

Analysis and Evaluation Regarding the Effectiveness of the Company’s Board of Directors
in Fiscal 2018 — Summary of Results

March 26, 2019

Asahi Group Holdings, Ltd.

In 2016, Asahi Group Holdings, Ltd. (the “Company”) updated its “Long-Term Vision,” which outlines what the entire Group desires to be. Pursuing the realization of this vision, the Company has started the “Medium-Term Management Policy” to work toward further development of “Management for Corporate Value Enhancement” by setting three key priorities: strengthening of earning power, asset and capital efficiency improvement, and reinforcement of ESG initiatives.

In addition, as for the further development of “Management for Corporate Value Enhancement,” the Company believes “growth-oriented governance” for transparent, fair, timely and decisive decision-making is indispensable. To realize “growth-oriented governance,” the Company has accordingly developed its “Corporate Governance Guidelines” setting forth the Company’s basic concept, framework and operations guide regarding corporate governance.

The Company’s Board of Directors has analyzed and evaluated the effectiveness of the Board of Directors in fiscal 2018 for the realization of “growth-oriented governance” in order to further develop the “Management for Corporate Value Enhancement.” A summary of the results of this analysis and evaluation is disclosed as provided below.

I. Overview of results of analysis and evaluation

i) Conclusion

- The Company’s Board of Directors concluded that the Board of Directors was “functioning effectively” in fiscal 2018.

ii) Analysis and evaluation

- The responses “Performed adequately” or “Performed adequately overall” accounted for a high proportion of the answers to many of the questions on the effectiveness evaluation questionnaires submitted by each Director and Audit & Supervisory Board Member.
- In addition, nearly all answers involved proposals, advice and indications as to challenges, in particular with regard to such subjects as the allocation of duties between the Board of Directors and the Nomination Committee, Group governance including overseas operations, risk management, and the formation of corporate culture, showing high awareness of issues.
- In addition to the above-mentioned questionnaire, in order to obtain objective opinions, interviews were conducted between third parties and all Outside Directors, the Chairman of the Board of Directors, and the President and Representative Director, CEO, and an explanation of their opinions on the evaluation was received from these third parties.

iii) Results of the effectiveness evaluation questionnaire regarding the response to issues recognized in the previous fiscal year

- For issues recognized, discussions were held in relation to the matters including corporate governance improvement, ESG initiatives, the establishing of a new Group Philosophy. As a result, the related items for all such issues on the questionnaire held a large number of “Performed adequately” and “Performed adequately overall” responses, confirming that improvements are under way.
- Within these, it has been recognized that further discussions should be held for areas that need sustained enhancements, as follows. For “Sustained improvements to the effectiveness of the Board of Directors,” deliberation of succession plans by the Board of Directors and global risk management; For “Promotion of the social value of the corporation and of discussions related to ESG,” what sort of role should be played by the Board of Directors, and how it should be monitored; For “Developing a shared corporate culture for the Group,” the allocation of roles between the Board of Directors and the executive side of the Company.

II. Initiatives going forward

After having held discussions based on the many suggestions submitted by each Director and Audit & Supervisory Board Member, the Company’s Board of Directors will work to improve the effectiveness of the Board of Directors, premised on awareness of the three points listed below.

i) Strengthening the effective corporate governance system

- Enhancing the effectiveness of the Board of Directors and the Nomination/Compensation Committees -

- Establishing a shared understanding with regard to matters that should be handled by the Board of Directors, matters that should be handled by the executive side, and matters to which a cooperative approach should be taken
- Setting out matters for the jurisdiction of the Board of Directors, and the Nomination/Compensation Committees, respectively

ii) Putting in place a risk management system in preparation for the strengthening of Group governance

- Arranging supervision by the Board of Directors of the succession of the top management for Asahi Group HD and other important group companies
- Setting out and finalizing the risks to be recognized and monitored by the Board of Directors, and drawing up methods for their monitoring

iii) Reinforcing ESG initiatives

- Clarifying the role taken by the Board of Directors with regard to ESG initiatives
- Building a mechanism to monitor the state of ESG initiatives

III. Methods of analysis and evaluation

With the aim of making corporate governance more substantial, the effectiveness of the Board of Directors during fiscal 2018 was analyzed and evaluated. This was accomplished by having each of the Company’s Directors and Audit & Supervisory Board Members conduct an evaluation between December 2018 and January 2019 using an effectiveness evaluation questionnaire prepared by the secretariat of the Board of Directors, with

input from third parties, and approved by the Board of Directors.

In addition, in order to obtain objective opinions, interviews were conducted in December 2018 between third parties and all Outside Directors, the Chairman of the Board of Directors, and the President and Representative Director, CEO. The third parties were provided with copies of the responses to the above questionnaire and a compilation of the results, in order that their opinions might be obtained. The third parties also gave assistance in relation to analyzing the results of the questionnaire, and in relation to the provision of a benchmark indicator.

