



## Asahi Group Holdings Green Bond Framework

August 2020

### Introduction

In 2019, Asahi Group Holdings Co., Ltd. (hereinafter also the “Company” or “we”) reestablished its corporate philosophy to “Asahi Group Philosophy” (AGP). In the AGP, we embrace the principle of “building value together with all our stakeholders” in keeping with our mission to “deliver on our great taste promise and bring more fun to life,” and promise to deal in good faith with our stakeholders, including customers, employees, members of society, business partners, and shareholders.

The Company engages in business operations that utilize the gifts of nature, including water, crops, and other cultivated raw ingredients. In order to pass on the nature’s gifts to the next generation, the Company renewed its existing environmental vision with the establishment of the Asahi Group Environmental Vision 2050 (hereinafter the “Vision”). With this Vision, the Asahi Group aims to achieve zero environmental impact (“Neutral”) in its business activities by 2050, and to leverage its proprietary technologies to create more environmental value in society (“Plus”). In this way, we will work towards the realization of a sustainable society hand in hand with the growth of our business operations.

As part of these efforts, we have formulated a green bond framework, and intends to use the proceeds of green bonds issued under the framework for activities designed to achieve the Vision’s goals.

### Asahi Group's Sustainability

In April 2020, the Company developed a sustainability framework for the attainment of the AGP goals. Specifically, this involved developing the Asahi Group's Sustainability Principles and Asahi Group's Sustainability Vision, as well as revising the Group's material issues. Additionally, the Group's sustainability promotion system was also revamped. Aiming to achieve a complete integration of sustainability and management, we created the “Global Sustainability Committee” chaired by the Group’s CEO.

■ “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.

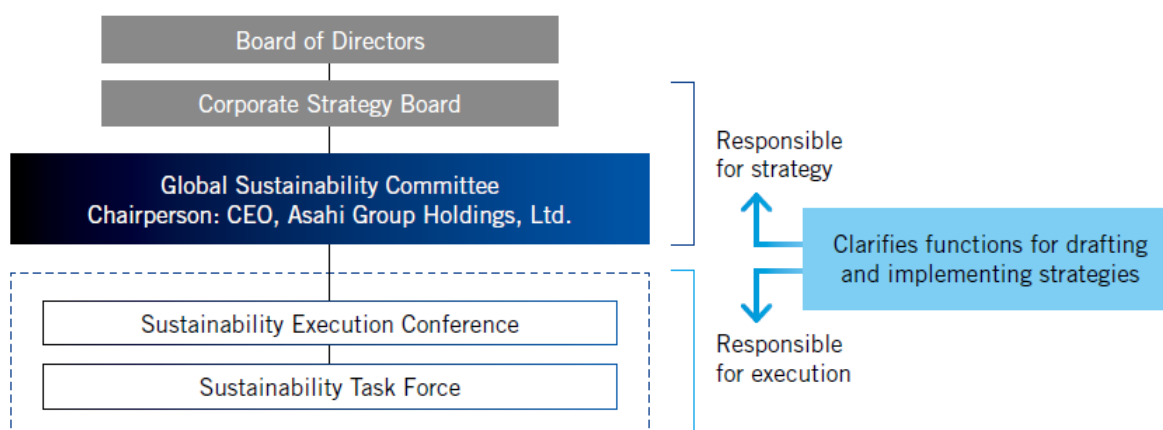
Through these initiatives, we will continue to take on challenges and innovation to contribute to achieving the United Nations Sustainable Development Goals (SDGs).

