to the materials needed for children’s environmental education. This would entail expanding the information on your Web site relating to environmental and social issues to meet the demands of a diverse public and increasing the frequency of communication events at all business units.</td>
</tr>
<tr>
<td>The Web site was set up to report detailed CSR data beyond the information released in the printed report.</td>
</tr>
<tr>
<td>Finally, I would like to ask that, since the main function of this CSR Report is to report results from the previous year and plans for the coming year, it should be published quickly at the end of the financial year in conjunction with the annual financial data and with corresponding targets.</td>
</tr>
<tr>
<td>Asahi will continue to facilitate timely disclosure on the Web site.</td>
</tr>
</tbody>
</table>
Third-Party Opinion on Asahi Breweries Group CSR Report 2005

Junko Edahiro
Co-Chief Executive of Japan for Sustainability

This high-level report is a solid improvement over last year’s report, which had set a new direction. I noted a boldly creative communication approach. My comments are from the perspectives of (1) CSR, (2) communication, (3) improvements I would like to see in the future, and (4) systems thinking, so that Asahi Breweries is able to more effectively address these issues and demonstrate how a company genuinely fulfills its social responsibilities.

(1) CSR
Asahi Breweries applies a unique definition to CSR, sets clear priorities, and implements CSR activities. This is a good example of active CSR, which is far different than passive CSR efforts that simply imitate what others are doing. In the current CSR boom in Japan, many companies tend to emphasize compliance and risk management. Asahi Breweries, however, adopts a very innovative definition, CSR = CS (Customer Satisfaction) + R (Relations). The report reflects this definition by describing how the company works on CS (Customer Satisfaction) by using R (Relations). I especially appreciate that Asahi Breweries recognizes its social responsibilities as a brewer and that the company promotes moderate & responsible drinking in cooperation with NGOs. What stakeholders want most is action and results. I expect Asahi Breweries to more clearly convey the process by explaining the objectives, actions, self-evaluation, and improvement in the next actions, for each priority task.

As a next step, I recommend considering the customer satisfaction of stakeholders with whom relations cannot realistically be established, for example future generations and other living things that cannot speak out on their own behalf. Consider listening to these “voices” as well as customer feedback so that 20 or even 100 years from now, the Group’s CSR actions will be highly regarded for the solid principles and values it has practiced.

(2) Communication
I found Asahi Breweries’ communication is welcomed and cultivates a sense of trust because of its bold and frank approach, which is unique for a Japanese company. Especially noteworthy were the improvements made by employees at a production site after discovering that simply following the rules did not in itself guarantee quality, acknowledgement of responsibility for a violation of the law concerning product misrepresentation and subsequent changes in corporate operations, and full disclosure of compensation paid to directors.

Communication should be interactive. I expect Asahi Breweries to continue to communicate with stakeholders, including consumers, about Asahi’s business direction based on corporate principles, as well as the relative effectiveness of its CSR. Explanations about efforts to address environmental issues are clear and excellent. I believe the goal of reducing total CO2 emissions by 10% from 1990 levels by 2005 will lead the way for government and other companies. Redefining the goal of reducing CO2 emissions from basic units to total volume is a major step. I hope Asahi Breweries will more clearly express the significant nature of the company’s commitment as a model for other companies to follow.

I also recommend sharing the real story in greater depth, such as the difficulties and challenges associated with current efforts, with an overview of the road map and progress toward achieving a 10% reduction, as well as issues and specific plans for achieving the goal. People are more likely to be motivated to take action when they understand the process and not just the results. I encourage taking a communication approach that inspires readers beyond the mere reporting of results.

(3) Improvements I would like to see in the future

<Water>

It goes without saying that water is important for a brewing and beverage company. I applaud the efforts to steadily reduce the use of water and conserve water resources. I suggest considering the adoption of the 5-6 m³/kl benchmark announced by the UN Environmental Programme.

<Employees>

The CSR report did not provide any information on the employment of women or the promotion of women into management positions. The report only discusses considerations for maternity leave, childcare, and nursing care. I want to know clearly whether employees actually use the system as well as how the company identifies issues and sets directions and policies.

(4) Systems thinking

Systems thinking is required to tackle problems and situations that are inter-related with other factors and to seek genuine solutions so that such problems do not recur or affect other areas.

- It is necessary to capture the “big picture” by recognizing inter-dependencies beyond the separate, individual issues. I would expect Asahi Breweries to calculate the balance and cost-benefit performance of CSR activities and to report the relationship between business operations and CSR activities. I would like to see the company integrate CSR activities with business more tightly.

- Problems are not bound by time and place. Please consider future generations and other living things, and extend activities beyond the Group, the supply chain, and overseas stakeholders to the world. Clearly demonstrate company attitudes toward water issues as global concerns, including virtual water (the indirect consumption of water by agriculture and manufacturing processes).

- Strengthen the reporting of positive feedback, including successful CS and R cycles, and networking with citizens and NGOs in order to produce changes with favorable effects. The multiplier effect among different areas is also important. When employees become more involved in contributing to communities and environmental activities, their consciousness and morale as well as corporate culture also improve.

This report does a good job communicating the openness of the company. I have high hopes that Asahi Breweries will take on even greater challenges as a trustworthy leader in the industry.

Editor’s Note

The Asahi Breweries Group CSR Report 2004 published last year highlighted Asahi Breweries’ CSR efforts beyond environmental activities, in contrast to the previously published Environmental Communication Report. In the course of compiling the CSR Report 2004, editors focused on determining the extent of coverage for the report.

For CSR Report 2005, editors were also concerned about the most effective way to present the status of the Six Priority Initiatives covered in CSR Report 2004 and our corporate response.

How well does this report convey our efforts to fulfill our corporate social responsibilities? We welcome your comments and feedback, since we genuinely intend for this report to provide a means for communicating with every shareholder.

Katsutoshi Konuma, Social & Environmental Management Department
Yumi Horie, Public Relations Department
Kazou Okuni, Public Relations Department
Jun Yoshida, Quality Assurance Department
Akira Ogushi, Quality Assurance Department, Customer Relations Office
Asahi Breweries, Ltd.
Consumption of alcohol by persons under 20 years of age is prohibited by Japanese law. Please recycle cans.