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

IV. Evaluation items

The main items listed in the effectiveness evaluation questionnaire are as follows.

1. Roles and responsibilities of the Board of Directors
2. Discussions and initiatives of the Board of Directors
3. Delegation of authority to management
4. Support for appropriate risk-taking
5. Global risk management and internal control
6. Structure of the Board of Directors
7. Election of senior management and Directors, and succession
8. Remuneration for management
9. Dialogues with shareholders/investors, and stakeholders

* "Corporate Governance Guidelines"

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

* "Medium-Term Management Policy"

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

【Reference】

The Asahi Group's Initiatives for
Evaluation of the Effectiveness of the
Board of Directors in 2018

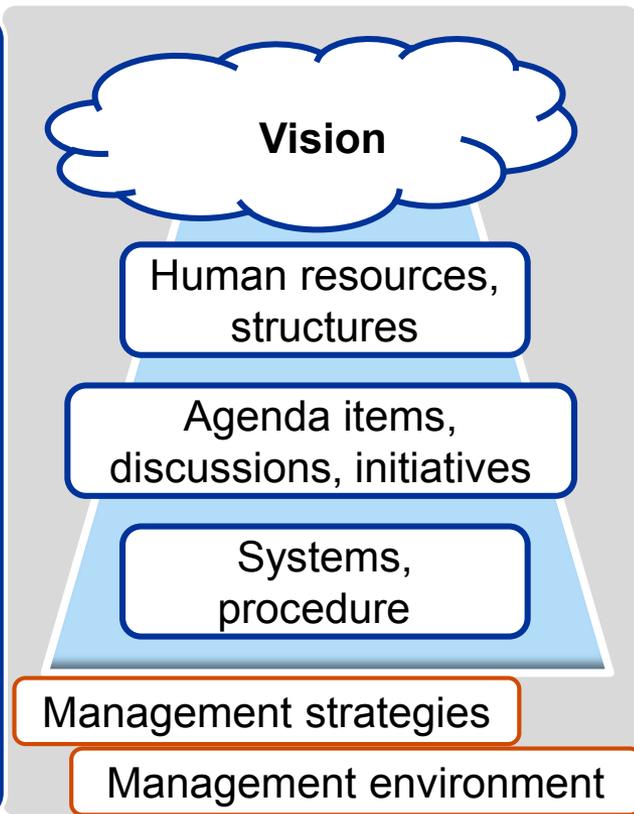
What is the Effectiveness of the Board of Directors?

The shareholders have placed their expectations and trust with the Board of Directors to realize the “maximization of corporate value.”

Does the Company’s Board of Directors have the effectiveness necessary to contribute toward the “maximization of corporate value?” 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 Board of Directors conducts an effectiveness evaluation, which serves to improve its effectiveness so that it can “give more substance” to corporate governance.



Perspectives
on the
effectiveness
of the Board
of Directors



Board of Directors that gives substance to corporate governance

- ▶ Both Outside and internal Directors consist of appropriate personnel, and the meeting bodies have been formed appropriately. In addition, the advisory bodies that support the Board of Directors are functioning effectively.
- ▶ The evaluation of Directors and their remuneration system are appropriate, and are functioning adequately.
- ▶ The duties and missions to be accomplished by the Board of Directors are clear, and shared among Directors. The content, and the theme, quality, volume and coverage, etc. of agenda items, discussions and initiatives of the Board of Directors are appropriate and adequate.
- ▶ The Board of Directors is able to conduct effective discussions and initiatives, and its systems and operations ensure fairness, transparency and a sense of speed.
- ▶ As a result of the above, the Board of Directors is able to implement the decision-making required for its management strategy goals in a timely and appropriate fashion under the management environment in which it is placed.

Highly effective Board of Directors = a Board of Directors that can achieve the maximization of corporate value

What is Required to Remain a Highly Effective Board of Directors

By utilizing discussions based on the various opinions and insights of its members, who consist of Directors and Audit & Supervisory Board Members with a diverse range of experiences, specializations and affiliations, the Company's Board of Directors facilitates the optimal decision-making for the enhancement of corporate value.

This gives more substance to the Company's Board of Directors and improves its effectiveness. In order to maintain its state of competence, the Board of Directors works ceaselessly to achieve further improvements by means of annual evaluations of effectiveness.