Overall Framework for Promoting Sustainability towards Achieving AGP



Management Structure

**Revising Our Sustainability Promotion System**

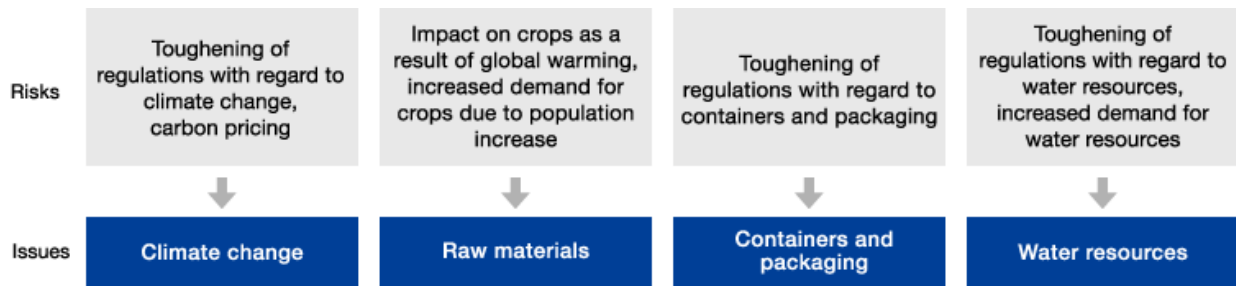


Organization	Role	Composition	Frequency of Meetings
Global Sustainability Committee	<ul style="list-style-type: none"> <li>Formulates the Group's sustainability policy</li> <li>Determines sustainability strategy</li> <li>Makes investment decisions regarding sustainability</li> </ul>	Chairperson: CEO Committee: <b>Asahi Group Holdings, Ltd.</b> members: Executive officer in charge of sustainability and division heads of relevant sections, Asahi Group Holdings, Ltd. <b>Regional Headquarters</b> 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. Members: <b>Asahi Group Holdings, Ltd.</b> Division heads of relevant sections and executive officers in charge of sustainability <b>Regional Headquarters</b> Division heads of relevant departments	Twice a year (semiannually)
Sustainability Task Force	Concrete examination and promotion of each key sustainability theme	Members: Executive officer in charge of sustainability, division heads and personnel relevant to sustainability themes	As necessary

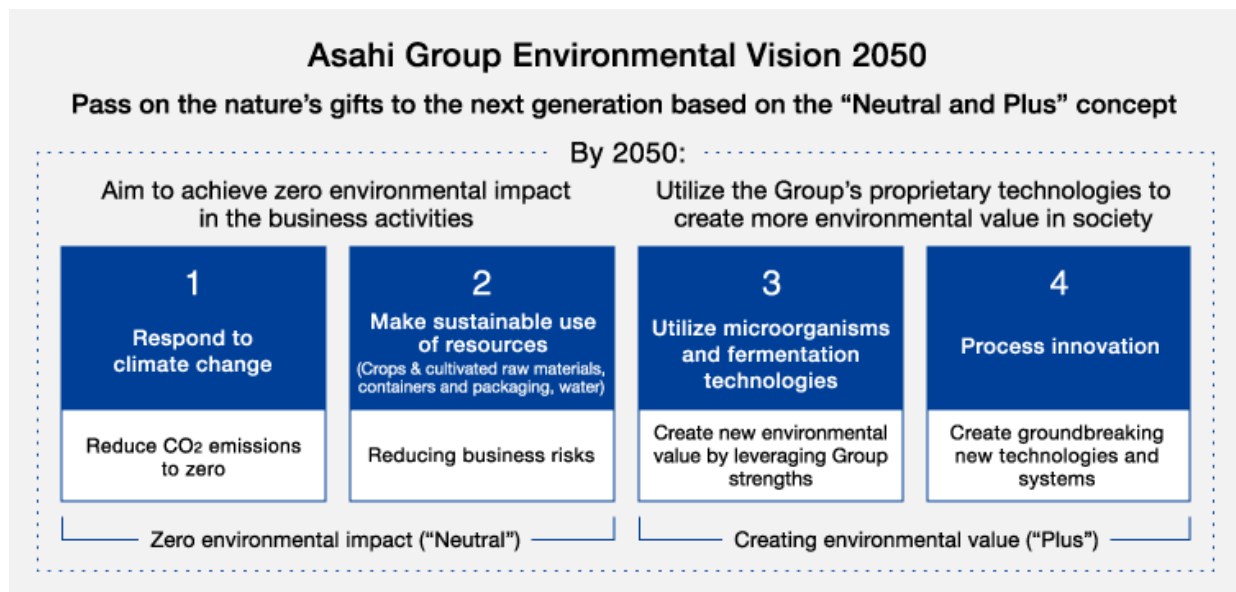
**“Asahi Group Environmental Vision 2050”**

The “Asahi Group Environmental Vision 2050” (Environmental Vision 2050), which was established in February 2019 towards contribution to a sustainable society, in the aim of passing the nature’s gifts to future generations with the “Neutral and Plus” concept. Under the Vision, the Company is committed to achieving zero environmental impact in its business activities (“Neutral”) and endeavoring to create new environmental value that leverages the Group’s proprietary technologies and knowledge (“Plus”).

Environmental Risks and Issues to Be Tackled



Asahi Group Environmental Vision 2050: Overview



## Asahi Group Environmental Initiatives

### (1) Respond to Climate Change: “Asahi Carbon Zero”

The Company has established medium- to long-term targets relating to climate change and is the first in the Japanese food industry to aim to achieve zero CO<sub>2</sub> emissions (carbon neutrality) by 2050 by pursuing further energy savings, actively utilizing green power and other renewable energy sources, and implementing initiatives across the entire value chain.

Asahi Carbon Zero sets medium and long-term targets for reducing greenhouse gas emissions, and has obtained approval from the Science Based Targets (SBT) initiative, meaning that it has been recognized as a science-based standard for keeping the global temperature increase below 2°C in accordance with the goal set by the Paris Agreement.

With Asahi Carbon Zero, the Company aims to achieve zero greenhouse gas emissions in Scopes 1, 2 and 3 by 2050, and reduce emissions by 30% in Scopes 1, 2 and 3 (in comparison with 2015 levels) by 2030.

To achieve the targets, we will implement a variety of measures for saving energy and preserving the environment, including the introduction of renewable energies, recovery and use of waste heat such as steam from the manufacturing process, application of cold energy including energy gained through the normal-temperature replenishment of rows of cans, introduction of cogeneration facilities, fuel conversion, and activities that practically apply the ISO 14001 standard in all of its business establishments.

