

**Analysis and Evaluation Regarding the Effectiveness Evaluation of
the Company's Audit & Supervisory Board in Fiscal 2018 — Summary of Results**

March 26, 2019
Asahi Group Holdings, Ltd.

Amid corporate scandals that have come to light in Japan, there are growing expectations from internal and external stakeholders for Audit & Supervisory Board Members and the Audit & Supervisory Board to play a role in corporate governance to support “maximization of the corporate value and prevention of damage,” and Asahi Group Holdings, Ltd. (the “Company”) believes that the effectiveness of this board and its members will be the key to the fulfilment of these expectations.

Therefore, as a new approach, the Company's Audit & Supervisory Board has evaluated the effectiveness of the Audit & Supervisory Board in fiscal 2018.

This approach is being established as an ongoing initiative aimed at constructing a group-wide corporate governance, and it is expected to become a best practice for companies in Japan. Its aim is to realize a more effective Audit & Supervisory Board, thereby ensuring stakeholders' expectations are met.

I. Overview of results of analysis and evaluation

i) Conclusion

The Company's Audit & Supervisory Board concluded that the Audit & Supervisory Board was “functioning effectively” in fiscal 2018.

ii) Analysis and evaluation

In the evaluation of the effectiveness of the Audit & Supervisory Board in fiscal 2018, the Audit & Supervisory Board designed evaluation items and conducted analysis and evaluation with a goal of “enhancing the effectiveness of legality audit” and “facilitating understanding and evaluation by important internal and external stakeholders.” In conducting the evaluation, in addition to a questionnaire on effectiveness for each Audit & Supervisory Board Member, individual interviews with Outside Audit & Supervisory Board Members, Chairman of the Board of Directors, and President and Representative Director, CEO were made by third parties to obtain objective opinions, and an explanation of their opinions on the evaluation was received from these third parties.

II. Initiatives going forward

After having engaged in discussions, the Company's Audit & Supervisory Board principally recognized the following five points as considerations to be addressed. As for these considerations, the Audit & Supervisory Board had discussions and determined initiatives for fiscal 2019.

1. Enhancement of the system to respond to emergencies
2. Further strengthening of Group governance
3. Expansion and deepening of cooperation with Outside Directors

4. Promotion of understanding of audit on the Group officers and employees by Audit & Supervisory Board Members
5. Enhancement of the operational aspect of the Audit & Supervisory Board

III. Methods of analysis and evaluation

In order to analyze and evaluate the effectiveness evaluation of the Audit & Supervisory Board in fiscal 2018, each of the Company's Audit & Supervisory Board Members conducted an evaluation in November through December 2018 using an effectiveness evaluation questionnaire prepared by the secretariat of the Audit & Supervisory Board, with an input from third parties, and approved by the Audit & Supervisory Board.

In addition, so as to obtain objective opinions, third parties performed interviews with each Outside Audit & Supervisory Board Member, Chairman of the Board of Directors, and President and Representative Director ,CEO in November through December 2018, and copies of responses to the above questionnaire and compiled results were provided to the third parties to receive opinions on the evaluation and moreover to obtain support such as analysis of the questionnaire.

The Company's Audit & Supervisory Board compiled results of the evaluation using the above effectiveness evaluation questionnaire for each Audit & Supervisory Board Member, and held discussions and determined the evaluation at the Audit & Supervisory Board meeting in February 2019 by reference to opinions on the evaluation based on the interviews by third parties and the above questionnaire results.

IV. Evaluation items

Pillars of evaluation items in the self-evaluation questionnaire and individual interviews are as follows. Analysis and evaluation were conducted based on a total of over 40 evaluations items derived by further refining and making more specific these items.

- 1.1 Structure and operation of the Audit & Supervisory Board
- 2.1 Responses to Directors and the Board of Directors
- 2.2 Handling of scandals including material violation of laws and regulations, and inappropriate accounting treatment
- 2.3 Risk management
- 2.4 Status of maintenance and operation of internal control
- 2.5 Adherence to ethics and compliance
- 3.1 System for audit of Group companies by Audit & Supervisory Board Members
- 3.2 Collaboration with outside auditor and internal audit team
- 4.1 Understanding and evaluation by internal and external stakeholders

With regard to evaluation items for future effectiveness evaluation of the Audit & Supervisory Board, the Company's Audit & Supervisory Board plans to consider such items each year in view of its situation and trends, instead of sticking to the above items.

* “Corporate Governance Guidelines”

<https://www.asahigroup-holdings.com/en/whoweare/governance/policy.html>

【Reference】

The Asahi Group's Initiatives for Evaluation of the Effectiveness of the Audit & Supervisory Board in 2018

Implementation of Evaluation of the Effectiveness of the Audit & Supervisory Board

Back ground

Amid corporate scandals that have come to light in Japan, there are growing expectations from internal and external stakeholders for Audit & Supervisory Board Members and the Audit & Supervisory Board to play a role in corporate governance to support “maximization of the corporate value and prevention of damage,” and the Company believes that the effectiveness of this board and its members will be the key to the fulfilment of these expectations.

