Reinforcing ESG Initiatives

In its Medium-Term Management Policy, which was formulated in 2016, the Asahi Group positioned ESG initiatives as one of its three key priorities and changed course toward sustainability management. Since then, we have established policies and structures for key issues such as the environment, human rights, and alcohol-related problems and have created a PDCA cycle to address individual issues. However, as we have not yet fully integrated our overall sustainability strategy with our management strategy, we significantly revised our sustainability promotion system from 2020 in an effort to improve this situation. Specifically, we newly established a Global Sustainability Committee, chaired by the CEO of Asahi Group Holdings, and incorporated a system for promoting sustainability into our corporate governance system. Through these efforts, we will integrate sustainability promotion with management to further accelerate the promotion of sustainability on a Group-wide and global basis.

### Revising Our Sustainability Promotion System

<table>
<thead>
<tr>
<th>Organization</th>
<th>Role</th>
<th>Composition</th>
<th>Frequency of Meetings</th>
</tr>
</thead>
</table>
| **Global Sustainability Committee** | • Formulates the Group’s sustainability policy  
• Determines sustainability strategy  
• Makes investment decisions regarding sustainability | Chairperson: CEO of Asahi Group Holdings, Ltd.  
Asahi Group Holdings, Ltd.  
Executive officer in charge of sustainability and division heads of relevant sections  
Regional Headquarters  
CEO and executive officer in charge of sustainability | Annually |
| **Sustainability Execution Conference** | Incorporates strategies decided by the Global Sustainability Committee within regional headquarters and operating companies | Chairperson: Head of Sustainability Section, Asahi Group Holdings, Ltd.  
Asahi Group Holdings, Ltd.  
Division heads of relevant sections and personnel in charge of sustainability  
Regional Headquarters  
Division heads of relevant departments | Twice a year (semiannually) |
| **Sustainability Task Force**       | Conducts concrete examination and promotion of each key sustainability theme | Members: Executive officer in charge of sustainability themes, and division heads and personnel relevant to sustainability themes | As necessary |
Formulation of Our Basic Policy and Vision on Sustainability, and Revision of Our Material Issues

01 Formulation of Our Basic Policy and Vision on Sustainability

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

Asahi Group’s Sustainability Principles

1. The Asahi Group is striving to realize the tastiness of products and services that exceed consumer expectations, using the blessings of nature. We preserve finite nature to hand down the important blessings of nature to future generations.

2. The Asahi Group is striving to bring more fun to life through its products and services. We build a sustainable society to allow a better life to be inherited.

Asahi Group’s Sustainability Vision

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

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

02 Revision of Our Material Issues

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

Overall Framework for Promoting Sustainability toward Realizing the AGP

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

Asahi Group’s Sustainability Principles

- Deliver on our great taste promise and bring more fun to life
- A vision for realizing the AGP to which all Group employees should aspire in pursuing sustainability

KPIs Based on Material Issues

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Theme</th>
<th>Organizations</th>
<th>KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Climate change</td>
<td>Entire Group*1</td>
<td>Reduce CO2 emissions 30% by 2030 in Scope 1 and 2 (compared to 2015)</td>
</tr>
<tr>
<td>Environment</td>
<td>Climate change</td>
<td>Entire Group*2</td>
<td>Reduce CO2 emissions 30% by 2030 in Scope 3 (AB, ASD: compared to 2015) (ABEG, AHA: compared to 2020)</td>
</tr>
<tr>
<td>Environment</td>
<td>Climate change</td>
<td>Operating companies in Japan</td>
<td>Reduce CO2 emissions to zero by 2050 in Scope 1, 2 and 3 and become carbon neutral</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable raw material procurement</td>
<td>AGS</td>
<td>Raise the ratio of palm oil purchased from RSPO-certified suppliers to 5% in 2020 and 25% in 2021 (Book and Claim certification system)</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable raw material procurement</td>
<td>AGHSEA</td>
<td>Purchase 30% of palm oil from MPSO-certified suppliers by 2021</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable raw material procurement</td>
<td>AHA</td>
<td>Purchase 30% of sugar from VIVE-certified suppliers by 2021</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable container/packaging (plastics issue)</td>
<td>AB, ASD, AHA</td>
<td>Convert plastic containers to materials that can be 100% effectively utilized (reuse, recycle, composting, heat recycle) by 2025</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable container/packaging (plastics issue)</td>
<td>ABEG</td>
<td>Make the ratio of eco-friendly materials in plastic containers 60% by 2030</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable container/packaging (plastics issue)</td>
<td>ABEG</td>
<td>Reduce plastic container/packaging 30% by 2030 (compared to 2019)</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable container/packaging (plastics issue)</td>
<td>ABEG</td>
<td>Use recycled materials on the average 60% for all plastic by 2030</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable container/packaging (plastics issue)</td>
<td>ABEG</td>
<td>Use recyclable materials for all container/packaging by 2030</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable container/packaging (plastics issue)</td>
<td>AHA</td>
<td>Make the ratio of eco-friendly materials in plastic containers 100% by 2030</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable container/packaging (plastics issue)</td>
<td>AHA</td>
<td>Make packaging of all products to be recyclable, compostable, or reusable by 2025</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable container/packaging (plastics issue)</td>
<td>AHA</td>
<td>Bring up the ratio of recyclable PET to 70% by 2020</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainable container/packaging (plastics issue)</td>
<td>AHA</td>
<td>Develop a method to reuse more plastic than the amount used at the company by 2025</td>
</tr>
</tbody>
</table>
### Materiality