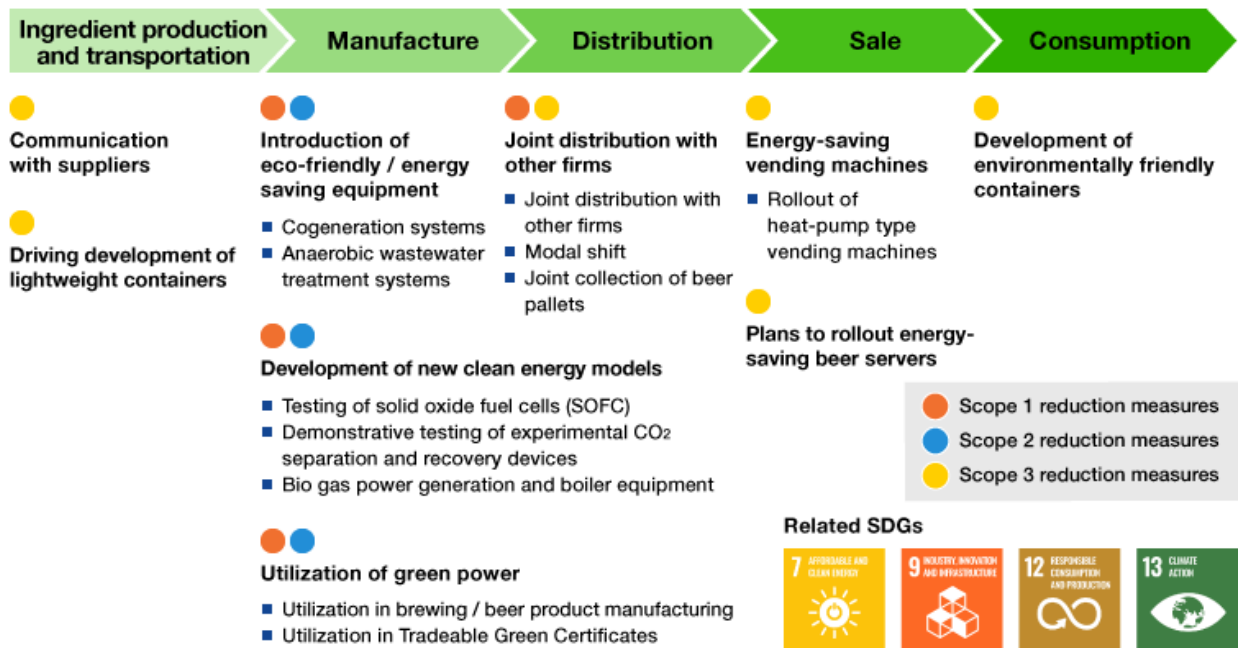
#### Asahi Carbon Zero Targets

		Target	Scope
2050	Scope 1,2	Aim to achieve zero greenhouse gas emissions	Operating companies in Japan, Asahi Breweries Europe Ltd, Asahi Holdings (Australia) Pty Ltd
	Scope 3	Aim to achieve zero greenhouse gas emissions	Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Breweries Europe Ltd, Asahi Holdings (Australia) Pty Ltd
2030	Scope 1,2	30% reduction (in comparison with 2015 levels)	Operating companies in Japan, Asahi Breweries Europe Ltd, Asahi Holdings (Australia) Pty Ltd
	Scope 3	30% reduction (in comparison with 2015 levels)	Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Breweries Europe Ltd, Asahi Holdings (Australia) Pty Ltd

\* Scope 3 targets for Asahi Breweries Europe, Ltd. and Asahi Holdings (Australia) Pty Ltd are measured in comparison with the 2020 levels.

\* The SBTs apply only to operating companies in Japan.

Examples of Initiatives Aimed at Achieving Carbon Zero



Endorsement of the TCFD Recommendations

We understand that evaluating the impact of climate change-related risks and opportunities on our businesses and drafting appropriate response measures are important matters in terms of realizing a sustainable society and ensuring business continuity. To that end, we 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 the Board of Directors that focused on our beer businesses (value chain of beer raw materials and products), 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.

\* Scope 1: Direct GHG emissions from the use of fuel in the Company (e.g. plants, offices, and vehicles)

Scope 2: Indirect GHG emissions from the use of electricity, heat, or steam purchased by the Company

Scope 3: GHG emissions from the Company's value chain (excluding Scopes 1 and 2)

**(2) Aiming for 100% Use of Sustainable Resources (Agricultural Raw Materials, Containers and Packaging, and Water)**

Agricultural raw materials, containers and packaging, and water are essential raw materials for our business and also important resources for the global environment. To continue to use agricultural raw materials into the future without exhausting them, we aspire to 100% sustainable procurement of agricultural raw materials. We will pursue further weight reduction in containers and packaging and undertake development and introduction of eco-friendly containers by means such as introduction and expanded use of recycled PET bottles and utilization of biomaterials. We will further reduce the water use at our plants and aim to realize 100% restoration of the water used at our domestic breweries (water neutrality) by 2025. We will also strengthen groundwater recharge processes (a forest's capacity to capture and store water), mainly at the Asahi Forest, a company forest where we have continuously practiced sustainable forest management, and for which we obtained the Forest Stewardship Council (FSC) certification.