Directors and Audit & Supervisory Board Members with different experiences, specializations and affiliations

Discussions based on diverse opinions and insights

Optimal decision-making for the enhancement of corporate value

Internal



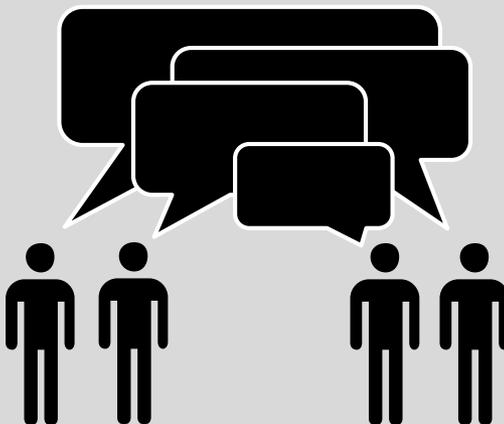
Outside



Audit & Supervisory Board Members



Constructing a Board of Directors with a balanced diversity of experiences, specializations and affiliations



Discussions by a diverse range of Directors and Audit & Supervisory Board Members, based on opinions, insights and observations delivered from a variety of perspectives

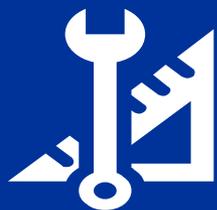


Optimal decision-making as a company, aimed at the "maximization of corporate value"

Designing Items for the Evaluation of Effectiveness

Evaluation items in the evaluation of the effectiveness of the Board of Directors are designed each year in consideration of the management strategy being implemented by the Company at the time, and the external management environment.

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



Basic approach
to design

- Based on the management strategies and management environment, consider important issues and factors to be focused on in evaluating the effectiveness of the Company's Board of Directors.
- As for the management strategy, 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 management environment, take into account expectations from all stakeholders in Japan and abroad, requirements of laws and regulations and the society, etc. which are imposed on the Company.
- Set a higher-than-average level for certain evaluation items so that initiatives of the Company's corporate governance will be a best practice in Japan.
- As for challenges identified in the previous fiscal year, make an assessment 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.

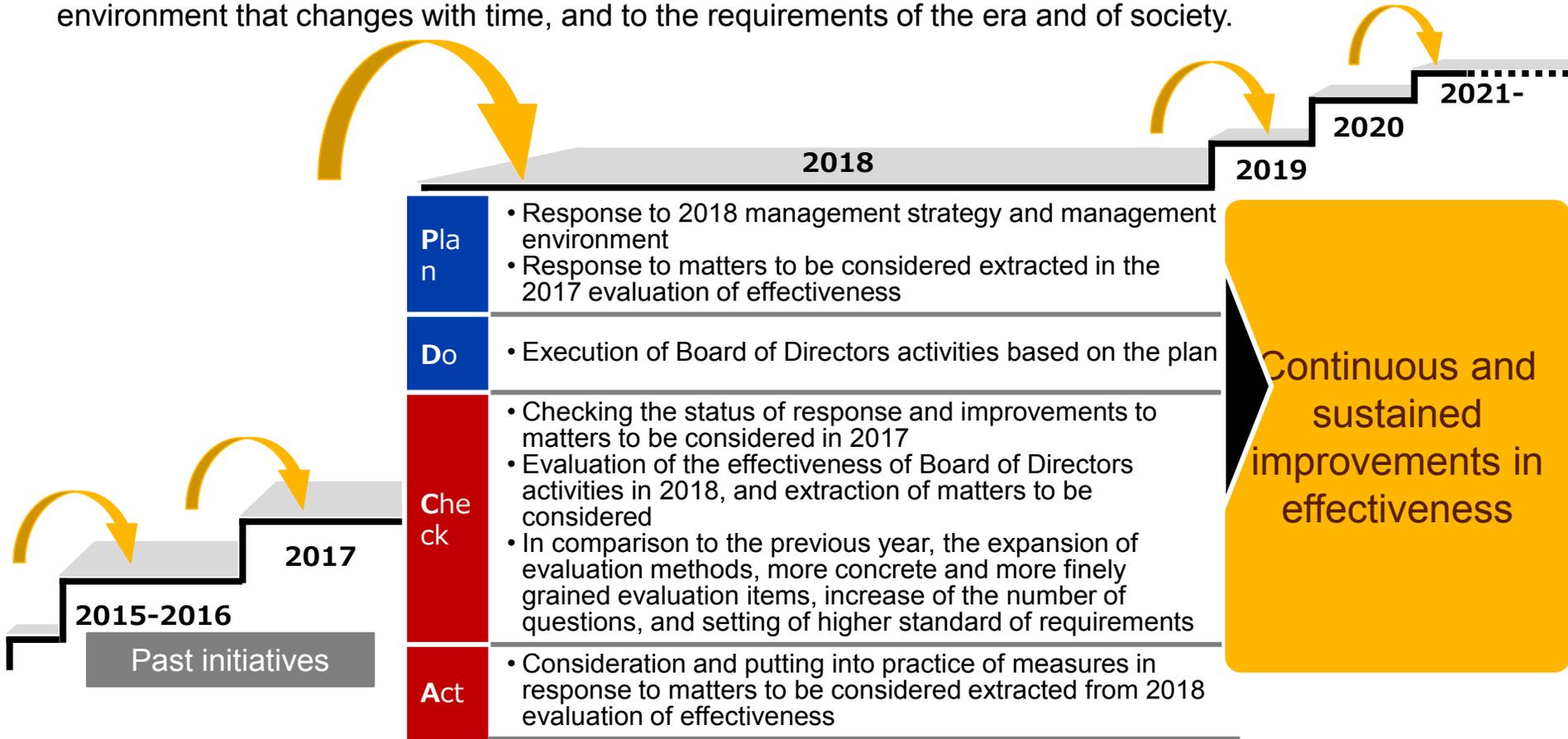
Initiatives Aimed at Sustained Improvements in Effectiveness