Therefore, as a new approach, the Company’s Audit & Supervisory Board has evaluated the effectiveness of the Audit & Supervisory Board in fiscal 2018.

This approach is being established as an ongoing initiative aimed at constructing a group-wide corporate governance, and it is expected to become a best practice for companies in Japan. Its aim is to realize a more effective Audit & Supervisory Board, thereby ensuring stakeholders’ expectations are met.

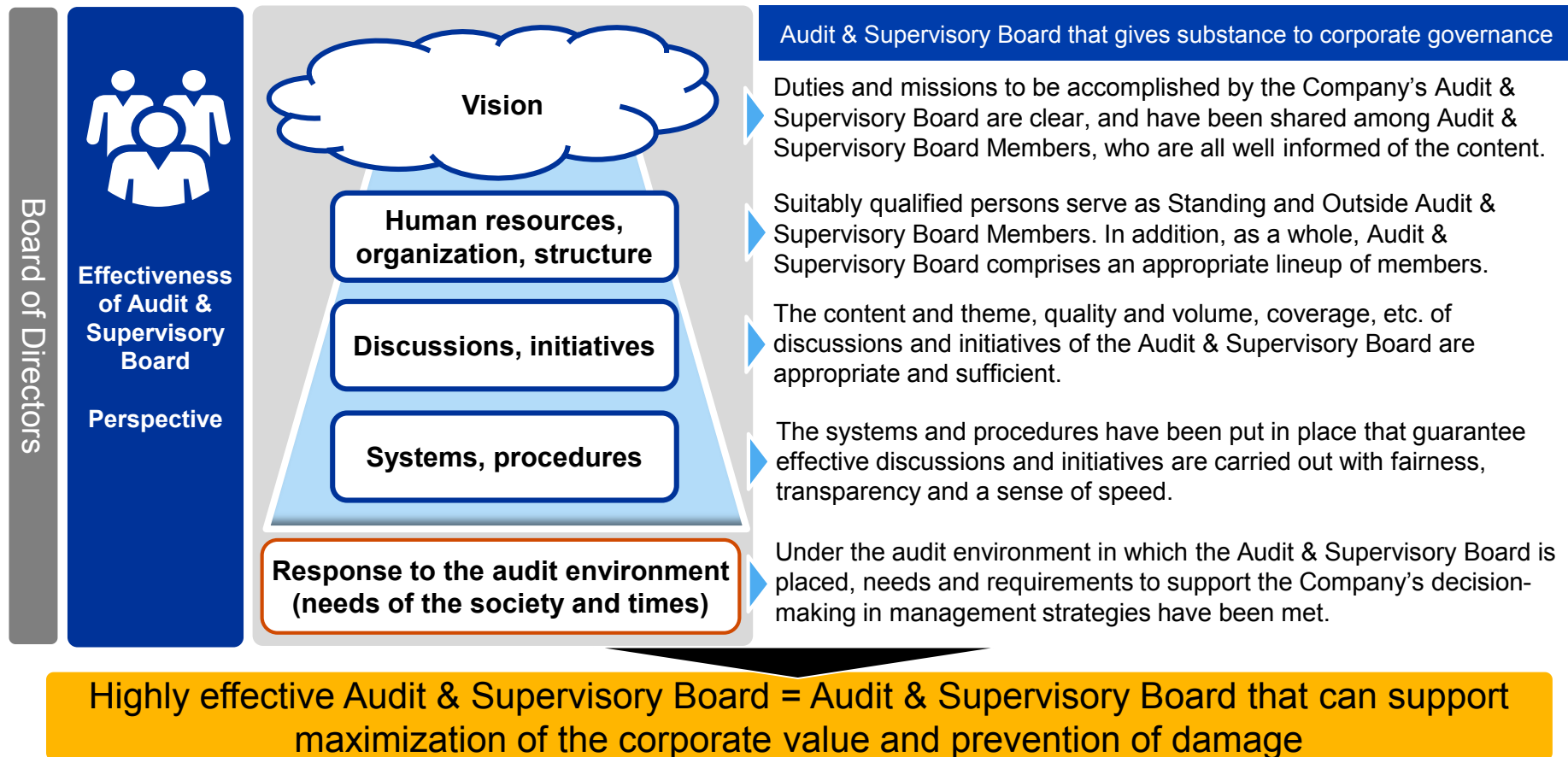
Results

In the evaluation of the effectiveness of the Audit & Supervisory Board in fiscal 2018, the Audit & Supervisory Board designed evaluation items and conducted analysis and evaluation with a goal of “extending the scope of audits beyond legal compliance” and “facilitating understanding and evaluation by important internal and external stakeholders.”

Consequently, the Audit & Supervisory Board concluded in light of the evaluation items for fiscal 2018 that the Company’s Audit & Supervisory Board was “functioning effectively.”

What is the Effectiveness of the Audit & Supervisory Board?