i. Sustainable raw material procurement

The stable procurement of ingredients is essential for the Asahi Group's businesses. On the other hand, the risk of poor harvests is among the risks associated with environmental issues such as climate change. Reductions in the yield of main cereal crops may have profound repercussions for food production. This may force the Asahi Group to change its procurement sources or secure alternative procurement sources of cereals, fruits, and other main ingredients.

The Asahi Group aims to achieve sustainable procurement of ingredients by engaging in procurement activities that give care and consideration to the global environment and local communities, in collaboration with suppliers, in accordance with the "Asahi Group Sustainable Procurement Principles."

Asahi Group Sustainable Procurement Principles

The Asahi Group Sustainable Procurement Principles, which have been in force since January 1, 2020, are aimed to set forth basic matters regarding goods and services purchased from suppliers, in order to build sustainable relationships that promote mutual growth based on establishing a solid and trustful relationship and a long-term cooperative relationship with suppliers.

1. Placing the first priority on food safety and securing good quality
  - (1) We will place our first priority on food safety and promote procurement activities ensuring to offer products and services at an optimum price that reassures our customers.
2. Ensuring thorough compliance
  - (1) We will comply with all relevant laws and regulations as well as social norms, and act in accordance with high ethical standards.
  - (2) We will not commit any act that conflicts with the interests of the company without the company's prior approval.

- (3) We will not solicit or accept from suppliers monetary donations, or entertainment, gifts or any favor that exceeds commonly accepted business practice. We will follow the procedures in accordance with laws and regulations and internal policies even when accepting entertainment or gifts within the scope of commonly accepted business practice.
  - (4) We will have no connection with organized crime elements or any individuals or groups which engage in illegal acts such as money laundering.
3. Promotion of CSR activities together with suppliers
    - (1) We will ask suppliers to comply with the Asahi Group Supplier Code of Conduct, and engage in CSR activities together with suppliers.
    - (2) We will pursue the sustainability of purchased goods and services with suppliers. In the unlikely event that a problem is found in the assessment of sustainability, we will work with suppliers to resolve the problem.
4. Fair and just transactions
    - (1) We will provide fair and just opportunities to suppliers both at home and abroad, regardless of the scale of a company.
    - (2) We will select and determine suppliers by comprehensively evaluating not only quality, price, delivery date, and stable supply but also technological capabilities, attitudes to compliance and the environment, respect for human rights, and other factors.
5. Information management
    - (1) We will appropriately manage information and technologies provided in procurement activities, and limit disclosures.

Furthermore, in order to realize a sustainable procurement, we require our suppliers, their upstream suppliers and their subcontractors to act in accordance with the Asahi Group Supplier Code of Conduct, which addresses the following areas: 1. Respect of human rights; 2. Improvement of working environment; 3. Environmental consciousness; 4. Fair business practices; 5. Quality assurance; 6. Information management; 7. Respect for local communities; and 8. Responsible drinking.

At the Asahi Group, we have established the Procurement Section in Asahi Group Holdings, Ltd. as the section in charge of overseeing the procurement strategy of the Group overall. In the Global Procurement Conferences and the Group Procurement Section Conferences, we communicate to all Group members our procurement policies, such as the Asahi Group Sustainable Procurement Principles and the Asahi Group Supplier Code of Conduct, as well as other policies and strategies with strong connection to procurement, such as the Asahi Group Environmental Vision 2050 and the Asahi Group Human Rights Principles.

Asahi Breweries, Ltd. is committed to: 1) selecting suppliers taking such factors as quality, cost, and supply capability into account and concluding contracts with the selected suppliers; 2) reviewing



information such as the list of agricultural chemicals used, agricultural chemicals application records, and analytic data received from suppliers, and signing quality contracts only with suppliers who can guarantee safety and reliability; 3) conducting quality audits of suppliers for the consistent quality of materials; 4) holding Quality Assurance (QA) Meetings with each of its large-volume suppliers to maintain and enhance quality; and 5) comparing standards on residual agricultural chemicals in malt and hop, the main raw materials for beer, under Japan's Positive List system with those of countries in which the suppliers are located (EU, Canada, the US, and Australia) and seeking information on the usage of agricultural chemicals from suppliers who operate in countries where a more relaxed ceiling is placed on such chemicals compared to Japan.

Further, in 2018, when a heatwave made it difficult to raise Japanese honeysuckle nationwide, Asahi Group Foods, Ltd. made painstaking efforts to realize the stable procurement of the vegetable. The company proposed a trial use of the Group's agricultural materials to its honeysuckle supplier and helped increase the harvest volume. This also allowed Asahi Group Foods to achieve a stable procurement of the vegetable and reduce environmental burden.