The Company's Board of Directors considers it important to improve its effectiveness sustainably and continuously.

Accordingly, each year, after carrying out evaluation, the matters requiring further consideration are selected based on the evaluation results. These matters become the subject of improvement measures carried out over the next and subsequent years, and a yearly PDCA cycle has been set up as the mechanism for this process.

The evaluation of the effectiveness of the Board of Directors is equivalent to the PDCA "Check," while the responses and improvement measures that are considered and put into effect based on the results correspond to the PDCA "Act."

The Board of Directors continues to be a body that responds to management strategies and management environment that changes with time, and to the requirements of the era and of society.



Evaluation of Effectiveness in 2018

The Company's Board of Directors concluded that the Board of Directors was "functioning effectively" in fiscal 2018.

Methods of analysis and evaluation



Questionnaire

(all Directors, all Audit & Supervisory Board Members)

- Evaluation based on more than 50 concrete and detailed evaluation items
- Specialist insights of third parties are reflected in evaluation items



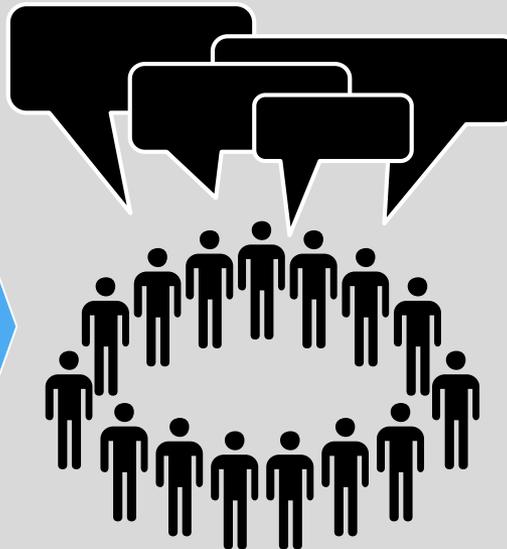
Individual interviews

(Chairman of the Board, CEO, Outside Directors)

- Deep dive into individual responses to evaluation items
- Implemented by third parties rather than internal employees, to improve objectivity

Implementation of questionnaire and individual interviews

Discussions based on compiled results and analysis



Analysis and discussions at the Company's Board of Directors

Evaluation of responses to issues in 2017



Outcomes of the responses to issues recognized in the evaluation of the previous year were compiled from the questionnaire

Recognizing "issues" in order to achieve further improvements to the effectiveness of the Board of Directors

Initiatives Going Forward

After having held discussions based on the many suggestions submitted by each Director and Audit & Supervisory Board Member, the Company's Board of Directors will work to improve the effectiveness of the Board of Directors, premised on awareness of the three points listed below.



Issues extracted
in 2018

1. Strengthening the effective corporate governance system

– Enhancing the effectiveness of the Board of Directors and the Nomination/Compensation Committees –

- Establishing a shared understanding with regard to matters that should be handled by the Board of Directors, matters that should be handled by the executive side, and matters to which a cooperative approach should be taken
- Setting out matters for the jurisdiction of the Board of Directors, and the Nomination/Compensation Committees, respectively

2. Putting in place a risk management system in preparation for the strengthening of Group governance

- Arranging supervision by the Board of Directors of the succession of the top management for Asahi Group HD and other important group companies
- Setting out and finalizing the risks to be recognized and monitored by the Board of Directors, and drawing up methods for the monitoring

3. Raising the bar for ESG initiatives

- Clarifying the role taken by the Board of Directors with regard to ESG initiatives
- Building a mechanism to monitor the state of ESG initiatives

The Board of Directors will continue its initiatives to achieve sustained improvements in effectiveness