<table>
<thead>
<tr>
<th>Environment</th>
<th>Theme</th>
<th>Organizations</th>
<th>KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable containers/packaging (plastics issue)</td>
<td>AGHSEA</td>
<td>Reduces the amount of plastic used per liter of products by 5% YoY</td>
<td></td>
</tr>
<tr>
<td>Sustainable water resources</td>
<td>Entire Group*2</td>
<td>Make the basic water consumption to 3.2 m3/m3 by 2030 through streamlining of water usage and expansion of recycling system</td>
<td></td>
</tr>
<tr>
<td>Circular economy</td>
<td>Operating companies in Japan</td>
<td>Maintain the 100% recycling rate for all byproducts and waste</td>
<td></td>
</tr>
</tbody>
</table>

### People

<table>
<thead>
<tr>
<th>People</th>
<th>Theme</th>
<th>Organizations</th>
<th>KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respect for human rights</td>
<td>HD</td>
<td>Start the human rights due diligence process at suppliers in 2020</td>
<td></td>
</tr>
<tr>
<td>Human resources development</td>
<td>HD</td>
<td>Achieve the following targets for the numbers of participants in training programs: - LEAD (a program to develop business leaders in Japan): 75 - Global Leadership Development Program (a program to develop global business leaders): 35 - One Young World (an external training program focused on resolving global issues): 25</td>
<td></td>
</tr>
<tr>
<td>Diversity</td>
<td>AB</td>
<td>Achieve a 100% participation rate in the seminar for managers, seminar for supervisors, and training for employees, which are all intended for plant employees</td>
<td></td>
</tr>
<tr>
<td>Workforce health and safety</td>
<td>Operating companies in Japan</td>
<td>Achieve a 100% stress check implementation rate</td>
<td></td>
</tr>
</tbody>
</table>

### Communities

<table>
<thead>
<tr>
<th>Communities</th>
<th>Theme</th>
<th>Organizations</th>
<th>KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create people-to-people connections</td>
<td>HD</td>
<td>Launch three products that feature “Barley of Hope” from operating companies in 2020</td>
<td></td>
</tr>
<tr>
<td>Realize sustainable supply chains</td>
<td>HD</td>
<td>Achieve a 100% participation rate of non-alcohol products to 6.4% of all products in 2020</td>
<td></td>
</tr>
</tbody>
</table>

### Health

<table>
<thead>
<tr>
<th>Health</th>
<th>Theme</th>
<th>Organizations</th>
<th>KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create value of health</td>
<td>AGS</td>
<td>Achieve a participation target of 100,000 in Todoku Tsuyosa-no Nyusankin, Mamoru Hataraku Nyusankin, etc.</td>
<td></td>
</tr>
</tbody>
</table>

### Responsible Drinking

<table>
<thead>
<tr>
<th>Responsible Drinking</th>
<th>Theme</th>
<th>Organizations</th>
<th>KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in inappropriate drinking</td>
<td>Entire Group</td>
<td>Display age restrictions on alcohol consumption on all products under alcoholic beverage brands (including non-alcoholic beverages sold under that brand) by 2024</td>
<td></td>
</tr>
<tr>
<td>Solution of social issues through creation of new drinking opportunities</td>
<td>ABEG</td>
<td>Launch three products that feature “Barley of Hope” from operating companies in 2020</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Abbreviations stand for the following operating companies:
- *1 Operating companies in Japan, ABEG, AHA
- *2 AB, ASD, ABEG, AHA
- *3 AB, ASD, AHA, AGHSEA, ABEG
Reinforcing ESG Initiatives