Birra Peroni s.r.l., a company under the corporate umbrella of Asahi Breweries Europe Ltd, works in collaboration with over 1,500 local farmers to procure high-quality malt on a stable basis. To ensure that farmers can steadily harvest high-quality barley, the company provides them with an online platform called orzobirra.net, which comprehensively manages and communicates all types of information, including weather reports, soil conditions, and crop types, along with the expert knowledge of each farmer. Through this platform it is possible for the farmers of the Birra Peroni value chain to produce high-quality raw materials and realize reductions in their environmental burden.

ii. Sustainable containers/packaging

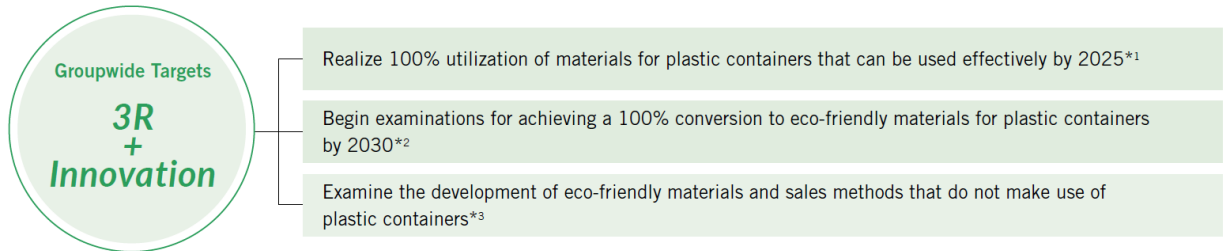
Containers and packaging play an important role in the provision of products. In addition to maintaining quality, ensuring strength for transportation, other functional purposes such as design and as a means of communication for displaying information, containers and packaging are also expected to be easily usable at the time of use, and utilize sustainable raw materials and resources.

To date, in order to promote the 3Rs (Reduce, Reuse, Recycle) with regard to containers and packaging, the Asahi Group has collaborated with industry bodies for each container and packaging material and participated in activities aimed at resolving social issues. In addition, it has driven initiatives to reduce environmental impact by developing lighter and more recyclable containers and packaging through joint technology development with suppliers, as well as by adopting recycled and biomass materials and otherwise utilizing environment-friendly materials.

However, we are currently facing diverse problems that have an impact on the environment and society, including ocean plastic pollution and microplastics. Although plastic is used for a diverse range of container and packaging types and applications due to its convenience, it also has an impact on ecosystems and marine pollution due to its outflow into the natural world as a result of inappropriate waste processing and disposal of used plastic container and packaging waste. The Asahi Group has

established a strategic direction for tackling social issues with a view to 2030 in the form of the “3Rs + Innovation,” and is working to solve these issues.

### Direction of Strategies for 2030



\* Targeted containers: PET bottles, plastic bottles, caps used for PET and plastic bottles, certain plastic containers and plastic cups (used for sales), etc.

\*<sup>1</sup> Effective use: Reusable, recyclable, compostable, thermal recyclable, etc.

Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., and Asahi Holdings (Australia) Pty Ltd

\*<sup>2</sup> Eco-friendly materials: Recyclable materials, biomass materials, biodegradable materials, etc.

\*<sup>3</sup> 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.

Towards the achievement of the Group-wide principle “3Rs + Innovation,” Asahi Soft Drinks Co., Ltd. has established its “Containers and Packaging 2030,” in which it set the following three practical targets to be achieved by 2030:

- Use recycled PET and other environmentally friendly materials  
Aim to utilize recycled PET, plant-derived materials and/or other environmentally friendly materials for 60% of the weight of all plastic containers and packaging (PET bottles, labels, caps, plastic bottles) by 2030.
- Reduce containers and packaging  
Aim to reduce the volume of plastic containers and packaging used, such as by increasing the use of unlabeled bottles.
- Develop new environmentally friendly containers  
Aim to research and develop containers made from materials other than plastic, and other new environmentally friendly materials.

Asahi Soft Drinks Co., Ltd. has been working on the promotion of environmentally-friendly products as a priority environmental issue. In 2008, the company adopted, for the first time in the industry, a plant-derived product label that was 50% made from a corn-based raw material, with a view to ensure: 1) effective use of resources; 2) a shift away from exhaustible petroleum resources; and 3) a reduction in CO<sub>2</sub> emissions. Further, in the aim of saving resources and enhancing convenience, the company has been engaged in efforts to develop and adopt environmentally-conscious containers and packages, including the *Raku-eco* (easy-to-handle and ecological) PET bottles and the *Eco-style* caps, one of the industry's lightest-weight PET bottle caps. The company's most recent activities include the adoption of

the nation's lightest PET bottle caps for carbonated drinks and the reduction of the use of roll labels to be attached to PET bottles. In 2018, the company launched some label-less products for sale-by-case only, under the *Asahi Oishii Mizu* brand. In 2019, it expanded the use of label-less bottles to the *Juroku-cha* and the *Mamoru Hataraku Nyusankin* brands, with the aim of further reducing the level of environmental impact. Moreover, in July 2019, the company adopted used and recycled PET bottles for some dairy drinks such as *Calpis Water*. Later, the use of recycled bottles was expanded to some carbonated drinks that require bottle pressure resistance, such as the *Mitsuya* brand products and the *Wilkinson Tansan* carbonated water.