The shareholders have placed their expectations and trust with the Audit & Supervisory Board to play a role in corporate governance to support “maximization of the corporate value and prevention of damage.” Does the Company’s Audit & Supervisory Board have the effectiveness necessary to contribute toward fulfilling such expectations and trust? What are the challenges that must be tackled to further improve effectiveness? What improvements can be seen regarding challenges that were identified on previous occasions? In order to continuously and actively confirm and respond to these and other initiatives, each year the Audit & Supervisory Board conducts an effectiveness evaluation, which serves to improve its effectiveness so that it can “give more substance” to corporate governance.



Designing Items for the Evaluation of Effectiveness

Evaluation items in the evaluation of the effectiveness of the Audit & Supervisory Board are designed each year in consideration of the current audit plan and audit environment.

This leads the Company's Audit & Supervisory Board to "give substance to corporate governance," by focusing on areas that will "improve the effectiveness" rather than simply following or imitating an old tradition or generality.



Basic approach to
design

- Based on the audit plan and audit environment, consider important factors to be focused on in evaluating the effectiveness of the Company's Audit & Supervisory Board.
- As for the audit plan, take into account strategy and planning, business portfolio strategy, globalization, Group governance in Japan and abroad, initiatives toward creation of new value, etc. undertaken by the Company, as a holding company.
- As for the audit environment, take into account expectations from internal and external stakeholders including shareholders and investors, requirements of laws and regulations and the society, etc. which are imposed on the Company.
- Set a higher demand level than that naturally required of an Audit & Supervisory Board for certain evaluation items so that initiatives of the Company's Audit & Supervisory Board will be a best practice in Japan.
- As for challenges identified in the previous fiscal year, make an assessment in the following fiscal year of the status of the measures carried out and the improvements to the situation.
- Utilize external experts (third parties) to obtain specialist insights and objectivity.

The focus is put on the areas that lead to more substantial corporate governance

Design of Evaluation Items in 2018

Based on the concept previously described, evaluation items that avoid ambiguity and have been fully refined and made specific have been designed so that evaluation results lead to effective discussions and improvement of the Audit & Supervisory Board.

Evaluation items will also be designed anew in consideration of the current audit plan and the audit environment including needs of the society and times, in following fiscal years.



Main evaluation
items (2018)

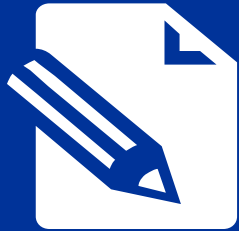
- 1.1. Structure and operation of the Audit & Supervisory Board
- 2.1. Responses to Directors and the Board of Directors
- 2.2. Handling of scandals including material violation of laws and regulations,
and inappropriate accounting treatment
- 2.3. Risk management
- 2.4. Status of maintenance and operation of internal control
- 2.5. Adherence to ethics and compliance
- 3.1. System for audit of group companies by Audit & Supervisory Board
Members
- 3.2. Collaboration with outside auditor and internal audit team
- 4.1. Understanding and evaluation by internal and external stakeholders

Refined and made more specific to turn into over **40 questions**

Design evaluation items that lead to effective discussions and improvement

Initiatives Going Forward (Initiatives in 2019)

After having held discussions based on the many suggestions submitted by Standing and Outside Audit & Supervisory Board Members, the Company's Audit & Supervisory Board will work to improve the effectiveness of the Audit & Supervisory Board, premised on awareness of the five points listed below.



Challenges
identified in
2018

1. Enhancement of the system to respond to emergencies

- Based on the framework for responses to emergencies that is currently under consideration, advance the development and preparation on guidelines, etc. for specific measures and others in case of emergencies

2. Further strengthening of group governance

- Domestic group companies: Expand opportunities to share information, including overview of audit, with Outside Audit & Supervisory Board Members.
- Overseas group companies:: Enhance the collection of information on the audit committee, etc. in the local area as well as the content of analysis.

3. Expansion and deepening of cooperation with Outside Directors

- Consider expanding opportunities for communicating with Outside Directors in cooperation with the Board of Directors.
- Confirm fundamental policies for division of functions and roles between Outside Directors and the Audit & Supervisory Board at ordinary times and in case of emergencies.

4. Promotion of understanding of audit on the Group Directors and employees by Audit & Supervisory Board Members

- Promote understanding of audits conducted by Audit & Supervisory Board Members by the Asahi Group's Directors and employees, by making use of the handbook on Audit & Supervisory Board Members (Japanese/English)

5. Enhancement of the operational aspect of the Audit & Supervisory Board

- Further enhance the content of the Audit & Supervisory Board by reviewing the operational aspect, including frequency and time of Audit & Supervisory Board meetings held.

Key priorities to be addressed by Audit & Supervisory Board in 2019

Initiatives Aimed at Sustained Improvements in Effectiveness

The Company's Audit & Supervisory Board considers it important to improve its effectiveness sustainably and continuously.

Therefore, it ensures that it continues to meet requirements of stakeholders by utilizing the effectiveness evaluation as one of mechanisms that achieve long-term and sustained improvements of the effectiveness.