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

Asahi Group Environmental Vision 2050
Pass on nature’s gifts to the next generation based on the “Neutral and Plus” concept

By 2050:

1. **Respond to Climate Change**
   - Reduce CO₂ emissions to zero
   - Zero environmental impact (Neutral)

2. **Make Sustainable Use of Resources**
   - Reduce business risks

3. **Utilize Microbe and Fermentation Technologies**
   - Create new environmental value by leveraging Group strengths
   - Creating environmental value (Plus)

4. **Process Innovation**
   - Create groundbreaking new technologies and systems

Aim to achieve zero environmental impact in our business activities

Utilize the Group’s proprietary technologies to create more environmental value in society

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

Please refer to the following links for more detailed information on Asahi Group Environmental Vision 2050:
**Section 02 Progress in Medium-Term Management Policy**

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### 1. Respond to Climate Change

**Progress of Efforts toward Asahi Carbon Zero**

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>的目标</th>
<th>2030</th>
<th>30% reduction in Scope 1 and Scope 2 (vs. 2015)</th>
<th></th>
<th>2050</th>
<th>Aim for zero CO₂ emissions in Scope 1 and Scope 2</th>
</tr>
</thead>
</table>

---

### 2. Make Sustainable Use of Resources

**Raw Materials**

Progress of Efforts toward the Sustainable Procurement of Raw Materials

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

**Containers and Packaging**

Progress of Efforts toward Addressing Plastic-Related Issues

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

**Direction of Strategies for 2030**

**Group-wide Targets**

- Realize 100% utilization of materials for plastic containers that can be used effectively by 2025*1
- Begin examinations for achieving a 100% conversion to eco-friendly materials for plastic containers by 2030*2
- Examine the development of eco-friendly materials and sales methods that do not make use of plastic containers*3

---

**Water**

Progress of Efforts toward the Sustainable Use of Water Resources

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

**Group-wide Targets for Water Resources**

- Achieve a basic unit of water consumption of 3.2 m³/kl or less by 2030*1

**Efforts to Assess and Eliminate Water Risks**

- Regular implementation of a water risk survey to ensure the sustainability of our water resources (Survey frequency: Once every five years)

**Efforts toward Water Neutrality**

- Leverage Asahi Forest to realize water neutrality at beer factories in Japan by 2025*4
- Expand water conservation activities at each factory

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*1 Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., and Asahi Holdings (Australia) Pty Ltd
*2 Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Breweries Europe Ltd, Asahi Holdings (Australia) Pty Ltd, and Asahi Group Holdings Southeast Asia Pte. Ltd.
*3 Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Breweries Europe Ltd, Asahi Holdings (Australia) Pty Ltd, and Asahi Group Holdings Southeast Asia Pte. Ltd.
*4 Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Breweries Europe Ltd, Asahi Holdings (Australia) Pty Ltd, and Asahi Group Holdings Southeast Asia Pte. Ltd.
Reinforcing ESG Initiatives—Materiality Story 01  Environment

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

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

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

Governance

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

Strategies

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

**STEP 1** Evaluating the Significance of Each Risk
- Political and legal
- Reputation
- Market changes and technological changes
- Physical risks

**STEP 2** Defining a Group of Scenarios
- Laying out scenarios in which the earth’s temperature rises by 2°C and 4°C, respectively, by the end of the 21st century compared with temperatures before the Industrial Revolution

**STEP 3** Evaluating Business Impacts
- Business impacts:
  - Business costs
  - Earnings
  - Value chain
  - Suspended operations

**STEP 4** Examining Response Measures
- Response measures:
  - Portfolio reform
  - Investment in response capabilities and technologies

RCP Scenarios Adopted by the IPCC

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

Source: Company materials created based on the IPCC’s Fifth Assessment Report, Summary for Policymakers (Figure SPM.7)
STEP 1  Evaluating the Significance of Each Risk