Asahi Holdings (Australia) Pty Ltd., an Asahi Group member company in charge of the Australian business, promoted the reduction of PET bottle weight and the introduction of recycled bottles by investing in the blow-fill technology, which is designed to manufacture PET bottles in-house. It also succeeded in achieving the goal of using 100% recycled PET bottles for non-sparkling products in the *Cool Ridge* mineral water brand, and 50% recycled PET bottles for *Cool Ridge Sparkling Water*.

iii. Promotion of sustainable water resources

The Asahi Group uses many gifts of nature in its business activities. Water, one of these natural resources, is widely used in our business, particularly for cultivation of crops and cleaning of production equipment. Water is an essential and irreplaceable production resource without which our business cannot operate. The Asahi Group has determined reduction targets for basic unit of water consumption with a 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. The following shows the goals of this initiative:

- Group-wide Targets for Water Resources
  - Achieve a basic unit of water consumption of 3.2 m<sup>3</sup>/kl or less by 2030.
- Efforts to Assess and Eliminate Water Risks
  - Regularly implement a water risk survey to ensure the sustainability of our water resources.  
(Survey frequency: Quinquennial)
- Efforts toward Water Neutrality
  - Leverage Asahi Forest to realize water neutrality at beer factories in Japan by 2025.
  - Expand water conservation activities at each factory.

Specific activities of the initiative include the following:

- Reduction of water use and wastewater management

The Asahi Group is committed to efficient water usage at all sites that use water, as well as to strategies for reducing the environmental burden associated with our water intake and wastewater output.

Moreover, this is not only limited to within the Asahi Group; it is also actively working toward the conservation of sustainable water resources through its business activities, such as water resource management across the entire supply chain.

As measures to save service water, we are reducing the amount of water we use for washing and sterilizing tanks and pipe works and efficiently using water collected from the production processes.

Furthermore, since 2018, the Asahi Group has disclosed water consumption and wastewater amount data that have been verified by a third party.

➤ Water risk survey

The Asahi Group's assessments of water risks at its production sites make use of WRI Aqueduct provided by the World Resources Institute (WRI). Further, we conduct surveys on the water footprint and other indicators in the raw material procurement stage in 59 regions worldwide. In addition, to identify water risks involving suppliers, we hold interview sessions with them during the quality audit.

➤ Conservation of water resources

The Asahi Group is proactively engaging in activities to conserve the forests in which water is nurtured.

Voluntary forest preservation activities at water producing sites were started by Shikoku Brewery of Asahi Breweries, Ltd. in 2004 based on the idea of “we will preserve the water that we use.” After this start, these activities were expanded to all breweries, and are currently being implemented at nine sites throughout Japan. They also encompass the *Forest of Nikka* located near Yoichi Distillery, the Hokkaido Plant of The Nikka Whiskey Distilling Co., Ltd.; the Sendai Plant of The Nikka Whiskey Distilling Co., Ltd.; and the *Wakochan Forest* of Asahi Group Foods, Ltd. in Yaita-shi, Tochigi Prefecture. In 2017, the Hokuriku Factory of Asahi Soft Drinks Co., Ltd. started its forestation activities in cooperation with the municipal government of Kurobe-shi (Unazuki-machi), and the Okayama Factory began forestation activities in cooperation with the municipal government of Takahashi-shi, Okayama Prefecture in 2019. Overall, the Asahi Group had conducted 182 forest preservation activities at 14 locations in Japan by the end of 2019, including the participation of nearly 8,080 people.

Employees of breweries and Group companies as well as their families participate in forest conservation activities, which include tree-planting, grass-cutting, pruning and thinning in cooperation with organizations including local NPOs, forest owner's cooperatives and administrations. The creation and maintenance of forest roads necessary for such activities are also being conducted. These initiatives are also expanding and leading to opportunities for participation by not only company-related persons but also local residents.

➤ Asahi Forest

The Asahi Forest, which has been owned by the Asahi Group since 1941, received FSC certification in 2001. In 2019, the Group was registered as a “Motivated and Capable Forest Owner” by the Hiroshima prefectural government. Since then, it has continued sustainable forest management. As

of 2019, the company forest has an annual groundwater recharge capacity (water capturing and storing capacity) of 9.67 million m<sup>3</sup>, which accounts for approximately 80% of the annual water consumption by Asahi Breweries' eight breweries nationwide. We will expand the area of land we manage with a view to achieving water neutrality at domestic beer factories by 2025, through the use of the Asahi Forest.

