

## Basic Policies for Establishing an Internal Control System

Asahi Group Holdings, Ltd.

To “deliver on our great taste promise and bring more fun to life” as stipulated in its group philosophy, the “Asahi Group Philosophy,” the Company shall:

- establish, in accordance with the Companies Act and the Enforcement Regulations of the Companies Act, the following basic policies (the “Basic Policies”) to improve systems designed to ensure the appropriate execution of Directors’ duties in conformity with laws and regulations and the Articles of Incorporation of the Company and its subsidiaries (herein this section the “Group Companies”) and ensure the appropriate business operations of the Group Companies (herein this section the “Internal Control System”);
- recognize that it is the Representative Director(s) who shall assume the ultimate responsibility for the improvement of the Internal Control System in accordance with this resolution and demand the Representative Director(s) to cause the Directors and Corporate Officers, through the respective departments and organizations they are in charge of, to develop and fully enforce individual internal regulations that will be applied to the Company and the entire Asahi Group and are required based on the Basic Policies; and
- take steps to maintain and enhance the effectiveness of the Internal Control System by reviewing the Basic Policies and relevant internal regulations that will be applied to the Company or the entire Asahi Group in a timely and appropriate manner in accordance with changes in conditions and circumstances.

### **(1) System to ensure execution of duties by Directors and employees of the Company and the Group Companies in conformity with laws and regulations and the Articles of Incorporation of the Company and the Group Companies**

- 1) In order to promote “building value together with all our stakeholders” as stipulated in the “Asahi Group Philosophy,” the Company shall establish “The Asahi Group Code of Conduct” and ensure its Directors, Audit & Supervisory Board Members and employees abide by these regulations.
- 2) The Company shall establish a “Compliance Committee” to oversee compliance of the Asahi Group based on the “The Asahi Group Ethics/Compliance Policies.”

- 3) An officer of the Company in charge shall have authority over compliance within the Asahi Group. The sections in charge of general and legal affairs shall handle day-to-day compliance and risk management tasks.
- 4) The Company shall assign responsible persons in charge of compliance in the Company and the Group Companies. The responsible person shall make efforts to prioritize compliance in all aspects of business activities at each Group Company.
- 5) The Company shall establish a “Clean Line System” and other systems for employees in Japan and overseas, enabling them to blow the whistle on illicit behavior of others.
- 6) The Company shall establish “Asahi Group Procurement Regulations” addressing mutual cooperation for fair and equitable deals and social responsibilities between each Group Company and suppliers and a system that enables suppliers to blow a whistle on breaches of the Policy as necessary. The Company shall inform and spell out these measures to its suppliers to enable the Company to develop an Internal Control System in cooperation with its suppliers.
- 7) To ensure antisocial forces do not exert any undue influence on the Group, all relevant information shall be shared within the Asahi Group and the Company shall establish an internal system on the measures. The Company shall also cooperate closely with industry bodies, local communities, the police and other external specialist organizations in this field.
- 8) The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations that will be applied to the Company or the entire Asahi Group.

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

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

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

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

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

- 1) To ensure efficient performance of duties by Directors, the Board of Directors shall divide duties in a reasonable way to be delegated to respective Directors and shall appoint appropriate persons as Corporate Officers in charge of respective sections.
- 2) The Company shall establish “Regulation of Authority” and “Asahi Group’s Regulation of Authority” stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among sections and among Group Companies.
- 3) The Company shall ensure the effective utilization of the “Corporate Strategy Board,” consisting of the Company’s internal Directors, Corporate Officers, and Standing Audit & Supervisory Board Members by formulating the Asahi Group’s corporate strategy and implementing progress management, etc.
- 4) To maximize operational efficiency, the Company shall utilize indices that provide an objective and rational way of measuring its management and control of operations; and it shall employ a unified system of follow-up and evaluation.
- 5) To use funds efficiently, a global cash management system among the Company and the Group Companies is introduced.

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

- 1) All systems required for the Internal Control, including those for risk management, compliance and crisis management system, shall apply comprehensively across the entire Asahi Group. As the holding company, the Company shall manage the said systems of the Group Companies while respecting their autonomy, and supporting the development and operation of the Internal Control System, in accordance with the conditions and circumstances with which individual companies are facing.
- 2) While cooperating with the internal auditing organs established within the Asahi Group, the section in charge of internal auditing in the Company shall get a grasp of and evaluate the Internal Control System and discipline in day-to-day tasks within the Asahi Group by directly and indirectly auditing the Group Companies, and this section shall also conduct the evaluation of internal control related to financial reporting of the Group Companies and submit the relevant reports.
- 3) Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled “Asahi Group’s Regulation of Authority.”
- 4) Each of the Group Companies will provide reports at the “Corporate Strategy Board” one or more times each quarter on performance of its operations including risk-related information.

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

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

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

- 1) When a member of the staff who serves the Audit & Supervisory Board, as stipulated in the previous paragraph, receives an order from an Audit & Supervisory Board Member in relation to auditing duties, he/she shall not be subject to directives or orders from Directors or other employees regarding that order.
- 2) Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff who serves the Audit & Supervisory Board shall require the prior concurrence of Audit & Supervisory Board Members.

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

- 1) Directors and employees shall report regularly to Audit & Supervisory Board Members on matters related to the Internal Control System, and shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees (including from Directors and employees of the Group Companies).
- 2) Directors shall ensure that Audit & Supervisory Board Members have every opportunity to participate in discussions of important bodies, etc. such as the Board of Directors meetings, the “Corporate Strategy Board” meetings and the “Risk Management Committee” meetings. Directors shall provide details of the agenda items of such meetings beforehand for Audit & Supervisory Board Members.
- 3) Audit & Supervisory Board Members shall at all times have the right to review the minutes of important meetings, documents of approval, etc.

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

- 1) The Group Companies’ Directors, Corporate Auditors, employees or persons receiving reports from them shall report regularly to the Company’s Audit & Supervisory Board Members on matters related to the Internal Control System and, shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees of the Group Companies.
- 2) The Company’s or the Group Companies’ sections in charge of internal auditing shall report the results of the Group Companies’ internal audits to the Audit & Supervisory Board Member of the Company without delay.
- 3) The whistle blowing contacts under the Clean Line System shall be the Company’s Audit & Supervisory Board Members, section in charge of general and legal affairs, or external attorneys at law designated by the Company (“external attorneys at law”), and the information reported to the Company’s section in charge of general and legal affairs or the external attorneys at law shall be reported to the Company’s Audit & Supervisory Board Members.
- 4) The Company prohibits any party from treating the whistle blower prescribed in the preceding item and this item in any manner disadvantageous to him/her on the ground of the whistle blow.

**(10) Policy on procedures for advance or reimburse expenses incurred in**

**association with Audit & Supervisory Board Members' execution of their duties, and treatment of other expenses or debts incurred in association with the execution of their duties**

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

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

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