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

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Business Risks and Opportunities</th>
<th>Reasons for Selection as an Important Risk/Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political and Legal</td>
<td>Carbon Tax and Carbon Pricing</td>
<td>Under Asahi Group Environmental Vision 2050, we are taking steps to achieve Asahi Carbon Zero, an initiative that aims for zero CO2 emissions within our value chain. However, while circumstances vary by country and region, we anticipate a significant financial impact from the introduction of a carbon tax.</td>
</tr>
<tr>
<td></td>
<td>Regulations on Water Use</td>
<td>Water is indispensable to our raw material production and factory operation. Therefore, we anticipate that the introduction of additional regulations on water use will have a significant impact on our business continuity and financial position.</td>
</tr>
<tr>
<td>Market Changes and</td>
<td>Changes in Customer Behavior</td>
<td>Risks and opportunities stemming from the heightened environmental awareness of consumers have the potential to become a new factor that impacts net sales.</td>
</tr>
<tr>
<td>Technological Changes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical Risks</td>
<td>Rising Price of Raw Materials</td>
<td>In the event that the price of raw materials were to rise due to a decline in the harvest of important agricultural materials, or that such a decline would make it necessary for us to switch to different materials, we believe there would be a significant impact on our financial position and business continuity.</td>
</tr>
<tr>
<td></td>
<td>Rise in Global Average Temperature</td>
<td>The volume of beer consumed in summer could be significantly affected by a rise in the global average temperature.</td>
</tr>
<tr>
<td></td>
<td>Changes in Precipitation Patterns</td>
<td>If our agricultural land and production bases were impacted by severe water shortages, it could potentially become difficult to continue our business operations.</td>
</tr>
<tr>
<td></td>
<td>Intensification of Abnormal Weather</td>
<td>In the event that damage from heavy rains and typhoons, which are occurring more frequently in recent years, were to become more severe, our value chain may suffer significant harm, making it difficult to continue our business operations.</td>
</tr>
</tbody>
</table>

STEP 3  Determining Targets for Business Impact Evaluations

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

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

Targeted Regions: Japan, Europe, and Australia

Notes: 1. Figures are based on 2018 results. 2. Total value does not equal 100 as figures are rounded up.
STEP 3  STEP 4 Evaluating Business Impacts and Examining Response Measures

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

Impact from Decline in Harvest of Agricultural Materials

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

Impact from the Introduction of Carbon Tax

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

Impact on Harvest Yield Amounts under the 2ºC Scenario and the 4ºC Scenario

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

<table>
<thead>
<tr>
<th>Material</th>
<th>2ºC Scenario</th>
<th>4ºC Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley</td>
<td>97</td>
<td>83</td>
</tr>
<tr>
<td>Hops</td>
<td>93</td>
<td>91</td>
</tr>
<tr>
<td>Corn</td>
<td>87</td>
<td>65</td>
</tr>
<tr>
<td>Rice</td>
<td>99</td>
<td>98</td>
</tr>
</tbody>
</table>

Impact of a Carbon Tax under the 2ºC Scenario

(¥ billion)

- In the event no actions were taken to reduce CO₂ emissions
- In the event actions were taken to reduce CO₂ emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>Impact (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2030</td>
<td>5.7</td>
</tr>
<tr>
<td>2050</td>
<td>7.0</td>
</tr>
</tbody>
</table>
Examining Response Measures

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

<table>
<thead>
<tr>
<th>Business Risks</th>
<th>Existing Measures</th>
<th>Direction of Response Measures Going Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rising Price of Raw Materials</td>
<td>• Engage in risk dispersion through multi-sourcing</td>
<td>• Development of weather-resistant raw materials&lt;br&gt;• Development and introduction of cultivation method&lt;br&gt;• Transition to substitute materials&lt;br&gt;• Change in procurement areas</td>
</tr>
<tr>
<td>Carbon Tax and Carbon Pricing</td>
<td>• Promote Asahi Carbon Zero&lt;br&gt;• Introduce co-generation systems&lt;br&gt;• Promote a modal shift&lt;br&gt;• Introduce renewable energy provided by wind power generation in Poland and the Netherlands&lt;br&gt;• Install highly efficient refrigeration systems</td>
<td>• Examine the acquisition of SBT 1.5ºC verification&lt;br&gt;• Participate in RE100 and further utilize renewable energy</td>
</tr>
<tr>
<td>Regulations on Water Use</td>
<td>• Achieve 100% use of renewable water resources by 2050&lt;br&gt;• Realize water neutrality at our domestic beer factories by 2025&lt;br&gt;• Reduce the amount of water used (reduce water consumption during cleaning and sterilization processes and effectively utilize recycled water)</td>
<td>• Further reduce the amount of water used (introduce large-scale recycling systems, etc.)&lt;br&gt;• Ascertain water risks at production bases and examine response measures based on analyzed data</td>
</tr>
<tr>
<td>Changes in Customer Behavior</td>
<td>• Print the Green Energy Mark logo on Asahi Super Dry 350 ml cans, beer gift sets, and Asahi Dry Zero</td>
<td>• Respond to the growing trend of ethical consumption (make use of certified raw materials, etc.)</td>
</tr>
<tr>
<td>Intensification of Abnormal Weather</td>
<td>• Implement measures to respond to wind- and water-related disasters</td>
<td>• Give consideration to the medium- to long-term impact of climate change when changing location of production bases or building new ones</td>
</tr>
</tbody>
</table>