In June 2020, the Company signed a profit-sharing afforestation agreement with the Forestry Agency's Kinki-Chugoku Regional Forest Office for a part (approximately 7 ha) of Tonomaru National Forest, which is bordering with the Asahi Forest and located in Shobara City, Hiroshima Prefecture. The Asahi Forest Environmental Preservation Office will be engaged in the forest management activities, including tree-planting and thinning, over the next 50 years. The management area in the Asahi Forest will be expanded from the current 2,165 ha to 2,173 ha.

## **Green Bond Framework**

We, the Asahi Group, are engaged in business activities that benefit from “gifts from nature,” and are continually in pursuit of products that can deliver the highest quality and excellent taste that exceeds our customers’ expectations. Considering this, it is vital for us to take on the challenges of not only reducing environmental burdens but creating positive environmental values and thereby achieving both a sustainable society and a business growth. The Asahi Group Green Bond Framework was established to finance the projects designed to address these challenges with the green bond proceeds.

The Framework conforms to the Green Bond Principles (GBP) 2018 published by the International Capital Market Association (ICMA), as well as the Ministry of the Environment's Green Bond Guidelines (2020 version). The following shows the four key areas defined in the Framework:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

### **1. Use of Proceeds**

The proceeds of the green bond will be allocated towards financing new or existing projects that meet the eligibility criteria described below. If the proceeds are allocated to the refinancing of existing projects, such projects should be limited to those that have been launched or started operation within 24 months prior to the date of the green bond issuance.

### **Eligible Projects**

#### **(1) Asahi Carbon Zero Initiative**

- GBP Category: Renewable energy; energy efficiency

In accordance with the Asahi Group Environmental Vision 2050, we implemented the Asahi Carbon Zero initiative to cope with the climate change. The targets set under the Asahi Carbon Zero initiative include the reduction of CO<sub>2</sub> emissions in our entire value chain by 30% (from the 2015 level) by 2030, for the Scopes 1, 2, and 3. The target has been approved by the SBT initiative.

\* Scope 3 targets for Asahi Breweries Europe, Ltd. and Asahi Holdings (Australia) Pty Ltd are measured in comparison with the 2020 levels.

\* SBTs apply only to operating companies in Japan.

Our latest concrete efforts are described below.

Asahi Breweries, Ltd. has installed a cogeneration system in all of its breweries. The systems’ annual average electricity generation exceeded 170,000,000 kWh over the last five years. The company also promotes the shift to natural gas and the installation of anaerobic wastewater processing equipment. Having introduced new cold-energy recovery equipment and high-efficiency refrigerators to its Fukushima and Kanagawa Breweries, respectively, the company is committed to further promoting energy conservation.

In support of Japan Softdrink Vending Machine Council's goal to achieve a 60% reduction in total electricity consumption of soft drink vending machines compared to 2005 by 2050, Asahi Soft Drinks Co., Ltd. is promoting the shift to super-efficient heat-pump vending machines, which consume approximately 32% less electricity annually compared to non-heat pump machines. The company has completed the replacement of roughly 90% of its vending machines with the heat-pump types by April 2020. Going forward, the company is committed to making further efforts so that at least 96% of newly installed vending machines are accounted for by this type of vendors.

To achieve the goals described above, we will allocate the green bond proceeds to capital investments and expenditures related to the following projects or initiatives by 2025:

<Eligibility Criteria>

- Purchase of renewable electricity by domestic and overseas operating companies
- Introduction of energy-saving equipment (e.g. cogeneration systems and non-CFC highly efficient refrigeration systems) to plants:  
Limited to those capable of reducing energy consumption by at least 30%
- Introduction of heat-pump vending machines:  
Limited to those capable of reducing energy consumption by at least 30% compared to non-heat pump vendors

## (2) Initiatives towards Sustainable Containers/Packaging

- GBP Category: Eco-efficient and/or circular economy adapted products, production technologies and processes

In response to the issue of plastics used in our products, which requires an urgent solution, the Asahi Group\* has set a goal of realizing 100% utilization of materials for plastic containers that can be used effectively by 2025. Further, it is currently considering to replace all plastic containers with those made of eco-friendly materials by 2030.

\* Companies subject to the initiative: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., and Asahi Holdings (Australia) Pty Ltd.

Our latest concrete efforts are described below.

Asahi Soft Drinks Co., Ltd. has started the use of recycled PET in a staged manner since July 2019. Recycled PET has less environmental impact as it is produced from used PET bottles that have been washed to remove foreign materials and then subjected to high-temperature processing. Furthermore, the company has adopted plastic bottles made of 10% plant-based bio-polyethylene for the *Peace Bottles*, the containers specially designed for the dilution-type Calpis brand products. It has also launched *Mitsuya Cider PET 1.5L* into the market in a limited scale, using bottles made from a bio-PET material for the first time in Japan in 1.5 liter-class containers.

To achieve the goal of using sustainable containers and packaging, which the company set in its Containers and Packaging 2030 initiative in January 2019, Asahi Soft Drinks is committed to using recycled PET, plant-based materials, and other eco-friendly substances in 60% of the total weight of plastic containers and

packages by 2030.

The green bond proceeds will be allocated to expenditures made in relation to the following projects or initiatives by 2025 to achieve the goals described above:

<Eligibility Criteria>

Procurement of recycled PET:

Raw materials that comply with the “Guidance on the Use of Recycled Plastic Materials in Recycled PET Resin’s Food Equipment, Containers, and Packaging” (Ministry of Health, Labor and Welfare, April 27, 2012)

Procurement of biomass plastics:

Raw materials that obtained certifications such as the Biomass Plastic Mark (Japan BioPlastics Association), Biomass Mark (Japan Organic Recycling Association), and Rice Ink Mark (Rice Ink Consortium), etc.

### **(3) Initiatives to Promote Sustainable Water Resources**

➤ GBP Category: Environmentally sustainable management of living natural resources and land use

We aim to reduce the quantity of water resources consumed by the Group as a whole in its production processes to 3.2 m<sup>3</sup>/kl or less by 2030.

Our latest concrete efforts are described below.

We aim to achieve the water neutrality by reducing our water consumption through more efficient use of water at our domestic breweries and returning 100% of water we consumed to nature. For example, we have been engaged in such efforts as reducing the quantity of water we use to clean and sterilize tanks and pipes at our breweries and ensuring more efficient use of water collected from production processes or filtered through membranes. In addition, we are expanding the area of land we manage for the Asahi Forest through long-term contracts and other means with a view to realizing water neutrality at beer factories in Japan.

To achieve the goals described above, we will allocate the green bond proceeds to capital investments and expenditures related to the following projects or initiatives by 2025:

<Eligibility Criteria>

Forest conservation activities in the company-owned Asahi Forest:

Obtaining of the Forest Management (FM) certification from the Forest Stewardship Council® (FSC)

## **2. Process for Project Evaluation and Selection**

Eligible projects will be evaluated and selected by Asahi Group Holdings’ Management Strategy Committee or at each Group company’s management meetings, based on the Group’s Sustainability Strategy determined by the Global Sustainability Committee.

When selecting a project, we will check the consistency with our Sustainability Strategy, evaluate the alignment with the eligibility criteria described above, and confirm that the following measures have been taken to



deal with environmental and social risks:

- Compliance with environmental laws and regulations required by the national or local government where the project is located; implementation of surveys to identify environmental impact as necessary
- Provision of sufficient explanations to local residents before implementing a project

In addition, we will confirm the compliance with the Group's Code of Conduct, policies, and guidelines listed below:

- Asahi Group Code of Conduct and Group Policies
- Procurement policies and guidelines: Asahi Group Sustainable Procurement Principles; Asahi Group Supplier Code of Conduct
- Environmental policies and guidelines: Environmental Principles; Green Purchasing Guidelines

### **3. Management of Proceeds**

The proceeds from green bonds issued under the Green Bond Framework will be deposited into a bank account owned and managed by the Asahi Group for the sole purpose of holding green bond proceeds, and then managed by Finance of the Asahi Group Holdings, Ltd. As long as the green bonds are outstanding and the bank account dedicated to the green bonds holds a balance, we will withdraw, on a quarterly basis, the amount equal to the amount paid for eligible projects during the quarter, and switch the amount to existing accounts from which funds are transferred. Pending allocation, the amount equal to that of green bond proceeds will be held in cash or cash equivalents. Finance will track and manage the proceeds on a quarterly basis using an internal management system. The proceeds will be allocated within 24 months subsequent to the green bond issuance.

### **4. Reporting**

Asahi Group Holdings intends to report on the allocation of proceeds to eligible projects and environmental impacts on an annual basis, on its corporate website or in the Integrated Report. The initial report will be published within one year after the issuance of the green bond to the extent disclosable.

#### **(1) Allocation Reporting**

We intend to report annually on the following items related to the allocation of the proceeds to eligible projects to the extent practicable, until the green bond proceeds are fully allocated or as long as the green bonds are outstanding.

- Application of the green bond proceeds to each eligible project category
- Overview of eligible projects funded by the proceeds (including the assets' age and remaining useful life)
- Amounts of proceeds allocated and unallocated to eligible projects
- Share of financing and refinancing
- Allocation schedule for unallocated proceeds (if any)
- CFO's statement about the confirmation of the allocation of green bond proceeds to eligible projects

If any significant changes occur to the proceeds after the full allocation, we will disclose the information on a timely basis.

(2) Impact Reporting

As long as the green bonds are outstanding, we will disclose positive environmental impacts of eligible projects to the extent practicable.

(i) Progress in the Asahi Carbon Zero Initiative

- The amount of renewable energy (electricity) purchased
- The amount of CO<sub>2</sub> emissions reduced
- The amount of energy consumed

(ii) Progress in initiatives towards sustainable containers/packaging

- The volume of eco-friendly materials such as recycled PET and biomass plastic

(iii) Progress in initiatives to promote sustainable water resources

- Overview of the Asahi Forest (including the management area)