Risk Management Structure

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

Indices and Targets

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

Materiality Story 02

People

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

Efforts toward Commencing Human Rights Due Diligence

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

2018 to present: Preparations to commence human rights due diligence


Priority Efforts

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

Overall Structure of Our Human Rights Due Diligence

Formulation of the Asahi Group Human Rights Principles

Conformance with the UN Guiding Principles on Business and Human Rights

Information disclosure

• Share information with external stakeholders regarding how corporations are handling such adverse impacts

Starting in 2020

Identification and evaluation of risks

• Identify and evaluate the impacts of actual and potential adverse impacts on stakeholders

Prevention and reduction of adverse impacts

• Enact measures to prevent the occurrence of potential adverse impacts
• Enact measures to correct adverse impacts that are actually occurring

Tracking and examination of effects

• Track and examine the effects of efforts to address adverse impacts

Establishment and Enhancement of Grievance Mechanisms

Set up contact points for receiving reports from victims and other parties (Clean Line System, etc.)

Educational activities and training to support human rights due diligence
Efforts to Address Human Rights Risks in the Supply Chain

2017: Analysis of modern slavery risk
We conducted a theoretical analysis of modern slavery risk in the 17 countries where our manufacturing plants are located, covering 11 key raw ingredients we procure. As a result, we discovered that the cultivation stage of our supply chain had the highest potential for modern slavery risks to occur. Furthermore, among the key raw ingredients we procure directly, we confirmed business impacts pertaining to five ingredients that were determined to have a very high modern slavery risk.

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

2020 to 2022: Action plan

- Revisions to rules
- Implementation of training

- Identify supplier risks
- Identify modern slavery risk

Primary suppliers of raw materials for all Group companies
Plaintions in high-risk categories, etc.

- Self-assessment questionnaires/on-site surveys

- Enact measures to prevent the occurrence of negative impacts or correct them if they should occur

- Track and examine the effects of efforts to address human rights risks

- Aim for the establishment of a PDCA scheme by 2022 and implement this scheme at operating companies from 2023 onward

2019: Holding of stakeholder dialogues
Main points brought to our attention through dialogues

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

Please visit the following URL for more details on the dialogues we held with stakeholders in December 2019.
Reinforcing ESG Initiatives

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

Approach to Supply Chain Management

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

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

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

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

Collaboration with Local Communities

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

Creating Health Value through Our Products

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

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

Creating Health Value through Awareness-Raising Activities

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

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

Going forward, Asahi Group Foods will continue to promote awareness-raising activities through its businesses so that it can help infants and senior citizens realize healthy eating habits.
Alcohol has the power to bring delight and pleasure into our daily lives. On the other hand, inappropriate drinking habits can lead to a range of problems for individuals, their families, and society at large. As a corporate group that manufactures and sells alcohol beverages, the Asahi Group is working to reduce inappropriate drinking habits while at the same time promoting activities that contribute to the sound development of the alcohol beverage culture. By doing so, the Group aims to create enjoyable lifestyles for people around the world.

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

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

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

Overview of the Asahi Group Responsible Drinking Principles

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

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

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

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

About Principle 5  Collaboration with Stakeholders

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

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

About Principle 6  Development of Innovative Products

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

*1 Company name as of 2020
*2 Source: Nielsen Scantrack Data to 28.12.2019

Please refer to the following links for more details:

Please refer to the following link for details on the joint statement by IARD-affiliated companies:
https://cms.iard.org/getmedia/a99606c7-8654-4800-bf3a-0da3f18b6fd9/actions-to-accelerate-reductions-in-underage-drinking.pdf

Please refer to the following links for more details: