

# Asahi

ASAHI GROUP  
INTEGRATED REPORT

# 2021





# Asahi Group Philosophy

## Our Mission

Deliver on our great taste promise and bring more fun to life

## Our Vision

Be a value creator globally and locally, growing with high-value-added brands

## Our Values

Challenge and innovation  
Excellence in quality  
Shared inspiration

## Our Principles

### Building value together with all our stakeholders

- Customers:** Win customer satisfaction with products and services that exceed expectations
- Employees:** Foster a corporate culture that promotes individual and Company growth
- Society:** Contribute to realizing a sustainable society through our business
- Partners:** Build relationships that promote mutual growth
- Shareholders:** Increase our share value through sustainable profit growth and shareholder returns

The Asahi Group Philosophy (AGP) serves as the starting point for all of our business activities. As we aim to realize growth as a global corporation, the opportunities and risks we face in our operating environment are becoming more extensive and complex. Amid these circumstances, our employees around the world adopt the AGP as a shared language and, guided by the AGP, are boldly taking on challenges to create value that is uniquely Asahi while sharing among them a common set of Group values and ideas regarding the direction toward which the Group should aim. Going forward, each employee will strive to enhance the Group's corporate value over the medium to long term by implementing the AGP in their daily activities.



# Long-Lasting Earnings Power from Financial and Non-Financial Perspectives

(Results for 2021)



Revenue

¥**2,236.0** billion

Core Operating Profit

¥**217.9** billion

Core Operating Profit Margin  
(including/excluding liquor tax)

**9.7%** / **12.6%**

EBITDA

¥**328.4** billion

Profit Attributable to Owners of Parent

¥**153.5** billion

EPS (adjusted)\*1

¥**302.9**

ROE (adjusted)\*2

**11.0%**

Free Cash Flow

¥**319.0** billion



Net Debt/EBITDA\*3

**4.24** times

Dividend Payout Ratio (adjusted)\*1

**36.0%**

\*1 Adjusted figures exclude one-time special factors such as the impacts of business portfolio restructuring.

\*2 Adjusted ROE = Adjusted profit attributable to owners of parent / Equity attributable to owners of parent (after the deduction of translation difference on foreign operations and Changes in fair value of financial instruments measured at fair value through other comprehensive income)

\*3 Figures have been calculated by excluding 50% of the amount of 300.0 billion yen for outstanding subordinated bonds from net debt.

**In these highly uncertain times, the Asahi Group aims to establish a global and robust earnings foundation.**

**To that end, the Group will deliver value to the world that exceeds customer expectations, centered on its high-value-added brands in each country and region, while swiftly addressing the various changes occurring in the external operating environment.**





Number of Employees **30,020**



CO<sub>2</sub> Emissions  
**800** kilotons



Basic Unit of Water Consumption  
**3.4** m<sup>3</sup>/kl



Ratio of Women in  
Managerial Positions

**22.0** %



Non-Alcohol and Low-Alcohol Sales  
Composition Ratio of Main Alcohol  
Beverage Products\*

**9.5** %

\* Beer-type beverages, RTD, and non-alcohol beverages



Number of Participants  
in e-Learning Courses on  
"Responsible Drinking"

**15,700**



Usage Ratio for  
Sustainable Energy

**30** %

Placing sustainability at the core of our management, we are taking steps to create business models under which the resolution of social issues provides a source for profits.

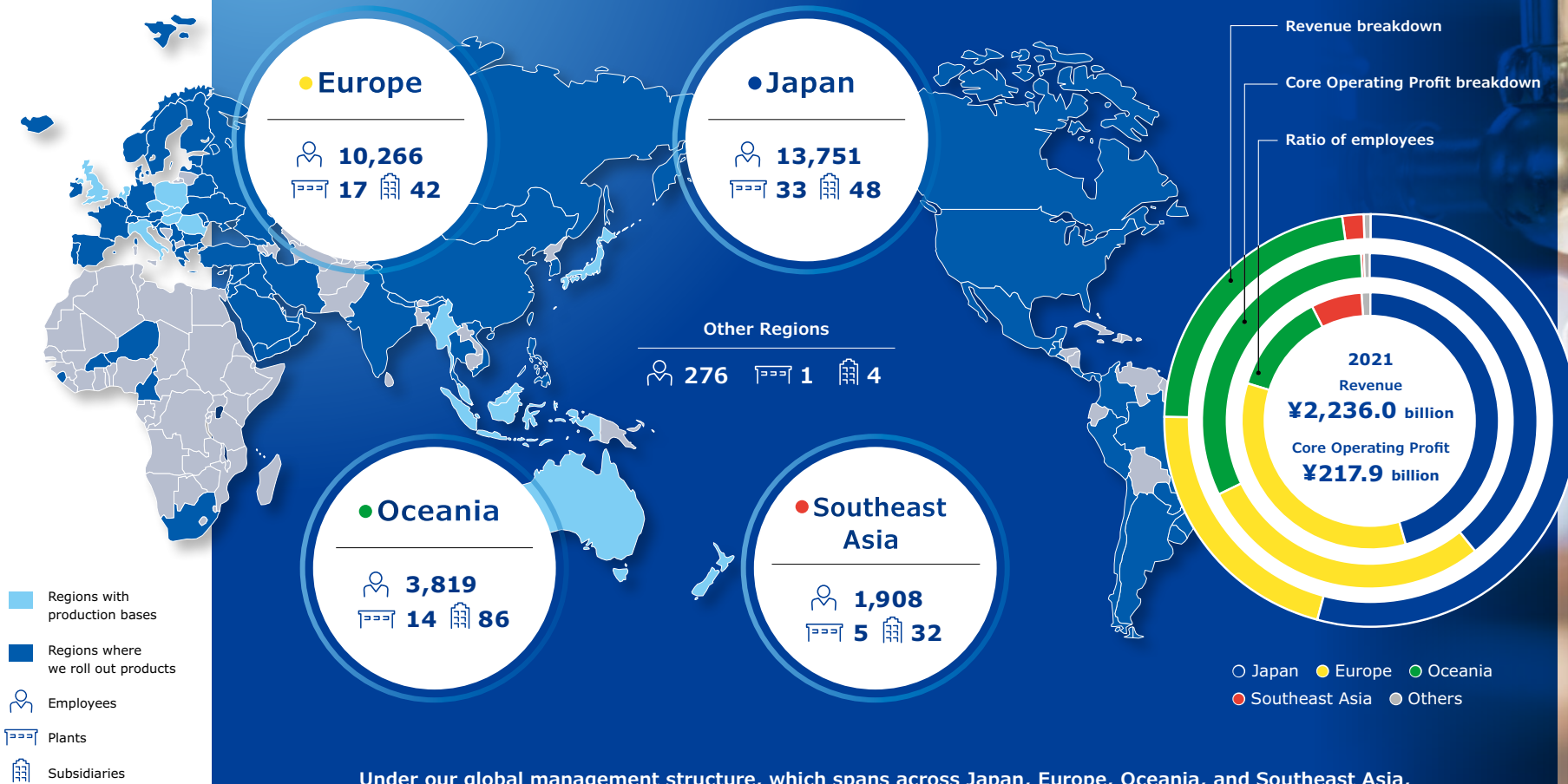
In addition, now that we have become a global corporate group, we will further enhance our awareness of diversity and draw on that awareness to realize sustainable growth.



# Global Business Foundation

## That Maximizes Earnings Power

Note: Exports to Russia have ceased since the first quarter of 2022.



Under our global management structure, which spans across Japan, Europe, Oceania, and Southeast Asia, not only are we expanding the rollout of our global brands, we are also pushing forward with efforts to enhance the sophistication of our management strategies by working to integrate sustainability into our management.



# Brand Power

## Underpinned by Local and Global Growth

● Japan



● Europe



● Oceania



● Southeast Asia



### 5 Global Brands

Centered on the strong brands it possesses in each country, the Asahi Group is promoting the further premiumization of its brand portfolio in local markets. The Group is also working to expand the rollout of its premium brands in the global market.

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#### Editorial Policy

In compiling *Integrated Report 2021*, we have referred to the International Integrated Reporting Framework issued by the Value Reporting Foundation as well as the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry. In doing so, we have created a communication tool that systematically combines financial and non-financial information as part of our strategy story, aiming to further develop *Global* (global and local) Value Creation Management. We will continue working to enhance the content of the report in the hope that it will promote deeper understanding of the Group among a broad range of readers, including our shareholders and other investors.

**Report Period Covered** January 1, 2021–December 31, 2021 including some information outside this period

**Scope of Report** Asahi Group Holdings, Ltd. and Group companies

**About Stated Amounts** For all amounts stated in this publication, the figures are truncated to the nearest unit and the percentages are rounded to the nearest digit.

#### Forward-Looking Statements

The current plans, forecasts, strategies, and performance presented in this report include forward-looking statements based on assumptions and opinions arrived at from currently available information. We caution readers that actual future results could differ materially from these forward-looking statements depending on the outcome of certain factors. All such forward-looking statements are subject to certain risks and uncertainties including, but not limited to, economic conditions, market competition, foreign exchange rates, taxes, and other systems and factors influencing the Company's business areas.

## Issuance of *Integrated Report 2021*

# Promoting Growth Strategies Focused on the Future in 30 Years While Using the Changing Conceptions of Well-Being as a Growth Opportunity

In our integrated reports over the past two years, we have provided detailed explanations of the Asahi Group's unique global value creation management, from both financial and non-financial perspectives, in accordance with the Asahi Group Philosophy (AGP), which was put into action in 2019. In *Integrated Report 2021*, we look back at the results we have thus far achieved under this value creation management while discussing our corporate culture that cannot be seen from an outside perspective. At the same time, we summarize our management strategies focused on around 10 years in the future and explain the strong possibility of their realization.

While our previous Medium-Term Management Policy was compiled based on a medium-term perspective of around three years, the new Medium- to Long-Term Management Policy, which is explained in *Integrated Report 2021*, is unique in that it includes long-term strategies formulated from a long-term perspective of 10 to 30 years. When considering strategies from a medium- to long-term perspective, we believe it was important to identify important issues for the Asahi Group through a backcasting approach, which involved considering the issues and changes facing humankind not in 10 years but 30 years in the future and then thinking in reverse. We then held repeated discussions regarding these issues that primarily involved meetings of the Board of Directors. Drawing on our global business foundation, which we have built up over the years, we will establish a business portfolio that responds to people's need for well-being. Furthermore, by steadily promoting core strategies covering sustainability, digital transformation, and R&D, we aim to become a highly resilient corporate group that can adapt to future changes in culture and people's behavior.

I have repeatedly talked about how important it is to formulate strategies from a medium- to long-term perspective in these unpredictable times. Through the Medium- to Long-Term Management Policy, we will strive for co-creation with our various stakeholders, including our Group employees, who are active in all regions of the world; our business partners, with whom we create new value; and our shareholders and other investors, as we wholeheartedly endeavor to achieve results. In addition, we will place even more emphasis on engaging in dialogue with our stakeholders through the proactive disclosure of not only financial information but also non-financial information that is necessary for improving our corporate value over the medium to long term. *Integrated Report 2021* has been produced to include the perspective of enhancing corporate value over the medium to long term while describing the issues, targets, strategies, and specific measures for future growth and taking into account our performance in fiscal 2021 and the current business environment. I therefore declare that the compilation process, including the discussions we have held, and the content of this report are appropriate. Our unique value creation story, which is depicted in this report, serves as the manual for enhancing the Group's corporate value. We appreciate your taking the time to read *Integrated Report 2021* and look forward to not only your impressions of the report itself but also your honest opinions on the Group's management. We also ask for your continued support going forward.

May 2022

Akiyoshi Koji

Akiyoshi Koji  
Chairman of the Board



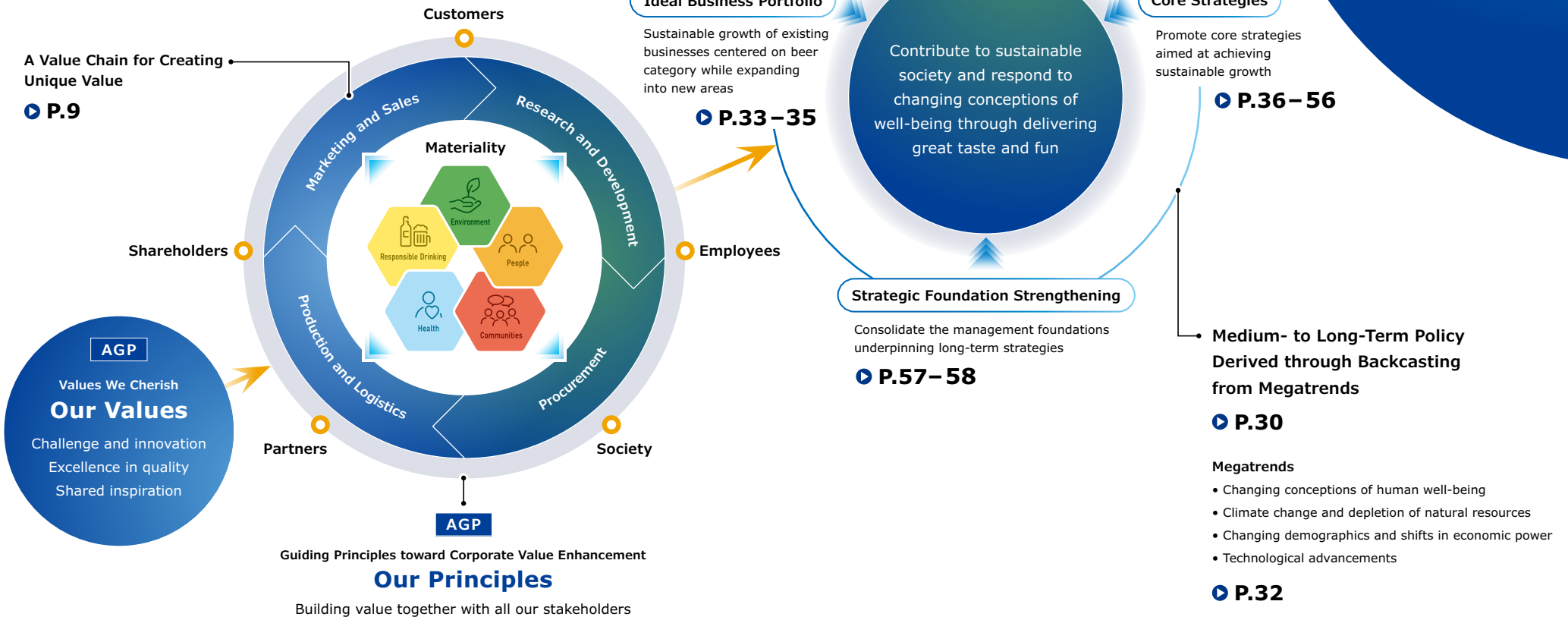


## Model for Corporate Value Enhancement

# Further Accelerating Value Creation through the Implementation of the AGP

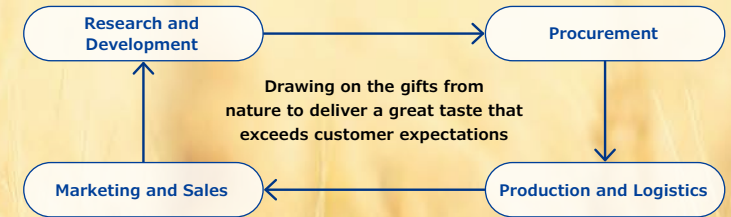
The Asahi Group is enhancing the sophistication of its business models by focusing on integrating sustainability into management and drawing on the long-cultivated Our Values and Our Principles of the AGP. The Group is also steadily implementing its Medium- to Long-Term Management Policy.

In these ways, we are striving to achieve Our Mission and Our Vision—the other two parts of the AGP—which represent goals that the Group should realize going forward.



# A Value Chain for Creating Unique Value

The Asahi Group seeks to enhance the sophistication of its value chain—spanning from research and development to procurement, production and distribution, marketing, and sales—with a view to creating high-value-added products and services. To that end, we will work to enhance the sustainability of both the Group and our value chain by evolving our business processes through an appropriate response to opportunities and risks in accordance with the Medium- to Long-Term Management Policy.



Research and Development

## Strengths We Can Leverage

- Sensory analysis, analytical, and other fundamental technologies
- Quality assurance structure underpinned by the latest analytical technologies
- Fermentation and ingredient technologies involving yeast and lactic acid bacteria
- Technological synergies created between both global R&D bases and businesses
- Open innovation with other business fields



## Unique Value Created

### Creation of Innovative Added Value for People and the World

- Development of technologies to enhance added value of existing products and services
- Creation of new added value in areas such as alcohol alternatives and BACs\*
- Development of products and technologies that offer health value
- Development of technologies that help reduce CO<sub>2</sub> emissions and make use of renewable energy
- Extraordinary innovations developed by the combination of existing and new technologies

\* BACs (beer adjacent categories): Categories adjacent to beer, such as RTD low-alcohol beverages, non-alcohol beer-taste beverages, and adult soft drinks



Procurement

## Strengths We Can Leverage

- Procurement strategies optimized to the business environment
- Procurement functions enhanced through Group-wide collaboration
- Win-win relationships with suppliers
- Globally shared procurement know-how and supplier network
- Management capabilities that can respond to procurement-related risks



## Unique Value Created

### Procurement of High-Quality Materials at Reasonable Costs through Our Stable Business Foundation and Global Network

- Ensured stability for the procurement of high-quality ingredients and eco-friendly materials for containers and packaging
- Enhanced traceability through the promotion of direct procurement from areas of business operation
- Optimized procurement costs through the expansion of our supplier network
- Heightened level of resiliency due to appropriate assessments of procurement risks caused by climate change
- Establishment and implementation of human rights due diligence within our supply chain



### Strengths We Can Leverage

- Unique, high-level standards for quality and globalized production management systems
- Synergies created through the sharing of technologies on a global basis (product development, quality improvements, cost reductions)
- Enhanced efficiency through the hybrid production of alcohol beverages and soft drinks
- Advanced management capabilities optimized to supply-demand and inventory management technologies
- Highly efficient logistics networks

### Unique Value Created

#### Stable Provision of Eco-Friendly, High-Quality Products to People around the World, Realized through Optimized Production and Logistics Structures

- Optimized lead time from production to storefront sales and comprehensive quality assurance
- Sharing of best practices through global benchmarks (quality improvements, cost reductions)
- Reduction of CO<sub>2</sub> emissions in production and logistics processes and effective use of water resources in the production process
- Upcycling and recycling of by-products and waste
- Establishment of optimized production and logistics systems spanning across businesses and regions



### Strengths We Can Leverage

- Marketing capabilities that have established leading brands in each country
- Development capabilities of new categories and brands that respond to changes in the consumption environment
- Trust-based relationships and sales capabilities with local business partners
- Global network that enables new market cultivation
- Regional collaboration that helps invigorate local communities

### Unique Value Created

#### Rollout of High-Value-Added Products and Services That Meet Diverse Needs around the Globe

- Expanded rollout of prominent global brands
- Provision of premium value through the utilization of brand portfolios in each region
- Rollout of non-alcohol and low-alcohol beverages that respond to rising health consciousness
- Provision of products and services that help realize a sustainable society
- Rollout of awareness-raising activities that help resolve alcohol-related problems and other health issues

Drawing on the gifts from nature to deliver a great taste that exceeds customer expectations



## Message from the CEO

The basic concept of our long-term strategies is to “Contribute to sustainable society and respond to changing conceptions of well-being through delivering great taste and fun.” Going forward, we will steadily create business models that will help us realize this concept.

**Atsushi KATSUKI**

President and CEO, Representative Director

## Discovering Our Next Growth Strategy Amid a Difficult Business Environment

Due in part to the impact of the COVID-19 pandemic, 2021 was a year in which we continued to face a difficult business environment. However, even under these circumstances, we were able to make steady progress with post-merger integration (PMI) efforts after the series of M&As we carried out in Europe and Australia. We were also able to further promote the premiumization of local brands. Additionally, we got on the right track with our global brand-oriented marketing strategy, which we have been promoting as a key business issue. All of these represented extremely positive developments that happened in 2021. On the other hand, in Japan the impact of the COVID-19 pandemic remained heavy, with on-premise sales—which are an important touch point with consumers—taking a massive hit in the Alcohol Beverages Business, and demand in the Non-Alcohol Beverages Business and the Food Business declining during work hours due to the widespread adoption of teleworking.

Although the pandemic has yet to fully resolve itself, we believe 2022 will be a year when we slowly start to head toward the post-COVID-19 era while going back and forth in terms of progress with the pandemic, as living with measures to prevent the spread of the virus steadily becomes the norm. In such an era, we expect to find ourselves in a vastly different business environment that we have experienced in the past. Additionally, we are now seeing a remarkable rise in geopolitical risks. In light of these circumstances, we have put together a new medium- to long-term growth strategy in consideration of what will happen over the next 10 to 30 years, while keeping in mind the need to prepare ourselves for various uncertainties. I am confident that this will be an effective strategy that can be implemented by all members of the Asahi Group, as it builds on the robust business foundation that we have established over the past several years. I will first explain this strategy step by step.

## Formulating Three Strategic Steps to Be Implemented in Stages by the Asahi Group

### 1. Establishing a global platform to serve as the foundation for the new growth strategy

With the acquisition of two major beer businesses in Europe in 2016 and 2017, the Asahi Group took a major step toward globalization. With these acquisitions, as well as the purchase of the Australia-based Carlton & United Breweries (CUB) business in June 2020, we have swiftly concluded the PMI process and are now transitioning from a stage where we stabilize these acquisitions as individual businesses to ones in which we aim to achieve growth through these businesses on a Group-wide basis. Amid our efforts, we were able to promptly roll out growth strategies centered on the shift to high added value by aligning the direction of our global operations under the Asahi Group Philosophy (AGP), which we formulated in 2019. I believe this represents a particularly important accomplishment that will help us move into the next stage going forward.

Another significant accomplishment we made was the reorganization of our business. I believe that one of the key points when it comes to Group-wide management is accelerating the pace of decision-making on an individual business level by entrusting certain aspects of management to the parties that should be empowered, and this is made possible through solid trust-based relationships. Rather than adopting a centralized decision-making process under which the Global Headquarters in Japan provides all of the guidance, we have put in place a system where we delegate authority to each region of operation once we have determined the direction for which the Group should aim. This system enables us to accelerate the speed at which we execute strategies and further enhance our business competitiveness via our four Regional Headquarters (RHQ): Europe, Oceania, Southeast Asia, and Japan. Additionally, the management of each RHQ communicates closely with each other several times a month to constantly ensure that the Group's major policies and the direction of strategy formulation and implementation in each

region are aligned. In terms of corporate governance, this type of close communication helps ensure transparency, which is particularly important, and build unwavering trust between each region. The AGP was originally formulated through the involvement of management and employees from each region of operation, and it has therefore provided the necessary foundation for building these kinds of trust-based relationships. Without this foundation, there would likely be no trust between each business, and the line of reporting would be ignored. Furthermore, authority and responsibility would be vague and communication would be done in a manner that separates our organization by function. I believe such circumstances would only hinder our ability to grow. Thanks to the AGP, however, we are starting to see trust-based relationships come to fruition through the excellent leadership of the highly experienced management in each region, whose members are entrusted with strategy execution, and the employees who provide management with support. When I assumed the role of CEO in March 2021, I repeatedly engaged in communication with employees from each region, particularly younger employees. Through this communication, I gained a sense of just how well these employees understood the aim and significance of the initiatives we as management wish to pursue, including the AGP, premiumization, sustainability, digital transformation (DX), and human resource development. Each RHQ adopts advanced revenue growth management methods that help promote premiumization and promotes efforts toward brand management and sustainability. The best practices for these kinds of initiatives are already being fully shared between regions. Accordingly, we expect to generate synergies between each RHQ to an even greater extent going forward.

### 2. Adopting an approach in which we backcast from megatrends

With a focus on 30 years in the future, we have defined “well-being,” “climate change and depletion of natural resources,” “changing demographics and shifts in economic power,” and “technological advancements” as four megatrends that the Asahi

Group should analyze closely. As we deal with global issues such as climate change and the depletion of natural resources, technological advancements will give humankind new technological capabilities and free time, and this is expected to change not only society and economies but also the very nature of well-being itself. The future we expected to see in the upcoming 10 years has abruptly arrived far sooner than anticipated due to the impact of the COVID-19 pandemic. For that reason, when analyzing megatrends, we are now focusing on 2050, rather than the general time frame of 2030. Backcasting from the four megatrends we defined for 2050, we have identified other important megatrends and business-related issues on which we should focus when devising strategies aimed at 2030.

As a company that centers on alcohol beverages business, setting our sights on changes in culture and people's behavior over a very long time frame is an extremely important action. Looking at our current situation, the World Health Organization's "Global Strategy to Reduce the Harmful Use of Alcohol," which was adopted in 2010, entered into the phase of execution in 2022. Accordingly, in the very near future, health will likely become a key theme when it comes to the trends in consumption of alcohol beverages. To that end, I believe we need to rethink our conventional approach in the Alcohol Beverages Business and draw on our comprehensive knowledge of alcohol beverages to develop new products and services that can deliver the fulfillment, richness, and joy that alcohol has to offer.

During the process of identifying business-related issues based on our analysis of medium- to long-term megatrends, we held extensive examinations and discussions centered on the Board of Directors. In addition to having each member of the Board exchange opinions with each other based on their individual experience and skills, we also invited numerous external experts and young employees from around the globe to participate in discussion and offer their opinions. In these ways, we were able to engage in honest and meaningful discussion from a wide variety of perspectives. Discussions at meetings of the Board of Directors do not obey a preset script and therefore

require a great deal of energy in order to participate in them. However, the insights that we gain from these discussions are extremely valuable. Thanks to such discussions, we were able to engage in meaningful examinations when identifying megatrends and business-related issues without being constrained by short-sighted viewpoints.

### 3. Updating the Medium- to Long-Term Management Policy

We have had some tremendous accomplishments over the past several years, including establishing a robust global platform through large-scale M&As and proceeding with our premium strategy in each region. In light of such achievements, we changed the range of our Medium-Term Management Policy to now include long-term strategies, and updated the policy's name to "Medium- to Long-Term Management Policy." The basic concept behind the policy's strategies is to "contribute to sustainable society and respond to changing conceptions of well-being through delivering great taste and fun." This concept expresses into words the path we will take to leverage our strengths and expertise and implement the AGP amid the megatrends we forecast over the medium to long term. To date, we have achieved business growth by refining the products we offer, or in other words, our output. However, taking into account the changes that humankind will likely see going forward, we now need to think more about our outcome, which means to consider how we will provide value that contributes to the continuously changing perception of well-being. To truly support people's well-being, we must ensure that all of our business processes lead to the realization of a sustainable society. To that end, this basic concept encapsulates our determination to contribute to sustainable social development by providing value that helps resolve social issues while also steadily generating profits.

Given that we are a corporation, we will remain committed to putting forth our utmost effort toward generating profits. However, the greater purpose in doing so is to realize the basic concept of our long-term strategies. While we will continue to implement cost-cutting measures to boost our competitiveness as we have

been doing, the purpose of such measures is not based on near-term perspectives, such as implementing overreaching cost-cutting measures simply for the purpose of boosting profits. Compared with the previous policy, we will further enhance strategic investments under the Medium- to Long-Term Management Policy in such areas as R&D, DX, sustainability, and human resources. By doing so, the policy will enable us to contribute to a sustainable society and realize business growth in a more definitive manner.



**The basic concept of our long-term strategies expresses into words the path we will take to leverage our strengths and expertise and implement the AGP.**



## Pursuing a Business Portfolio Strategy Centered on Beer

Although beer will most likely still exist in 2050, its position among consumers will certainly change dramatically due to rising health consciousness and other factors. While taking this likelihood into consideration, we will continue efforts to realize growth in our existing businesses, centered on beer, and expand into new domains over the medium to long term. In terms of our existing businesses, we will further accelerate the strategies that we have been implementing to date, which involve promoting premiumization in markets where we have already made entry and expanding the areas in which we roll out our global brands. Meanwhile, for new domains, we will work to create and propose new added value that captures the trends of rising health consciousness and diversifying tastes. For example, we boast a strategic advantage of being able to mutually utilize the technologies and know-how we have cultivated in the Alcohol Beverages Business and the Non-Alcohol Beverages Business. This capability is something that cannot be imitated by companies specializing in only alcohol beverages or only non-alcohol beverages, and it represents a major strength of the Group. With this in mind, we have identified beer adjacent categories (BACs), including low-alcohol beverages, non-alcohol beverages, and adult soft drinks, as a domain offering us significant business opportunities for providing added value that responds to diversifying tastes and rising health consciousness. In the Food Business, we will take on the challenge of creating new products and services drawing on the yeast and lactic acid bacteria technologies that we cultivated in the Alcohol Beverages Business and the Non-Alcohol Beverages Business. In these ways, we will leverage the Group's technologies in not only our existing businesses but also in the establishment of business models focused on the resolution of social issues, while continuing to give consideration to the perspective of sustainability. With beer as our core, we will expand the Non-Alcohol Beverages Business and BACs, and strive to establish a future growth foundation in the Food Business and in new businesses.

Expanding the area of brand rollout is also an important aspect of our business portfolio strategy. In this endeavor, we will first and foremost focus on reducing our interest-bearing debt. After we have restored a certain level of investment capacity, we will seek to expand growth opportunities in new areas mainly by drawing on the high level of expertise we have in the beer business.

## Further Accelerating Our Global Brand Strategy

At the beginning of this message, I mentioned how we are aligned on a global basis regarding the direction we are heading as a corporate group. The promotion of our global brand strategy in collaboration with all regions of operation is proof of this alignment. Within the global promotion of this strategy, despite temporary stagnation in growth due to the COVID-19 pandemic, the *Asahi Super Dry* brand realized a major sales recovery in markets such as China, Australia, and the United Kingdom. Furthermore, we have had success with positioning our brands as super premium or high-end brands in these countries, and we consider this success to reflect best practices for our highly important premium strategies.

We have defined *Asahi Super Dry*, *Peroni Nastro Azzurro*, *Kozel*, *Pilsner Urquell*, and *Grolsch* as our five global brands. Going forward, we will continue efforts to roll out each brand as a premium brand in markets outside of their home countries.

In particular, we are placing the highest priority on the super premium brands *Asahi Super Dry* and *Peroni Nastro Azzurro*. We believe that these two brands have the potential to achieve world-leading sales volume among premium beers around the globe. The key to accomplishing this is to align the tone and manner in which we promote these brands on a global basis and communicate a consistent world view for these brands to consumers in all regions who are looking to enjoy a stylish and premium beer.

Expanding the touch points we have with consumers is another crucial initiative. At the moment, we are focusing our

attention on sponsorships at sporting events. This effort emphasizes the affinity between enjoying premium beer and watching sports. We concluded a new contract with the Aston Martin Cognizant FORMULA ONE™ TEAM for a non-alcohol product offered under the *Peroni Nastro Azzurro* brand. Through efforts such as these, we are starting to develop a strong presence in F1 racing, which is extremely popular in Europe. Having a sponsorship with F1 for a non-alcohol beer has allowed us to promote the *Peroni Nastro Azzurro* brand to an even greater range of consumers who enjoy low-alcohol and non-alcohol beverages.

Furthermore, with the *Asahi Super Dry* brand, we became the first Asian company to become an official Worldwide Partner of Rugby World Cup France 2023. Surveys have shown that, among various sports, rugby in particular has a large number of fans that are consumers of premium beer. Accordingly, becoming a Worldwide Partner of the Rugby World Cup will serve as an excellent opportunity to promote the appeal of *Asahi Super Dry* to premium beer consumers around the world.

## Integrating Sustainability Strategies into Management

As President, I have consistently focused on making our management strategies more sophisticated through the integration of sustainability into our management, and this endeavor has been adopted as a core strategy under our Medium- to Long-Term Management Policy. The key issues we must tackle from a sustainability perspective, the basic concept of our long-term strategies, and sustainable profit growth for the Group are all equally important, and as such we in management are committed to pursuing sustainability by addressing our five material issues—Environment, People, Communities, Health, and Responsible Drinking.

The sustainability management we are currently promoting involves the incorporation of sustainability strategies within each business and function. It also involves the rigorous monitoring of KPIs established for these strategies. In this way, we aim to be in a state where we continuously implement sustainability-oriented

business activities and create value within all of our business processes. In my conversations with employees both in Japan and overseas, I came to understand the strong awareness of sustainability-related issues within the Group, especially among employees in Europe and Australia, and I feel this indicates how our sustainability management is steadily starting to function efficiently. The Global Sustainability Committee met for the second time at the end of 2021. At this meeting, we were able to engage in practical discussion, centered on the issue of plastic,



**Going forward, we will remain steadfast in our efforts to reinforce our sustainability promotion structure so that we can further accelerate our sustainability strategies.**



together with the management of each RHQ. Through these discussions, we confirmed that our sustainability promotion structure is functioning in an effective manner. Going forward, we will remain steadfast in our efforts to reinforce this structure so that we can further accelerate our sustainability strategies.

Under the Medium- to Long-Term Management Policy, we established priority policies and themes to indicate the path we must take to ensure that the high awareness of sustainability among our employees leads to new value creation. To date, the main points we have emphasized with our sustainability strategies are the reduction of risk and the acquisition of business opportunities. After reassessing these points from the perspective of the entire value chain, we identified five key initiatives and established goals for each initiative. By addressing initiatives across our value chain, we will make both a business and social impact through our products and services. Responding to climate change is one of the most important initiatives. The Group had originally established a target for achieving a 50% reduction in CO<sub>2</sub> emissions in Scope 1 and Scope 2 by 2030, compared with emission levels in 2019. However, in light of the steady progress we have made with such efforts as introducing electricity originated from renewable energy in each region of operation, we upwardly revised this target to 70%. To reach this target, we will invest 50 billion yen or more by 2030 in such areas as expanding renewable energy including solar power generation, enhancing our energy efficiency, and developing new fuel-related technologies. Through such efforts, we will work proactively to realize carbon neutrality, including in Scope 3, by 2050 in industry-wide collaboration.

### **Promoting DX Strategies to Enhance the Value We Offer**

Our DX strategies are grounded in the notion that DX = BX (business transformation). Based on this notion, we have established the policy of spurring innovation in three key areas: processes, organization, and business models. In terms of processes, we will invest 30 billion yen or more over the next

three years to enhance our structure for integrating the data separately managed by each Group company and to make our data management more sophisticated. Doing so will allow us to not only enhance productivity and efficiency but also establish a global data platform. Furthermore, by becoming a data-driven and agile “digital native organization,” we will aim to create new business models focused on the key elements of transformation we identified through open discussion that included the participation of external experts, which are establishing a personalization model, building a mechanism to enhance services, and disclosing information to fulfill our social responsibility in a manner that further enhances the safety and security of our products.

Our response to the personalization trend involves not only the utilization of technologies but also initiatives that transcend our conventional business model focused on mass production for mass consumption in order to meet people’s desire for improved well-being. To ensure the success of such initiatives, it is of the utmost importance that we first change our own awareness, and we have made concerted efforts to do so in such ways as repeatedly holding workshops for exchanges between our Global Headquarters (GHQ) and executives of major operating companies. Also, we have worked to swiftly establish and maintain a data platform. Rather than adopting a marketing method in which we provide products in each business optimized to meet needs that have already materialized, we will provide various kinds of value that respond to latent needs. This will be done by integrating the consumption data that has been managed and utilized individually in the Alcohol Beverages, Non-Alcohol Beverages, and Food businesses and comprehensively managing this data in a manner that responds to people’s desire for improved well-being. In addition, we are steadily proceeding with efforts to acquire and develop human resources with expert knowledge on such matters as data analysis and the creation of new business models based on data. Although we are recruiting personnel from external organizations, we are placing great emphasis on developing expert human resources internally. For a specialized training program we held in 2021, we had set a limit of 200 participants.



However, as we received a total of 536 applicants to this program, which was far greater than we had anticipated, we revised this limit so that all applicants could participate. Through this training program and other efforts, we hope to steadily develop personnel that can lead the way with data-focused, data-driven value creation.

### Further Evolving Our R&D Strategy

To contribute to a sustainable society through our business activities while also realizing profit growth, it is imperative that we not only further enhance the value and quality of our products and services but also constantly take on the challenge of creating new products and discovering new markets. To once again clarify our commitment to doing so, we incorporated an R&D strategy as one of the core strategies under the Medium- to Long-Term Management Policy. Through this R&D strategy, we will pursue product and technological development geared toward value creation and risk mitigation under the four key themes of Alcohol, Health and Wellness, Sustainability, and New Businesses. One unique aspect of the Group's R&D structure is the collaborative R&D activities promoted by Asahi Quality & Innovations, Ltd. (AQI), which engages in research to help facilitate medium- to long-term corporate growth, and the R&D organization of each operating company. Existing criteria for investment decision-making often do not match well with efforts to create new value and spur other innovations. To that end, AQI has established a structure for dramatically increasing the speed of decision-making by maintaining a fixed budget limit as a company that is independent from existing Group organizations and by utilizing a framework for promoting future-oriented, flexible investment decision-making within this limit. We will actively invest in human resources to enhance our R&D capabilities regarding these four key themes, thereby accelerating efforts to reinforce our foundation of our R&D functions. Additionally, we will work to an even greater degree to develop cutting-edge technologies through the

introduction of AI and other emerging technologies and the pursuit of open innovation in collaboration with universities and venture companies both in Japan and overseas. We will also leverage our robust foundation of research on yeast and lactic acid bacteria, two of our greatest strengths in terms of R&D, to develop new products and technologies with the aim of creating new value propositions in existing businesses, BACs, and new businesses. Accordingly, we ask that you look forward in anticipation of the Group's R&D activities in the future.

### Closing

To date, the Group has worked tirelessly to increase the sophistication of its human capital in tandem with efforts to enhance its global operating structure. Throughout this time, strong trust-based relationships have been forged between the management of each Group organization, and aims and strategies of each organization have become integrated. Moreover, this sense of alignment is now shared among all members of the Group. I believe this showcases just how well the Group's global governance has been functioning. One vital aspect underpinning the Group's global governance has been the human resource strategies we have pursued. In 2021, we conducted an engagement survey of all Group employees across the globe, and this survey shed light on various issues. To establish a new business portfolio and realize the core strategies targeted under the Medium- to Long-Term Management Policy, we are stepping up our efforts to acquire and cultivate human resources who can help us enhance our key capabilities. At the same time, we are working to foster a corporate culture that enables us to put the AGP into action. By doing so, we will further enhance the sophistication of our human resource strategies going forward. In March 2021, we formulated the "People Statement," which illustrates the corporate culture we aim to achieve. To ensure that we achieve this corporate culture, we have established the Diversity, Equity & Inclusion (DE&I) Statement under the core concept of "shine AS YOU ARE," and

are pushing forward with DE&I initiatives in an effort to further enhance employee engagement. Going forward, we will enhance such measures as reskilling and recurrent educational activities as we strive to build a corporate culture where all employees will be able to consistently grow and succeed, regardless of age, gender, or nationality.

"Contribute to sustainable society and respond to changing conceptions of well-being through delivering great taste and fun." This is the basic concept of our long-term strategies, and 2022 will serve as an important year in which we will take a major step toward creating business models that help us realize this concept. Through co-creation activities with our employees and other stakeholders from both inside and outside the Group, we will continue to pursue a management approach that will be highly evaluated by stakeholders of the future. We find ourselves in an era where it is difficult to forecast the future, and under such circumstances, we will engage in management that ensures growth from a medium- to long-term perspective. At the same time, we will strive to eliminate the various concerns and uncertainties brought about by this opaque business environment through detailed disclosure and dialogue on the progress we are making in our endeavors. I would like to ask for your continued guidance and support going forward.

May 2022



Atsushi KATSUKI  
President and CEO, Representative Director

## The Asahi Group's Management Team (As of April 1, 2022)



**Tetsuji Ohashi**

Independent Outside Director

As of March 2022

Significant concurrent positions

- Chairman of the Board and Representative Director of Komatsu Ltd.
- Outside Director of Yamaha Motor Co., Ltd.
- Outside Director of Nomura Research Institute, Ltd.



**Kenichiro Sasae**

Independent Outside Director

As of March 2022

Significant concurrent positions

- President of The Japan Institute of International Affairs
- Outside Director of SEIREN CO., LTD.
- Outside Director of MITSUBISHI MOTORS CORPORATION
- External Director of Fujitsu Limited



**Christina L. Ahmadjian**

Independent Outside Director

As of March 2019

Significant concurrent positions

- Specially Appointed Professor, College of Business, Department of Global Business, Rikkyo University
- Emeritus Professor, Hitotsubashi University
- Outside Director of Japan Exchange Group, Inc.
- Outside Director of Sumitomo Electric Industries, Ltd.
- Outside Director of NEC Corporation



**Akiyoshi Koji**

Chairman of the Board

As of March 2021

Significant concurrent positions

- Outside Director of Imperial Hotel, Ltd.



**Atsushi Katsuki**

President and CEO,  
Representative Director

As of March 2021



**Taemin Park**

Director and Executive  
Officer, CAO

As of March 2020

Senior Managing  
Executive Officer

**Ryoichi Kitagawa\***

Managing Executive Officer

**Yutaka Hemmi**

Executive Officers

**Manabu Sami**

**Kazuma Kohno**

**Shunjiro Sakano**

**Osamu Ishizaka**

**Yoshio Chikayasu**

**Satoshi Mori**

**Hikaru Sato**

**Takashi Fujisaki**

**Kayoko Kondo\***

**Yuji Oda\***



**Shigeo Ohyagi**

Independent Outside Audit &  
Supervisory Board Member

As of March 2022

Significant concurrent positions

- Advisor of Teijin Limited
- Outside Director of KDDI CORPORATION
- Outside Director of Tokyo Electric Power Company Holdings, Incorporated
- Outside Audit & Supervisory Board Member of JFE Holdings, Inc.



**Yutaka Kawakami**

Independent Outside  
Audit & Supervisory  
Board Member

As of March 2017

Significant concurrent positions

- Certified Public Accountant
- Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc.



**Yumiko Waseda**

Independent Outside  
Audit & Supervisory  
Board Member

As of March 2015

Significant concurrent positions

- Partner and Attorney at Law of Tokyo Roppongi Law & Patent Offices
- Outside Audit & Supervisory Board Member of IHI Corporation



**Naoko Nishinaka**

Standing Audit &  
Supervisory  
Board Member

As of March 2020



**Yoshihide Okuda**

Standing Audit &  
Supervisory  
Board Member

As of March 2019

Significant concurrent positions

- Outside Director of I'LL Inc.



**Keizo Tanimura**

Director and Executive  
Officer, CHRO

As of March 2020



**Kaoru Sakita**

Director and Executive  
Officer, CFO

As of March 2022



WEB → Corporate Profile

\* Appointed on  
March 25, 2022

## Message from an Outside Director



**In the formulation of its Medium- to Long-Term Management Policy, the Company must be commended for the extremely open discussions it held based on its detailed analysis of megatrends.**

### Evaluation of the Medium- to Long-Term Management Policy's Formulation Process

The formulation process for the current Medium- to Long-Term Management Policy was extremely meaningful. In terms of its megatrend analysis, which formed the basis of the policy's formulation, the Company held repeated discussions, including with young employees, while incorporating the opinions of external experts. For example, with a focus on 30 years in the future, the Company engaged in the active exchange of opinions regarding the products, services, and business portfolio for which it ought to pursue. Through this process, I came to understand how all Group employees maintain a constant awareness of the Asahi Group Philosophy (AGP) in their work. I was truly impressed with the wide range of opinions that were expressed in these discussions, including opinions stating that the Company should increase the number of categories in which it offers products, outside of alcohol.

On the other hand, I do feel that global perspectives were slightly lacking during the policy formulation process. The Asahi Group has an outstanding pool of human resources who are active around the world. In particular, one major feature of the Group that makes it stand out from other companies is the high number of personnel it has on the business front lines who are actively engaged in addressing such issues as diversity, carbon neutrality, and plastic pollution. Recently, the outside directors have had more opportunities to interact with these personnel,

and I feel that management could have been more proactive in exchanging opinions with them during the policy formulation process. Furthermore, in addition to long-term management issues, the Group needs to take great care in considering how it is viewed by people across the globe. To that end, I believe the Group should actively create opportunities for dialogue with NPOs and NGOs in Japan and overseas.

### Recognition of Governance-Related Issues

The members of the Board of Directors, starting with the Chairman and CEO, have a high awareness of governance. Based on this awareness, the Board functions in a highly effective manner. However, to thoroughly separate the roles of business execution and supervision and to better gain the understanding of overseas stakeholders, I feel the Group needs to slightly adjust the form of its governance. Although there are many companies that focus on form over substance when it comes to governance, the Asahi Group is one of the rare organizations that does the opposite. This is the result of its ongoing efforts to enhance the effectiveness of the Board of Directors. That said, the Group needs to concern itself with how to evolve the form of its governance going forward, including examining the transition from a company with an audit and supervisory board to a company with a nominating committee, etc., which is more mainstream overseas, if it wishes to take its management to the next stage as a truly global corporation.

**Christina L. Ahmadjian**  
Independent Outside Director



In addition, the Group is pressed with the task of further enhancing the diversity of its Board of Directors. While each member has actual experience working overseas, almost all current members of the Board are Japanese. Diversity in terms of nationality in the managerial ranks is ideal for a global company. To that extent, the Group needs to open itself up to overseas human resources not just in terms of the Regional Headquarters (RHQ) but also in terms of its senior management. In order to further enhance diversity, the Group should implement more initiatives such as training sessions where outstanding personnel from Japan and overseas can learn together at the same table as well as transfers to and personnel exchanges with the RHQ.

Three years have passed since I assumed the role of outside director. Due to the impact of the COVID-19 pandemic, I have not been able to travel to our overseas locations. Although there are still COVID-related restrictions in certain regions, I personally hope to create as many opportunities as possible during fiscal 2022 to exchange opinions face-to-face with the management of the RHQ and local employees overseas.

# Our Values Story

## Challenge and Innovation

### The Unique Nature of Asahi Realized by Our Employees on the Front Lines

As it steadily promotes the globalization of its businesses, which started with the acquisition of beer businesses in Western Europe in 2016, the Asahi Group has faced various challenges in the external operating environment, including the COVID-19 pandemic. The Asahi Group has long maintained a corporate culture and values that have been passed down from generation to generation. Our corporate culture and values have underpinned our employees' ambition and desire to succeed even as they have dealt with conflicts that have made it difficult to move forward with projects as planned.

Through the projects of each region that we introduce in these stories, we hope that you can gain a sense of the three values that comprise Our Values adopted under the Asahi Group Philosophy, which are "challenge and innovation," "excellence in quality," and "shared inspiration."

- 20 A collaborative project of *Asahi Super Dry*
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- 24 The *Victoria Bitter* campaign
- 26 Project to develop the innovative *Asahi Super Dry Nama Jokki Can*

## 1

Group Headquarters × Europe

## Pursuing the Highest Level of Quality as Artisans without Letting Travel Restrictions Stand in the Way

A collaborative project with the Rome Brewery aimed at the local production of *Asahi Super Dry*

# Our Values Story

Birra Peroni S.r.l., an Asahi Group company in charge of the Italy beer business, began the production of *Asahi Super Dry* in June 2020. The project to promote local production of *Asahi Super Dry* at the Rome Brewery was launched in September 2019. At the start of the project, brewers from Japan visited the Rome Brewery and worked side-by-side with local staff to set up the production line. However, in March 2020 COVID-19 began to spread across the world. Japanese brewers were no longer able to visit the Rome Brewery, making it impossible for them to directly confirm various aspects of the project firsthand, such as equipment modifications, the food safety status in the production line, consistency with various manufacturing and technological standards, and the status of brewing trials and finished products.

The philosophy of *Sangen Shugi* ("Three Realities") states that to understand an issue, one must go to the actual place (*genba*), look at the source (*genbutsu*), and observe the facts (*genjitsu*) for oneself. This philosophy is a fundamental element of manufacturing and an important process in terms of determining taste and quality, as it involves such aspects as making adjustments and inspections during the manufacturing process—or brewing process in the case of beer. Due to travel restrictions caused by the pandemic, however, brewers from the Group headquarters were unable to put this philosophy into practice. They therefore had to consider how they could confirm important aspects of the brewing process without actually being able to visit the front lines.

As all parties involved in the project worried about the possibility that the project could be postponed, the project team made the bold decision to launch the production line remotely—without visiting the brewery itself—through the full utilization of digital technologies. Davide Scebba, plant packaging manager at Birra Peroni, looks back on the time when the decision was made to complete the project remotely: "We found ourselves in a situation that we had not experienced before due to the pandemic, and we repeatedly examined how best to move forward with the project under such circumstances. Although we were aware of the various hardships we faced, we had a strong desire to combine our strengths to ensure the success of this project given our commitment to producing outstanding results in terms of taste, quality, and sanitation."

Many at the Group headquarters expressed the opinion that bringing a flavor to perfection, which requires the five senses, is not

something that can be properly done on a remote basis. While these opinions were being voiced, the project team members established virtual methods for confirming the developments on the front lines without actually going there. These included holding video calls between the Japanese and Italian brewers using augmented reality (AR) glasses, a headset-type communications device. Through these calls, the Italian brewers were able to share the perspective from inside the brewery with their Japanese counterparts. Furthermore, the brewers from Italy and Japan clarified what could and couldn't be done remotely and, upon doing so, reassessed what needed to be done and identified as many as 100 specific requirements for the project, including the necessary production standards, the types of brewing facilities and equipment, and schedules. Guided by these requirements, the project team members continued to engage in close communication no different than the way that they would face-to-face, including sharing the progress being made with the project using appropriate media such as video, pictures, and data. Despite these efforts, there were still considerable hardships when it came to managing the project. Mr. Scebba explains some of the challenges he faced: "Under normal circumstances, all team members would be working together at the same time. Due to the pandemic, however, we could not all be in the same place at once. Taking these circumstances into account, we divided our team into much smaller groups that handled various aspects of the project, such as the filling process and secondary packaging. To manage over each group was a truly difficult task, but I made sure to give thorough attention, down to the last detail, to what each team was doing. Working on the project required a great deal of energy, but our team was overwhelmingly motivated to realize the production of



*Asahi Super Dry* and, with the support of our colleagues at other breweries, we were able to push forward with the project." Thanks to the accomplishments made with a truly wide range of initiatives, the Rome Brewery was able to successfully commence the manufacture of *Asahi Super Dry*, both in cans and bottles. Despite facing unprecedented circumstances, the project ultimately proceeded as planned without any postponements.

Even if not conducted on a remote basis, international projects such as this one will inevitably run into some difficulties, no matter how closely the parties involved communicate. First off, not only do the ingredients and water used to produce beer differ between Italy and Japan, the indicators for managing quality differ as well. Furthermore, in comparison with Japan, where checks are performed throughout various processes using indicators, the custom in Italy is to conduct a check of around only two processes. In this way, the level of detail differs between the two countries. Asahi Group Holdings brewer Jun Kubota comments on whether opinions clashed between the Japanese and Italian members and on what made the project a success: "The commitment to quality among the Italian members was the same as, if not greater than, the Japanese members. For example, quantifying the yeast fermentation process and making it explicit knowledge is no easy task, and our Italian counterparts asked us again and again about the quality we require in Japan." Mr. Sccebba elaborates: "We had an extremely strong collaborative relationship. I was impressed with how the Japanese members repeatedly carried out meticulous checks of each part of the brewing process, including the filling line, temperature probe, flow meter, pressure transmitter, and cleaning process. I am very proud of the fact that we were able to work together with these members on the project."

As *Asahi Super Dry* was originally brewed in Japan, aligning the brewing process with the Japanese way of doing things would seem like the natural move. However, with this project, there were many practices that the Japanese members learned from their Italian teammates. Mr. Kubota explains: "Directly after switching over to running the project remotely, we compiled a task sheet that was as detailed as a blueprint and shared the sheet with our Italian counterparts. They not only analyzed the results they

achieved with each process in their own unique way, they also made bold proposals for changing certain processes based on a thorough understanding of our approach. Previously, it would have likely been difficult to accept a change to the various processes involved with the production of *Asahi Super Dry*, but I accepted their proposed changes as I believed that doing so would help facilitate mutual communication and understanding. As a result, not only were there no issues with making the change, the change actually produced excellent results." This outcome illustrated the high level of technical ability possessed by the Italian team members, who quickly grasped the Japanese approach and made impressive innovations on their own. Furthermore, accepting each other's ideas helped further deepen the trust-based relationships between the Japanese and Italian team members. The sincere approach adopted by both parties played a key role in ensuring the project's success without any postponements.

In certain ways, this project provided an opportunity for the Group headquarters to reassess the Group's beer brewing process from an objective perspective. Mr. Kubota looks ahead to what is in store in the future: "Drawing on the knowledge we have gained from this project, we will further refine our manufacturing support and technological development on a global scale. Sensory analysis to evaluate taste is a major issue when it comes to expanding the rollout of our global brands. In terms of the project at the Rome Brewery, we had already laid the groundwork in Italy for producing a quality taste through our experience at the Padua Brewery since 2018. At the moment, we are holding repeated examinations on how we can properly carry out sensory analysis, which requires the five senses, as we promote similar projects in different regions in the future. We will strive to systemize our approach to these kinds of projects so that we can establish methods for perfecting taste even without having to travel to a certain location."

The Japanese way of brewing *Asahi Super Dry* cannot necessarily be replicated in all areas of the world. With that said, the Group will strive to create consistently delicious beer that inspires consumers no matter the region. With the success of the project at the Rome Brewery, it is clear that the chemistry between the Italian and Japanese artisans has only just begun.

“

**Our team was overwhelmingly motivated to realize the production of *Asahi Super Dry*.**

**Davide Sccebba**

Plant Packaging Manager  
Rome Brewery  
Birra Peroni



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**Drawing on the knowledge we have gained from this project, we will further refine our manufacturing support and technological development on a global scale.**

**Jun Kubota**

Senior Manager  
Strategy  
Asahi Group Holdings

## 2

Europe

## Rejecting Preconceived Notions as Creative and Dynamic Marketers

The story behind the successful sales expansion of non-alcohol beer in Europe

# Our Values Story

In February 2021, *Peroni Libera 0.0%*, a non-alcohol beer offered under the global *Peroni Nastro Azzurro* brand, became a sponsor of the Aston Martin Cognizant Formula One™ Team. This sponsorship was made possible through the leadership of Asahi Europe and International Ltd. (AEI), which handles the global marketing activities of the Asahi Group. This sponsorship helped us communicate the stylish and premium worldview of the *Peroni Nastro Azzurro* brand to an even greater number of people around the world and, as such, represented a new major step toward expanding our global brand sales.

The Asahi Group is currently promoting a non-alcohol beer growth strategy with a view to reducing inappropriate drinking and creating new drinking occasions, and Europe serves as the focal point of this strategy. In this region, non-alcohol beer is often sold in the premium price range, which means that the non-alcohol beer growth strategy coincides perfectly with the Group's premiumization strategy. The non-alcohol beer market in Europe has continued to grow at a double-digit rate each year, and non-alcohol beer is increasingly being consumed not only as a replacement for alcohol beer but as an adult soft drink. At the moment, rapid growth is being seen in not only classic non-alcohol beer but also fruit-flavored non-alcohol beer. Accordingly, the overall market for non-alcohol beer is expected to continue to grow strongly going forward. The Asahi Group boasts a high share in this market in Central and Eastern Europe, including an approximate 60% share in the Czech Republic, a 40% to 50% share in Romania, and a 30% to 40% share in Poland. One of our leading non-alcohol beer brands is *Birell* in the Czech Republic and Slovakia. Since the brand's launch in 1992, we have supported growth through various campaigns and introduced new flavors for the brand while leveraging it as a foundation of our overall beer business, thereby cultivating tremendous brand power. At AEI, we plan to expand the non-alcohol sales composition ratio from its current level of between 5% and 6% to 20% by 2030.

The aforementioned *Birell* now boasts overwhelming brand power in the Czech Republic; however, the road to achieving such brand power has not always been easy. After around 20 years of growth since its launch, *Birell's* growth began to temporarily wane, impacted by the emergence of various soft drink alternatives and reaching the peak market share in the category. However, in response to this situation, AEI formed the analysis that non-alcohol beer could offer a new kind of value that people of this day and age desire. AEI's chief marketing officer, Grant McKenzie, explains how AEI was able to realize a recovery in the *Birell* brand: "As marketers, we approached *Birell* as our biggest business opportunity. People wanted a beverage that is low in sugar and calories, refreshing, and offers an adult with an active lifestyle a positive brand experience. We realized we had to grow the category, making it more appealing. We therefore started to enhance the flavor lineup of *Birell*, in addition to the traditional beer taste. We then began to communicate *Birell* as a refreshing beverage brewed from natural ingredients without additives that can be enjoyed with lunch or while participating in hobbies, sports, or watching a sporting event. Upon shifting our messaging, we saw the non-alcohol beer market become invigorated once again. Our strategy of developing a product that transcended from something consumed as a beer alternative into something that people actively desired to drink, and communicating it accordingly, is what helped steer *Birell* back on a course for growth and provided a platform for our other brands in the region."

Non-alcohol beer was often selected by consumers as an alternative to beer in situations where they felt like they had no other choice, and AEI's marketing team challenged this kind of negative consumption behavior head on by changing strategies. Mr. McKenzie explains how it is possible to generate synergies between alcohol beverages and non-alcohol beverages: "We position non-alcohol beer as an option that caters to the tastes of consumers. The non-alcohol beer

market still has plenty of room for growth in light of the rising health consciousness among consumers and the diversification of people's individual tastes. If we can enable people to feel a brand experience through non-alcohol beer, we can ensure the beer category retains relevance for changing lifestyles. As a result, we will see a positive impact in the beer market overall."

In order to encourage trial and drive penetration of non-alcohol beer among consumers, AEI believes it is necessary to offer around four to five flavors. Refreshing fruit flavors work particularly well as people want to enjoy beverages during lunch or after playing sports, and not everyone wants the taste of beer in all occasions. AEI intends to accelerate investment in non-alcohol beer aimed at building more penetration for the category, including investment in technologies that are able to improve taste by removing only the alcoholic content of beer. Interestingly, not all of AEI was overly positive about non-alcohol beer from the beginning. Amid a lack of production technologies and distribution networks, AEI endured various challenges as it strove to create new markets for non-alcohol beer. Mr. McKenzie reflects on the challenges he faced when arriving at his role as the head of marketing: "Although we had brewing techniques and knowledge that we had cultivated for over 100 years, we really did not have a lot of experience in development and production of non-alcohol beer and the flavored varieties. Originally, not many people believed that non-alcohol beer could be developed into a scale business. However, I maintained the belief that non-alcohol beer could indeed become something that complements our beer-focused earnings base. Although there were numerous challenges, including building distribution and raising consumer awareness, the growth story I envisioned for non-alcohol beer was strengthened,

driven by numbers. In time, we saw momentum in multiple markets. When we came to understand how non-alcohol beer is attractive to both people's lifestyles and to our business, I eventually was able to garner a great deal of support from those working around me. From then, AEI steadily expanded its focus on non-alcohol beer, with innovation, communication, activation, and distribution priority leading to fast growth."

The Group's global non-alcohol beer strategy has now entered into a new phase. In 2022, to follow up on the aforementioned *Peroni Libera 0.0%*, we have launched the all-new *Peroni Nastro Azzurro 0.0%*, which will be rolled out simultaneously in over 20 countries around the world. Through this initiative, Mr. McKenzie expects to see positive results particularly in the United Kingdom, where *Peroni Nastro Azzurro* enjoys a status as a major brand, and in Australia, where there is a steadily growing non-alcohol beer market. "I believe the launch of *Peroni Nastro Azzurro 0.0%* in Australia will serve as a flagship moment for growing the non-alcohol beer market in the country." After successfully expanding the global non-alcohol beer market, Mr. McKenzie sets his sights on helping to realize the Group's premium strategies centered on global brands. "Sales of the Group's global brands are still relatively small in scale compared to other global-leading brands. However, the accelerating shift toward premiumization across the globe provides a significant opportunity for the Group, as we possess some truly relevant and unique brands. Going forward, I will continue to take on the challenge of expanding our global market share through a wide range of world-class marketing initiatives." Mr. McKenzie's strong passion for marketing will certainly help us further grow the non-alcohol beer business in Europe and will create various synergies with the Group's overall marketing strategy.



**I will continue to take on the challenge of expanding our global market share through a wide range of world-class marketing initiatives.**

**Grant McKenzie**

Chief Marketing Officer  
Asahi Europe and International





## 3

Oceania

## Bringing Back the Vibrancy We Once Knew— An Endeavor That Captured Australia's Attention

The *Victoria Bitter* campaign to  
promote vaccinations

# Our Values Story

On September 9, 2021, the Australian *Victoria Bitter* beer launched a campaign in Australia to encourage people to get vaccinated against COVID-19. *Victoria Bitter* is a major brand of Asahi Beverages Pty Ltd., which operates under the corporate umbrella of the company in charge of the Asahi Group's Oceania operations, Asahi Holdings (Australia) Pty Ltd (AHA). Brewed since 1854, *Victoria Bitter* has been among Australia's most iconic beers for many years. Its famous advertisements have played no small part in this, encouraging hard-working Australians to quench their "hard-earned thirst" with the "Big Cold Beer" for more than 50 years.

Due to lockdowns in Australia, many Asahi Beverages customers including pubs, clubs, and restaurants were under extreme financial pressure. The catalyst for Asahi Beverages to launch its vaccination campaign was a decision by the Victorian and NSW governments in August 2021 to lift strict lockdowns only once the vaccination rates in those states hit 80%.

The Oceania Corporate Affairs team identified this target as an opportunity for Asahi Beverages to support its hospitality customers, the broader community, and the objectives of Australian governments. With a noticeable absence of influential Australian businesses encouraging Australians to get vaccinated, Corporate Affairs recommended that Asahi Beverages take the lead. The AHA Board endorsed the campaign and agreed *Victoria Bitter* be used because its unique cultural relevance and iconic advertising would help ensure the campaign grabbed Australia's attention.

The campaign video evoked the spirit of past *Victoria Bitter* advertisements and the simple pleasure of an ice-cold beer with friends after a hard day's work. Using the classic images, music, and rhyming narration that *Victoria Bitter* advertisements are famous

for, the video implored Australians to get the job by saying: "A hard-earned thirst comes from being all over town. Not from being in lockdown."

"So if you'd like to get back to leading a band, or lending a hand, roll up your sleeves, and get the job. Matter of fact, I got mine now."

Asahi Beverages prepared the campaign in a matter of weeks. Before it launched, Asahi Beverages sought and received strong encouragement from the Prime Minister's and Federal Leader of the Opposition's offices along with the Victorian Premier's office.

Spearheading the campaign, AHA Group CEO Robert Iervasi explains: "The pandemic and the lockdowns that soon followed brought about an extremely difficult situation, unlike anything we have experienced before. Under these circumstances, as the market leader, we wanted to demonstrate our unwavering support for getting back to normal as soon as possible to not only our employees but also local communities and our customers. The purpose of this campaign was not to sell *Victoria Bitter* but rather support those communities that have always supported us. When rolling out a campaign that is deeply rooted in local communities, we must ensure the messages are consistent with the expectations of our stakeholders, including governments and partners such as the Australian Hotels Association and Clubs Australia. To that end, we explained the intent of the campaign in advance to different Australian governments to confirm there were no issues. Subsequently, we showed the final campaign video to the Prime Minister's Office, with enthusiastic support received!"

Mr. Iervasi goes on to explain how the campaign also received strong backing from the Australian Hotels Association and Clubs Australia: "I am confident that the campaign resonated very well with our customers as it was not about pursuing profits but rather the ambition to bring back the vibrancy we once knew. In

addition, based on the internal feedback I received, our employees were very positive about the campaign and felt encouraged by the fact that we were involved in something that wasn't just for our own benefit but also for the benefit of our partners, customers, and local communities."

In the days after the campaign launched, it featured in hundreds of news stories in newspapers and on television, radio, and online. News coverage of the campaign alone is estimated to have reached more than 10 million Australians, or around 40% of the population.

It was also featured on social media and in more than 200 paid advertisements across television and radio—including during major sporting events like the Australian Football League and National Rugby League 2021 grand finals—reaching more than eight million Australians.

This broad reach enhanced *Victoria Bitter's* brand recognition not only among brand loyalists but also younger consumers who are less familiar with the beer. The campaign received an overwhelmingly positive response, including winning praise from politicians, prominent opinion leaders, the media, and other key influencers.



Mr. Iervasi enthuses: "The reach of the campaign was an immensely positive development for us. It is not every day that a beer brand is congratulated by such a broad and influential cross-section of the community. I am extremely proud of the leadership we delivered for our community in such difficult times and how our teams mobilized so quickly to deliver such an effective result."

In addition, not only did the campaign build *Victoria Bitter's* already widespread brand recognition, it reinforced to Asahi Beverages that it is not necessary to create something entirely new to engage people. By drawing on *Victoria Bitter's* heritage to promote an important message authentically, the campaign made the whole country take notice. Mr. Iervasi: "Brands have a powerful voice. The campaign made me once again realize that our job is to leverage that voice. We find ourselves in an era with a seemingly infinite number of products available to consumers. It is wonderful that our iconic brands such as *Victoria Bitter* can cut through and forge meaningful connections with consumers through the messages they communicate."

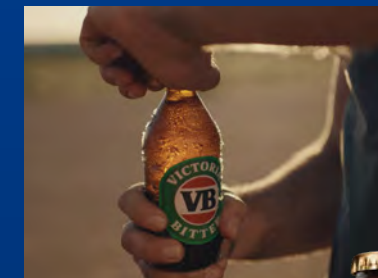
*Victoria Bitter* is brewed using 100% offset solar electricity. Electric vehicle deliveries of the beer—and other Asahi Beverages beers—have also commenced. Mr. Iervasi explains: "I believe passionately in the idea that we are all in this together. At the core of the campaign, and with all of the other sustainability initiatives we are implementing, is the recognition that, as Oceania's leading beverages company, we have a responsibility to drive positive change."



**At the core of the campaign is the recognition that, as Oceania's leading beverages company, we have a responsibility to drive positive change.**

**Robert Iervasi**

Group CEO  
Asahi Holdings (Australia) Pty Ltd



## 4

Japan

## Striving to Realize the Ultimate First Sip— The Efforts of a Young Engineer to Create Innovative Containers

Project to develop the innovative  
*Asahi Super Dry Nama Jokki Can*

# Our Values Story

*Asahi Super Dry Nama Jokki Can* is a new product for beer lovers that allows them to enjoy a rich foamy head, which forms naturally by opening the entire top of the can, in the same way they would enjoy a mug of beer at a bar or restaurant. While most products typically take two years to launch, *Asahi Super Dry Nama Jokki Can* took approximately four years to develop. For many years, consumers have expressed a strong desire to enjoy at home a freshly poured draft beer similar to that available at bars and restaurants. However, canned beer is originally a product that is made in such a way that it does not produce a foamy head. Accordingly, our development team faced many challenges in considering how to go against the common practice of beer development and create a can that makes a foamy head possible.

Based on an idea from the packaging research laboratory of Asahi Breweries, Ltd., the coating material used to protect the aluminum can of *Asahi Super Dry Nama Jokki Can* was modified. In addition, the product has an unprecedented and innovative lid and can that have no sharp edges, meaning consumers do not have to worry about cutting their mouth or hands. The coating manufacturers and can manufacturers that worked with the development team were reluctant at first to develop something out of the ordinary. But they eventually opened up and became excited about the idea as well, working together with the development team in a three-party effort. Seeing the foamy head rise up from the prototype can for the first time filled everyone involved in the development project with great joy. From that point on, however, the development team faced major challenges.

In order to realize mass production of *Asahi Super Dry Nama Jokki Can*, the development team had to consistently achieve the same level of quality as it did with the prototype at each and every brewery. However, in the first production line test at a brewery, no foamy head—the very key feature of the product—appeared at all. In this way, the development team struggled to replicate at breweries the same results they achieved in the laboratory. At this point in the project, Midori Morita joined the

development team. Reflecting on the progress made up to that point, Ms. Morita comments, “It was very difficult to establish a structure for mass production with just the development team alone. It took the cooperation of many people. Amid various restrictions such as differences in opinions and approach in terms of production, we had many things to consider, including how to coordinate between all parties involved in the project and how to identify common ground among these parties in terms of addressing the difficulties we faced. Also, the production approach of our external suppliers, specifically can manufacturers, differed from our approach as beverage manufacturers, including in terms of speed and accuracy in the development process. Comparing and adjusting our approaches was therefore an extremely difficult task.”

Furthermore, there was a point when development had to be suspended due to the spread of COVID-19. Despite facing such adversity, the development team showed great strength, turning a negative situation into a positive one. Ms. Morita explains, “I had only joined the Company two years ago. So, actually, it was probably a good thing that I didn’t really know the workstyle we promoted before the pandemic struck. I adopted a ‘learn as you go’ approach, which I repeated over and over again at a very fast pace. I owe the success of this approach to our ability to hold online meetings. Via the internet, I was able to promptly hold meetings with the members physically involved in the production line test. This helped me gain an understanding of the details in real time and also allowed me to immediately consider the next step we needed to take. In this way, I was able to personally visualize the development process in an extremely clear manner. Under previous workstyles, it likely would have taken two to three days to gather all relevant parties together, which means a great deal of time would have been needed to consider what steps we should take next.” Of course, there were also many concerns regarding the project. Ms. Morita comments on how she addressed these concerns, “It is somewhat difficult to

get someone's true opinion via an online meeting. I tried my best to get the frank opinions of all parties involved in the project, giving close consideration to the unique perspectives of people who have been with the Company for a very long time and those who work on the front lines of production."

After four years of the development team debating over the amount of foamy head there should be and making last-minute adjustments, *Asahi Super Dry Nama Jokki Can* finally was launched in 2021. Sales were so strong that production could not keep up with demand, and they were unfortunately soon halted. Ms. Morita explains the situation at the time, "Initially, the biggest worry of the development team was whether or not the product would sell. However, our greatest concern soon shifted to how we could increase production. To enhance production volume, we had to create new production lines from scratch at the factories of the can manufacturers we work with. Additionally, we had to make various detailed adjustments to ensure a high level of quality. I also had a hard time getting people to understand that even though we already had successful experiences, it didn't necessarily mean we could replicate that success each time."

The well-received *Asahi Super Dry Nama Jokki Can* was renewed and re-released on March 28, 2022. Various expectations and opinions were acknowledged from consumers who had actually experienced the product, and improvements were made to respond to their desire to enjoy more foamy head. Ms. Morita

comments, "Although we wanted to answer consumers' desire for more foamy head, we had already reached a level of foamy head that we could not increase as of April 2021. It was a truly difficult task searching for methods to further improve the product's foamy head."

The product development process has been painstakingly difficult. The approach of those on the development side of the project and those on the production side has changed dramatically. Previously, there was an atmosphere that made it difficult to bring prototypes that had a chance of failing onto the production floor. Now, however, there is a common understanding on both sides that a product cannot truly become successful without repeated testing, and the production side is now willing to cooperate without issue. In this way, a culture has been created in which the development team, suppliers, and those on the front lines of production work in unison. Ms. Morita explains her feelings, "I feel that we can become an even better company if we are able to apply this kind of agile development, similar to that of software development, to other products and to our quality enhancement efforts. Going forward, I will approach my work with the goal of turning the various ideas that emerge from different departments into successful products and businesses." We believe that the growth of young employees such as Ms. Morita, who possess both great vision and the strength to turn adversity into opportunity, will lead to the creation of even more innovative products and services.

“

It was very difficult to establish a structure for mass production with just the development team alone. It took the cooperation of many people.

#### Midori Morita

Assistant Chief  
Research & Development Laboratories  
for Packaging Technology  
Asahi Breweries, Ltd.



The challenge of realizing the global growth of the Asahi Group has only just begun. Best practices are now being actively shared between each RHQ, and the impact of generating synergies by sharing passion and knowledge across the Group will surely be tremendous. Going forward, we still strive to evolve the sources of our value in unique new ways. We ask that you look forward in anticipation as we do so.

# Medium- to Long-Term Strategies

The world has become increasingly more uncertain due to the COVID-19 pandemic. To pursue management in these highly unpredictable times, it is now more important than ever to formulate strategies from an even longer-term perspective. To that end, we have held repeated discussions on the business operations and portfolio of the Group going forward by backcasting from megatrends that focus on the future in 30 years' time. By doing so, we have established a vision for what society and the Group will be like 10 years from now.

In this section, we introduce specific growth strategies that focus on the kinds of unique value that the Group should pursue and how to create such value.

- |           |  |           |                              |
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## 2021 Road Map for Enhancing Corporate Value

The Asahi Group has been formulating and implementing a wide range of multifaceted initiatives that are essential for realizing sustainable growth, while maintaining a medium- to long-term management perspective. Underpinned by the Group's business foundation, which spans across the globe, each member of the Group's management will work harder than ever before to enhance the sustainability of the Group's business models and steadily realize profit growth while demonstrating strong leadership in the face of various megatrends.

	Core Operating Profit	Revenue (excluding Japan)	Sustainability	DX	Human Capital	Finance	Governance
2011	¥101.7 billion	¥95.0 billion	Formulated Asahi Group Environmental Vision 2020 (2010)	Standardized the operating system foundations of the Alcohol Beverages, Non-Alcohol Beverages, and Food businesses in Japan	<ul style="list-style-type: none"> <li>Revised the Group's basic human resources policy</li> <li>Began operation of regional-based personnel systems</li> </ul>	Undertook a full-scale global expansion of the Group (entry into Oceania [2009] and Southeast Asia [2011], centered on the Soft Drinks Business)	<ul style="list-style-type: none"> <li>Reinforced Group governance functions through the shift to a pure holding company structure</li> </ul>
<b>Formulating the Asahi Group Philosophy</b>							
2019	¥212.9 billion	¥700.0 billion	<ul style="list-style-type: none"> <li>Formulated Asahi Group Environmental Vision 2050</li> <li>Established new sustainability strategies that focus on the implementation of the AGP</li> </ul>	<ul style="list-style-type: none"> <li>Established the ADX (Asahi Digital Transformation) strategy with a view toward utilizing digital technologies to achieve greater efficiency and advancement in our operations</li> </ul>	<ul style="list-style-type: none"> <li>Established and strengthened promotional structure for <i>Glocal</i> talent management</li> <li>Formulated the globally shared mobility policy</li> <li>Commenced the assignment of overseas RHQ personnel to positions within AGH</li> </ul>	<ul style="list-style-type: none"> <li>Generated an annual average free cash flow of ¥170.0 billion or more over roughly a three-year period</li> <li>Executed finance plan for the acquisition of the Australia-based CUB business (raised ¥300.0 billion in equity credit attributes in 2020)</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened governance structure by separating the roles of business supervision and execution</li> <li>Introduced Group ERM and Risk Appetite on a full-scale basis</li> </ul>
2020	¥167.8 billion	¥800.0 billion	<ul style="list-style-type: none"> <li>Established Global Sustainability Committee</li> <li>Formulated principles and vision</li> <li>Updated material issues</li> </ul>	<ul style="list-style-type: none"> <li>Established the AVC (Asahi Value Creation) strategy focused on business transformation (reestablishment of the ADX strategy)</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened collaboration with the human resources departments of each RHQ to address global personnel issues</li> <li>Conducted a review of talent via the Global Human Resources Conference</li> <li>Formulated a globally shared potential talent model</li> </ul>	<ul style="list-style-type: none"> <li>Completed the acquisition of the Australia-based CUB business</li> <li>Prioritized the allocation of funds toward financial debt reduction through efforts to maximize cash generation (reducing working capital and selling off non-core assets, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Introduced the CXO system and established the Board of Directors Skill Matrix and CEO Skill Set</li> <li>Commenced the full-scale operation of Group ERM and Risk Appetite</li> </ul>
2021	¥217.9 billion	¥1 trillion	<ul style="list-style-type: none"> <li>Established new strategies for integrating sustainability into the Group's management</li> </ul>	<ul style="list-style-type: none"> <li>Established the Group-wide DX strategy (promotion of innovation in processes, organization, and business models)</li> <li>Commenced educational program to cultivate "Value Creation Personnel"</li> </ul>	<ul style="list-style-type: none"> <li>Established the "People Statement," a new basic human resources policy</li> <li>Established the "Diversity, Equity &amp; Inclusion Statement"</li> <li>Implemented a global engagement survey</li> <li>Conducted a global review of talent</li> </ul>	<ul style="list-style-type: none"> <li>Upwardly revised annual average cash flow to ¥200.0 billion or more over roughly the next three years</li> <li>Reduced financial debt to an extent greater than planned through efforts to maximize cash generation (selling off non-core assets, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Disclosed the summary of the evaluation of the effectiveness of the Nomination Committee and Compensation Committee</li> </ul>

## Medium- to Long-Term Management Policy: Overview of Long-Term Strategies



**Ideal Business Portfolio**

**Sustainable growth of existing businesses centered on beer category while expanding into new areas**

- Growth driven by global brands and premiumization in existing operating regions; expansion into new markets. ▶ **P.33**
- Growth in adjacent categories to capture demand from trends such as increasing health consciousness; creation and development of new businesses that draw on the Group’s capabilities. ▶ **P.33**

**Core Strategies**

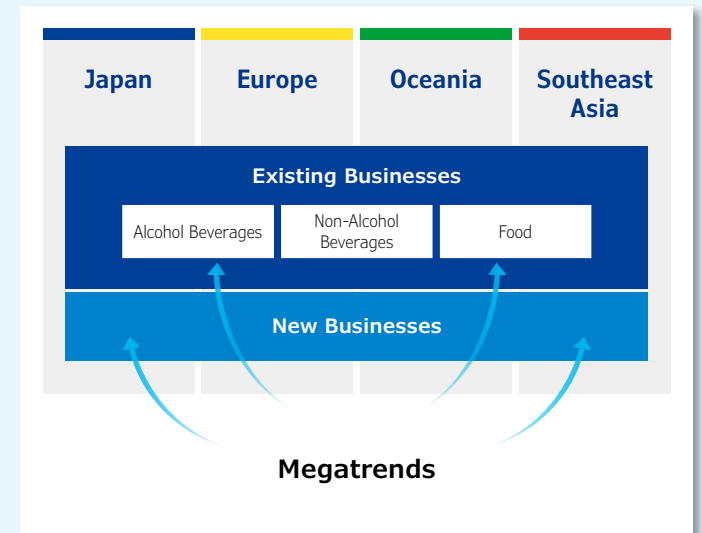
**Promote core strategies aimed at achieving sustainable growth**

- Integrate sustainability into management in order to positively impact both society and the Group’s businesses, contributing to solving societal issues. ▶ **P.36**
- Achieve innovation in three key areas (processes, organization, and business models) by pursuing BX (business transformation) through DX (digital transformation). ▶ **P.53**
- Increase the value of existing products and create new products and markets through bolstering R&D (research & development). ▶ **P.55**

**Strategic Foundation Strengthening**

**Consolidate the management foundations underpinning long-term strategies**

- Advance human resource for executing core strategies and building an ideal business portfolio. ▶ **P.57**
- Enhance Group governance in order to create an optimal organizational structure; Group-wide sharing of best practices. ▶ **P.81**



## Medium- to Long-Term Management Policy: Overview of Long-Term Strategies

### Key Medium-Term Strategies for Each Regional Headquarters

#### Japan

##### ▶ P.63

1. Expand the potential of the businesses through synergies and optimizing product portfolio to anticipate change.
2. Promote smart drinking and other initiatives to meet diversifying needs; create high-value-added services.
3. Solve social issues such as carbon neutrality through business; optimize the supply chain across Japan.

#### Europe

##### ▶ P.68

1. Advance the premium beer strategy with expansion of the five global brands and focus on selective leading local brands.
2. Accelerate premium growth beyond core lager, such as non-alcohol beer, RTDs, and crafted beer.
3. Promote initiatives to reduce environmental impact, which entail the active use of renewable energy and the adoption of recyclable containers and packages.

#### Oceania

##### ▶ P.72

1. Advance multi-beverage strategy through alcohol beverages and non-alcohol beverages with creating integration growth synergies.
2. Pursue health and well-being portfolio for our non-alcohol portfolio and innovations in growth areas such as non-alcohol beer, hard seltzers, and RTDs.
3. Propose new sustainability-focused value through introduction of new containers, packaging, etc. Advance supply chain management reforms.

#### Southeast Asia

##### ▶ P.76

1. Expand into growing markets of >600 million people in the region with the growth in Malaysia as the Cash Cow and using our own brand to expand into other markets.
2. Set up new segments such as the plant-based product segment to gradually diversify portfolio into more premiumization beverages and minimize dependency on Condensed Milk.
3. Deliver sustainability agenda including rolling out eco-friendly packaging. Build value in partnership with local communities through raw material procurement initiatives.

### Medium-Term Guidelines and Financial Policies

#### Guidelines for KPIs

	2021 Results	Guidelines for Next 3 Years
<b>Core Operating Profit</b>	¥217.9 billion	CAGR: High single digit*1
<b>Earnings Per Share (Adjusted*2)</b>	¥305.2	CAGR: High single digit
<b>Free Cash Flow*3</b>	¥319.1 billion	Annual average of ¥200 billion or higher

\*1 Constant Currency Basis in 2021

\*2 The earnings per share guideline is on an adjusted basis excluding special temporary factors, such as business portfolio restructuring and impairment losses.

\*3 Free Cash Flow = Cash flows from operating activities – Cash used in investing activities (excluding M&A and other business restructuring)

Note: Figures for 2021 in "Guidelines for KPIs" have been rounded to the nearest unit.

#### Financial Policies and Cash Allocation

	Guidelines from 2022
<b>Investment for Growth / Debt Reduction</b>	<ul style="list-style-type: none"> <li>• Prioritize allocation of free cash flow to the reduction of debt and work to enhance capacity for growth investments</li> <li>• Aim for Net Debt/EBITDA of around 3 times or less in 2024 (after deducting 50% of outstanding subordinated debt from net debt)</li> </ul>
<b>Shareholder Returns</b>	<ul style="list-style-type: none"> <li>• Stable dividend increases with the aim of achieving a payout ratio of 35% (aiming for future payout ratio of 40%)</li> </ul>



## Megatrend Analysis

### ■ Discussions Regarding Megatrends Centered on the Board of Directors

Since 2020, the Asahi Group has been holding discussions, centered on the Board of Directors, regarding megatrends for 30 years in the future based on the assumption that its vision for the future in 10 years is arriving much sooner due to the COVID-19 pandemic. In these discussions, the Group adopted a backcasting approach in which it considered the state of the future 30 years from now and worked in reverse to identify megatrends and business issues on which it should focus through 2030, both of which form the basis of its medium- to long-term strategies.

For the discussions on megatrends, we held dialogues and interviews with over 20 external experts active in various fields. In addition, opportunities to exchange opinions with young employees were provided around the world. By doing so, we worked to promote and enhance discussions on risks and opportunities while incorporating a broad range of perspectives from both inside and outside the Group.

As a result of these discussions, we selected an extensive range of 40 anticipated changes and occurrences spanning across all industries and categorized them under the four megatrends of “climate change and depletion of natural resources,” “changes in demographics and shifts in economic power,” “technological

advancement,” and “changes in the conceptions of well-being,” which relates closely to the other three megatrends.

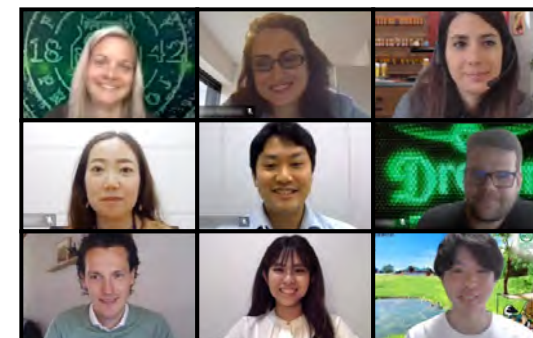
In terms of our outlook for 2050, we expect that changes in demographics, shifts in economic power, and technological advancement will give humankind new technological capabilities and free time, as the world deals with global issues such as climate change and the depletion of natural resources. This in turn is expected to change not only society and economies but also the very nature of well-being itself. As a result, the individual concept of well-being will likely become more diversified and personalized. Backcasting from this outlook, we identified five key megatrends in terms of risks and opportunities on which we should focus within the development of our long-term strategies through 2030. We then identified issues facing the Group specific to each megatrend while reorganizing the strengths that provide us with a source for sustainable growth. Through this process, we adopted “Contribute to a sustainable society and respond to changing conceptions of well-being through delivering great taste and fun” as the basic concept behind our long-term strategies under the Medium- to Long-Term Management Policy.

### Topics

#### Conversations with Young Employees

We held interview sessions with young employees in an effort to incorporate the diverse and multifaceted opinions of external experts and young employees within the Group’s management with a view to long-term value creation. These sessions targeted young Group employees from around the world. Over 40 young employees of diverse races, genders, and nationalities participated in these sessions. Divided into six groups, these participants, who will lead society in 30 years, engaged in lively discussions regarding how society will change by 2050 and how the Asahi Group should respond to such change. The discussions on these topics were held based on “Our Mission” of the Asahi Group Philosophy and incorporated the perspectives of not only sustainability but also well-being, the evolution of consumer experiences, and personnel.

The opinions and proposals discussed through these sessions were reported to the Board of Directors and served as the basis for the Board’s discussions on ultra-long-term strategies. Going forward, we will hold similar events every year with the aim of further enhancing our megatrend analysis amid the remarkable changes occurring in the external business environment.



2050 Megatrends	2030	
	Key Megatrends	Challenges for Asahi Group Businesses
<p style="text-align: center;"><b>Changing conceptions of human well-being</b></p> <ul style="list-style-type: none"> <li>• Climate change and depletion of natural resources</li> <li>• Changing demographics and shifts in economic power</li> <li>• Technological advancements</li> </ul>	<p><b>Health consciousness and headwinds from alcohol-related issues</b></p>	<ul style="list-style-type: none"> <li>• Expanding beyond the framework of existing businesses into areas of physical and mental health</li> <li>• New product propositions fusing our technology in Alcohol Beverages and Non-Alcohol Beverages, and conducting R&amp;D into, and cultivating, alternatives to alcohol products</li> </ul>
	<p><b>Growing diversification of definitions of well-being</b></p>	<ul style="list-style-type: none"> <li>• Responding to demand for further personalization and premiumization</li> <li>• Giving tangible shape to potential value in anticipation of changes in behavior</li> </ul>
	<p><b>Heightened awareness of sustainability-related issues</b></p>	<ul style="list-style-type: none"> <li>• Enhancing initiatives relating to the environment, communities, etc.</li> <li>• Generating various forms of new value to meet ethical consumption needs</li> </ul>
	<p><b>Geopolitical changes, such as shifts in economic growth regions</b></p>	<ul style="list-style-type: none"> <li>• Worldwide expansion of global brands</li> <li>• Further strengthening our financial position before investing in expansion into new regions</li> </ul>
	<p><b>Co-existence with evolving technologies</b></p>	<ul style="list-style-type: none"> <li>• Building new business models through the acceleration of digital transformation</li> <li>• Creating new value involving unique offline experiences</li> </ul>

## Business Portfolio Strategy

### ■ Ideal Medium- to Long-Term Business Portfolio

The business portfolio strategy within our long-term strategies assesses the risks and opportunities we face as we respond to the changing conceptions of people's well-being. Under this strategy, we continue efforts to realize growth in our existing businesses, centered on beer, while leveraging the foundation of those businesses to expand into peripheral and new business domains. Furthermore, this strategy aims to enhance our corporate value by realizing sustainable growth and pursuing co-creation with all of our stakeholders. This will be accomplished through efforts to strengthen our core strategies, including those that integrate sustainability into management, the promotion of digital transformation, and the enhancement of our R&D activities.

For our existing businesses, we will further accelerate the strategies we have thus far pursued, including the core growth

strategies of promoting premiumization and enhancing the presence of our global brands, while taking into account trends such as increased personalization and the rise of ethical consumption.

Meanwhile, for new domains, we will mutually leverage the technologies and know-how that we have cultivated in the Alcohol Beverages and Non-Alcohol Beverages businesses—which have provided us with a source of unique value—within beer adjacent categories (BACs), including low-alcohol beverages, non-alcohol beverages, and adult soft drinks. By doing so, we will seek to capitalize on the trends of rising health consciousness and diversifying tastes with the aim of expanding proposals for new added value in tandem with efforts to strengthen our R&D and other strategies. In addition, as part of our efforts to create synergies with the Food Business and other businesses, we will create new products and services that leverage our yeast and lactic acid

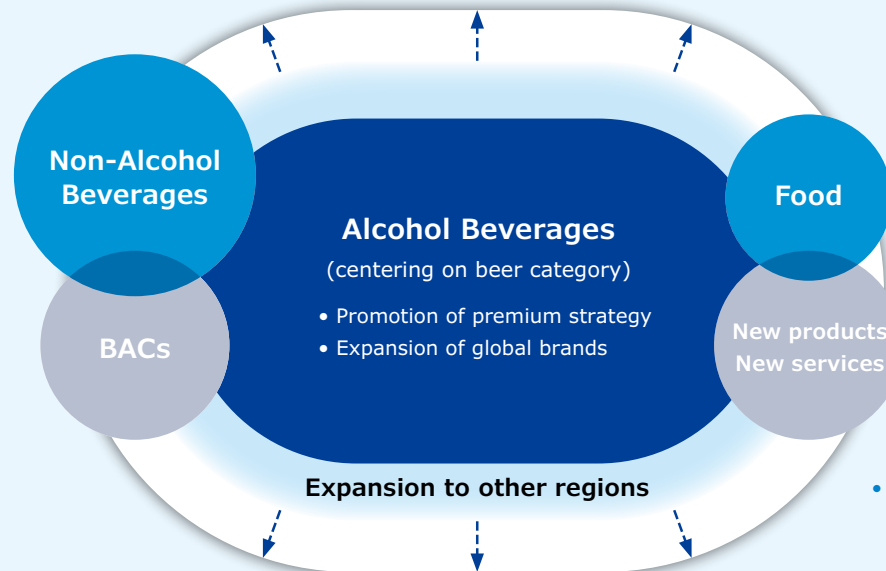
bacteria technologies. At the same time, we will draw on other unique Group technologies to establish business models focused on the resolution of social issues.

By utilizing our long-cultivated capabilities and business foundation, centered on beer, and pursuing growth opportunities in BACs and new product and service domains, we will build an optimal business portfolio that gives consideration to various megatrends.

Additionally, to prepare for the acceleration of negative scenarios that we currently anticipate in our megatrend analysis, we will conduct a market analysis based on multiple negative trends that we assess as factors for determining such an acceleration. Concurrently, we will strengthen our operating structure so that we can swiftly and flexibly transition to strategies that will serve as a plan B.

### Ideal Medium- to Long-Term Business Portfolio

- Utilizing and integrating technology and know-how in Alcohol Beverages Business and Non-Alcohol Beverages Business
- Proposing new added value in response to drink preference diversification and health consciousness



- Creating new products and services by harnessing yeast and lactic acid bacteria technologies, etc.
- Building technology-backed business models geared toward solving societal issues
- Expanding growth opportunities in new domains mainly through drawing on the capabilities of the Alcohol Beverages Business

# Long-Term Growth Strategies

## 01 Global Brand Strategy

### ■ Promoting Our Premium Strategies through Global Rollouts

The expanded rollout of our global brands provides us with a number of growth opportunities, including driving growth in mature markets and making inroads into new markets in emerging economies.

Through the acquisition of the beer business in Europe and the CUB business in Australia, we were able to acquire prominent premium brands, marketing know-how on cultivating premium brands, and the ability to access new areas with our businesses. In November 2020, we implemented an organizational restructuring to centralize our global brand marketing functions in Europe, thereby setting up a structure for expanding the rollout of these brands on a global basis.

At the moment, we have positioned *Asahi Super Dry*, *Peroni Nastro Azzurro*, *Kozel*, *Pilsner Urquell*, and *Grolsch* as our five global brands and are working to expand the presence of these brands in the global market. In addition, we have set guidelines that aim for a compound annual growth rate of around 10% for these brands through 2030.

Of these brands, we are placing the highest priority on *Asahi Super Dry* and *Peroni Nastro Azzurro*. For these two brands, we aim to achieve world-leading sales volume among premium beers around the globe. We have already aligned the tone and manner in which we promote these brands on a global basis and to establish a structure for communicating a consistent world view for these brands to consumers in all regions. Furthermore, we will work to increase the scale of *Kozel* primarily in growth markets. We will also expand the rollout of *Pilsner Urquell* and *Grolsch* by selecting markets in which we can leverage the unique nature of these brands.

Going forward, we will deliver the unique value offered by each of these brands to people around the world in an effort to expand the rollout of our global brand portfolio. By doing so, we will aim to achieve sustainable growth.

### ■ Establishing Optimized Production Structures

To successfully expand the rollout of our global brands, it is essential that we establish globally optimized production structures so that we can guarantee consistent quality and a stable

supply. We are therefore working to promote local production of global brands at our breweries in Japan, Europe, and Australia.

With regard to *Asahi Super Dry*, we commenced the local production of the brand in Europe at our Italy-based Padua Brewery in 2018 and Rome Brewery in 2020. These two breweries are now responsible for the supply of the *Asahi Super Dry* brand to all regions in Europe. Additionally, in Australia, we commenced local production of *Asahi Super Dry* at our Laverton Brewery in 2019, and intend to begin production of the brand at our Yatala Brewery in 2022.

For *Peroni Nastro Azzurro*, we started local production of the brand in Australia at the Laverton Brewery in 2018 and at the Yatala Brewery in 2021. We also plan to start manufacturing kegs of *Peroni Nastro Azzurro* in Japan during 2022 for use at bars and restaurants.

Moving ahead, we will continue to establish globally optimized production structures through the expansion of in-house production and other initiatives.

### Growth Guidelines through 2030

Five-brand total	CAGR: Approx. 10%
<i>Asahi Super Dry</i>	CAGR: Mid-10% or more
<i>Peroni Nastro Azzurro</i>	CAGR: Low 10% or more

**Global Super Premium Heroes**  
Priority super premium brands



**Scale Global Premium**  
Premium brands to be expanded globally to drive scale



**Tactical International Brands**  
Premium brands for which we will promote their unique nature in each market



## 01 Global Brand Strategy

### ■ Asahi Super Dry

*Asahi Super Dry* possesses tremendous brand power in Japan. Overseas, the brand has been highly praised for its high-quality flavor and innovativeness, winning numerous awards at global trade fairs. For this brand, we are currently implementing global promotional campaigns centered on core areas such as the United Kingdom, Australia, and China and are also pursuing close collaboration with premium bars and restaurants. Through such efforts, we are promoting a consistent worldview for *Asahi Super Dry*, thereby enhancing its level of recognition and trial rates in the global market.

Furthermore, with a view to establishing a platform for accelerating the growth of *Asahi Super Dry*, we are entering into global partnerships with events that tend to be synonymous with the consumption of premium beer. For example, in 2021 we became the first Asian company to join Rugby World Cup 2023 as a Worldwide Partner, the highest level of sponsorship for the event. As a Worldwide Partner, we are actively providing support for the management of the event and participating in promotional efforts. In 2022, we concluded a partnership with City

Football Group Limited and intend to become the official beer sponsor of the soccer teams Manchester City F.C. in the United Kingdom, Melbourne City FC in Australia, Yokohama F. Marinos in Japan, and Sichuan Jiuniu in China. These sponsorships will enable us to connect with an even greater number of consumers around the globe, including TV viewers and followers of these teams on social media.

By entering into these kinds of partnerships, we will communicate the unique value of *Asahi Super Dry* to global customers and offer greater opportunities for them to actually experience the brand. In this way, we aim to establish *Asahi Super Dry* as an international premium beer brand.

### ■ Peroni Nastro Azzurro

*Peroni Nastro Azzurro* is a brand that originates from Rome, Italy. With its established brand image that embodies the elegance of Italian lifestyles, *Peroni Nastro Azzurro* has established a position as a leading brand in the super premium price range in the United Kingdom. At the moment, we are reinforcing efforts to expand the rollout of *Peroni Nastro Azzurro* on a global scale, focused on Europe.

In 2022, we have been newly offering the brand in Germany, Poland, and Hungary and implementing a global promotional campaign under the slogan "Live Every Moment." In addition, we have launched *Peroni Nastro Azzurro 0.0%* in over 20 countries around the world. We also plan on reinforcing marketing activities for this new product by drawing on our global partnership with Aston Martin Cognizant Formula One™ Team, which we initiated in 2021.

Promoting *Peroni Nastro Azzurro* as an "accessible but special" brand, we will broaden our target base for the brand as we aim to establish it as a leading global brand.



## 02 Sustainability Strategies

Our Promise to the Future

# Cheer the Future

In order to achieve the integration of sustainability into management, the Asahi Group has established the concept of “Cheer the Future”—our promise to the future. At the same time, the Group has created “Sustainability Stories,” which explain why the Group is working toward sustainability as well as the ways and details of how it is doing so, thereby clearly indicating its future direction both internally and externally. Moreover, the Group has reviewed the initiatives of material issues. Based on “Cheer the Future” and its Sustainability Stories, the entire Group will work together to promote sustainability and improve engagement with internal and external stakeholders.

### Sustainability Stories—Four Stories That Incorporate “Cheer the Future”

#### Create lasting brand value

For over 100 years, we have worked with the blessings and the power of nature to deliver on our great taste promise to consumers around the world. We are proud that our products have helped encourage people-to-people connections, create communities, and bring more fun to life for everyone—a heritage we aim to continue well into the future.

#### Adapt to the future

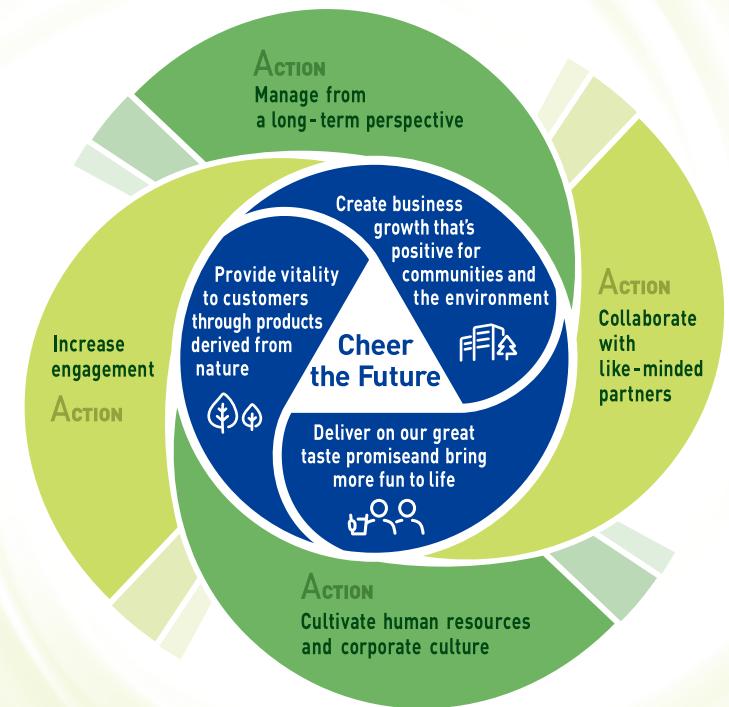
We accept our special responsibility to manage the potentially harmful effects our business may have on the environment and society at large. Going forward, we are committed to achieving sustainable growth while pursuing sustainability as essential synonymous with pursuing business itself.

#### Actively embrace change

Envisioning a better future, we aim to build a sustainable ecosystem and circular economy through decarbonization and the effective use of water resources, connect people to their wonderful communities, and create measures and drinking opportunities to reduce the harmful use of alcohol, sharing ideas and technologies with stakeholders toward the realization of these goals.

#### Our promise to the future

We will continue to deliver on our great taste promise and bring more fun to life for everyone by building value together with nature, community, and society at large and making the one and only future shine. With our concept of “Cheer the Future,” we aim to take action toward a better world for all.

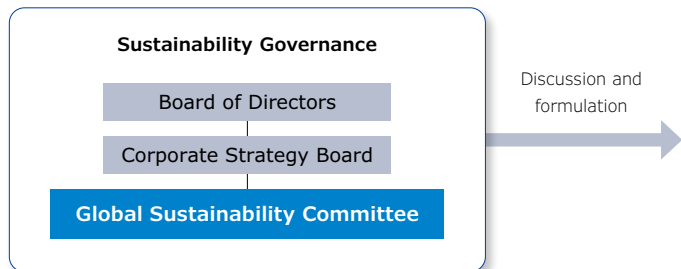


With “Cheer the Future” placed in the center, we have chosen the shape of a windmill to conceptualize our sustainability strategy. The blue circle around the center represents the cycle of how we contribute to a sustainable society through our businesses. The four blades on the outside indicate the specific actions that we need to take. This windmill is set into motion through the power of nature’s blessings and through our own actions.

02 Sustainability Strategies

## Material Issues and Key Initiatives

Along with establishing our “Sustainability Stories” and conceptualizing our sustainability strategy, we have also reviewed our material issues. While the material issues themselves will remain the same, we have established objectives to accelerate the integration of sustainability into management and reorganize our initiatives. We subsequently set key initiatives on which we will focus our management resources from among the initiatives. The CEO of Asahi Group Holdings acts as the chairman of the Global Sustainability Committee, discussing and formulating targets for key themes together with the CEOs of each Regional Headquarters (RHQ).



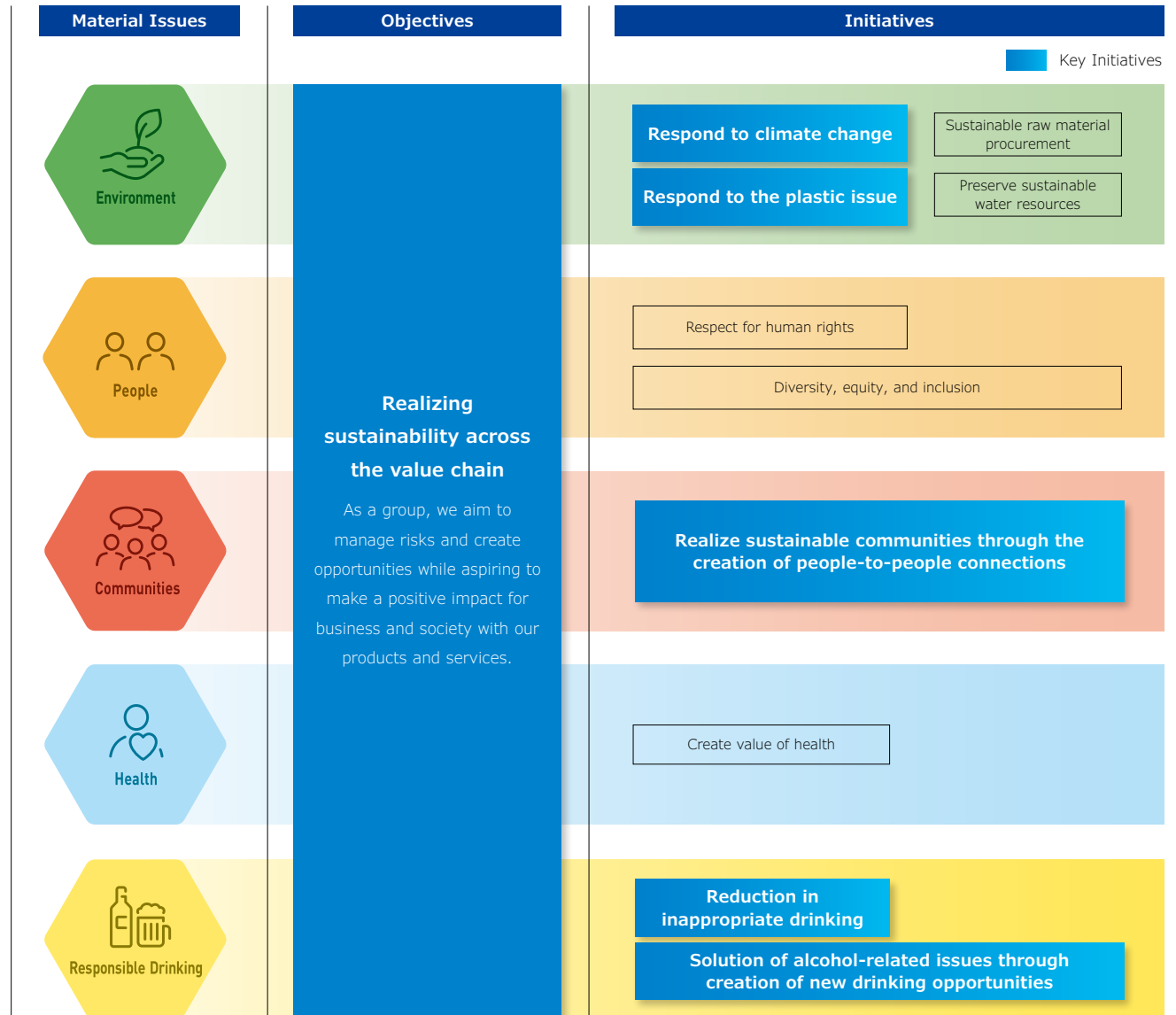
### Main Agenda Items of the Global Sustainability Committee

#### First meeting (December 2020)

- Upward revision of medium- to long-term target for reducing CO<sub>2</sub> emissions, Asahi Carbon Zero

#### Second meeting (December 2021)

- Switch to 100% eco-friendly materials for PET bottles
- Sharing of best practices related to community initiatives

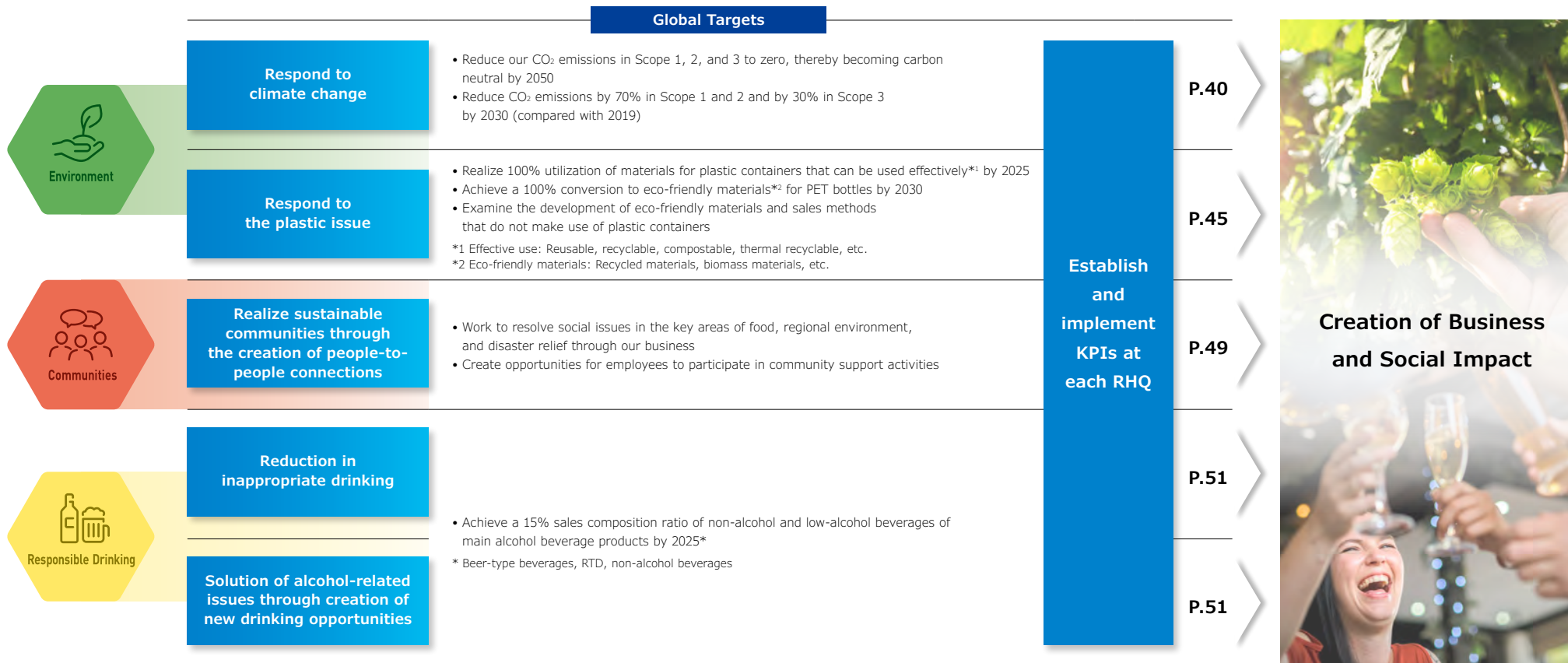


02 Sustainability Strategies

## Global Targets

P39 → Creation of Business and Social Impact

For activities addressing our key initiatives, we are incorporating Group-wide targets into the targets and plans of each RHQ through a task force for each initiative and closely monitoring their progress under the Asahi Group's sustainability governance system. Additionally, we have qualitatively organized the degree of business and social impact created through these initiatives. When organizing such impact, we have incorporated both the positive aspects of business growth and creation of environmental and social value and the neutralizing aspects of business risks and the reduction of social and environmental burden. Going forward, we will assess these impacts quantitatively and manage them as indices.



The results of the KPIs for global targets and KPIs for 2021 are disclosed in the *Asahi Group Sustainability Data Book*.

02 Sustainability Strategies



Respond to climate change

Business Impact

Climate change is expected to impact the stable procurement of agricultural raw materials, such as barley and hops, and risks are expected due to factors including environmental restrictions. We estimate that implementing Asahi Carbon Zero when the carbon tax is introduced will result in cost reductions of 4.08 billion yen in 2030 and 12.23 billion yen in 2050 (→ P.43). Additionally, while there is a possibility that our products will not be chosen by consumers and partners if our response to climate change is insufficient, we can expand sales by developing products that reduce CO<sub>2</sub> emissions as eco-friendly products.

Social Impact

By achieving Asahi Carbon Zero and reducing CO<sub>2</sub> emissions across the entire value chain, we will contribute to the mitigation of climate change. Furthermore, we can encourage a change in customer and consumer awareness of and actions toward climate change by reducing the CO<sub>2</sub> emissions of familiar everyday products, including beverages and food.



Respond to the plastic issue

Business Impact

Restrictions on containers and packaging that are not eco-friendly and an increase in demand for eco-friendly materials are expected to have an impact on procurement and costs. In the event that a carbon tax is introduced, we estimate that the impact of fluctuating PET bottle prices and other representative container prices will be 32.25 billion yen in 2030 and 62.01 billion yen in 2050 (→ P.43). Additionally, while there is a risk of reduced sales due to consumer aversion to plastics, we can expand profits by actively using eco-friendly materials that meet the needs of customers who want to purchase eco-friendly products.

Social Impact

Using eco-friendly materials in our containers and packaging leads to a reduction in the amount of fossil-based raw materials and CO<sub>2</sub> emissions. Furthermore, we contribute to reducing waste and building a society where plastic resources are conserved and recycled by being a part of the recycling value chain, introducing recycled materials, enhancing their quality, and striving to stabilize their supply and demand.



Realize sustainable communities through the creation of people-to-people connections

Business Impact

We hope that creating connections and resolving social issues in the three key areas of food, regional environment, and disaster relief will engender a sense of appreciation and trust as a company and for creating products that represent local communities. We will resolve social issues through our business activities by forging direct connections between our employees and local communities and deepening our understanding of local social issues. However, if local communities, such as our regions of operation and regions of raw material production, become vulnerable, this may impact stable operations and procurement.

Social Impact

By engaging in support of regional agriculture and conserving the regional environment, we contribute to avoiding the degradation of local economies. Bringing people together for conversation, food and drink, and to feel connected, leads to their well-being and the social and economic revitalization of local communities. The Asahi Group's businesses hope to contribute to the realization of sustainable communities through the creation of people-to-people connections.



Reduction in inappropriate drinking

Solution of alcohol-related issues through creation of new drinking opportunities

Business Impact

Restrictions on alcohol may be strengthened due to an increase in inappropriate drinking. Also, we expect a distancing from alcohol due to changes in consumer awareness and diversifying value systems toward alcohol. Meanwhile, we are expanding sales of non-alcohol and low-alcohol beverages and acquiring business opportunities by proposing a variety of ways to enjoy drinking, including for people who do not or cannot drink alcohol.

Social Impact

Reducing issues resulting from inappropriate drinking, including traffic accidents caused by drunk driving and illnesses caused by binge drinking, will lead to a reduction in social losses. Furthermore, we promote appropriate ways to enjoy alcohol and contribute to the realization of a society that accepts diverse ways to enjoy drinking under various circumstances and in different settings.



02 Sustainability Strategies



## Respond to Climate Change

### ■ Upward Revision of Medium- to Long-Term Targets for Reducing CO<sub>2</sub> Emissions—Asahi Carbon Zero

In January 2022, the Asahi Group upwardly revised the 2030 Scope 1 and 2 target values under the medium- to long-term targets for reducing CO<sub>2</sub> emissions, Asahi Carbon Zero, from a 50% reduction (compared with 2019) to a 70% reduction (compared with 2019). This was the second upward revision of the targets after the one in December 2020, from a 30% reduction (compared with 2015) to a 50% reduction (compared with 2019).

The Asahi Group is participating in RE100, an initiative that aims to shift to using renewable energy for all of the electricity consumed for business activities. Additionally, building on the Scope 3 target aligned with a 2°C trajectory and approved by SBT, we validated that our Scope 3 target was in line with a Well Below 2°C pathway. As each Regional Headquarters promotes initiatives to achieve these goals, we have seen steady progress in the introduction of renewable energy in Europe and Oceania, and we have also made steady progress in reducing CO<sub>2</sub> emissions in Scope 1 and 2 in Japan, with the ratio of purchased electricity from renewable energy sources at all domestic production sites reaching approximately 54% as of the end of 2021. We will accelerate our efforts by setting more ambitious targets.

Going forward, we will further promote the active use of renewable energy throughout the Group, expand the use of in-house renewable energy including solar power generation, conserve energy by reviewing manufacturing processes, and establish new technologies leading to decarbonization such as a biomethane fuel cell power generation system.

#### Changing the Target Values for Asahi Carbon Zero

	Scope	At time of formulation in 2018	Revision in December 2020	Revision in January 2022
<b>2050 targets</b>	Scope 1, 2, and 3	Zero CO <sub>2</sub> emissions	No changes	No changes
<b>2030 targets</b>	Scope 1 and 2	30% reduction in CO <sub>2</sub> emissions (compared with 2015)	50% reduction in CO <sub>2</sub> emissions (compared with 2019)	70% reduction in CO <sub>2</sub> emissions (compared with 2019)
	Scope 3	30% reduction in CO <sub>2</sub> emissions (compared with 2015)	30% reduction in CO <sub>2</sub> emissions (compared with 2019)	No changes

### ■ Investment Plan for Achieving Targets

In order to achieve our targets, we will actively carry out investments with the aim of reducing CO<sub>2</sub> emissions, such as expanding the introduction of renewable energy. We expect to invest over 50 billion yen in decarbonization measures by 2030.

#### Group-wide Target Asahi Carbon Zero and Targets at the Regional Headquarters

Group-wide	Asahi Carbon Zero	
	The Asahi Group's Medium- to Long-Term Target for Reducing CO <sub>2</sub> Emissions	
	<b>Asahi Carbon Zero</b>	
	<b>2050</b>	Reduce our CO <sub>2</sub> emissions in Scope 1, 2, and 3 to zero, thereby becoming carbon neutral*1
	<b>2030</b>	Reduce CO <sub>2</sub> emissions in Scope 1 and 2 by 70% (compared with 2019)*2 Reduce CO <sub>2</sub> emissions in Scope 3 by 30% (compared with 2019)*1
<b>Japan</b>	<ul style="list-style-type: none"> <li>Use renewable energy for 100% of electricity purchased at all production bases by 2025</li> <li>Reduce CO<sub>2</sub> emissions every year by 1% or more over the previous year</li> </ul>	
<b>Europe</b>	<ul style="list-style-type: none"> <li>Carbon neutral in breweries by 2030 (Scope 1 and 2)</li> <li>Shift to 100% renewable electricity in breweries by 2025</li> </ul>	
<b>Oceania</b>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions in Scope 1 and 2 by 50% by 2025 (compared with 2019)</li> <li>Shift to 100% renewable energy for the electricity used in Australia and New Zealand by 2025</li> </ul>	
<b>Southeast Asia</b>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions in Scope 1 and 2 every year by 2% or more over the previous year</li> </ul>	

\*1 Applicable companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Europe and International Ltd., and Asahi Holdings (Australia) Pty Ltd

\*2 Applicable companies: Asahi Group Japan, Ltd., Asahi Europe and International Ltd., and Asahi Holdings (Australia) Pty Ltd

02 Sustainability Strategies



Please see TCFD Report for more detail. → TCFD Report

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

Global warming has caused abnormal weather conditions all over the world, greatly damaging lives and properties. Phenomena include unprecedented changes to the climate, drought caused by heat waves, and flooding caused by typhoons and torrential rain. Climate change is an important social issue for the Asahi Group, which operates businesses using the blessings of nature, and is a significant threat to business continuity.

In 2019, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are creating a governance system that manages environmental issues as a main risk for the Group. Additionally, after identifying the risks and opportunities of climate change, we clarify their impacts and reinforce initiatives.

### Impacts and Key Response Measures Clarified through Scenario Analysis

<b>Governance</b>	The Asahi Group has established the Global Sustainability Committee (hereinafter, the GS Committee) to draft and supervise sustainability strategies, including climate change. The strategies and targets discussed by this committee are deliberated on by the Corporate Strategy Board and reported to the Board of Directors. The upward revision of Scope 1 and 2 target values under the medium- to long-term target for reducing CO <sub>2</sub> emissions, Asahi Carbon Zero, was discussed by the GS Committee in 2020 and decided on by the Corporate Strategy Board in 2021. The risks, opportunities, and financial impacts of climate change identified through scenario analysis are also discussed by the Corporate Strategy Board and reported to the Board of Directors.
<b>Risk Management</b>	The Asahi Group has adopted climate change as a main risk for the Group within its enterprise risk management (ERM) system and set a PDCA cycle in motion under this management system with the Sustainability Director as the risk owner. At the same time, the Sustainability Section will further examine climate change-related risks in more detail, implement measures, and submit regular reports to the Board of Directors. Additionally, we have introduced initiatives for plastic, another main risk for the Group, which is widely linked to climate change.
<b>Strategies</b>	In 2021, we implemented more extensive and accurate scenario analysis aimed at expanding the scope of and enhancing our scenario analysis. We will take measures for the major risks and opportunities that have been clarified here (on the right) to ensure that we reduce risks and seize opportunities. In particular, we will invest over 50 billion yen by 2030 as a measure to reduce CO <sub>2</sub> emissions based on Asahi Carbon Zero in order to reduce impacts, such as on production costs due to the carbon tax.
<b>Indices and Targets</b>	Under Asahi Carbon Zero, we are aiming to achieve zero CO <sub>2</sub> emissions in 2050 and have acquired SBT 1.5°C certification for the Scope 1 and 2 target by 2030. Additionally, in January 2022, we upwardly revised our 2030 targets for Scope 1 and 2 to a 70% reduction (compared with 2019). To increase the probability of achieving these targets, the Sustainability Task Force manages the progress of the road map for reducing CO <sub>2</sub> emissions at each Regional Headquarters (hereinafter, RHQ) and shares issues, in addition to adopting key performance indicators (KPIs) at each RHQ. Furthermore, we have adopted measures and are reinforcing initiatives to realize the sustainable utilization of related agricultural raw materials, containers and packaging, water, and other materials.

Main impacts of risks and opportunities	Risk reduction response measures and opportunity initiatives
<b>Increased procurement costs due to reduced yields of agricultural products</b>	<ul style="list-style-type: none"> <li>Share information with suppliers</li> <li>Conduct business with operators that have acquired third-party certification</li> </ul>
<b>Water risks in raw material production areas (drought, etc.)</b>	<ul style="list-style-type: none"> <li>Directly procure raw materials from farmers</li> <li>Support farmers</li> </ul>
<b>Halt to operations at production bases and damage to equipment due to flooding</b>	<ul style="list-style-type: none"> <li>Countermeasures for heavy rain, equipment, etc.</li> <li>Assessment and elimination of water risks</li> </ul>
<b>Impact on production costs (Scope 1 and 2) due to carbon tax</b>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions based on Asahi Carbon Zero</li> </ul>
<b>Impact on Scope 3 due to carbon tax</b>	<ul style="list-style-type: none"> <li>Utilize in-house technology (beer by-products, etc.)</li> </ul>
<b>Increase in demand for emergency supplies</b>	<ul style="list-style-type: none"> <li>Provide goods suitable for emergency supplies and stockpile</li> </ul>
<b>Increase in demand for products that reduce health impacts</b>	<ul style="list-style-type: none"> <li>Provide heatstroke prevention products</li> </ul>
<b>Development of technology that contributes to decarbonization</b>	<ul style="list-style-type: none"> <li>Develop and expand sales channels for highly resilient agricultural materials</li> </ul>

In continuation from 2019 and 2020, we analyzed the risks and opportunities of climate change by establishing a 2°C Scenario and a 4°C Scenario referencing the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). We also examined the direction of response measures for the results of this analysis.

02 Sustainability Strategies

Impact of Reduced Yields of Agricultural Products

In 2019 and 2020, we carried out analysis of the main raw materials of the Alcohol Beverages and Non-Alcohol Beverages businesses. In 2021, we added palm oil, cacao, and soybean, which are raw materials in the food category, to the scope of analysis, as well as expanding the scope area of barley, which is an important raw material in the beer category, resulting in more detailed analysis. Additionally, we made a trial calculation of the amount of financial impact of sugar, which is a raw material in the non-alcohol beverages and alcohol beverages other than beer categories. Going forward, we will continue to periodically evaluate the financial impact.

1. Impact of Reduced Yields

Yields in 2050 are predicted to decrease for palm oil, increase for cacao, and increase in certain areas for soybean. We also predict that yields of barley will fall in Poland and the southern region of Italy, which are new areas included in the scope of analysis.

Main Raw Materials of Food Category: Yield Change Predictions

Item	Country of Production	2°C Scenario	4°C Scenario
Palm oil	Indonesia*	+1%	-1%
	Malaysia	-3%	-13%
Cacao	Ghana	+4%	+11%
	Côte d'Ivoire	+1%	+12%
Soybean	United States	-5%	-10%
	Canada	+16%	+28%
	China	0%	+5%
	Japan (Hokkaido)	+6%	+9%

\* Predictions are for suitable areas in Indonesia, rather than palm oil yield.

Main Raw Materials of Beer Category: Yield Change Predictions

Item	Country of Production	2°C Scenario	4°C Scenario
Barley	Canada (Spring)	+1%	+2%
	France (Spring)	-10%	-18%
	France (Winter)	-5%	-10%
	Eastern Region of Germany (Winter)	+8%	+19%
	Australia	-7%	-13%
	Czech Republic (Spring)	+18%	+7%
	Hungary (Spring)	+4%	+9%
	Northern Region of Italy (Winter)	+10%	+14%
	Southern Region of Italy (Winter)	-8%	-11%
	Poland	-9%	-15%

2. Future Price Forecast and Financial Impact

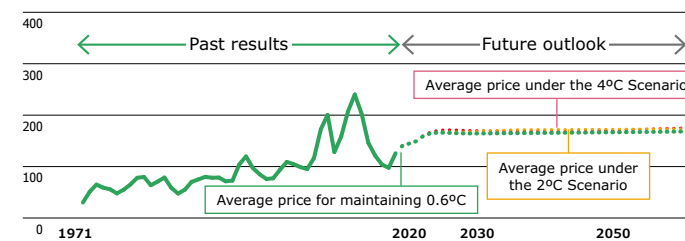
Despite rising prices due to a decrease in the production volume for barley in some areas, changes in price were comparatively low due to factors excluding changes to production volume. We predict that the financial impact will only be approximately 400 million yen.

We predict that the financial impact will also be small for palm oil and soybean.

Meanwhile, we expect prices to fall for cacao and sugar, which have seen increases in production volume following rises in temperature. We also expect procurement costs of sugar to fall to approximately 2.5 billion yen as of 2050.

Forecast for Price of Barley

(Dollars/ton)



Note: We expect average prices as of 2050 to rise by approximately 3.4% under the 2°C Scenario and approximately 2.3% under the 4°C Scenario.

Response Measures

Share information with raw material suppliers

We are strengthening the sharing of information regarding environmental and human rights risks with raw material suppliers, which have a significant impact on the procurement of agricultural raw materials.

Conduct business with agricultural product operators that have acquired third-party certification

In December 2016, the Asahi Group became a member of the Roundtable on Sustainable Palm Oil (RSPO) and is carrying out palm oil procurement that is considerate of issues such as the environment and human rights.

Directly procure barley from farmers

Asahi Beverages Pty Ltd. started directly procuring barley from Australian farmers.



Please see page 74 for details. Procuring Barley for Beer Directly from Local Farmers

"FOR HOPS," a project that supports hop farmers

In 2021, Plzeňský Prazdroj, an operating company in the Czech Republic, launched "FOR HOPS," a project that supports hop farmers.



Please see page 71 for details. Commencing the "FOR HOPS" Project to Support Hop Growers

02 Sustainability Strategies

## Impact of Carbon Tax Introduction

We assessed the impact of a carbon tax on business in terms of increased production costs for direct operations, Scope 1 and 2, and the impact of Scope 3 due to the fluctuation of the carbon tax to the purchase price of containers and packaging.

### 1) Scope 1 and 2

We calculated the 2030 and 2050 financial impact of the introduction of a carbon tax on the Alcohol Beverages Business, the Non-Alcohol Beverages Business, and the Food Business due to Scope 1 and 2 emissions.

While the financial impact of the carbon tax is increasing to more than what was calculated in fiscal 2020 due to an expected rise in the carbon tax, we have confirmed that the full financial impact will decrease (4.08 billion yen in 2030 and 12.23 billion yen in 2050) if we achieve the targets established under Asahi Carbon Zero.

#### Financial Impact of a Carbon Tax Introduction

	2030			2050	
	Scope 2 electric power CO <sub>2</sub> emission factor	Amount of carbon tax	Total financial impact	Amount of carbon tax	Financial impact
FY2021	-69.1%	\$130 * \$90 in Southeast Asia	¥8.02 billion	\$250 * \$200 in Southeast Asia	¥12.23 billion
FY2020	-51%	\$100	¥6.47 billion	\$144	¥6.43 billion

- Notes:
- The impact amount is calculated from the volume of CO<sub>2</sub> emissions during manufacturing.
  - The Scope 2 emission factor for electricity comes from the International Energy Agency (IEA)'s "Net Zero by 2050: A Roadmap for the Global Energy Sector." (NZE)
  - The amount of carbon tax (unit price per ton) is independently estimated and set according to the forecast figures by the IEA NZE.
  - Details of Asahi Carbon Zero target: 70% reduction (compared with 2019) by 2030 in fiscal 2021; 50% reduction (compared with 2019) by 2030 in fiscal 2020
  - Scope for trial calculations: In fiscal 2021, the scope covered the alcohol beverages category (Japan, Europe, and Oceania), the non-alcohol beverages category (Japan, Oceania and Southeast Asia), and the food category (Japan). In fiscal 2020, the scope covered the alcohol beverages category and the non-alcohol beverages category.

### 2) Scope 3

We calculated the financial impact of containers and packaging, which account for approximately 40% of the Scope 3 emissions of the Asahi Group.

We calculated the financial impact in 2030 and 2050 that are the target years under Asahi Carbon Zero, which targets six varieties of representative containers, including PET bottles and aluminum cans. This differs from the calculation from fiscal 2021, which only calculated the financial impact of PET bottles. Based on

the assumption that the forecast for the carbon tax will be higher than in fiscal 2020, the amount of the carbon tax for all containers is forecast to be 32.25 billion yen in 2030 and 62.01 billion yen in 2050.

#### Trial Calculation of Carbon Tax

	2030	2050
Trial calculation for fiscal 2021	¥32.25 billion	¥62.01 billion
Trial calculation for fiscal 2020	¥4.33 billion	¥6.23 billion

- Notes:
- The impact amount is calculated from the volume of CO<sub>2</sub> emissions during manufacturing.
  - The amount of carbon tax (unit price per ton) is independently estimated and set according to the forecast figures by the IEA NZE. In fiscal 2021, this was set as \$130 for 2030 and \$250 for 2050. In fiscal 2020, this was set as \$100 for 2030 and \$144 for 2050.
  - In fiscal 2021, the scope covered Japan (alcohol beverages and non-alcohol beverages), Europe, and Oceania. In fiscal 2020, the scope covered Japan, Europe, Oceania, and Southeast Asia.
  - The scope for trial calculations covered glass bottles, aluminum cans, steel cans, PET bottles, plastic bottles, and cartons/paper cartons in fiscal 2021, compared with fiscal 2020, where only PET bottles were covered.

#### Response Measures

As part of the Asahi Group's efforts to achieve Asahi Carbon Zero, we are implementing a variety of measures for reducing CO<sub>2</sub> emissions, including the introduction of renewable energy; the recovery and use of waste heat, such as steam, from manufacturing processes; the introduction of cogeneration facilities; and fuel conversion. Going forward, we plan to make investments of over 50 billion yen by 2030.

At our factories in Europe, we have launched initiatives for not only electricity but also for heat, and have commenced the use of green heating in manufacturing processes. We have implemented demonstration tests for generating electricity using fuel cells powered by biomethane gas derived from wastewater treatment facilities at the Ibaraki Brewery of Asahi Breweries, Ltd., with the aim of contributing to the reduction of CO<sub>2</sub> emissions across the whole of society. In Oceania, we are expanding the introduction of renewable energy through a power purchase agreement (PPA), brewing our mainstay beer brand *Victoria Bitter* with 100% solar electricity, and using electric trucks to deliver products.

Additionally, we engage in activities to ensure our containers and packaging are more sustainable, striving to conserve resources as well as reduce the weight and improve the recyclability of our containers and packaging from a 3R (reduce, reuse, recycle) perspective. These efforts extend to all kinds of containers and packaging materials, including PET bottles, cans, glass bottles, caps, labels, and cardboard. The Group also engages in innovations aimed at changing the consumer behavior of throwing containers away after one use, such as developing reusable containers.



**Please see page 45 for details.**  
Respond to the plastic issue

## 02 Sustainability Strategies

## Impact of Water Risks

In 2021, the Asahi Group implemented water risk analysis and estimated the impact on businesses. This analysis identified risks including operational impact on production bases and impact on procurement of raw materials.

### Operational Impact on Production Bases

We estimated the impact of typhoons, floods, and other natural disasters on all Group production bases under a scenario that assumes a 4°C rise at the end of the 21st century by utilizing the World Resources Institute tool Aqueduct Floods to conduct flood risk analysis due to the impact of climate change.

As a result, five production bases are at risk of damage to property, plant, and equipment and inventory assets due to flooding above floor level, with an estimated damage amount of approximately 1.73 billion yen. We have also identified 10 production bases where suspension of operations is highly likely and which face approximately 6.72 billion yen in loss of opportunities if business closures continue.

Risk	Survey item	Number of bases impacted	Impact amount
Suspension of operations and damage to bases due to typhoons, floods, and other natural disasters*1	Damage to property, plant, and equipment*2	5	¥1.73 billion
	Opportunity loss due to suspension of operations*3	10	¥6.72 billion

\*1 The scope covers the cost of property, plant, and equipment and inventory assets at 69 production bases in fiscal 2020.

\*2 We estimated the cost of property, plant, and equipment at each production base by establishing a damage percentage according to the depth of flooding and taking into account insurance coverage.

\*3 We made trial calculations for the cost of opportunity loss by formulating the average number of days for suspension of operations according to the depth of flooding and estimating the number of days for suspension of operations according to the impact on the production base.

### Water Risks in Raw Material Production Areas

By identifying regional raw material production risks through survey indicators\*4 and by conducting evaluations through a combination of water risk survey indicators and business characteristic indicators,\*5 we have identified major suppliers and production areas that would experience a substantial business impact in the event a risk occurs. The results showed that current and future water stress is high in China and the United States, where soybean is produced, and the risk to reputation is high in Indonesia, where palm oil is produced.

\*4 Survey indicators: water stress, future water stress, flood risks, drought risks, regulatory risks, and risk to reputation

\*5 Business characteristic indicators: procurement amount and water consumption amount

### Response Measures

In order to realize the utilization of sustainable water resources, we will take measures aimed at sustainable raw material procurement, such as further reducing water usage amounts at factories, implementing the reinforcement of water risk awareness and response measures, and implementing water risk surveys for suppliers. Furthermore, we are promoting an operating structure aimed at business continuity when a natural disaster occurs.

The Asahi Group is aware of the importance of acquiring business opportunities that contribute to solving climate change through ascertaining the risks and opportunities of climate change-related issues.

### Expansion of Sales Channels for Agricultural Materials Derived from Brewing Yeast Cell Walls

As a decrease in yield for agricultural products and in quality is expected in the yield analysis of our main agricultural raw materials, we predict an increase in demand for agricultural products derived from brewing yeast cell walls developed by the Asahi Group.

This agricultural material is expected to improve the quality and development of agricultural products, reduce the use of agrochemicals, and reduce CO<sub>2</sub> emissions that correspond to the volume harvested, and also can be used in various crops.

### Sales Expansion of Freeze-Dried Products

We are aware of the importance of preparations such as stockpiling emergency food in anticipation of prolonged stays in evacuation centers based on the expected increase in strength and frequency of natural disasters. The freeze-dried products being developed by Asahi Group Foods, Ltd. are also suitable for rolling inventory that can be eaten while building up stock.

02 Sustainability Strategies



## Respond to Plastic Issue

### Setting a Target for Utilizing Eco-Friendly Materials in PET Bottles

The Asahi Group established the Group-wide targets of “3R + Innovation” in response to the issue of plastic in 2020 and is promoting environmental considerations in containers and packaging. One of these targets was “begin examinations for achieving 100% conversion to eco-friendly materials for plastic containers by 2030.” As a result of concrete examinations and discussions at the Global Sustainability Committee, we have set “convert to 100% eco-friendly materials for PET bottles by 2030” as a new target in 2022.

**Group-wide Targets**

**3R+Innovation**

**Realize 100% utilization of materials for plastic containers that can be used effectively by 2025\*1**

**Convert to 100% eco-friendly materials for PET bottles by 2030\*2**

**Examine the development of eco-friendly materials and sales methods that do not make use of plastic containers**

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

\*1 Effective use: Reusable, recyclable, compostable, thermal recyclable, etc.  
Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Holdings (Australia) Pty Ltd, and Asahi Holdings Southeast Asia Sdn. Bhd.

\*2 Eco-friendly materials: Recycled materials, biomass materials, etc.  
Target companies: Asahi Soft Drinks Co., Ltd., Asahi Europe and International Ltd, Asahi Holdings (Australia) Pty Ltd, and Asahi Holdings Southeast Asia Sdn. Bhd.

### Major Plastic Targets for the Regional Headquarters

	Target figures
<b>Japan</b>	Aim to reduce volume of plastic containers and packaging, such as expanding use of unlabeled PET bottles* * 2022 sales target for unlabeled PET bottles: 109% year on year
<b>Europe</b>	Reduce volume of plastic containers and packaging used by 25% (compared with 2019) by 2030
<b>Oceania</b>	Create a partnership to encourage more plastic collection and recycling by 2025
<b>Southeast Asia</b>	Use 30% recycled materials in PET bottles by 2025

### Issues and Response Measures for Achieving Targets

There are challenges in terms of cost, technology, and supply present in achieving these targets, and building on the current plans of each Regional Headquarters alone does not create a path to success in this achievement. Going forward, we will aim to achieve these targets as a Group by promoting the following initiatives while examining response measures.

#### Cost

Issue	Response Measures
We have calculated the volume of PET bottles to be used in 2030 based on sales plans and understood that costs would increase in the future if these bottles contain 100% eco-friendly materials.	<ul style="list-style-type: none"> <li>Build a new PET bottle recycling facility through a cross-industry joint venture</li> <li>Finance for chemical recycling PET suppliers</li> <li>Continue initiatives for reducing the weight of PET bottles by utilizing new technologies</li> </ul>

#### Technology

Issue	Response Measures
Currently no recycling technology has been developed for PET bottles with special manufacturing characteristics, such as heat-resistant bottles for fruit juice and multilayer bottles for the sale of heated drinks.	<ul style="list-style-type: none"> <li>Develop new containers that utilize the Asahi Group’s technologies</li> <li>Implement initiatives, such as sales techniques that do not use plastic containers</li> <li>Convert to containers other than PET bottles</li> </ul>

#### Supply

Issue	Response Measures
Some Regional Headquarters face issues with the collection system for used PET bottles, etc., depending on local conditions. Since this is not just an issue for the Asahi Group, we need to find solutions through collaboration with various stakeholders.	<ul style="list-style-type: none"> <li>Create a system for collecting used PET bottles</li> <li>Collaborate with distributors and local governments</li> </ul>

02 Sustainability Strategies



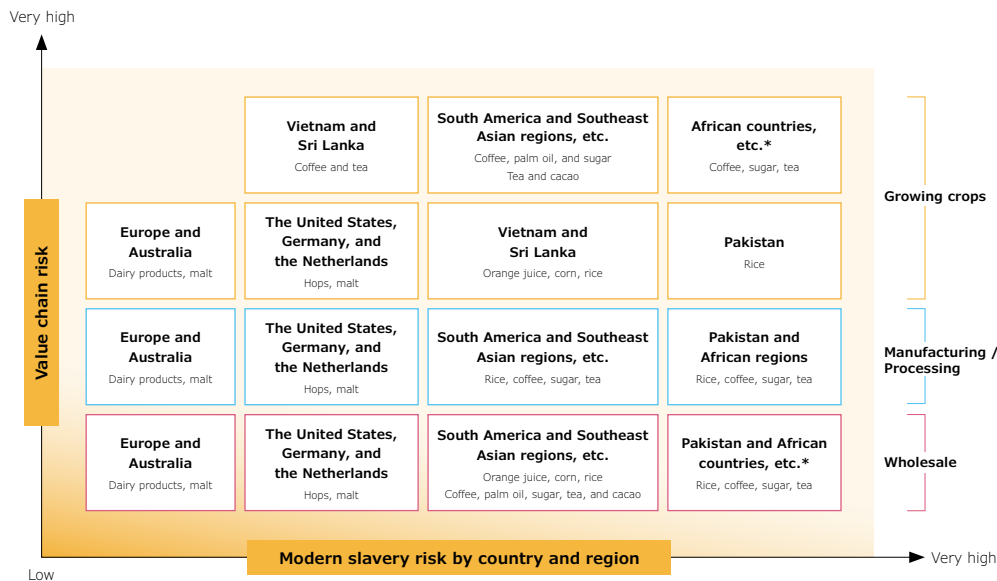
## Respect for Human Rights

### Initiatives for Identifying Human Rights Risks in the Supply Chain

#### 1. Initiatives up to 2020

In 2017, the Asahi Group carried out an analysis of modern slavery risks for key raw materials. As a result of this analysis, we have confirmed that the highest risk in the supply chain is at the “growing crops stage,” especially for coffee, sugar, tea, palm oil, and cacao. We have reviewed the purchase status of these items and determined that coffee farms in Ethiopia and Tanzania, which have the highest risk of modern slavery in terms of severity and level of impact, are subject to the human rights due diligence process. To specifically identify human rights risks, we agreed to work together with The Global Alliance for Sustainable Supply Chain (ASSC), a nongovernmental organization, and launched initiatives in 2021.

#### Main Raw Materials Procured: Analysis of Modern Slavery Risk

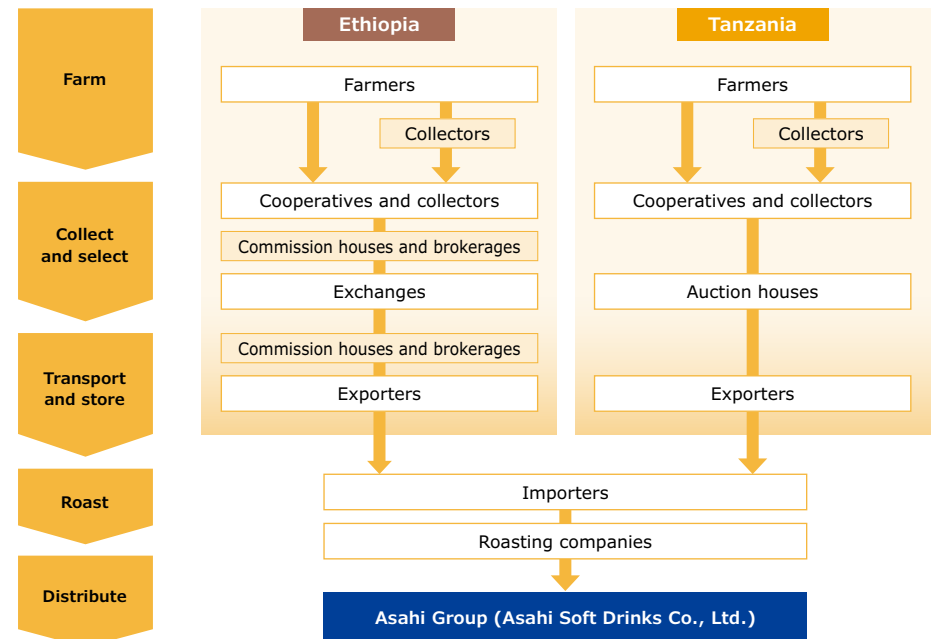


\* Ethiopia, Tanzania, Egypt, and Kenya

### 2. Confirmation of Procurement Channels for Coffee Beans in Ethiopia and Tanzania

Prior to identifying human rights risks, we confirmed with coffee bean importers about the general human rights risks in Ethiopia and Tanzania and the distribution channels for coffee beans. The Asahi Group mainly purchases Ethiopian and Tanzanian coffee beans from trading houses and auctions through trading companies; however, since most farmers are small-scale, beans from multiple producers are mixed in the distribution process, and it was found that upstream suppliers such as farmers and agricultural cooperatives could not be identified.

#### Major Coffee Bean Sourcing Channels in Ethiopia and Tanzania



02 Sustainability Strategies

### 3. Conducting Desk Research

Due to the difficulty of identifying upstream suppliers, we commissioned RightsDD Limited, a London-based human rights research organization, to conduct a human rights impact assessment by desk research on the coffee industry in Ethiopia and Tanzania.

#### Results of Human Rights Impact Assessment through Desk Research

Human rights impact	Impacted rights holder group					
	Women	Children	Local communities	Laborers	Small holders	Internally displaced persons and refugees
Conflict	E	E	E	E	E	E
Child labor		E T				
Low wages and unpaid work	E T	E T		E T	E T	E
Seasonal and informal work	E T			E T	E T	E
Gender income disparity	E T					
Types of work	E T	E T		T	T	
Environment	E T	E T	E T	E T	E T	E

E Ethiopia T Tanzania

### 4. Conducting Interviews with Relevant Stakeholders

In order to collect information reflecting a more realistic situation, we conducted interviews with related stakeholders. As a result, it was found that each stakeholder is aware of the human rights risks inherent in the coffee industry and is working on the following initiatives.

#### Stakeholders Interviewed

Stakeholder	Summary	Interviewee
Importers	Major customers of the Asahi Group importing coffee beans (Japan)	Relevant departments, etc.
Exporters	Companies transporting coffee beans to import trading companies (one company each from Ethiopia and Tanzania)	Managers, etc.
Rainforest Alliance	An NPO that provides certification for sustainable agricultural products and support for farmers in terms of conservation of the natural environment and human rights	Personnel responsible for human rights
Fairtrade Africa	An NPO that supports producers and certifies fair trade products	Personnel responsible for supporting coffee bean producers in Ethiopia
Human rights consultant	Ethiopia-based coffee industry human rights consultant	Ethiopia-based coffee industry human rights consultant
Solidaridad	An NGO supporting small-scale farmers	Personnel responsible for Tanzania
Cooperatives	Agricultural cooperatives in Tanzania	Cooperative members and farmers belonging to cooperatives

### Initiatives by Each Stakeholder

Stakeholder	Summary
Importers	<ul style="list-style-type: none"> <li>Ensure that all suppliers are familiar with the "Supply Chain Management Policy"</li> <li>Conduct a questionnaire survey of the top 10 coffee suppliers by volume</li> </ul>
Exporters	<ul style="list-style-type: none"> <li>Support for farmers, including cultivation guidance, financing support, and certification acquisition support</li> <li>Provide education for producers to prevent human rights violations against employees and child labor at small-scale farmers</li> <li>Implement activities to improve community livelihoods and educational standards, such as the development of lifelines and schools and the distribution of incentives for girls to attend schools</li> <li>Conduct risk surveys such as human rights and introduce grievance mechanisms</li> </ul>
Cooperatives	<ul style="list-style-type: none"> <li>Enforce strict employment rules, such as ensuring no one under the age of 18 is hired and concluding employment contracts with all employees</li> <li>Introduce a grievance mechanism for farmers who are members of agricultural cooperatives</li> <li>Support for improving the working environment for farmers, including the provision of personal protective equipment and training on the use of pesticides</li> </ul>

### 5. Potential Human Rights Risks Identified in a Series of Surveys

Based on a series of surveys, we have identified, with the cooperation of ASSC, potential human rights risks in the Asahi Group's supply chain. The survey revealed that each stakeholder is working on initiatives against potential risks to prevent the occurrence of human rights risks. The Asahi Group will also consider specific measures to reduce potential risks and prevent or mitigate negative impacts.

#### Overview of Potential Human Rights Risks Identified in the Surveys

- There is a possibility of child labor due to the large number of small-scale farmers, such as family businesses, and the fact that there are often no schools in rural areas where farmland is located.
- In general, agricultural workers have low incomes, making them vulnerable to poverty-related human rights.
- Gender disparity represented by low wages, etc., and various forms of harassment against women may occur.
- In Ethiopia, there is a high risk of human rights violations caused by conflict.
- The working conditions of day laborers at the time of coffee bean harvesting may not be appropriate.
- In general, there is a possibility of health hazard risks to workers due to pesticides and chemical fertilizers.



02 Sustainability Strategies



## Diversity, Equity, and Inclusion

### ■ Establishment of “shine AS YOU ARE” as Our Core Message

After the establishment of the “Diversity & Inclusion Statement” by the Asahi Group in March 2021, we have conducted employee interviews and workshops to discuss what can be achieved through diversity and inclusion (D&I). As a result, we defined what should be achieved through the Asahi Group’s D&I as “supporting all people to express themselves freely and flourish in their own way at work, at home, and in public.” To realize this achievement, we decided that it is essential to create an environment that treats everyone equally. Accordingly, we incorporated equity into the name of the Statement, changing the name to the “Diversity, Equity & Inclusion Statement.”

Equity means removing the barriers that stem from the different preconceptions of each individual and enabling anyone to seize opportunities equally. Many of the current social issues are due to social structures that cannot be resolved merely through equality initiatives that treat all as equals without discrimination. Equity is the concept that is the key to resolving them.

We established “shine AS YOU ARE” as a core message to share and instill this concept in employees. We will continue to invigorate in-house communication about DE&I with this message at the core.



**At Asahi we celebrate and respect difference and support everyone’s freedom to be their true selves at work, at home, in public.**

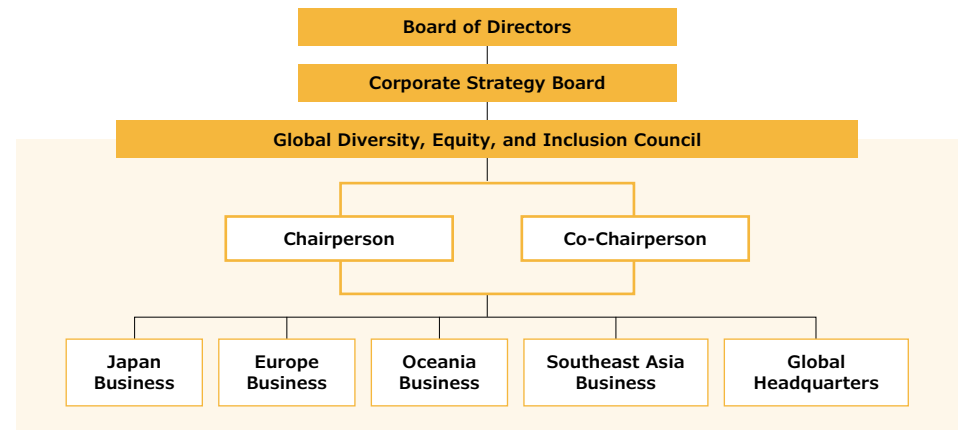
**Be courageous in your individuality, knowing that you have the same opportunity for happiness, fun and success, whoever you are in whatever your circumstances. You can belong without having to conform, so have the freedom to just be you and shine as you are.**

### ■ Establishment of Target for Percentage of Women in Management

In promoting DE&I, the first step is to tackle gender imbalance, and we have established a target of increasing the percentage of female representation of leadership positions from 22%, as of 2021, to 40% or more by 2030. Going forward, we will create a fairer process by reviewing the human resource system and other frameworks, while enhancing training and development.

### ■ Creation of a Global DE&I Promotion Structure

In January 2022, we established the Global Diversity, Equity, and Inclusion Council, an advisory body to the CEO that discusses Group DE&I strategies, as a new structure for promoting DE&I initiatives globally. Employees with diverse backgrounds are appointed based on the recommendation of the CEO at each Regional Headquarters. Furthermore, while traditionally Human Resources has led promotion of DE&I, we have created a structure that adopts a co-chairperson system that actively incorporates a functional perspective in order to promote DE&I as a broader and more important management issue. The Chairperson of the Council is the Chief Human Resources Officer (CHRO) of Asahi Group Holdings, Ltd., Keizo Tanimura. Sandra Gibbons, Chief Supply Chain Officer (CSCO) of Asahi Holdings (Australia) Pty Ltd, was appointed as Co-Chairperson.



02 Sustainability Strategies



## Realize Sustainable Communities through the Creation of People-to-People Connections

### Working toward Realizing a Sustainable Community by Creating People-to-People Connections

We positioned “realizing a sustainable community by creating people-to-people connections” as a key initiative in our material issues.

Under these circumstances, while regional connections and connections between people with a shared sense of values have weakened, the spread of COVID-19 has also further highlighted community-based issues.

The Asahi Group has enjoyed the support of local communities over its long history. Based on the belief that it is important to reevaluate and once again promote various kinds of connections, we established “RE:CONNECTION” as the slogan of our activities toward the material issue of “Communities” and formulated plans at the Regional Headquarters. Specifically, the two main plans are local agriculture support activities that aim to connect agriculture, which is the foundation that supports food and has a significant impact on the local environment, to the future and community support activities, which aim to strengthen community connections through employee participation in resolving local community issues.

Through the resources and technologies of the Group, we will continue to reevaluate and further promote connections between people, people and communities, and communities and other communities, contributing to the realization of sustainable communities.

#### Targets for Employee Participation in Community Support Activities

Group-wide	<b>RE:CONNECTION</b>
	Initiatives for resolving social issues in the areas of food, regional environment, and disaster relief through business Create opportunities for employees to participate in community support activities
Japan	<ul style="list-style-type: none"> <li>Create opportunities for employees to participate in community support activities by launching a common platform for operating companies in Japan</li> </ul>
Europe	<ul style="list-style-type: none"> <li>Implement support project for barley farmers, Campus Peroni (Italy), and hops farmers, “FOR HOPS” (Czech Republic)</li> </ul>
Oceania	<ul style="list-style-type: none"> <li>Launch the Environmental Think Tank, an organization that enables employees to participate in resolving regional environmental issues, and implement proposed projects</li> </ul>
Southeast Asia	<ul style="list-style-type: none"> <li>Conduct community programs at each business unit twice a year</li> </ul>

### Creation of a Group Promotion Structure

In 2021, the Asahi Group launched the Community Task Force and created a global promotion structure with the objective of reinforcing Group-wide community activities. By creating this promotion structure, Asahi Group Holdings, Ltd. and the Regional Headquarters (hereinafter RHQ) aim to enhance the level of activities Group-wide through the sharing of issues and best practices in each region. In 2021, we shared the results of agricultural materials that utilize brewing yeast cell walls, which are being developed mainly in Japan, and issues and best business practices in agricultural support in each region.

Additionally, one topic of discussion in 2021 by the Global Sustainability Committee, which holds discussions related to Group-wide sustainability strategies, was “Communities.” Specifically, discussions were held on the best practices of each region. We will continue endeavoring to resolve the community issues of each region and share policies and best practices with the global promotion structure at the core.



## 02 Sustainability Strategies



## Creation of Health Value

### ■ Initiatives to Reduce the Amount of Sugar Used in Our Products

In recent years, there have been significant changes to our lifestyles around the world. While our diets have become richer, health damage due to an unbalanced intake of nutrients has become a problem and the World Health Organization (WHO) has identified the excess intake of sugar as a cause of non-communicable diseases. Government agencies in some regions have begun launching measures such as the introduction of a sugar tax aimed at reducing sugar intake. Following these movements, the Asahi Group is actively engaging in product development and marketing activities aimed at curbing the sugar intake of consumers.

In Malaysia, which is considered to have one of the highest per capita sugar consumption in the world, the government has also been calling for a reduction in sugar intake and introduced a sugar tax in 2019. In Australia, the industry group Australian Beverages Council, in which Asahi Beverages Pty Ltd. participates, has also announced its commitment to reducing sugar usage in beverages. Against the backdrop of the movements of these governments and industry groups and increased health awareness among consumers, the Asahi Group has adopted the target of reducing sugar usage and is actively developing products that capture consumer needs. In Australia, we adopted the target of reducing the amount of sugar in non-alcohol beverages by 20% by 2025 compared with 2015, which we achieved in 2020. The Asahi Group will continue endeavoring to expand healthy choices by developing low-sugar and unsweetened products and working to expand sales.



### ■ Utilization of Proprietary Technologies and Materials

As the Asahi Group, which handles food and beverages, we see health as a vital theme. For more than 100 years, the Asahi Group has developed numerous proprietary technologies and materials related to beer yeast and lactic acid bacteria launched through research into fermentation and has been actively working to contribute to people's health in order to create health value. In particular, Kaiun Mishima, the creator of the lactic acid drink *CALPIS*, launched his company under the concept of wanting to popularize the sour milk he encountered when he fell ill during a personal trip to Mongolia. The drink has grown into a long-selling brand since 1919 as a result of engaging in various R&D and product development based on the belief that nature has the power to contribute to people's health. We will continue developing products from various angles that explore the potential of Asahi's proprietary materials, such as reducing body fat, reducing psychological stress, and increasing sleep quality. The Asahi Group developed *Ebios Tablets* in 1930, which utilize dried beer yeast and include 40 varieties of natural nutrient, and this supplement has also become a long-term best-seller. Going forward, we will contribute to the creation of health value through the Group's proprietary technologies and materials.

### ■ Proposals for Products in Response to Changes to the Business Environment

In addition to rises in temperature due to global warming, the summer heat has felt gradually more severe due to people wearing masks during the COVID-19 pandemic. Accordingly, heatstroke countermeasures and rehydration have become even more important than before. Against the backdrop of these changes, Asahi Soft Drinks Co., Ltd. launched *KARADA OMOI NO HOSUI SEIKATSU* (health-conscious rehydration lifestyle), a rehydrating soft drink in 2021 that appropriately manages health during the summer. This product, which contains L-92 lactic acid bacteria selected through the Asahi Group's research into lactic acid bacteria, has a rehydrating design that makes it easy to replenish fluids in the body and, together with being refreshing and easy to drink, it has gained the support of many customers.



02 Sustainability Strategies



## Reduction in Inappropriate Drinking; Solution of Alcohol-Related Issues through Creation of New Drinking Opportunities

### Promotion of Initiatives in Line with Drinking Policies

The Asahi Group is promoting various initiatives in line with the Asahi Group Responsible Drinking Principles. In 2021, we have implemented the following key activities.

#### Overview of the Asahi Group Responsible Drinking Principles

<b>Policy 1</b>	<b>Awareness and actions of employees</b>	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.
<b>Policy 2</b>	<b>Reduction and prevention of issues caused by inappropriate drinking habits</b>	We will work to reduce drunk driving, under-age drinking, drinking during pregnancy and breastfeeding, binge drinking, and other issues.
<b>Policy 3</b>	<b>Responsible marketing activities</b>	We will comply with relevant regulations, industry standards, and internal policies of Asahi Group companies.
<b>Policy 4</b>	<b>Appropriate information disclosure</b>	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.
<b>Policy 5</b>	<b>Collaboration with stakeholders</b>	We will work in conjunction with a variety of stakeholders to reduce inappropriate alcohol consumption.
<b>Policy 6</b>	<b>Development of innovative products</b>	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.

#### Policy 1 Awareness and Actions of Employees

The Asahi Group has adopted the slogan “Responsible Drinking Ambassador” to encourage awareness and actions of employees toward responsible drinking, and is promoting training programs for employees. From 2021, Asahi Breweries holds training online for its 4,295 employees, in addition to its regular e-learning program.

#### Policy 2 Reduction and Prevention of Issues Caused by Inappropriate Drinking Habits

In the Czech Republic, the Respect 18 initiative to encourage the prevention of under-age drinking has been implemented since 2013, with a focus on the Plzeňský and Prazdroj plants. Since it has been widely supported as an initiative to discourage sales of alcohol to under-age customers in collaboration with local NPOs and government administrations, we are expanding Respect 18 to the whole of the Czech Republic from 2021 and are further reinforcing the initiative.

#### Policy 4 Appropriate Information Disclosure

To encourage consumers to have appropriate drinking behavior, the Asahi Group believes in the importance of accurate information disclosure and is expanding the kinds of messages printed on product labels, including messages to discourage under-age drinking, drunk driving, and drinking during pregnancy, as well as messages addressing other issues. While conventional labels have displayed the alcohol content, since 2021 Asahi Breweries has disclosed the amount of net alcohol contained in all products online. In addition, Asahi Breweries is also disclosing the amount of net alcohol contained on the labels of major products and will gradually expand the number of products in the future.

#### Policy 5 Collaboration with Stakeholders

In Australia, we are collaborating with the NPO DrinkWise, which is promoting appropriate alcohol consumption, and the major beverage retailer Endeavour Group. We are carrying out test sales in some Endeavour stores that combine the creation of a special corner for non-alcohol and low-alcohol beverages\*1 with in-store messages that encourage customers to buy these products. We are establishing sales methods that promote smart choices and appropriate alcohol consumption by consumers together with stakeholders and are planning for further development in other regions.

\*1 Products with an alcohol content of 3.5% or lower

#### Policy 6 Development of Innovative Products

The market for non-alcohol and low-alcohol beverages continues to expand globally and the way consumers are drinking also continues to diversify. By popularizing these products, the Asahi Group aims to propose appropriate alcohol consumption and new situations in which to enjoy alcohol and provide new choices for people who choose not to drink alcohol. We have adopted targets for the sales composition ratio of non-alcohol and low-alcohol beverages. In Oceania, we have upwardly revised the sales composition ratio target from 25% to 30%, since the non-alcohol and low-alcohol beverage sales category has continued to grow and exceed plans. The Asahi Group is working to resolve issues caused by alcohol by continuing to reduce the amount of net alcohol intake.

#### Non-Alcohol and Low-Alcohol Sales Composition Ratio of Main Alcohol Beverage Products\*2

	Target	Target year	Category
Group-wide	15% or more	2025	Non-alcohol and low-alcohol
Japan	20%	2025	Non-alcohol and low-alcohol
Europe	20%	2030	Non-alcohol
Oceania	30%	2025	Non-alcohol and low-alcohol

\*2 Beer-type beverages, RTD, non-alcohol beverages

## 02 Sustainability Strategies

## International Alliance for Responsible Drinking (IARD)

### Initiatives in Cooperation with IARD

In recent years, the initiative that the Asahi Group has been putting its efforts into is activities in collaboration with IARD. IARD is an NPO comprising 13 major global alcohol beverage producers and their secretariats, which is actively fostering a responsible drinking culture around the world. IARD aims to promote appropriate alcohol consumption by collaborating with industry groups in regions around the world to widely distribute information. At the same time, it is carrying out initiatives aimed at resolving various issues involving alcohol as the cause across all participating companies.

The Asahi Group is also actively participating in this movement spearheaded by IARD, and CEO Atsushi Katsuki takes part in the IARD CEO meeting, which is held twice a year. The meeting involves lively discussions with the CEOs of participating companies regarding strategies and initiatives aimed at implementing responsible drinking. We are also contributing to the promotion of IARD activities as the Asahi Group by actively participating in the IARD Board of Directors, which comprises members dispatched from participating companies (held nine times in 2021), and numerous working groups that examine specific measures.

Furthermore, to realize IARD's commitment to society, we are adopting the display of age restrictions for alcohol consumption on the labels of all alcohol beverage brand products of the Asahi Group (including non-alcohol beverages by the same brand) by 2024 as a Group KPI and are promoting initiatives at each Group company.

### Details of IARD Initiatives

#### Stakeholder Dialogue

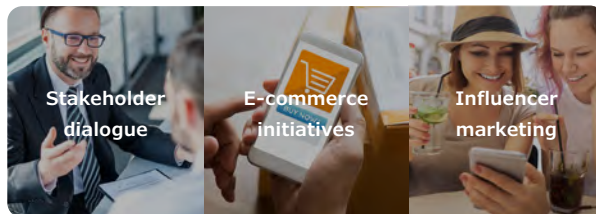
Since social issues with alcohol as the cause often tend to be intertwined with numerous other causes, IARD places importance on stakeholder dialogue based on the concept that discussions with experts is important when creating highly effective frameworks. In recent years, IARD has held dialogue sessions with Wilton Park, a government agency of the British Foreign, Commonwealth & Development Office, to develop global standards aimed at preventing inappropriate drinking and to endeavor to improve the fairness and completeness of such standards by incorporating the opinions of various experts.

#### E-Commerce Initiatives

In 2021, IARD declared its intention to formulate and promote e-commerce global standards together with e-commerce and delivery companies. By easing regulations on global e-commerce alcohol sales, there has been an increase in alcohol consumption by under-age customers, which has become an issue in some regions, and the industry needs to take immediate response measures. The declaration incorporates measures such as carrying out age verification at time of purchase and at time of delivery, taking back a package if the recipient of the delivery is absent or intoxicated, and implementing training for carriers. To enable the early introduction of these safeguards on a global scale, IARD strongly recommends the introduction of these global standards into regulations in each country and region.

#### Influencer Marketing

With the development of social media and other factors, ordinary people, known as influencers, have been having a significant impact on the preferences and actions of consumers. IARD has created global standards related to alcohol influencer marketing. These standards include clearly indicating that a post is advertising material, not recommending inappropriate drinking, and introducing age verification frameworks. IARD will sign contracts with influencer agencies together with advertising agencies that agree with these standards, and ensure that they monitor posts and request their revision or deletion in the case that they include inappropriate details.



## 03 DX Strategy

### ■ Digital Transformation (DX) = Business Transformation (BX)

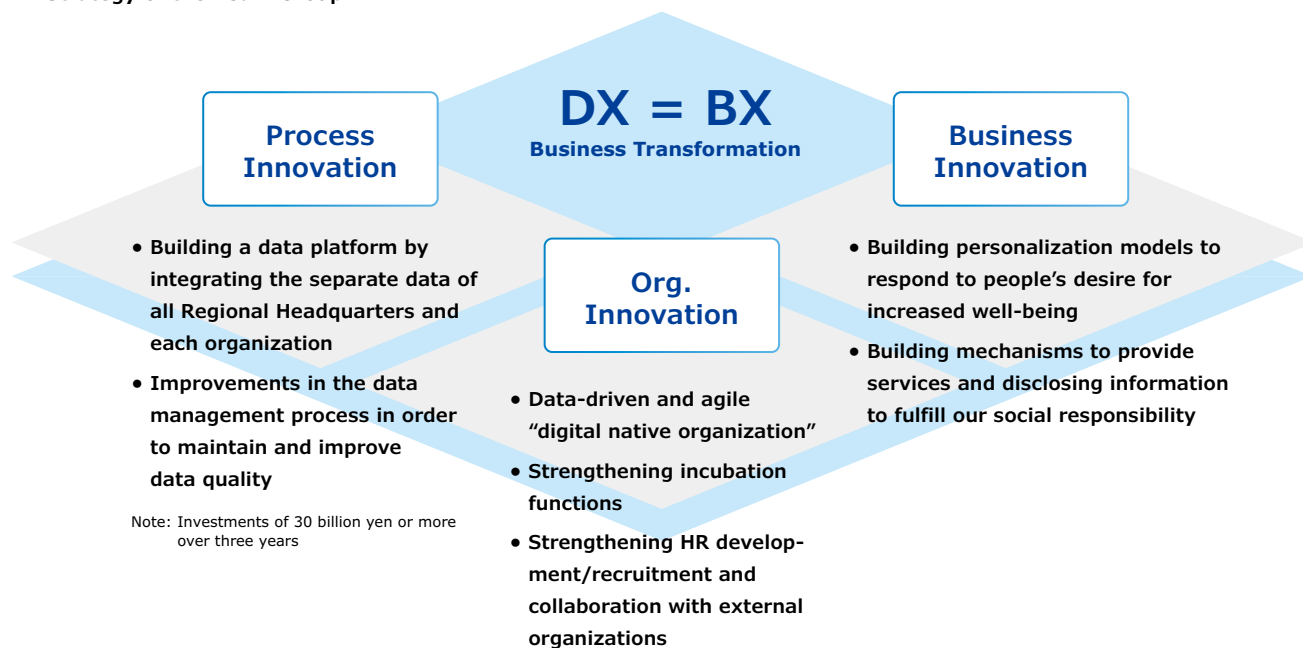
The Asahi Group believes that DX is more than just enhancing efficiency through the use of digital technologies. Rather, the Group sees DX as a means to leverage digital technologies and data to realize BX with the aim of creating new value. In the pursuit of DX, there are times when we need to abandon our long-cultivated ecosystems and existing business models. Doing so represents an act of management reform itself, and as such DX can only be realized through the leadership of management.

With regard to DX, the question we must consider is the direction in which we should promote transformation. To answer this question, we held five workshops, lasting a total of 30 hours, for our managerial personnel that focused on a design thinking approach. At these workshops, managerial personnel reflected on their own formative experiences while considering how they should evolve the Company as they pass it on to the next generation. They also considered the kind of value the Company should provide to the world without paying mind to competitor companies, and held numerous discussions based on the outlook

for 10 years in the future. Lastly, those in the management ranks put together an approach for realizing BX from three perspectives: processes, business models, and organization. This approach is to be implemented as a specific business plan over the next three years.

In 2021, we spent the year formulating the direction and approach we will take with our DX strategy. In 2022, we will review the individual DX initiatives being carried out by each Regional Headquarters (RHQ) so that we can share best practices between them. Upon doing so, we will formulate specific action plans for each RHQ.

#### DX Strategy of the Asahi Group



### ■ Adopting "Personalization," "Sustainability," and "Well-Being" as Key Themes of Our DX Strategy and "Data Management" as the Means for Realizing These Themes

The Group's existing businesses have grown through the provision of products under a business model that focused mainly on mass production for mass consumption. However, with the diversifying value systems of customers in recent years, simply selling mass-produced goods, as we have been doing, is no longer enough if we wish to continue to provide customers with the value of "great taste" and "fun" through eating and drinking. Rather, it is now essential that we gain a deep understanding of our customers through data and use that understanding to offer value that is tailored to the needs of each customer. To that end, we will deliver to our customers personalized experiences that cannot be realized simply through the provision of goods.

Furthermore, as indicated by the analysis of megatrends we have conducted under the Medium- to Long-Term Management Policy, people's individual definition of well-being is becoming more diversified and personalized amid the rising awareness of sustainability. Taking this trend into account, we need to respond to the changing concept of individual well-being within our

03 DX Strategy

approach for realizing personalization.

We are pressed with the urgent task of deepening our understanding of consumers. To that extent, it is imperative that we establish a shared Group data foundation for collecting, accumulating, and utilizing various behavioral data from consumer touch points such as bars and restaurants that offer our products. Going forward, we will aim to establish a unique business model centered on such themes as personalization, sustainability, and well-being.

**Training of Highly Skilled Personnel and Expert Organizations That Play Important Roles**

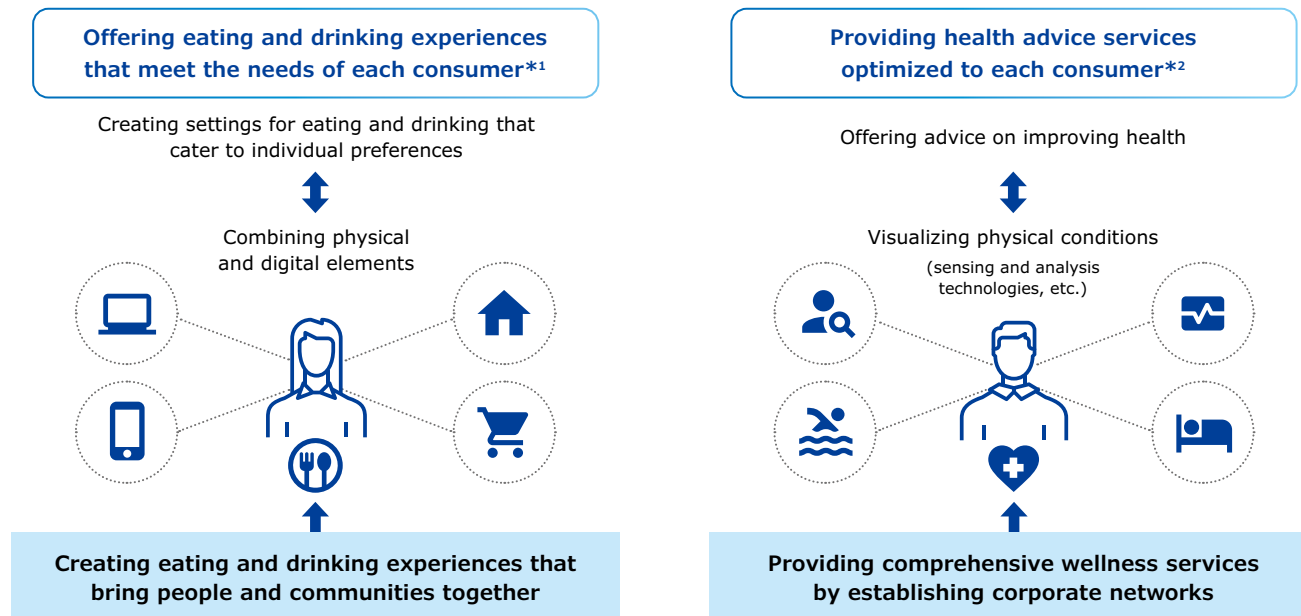
In addition to establishing a data foundation, it is important that we secure human resources that can create value focused on the issues of customers through the utilization of the data we collect and the latest digital technologies. To that end, we are currently promoting training programs that equip human resources with the necessary capabilities. We originally set the limit for these programs at 200 people, but given the fact we received over 500 applicants, we raised this limit so that all applicants could participate. Also, with the aim of cultivating personnel that can create added value centered on digital technology utilization, we have put in place a personnel system in which employees can gain

experience working at not only the Global Headquarters but also other companies, including our affiliates. Through this kind of framework, we aim to have our “digital human resources” incorporate a wide range of perspectives into their way of thinking.

Furthermore, we have established an advanced expert organization to create new businesses that can produce solid results. Through this organization, we are working to set up business incubation functions for creating new value.

In this way, we aim to establish next-generation business models that meet the needs of the times by turning the ideas we receive into business innovations while utilizing cutting-edge technologies and open innovation.

**Personalization Model for Offering Experience-Based Value and Well-Being**



\*1 Concept for a service based on eating and drinking experiences (rendering)  
 \*2 Concept for a service based on wellness (rendering)

## 04 R&D Strategy

In March 2019, we established Asahi Quality & Innovations, Ltd. (AQI) with the aim of reinforcing a structure for accelerating the formulation of research strategies, the promotion of R&D, and the creation of new businesses to a greater extent than ever before through swifter decision-making. AQI engages in medium- to long-term research themes that lead to the sustainable development of the Group, while the R&D divisions of each operating company carry out relevant R&D that directly links to their business operations, such as product development and quality assurance.

Taking into account the changes in the social and competitive environment we have seen over the medium to long term, we established core research domains and promoted R&D in these domains while monitoring the resources invested in individual research themes.

Under the Medium- to Long-Term Management Policy, we derived future scenarios using a backcasting approach that took

into account megatrends as well as the technologies, insight, and know-how that we have thus far cultivated through our research. Based on these scenarios, we have positioned “alcohol,” “health & wellness,” “sustainability,” and “new businesses” as four key R&D domains. In these key domains, we will pursue product and technological development with a view to creating new value and reducing risks.

In addition to expenses associated with R&D, we will prioritize investment in acquiring and cultivating human resources who can utilize our R&D functions in an effort to further enhance our R&D capabilities. By doing so, we will strengthen efforts to create value unique to Asahi. In addition, without relying completely on pursuing R&D on our own, we will bolster collaboration with external organizations, including investment in start-up companies with which we can likely generate technological synergies, thereby reinforcing our response to the rapidly changing business environment.

### ■ Alcohol

In the alcohol-related market, various new ways of enjoying alcohol are emerging across the globe due to the diversification of consumer needs, including a heightened health consciousness. Meanwhile, we need to prepare for an adverse impact in this market stemming from issues related to alcohol consumption.

In anticipation of such impact, we will leverage the technologies and insight we have gained in terms of alcohol beverages, primarily beer, and soft drinks to strengthen R&D activities focused on product and technological development. By doing so, we aim to create value from alcohol alternatives, promote research on new value creation, and establish a dominant position in beer adjacent categories (BACs).

Drawing on the unique alcohol removal technologies we adopted with *Asahi BEERY* and yeast and fermentation-related technologies, we are developing advanced technologies for non-alcohol beverages based on scientific evidence. Through these technologies, we will add value to our existing brands and strengthen new value propositions in the rapidly growing BACs and smart drinking market. In addition, to develop products that offer new value on a Group-wide basis, we will further enhance our structure for sharing technologies and information between each region and promote interregional collaboration.

Through such efforts, we will eliminate the barriers between consumers who drink alcohol and those who do not in an effort to deepen connections between people. By doing so, we will strengthen our ability to respond to the ever-changing concept of well-being. In addition to establishing our market position and enhancing our presence in new growth categories such as BACs, we will contribute to the sustainable growth of all alcohol-related businesses through our R&D activities going forward.

### Key R&D Domains



#### Alcohol

##### Creating new value to cater to changing consumer values

- Researching alternatives to alcohol and products that offer new value
- Developing products and technologies that establish a dominant position in BACs



#### Health & Wellness

##### Delivering good physical and mental health to consumers

- Providing evidence-based and “better for you” solutions
- Providing health-based value in new ways (through devices, services, etc.)



#### Sustainability

##### Mitigating environmental and climate change risks to help enhance sustainability

- Promoting world-leading technological development in environmental and energy fields and in the use of by-products
- Minimizing the impact of rising ingredient costs stemming from climate change



#### New Businesses

##### Developing extraordinary “seeds” that can grow into new businesses

- Creating new business “seeds” by combining existing and new technologies from inside and outside the Group
- Integrating new technologies and business models



## 04 R&amp;D Strategy

## ■ Health & Wellness

The consumer need for good physical and mental health has been rising against the backdrop of such factors as the rapidly aging population. Health-related needs have grown even greater due to the COVID-19 pandemic, and these needs will likely have a major impact on how consumers choose products in the future.

The Asahi Group will support people's health by providing a broad range of solutions, spanning from evidence-based to "better for you" solutions. In addition, we aim to realize health-based value in new ways through such means as devices and services.

In terms of our research on functional lactic acid bacteria, which we have pursued for many years, we have engaged in R&D activities on materials derived from lactic acid bacteria that provide various benefits aside from aiding healthy digestion. For example, *Lactobacillus amylovorus* CP1563 helps burn body fat, and by utilizing this strain in products such as *Karada CALPIS*, we have been rolling out products with high added value.

In 2021, it was scientifically proven that *Lactobacillus acidophilus* L-92 benefits the immune system. At the moment, we are moving forward with product development that leverages this benefit. Through such efforts, we will strengthen our research on health functions, primarily in terms of lactic acid bacteria that offers unique benefits, which in turn will lead to new value propositions. Additionally, we are developing sugar-reducing technologies for juice and other beverages and intend to roll out products that leverage these technologies in regions outside of Japan going forward.

For the domains of devices and services, we are developing new services that make use of sensing device technologies. Through these services, we will offer new value that encourages consumers to change their behavior in a way that improves both their physical and mental health.

## ■ Sustainability

The Asahi Group has determined material issues (materiality) and priority policies for its sustainability strategy and is pursuing initiatives on a Group-wide basis, starting with Asahi Group Environmental Vision 2050, aimed at achieving the targets that it has established for each material issue.

Within our R&D activities, we will aim to realize the practical application of world-leading technologies in environmental and energy fields and for the use of by-products. At the same time, we will strive to minimize the impact of rising ingredient costs stemming from climate change. In these ways, we will enhance the effectiveness of our sustainability strategy. Furthermore, we reviewed the organizational structure within AQI in January 2022 for the purpose of further accelerating our sustainability initiatives.

In environmental and energy fields, we are currently conducting verification tests within our value chain for fuel power generation systems (please see page 65) and CO<sub>2</sub> separation and capture devices that utilize biomethane gas obtained from the wastewater treatment process. These tests aim to realize the practical application of these systems and devices as quickly as possible. We are also the first company in the food industry to engage in a verification test for methanation, which aims to effectively utilize captured CO<sub>2</sub>. For the future, we have set our sights on realizing a carbon cycle at Group factories in which CO<sub>2</sub> is used as fuel and raw materials and are accelerating relevant initiatives accordingly.

For the use of by-products, we are promoting the effective use of resources and working to reduce waste emissions for the waste and by-products generated during the manufacturing process. At the same time, we will promote such efforts as by-product upcycling, including in collaboration with external institutions, as we aim to increase our resource utilization rate.

## ■ New Businesses

To realize the business portfolio we aim for over the medium to long term, we are not only integrating existing and new technologies both inside and outside the Group, we are also actively examining the incorporation of new technologies and business models as we work to develop extraordinary "seeds" that can grow into new businesses. Going forward, we will reinforce seed development initiatives, leveraging the strengths of our long-cultivated technological capabilities and business foundation.

Specifically, in addition to our existing yeast extract business, we will strive to expand business domains and create new businesses, including businesses involving food applications that leverage the characteristics of extracted yeast fragments, centered on our beer yeast technologies. We will also focus our efforts on the upcycling of beer and coffee by-products starting with *Frost Buster*, a crop frost damage reduction formulation that uses coffee grounds, which we have already successfully developed. While fulfilling our social responsibility by attaching value to by-products with a view to realizing a recycling-based society, we will strengthen the competitiveness of our existing businesses and examine the development of new businesses in areas that are adjacent to our existing businesses.

Moving forward, amid expectations of increasingly rapid changes in the Group's external environment, we will accelerate the sourcing of new technologies by actively pursuing collaborations with prominent partners that will lead to open innovation. This effort will be essential to acquiring the innovative external technologies needed to cultivate new businesses and to gain insight and enhance efforts in new domains that we have never explored before.

## 05 Enhancement of Human Capital

### ■ Strengthening the Foundation of Our Human Resource Strategy by Enhancing Engagement

Under the Medium- to Long-Term Management Policy, we have adopted the enhancement of human capital and the synchronization of three initiatives—fostering the ideal corporate culture, continuing the nurturing of managers, and securing important capabilities based on medium- to long-term strategies—to strengthen our strategic foundation. We will create our ideal portfolio and increase the effectiveness of our core strategies by aiming to enhance the source of our competitive advantage.

Implementing this human resource strategy has made it important to increase employee engagement, which is the foundation of the strategy. To enhance employee engagement, we will foster an ideal corporate culture that utilizes diversifying values, positioning diversity, equity, and inclusion (DE&I) at the core of our strategy.

### ■ Fostering the Ideal Corporate Culture

It is vital to have various experiences and ideas that differ from those previous to resolve the various ever more complex and diversifying issues surrounding the Asahi Group. Based on these circumstances and other factors, we announced our “People Statement” in March 2021. The statement was formulated mainly by the directors in charge of human resources at each Regional Headquarters, and we have positioned it as our ideal corporate culture with the aim of fostering a culture that enables each employee to fulfill their own potential and grow. Furthermore, by recognizing their differences and valuing different opinions and ideas, while learning from these differences to evolve into an even stronger, more innovative organization where diversity and multiculturalism coexist, we have formulated the “Diversity, Equity & Inclusion Statement” (please see page 48), which enables each employee to let their individuality shine through freely.

In May 2021, we also conducted our first engagement survey for all global employees (please see page 58). While achieving

overall good results, we were able to ascertain the extent to which we have realized our ideal corporate culture by understanding the opinions of our employees around the world, and to visualize issues faced in strengthening our strategic foundation.

Going forward, we will further strengthen the system that encourages the widespread instilling of the Asahi Group’s basic approach to human resources, starting with the establishment of the Global DE&I Council (please see page 48), the implementation of various measures, and other actions. Additionally, we will develop a specific action plan for increasing the level of satisfaction in the value of experience each employee gains while carrying out their individual operations and other activities. This will create a framework that will sustainably increase the engagement of the entire organization.

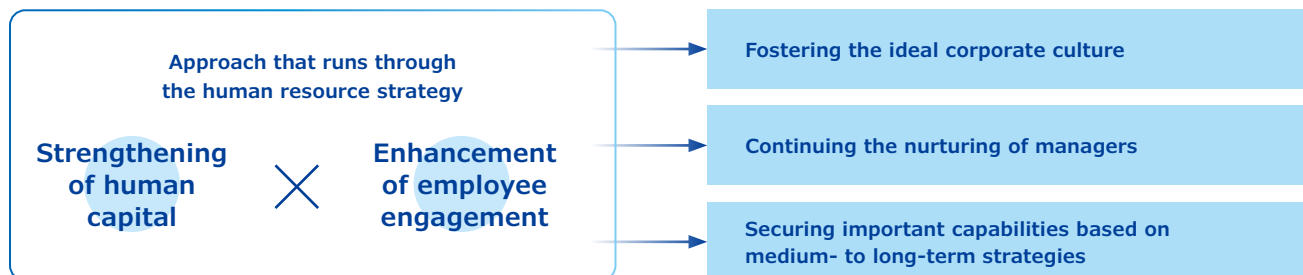
In addition to enhancing employee performance and increasing the overall value of working at the Asahi Group, these initiatives will also lead to the realization of acquiring the personnel needed for new capabilities, creating a virtuous cycle.

### ■ Stably Enhancing Management Skills by Continuing to Nurture Management Personnel

While the speed of changes to the surrounding business environment is expected to increase going forward, we must stably enhance management skills by strengthening a framework that can continue to nurture management personnel in order to increase medium- to long-term corporate value.

Based on future changes to the business environment and the formulation of the Medium- to Long-Term Management Policy, we will define management’s new image and review selection criteria, such as the Board of Directors Skill Matrix and skill set of the CEO, while verifying and identifying positions that have a significant impact on Group management. Furthermore, our

#### Framework for Our Human Resource Strategy



05 Enhancement of Human Capital

policy is to formulate a leadership pipeline that has even more layers than before by visualizing key talent across the entire Group through talent reviews, including at each Regional Headquarters, and selecting the optimal human resources from our global employees by finding the right job for the right person and promoting human resource development.

Also, in terms of human resource development, we will strengthen our system that is capable of acquiring stable personnel over the medium to long term by further expanding development programs on both a global and regional scale, including a global leadership development program, which has been in place since 2014.

**■ Securing Important Capabilities Based on Medium- to Long-Term Strategies**

In order to increase the sophistication and effectiveness of our three core strategies to realize our ideal business portfolio under the Medium- to Long-Term Management Policy, it is important to enhance the capabilities of human resources and organizational abilities that are the foundation of these strategies. In particular, personnel going forward must have expertise and experience, including relevant knowledge and skills, with a focus on our business portfolio and core strategies.

Based on these factors, we will identify important capabilities within each strategy and function that are the source of our competitive advantage, realize response measures that cross

departmental, company, and regional boundaries, and strengthen and expand the capabilities of each strategy that underpins our competitive advantage. We will also examine the acquisition of human resources, including the utilization of external resources and collaboration if internal resources are insufficient. Meanwhile, since the demand for highly skilled human resources is rapidly increasing in specified areas, internal human resource development and training can help reduce the cost of acquiring human resources and enhance the durability of each strategy. Our policy aims to strengthen the human resource pipeline based on growth strategies, such as the enhancement of human resource development programs, proactive assignments through job postings, and the increase and sharing of best practices.

**People Statement**

**Learning, growing, achieving TOGETHER**

-  **Safety and Well-being**  
is our biggest priority
-  **Everyone Matters**  
is our core belief
-  **Growth through Learning**  
individually and collectively
-  **Better Together**  
Collaboration fuels our growth

**Topics**

**Engagement Survey**

We conducted an engagement survey of the approximately 30,000 Group employees around the world with 50 questions in 17 categories, and received responses from 87% of our workforce. Compared to standard values for the global food and beverage industry and global high-performing companies, we received high ratings for the following categories: 1) support for company strategies and targets and instillation of vision; 2) good relationship between managers and coworkers; 3) fair office culture that accepts diversity; and 4) maintenance of employee health and safety. Meanwhile, we adopted three issues for improvement in the future: 1) speed of operations and business promotion; 2) provision of training opportunities to enhance skills; and 3) individual pride in the company and willingness to voluntarily contribute. Furthermore, we were able to ascertain issues, such as questions where there were differences in scores depending on the region. Our policy is to utilize the results of this survey to improve employee engagement.

**Global Engagement Service Score by Category**

No.	Category	Score	Difference from the standard value
1.	Sustainable engagement	79	-3
2.	Strategy and direction	85	4
3.	Leadership	73	0
4.	Customer and quality orientation	75	-5
5.	Innovation	67	-4
6.	Authority and discretion	76	-2
7.	Operational efficiency	45	-5
8.	Collaboration and communication	77	-2
9.	Direct manager	75	4
10.	Diversity & Inclusion	78	2
11.	Integrity and morality	78	-1
12.	Talent management	67	-3
13.	Performance management and compensation	61	-2
14.	Retention	66	1
15.	Health and well-being	75	6
16.	Questions regarding COVID-19	74	-
17.	Asahi Group Philosophy	72	-

Notes:

- Score: The percentage of people who gave a favorable response (Agree, Mostly agree) from a five-level answer
- Difference from the standard value: Benchmark data based on a survey conducted by Willis Towers Watson (WTW) (average aggregate value of 69 domestic and international companies)

## Message from the CFO



**Kaoru Sakita**

Director and Executive  
Officer, CFO

**Supporting the Driving Force of Management  
for Corporate Value Enhancement While Consistently  
Reflecting on the AGP and the Medium- to Long-Term  
Management Policy**

### Financial Issues Facing the Asahi Group

Since fiscal 2016, the Asahi Group has been investing a significant amount of funds in the acquisition of beer businesses in Europe and in Carlton & United Breweries Pty. Ltd. (CUB) in Australia in the pursuit of realizing discontinuous growth. As a result, the Group's outstanding financial obligations, which were maintained at a 400 billion yen level prior to 2015, stood at 1,823.6 billion yen as of December 31, 2020, with Net Debt/EBITDA (net debt after the deduction of 50% of outstanding subordinated bonds) rising to 6.03 times. Accordingly, we are now pressed with the crucial issue of improving our financial soundness by reducing financial debt if we are to ensure capacity for future growth investments. As adopted under the Medium- to Long-Term Management Policy, we are prioritizing the allocation of free cash flow to contribute to the reduction of financial debt while striving to generate an average annual free cash flow of 200.0 billion yen or more. By doing so, we intend to achieve Net Debt/EBITDA of around 3 times in 2024. Meanwhile, with restrictions on economic activities due to the COVID-19 pandemic, increasing logistics costs following transport container and labor shortages, and rising geopolitical risks such as the Russian invasion of Ukraine, the world is becoming alarmingly more volatile, uncertain, complex, and ambiguous (VUCA), and this has created a significant level of instability within the promotion of the

Group's future business plans. Accordingly, there are concerns regarding our plans to reduce financial debt and the impact of goodwill impairment, and we must monitor and manage various kinds of risks with an even greater level of caution. Under these circumstances, we were able to reduce financial debt in fiscal 2021 at an even greater level than anticipated due to not only an increase in Core Operating Profit but also to efforts to reduce working capital and sell off non-business assets. In fiscal 2022, we expect to generate 215.0 billion yen in free cash flow, and we will allocate this amount to financial debt reduction. By doing so, we anticipate Net Debt/EBITDA of around 3.6 times, which will increase the certainty of achieving our goal for Net Debt/EBITDA of around 3 times in 2024.

### Approach to Financial Risk Management

In the event our business performance is impacted due to the fact that the aforementioned business risks have been rising at a rate far greater than anticipated, there may be a need for us to reexamine cash flow generation policies and investment plans. Amid growing uncertainty regarding the future, we will carefully and constantly collect information from inside and outside the Group to ensure accurate decision-making while paying close attention to negative trends such as a decline in investment efficiency following changes in the external business environment. To that end, we will work closely with the Regional Headquarters (RHQ) in such ways as receiving monthly reports from them regarding business execution and communicating with management and other personnel at each RHQ in an appropriate manner. In this way, we will take proactive measures while ascertaining the conditions in our local and frontline operations.

Furthermore, within the process of formulating the Group's global treasury policy, each RHQ established hedge policies focused on commodity risks pertaining to ingredients that are indispensable to the Group's operations, such as aluminum, barley, and sugar. In accordance with these policies, each RHQ is

working to hedge risks. At Asahi Group Holdings, we monitor risk hedging conditions at each RHQ every quarter. For the future, we are considering the global centralization of risk hedging activities with the aim of ensuring stable business planning and consistent risk management.

Meanwhile, in terms of managing the risk of goodwill impairment, our basic stance is to steadily realize the business plans we are currently implementing. In addition, goodwill impairment can be influenced by external factors such as rising capital costs, and we therefore are implementing impairment risk simulations on a regular basis to promptly ascertain the existence and scale of impairment risks. While steadily promoting our business plans and risk simulations, we will examine appropriate response measures, including the need for revisions to our business plans. Additionally, we will work to reduce the risk of exchange rate and interest rate fluctuations through such means as exchange contracts and fixed interest rates. At the same time, we will strive to reduce financial risks across our overall balance sheet while giving consideration to the balance between direct financing in yen and foreign currencies and indirect financing.

### Future Investment Policies

First, with regard to business growth, we aim to expand our area of operation through growth investments, particularly in the Alcohol Beverages Business. Keeping in mind factors such as synergies with areas in which we already operate and existing businesses as well as compatibility with the Group's premium strategies, we will establish an order of priority in terms of the regions in which we will invest. With that said, in the event that adverse trends toward alcohol increase, such as the tightening of restrictions, we will further strengthen investment in non-alcohol and low-alcohol products, soft drinks, and new businesses that help resolve social issues, while maintaining alcohol beverages at the center of our business portfolio.

In addition to these kinds of investments in business growth,

we will concentrate the allocation of cash in our sustainability, DX, and R&D strategies, which represent core strategies under the Medium- to Long-Term Management Policy. With our sustainability strategy, we have upwardly revised our 2030 target for CO<sub>2</sub> emission reductions in Scope 1 and Scope 2 from 50% to 70%, compared with 2019, as part of our efforts to respond to climate change. We plan to invest roughly 50.0 billion yen in order to realize this target. Through this investment, we will work to develop new technologies related to energy efficiency and fuel, including solar power generation facilities. For our DX strategy, we will invest more than 30.0 billion yen over the next three years, which will help us accelerate efforts to establish data platforms for the collection, accumulation, and utilization of data from inside and outside the Group. In terms of our R&D strategy, we will actively invest in not only the development of new products and technologies but also initiatives to enhance our personnel capabilities, such as acquiring external talent, and promote open innovation.

### Basic Approach to Cash Flow Management

As I mentioned earlier, we aim to generate an average annual free cash flow of 200.0 billion yen in accordance with guidelines we adopted under the Medium- to Long-Term Management Policy. In addition to enhancing our ability to generate cash following the acquisition of the Australia-based CUB business, this level of free cash flow will be realized by improving working capital and implementing initiatives such as the sale of non-core assets aimed at maximizing cash to the greatest extent possible. While giving priority to the reduction of financial debt, we will also allocate the generated cash to growth investments and shareholder returns in an appropriately balanced manner. Regarding shareholder returns, we will continue to strive for stable dividend increases with the aim of achieving a dividend payout ratio of 35%. We will also maintain our future aim of reaching a payout ratio of 40%. Even if we were to record an



**We will concentrate the allocation of cash in our sustainability, DX, and R&D strategies, which represent core strategies under the Medium- to Long-Term Management Policy.**

impairment loss, we will pay dividends based on adjusted profit attributable to owners of parent\* to ensure that such a loss does not impact dividend amounts.

As we have worked to globally expand our business, we have established a cash management system that enables the utilization of cash generated in each country and region on a Group-wide basis through such means as visualizing cash flows. This system not only enables us to channel excess funds within the Group, it also helps us lower costs by reducing administrative work, manage risks, and curtail the impact of exchange rate fluctuations. Furthermore, referencing best practices in the Europe Business, we improved the efficiency of working capital in Japan by a scale of approximately 50.0 billion yen through the accelerated collection of notes and accounts receivable and the reduction of inventories through inventory adjustments. Meanwhile, we generated a cash inflow totaling 75.0 billion yen through the sale of non-core assets, comprising roughly 45.0 billion yen from the sale of a distribution center and former plant in Japan and over 30.0 billion yen from the sale of investment securities.

Through these initiatives, we generated over 120.0 billion yen in cash, which, combined with the increase in cash flow from operating activities following an improvement in profits, made for

\* Adjusted basis excludes special temporary factors, such as business portfolio restructuring and impairment losses.

total free cash flow of around 320.0 billion yen in fiscal 2021. As a result, our Group-wide ROIC has improved to near the hurdle rate. In fiscal 2022, despite the continuing impact of the COVID-19 pandemic and an increase in raw material prices, we expect ROIC to rise to a level above the hurdle rate.

In addition, we will remain steadfast with our efforts to reduce costs. With the addition of rising logistics costs to the already soaring procurement costs of raw materials, we expect to see a cost increase of 40.0 billion yen on a Group-wide basis in fiscal 2022. In response, we will work to curtail costs through the promotion of a wide range of cost-cutting measures, including reducing manufacturing costs and reorganizing our supply chain management structure in Japan, enhancing the efficiency of sales promotion costs, revising procurement contracts in Oceania, and further promoting reforms to our global Group-wide procurement activities. Additionally, we have already hedged the majority of our raw material procurement costs against the risk of rising costs, allowing us to avoid the impact of these price rises on our business performance to a certain degree. With that said, we are seeing greater geopolitical risks with the Russian invasion of Ukraine, and we cannot deny a potential impact on our business performance if market conditions intensify more than expected or remain highly challenging going forward.

### Aims of Our Global Financial Management

I joined the Company in 1988. After serving in the Company's financial affairs and corporate planning departments, I worked as a liaison for our overseas operations. In recent years, I have made efforts to optimize our global procurement structure as general manager of the Group's Procurement Section. Although the procurement of goods and services differs in nature from the procurement of funds, they both share the same characteristic of being an indispensable process for creating corporate value. For example, procured goods and services are introduced and offered to customers as products and services to create added value, whereas funds procured from capital markets are used for such matters as growth investments, payments to business partners, and capital investments with the aim of generating a greater amount of cash than procured. To ensure that we create value that meets the expectations of our shareholders and other investors, I will strive to optimize our global cash management system going forward by pursuing co-creation with our stakeholders in the same manner as we do with manufacturing. While aligning my direction with that of the CEO, who steers the Group's management, I will serve as a compass to support the CEO in my role as CFO by presenting appropriate options that take into account risks and returns analyzed from a financial perspective.



**I will strive to optimize our global cash management system going forward by pursuing co-creation with our stakeholders.**

The more our business base expands globally, the more important it becomes to engage in swift decision-making on a daily basis. To that end, it is crucial that we establish a shared language for the ways that we approach our work, or, in other words, standardize our decision-making processes and operation models. I fully realize the importance of doing so based on my personal experience working overseas. In addition to enhancing our dialogue with capital markets from both qualitative and quantitative perspectives, I will continue to focus on the extremely important task of global finance management in synchronization with local operations.

### Financial Policy and Cash Allocation

#### Guidelines from 2022 Onward

#### Investment for Growth / Debt Reduction

- Prioritize allocation of free cash flow to the reduction of debt and work to enhance capacity for growth investments
- Aim for Net Debt/EBITDA of around 3 times or less in 2024 (after deducting 50% of outstanding subordinated debt from net debt)

#### Shareholder Returns

- Stable dividend increases with the aim of achieving a payout ratio of 35% (aiming for future payout ratio of 40%)

Note: Free cash flow = Cash flows from operating activities - Cash used in investing activities (excluding M&A and other business restructuring)

# Regional Strategies

In 2019, the Asahi Group transitioned to a structure under which the Regional Headquarters take charge of maximizing business growth and value. As the conceptions of well-being change in each region, we are promoting various efforts through this structure to propose new value focused on sustainability and restructure our supply chain management in order to meet needs related to well-being. These efforts include creating added value in beer adjacent categories and other domains and actively utilizing renewable energy.

In this section, we explain how we intend to realize growth in accordance with the operating environment in each region and the Company's strengths alongside the progress we are making with our business strategies.

- 63 Japan
- 68 Europe
- 72 Oceania
- 76 Southeast Asia



# Japan

## Key Medium-Term Strategies

- Expand the potential of the businesses through synergies and optimizing product portfolio to anticipate change
- Promote smart drinking and other initiatives to meet diversifying needs; create high-value-added services
- Solve social issues such as carbon neutrality through business; optimize the supply chain across Japan



## Strengths

- Robust brand portfolio in each business
- Ability to develop new products and technologies that anticipate changing consumer preferences
- Extensive touch points with a diverse range of stakeholders
- Cost management capabilities that can flexibly respond to changes in the business environment
- Contributions to resolving social issues through products and various initiatives

## Business Environment

### ◎ Opportunities

- Growing beer market due to liquor tax revisions
- Emergence of new markets due to diversifying consumption and value systems
- Growth in categories related to the rise in health consciousness
- Changing social structure including an increase in double-income households and the arrival of a super-aging society
- Heightened interest in sustainable activities

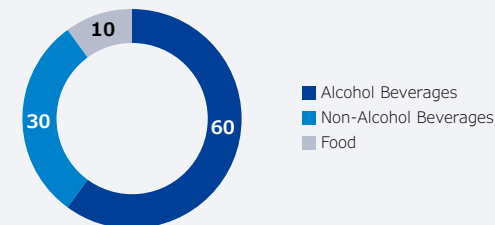
### ▼ Risks

- Declining population
- Increases in various costs, including a rise in raw material prices due to market fluctuations
- Tightening competitive environment following sluggish consumer demand
- Stagnation in the movement of people and a slump in economic activities
- Climate change and the occurrence of large-scale disasters

## Key Data

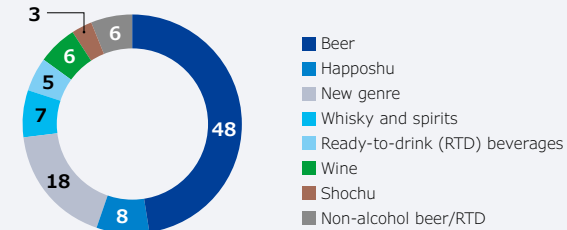
### Revenue by Business in 2021 (Japan)

(%)



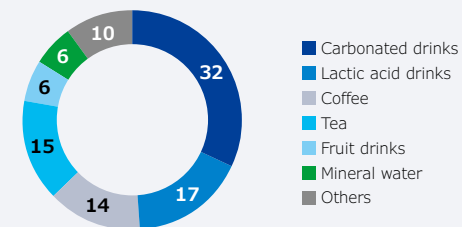
### Revenue by Category in 2021 (Alcohol Beverages Business)

(%)



### Sales Volume by Category in 2021 (Non-Alcohol Beverages Business)

(%)





# Japan

## Review of 2021

In the Alcohol Beverages Business, we sought to propose new value by launching *Asahi Super Dry Nama Jokki Can*, which can be enjoyed in the same manner as a mug of beer at a bar or restaurant, and releasing the can version of *Asahi Nama Beer*, which offers a sense of comfort and is distinguished for its rich, mild taste. In addition, we took steps to revitalize the beer market in such ways as commencing the rollout of *THE DRAFTERS*, a home draft beer service. We also worked to strengthen advertising and sales promotion activities of mainstay brands, centered on *Asahi Style Free*, *Clear Asahi*, *Asahi THE RICH*, and *Asahi The Lemon Craft*, thereby enhancing the value of each brand. Furthermore, we moved forward with efforts to promote “smart drinking,” a concept that proposes various ways of enjoying alcohol, through such means as the launching of new products in the minimal-alcohol beverages category such as *Asahi BEERY*, which features the rich, flavorful taste of barley that is only made possible by using 100% beer ingredients.

In the Non-Alcohol Beverages Business, we launched *MITSUYA CIDER Lemola*, a carbonated beverage with a light sweetness, under the *MITSUYA CIDER* brand. Additionally, we relaunched *WILKINSON TANSAN EXTRA*, a FOSHU (food for specified health uses) beverage that helps suppress the absorption of fat and sugar, under the *WILKINSON* brand. In these ways, we worked to enhance our new value propositions. For the *CALPIS* brand, in addition to renewing *CALPIS WATER*, which welcomed its 30th anniversary, we proposed modified recipes for *CALPIS*-concentrated products in an effort to further reinforce brand strength.

In the Food Business, we worked to enhance brand value for *MINTIA* through proposals for new consumption patterns, including launching not only *MINTIA + MASK* breath mint tablets but also various FOSHU products. We also strengthened new value propositions that cater to new lifestyles through such brands as *Ippon Manzoku Bar*, *Amano Foods*, and *Dear-Natura*.

Despite these initiatives, revenue in Japan declined due to the significant decrease in on-premise sales in the Alcohol Beverages Business that followed restrictions related to the COVID-19 pandemic, which offset an increase in revenue in both the Non-Alcohol Beverages and Food businesses. Core Operating Profit also was down due to the decrease in revenue, which outweighed the impact of efforts to enhance the efficiencies of various costs.

## Direction for 2022

In 2022, we will invest management resources in core brands in the Alcohol Beverages, Non-Alcohol Beverages, and Food businesses. At the same time, we will strive to enhance brand value in each business through new value propositions. We will also create synergies that go beyond the frameworks of our overall business in Japan, seek to optimize our supply chain management (SCM), and step up initiatives toward sustainability. By doing so, we will bolster our foundation for sustainable growth.

In the Alcohol Beverages Business, we will work to stimulate demand by strengthening advertising investments and proposing various drinking experiences in conjunction with the first full-renewal of the *Asahi Super Dry* brand since its launch. Furthermore, we will further enhance mainstay brands in the off-premise market, with a focus on *Asahi Super Dry Nama Jokki Can* and *Asahi Nama Beer*. We will also roll out new products and services with the aim of promoting “smart drinking” to an even greater degree.

In the Non-Alcohol Beverages Business, we will move forward with efforts to enhance brand value. To that end, we will promote renewals of mainstay products centered on *MITSUYA*, *WILKINSON*, and *CALPIS*, which are all brands with more than 100 years of history, and roll out products that seek to capture new demand. Moreover, we will strengthen the deployment of label-less products, reduce the weight of our cans, and increase the adoption of chemically recycled resins. Through such efforts, we will expand the deployment of eco-friendly products.

In the Food Business, we will strengthen the value offered by the concept of “working-time refreshment” under the *MINTIA* brand through efforts to further refine the brand’s rich mint flavor. Also, for *Ippon Manzoku Bar*, *Amano Foods*, and *Dear-Natura*, we will bolster product rollouts to respond to the new demand created from the emergence of new lifestyles.

As a result of these initiatives, we anticipate an increase in revenue due to a recovery in sales following the easing of COVID-19 restrictions and the growth of our mainstay brands in each business. Although we expect to see a rise in raw material and other costs and intend to increase marketing investment to enhance brand value, we anticipate a rise in Core Operating Profit as a result of increased revenue.

## Revenue

\* Previous year comparisons for 2021 are based on the sum of figures from the Company's former segments: Alcohol Beverages Business, Soft Drinks Business, and Food Business.

2021 Results **¥1,219.3 billion (-1.5%)\***

2022 Forecast **¥1,331.6 billion (+9.2%)**

## Core Operating Profit

2021 Results **¥103.4 billion (-5.3%)\***

2022 Forecast **¥111.4 billion (+7.6%)**

# Japan

## Sustainability Topics

### ■ Demonstration Testing of Biomethane Fuel Cell Power Generation System

At the Ibaraki Brewery of Asahi Breweries, Ltd., we are carrying out a demonstration test of 200 kW-class power generation through fuel cells that utilize biomethane gas derived from wastewater treatment processes. The fuel cells used here are called solid oxide fuel cells (SOFCs), which generate electricity by directly breaking down methane gas, and are known as an extremely efficient method of generating electricity. However, fossil fuels are usually used as fuel and the CO<sub>2</sub> emitted during power generation is an issue. Regarding this issue, Asahi Quality & Innovations, Ltd., which is responsible for the Asahi Group's R&D, has developed a new fuel cell system that focuses on biomethane gas generated during the wastewater treatment process at breweries.

The biomethane gas generated during wastewater treatment at the Asahi Group's breweries is a carbon neutral resource whose main component is methane. Breweries currently burn biomethane gas and use it as thermal energy, and development began with the idea that this could be used in fuel cells.

The biggest problem in this process was that impurities within the gas inhibit electricity generation, and this issue is compounded by the enormous cost associated with getting rid of all these impurities. To address this issue, the Asahi Group created a new generation process and developed a low-cost, high-purity system for extracting biomethane gas.

We believe that the widespread use of this system in society will contribute to the reduction of the whole of society's CO<sub>2</sub> emissions. Accordingly, we intend to promote the popularization of the newly developed system by disclosing as much information as possible without obtaining a patent for it. We exhibited and shared this technology with the world at the Virtual Japan Pavilion at the 26th Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change, held in fall 2021.



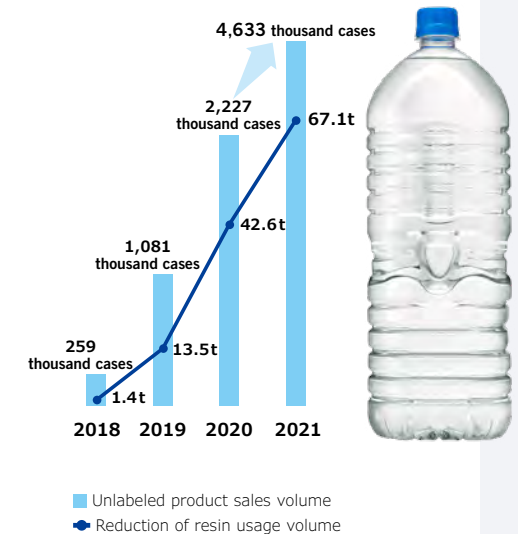
### ■ Promotion of Efforts to Reduce Plastic Use in Containers

Asahi Soft Drinks Co., Ltd. is selling unlabeled products, which are PET bottles with the labels removed. The merits of unlabeled products do not just extend to a reduction of plastic. They also help save the time for removing labels when sorting waste and improve customer convenience while at the same time being environmentally conscious, so that the unlabeled products are effortlessly eco-friendly. In 2018, following the launch of *Asahi OISHII MIZU label-less PET bottle*, which is sold by the carton only, we gradually expanded target products and sold a total of 4,633 thousand cases of unlabeled products in 2021.

In November 2021, we sold a limited number of *Asahi Juroku-cha* that were completely unlabeled by utilizing laser marking technology, which uses a laser to directly etch the surface of PET bottles in the form of microscopic dots to create a marking process. While we used a small tack sticker or bottle neck ring to display the product name, ingredient list, and other information on previous unlabeled products, this technology has made these methods unnecessary.

Additionally, in April 2021 we launched test sales of simple eco-label products that can be sold individually, in contrast with unlabeled bottles, which are sold by the case. These consist of small tack stickers (simple eco-labels) on one side of the bottle instead of the previous roll labels, which has enabled us to reduce CO<sub>2</sub> emissions by approximately 58%. Our plan is to begin production at the Rokko Plant in 2022 and expand nationwide to boost sales.

At Asahi Soft Drinks, we established the Containers and Packaging 2030 initiative, which aims to reduce the weight of plastic containers and packaging, and will continue to expand unlabeled products.



# Japan Sustainability Topics

## ■ Establishment of New Company for Sustainability Business, Asahi You.U.S, Ltd.

Asahi Group Holdings, Ltd. established Asahi You.U.S, Ltd., which develops sustainability projects, under Asahi Group Japan and commenced operations in January 2022. While resolving social issues through this company, placing sustainability at the core of its management, the Asahi Group will create a sustainable business model that connects resolving social issues to business and profit growth.

Asahi You.U.S is engaging in the further reinforcement of partnerships and networks through various products by launching projects such as the manufacture and sale of sustainable products, including the “Tumbler in the Forest” eco-cup that utilizes biomass materials and sustainable craft beer that contributes to resolving issues in local communities. One of our products, *Kuramae BLACK*, is a craft beer produced at Asahi You.U.S Breweries, and the coffee beans used in the beer are collected in collaboration with coffee bean roasting shops and job-finding support facilities in the vicinity of the Asahi Group Head Office building. Asahi You.U.S hopes that this product will not only contribute to the resolution of environmental issues by reducing food loss and creating new value but also lead to the creation of diverse job opportunities for people with disabilities and the revitalization of local economies.

Asahi Group Japan aims to progress to a new stage that connects sustainability to business

growth through the various projects of Asahi You.U.S and become a company that will be highly evaluated by the society of the future.



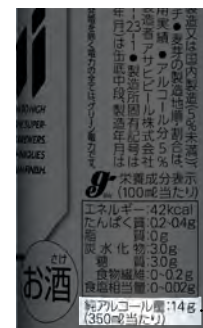
## ■ Launch of Product Labels That Display Net Alcohol Amount

Asahi Breweries has defined “smart drinking” as a concept that involves the development of products and services and the creation of environments that aim to expand the options for ways to enjoy drinking under various circumstances and settings and to realize a society that embraces diversity. Based on this definition, Asahi Breweries made its Smart Drinking Declaration in December 2020.

One of these initiatives is to display the amount of net alcohol contained in grams. First, we implemented the disclosure of the amount of net alcohol in each product on our corporate website. Following this, we have gradually begun to display the amount of net alcohol contained in beer-type beverages, ready-to-drink (RTD) beverages, and low-alcohol beverages on product labels from July 2021, which we aim to complete by 2023.

The main products we began to disclose in 2021 were *Asahi Super Dry*, *Asahi Nama Beer*, *Asahi Orion the Draft*, *Asahi HiLiki*, and *Asahi BEERY*. For example, in the case of a 350 ml can of *Asahi Super Dry*, both “net alcohol: 14 g (per 350 ml)” and “alcohol content: 5%” are written on the product label. While previous product labels displayed the alcohol content, the purpose of also displaying the amount of net alcohol contained enables each customer to select the alcohol product that is appropriate for them. We decided it was appropriate to display the amount of net alcohol contained to make it easier for customers to select their individual way to enjoy drinking in line with their physical condition and general mood at the time and based on individual alcohol tolerance. Asahi Breweries aims to contribute to the healthy

development of an alcohol beverage culture through the advocacy of “smart drinking.”



Pure alcohol content: 14 g (per 350 ml)

# Japan

## Restructuring of Supply Chain Management

### Formulation of Plans to Restructure Supply Chain Management (SCM) across All Businesses in Japan

With expectations that the beer market will contract over the medium to long term due to Japan's declining population, demand for ready-to-drink beverages, non-alcohol beer, and non-alcohol beverages, among others, will likely increase as tastes diversify and lifestyles continue to change. Keeping this in mind, we are working to restructure our SCM across all of our businesses in Japan.

As for our direction going forward, we will strive to enhance capacity utilization by optimizing the production capacity of our breweries in Japan. At the same time, we will bolster our ability to respond to the changing business environment in consideration of diversifying consumer tastes and improve cost competitiveness by making production and logistics more efficient. We will also accelerate our sustainability strategies in an effort to promptly realize carbon neutrality.

Specifically, from a production standpoint, we will promote rationalization, including through the shift to hybrid factories, and accelerate initiatives to strengthen our manufacturing response capabilities for products with new value and enhance our energy efficiency. In terms of logistics, we will rationalize our distribution network in such ways as relocating delivery centers in accordance with our production systems. We will also take steps to maximize transport efficiency and reduce CO<sub>2</sub> emissions through not only collaborative delivery within the Group but also collaboration with companies from other industries and the expansion of a modal shift to container transport by ship and rail.

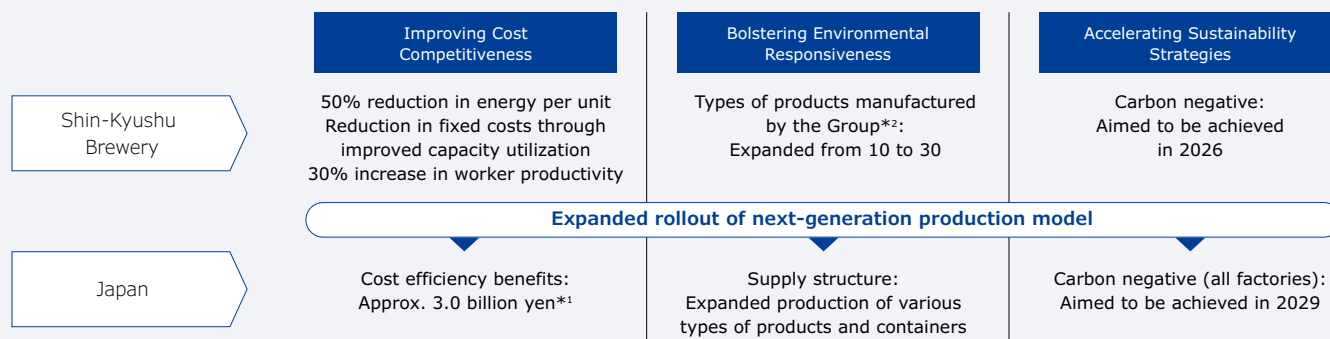
With regard to our schedule going forward, we plan on closing the Kanagawa Brewery and Shikoku Brewery of Asahi Breweries, Ltd. in January 2023. In March 2024, we will consolidate the production

functions of The Nikka Whisky Distilling Co., Ltd.'s Nishinomiya Plant into Asahi Breweries' Suita Brewery, while the operations at Nikka Whisky's adjacent Nishinomiya-Higashi Distribution Center will be terminated at the end of 2024. Additionally, in 2026, Asahi Breweries' Hakata Brewery will be relocated and established as the new Shin-Kyushu Brewery (tentative name), which will serve as a model for next-generation production systems.

### Establishment of the Shin-Kyushu Brewery (Tentative Name): The Model for Next-Generation Production Systems

The Shin-Kyushu Brewery will expand the number of beer-type varieties produced from 10 to 30 and will also enable the production of RTD and non-alcohol beverages, thereby strengthening our response to multi-product, multi-container production. In addition, we will reduce energy consumption by 50% compared with previous levels through such means as innovating manufacturing methods. We will also enhance cost efficiencies by introducing new technologies including remote and automated production. Furthermore, we will promote the transition to renewable energy through efforts such as utilizing solar power generation. Additionally, the Shin-Kyushu Brewery will become a cutting-edge facility that introduces such technologies as CO<sub>2</sub> capture and carbon recycling. Through these efforts, we will aim to achieve cost efficiencies totaling approximately 3.0 billion yen across our operations in Japan by 2026. We will also aim to have the Shin-Kyushu Brewery itself become carbon negative. In doing so, we will create a model for further optimizing our SCM structure in the future.

### Aim and Plans for SCM Restructuring



Rendering of the completed Shin-Kyushu Brewery

\*1 To be achieved in 2026

\*2 Expanded to 30 types of products for beer-type alone and also plan to add additional products such as RTD and non-alcohol beverages



# Europe

## Key Medium-Term Strategies

- Advance the premium beer strategy with expansion of the five global brands and focus on selective leading local brands.
- Accelerate premium growth beyond core lager, such as non-alcohol beer, RTDs, and crafted beer.
- Promote initiatives to reduce environmental impact, which entail the active use of renewable energy and the adoption of recyclable containers and packages.



## Strengths

- Portfolio of prominent global brands
- Robust business foundation in local markets, sophisticated premium strategies
- Cost management capabilities that enable a flexible response to changes in the business environment
- Organizational capabilities with a wealth of diversity and a high level of employee engagement
- Ability to promote businesses aimed at resolving social issues

## Business Environment

### Opportunities

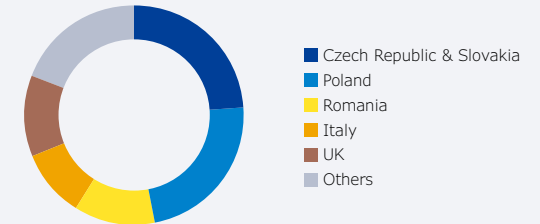
- Global trend toward premiumization
- Rising consumer needs for high-quality local brands
- Growth in non-alcohol beverage and RTD sales as a result of diversifying tastes
- Advancement in digital technologies that help realize diverse value propositions
- Growing support for businesses that help resolve social issues

### Risks

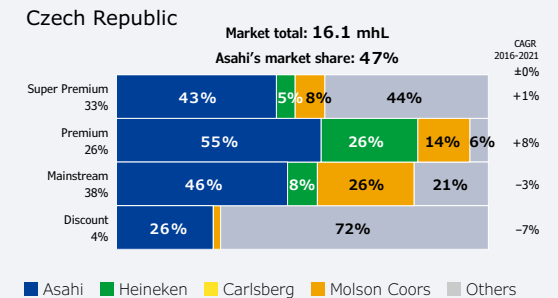
- Increases in various costs, including the rise in raw material prices due to market fluctuations
- Lower consumer sentiment due to rapid price increases
- Tightening competitive environment following the stagnant demand for beer consumption
- Tightening of various regulations such as liquor tax revisions
- Rising geopolitical risks, climate change, and the occurrence of large-scale disasters

## Key Data

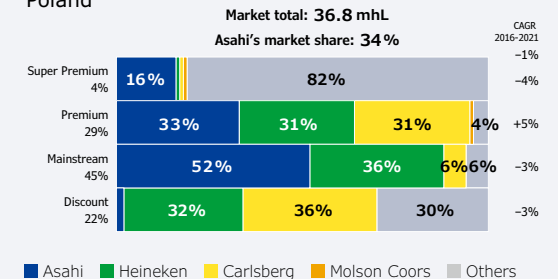
Revenue Composition by Country in Europe (2021) (%)



Market Share by Price Segment (2021)



**Poland**



Notes:

1. The price of the leading brand in the most popular pack type = 100 Super Premium > 151 150 > Premium > 115 114 > Mainstream > 91 90 > Discount
2. Based on volumes, in-house estimation

# Europe

## Review of 2021

In expanding the Group’s global brands in the overall global market, *Asahi Super Dry* became the official beer of Rugby World Cup France 2023 and *Peroni Libera 0.0%* entered into a partnership with the Aston Martin Cognizant Formula One™ Team. Through these partnerships, we reinforced our brand communication capabilities on a global scale.

In the Europe region, we strengthened marketing activities centered on local premium brands such as *Dreher* and *Ursus* and on global premium brands, particularly *Peroni Nastro Azzurro* and *Asahi Super Dry*. For the *Pilsner Urquell* brand, we switched over to 100% recyclable materials for the brand’s packaging, thereby enhancing brand value in the eyes of consumers. In terms of non-alcohol beer, our strong volume and share growth was supported by an enhanced lineup of flavor offerings for brands such as *Birell* and *Lech Free* in order to attract new consumers and offer new drinking occasions. We developed our premium RTD business with the successful launch in Poland of *Hardmade*, the rollout of *Captain Jack* in Slovakia, and the launch of *Viper Hard Seltzer* in five markets.

As a result of these initiatives, despite the remaining impact of COVID-19 restrictions, revenue increased underpinned by a recovery in on-premise sales following the easing of certain restrictions. Core Operating Profit also increased due to the recovery in on-premise sales as well as an improvement in product mix following the shift to premiumization in the off-premise channel.

## Direction for 2022

In 2022, we will seek to expand the rollout of our global brands. At the same time, we will further promote premiumization by reinforcing mainstay local brands and our non-alcohol beer offerings. In addition, we will step up our efforts to respond to environmental issues and foster an ideal corporate culture, thereby working to expand our foundation for sustainable growth.

For our global brands, we will actively pursue promotions leveraging sponsorships, particularly with the *Asahi Super Dry* and *Peroni Nastro Azzurro* brands.

In the Europe region, we will push forward with our premium strategies by expanding our lineup of non-alcohol beer in addition to bolstering *Pilsner Urquell* and other mainstay beer brands. Furthermore, we will seek to cultivate growth categories through efforts to actively roll out such brands as the RTD *Hardmade* and the hard seltzer *Viper*.

As a result of such initiatives, we expect to see an increase in revenue supported by a continued recovery in on-premise sales following the further easing of COVID-19 restrictions as well as the promotion of premiumization. Although we expect to see a rise in raw material, logistics, and other costs, we anticipate growth in Core Operating Profit due in part to the positive impact of an improved mix and efforts to reinforce our cost management.

**Revenue** \* Figures for year-on-year comparisons are on a constant currency basis.

**2021 Results** **¥474.3 billion (+8.3%)**

**2022 Forecast\*** **¥565.2 billion (+19.1%)**

### Core Operating Profit

**2021 Results** **¥75.4 billion (+17.4%)**

**2022 Forecast\*** **¥79.7 billion (+5.6%)**



## TOPICS

### **Radekast leads the Czech beer market as a heroically bitter beer brand.**

Through our continued pursuit of new challenges with *Radekast*, we have been seeing growing support for the brand among beer consumers in the Czech Republic. Brand growth has been supported by the launch of high-value-added extension products for the brand, including *Radekast Ratar* (2019), known for its refreshingly strong bitter taste, and *Radekast ROG IPA* (2021), which offers a broadly appealing IPA beer.

In addition, at *Radekast* breweries, we are promoting water management projects such as water conservation and foresting activities. In these ways, we are actively working to conserve the natural environment. These kinds of efforts aimed at sustainable growth have helped enhance the brand value of *Radekast*. As a result, *Radekast* became the No. 1 selling brand in the Czech beer market in 2021.

## Europe

### Sustainability Topics

#### ■ Commencing the Use of Green Heat in the Netherlands and the Czech Republic

In Europe, we have adopted the goal of realizing carbon neutrality at all of our breweries by 2030 in an effort to tackle climate change. As a milestone for reaching this goal, by 2025 we aim to transition to 100% renewable electricity in our breweries. While we are currently proceeding with the gradual shift of electricity at our European breweries, we are also undertaking efforts toward heat in order to further accelerate our initiatives for achieving carbon neutrality. To that end, we have commenced the use of “green heat,” which is generated from the renewable energy used during the production process.

In 2021, Grolsch Brewery in the Netherlands concluded a heat supply contract with the energy supplier Twence, and subsequently commenced the use of green heat in 2022. Twence supplies green heat to Grolsch via an underground pipeline, and this heat is used to heat pasteurizers and rinsing machines as well as building interiors. Transitioning to green heat will help Grolsch reduce its CO<sub>2</sub> emissions from natural gas usage by approximately 5,500 tons a year. The green heat procured from Twence utilizes non-reusable waste wood released during construction work and other activities, which gives consideration to the effective use of resources as well.

In the Czech Republic, Plzeňský Prazdroj entered into a long-term contract with the energy company Plzeňská teplařenská for the supply of green heat, running up to 2028. Based on this contract, Plzeňský Prazdroj commenced the use of green heat utilizing wood chips as a raw material in 2021. The contract signing ceremony took place at the city hall of Pilsen in the presence of the city's mayor. Going forward, we will continue to strengthen our initiatives toward renewable energy use in Europe with the aim of achieving carbon neutrality.



#### ■ Reducing the Environmental Burden of Packaging Used for Pilsner Urquell and Grolsch

In Europe, we are taking steps to enhance the eco-friendliness of our product containers and packaging, starting with reducing the use of plastic.

In the Czech Republic, Plzeňský Prazdroj renewed the packaging of its flagship beer *Pilsner Urquell* between March and April 2021, drawing on methods to reduce the environmental burden of its packaging. In addition to switching over to recyclable paper labels from the aluminum foil neck labels, Plzeňský Prazdroj also began using paper rather than plastic for the iconic red sticker found on *Pilsner Urquell*. Furthermore, cartons for *Pilsner Urquell* now make use of 100% renewable materials. Through this renewal, Plzeňský Prazdroj has been able to reduce its annual aluminum waste and plastic usage by 48.4 tonnes and 57.6 tonnes, respectively. In addition, due to the use of aluminum foil neck labels and plastic stickers, it had previously been difficult from a technical standpoint to recycle paper labels as they were removed during the cleaning process of returnable bottles. However, with the elimination of such neck labels and stickers, it is now possible to recycle these paper labels.

In the Netherlands, Grolsch Brewery launched a pilot program in 2020 to use cardboard packaging for six-packs of beer cans. In 2021, this was rolled out in all regions of the Netherlands. Although plastic shrink-wrap had previously been used for these six-packs, this new packaging utilizes FSC-certified corrugated cardboard and does not use any glue. By rolling out this packaging in all regions of the Netherlands, Grolsch is able to save more than 100,000 kg of plastic a year.

In Europe, we aim to make our containers and packaging 100% reusable or recyclable by 2030. Guided by this aim, we will continue efforts such as these to enhance the eco-friendliness of our containers and packaging going forward.



# Europe

## Sustainability Topics

### ■ Commencing the “FOR HOPS” Project to Support Hop Growers

In 2021, Plzeňský Prazdroj, a company under the corporate umbrella of Asahi Europe and International (AEI), started the “FOR HOPS” project in the Czech Republic with the aim of supporting hop growers. The Czech Republic is a world leader in hops production with a tradition of more than a thousand years. However, due to the impact of climate change, hop yields and quality have been declining in recent years. To resolve this issue, Plzeňský Prazdroj joined forces with various industrial specialists, including the major software company Microsoft Corporation and the consulting company Agritecture, which works to apply innovative technologies to the agricultural field, in order to promote efforts under the “FOR HOPS” project to enhance hop productivity.

Under this project, Plzeňský Prazdroj began collecting data on precipitation, humidity, and soil nutrients by placing sensors in soil and hop gardens and on hop plants themselves. Using state-of-the-art technology, Microsoft and Agritecture developed software that can process and evaluate the collected data. By doing so, the project has helped hop growers gain an accurate understanding of what is needed to grow hops. Going forward, the software developed under this project is slated to be shared with hop growers in the form of a mobile app. In the future, hop growers will be able to confirm via a smartphone when and to what degree individual areas of large-scale hop fields should be irrigated in order to maximize hop growth.

Hops are an indispensable raw material in the brewing of beer. Through efforts under the “FOR HOPS” project, Plzeňský Prazdroj will promote sustainable raw material procurement. At the same time, the company will help empower communities in the Czech Republic, a world-leading country in hops production.



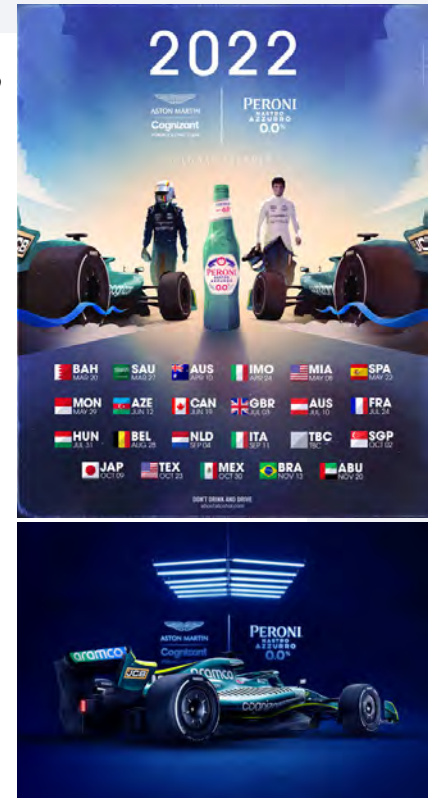
### ■ Strengthening Sales of Peroni Nastro Azzurro 0.0% and Other Non-Alcohol Beverages

As consumer needs continue to diversify, AEI has been working to provide a broad range of options for consumers to enjoy appropriate alcohol consumption in a variety of lifestyle settings and in a manner that best suits their individual preferences. AEI believes that non-alcohol beverages represent an important option in this regard. To that end, the company has adopted the goal of achieving a sales volume ratio of 20% for non-alcohol beverages by 2030 and is working to enhance its product development and marketing activities for these beverages.

AEI entered into a new global partnership with Aston Martin Cognizant Formula One™ for the non-alcohol beer *Peroni Nastro Azzurro 0.0%* in an effort to enhance the recognition level of the beer and popularize AEI’s non-alcoholic beverages in general as a means of promoting “Responsible Drinking.” Furthermore, at the Rome Brewery, AEI invested 5.2 million euros in manufacturing equipment for non-alcohol beverages, thereby putting in place a robust production structure.

In the Netherlands, AEI rolled out a campaign focused on promoting the appeal and worldview of three types of non-alcohol beer under the *Grolsch* brand, an iconic beer brand in the country, running between April and May 2021. This campaign helped promote the new options that non-alcohol beer can deliver, such as allowing people to enjoy the great taste of beer even if they are unable to drink alcohol or if they are in a situation where it is not appropriate to drink.

Going forward, AEI will further expand the continuously growing non-alcohol beverages category and promote the popularization of “Responsible Drinking” through its business activities.







# Oceania

## Key Medium-Term Strategies

- Advance multi-beverage strategy through alcohol beverages and non-alcohol beverages with creating integration growth synergies.
- Pursue health and well-being portfolio for our non-alcohol portfolio and innovations in growth areas such as non-alcohol beer, hard seltzers, and RTDs.
- Propose new sustainability-focused value through introduction of new containers, packaging, etc. Advance supply chain management reforms.



## Strengths

- Superior multi-beverage offering across key categories (beer, CSDs,\* RTDs, cider)
- Iconic brand portfolio well positioned for premiumization
- Well-positioned customer reach and partnerships across Alcohol and Non-Alcohol
- Efficient, scaled network that provides superior cost leadership
- Enhanced value chain with strong momentum on sustainability

\* Carbonated soft drinks

## Business Environment

### ◎ Opportunities

- Steady increase in alcohol and non-alcohol beverage consumption due to growing population
- Well positioned to accelerate growth via premiumization
- Growing BACs as a result of diversifying tastes
- Growth in sales of sugar-free beverages due to rising health consciousness
- Heightened interest in sustainable business activities

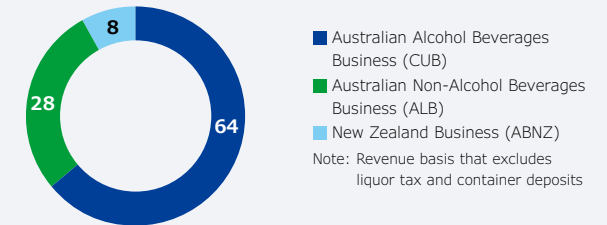
### ▼ Risks

- Increases in various costs, including the rise in raw material prices due to market fluctuations
- Decline in beer consumption as a result of diversifying tastes
- Intensifying competition due to change in business strategies of competitors
- Tightening regulations and taxes on alcohol and sweetened beverages
- Slump in consumption due to extraordinary events (e.g., pandemic, natural disasters)

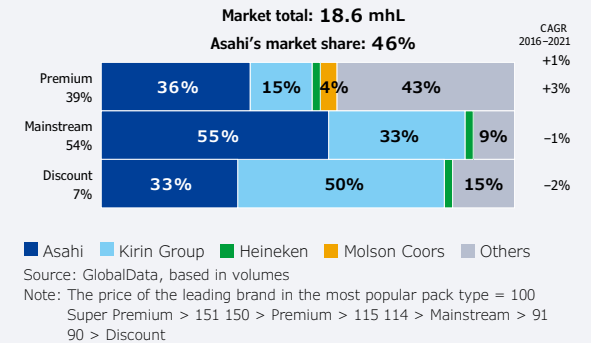
## Key Data

### Revenue Composition in Oceania (2021)

(%)

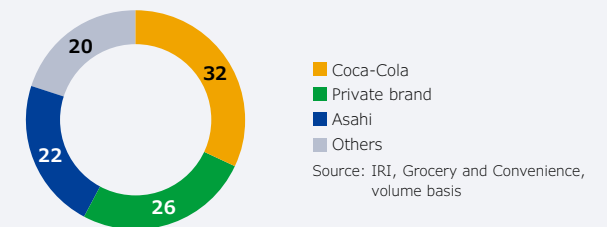


### Beer Market Share in Australia (2021)



### Non-Alcohol Beverages Market Share in Australia (2021)

(%)



## Oceania

### Review of 2021

In the Alcohol Beverages Business, we further enhanced our investment behind brand health and premiumization across the portfolio including continued growth of the mainstay contemporary beer *Great Northern*. Also, we took steps to strengthen new innovation propositions in such ways as launching the non-alcohol beer *Great Northern Zero* in all regions of Australia and rolling out new flavors for our hard seltzer products.

In the Non-Alcohol Beverages Business, we stepped up our focus on our no and low-sugar products, with a particular focus on carbonated beverages including *Pepsi Max*, our other market-leading sugar-free non-cola brands, and sports drinks.

Additionally, we moved forward with initiatives aimed at generating synergies. We improved premium beer sales, such as *Asahi Super Dry* and *Peroni Nastro Azzurro*, and soft drinks at bars and restaurants.

As a result of these initiatives, revenue increased due to such factors as the increase in sales of core brands and core categories, including *Great Northern* and carbonated beverages, and the positive impact of the consolidation of the CUB business. Core Operating Profit also improved, driven by not only an increase in revenue but also a positive sales channel mix (through the on-going recovery of on-premise), as well as enhanced operating margins through cost efficiencies as a result of integration synergies.

### Direction for 2022

In 2022, we will accelerate the commercial momentum of our businesses through enhancing premiumization and generating integration synergies in addition to moving forward with our multi-beverage strategy that combines the strengths we possess in the Alcohol Beverages and Non-Alcohol Beverages businesses. We will also increase investment in new growth categories such as non-alcohol beer. Furthermore, we will create new value propositions that emphasize sustainability and optimize our supply chain management.

In the Alcohol Beverages Business, we will strengthen marketing investment toward not only our core portfolio such as *Great Northern* but also premium beer brands such as *Asahi Super Dry*. By doing so, we will move forward with the premiumization of our overall portfolio.

For the Non-Alcohol Beverages Business, we will strive to increase sales of sugar-free, low-sugar, and other “Better for You” products, primarily in core categories such as carbonated beverages, to respond to the rising health consciousness of consumers.

As a result of the above initiatives, we anticipate growth in revenue driven by a recovery in the on-premise channel within the Alcohol Beverages Business and an increase in sales in the Non-Alcohol Beverages Business through growth in our core carbonated beverages portfolio. Although we expect to see a rise in raw material costs, we anticipate growth in Core Operating Profit owing mainly to an improved sales channel mix and enhanced cost efficiencies resulting from integration synergies.

**Revenue** \* Figures for year-on-year comparisons are on a constant currency basis.

**2021 Results** **¥499.9 billion (+31.7%)**

**2022 Forecast\*** **¥532.5 billion (+6.5%)**

**Core Operating Profit**

**2021 Results** **¥83.0 billion (+125.1%)**

**2022 Forecast\*** **¥98.0 billion (+18.0%)**



### TOPICS

#### Accelerating Top-Line Growth through our Multi-Beverage Strategy

With the addition of the CUB business to our group in 2020, we enhanced our position in the Oceania beverages market. We aim to achieve sustainable top-line growth through our multi-beverage strategy by leveraging our strengths, including our diverse product portfolio, and product propositions of the Alcohol Beverages Business and the Non-Alcohol Beverages Business.

Sales of *Asahi Super Dry* and *Peroni Nastro Azzurro* have improved. The average on-premise sales volume of the two brands in 2021 increased by more than 30% year on year. In addition, the number of restaurants using our post-mix dispensers continued to increase year on year. For creating new growth opportunities, we have expanded the sale of non-alcohol beer for grocery by utilizing the sales channels of the Non-Alcohol Beverages Business.

## Oceania

### Sustainability Topics

#### ■ Establishing a PET Bottle Recycling Facility through a Joint Venture

Asahi Beverages Pty Ltd. operates a joint venture with Pact Group, a wrap and packaging manufacturer; Cleanaway, a waste management company; and Coca-Cola Europacific Partners (CCEP), a competitor company, which constructed and now operates Australia's largest PET bottle recycling facility in New South Wales, Australia. In March 2022, this recycling facility officially commenced operations and will process up to 28,000 tons of used PET bottles each year. Additionally, the joint venture is building a new facility in Victoria, Australia. Like the New South Wales plant, it will use cutting-edge sorting, cleaning, and decontamination technologies. Each facility will process the equivalent of one billion PET plastic bottles annually and will produce over 20,000 tons of rPET.

The new facilities will operate under a framework in which the waste management company Cleanaway provides available PET through its collection and sorting network, and Pact provides technical and packaging expertise, while Asahi Beverages, CCEP, and Pact will buy recycled PET from the plant. By using the knowledge and expertise of each member, the joint venture is striving to substantially reduce Australia's plastic waste and help to create a circular economy.

Asahi Beverages is also transitioning to using bottles made from 100% recycled PET for its *Cool Ridge* water brand. By actively addressing issues related to plastic containers and packaging in a manner that transcends industries, Asahi Beverages aims to transition to 100% eco-friendly materials for PET bottles by 2030.



#### ■ Procuring Barley for Beer Directly from Local Farmers

Asahi Beverages started buying barley, a raw material for beer, direct from Australian farmers in late 2020.

The program was expanded in 2021 and Asahi Beverages now buys approximately 70,000 tonnes of barley direct from Victorian and Queensland farmers each year, which is about 92% of its barley requirements.

The program means farmers are growing barley in accordance with Asahi Beverages' strict quality program.

Direct procurement also enables Asahi Beverages to trace the provenance of the barley used to brew its major beers and to monitor various parameters, such as protein content and grain size. In addition, water consumption is monitored to help Asahi Beverages achieve its sustainability targets.

Removing the bulk handlers from the barley supply chain has financial benefits for the farmers, allowing them to invest in upgrades to technology, machinery, and people.

In this way, this initiative is supporting local communities in barley-producing areas. Going forward, Asahi Beverages plans to expand the use of directly sourced barley to its smaller breweries.



## Oceania

### Sustainability Topics

#### ■ Commencing Delivery of Major Brand *Victoria Bitter* via Electric Truck

In July 2021, deliveries of major Asahi Beverages beer *Victoria Bitter* commenced via electric truck.

The truck is powered entirely by 100% offset solar power drawn from a major solar farm in Victoria, Australia in which Asahi Beverages has a long-term purchase arrangement. With the ability to run up to 250 km on a single charge, the electric truck delivers over 100,000 cans and bottles of *Victoria Bitter* and other Asahi Beverages beers each week from a distribution center in Melbourne's West to stores across the city. The introduction of the electric truck was made possible through the cooperation of major logistics company Linfox Pty Ltd., which delivers hundreds of millions of liters of beer annually for Asahi Beverages, and Volvo Group Australia, which provides vehicles to Linfox. It is the first of many Linfox electric vehicles that will deliver Asahi Beverages beer, which will help Asahi Beverages achieve its target of reducing net carbon emissions across its entire supply chain by 30% by 2030 and to zero by 2050.

#### ■ Drawing on Employee Insights to Help Achieve Our Sustainability Goals

In 2021, Asahi Beverages established new Environmental Think Tanks for employees, giving them the opportunity to propose, execute, and lead projects that help achieve the sustainability goals of the business. The six Environmental Think Tanks are now drawing on the cross-business expertise of more than 80 Asahi Beverages employees from 10 different functions. The think tanks are as follows: *Sustainable Water Resources*; *Sustainable Packaging—Plastics*; *Sustainable Packaging—Glass, Metal, Paper*; *Sustainable Raw Material Procurement*; *Climate Change*; and *Circular Economy*.

Each think tank meets frequently and members attend briefings on consumer insights, governance guidance, and much more.

Going forward, Asahi Beverages expects to implement many projects proposed by the think tanks. By bringing together a wealth of employee experience, passion, and knowledge in a manner that transcends individual positions, Asahi Beverages will continue to be a leader in sustainability.

#### ■ No, Low-, and Mid-Strength\*<sup>1</sup> Alcohol Continuing to Grow in Popularity

In the Oceania Business, we had set a target to achieve a 25% sales composition ratio for no, low-, and mid-strength alcohol beverages by 2025. However, having reached a sales composition ratio of 29% for these beverages in 2021, we raised our target to 30% by 2025.

The robust growth of the *Great Northern* brand has been a major contributor to strong sales performance of our no and mid-strength offerings. Launched across Australia in 2021, *Great Northern Zero* has seen steady sales growth since its test launch in Queensland and is now Australia's most popular no alcohol beer in bottle shops.\*<sup>2</sup> In addition, *Great Northern Super Crisp* was a pioneering mid-strength beer when it launched in 2015 and is now one of Australia's most popular beers. Australians love a beer and are now enjoying their beers in an increasingly responsible way. Asahi Beverages has been proud to be at the forefront of this trend with a leading range of no, low-, and mid-strength options.

\*1 Mid-strength beverages: Products with an ABV of 3.5% or less and are equivalent to the non-alcohol and low-alcohol categories that the Asahi Group is aiming to increase as a group.

\*2 Source: IRI Aztec—AU Liquor Weighted Value & Volume QTR to 6-3-2022





# Southeast Asia

## Key Medium-Term Strategies

- Expand into growing markets of >600 million people in the region with the growth in Malaysia as the Cash Cow and using our own brand to expand into other markets.
- Set up new segments such as the plant-based product segment to gradually diversify portfolio into more premiumization beverages and minimize dependency on Condensed Milk.
- Deliver sustainability agenda including rolling out eco-friendly packaging. Build value in partnership with local communities through raw material procurement initiatives.



## Strengths

- High level of affinity between the rising trend in health consciousness and the Company's brands
- Strong business platforms, working with strategic partners and exploiting the largest vending network across Malaysia and Singapore combined
- Diverse organizational capabilities through strong, diversified, and equitable senior leadership

## Business Environment

### ◎ Opportunities

- High growth potential of the overall Southeast Asian market
- Growing need for high-value-added products
- Further expansion into the Southeast Asian region through exploration of new markets and countries
- Room for further reach into the Islamic community, where Malaysia serves as a hub for halal products

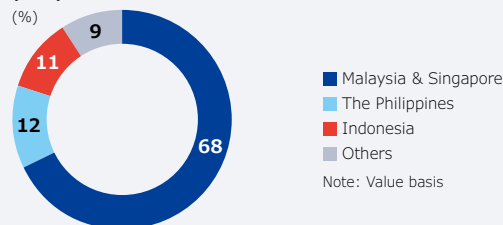
### ▼ Risks

- Increases in various costs, especially the significant rise in raw material and freight prices due to market fluctuations, and logistics disruptions from shipment rollovers and delays
- Country risks such as political instability and delays in infrastructure establishment
- Dampened consumer sentiment with rising inflationary pressures

## Key Data

### Revenue Composition by Country in Southeast Asia

(2021)  
(%)



Note: Value basis

## Revenue

\* Figures for year-on-year comparisons are on a constant currency basis.

2021 Results **¥42.6 billion (-1.7%)**  
2022 Forecast\* **¥50.4 billion (+18.0%)**

## Core Operating Profit

2021 Results **¥0.4 billion (-71.6%)**  
2022 Forecast\* **¥1.6 billion (+288.5%)**

## Review of 2021

In addition to further refining mainstay brands, primarily in Malaysia, we worked to optimize our touch points with our consumer base in such ways as expanding our distribution reach and increasing our number of vending machine locations.

As a result of these initiatives, revenue declined despite a strong performance of mainstay brands in Malaysia, owing to the stagnation in logistics that followed container shortages in other Southeast Asian countries. Core Operating Profit was down due not only to the decrease in revenue but also the rising costs of raw materials, such as sugar, and logistics.

## Direction for 2022

In 2022, we will further enhance our presence in each area of operation, with a focus on Malaysia, the Philippines and Indonesia, by increasing brand investment. Furthermore, we will continue with sustainability initiatives which include reducing our CO<sub>2</sub> emission levels and continuously supporting the communities around us.

As a result of such initiatives, we anticipate an increase in revenue underpinned by a recovery in sales following the lifting of COVID-19 restrictions and new initiatives with high-value-added products. Although we expect to see a rise in raw material, logistics, and other costs, we anticipate growth in Core Operating Profit due mainly to higher revenue and increased production and logistics efficiency.

## Southeast Asia

### Sustainability Topics

#### ■ Expanding the Introduction of Renewable Energy through an On-Site PPA

Malaysia-based Etika Beverages Sdn. Bhd. (Etika Beverages) concluded an on-site power purchasing agreement (PPA) for the purchase of privately generated electricity in 2020. In March 2022, Etika Beverages completed the installation of a solar power generation system on the roof of one of its plants. The system is expected to generate about 3 GWh of power, which is around 12% of the plant's annual power consumption and reduce CO<sub>2</sub> emissions by roughly 1,700 tons. Examinations for the utilization of similar PPAs are underway at Etika Dairies Sdn. Bhd. in Malaysia as well as at PT. Etika Dairies Indonesia and PT. Etika Manufacturing Indonesia in Indonesia. Going forward, the Asahi Group plans to further expand the introduction of renewable energy in Southeast Asia.

#### ■ Working to Reduce Sugar Usage Amounts

Malaysia is known worldwide as a country with a high sugar intake per person. Various low-sugar products have been introduced into the country's market but have faced challenges with consumer acceptance. Etika Beverages has been steadily launching products with a low-sugar content without compromising taste and quality, and these products have resonated well with consumers. Among them, sugar-free products of major brands such as *Pepsi Black*, a sugar-free and zero-calorie product, and *WONDA ZERO MAX*, a sugar-free coffee, have garnered strong support from consumers. As a result of the success of these products, Etika's percentage of RTD products with a sugar content of five grams or less per 100 ml reached 82% in 2021, greatly surpassing their target of 70%.

Moving forward, Etika Beverages will further promote initiatives toward products that realize both a great taste and a reduced sugar content.



#### ■ Supporting Local SMEs through Product Availability and Visibility via our Vending Machines

Vending machine supplier ATLAS Vending, which operates under the corporate umbrella of Etika Beverages Sdn. Bhd., launched a three-month campaign, starting in September 2021, to supply rent-free vending machines to 13 small and medium-sized enterprises (SMEs) representing the 13 states in Malaysia. These vending machines sold food products belonging to each of the 13 SMEs.

Malaysia entered a lockdown due to the impact of the COVID-19 pandemic, and movement within the country became severely limited as a result. The economic impact of the lockdown in regional cities was severe, with local SMEs being affected greatly as well. To address this issue, ATLAS Vending launched a campaign with the aim of revitalizing local communities in Malaysia by providing support to SMEs affected by the pandemic. In addition to supplying vending machines rent-free, ATLAS Vending also provided free product refilling services. Furthermore, all profits generated by the campaign were returned to each SME.

These vending machines were set up at KL Sentral, a transit hub located in the center of Kuala Lumpur. This enabled a large number of consumers using KL Sentral to purchase specialty products from different states via the vending machines. In addition, ATLAS Vending installed UV light disinfection systems on the high-contact keypad of these machines to help prevent the spread of COVID-19.

This campaign was praised by participating SMEs, with ATLAS Vending receiving such comments as, "This opportunity from ATLAS Vending has enabled us to expand beyond our current market, and we hope it will lead to growth in sales that will in turn allow us to survive this pandemic and expand in the future." Going forward, Asahi Holdings Southeast Asia Sdn. Bhd. will continue to invest its resources in efforts to revitalize local communities.



## Message from the Chairman



Akiyoshi Koji

Chairman of the Board

### Guided by the concept of “Create the Future,”

I will fulfill my role as the Chairman of the Board in a manner befitting of the Asahi Group while keeping a constant focus on the future.

### Review of 2021 and Issues to Be Addressed

In fiscal 2021, we implemented a broad range of initiatives in order to make the discussions at meetings of the Board of Directors more effective. These included narrowing down the number of items presented to the Board of Directors, promoting an understanding among the outside directors regarding the decisions of the Board and the content of items reported to the Board, and clarifying key points of items reported to the Board by directors in charge of business execution. In addition, to ensure that discussions are more than just the posing of individual questions and the sharing of opinions, I took steps to communicate important points of agenda items to the outside directors beforehand so that we could hold more meaningful discussions based on diverse experience and insight.

When reports on business execution were provided to the Board of Directors by the directors in charge of business execution, I worked to clarify the key goal indicators (KGIs) with which the Board should be particularly concerned and the relevant key performance indicators (KPIs) for achieving such KGIs. Not only did this help us avoid discussions that were vague in nature, it also reduced the overlap between the roles of internal bodies such as the Corporate Strategy Board and the Board of Directors. Going forward, we will work to make further improvements in terms of clarifying KGIs and KPIs. Also, in the event that the

KGIs and KPIs do not progress according to plan, we will establish a process in which members of the Board receive explanations of the reasons why that is the case from the directors in charge of business execution and subsequently provide these directors with a diverse range of opinions.

Additionally, I will also seek to further enhance the operations of the Nomination and Compensation committees. Human resource cultivation, succession plans, and remuneration systems, in particular, will become even more important topics as we pursue global management going forward. While these two advisory committees are functioning effectively, there will be a need to better clarify the items discussed by each committee to ensure that these committees are not simply confirming the topics that are discussed and reported on at meetings of the Board of Directors. Doing so will help us differentiate the discussions of these committees from those of the Board of Directors in a more appropriate fashion.

With regard to the Group's operating structure, by establishing four Regional Headquarters (RHQ) located in Japan, Europe, Oceania, and Southeast Asia, we have laid the foundation for realizing more advanced Group governance through the clear separation of roles and responsibilities between our Global Headquarters (GHQ) and RHQ. The role of each RHQ is to demonstrate the direction toward which its respective businesses should head based on an analysis of the external business environment. Each RHQ should also play an intermediary role involving the exchange of personnel and the sharing of DX, sustainability, and other initiatives between businesses. Meanwhile, the role of the GHQ is to communicate to the RHQ the vision for the Group's ideal business portfolio and the policies on the allocation of management resources. The GHQ is also tasked with providing guidance to the RHQ regarding the incorporation of the Group's visions and policies into regional business plans. In this way, the GHQ plays an essential role in helping the RHQ realize the Asahi Group Philosophy (AGP).

## Formulation of the Medium- to Long-Term Management Policy

Since being appointed as the Chairman of the Board of Directors, I have run the Board based on the notion that enhancing the Board's effectiveness is an indispensable effort in order to realize constructive, highly transparent discussion. To that extent, I believe the role of the Board of Directors is to hold multifaceted discussions on the strategies and policies formulated at meetings of internal bodies, such as the Corporate Strategy Board, by members who are well versed in the Company's business and who boast a high level of expertise. Through such discussions, the Board should work to make these strategies and policies even more advanced.

We find ourselves in an era of dramatic change, and now is precisely the time when we must incorporate a wide array of opinions based on various perspectives into our discussions focused on the medium to long term, including those on the future direction of our business portfolio. For example, the analysis of megatrends served as the basis for the formulation of our Medium- to Long-Term Management Policy. For this analysis, we invited a large number of external experts to attend meetings of the Board of Directors. We also worked to create a situation where there were no discrepancies between the inside directors and outside directors in terms of available information, thereby facilitating a shared understanding and awareness. Through such efforts, we were able to hold discussions in which a wide range of opinions were exchanged. Under the Medium- to Long-Term Management Policy, we adopted the overarching goal of "sustainable growth of existing businesses centered on the beer category while expanding into new areas" as the premise for our ideal business portfolio. To that end, we will continue to aim for global business expansion centered on beer. We do acknowledge, however, that society is likely to have a harsher opinion toward alcohol in the future, and therefore we must explore new businesses while enhancing our existing ones. To date, we have rapidly promoted the globalization of our existing businesses with a focus on the Alcohol Beverages Business. As a result, the Board of Directors has devoted a large amount of time to discussions on

global governance and has led efforts to enhance such governance accordingly. As we strive to capitalize on new business opportunities going forward, we will hold repeated discussions on determining a new vision for governance that differs from the one we have thus far adopted—with a focus on creating new businesses and establishing a new Group operating structure.

## Ceaseless Efforts to Enhance Effectiveness

At the 98th Annual General Meeting of Shareholders held in March 2022, we appointed two new outside directors, Kenichiro Sasae and Tetsuji Ohashi. Mr. Sasae possesses deep insight on international affairs and the economy based on his many years serving as a foreign affairs official. We anticipate that he will offer perspectives that will be extremely valuable to the Company as we pursue the global expansion of our businesses. Mr. Ohashi has served as the president and the chairman of the board of Komatsu Ltd., where he played an industry-leading role in incorporating data utilization in heavy machinery. We therefore have many lessons we can learn from Mr. Ohashi based on his experience in realizing business innovation through digitalization.

I have always believed that we must be a corporate group that embraces different cultures and capabilities. Without being such an organization, there is no way we can lead generations by spurring disruptive innovation and creating unique value. To that end, the Board of Directors, which oversees the Group and makes final decisions on important matters, needs to be a body that can embrace different cultures and capabilities and generate new ideas. The current Board of Directors comprises both inside and outside members who have a broad range of insight and an abundance of experience. However, there is still much work to be done in order to further enhance the effectiveness of our corporate governance. For that reason, we must pursue ceaseless efforts to advance our organization in response to the changing value systems of society. This means that the Board of Directors must also be able to consistently respond to various changes in a flexible manner.

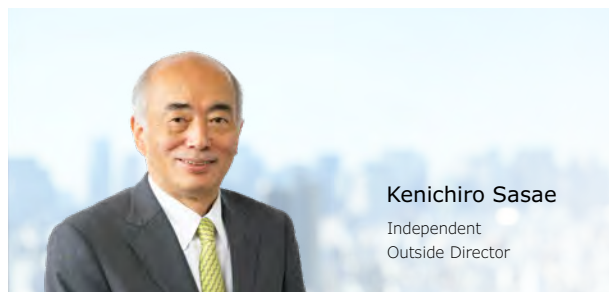
Although, to date, third parties have verified that the Group's Board of Directors operates in a highly effective manner, we cannot be complacent in this regard. As the Chairman, I will maintain a sharp focus on the changes occurring in the external environment and work to respond to them accordingly. For example, in response to the revisions to Japan's Corporate Governance Code, rather than blind compliance, I believe it is more important to thoroughly demonstrate what philosophies and approaches we will adopt in order to respond to the code's requirements.

If we compare management to an aircraft, the president would be the main wings and the chairman of the board would be the tail. While the main wings provide the propulsion that moves the aircraft toward its destination, the tail adjusts the route in which the aircraft proceeds. The chairman of the board serves as the coordinator at times when the day-to-day business execution of the directors deviates from the path toward which the company ought to be heading. Meanwhile, my position as a non-executive director is quite clear, and while I do attend meetings of the Corporate Strategy Board to gain an understanding of our business conditions, my only involvement in these meetings is listening. Aside from agenda items and items reported on at meetings of the Board of Directors, I do not have any involvement in the Company's decision-making. While there are often demands that an outside director serve as the chairman from the perspective of separating the roles of management supervision and business execution, we have determined that having an inside director, well versed in the Group's business, fulfill the role of chairman helps enhance the effectiveness of the Board of Directors. Under the current Medium- to Long-Term Management Policy, the Group has adopted "Cheer the Future" as its sustainability story and has established various commitments for the future. Following up on these words, which encapsulate our desire to realize a better tomorrow, I have adopted "Create the Future" as my personal motto. Guided by this concept, I will fulfill my role as Chairman of the Board in a manner befitting of the Asahi Group while keeping a constant focus on the future.



## Messages from the Newly Appointed Outside Directors

“ I will endeavor to contribute to the Asahi Group based on my experience and insight in international relations and diplomacy.



The Asahi Group is starting to mold itself into a truly global corporate organization. As it does so, the Group is working to strengthen its global management and roll out global premium brands, thereby enhancing itself from both qualitative and quantitative perspectives. In these ways, the Group is proactively moving forward with various initiatives in these highly uncertain times, without being overly conservative.

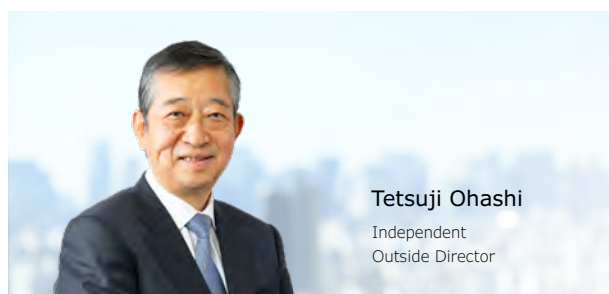
We also find ourselves in a world where the purpose and value systems of corporations are being called into question. While the basis of any corporation is profit and business growth, investors and consumers alike are becoming more and more interested in perspectives such as the Sustainable Development Goals (SDGs) and sustainability in general. This recent trend is starting to have an impact on corporate management. The Asahi

Group has positively embraced this trend, understanding that pursuing sustainability also helps a corporation create value and generate profits. The issue for the Group moving forward is creating and communicating to the world a new corporate story by repeatedly promoting unique and innovative approaches.

Furthermore, the impact of geopolitical risks is becoming even more severe. The 2022 Russian invasion of Ukraine has had a tremendous impact on the global economy. And, in this more divided and adversarial world, global corporations are finding it difficult to determine ways to survive.

In light of these circumstances, I will endeavor to contribute to the Asahi Group based on my experience and insight gained from my many years engaged in international relations and diplomacy.

“ I will strive to invigorate discussions at meetings of the Board of Directors by boldly voicing opinions that differ from the norm.



The globalization of the Asahi Group's businesses is advancing rapidly. Meanwhile, the level of uncertainty around the world is dramatically increasing. In February 2022, the Group disclosed its Medium- to Long-Term Management Policy, which lays out new growth strategies that the Group will pursue through 2030.

Various factors have the potential to impact the Group's business, including different laws, regulations, customs, and levels of economic advancement, as well as the difference in employee perception between countries and regions. To that end, I will draw on my long-cultivated experience in global business operations to help the Group realize sustainable growth and enhance its corporate value.

Also, I currently serve as the chairman of the board and representative director of Komatsu Ltd. Komatsu engages in BtoB businesses, which differs in many respects from the BtoC businesses of the Asahi Group. However, looking at individual functions, I believe there are various aspects of Komatsu's business that could be a useful reference to the Asahi Group. When I was appointed as representative director at Komatsu, I learned a great deal from the multifaceted opinions of the outside corporate officers. I will therefore strive to invigorate discussions at meetings of the Board of Directors by boldly voicing opinions that differ from the norm.

## The Asahi Group's Corporate Governance Policy and Structure

**To realize sustainable growth and enhanced corporate value over the medium to long term, the Company aims to improve the effectiveness of the Board of Directors in a sustainable manner and is working to establish even more substantial corporate governance.**

### ■ Basic Policy

The Company is committed to achieving sustainable growth and increasing corporate value over the medium to long term by putting the Group philosophy of the Asahi Group, the "Asahi Group Philosophy" ("AGP"), into practice. In order to bring such goals to fruition, the Company has been proactive in its efforts to strengthen Group management in response to globalization, build solid relationships of trust with society, including the promotion of sustainability management, and enhance its social presence and transparency, such as through the advancement of engagement with stakeholders, while positioning the reinforcement of the Group's corporate governance at the top of management priorities. At the same time, the Company has endorsed Japan's Corporate Governance Code and incorporated it into its governance. In addition, with its sights set on the ultra-long term, the Company's Board of Directors is promoting discussions on megatrends for the purpose of strengthening foresight with respect to medium- to long-term changes in the business environment and reinforcing its proactive and decisive management by promoting the achievement of the ideal business portfolio and other means.



**WEB** → Corporate Governance Policy and System  
(Asahi Group Holdings corporate website)

To promote the reinforcement of corporate governance, the Company strives to sustainably enhance the effectiveness of the Board of Directors. To that end, the Company evaluates the effectiveness of the Board of Directors and the Audit & Supervisory Board periodically as well as identifies and addresses issues to ensure further enhancement of their effectiveness. Through these efforts, the Company strives to achieve

sustainable growth and increase corporate value over the medium to long term.

### ■ Characteristics of the Company's Corporate Governance System

To realize sustainable growth and enhance corporate value over the medium to long term, the Company is working to enhance the effectiveness of the Board of Directors in a sustainable manner. To that end, through the following initiatives, the Company has established a framework for ensuring that the Board of Directors can engage in appropriate decision-making and monitor the managerial ranks in a highly effective manner.

### ■ Structure of the Board of Directors

To ensure balance and diversity in terms of the knowledge, experience, and ability of the entire Board of Directors deemed necessary for the Company to realize sustainable growth and increase corporate value over the medium to long term, the Company has formulated the "Board of Directors Skill Matrix," which clarifies the personal requirements of corporate officers based on the AGP and management strategies. In accordance with the "Board of Directors Skill Matrix," the Board consists of persons who have a wealth of experience, excellent insight, and expertise required by the Company.

### ■ Substantive Debate by the Board of Directors

Topics of discussions for meetings of the Board of Directors are selected in a systematic and appropriate manner, and substantive debate is held based on these topics.

### ■ Evaluations of Effectiveness

Every year, the Company evaluates the effectiveness of the Board of Directors, Nomination Committee, Compensation Committee, and Audit & Supervisory Board with the help of a third party. Through such evaluations, these bodies recognize points to improve and incorporate efforts to do so in their activity plans for the following year, thereby working to enhance their effectiveness.

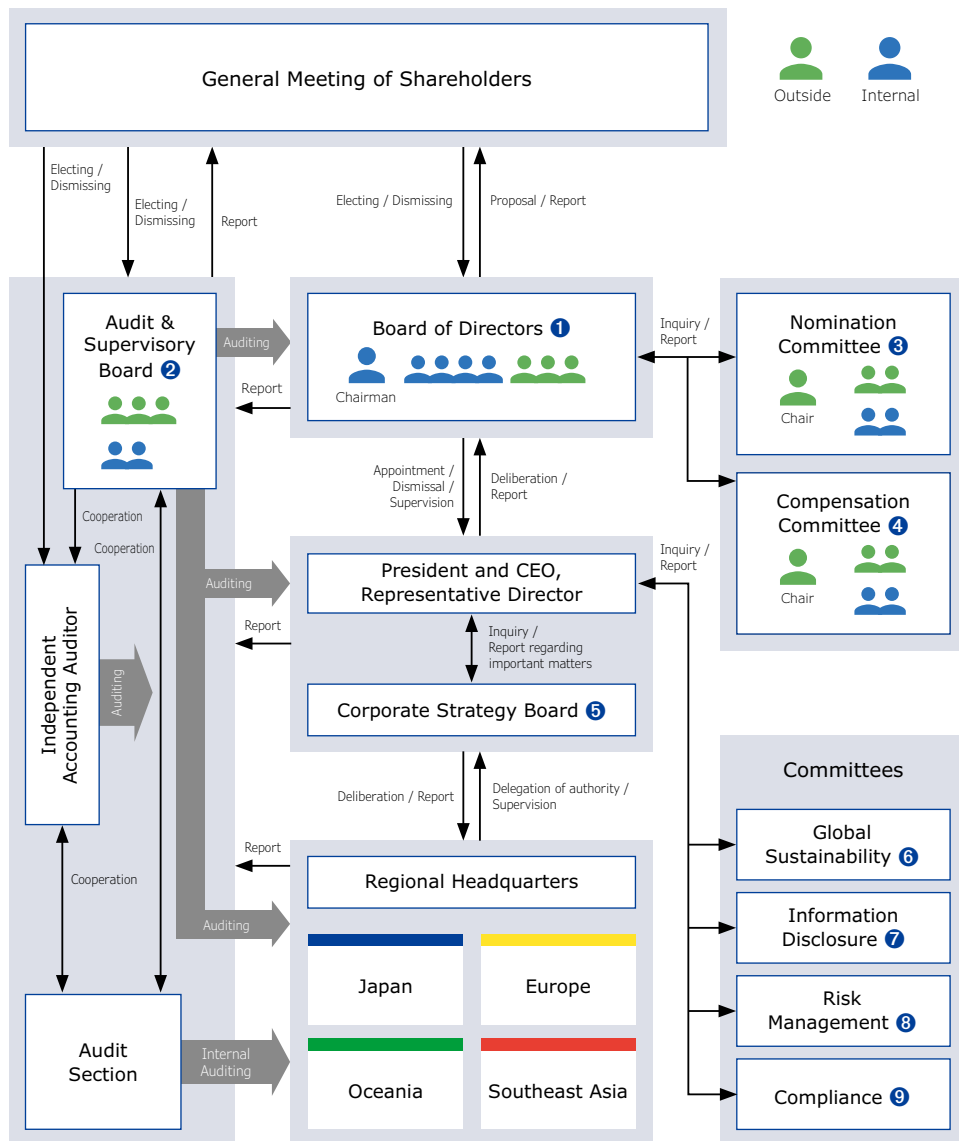
### ■ Nomination Committee and Compensation Committee

To ensure transparency and fairness, agenda items related to corporate officer appointment and remuneration are deliberated on by the Nomination and Compensation committees, which consist of a majority of independent outside directors, before they are presented to the Board of Directors.

### ■ Structure of the Audit & Supervisory Board

To ensure balance and diversity in terms of the knowledge, experience, and ability deemed necessary for the Company to realize sustainable growth and increase corporate value over the medium to long term, the Audit & Supervisory Board consists of persons who appropriately fulfill the Company's requirements for corporate officers based on the AGP and management strategies.

**Corporate Governance System (As of April 1, 2022)**



**1 Directors and the Board of Directors** Meetings in 2021 **12**

The Board of Directors decides upon important corporate frameworks such as the AGP and the Medium- to Long-Term Management Policy, and promotes their implementation. By establishing internal control and risk management systems, the Board supports appropriate risk-taking by management, including the CEO. Regular meetings of the Board of Directors are held once a month, in principle, and special meetings are held as necessary. In fiscal 2021, the board of directors met on a regular basis and the rate of attendance by Outside Directors was 100%.

**2 Audit & Supervisory Board Members and the Audit & Supervisory Board** Meetings in 2021 **13**

By combining the information held by the Standing Audit & Supervisory Board Members and the high level of expertise of the Outside Audit & Supervisory Board Members in a well-balanced manner, the Company's system enables Audit & Supervisory Board Members to exercise their authority freely and decisively, making appropriate judgments and taking action from an independent and objective standpoint. In fiscal 2021, the rate of attendance at meetings of the Audit & Supervisory Board by outside members was 100%.

**3 Nominations Committee** Meetings in 2021 **9**

The Nominations Committee provides the Board of Directors with reports on its findings and views on matters pertaining to the candidates for Director and Audit & Supervisory Board Member. In fiscal 2021, the committee primarily reported on matters such as the succession plan, the appointment of officers based on the succession plan, and the appointment of representatives of principal subsidiaries.

**4 Compensation Committee** Meetings in 2021 **10**

The Compensation Committee provides reports on its findings and views on matters pertaining to remuneration systems and amounts for Directors and Audit & Supervisory Board Members. In fiscal 2021, the committee reported on its findings and views regarding the officer remuneration systems for the upcoming fiscal year and onward as well as the individual evaluations of officers and bonus amounts determined on that basis.

**5 Corporate Strategy Board** Meetings in 2021 **52**

The Corporate Strategy Board provides reports on its findings and views pertaining to the evaluations of the legality, objectiveness, and rationality of important issues related to business operations in response to inquiries regarding such issues. The board comprises the President, other executive directors, and Standing Audit & Supervisory Board Members, with the President and Representative Director serving as the chair. In fiscal 2021, the board primarily reported on matters pertaining to the establishment of business strategies and operational execution at Group companies.

**6 Global Sustainability Committee** Meetings in 2021 **1**

The Global Sustainability Committee provides reports on its findings and views on matters related to the formulation and monitoring of sustainability strategies. The committee consists of the President and Representative Director, the Director in charge of Sustainability, and the CEOs of the overseas Regional Headquarters (RHQ), among other members, with the President and Representative Director serving as the chair. In fiscal 2021, the committee held extensive discussions on the Group's "Response to the Issue of Plastic" and reported on its findings and views primarily about transitioning to the use of 100% eco-friendly materials for PET bottles by 2030.

**7 Information Disclosure Committee** Meetings in 2021 **9**

The Information Disclosure Committee manages and oversees the disclosure of corporate information in an integrated manner. The committee also provides reports on its findings and views in response to inquiries based on the perspective of fair, expeditious, and wide-ranging information disclosure. The committee comprises the President and Representative Director, other executive directors, and corporate officers appointed by the President and Representative Director, who serves as the committee chair. In fiscal 2021, the committee reported on its findings and views regarding the content and means of disclosure while referencing the Timely Disclosure Rules of the Tokyo Stock Exchange.

**8 Risk Management Committee** Meetings in 2021 **4**

The Risk Management Committee provides reports on its findings and views regarding the promotion and supervision of risk management in response to inquiries. The committee comprises corporate officers who are appointed by the executive directors and the President and Representative Director, who serves as the committee chair. Meetings of the committee are also attended by the Standing Audit & Supervisory Board Members. In fiscal 2021, the committee provided reports on its findings and views primarily regarding the identification of and response plans for major risks, including tail risk, as well as the establishment of systems to enable a transition to crisis management without any disruptions during the occurrence of a crisis.

**9 Compliance Committee** Meetings in 2021 **4**

The Compliance Committee provides reports on its findings and views on matters related to corporate ethics, compliance promotion, and business supervision in response to inquiries. The committee is made up of the President and Representative Director, executive directors, and corporate officers who are appointed by the President and Representative Director, who serves as the committee chair. In fiscal 2021, the committee reported on its findings and views primarily about the status of compliance promotion plans and the Group's level of compliance, as well as the operational status of internal whistleblower systems.

## Succession Plans for the CEO and Directors to Enhance Management Continuity

In order to enhance the effectiveness of the Board of Directors on an ongoing basis, the Company has formulated succession plans for the CEO, Directors, and other corporate officers and is implementing various initiatives in line with these plans. Moreover, the Company is working to establish a structure that enables it to secure and nurture human resources who can contribute to global management.

### ■ Succession Plan and Training

The Company regards the succession plan for its CEO and Directors as a matter of utmost priority, and accordingly formulates such succession plans pursuant to the requirements of the CEO and Directors. These succession plans are monitored appropriately by the Board of Directors.

In the formulation of the succession plan, the Company reviews its talent on a Group-wide basis. The Company also works to evaluate and cultivate the necessary human resources, discover new talent, examine personnel composition from a DE&I perspective, and visualize its entire pool of human resources. In

these ways, the Company is working to enhance its succession plan and make the formulation process more transparent.

In terms of the requirements for the CEO, the Nomination Committee holds repeated discussions based on a backcasting approach, which involves thinking in reverse from megatrends and the vision for the Asahi Group in the future, in an effort to pursue the best content for these requirements at the opportune time. Also, the Company makes appointments and assignments according to plan, offers training to successor candidates, and carries out training, among other activities, for successors of future generations. Meanwhile, the Company arranges

professional assessments by external organizations and makes use of such means as 360-Degree Feedback. Through regular monitoring provided by the Nomination Committee, the Company reviews such plans and makes revisions as necessary.

The Company provides Outside Directors and Outside Audit & Supervisory Board Members with information relating to the overview of the Asahi Group, including its businesses, financial affairs, and organizations. At the same time, the Company provides opportunities for Outside Directors to deepen their understanding through such means as office visits.

### Board of Directors Skill Matrix

Directors	Decision-Making Skills				Supervisory Skills			Strengths
	Long-Term Outlook and Strategic Mindset	Global Management Skills	Consideration of Sustainability Management	Promotion of Discontinuous Growth	Management of the Company's Business	Finance, Accounting, and Internal Control	Human Resource Management	
Akiyoshi Koji	✓	✓		✓	✓		✓	Particularly skilled in terms of foresight, the ability to implement backcasting based on a long-term vision, and insight related to human resource management
Atsushi Katsuki	✓	✓	✓		✓	✓		Particularly skilled in terms of strategic thinking from a long-term perspective, the ability to embrace and adapt to diverse cultures, and management thinking that integrates sustainability
Taemin Park	✓	✓		✓	✓	✓		Particularly skilled in terms of insight on overseas business trends and emerging trends and the ability to envision and determine business organizations
Keizo Tanimura	✓	✓	✓			✓	✓	Particularly skilled in terms of human resource management capabilities based on global perspectives, insight on corporate governance, and the ability to embrace and adapt to diverse cultures
Kaoru Sakita	✓	✓	✓		✓	✓		Particularly skilled in terms of insight on finance and accounting, the ability to manage overseas businesses, and management thinking that helps realize sustainability
Christina L. Ahmadjian	✓	✓	✓			✓	✓	Particularly skilled in terms of overall ESG knowledge, the ability to integrate sustainability and management, and the ability to promote DE&I and foster organizational cultures
Kenichiro Sasae	✓	✓	✓	✓			✓	Particularly skilled in terms of extensive knowledge on international politics and economies, and global insight and expertise based on past experience
Tetsuji Ohashi	✓	✓	✓	✓		✓		Particularly skilled in terms of insight on governance from global perspectives, global corporate management, and management thinking based on sustainability

Decision-Making Skills	
① Long-Term Outlook and Strategic Mindset	Ability to assess societal changes over the long term and manage business through a backcasting-focused strategic mindset
② Global Management Skills	Ability to comprehensively manage business at the global and regional level by taking a globally minded management approach and optimizing management locally
③ Consideration of Sustainability Management	Ability to manage business by viewing sustainability and management as one and the same and integrating medium- to long-term strategies with resolutions to social issues
④ Promotion of Discontinuous Growth	Ability to manage business by promoting discontinuous growth through technological innovation and business restructuring

Supervisory Skills	
① Management of the Company's Business	Ability to accurately assess the status of business execution and raise issues in accordance with the Medium- to Long-Term Management Policy on the basis of the AGP
② Finance, Accounting, and Internal Control	Ability to perform finance and accounting duties from a managerial perspective and implement internal control that facilitates more substantial Group governance
③ Human Resource Management	Ability to manage diverse human resources and maximize the potential of each employee—key elements for <i>global</i> value creation

## Reason for Appointment of Director or Audit &amp; Supervisory Board Member

	Name	Tenure (as of March 31)	Number of meetings attended	Reasons
Directors	Akiyoshi Koji	15 years	12/12	Akiyoshi Koji has served as President and Representative Director, CEO, and COO of the Company and has been promoting efforts to realize sustainable growth and enhance corporate value over the medium to long term. He sufficiently possesses the necessary insight, expertise, and ability for his position due to his many years of experience in management. Accordingly, we deem that Akiyoshi Koji is an indispensable member of the Board of Directors.
	Atsushi Katsuki	5 years	12/12	As a Director of the Company, Atsushi Katsuki has been responsible for business alliances and M&As and has overseen many domestic and overseas businesses. He also has a track record that includes promoting the restructuring of the business portfolio. He sufficiently possesses the necessary insight, expertise, and ability for his position based on his experience as Group CEO of an overseas RHQ, a Director of the Company, and CFO. Accordingly, we deem that Atsushi Katsuki is an indispensable member of the Board of Directors.
	Taemin Park	3 years	12/12	As a Director of the Company, Taemin Park has been responsible for business alliances and M&As as well as overseas businesses. His track record also includes promoting the transformation of the Oceania Business into a steady growth engine. He sufficiently possesses the necessary insight, expertise, and ability for his position due to his extensive experience in overseas business, including in alliances and M&As and as a Director of an overseas RHQ. Accordingly, we deem that Taemin Park is an indispensable member of the Board of Directors.
	Keizo Tanimura	3 years	12/12	As a Director of the Company, Keizo Tanimura has promoted the creation of a succession planning system for the Group's executives and the construction of a system for human resources and compensation policy. He sufficiently possesses the necessary insight, expertise, and ability for his position based on his extensive experience at multiple companies, including as a Director of an overseas RHQ. Accordingly, we deem that Keizo Tanimura is an indispensable member of the Board of Directors.
	Kaoru Sakita	—	—/—	Kaoru Sakita has served the Group in areas that include financial affairs and corporate planning as well as COO of an overseas RHQ. He has played an important role in the Company's growth due to his extensive expertise and insight on global management. He has also led efforts to optimize global procurement systems. With his experience, he sufficiently possesses the necessary insight, expertise, and ability for his position. Accordingly, we deem that Kaoru Sakita is an indispensable member of the Board of Directors.
	Christina L. Ahmadjian ◇	3 years	12/12	Christina L. Ahmadjian has used her extensive experience as an expert in the fields of corporate governance and organizational culture to provide appropriate oversight of business execution. Furthermore, she possesses the necessary insight, expertise, and ability for her position based on her experience as an expert in the aforementioned fields and as an outside director at multiple companies. Accordingly, we deem that Christina L. Ahmadjian is an indispensable member of the Board of Directors.
	Kenichiro Sasae ◇	—	—/—	Kenichiro Sasae has served as a foreign affairs official in key positions that include Vice-Minister for Foreign Affairs and Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America. In addition, he currently serves as an outside director for multiple leading Japanese companies. Based on this experience, he sufficiently possesses the necessary insight, expertise, and ability for his position. Accordingly, we deem that Kenichiro Sasae is an indispensable member of the Board of Directors.
	Tetsuji Ohashi ◇	—	—/—	Tetsuji Ohashi has been involved in global management for many years, including as a president and chairman of a global corporation. In addition, he currently serves as an outside director for multiple leading Japanese companies. Based on this experience, he sufficiently possesses the necessary insight, expertise, and ability for his position. Accordingly, we deem that Tetsuji Ohashi is an indispensable member of the Board of Directors.
Audit & Supervisory Board Members	Yoshihide Okuda	3 years	12/12	As a Senior Managing Director, Yoshihide Okuda has served in the role of CFO of the Company and has been responsible for General & Legal Affairs Management and the Alcohol Beverages Business. From this experience, he possesses a high level of expertise in finance and accounting, a high level of insight on compliance, risk management and internal auditing, and extensive knowledge of the Company's business. Accordingly, we deem that Yoshihide Okuda is an indispensable member of the Audit & Supervisory Board and will help the board strengthen its functions.
			13/13	
	Naoko Nishinaka	2 years	12/12	Naoko Nishinaka has served as the General Manager of the Quality Assurance Section of the Company and has experience in brewing and developing beer. She possesses a deep understanding of the Company's businesses, a high level of expertise in supply chains and quality assurance, and a high level of insight on compliance, risk management, and internal auditing. She therefore sufficiently possesses the necessary insight, expertise, and ability for her position. Accordingly, we deem that Naoko Nishinaka is an indispensable member of the Audit & Supervisory Board and will help the board strengthen its functions.
			13/13	
	Yumiko Waseda ◇	7 years	12/12	Through her many years as a practicing attorney, Yumiko Waseda possesses expert knowledge on corporate law and intellectual property and a high level of insight that enable her to audit management from the perspective of compliance. Furthermore, as an Audit & Supervisory Board Member, she provides appropriate auditing of the duties of Directors. Accordingly, we deem that Yumiko Waseda is an indispensable member of the Audit & Supervisory Board and will help the board strengthen its functions.
13/13				
Yutaka Kawakami ◇	5 years	12/12	Yutaka Kawakami possesses expert knowledge as an experienced certified public accountant who is well versed in accounting audits of global corporations. He also has a high level of insight that enables him to audit management based on his abundance of auditing experience in Japan and overseas. As an Outside Audit & Supervisory Board Member, he provides appropriate audits of the duties of Directors. Accordingly, we deem that Yutaka Kawakami is an indispensable member of the Audit & Supervisory Board and will help the board strengthen its functions.	
		13/13		
Shigeo Ohyagi ◇	—	—/—	Shigeo Ohyagi has extensive experience and exceptional insight into corporate management with respect to engaging in business globally, particularly given that he has served as president and chairman of global corporations. Based on these attributes, we anticipate that he will actively offer his opinions and recommendations at meetings of the Board of Directors and Audit & Supervisory Board and provide appropriate audits of the duties of Directors. Accordingly, we deem that Shigeo Ohyagi is an indispensable member of the Audit & Supervisory Board and will help the board strengthen its functions.	

Notes: 1. The number of Board of Directors' and Audit & Supervisory Board meetings attended refers to those in fiscal 2021. For directors, the number refers to Board of Directors' meetings attended. For Audit & Supervisory Board Members, the number refers to Board of Directors' and Audit & Supervisory Board meetings attended (upper row: Board of Directors' meetings; lower row: Audit & Supervisory Board meetings).

2. ◇ denotes Outside Directors/Outside Audit & Supervisory Board Members

**■ Skill Set of the CEO**

The Company has formulated its “Skill Set of the CEO”\* with the purposes of enhancing management sustainability and appropriately implementing the CEO succession plan through a fair and transparent process.

The Skill Set of the CEO consists of skills distinctive to the role of CEO of the Company, in addition to the skills required of CEOs in general, and specifies the skills necessary for the role of

CEO from the perspective of assuming ultimate responsibility for business execution.

The chart below has been prepared in view of the Company’s internal and external business environment as of now and five years into the future, and is therefore subject to review in the event of environmental changes and other factors.

The appointment, reappointment, and succession plan of the CEO are examined on the basis of the Skill Set of the CEO.

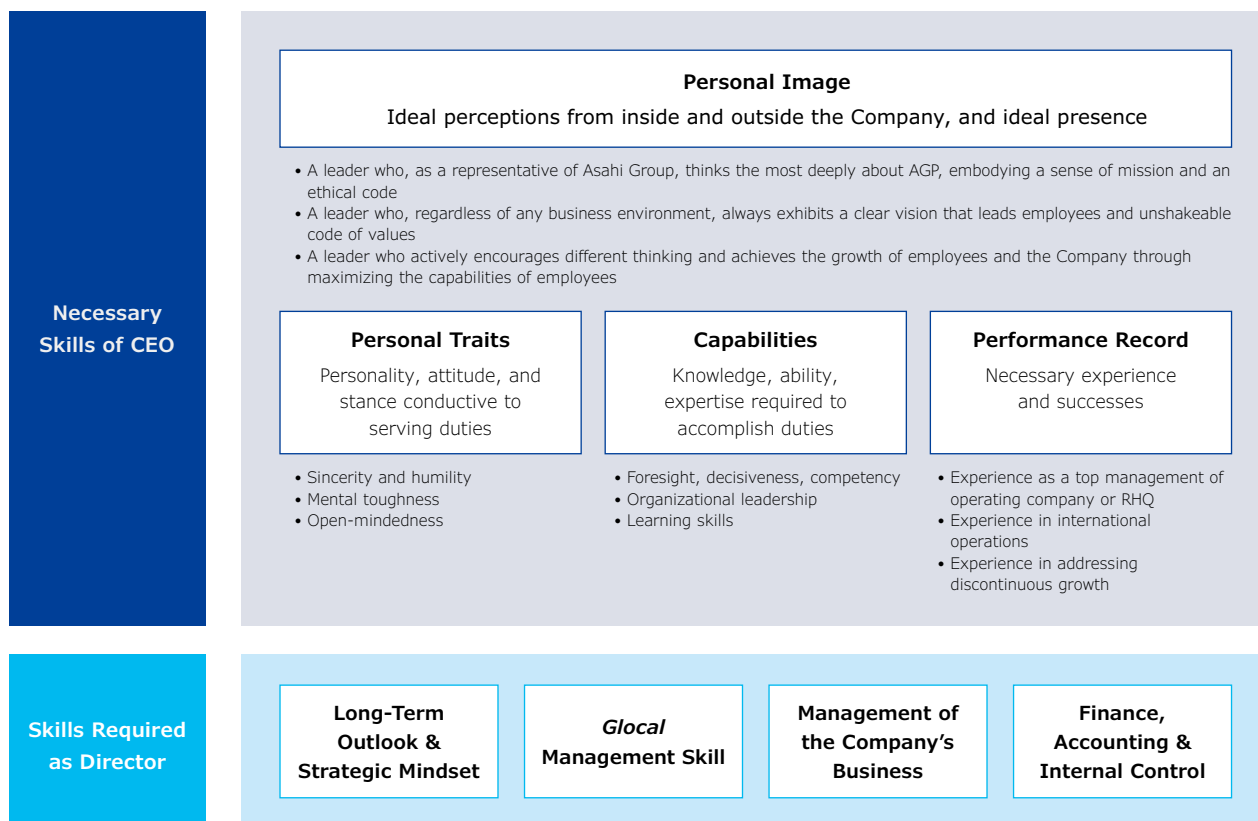
\* A list of essential and valuable skills required of the CEO

**■ Election and Dismissal of the CEO**

In order to realize effective corporate governance, the Board of Directors elects as CEO individuals who will contribute to the sustainable growth of the Company and help increase its corporate value over the medium to long term.

The election or dismissal of the CEO is based on the following guidelines. Such election and or dismissal is deliberated on by the Nomination Committee and determined by the Board of Directors.

- Individuals nominated as CEO shall possess a wealth of experience, excellent insights, and a high level of expertise, while ensuring that diversity is maintained with regard to such factors as gender and international experience.
- A candidate shall be appointed as CEO after being deliberated on beforehand by the Nomination Committee and judged to be appropriate.
- With regard to the CEO, in the event that there is a possibility that the criteria for dismissal as determined by the Board of Directors have been met, the Nomination Committee shall hold deliberations, and after the results of said deliberations are verified by the Board of Directors, the relevant individual shall not be nominated as a candidate for Director, and they shall also be dismissed from the position of CEO.



## Director Remuneration to Provide Incentive to Enhance Corporate Value

The Company has designed a remuneration system linked with shareholder interests in order to serve as a sufficient incentive for corporate officers to strive to achieve the AGP and realize the integration of sustainability and management. Based on a transparent and fair process, the Company has established a sound remuneration system that can lead to sustainable growth.

### ■ Remuneration for Directors, Audit & Supervisory Board Members, and the Independent Accounting Auditor

#### Director Remuneration

##### — Basic Policy

The basic policy on Director remuneration has been established in accordance with the following policies and based on a transparent and fair process.

- To serve as an incentive to strive for sustainable growth and enhancement of corporate value over the medium to long term
- To offer remuneration of a nature and level that is effective in continuing to secure outstanding human resources with diverse skills
- To base remuneration on the role and magnitude of responsibilities of the Directors and their contribution to performance
- To offer remuneration that varies greatly in accordance with performance related to management strategies
- To offer remuneration in which benefits and risks are shared with shareholders and which provides incentive to management from the standpoint of shareholders
- To offer remuneration that is determined in reference to external data and based on a transparent and fair process

##### — Composition of Remuneration

Remuneration for the Directors of the Company comprises basic remuneration, bonuses (annual and medium-term), and stock compensation. Remuneration for Outside Directors consists solely of basic remuneration. Based on the principle that remuneration for Internal Directors should be closely linked to performance, the percentage of variable remuneration (bonus and stock compensation) in the annual income for the President and Representative Director is set to be around 65%. In addition, the percentage of stock compensation, which is a form of remuneration that shares benefits and risks with shareholders, is set at around 15%. For

other Internal Directors, the percentage of variable remuneration is set at around 50% and is designed in accordance with the Director's position and role.

##### — Remuneration Level

The remuneration for Directors is set at a level that aims for the achievement of performance targets, taking into consideration the level of remuneration that is effective for continuing to secure outstanding human resources with diverse skills. Other Japanese companies of the same scale as the Company (top 100 in terms of market capitalization) are used as benchmarks for determining remuneration levels.

##### — Basic Remuneration (Fixed Remuneration)

Basic remuneration, which is a fixed monthly amount, is determined by adding expenses incurred by Directors, such as health examination costs, to a fixed amount determined based on Director position or role.

##### — Variable Remuneration

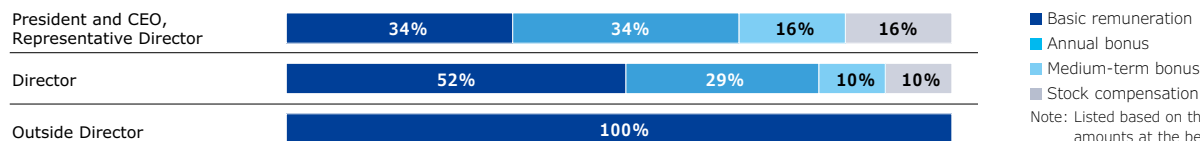
As a basic policy for further strengthening the incentive to strive for the Company's sustainable growth and enhancement of

corporate value over the medium to long term, the system for Director bonuses has been designed in consideration of increasing the percentage of variable remuneration (incentive) within Directors' annual income as well as contributing to the Company's sustainable growth (short-term, medium-term, and long-term) and enhancing corporate value (in terms of both financial value and social value) through the incentive system as a whole.

##### — Method for Determining Remuneration

Director remuneration is set in line with a resolution at a meeting of the Board of Directors and within the total amount for remuneration determined in advance at the General Meeting of Shareholders. When remuneration-related resolutions are being made by the Board of Directors, the Compensation Committee, which is made up of a majority of Outside Directors, acts as an advisory body to the Board of Directors, evaluating the content of said resolutions in the interest of greater transparency and objectivity through fair processes. In addition, the Compensation Committee utilizes objective external data, when necessary, to ensure fair decision-making related to Director remuneration.

#### Composition of Remuneration (Model remuneration set when business performance targets are achieved in 2022)



Note: Listed based on the expected amounts at the beginning of fiscal 2021





## Enhancing the Effectiveness of the Board of Directors to Increase Corporate Value over the Medium to Long Term

To establish more substantive corporate governance, the Company has analyzed and evaluated the effectiveness of the Board of Directors and has identified issues to be addressed in the future. By actively engaging in corporate governance activities with an awareness of such issues, the Company will continue to enhance the effectiveness of the Board of Directors going forward.

### ■ Framework for Enhancing Effectiveness of the Board of Directors

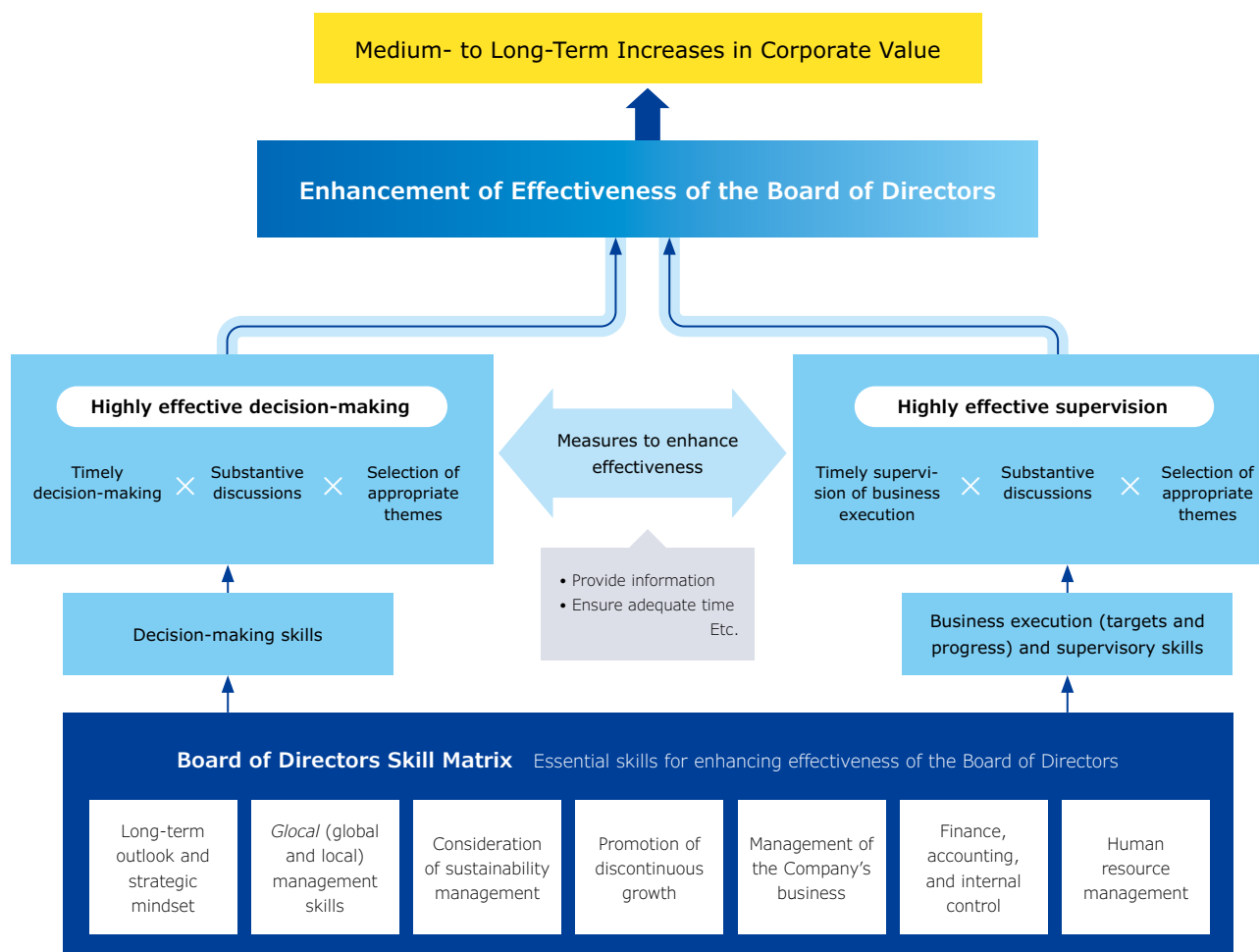
To implement the Asahi Group Philosophy (AGP), realize sustainable growth, and increase corporate value over the medium to long term, the Company's Board of Directors must maintain a high level of effectiveness.

To do so, the Board of Directors must be able to hold meaningful debate on appropriately determined topics and engage in timely decision-making and supervision of business execution. The Board should also comprise directors who possess the necessary skills determined under the Board of Directors Skill Matrix as well as decision-making and supervisory capabilities.

Furthermore, the Board of Directors and the directors themselves are supported by the effective audits of the Audit & Supervisory Board, which evaluates the effectiveness of the Board of Directors on its own and seeks to make improvements, and are also aided by the participation of the Nomination Committee and Compensation Committee, both of which comprise a large number of outside directors.

Also, the Board of Directors holds evaluations of its effectiveness each year, placing an emphasis on substance. Through these evaluations, issues are identified and improvements are made on an ongoing basis. In this way, the Board seeks to maintain and enhance its effectiveness.

Through this kind of framework, the Company's highly effective Board of Directors promotes management based on the AGP with the aim of ensuring that the Asahi Group will continue to enjoy a high level of trust from its stakeholders well into the future.



## ■ Evaluation of the Effectiveness of the Board of Directors


The effectiveness of the Board of Directors in fiscal 2021 was evaluated based on actual evaluations by the Board of Directors itself, a formal evaluation by the Secretariat of the Board of Directors, and the opinions of a third party. This evaluation was carried out in order to realize sustainable growth and medium- to long-term improvement in corporate value. An overview of the results and the issues recognized through the evaluation are as follows. Please refer to the website below for more details.

### I. Overview of the Results of the Evaluation of the Board of Directors' Effectiveness for Fiscal 2021

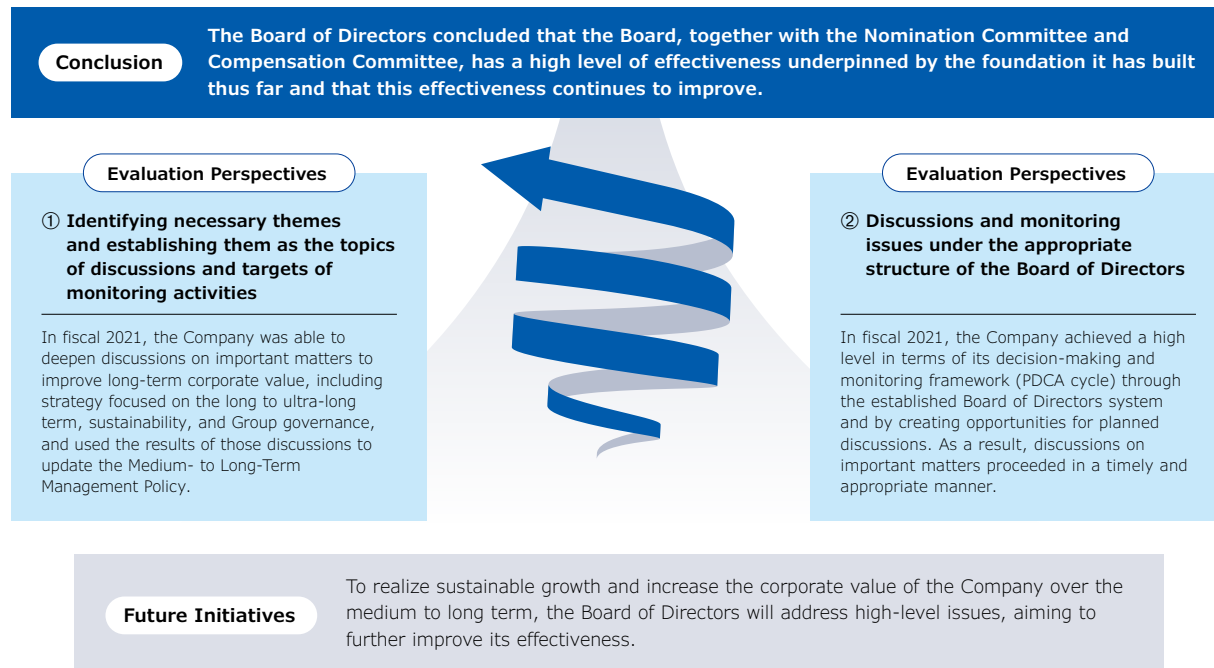
The evaluation concluded that the Company's Board of Directors in fiscal 2021 was highly effective due to the solid foundation established thus far, and that its effectiveness is continuously improving. Although several issues were pointed out in the evaluation, overall, the Board was evaluated highly as it was deemed to be producing results owing to its ongoing efforts to enhance its effectiveness.

### II. Issues to Be Addressed in Fiscal 2022

After considering the results of the evaluation, the Board of Directors recognized the three items on the right as issues to be addressed. The Board will respond to these issues while promoting the initiatives of its annual activity plan for fiscal 2022 and working to maintain its level of operation through such means as holding discussions on megatrends. By doing so, the Board of Directors will strive to further enhance its effectiveness.

 **WEB** → Overview of the results of the evaluation of the Board of Directors' effectiveness (March 25, 2022)

## Summary of Evaluation Results



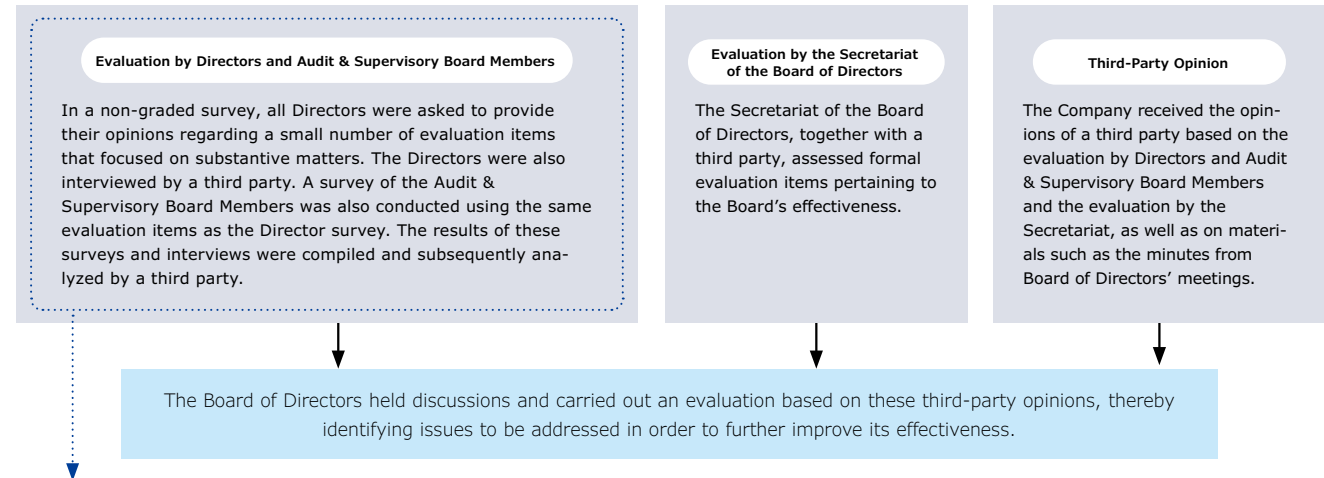
## Issues That Should Be Addressed to Further Enhance Effectiveness Response to the Issues Identified in Fiscal 2021

Identified issues	Reasons for identifying
i) Governance focused on the new Group system	• Because it is necessary for the Company's Board of Directors to change and adapt its monitoring process amid the response to progressing globalism and the transition to the new Group system based on the Regional Headquarters (RHQ) and Global Headquarters (GHQ)
ii) Monitoring of sustainability initiatives (responding to new issues, etc.)	• Because it is necessary to carry out monitoring while performing comprehensive back-casting as the Board of Directors of a global company amid the continued rise of new sustainability issues
iii) Succession in the Board of Directors as a team	• Because it is necessary to discuss succession in the Board of Directors, not only on an individual basis but also as a team (organizational unit), to maintain the effectiveness of the Board of Directors on an ongoing basis

### III. Evaluation Method

The evaluation of the effectiveness of the Board of Directors in fiscal 2021 was conducted in a manner that shifted the focus from one of formality to one of substance. From December 2021 to January 2022, three types of evaluations were conducted and opinions were received from a third party. Based on these evaluations and opinions, in March 2022 the Board of Directors held numerous discussions to finalize the evaluation of its effectiveness for fiscal 2021 and determine issues to be addressed in fiscal 2022.

#### Evaluation Method



#### (Reference) Overview of Directors' Opinions on the Key Points of the Evaluation

- The level of discussions at Board of Directors' meetings and of the Company's corporate governance is extremely high as a company with a head office in Japan.
- Operations that follow appropriate established themes and points to be discussed are in place, shared awareness is progressing, and decision-making and monitoring abilities are improving, creating a positive cycle of improving effectiveness.
- To become even more global, the Company must take its corporate governance to the next level.
- To improve discussions at the Board of Directors, there needs to be enhancement of both external dialogue that includes younger generations and of actual face-to-face dialogue.
- The Company should aim to create a Board of Directors that consistently demonstrates a positive cycle of improvement even when members of the Board or its structure change.

### IV. Issues Identified in Fiscal 2020 and Status of Response

Through the evaluation of its effectiveness in fiscal 2020, the Board of Directors identified the four items on the right as issues to be addressed, and worked to respond to these issues under its annual activity plan for fiscal 2021. As a result, the Board received praise for addressing all of these issues in an appropriate manner. However, given the nature of these issues, the Board recognized that it must continue to work toward addressing them.

#### Response to the Issues Identified in Fiscal 2020

Identified issues	Status of response
i) Deepening discussions on strategies and business portfolios that anticipate ultra-long-term and long-term megatrends	• The Board of Directors held discussions on megatrends as well as sessions with external parties and gained a shared awareness of megatrends, opportunities, and risks heading toward 2050. Based on this shared awareness, the Board of Directors held discussions on its business portfolio and updated the Medium- to Long-Term Management Policy accordingly.
ii) Promoting discussions on further enhancing Group global governance and crisis management	• The Board of Directors held discussions on Group governance and confirmed its approach to such matters as the RHQ system going forward. In addition, the Board promoted discussion on risk management.
iii) Promoting discussions and monitoring activities for integrating sustainability strategies into management strategies	• The Board of Directors held discussions on the integration of sustainability into management and worked to update the Medium- to Long-Term Management Policy. The Board also conducted monitoring of important issues such as respect for human rights.
iv) Promoting discussions on enhancing the functions of the Board of Directors as a global company	• The Board of Directors held discussions on corporate governance. Through these discussions, the Board confirmed the future direction of the Company's corporate governance system.

## ■ Evaluation of the Effectiveness of the Nomination Committee and the Compensation Committee

### I. Overview of the Results of the Evaluation of the Effectiveness of the Nomination Committee and the Compensation Committee

The evaluation concluded that the Nomination Committee and Compensation Committee displayed a high level of effectiveness during fiscal 2021. Although several issues were pointed out in the evaluation, these committees received a high evaluation due to their efforts to improve their level of operation, including formulating and implementing annual activity plans.

### II. Issues to Be Addressed in Fiscal 2022

Through the evaluation of effectiveness in fiscal 2021, the Board of Directors recognized the following three items as issues to be addressed by the Nomination Committee and Compensation Committee. By formulating and implementing an activity plan for these committees in fiscal 2022, the Board of Directors will work to further enhance the effectiveness of the Nomination Committee and Compensation Committee going forward.

#### i) Further strengthening planned operations of the committees

- Because there are many issues examined that cannot be resolved within a single fiscal year and because it is necessary to further strengthen management based on existing annual plans and enhance planning by these committees over a long-term time frame

#### ii) Enhancing the sharing of information between the committees and the Board of Directors

- Because it is necessary to further improve the sharing of information between the committees and the Board of Directors and because there is a need to examine the approach to reporting and information sharing

#### iii) Ensuring the continuity of discussions from a long-term perspective

- Because it is necessary for these committees to establish an operational framework, similar to that of the Board of Directors, for ensuring the continuity of discussions from a long-term perspective

### III. Method for Evaluating the Effectiveness of the Nomination Committee and the Compensation Committee in Fiscal 2021

The evaluation of the effectiveness of the Nomination Committee and Compensation Committee in fiscal 2021 was carried out as part of the evaluation of the effectiveness of the Board of Directors. From December 2021 to January 2022, all Directors took part in a non-graded survey where they were asked to provide their opinions on various evaluation items. The Directors were also interviewed by a third party. Furthermore, the Audit & Supervisory Board Members took part in a survey that consisted of the same evaluation items. The results of these surveys and interviews were compiled and subsequently analyzed by a third party.

Based on this analysis, numerous discussions were held at meetings of the Board of Directors in March 2022, where the evaluation for fiscal 2021 was confirmed and issues to be addressed in fiscal 2022 were identified.

## Members of the Nomination Committee and the Compensation Committee (for fiscal 2022)

### — Nomination Committee

Five members (of whom three are Outside Directors)

Position	Name
Independent Outside Director	Kenichiro Sasae ©
Independent Outside Director	Christina L. Ahmadjian
Independent Outside Director	Tetsuji Ohashi
Chairman of the Board	Akiyoshi Koji
President and CEO, Representative Director	Atsushi Katsuki

### — Compensation Committee

Five members (of whom three are Outside Directors)

Position	Name
Independent Outside Director	Christina L. Ahmadjian ©
Independent Outside Director	Kenichiro Sasae
Independent Outside Director	Tetsuji Ohashi
Director and Executive Officer, CHRO	Keizo Tanimura
Director and Executive Officer, CFO	Kaoru Sakita

Note: © denotes committee chairpersons

## ■ Evaluation of the Effectiveness of the Audit & Supervisory Board

The Company's Audit & Supervisory Board has been evaluating its own effectiveness since fiscal 2018 as an ongoing initiative. In fiscal 2021, it conducted an effectiveness evaluation focusing on the status of efforts to respond to the matters that were identified in fiscal 2020 as needing to be addressed. The results of the evaluation are as follows.

### I. Summary of Results of Analysis and Evaluation

The Company's Audit & Supervisory Board concluded that it functioned effectively in fiscal 2021. The evaluation was carried out based on the results of surveys and interviews with Audit & Supervisory Board Members and took into account advice provided by external experts.

Evaluation method	Targeted member
Surveys	<ul style="list-style-type: none"> <li>Audit &amp; Supervisory Board Members</li> <li>Standing Audit &amp; Supervisory Board Members of Group companies</li> <li>Members of the Internal Audit Section of the Company</li> <li>Divisions audited by the Audit &amp; Supervisory Board</li> </ul>
Interviews	<ul style="list-style-type: none"> <li>Chairman of the Board and President</li> <li>Standing Audit &amp; Supervisory Board Members</li> <li>Newly appointed Standing Audit &amp; Supervisory Board Members of Group companies</li> <li>Members of the Internal Audit Section of the Company</li> <li>Accounting auditors</li> </ul>
Other (advice)	<ul style="list-style-type: none"> <li>External experts (third-party evaluation support institutions)</li> </ul>

## II. Initiatives Going Forward

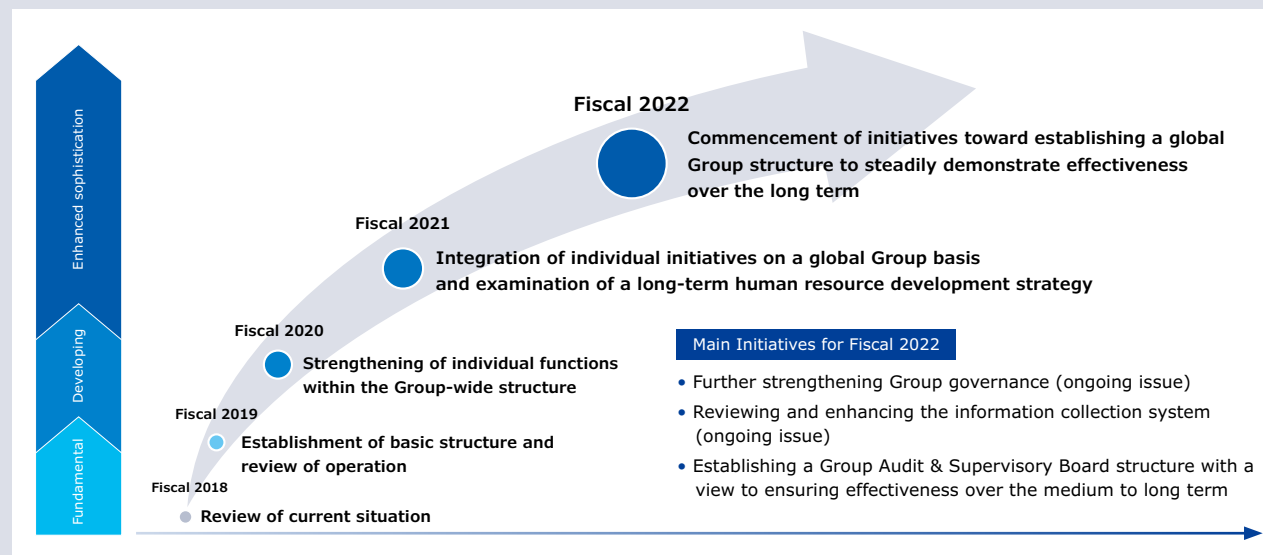
After having engaged in discussions on the evaluation and analysis for fiscal 2021, the Audit & Supervisory Board identified the following three points as issues to be addressed going forward.

- Further strengthening Group governance (ongoing issue)
- Reviewing and enhancing the information collection system (ongoing issue)
- Establishing a Group Audit & Supervisory Board structure with a view to ensuring effectiveness over the medium to long term

The Company is moving forward with a broad range of initiatives aimed at establishing a Group governance structure appropriate for a corporation with global businesses. As part of these initiatives, the Audit & Supervisory Board is working to establish a Group Audit & Supervisory Board structure by pursuing timely and appropriate collaboration with internal and external stakeholders while taking their perspectives into consideration.

The Company's Audit & Supervisory Board aims to become even more effective so that it can demonstrate best practices among companies in Japan in terms of playing its role in corporate governance in order to contribute to corporate value enhancement and support efforts to prevent harm to the Company.

### Transition of Initiatives



## Cross-Shareholdings That Help Realize Sustainable Growth and Improve Corporate Value over the Medium to Long Term

The Company verifies the appropriateness of holding cross-shareholdings from the perspective of improving corporate value over the medium to long term. In regard to shareholdings for which the significance of holding is not recognized, the Company works to sell such shareholdings in a timely and appropriate manner after sufficient dialogue with the counterpart entity.

### Policy of Reducing Cross-Shareholdings

In consideration of its goal to pursue improvement in asset and capital efficiency, the Company refrains from holding shares that it deems as neither contributing to the sustainable growth of the Company nor increasing its corporate value over the medium to long term.

In addition, the Company gives thorough consideration to such factors as the appropriateness of the purpose of holding shares and the impacts of holding shares from the perspective of the level of contribution to business performance and risks. The Company also investigates specific elements such as how holding shares measures against capital cost. The results of the examinations of major shareholdings, including the significance of the holding, are reviewed every year by the Board of Directors.

In the event a shareholding is deemed not to contribute to the Company's sustainable growth or to increases in its corporate value over the medium to long term, the Company, as a shareholder, engages in the necessary dialogue with the counterpart entity. Shareholdings that are deemed not capable of being improved, even after engaging in such dialogue, are sold in a timely and appropriate manner.

For each target agenda item, the Company appropriately exercises voting rights attached to the shares it holds by comprehensively weighing factors such as whether proposals contribute to the sustainable growth of the Company and increases in corporate value over the medium to long term, and whether they contribute to the common interests of the investee's shareholders.

For shareholdings during the period under review, strategic necessities such as maintaining and strengthening business relationships and facilitating smooth business activities were

verified, and the appropriateness of holding shares in terms of risks and other factors was examined based on the above policy. The results of the examinations were reported to the Board of Directors, and the appropriateness of holding the shares was confirmed. The total amount recorded on the balance sheet and the ratio of total equity as of the end of fiscal 2021 are as follows.

Total equity (a)	1,759,148 million yen
Total amount recorded on balance sheet (b)	97,637 million yen
Ratio (b ÷ a)	5.6%

### Measures for Enhancing Corporate Governance

<b>2000</b>	<ul style="list-style-type: none"> <li>Corporate Officer System is introduced.</li> <li>Nomination Committee and Compensation Committee are established.</li> <li>Number of Outside Directors is increased from one to three.</li> </ul>	<b>2018</b>	<ul style="list-style-type: none"> <li>Evaluations of the effectiveness of the Audit &amp; Supervisory Board are commenced and third-party evaluations are introduced.</li> <li>Majority of officers appointed as members of the Nomination Committee and Compensation Committee are from outside the Company. Both committees are chaired by an Outside Director.</li> </ul>
<b>2007</b>	<ul style="list-style-type: none"> <li>Terms of Directors are shortened to one year.</li> </ul>		
<b>2011</b>	<ul style="list-style-type: none"> <li>The Company transitions to a pure holding company structure.</li> </ul>		
<b>2013</b>	<ul style="list-style-type: none"> <li>Takeover defense measures are abolished.</li> </ul>		
<b>2015</b>	<ul style="list-style-type: none"> <li>Corporate Governance Guidelines are formulated.</li> <li>Evaluations of the effectiveness of the Board of Directors are commenced.</li> </ul>	<b>2019</b>	<ul style="list-style-type: none"> <li>The Company transitions to a structure in which the Chairman of the Board of Directors does not serve concurrently as a Representative Director.</li> <li>Standards and guidelines are formulated for the resignation of the CEO, the appointment of Representative Directors, and the clarification of terms of office for officers.</li> <li>The number of Outside Directors on the Board of Directors is raised, now constituting one-third of total Board members.</li> <li>The overall functions of remuneration systems are strengthened to provide an incentive to Internal Directors.</li> </ul>
<b>2016</b>	<ul style="list-style-type: none"> <li>Performance-Linked Stock Compensation Plan is introduced for Internal Directors.</li> </ul>	<b>2020</b>	<ul style="list-style-type: none"> <li>The CXO system is introduced to enhance global governance.</li> <li>The Board of Directors Skill Matrix and CEO Skill Set are established.</li> </ul>
<b>2018</b>	<ul style="list-style-type: none"> <li>Title of CEO is transferred from Chairman of the Board to President and Representative Director to improve the effectiveness of management supervision from an operational execution perspective.</li> <li>Third-party evaluations with respect to the effectiveness of the Board of Directors are introduced.</li> </ul>	<b>2021</b>	<ul style="list-style-type: none"> <li>Overview of the Results of the Evaluation of the Effectiveness of the Nomination Committee and Compensation Committee is disclosed.</li> </ul>

## Risk Management That Promotes Appropriate Risk-Taking

At the Asahi Group, we control overall risk effectively and efficiently through our enforcement of enterprise risk management (ERM), while promoting appropriate risk-taking by clearly specifying the risks to be accepted or minimized based on the Asahi Group Risk Appetite Statement.

### Risks Confirmed by the Risk Management Committee to Likely Have a Significant Impact on Corporate Value over the Medium to Long Term

Risk Type	Details	Projected Impact on the Asahi Group	The Asahi Group's Response
<b>1 Operating Environment</b>	<ul style="list-style-type: none"> <li>Market trends characterized by shifts in demand resulting from a deteriorating economy, intensifying competition, changing consumer preferences, population decline, and a declining birth-rate and an aging population</li> </ul>	<ul style="list-style-type: none"> <li>Decline in sales due to drop in consumption of alcohol beverages, soft drinks, and food</li> <li>Deterioration of profitability arising from intensifying competition and consequential decrease in unit sales prices</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of value of high-value-added brands and creation of new markets</li> <li>Acceleration of earnings structure reforms that anticipate future changes in business environment</li> <li>Reinforcement of product lineup for all alcohol beverages</li> <li>Pursuit of areas that address increased focus on health of consumers and aging society</li> </ul>
<b>2 Impact Associated with COVID-19</b>	<ul style="list-style-type: none"> <li>Adverse effects of economic stagnation stemming from a downturn in the food service industry and government-imposed stay-at-home restrictions</li> <li>Increasing tendency to save money</li> <li>Increased focus on health and the environment and greater emphasis on trusted, secure brands</li> <li>Extended use of digital services by standardizing the use of online channels</li> </ul>	<ul style="list-style-type: none"> <li>Continuously sluggish sales centered on beer for on-premise market</li> <li>Deterioration of profitability as a consequence of sales mix comprising products with a relatively low profit margin</li> <li>Decline in effectiveness of conventional strategies and competitiveness of the Group as a result of irreversible changes to consumers, markets, and society</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of "contributing to a sustainable society and responding to changing conceptions of well-being through delivering great taste and fun"</li> <li>Timely responses to constantly changing conceptions of well-being</li> <li>Planning and development of business strategies that anticipate changes to market landscape</li> <li>Development of new operating model</li> </ul>
<b>3 Expansion of Business Operations</b>	<ul style="list-style-type: none"> <li>Development of global management platform, centered on the three core regions of operation—Japan, Europe, and Oceania—through the acquisition of external management resources</li> <li>Goodwill and intangible assets accounting for 40.0% and 22.1%, respectively, of consolidated total assets following acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Impairment loss resulting from changes in business environment and competitive landscape, a sharp rise in interest rates due to the materialization of country risks, and market contraction</li> </ul>	<ul style="list-style-type: none"> <li>Continued use of management resources from external sources directed toward business growth</li> <li>Pursuit of more-effective Group governance</li> </ul>
<b>4 Risks Related to Climate Change</b>	<ul style="list-style-type: none"> <li>Rise in average temperatures, shift in precipitation patterns, and intensification of abnormal weather</li> <li>Tightening of regulations associated with greenhouse gas emissions</li> <li>Tightening of water resource-related regulations</li> <li>Change in customer behavior</li> </ul>	<ul style="list-style-type: none"> <li>Incurrence of losses from product waste, opportunity loss, and damaged equipment and facilities due to the intensification of abnormal weather</li> <li>Higher operating costs reflecting rising cost of key raw materials</li> <li>Higher operating costs associated with tightening supply and demand for water and increased water-related costs caused by droughts</li> <li>Higher product prices reflecting implementation of carbon tax</li> <li>Impact of water use regulations on business continuity</li> <li>Impact of higher ethical standards on sales</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions by 70% in Scope 1 and 2 and 30% in Scope 3 by 2030 (compared with 2019)</li> <li>Reduction of CO<sub>2</sub> emissions to zero by 2050 in Scope 1, 2, and 3 and becoming carbon neutral</li> <li>Curbing of basic water consumption to 3.2 m<sup>3</sup>/kl or less by 2030 through streamlining of water usage and expansion of recycling system</li> <li>Endorsement of TCFD recommendations, proactive efforts to analyze and respond to risks and opportunities presented by climate change that impact our business, and enhanced disclosure of such details</li> </ul>
<b>5 Risks Associated with Procurement of Key Raw Materials</b>	<ul style="list-style-type: none"> <li>Increasingly severe market conditions for raw materials utilized in products</li> <li>Bankruptcy and acquisition of suppliers and cornering of markets by competitors</li> <li>Restrictions on manufacturing raw materials and delays in their distribution at suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Higher prices of raw materials</li> <li>Halt to operations stemming from inability to procure raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Procurement at stable prices through use of fixed rates, multiyear contracts, and financial products</li> <li>Alleviation of impact of rising prices and dispersion of procurement risk through purchase of raw materials from multiple suppliers and establishment of competitive landscape</li> <li>Prevention of procurement risk and curbing of costs by considering transition to alternative materials</li> <li>Securing of inventory in a safe manner and distribution of inventory across multiple storage facilities</li> </ul>
<b>6 Emergence of New Business Models via Technological Innovation</b>	<ul style="list-style-type: none"> <li>Provision of new value through use of the latest digital technology</li> <li>Streamlining of supply chain through utilization of AI</li> <li>Emergence of alcohol-alternative products</li> <li>Rapid growth in adoption of remote workstyles and use of e-commerce and other online channels</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of industry presence and competitiveness</li> <li>Establishment of market dominance and creation of new markets through the Asahi Group's leadership in innovation</li> </ul>	<ul style="list-style-type: none"> <li>In the DX domain, development of data platforms and enhancement of data management, and reinforcement of investment in information disclosure and service provision to meet needs for well-being and to fulfill social responsibility</li> <li>In R&amp;D activities, creation of new value; provision of support to help consumers realize good mental and physical health; reduction of environmental and climate change-related risks; and reinforcement of investment in the development of promising "seeds" that lead to new businesses</li> </ul>
<b>7 Information Security</b>	<ul style="list-style-type: none"> <li>Disruption to business activities as a result of power outages, disasters, defective software and devices, and cyberattacks; loss and leakage of confidential information; loss of personal information; fraud; and violation of the European Union's General Data Protection Regulation (GDPR) and other regulations in various countries</li> </ul>	<ul style="list-style-type: none"> <li>Interruption of business</li> <li>Cash outflow due to compensation and claims for damages, etc.</li> <li>Imposition of fines due to GDPR violations</li> <li>Decline in operating results, financial condition, and corporate brand value</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of cyber security incidents through ASAHI-CSIRT and other IT systems</li> <li>Development of system for timely and optimal prevention and protection against recurring incidents</li> <li>Security measures associated with software and devices</li> <li>Implementation of employee training and development programs</li> </ul>

Risk Type	Details	Projected Impact on the Asahi Group	The Asahi Group's Response
<b>8 Social Values Pertaining to Alcohol Consumption</b>	<ul style="list-style-type: none"> <li>Examinations regarding possible implementation of global alcohol sales regulations</li> <li>Decline in alcohol consumption stemming from increased focus on alternatives and health worldwide</li> </ul>	<ul style="list-style-type: none"> <li>Expenses associated with regulatory compliance</li> <li>Deterioration in operating results of Asahi's core Alcohol Beverages Business</li> <li>Damage to reputation and brand value</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration with alcohol industry and industry groups such as IARD</li> <li>Promotion of responsible drinking awareness campaigns and health-conscious products</li> <li>Establishment of sales and marketing-related voluntary standards</li> <li>Strengthening of employee training programs on responsible drinking</li> </ul>
<b>9 Large-Scale Natural Disasters</b>	<ul style="list-style-type: none"> <li>Rising number of risks related to earthquakes, tsunamis, typhoons, floods, and other natural disasters in Japan and overseas</li> </ul>	<ul style="list-style-type: none"> <li>Halt to product manufacturing and deliveries</li> <li>Inability to procure raw materials and resources</li> <li>Interruption and halt to business activities</li> <li>Decline in consumer sentiment</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of safety confirmation system and strengthening of emergency communications system</li> <li>Prevention of secondary disasters by reinforcing production plants with earthquake-resistant construction, ensuring safety of equipment, etc.</li> <li>Formulation of BCP by reflecting on past performance and experience in large-scale disasters</li> <li>Establishment of backup facility at data center</li> </ul>
<b>10 Securing of Diverse Talented Personnel</b>	<ul style="list-style-type: none"> <li>Greater demand for personnel and changes in and enhancement of necessary skill set stemming from expansion of global business</li> </ul>	<ul style="list-style-type: none"> <li>Lack of capability to execute strategies and achieve the targets of the Medium- to Long-Term Management Policy in light of insufficiencies in acquiring, cultivating, and retaining human resources</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of personnel training programs and recruitment and placement of human resources without regard to nationality, gender, etc.</li> <li>Expansion and strengthening of personnel pipeline through the cultivation of candidates for future management positions</li> <li>Global promotion of optimal placement of personnel and recruitment of external human resources</li> </ul>
<b>11 Widening Supply-Demand Gap in Domestic Logistics</b>	<ul style="list-style-type: none"> <li>Widening supply-demand gap of truck drivers as a result of declining working population associated with the declining birthrate and aging population and growth of e-commerce</li> </ul>	<ul style="list-style-type: none"> <li>Stagnant supply of products</li> <li>Increase in transportation costs</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of local-production-for-local-consumption logistics model and enhanced efficiency of logistics-related labor through the introduction of logistics devices and systems</li> <li>Establishment of modal shift and other new trunk transport schemes</li> <li>Achievement of highly efficient transport through collaboration with companies in other industries</li> <li>Improvement of workplace environment via measures to enhance logistics efficiency</li> </ul>
<b>12 Use of Plastics</b>	<ul style="list-style-type: none"> <li>Strengthening of regulations on plastic waste and on imports of plastic products</li> <li>Strict social views on products made from large amounts of plastic in light of plastic waste contribution to marine pollution</li> <li>Drastic decline in demand for products using large amounts of plastic materials in containers and packaging</li> </ul>	<ul style="list-style-type: none"> <li>Impairment of Asahi's reputation due to inadequate response</li> <li>Higher recycling expenses and sharp increase in production costs through use of alternative materials</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of 3R + Innovation</li> <li>Transition to 100% eco-friendly materials for PET bottles by 2030</li> <li>Transition to 100% reusable materials for plastic containers by 2025</li> <li>Procurement of recycled PET resin</li> <li>Development of new eco-friendly materials and discussions on the adoption of sales methods that do not involve the use of plastic containers and packaging</li> </ul>
<b>13 Compliance with Laws and Regulations and Soft Law</b>	<ul style="list-style-type: none"> <li>Alcohol-related tax laws such as the Liquor Tax Act, Food Sanitation Act, Product Liability Act, Labor Standards Act, Anti-Bribery Act, Unfair Competition Prevention Act, environmental laws, and various other legal restrictions</li> <li>Unexpected implementation of new laws</li> <li>Tightening regulations related to human rights and heightened focus on corporate activities in countries and regions with high human rights risks</li> </ul>	<ul style="list-style-type: none"> <li>Disciplinary measures and filing of legal action due to violation of laws and regulations</li> <li>Social sanctions</li> <li>Impairment of Asahi's reputation and brand value and resulting decline in sales stemming from loss of stakeholder trust</li> </ul>	<ul style="list-style-type: none"> <li>Promotion and supervision of Group-wide corporate ethics and compliance by the Compliance Committee</li> <li>Implementation of training programs to ensure strict adherence to and raise awareness of the Asahi Group Code of Conduct among employees</li> <li>Formulation of Asahi Group Human Rights Principles in accordance with the United Nations Guiding Principles on Business and Human Rights</li> <li>Implementation of human rights education programs for employees</li> <li>Promotion of human rights due diligence at suppliers. As part of such efforts, implementation of self-assessment questionnaires and interviews at suppliers of raw materials</li> <li>Promotion of initiatives to identify human rights risks at suppliers of high-risk raw materials</li> <li>Development of mechanisms to provide access to remedy</li> </ul>
<b>14 Country Risks Associated with Global Business Development</b>	<ul style="list-style-type: none"> <li>Political uncertainty, economic crisis, retaliatory tariffs, threats of boycott over treatment of refugees, racial discrimination, tightening of regulations, tax reform, natural disasters, and emerging infectious diseases</li> </ul>	<ul style="list-style-type: none"> <li>Reduced cost competitiveness due to unfavorable conditions for foreign-capital companies, lower profits, business closures attributable to political, military, and social pressure, safety concerns of employees, failure to achieve management targets, recording of medium- to long-term losses, and business withdrawals</li> </ul>	<ul style="list-style-type: none"> <li>Early detection and effective prevention of risks through collection of information at Group companies and appointment of external consultants</li> <li>Formulation of BCP designed to cope with major incidents</li> <li>Dispersion of revenue streams through continuous globalization</li> </ul>
<b>15 Quality</b>	<ul style="list-style-type: none"> <li>Potential threats to customers' health posed by quality-related accidents arising from contingencies</li> </ul>	<ul style="list-style-type: none"> <li>Incurring of costs due to product recalls and suspension of manufacturing activities</li> <li>Impairment of business results, company reputation, and brand value triggered by loss of customer confidence</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of efforts to identify, examine, and address tasks that may impact quality throughout each process, from product design to sales</li> <li>Advancement of quality assurance technology through introduction of AI and other leading technologies</li> <li>Development of latest analytical technologies for ensuring food safety</li> <li>Adoption of international approaches to quality and food safety management systems and acquisition of external certification</li> </ul>
<b>16 Other Risks</b>	<ul style="list-style-type: none"> <li>Financial risk (including exchange rate, interest rate, rating, and asset price fluctuation risks)</li> <li>Tax risk</li> <li>Litigation risk</li> </ul>	<ul style="list-style-type: none"> <li>Increased costs, increasingly severe competition, restrictions to business activities, and impact on operating results and financial condition</li> </ul>	<ul style="list-style-type: none"> <li>Utilization of various risk-hedging strategies</li> </ul>



# Our History

## Extensive Experience That Transforms Challenge and Innovation into Growth

The Asahi Group has achieved growth throughout the years by cherishing three values: “challenge and innovation” that creates new value, such as the release of *Asahi Super Dry*, which at the time completely changed the way people thought about beer, and the cultivation of brands loved by all generations; “excellence in quality” that the Group delivers to its customers; and “shared inspiration” that the Group enjoys with its stakeholders. Drawing on these values as its foundation, the Group will leverage strengths such as its long-cultivated brands and human resources in each country and region of operation to deliver premium value to an even greater number of customers around the world.

### 1889–

#### The starting point for “the highest level of quality” and “challenge and innovation”

The Company was founded in 1889 with the aim of producing authentic Japanese beer that is made by Japanese people. Winning awards at expos and exhibitions both domestically and abroad, we are constantly striving for “the highest level of quality,” which has been a part of our corporate culture since our founding.



- 1884 • *Hiranosui* (now *MITSUYA CIDER*) is launched.
- 1889 • Osaka Beer Brewing Company is established.
- 1892 • *Asahi Beer* is launched.
- 1900 • Japan’s first bottled draft beer is launched.
- *Asahi Beer* wins a gold medal at the 1900 Paris Expo.
- 1930 • *EBIOS* is launched.

### 1949–

#### A second start and further innovation

In 1949, Asahi Breweries, Ltd. was established, a product of a corporate breakup brought on by post-war economic decentralization in Japan. Thereafter, Asahi continued to expand its business foundation, centered on its whisky and spirits and soft drinks businesses, and worked to create new drinking opportunities, including the introduction of canned beer in Japan.



- 1949 • Asahi Breweries, Ltd. is established.
- 1958 • Asahi launches Japan’s first canned beer, *Asahi Beer*.
- 1969 • Asahi pioneers the practice of putting expiry dates on product labels.
- 1971 • Asahi launches Japan’s first aluminum canned beer.
- 1982 • Mitsuya Foods Co., Ltd. (now Asahi Soft Drinks Co., Ltd.) is established.
- 1985 • Asahi introduces a corporate identity and bolsters brand strength.

### 1987–

#### An incredible leap brought about by years of innovation

In 1987, Asahi launched Japan’s first dry draft beer, *Asahi Super Dry*, which was brought to fruition by ideas that went beyond the common ways of thinking within the beer industry at that time. Since then, Asahi has worked to spur innovation in its supply chain management in such ways as establishing quality standards for freshness. In 1998, these efforts would culminate in Asahi capturing the top share of Japan’s beer market.



- 1987 • *Asahi Super Dry* is launched.
- 1992 • Asahi Beer Foods Co., Ltd. (now Asahi Food & Healthcare Co., Ltd.) is established.
- 1994 • Asahi enters the Chinese market.
- 1996 • Asahi begins exports of *Asahi Super Dry* to the United Kingdom.
- 1998 • Asahi claims top share of Japan’s beer market.

### Global Brands with Rich Histories

Each global brand that was added to the Group through the acquisition of the Europe business possesses a long and rich history. With their quality being refined over the years, these brands are enjoyed by a vast number of consumers today.



1615 Grolsch



1842 Pilsner Urquell



1846 Peroni



1874 Kozel



# Our History

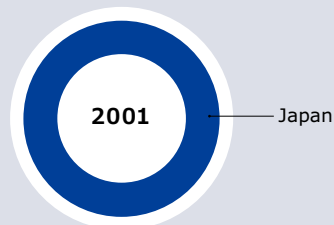
## 2001-

### Expanding our business portfolio and strengthening our brands by leveraging synergies

In 2001, Asahi entered the happoshu market and captured the top share in Japan's beer and happoshu markets. Vigorous M&A activity in the Alcohol Beverages (excluding beer-type), Soft Drinks, and Food businesses made the Asahi brand a top name in each respective category. Furthermore, as Asahi expanded its portfolio, the Company worked to enhance the brand strength in each of its businesses by developing synergies across their entire range.



- 2001
  - Asahi enters the happoshu market.
  - Asahi captures top share of the Japanese beer and happoshu markets.\*1
  - Asahi makes The Nikka Whisky Distilling Co., Ltd. a wholly owned subsidiary.
- 2002
  - Asahi acquires MINTIA.
- 2006
  - Asahi acquires stock in Wakodo Co., Ltd., Japan's largest baby food company.
- 2008
  - Asahi acquires stock in Amano Jitsugyo Co., Ltd., Japan's largest freeze-dried food company.



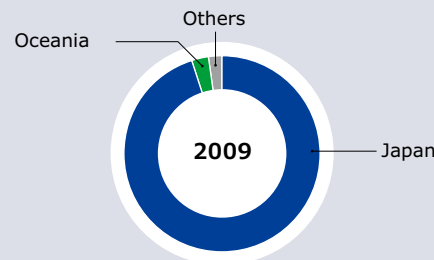
## 2009-

### Making strategic moves toward global growth

In Japan, Asahi continued its cultivation of new brands, which created new demand for drinking and eating, to drive growth in their respective markets, and acquired CALPIS, a popular lactic acid drink, thereby reinforcing its business foundation. As Asahi worked to enhance its profitability in Japan, it took on a new challenge as a global player overseas, entering markets in Oceania and Southeast Asia and carrying out large-scale acquisitions of European beer businesses.



- 2009
  - Asahi enters the Oceania market in earnest.
- 2011
  - Asahi enters the Southeast Asia market in earnest.
- 2012
  - Asahi acquires stock in Calpis Co., Ltd.
- 2016
  - Asahi acquires SABMiller plc's beer business in Western Europe.
- 2017
  - Asahi acquires SABMiller plc's beer business in Central Europe.



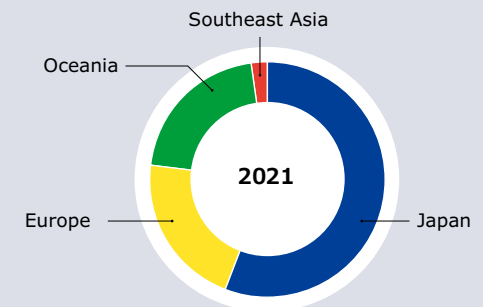
## 2018-

### Fortifying our global business foundation in the pursuit of further growth

To establish drivers for the further growth of its management foundation, which now spans across the globe, the Group has been pursuing unique value guided by the AGP. By acquiring the Carlton & United Breweries business (CUB business) in Australia in 2020, the Group put in place a regional headquarters structure that covers Japan, Europe, Oceania, and Southeast Asia. Under this new structure, the Group is taking steps to enhance the sophistication of its management strategies in such ways as expanding the rollout of its global brands and integrating sustainability into its management.



- 2019
  - The Asahi Group Philosophy (AGP) is enacted.
- 2020
  - Asahi reorganizes its overseas beer businesses.
  - Asahi acquires Australian business (CUB business) of Anheuser-Busch InBev.
- 2022
  - Asahi reorganizes the Japan Business.



\*1 Based on taxable shipment volume of five major Japanese breweries  
 \*2 Business portfolio is calculated based on sales by business segment.

## Financial Highlights

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries  
Years ended December 31

### Revenue / Liquor Tax

**¥2,236.0 billion** ↑

#### Revenue

Despite the decrease in revenue in the Alcohol Beverages Business in Japan, total revenue increased, due in part to the benefits of the consolidation of the CUB business and the recovery of on-premise demand in Europe and Oceania.

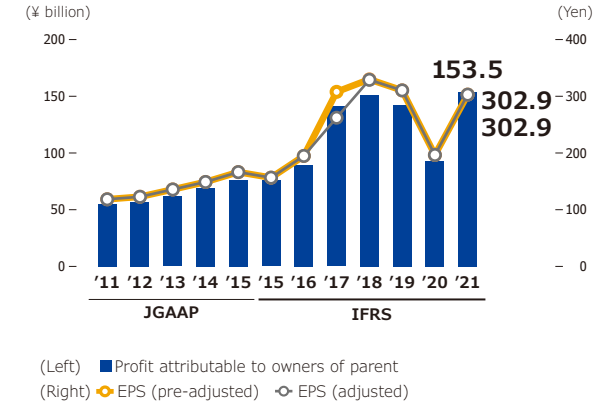


### EPS\*2 / Profit Attributable to Owners of Parent

**¥302.9** ↑

#### EPS (adjusted)

Profit attributable to owners of parent increased due to the rise in Core Operating Profit, along with gains from the sale of fixed assets, among other factors. Adjusted earnings per share (EPS) also increased.

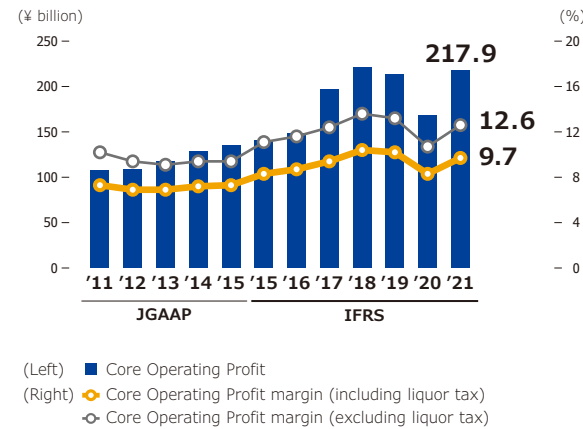


### Core Operating Profit\*1 / Core Operating Profit Margin

**¥217.9 billion** ↑

#### Core Operating Profit

While the Alcohol Beverages Business in Japan saw a decline in Core Operating Profit, total Core Operating Profit was up due to the increase in profitability of the Soft Drinks Business, improvement in the channel mix in Europe and Oceania, and overall cost reductions.

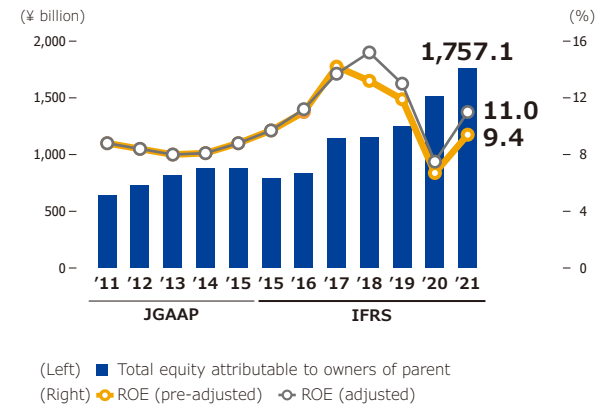


### ROE\*3 / Total Equity Attributable to Owners of Parent

**11.0%** ↑

#### ROE (adjusted)

Adjusted return on equity (ROE) rose due to higher profit attributable to owners of parent. Total equity attributable to owners of parent was up due to factors such as increased retained earnings and foreign currency translation adjustments.



\*1 Core Operating Profit is the reference indicator for normalized business performance.

Core Operating Profit = Revenue - (Cost of goods sold + Selling, general and administrative expenses)

\*2 Both pre-adjusted and adjusted figures are provided for EPS, ROE, and the dividend payout ratio. Adjusted figures exclude one-time special factors such as the impacts of business portfolio restructuring.

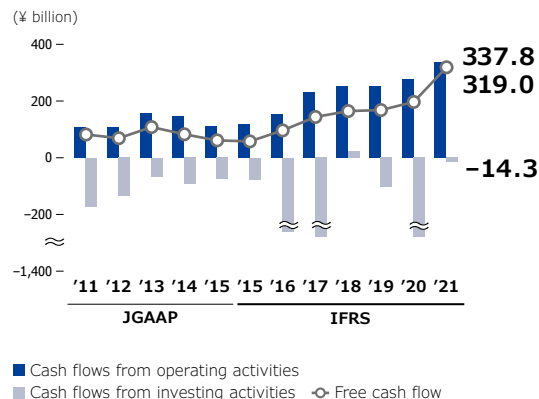
\*3 Adjusted ROE = Adjusted profit attributable to owners of parent / Equity attributable to owners of parent (after the deduction of translation difference on foreign operations and Changes in fair value of financial instruments measured at fair value through other comprehensive income)

Cash Flows

**¥319.0 billion** ↑

Free Cash Flow\*3

Free cash flow rose owing to an increase in profit before tax and cash generated, partially through sales of non-business assets. Meanwhile, net cash used in investing activities decreased in the wake of the acquisition of CUB in 2020.

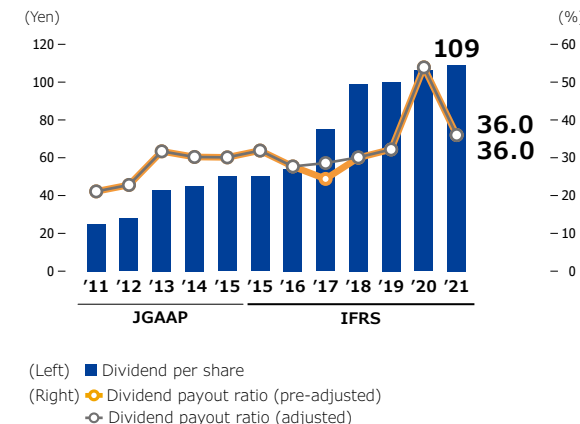


Dividend per Share / Dividend Payout Ratio\*2

**36.0%** ↓

Dividend Payout Ratio (adjusted)

The dividend per share was increased by 3 yen year on year. Also, the consolidated dividend payout ratio surpassed the Medium- to Long-Term Management Policy guideline (stable dividend increases with the aim of achieving a payout ratio of 35%).

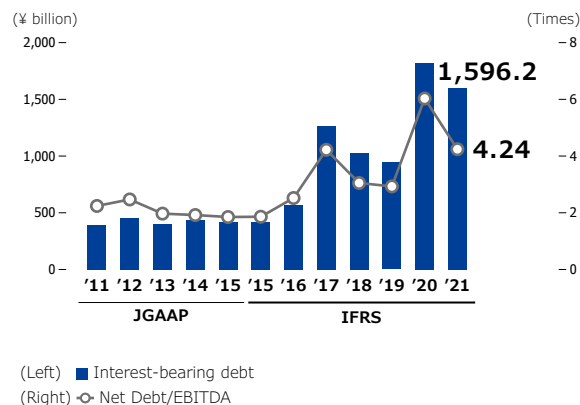


Interest-Bearing Debt / Net Debt/EBITDA\*4

**4.24 times** ↓

Net Debt/EBITDA

Interest-bearing debt decreased due to the allocation of generated cash toward the reduction of financial debt. Also, Net Debt/EBITDA decreased due to lower interest-bearing debt and increased EBITDA.

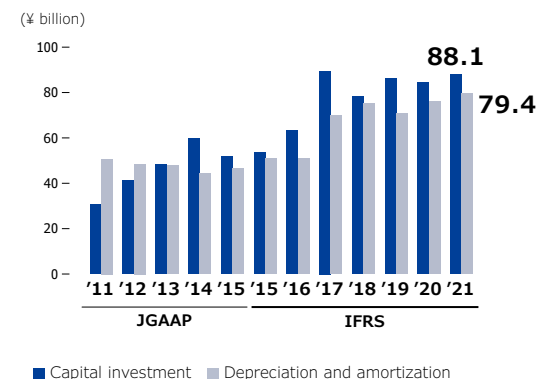


Capital Investment\*5 / Depreciation and Amortization\*5

**¥88.1 billion** ↑

Capital Investment

Despite the reductions in nonessential and nonurgent investments in Japan, overall capital investment was up, owing to such investments as increasing the production capacities of beer manufacturing facilities in Europe.



\*3 Free cash flow = Cash provided by operating activities - Cash used in investing activities (excluding M&As and other business restructuring)  
 For 2019 and prior years: Free cash flow = (Cash flows from operating activities + Proceeds from sales of property, plant and equipment) - Purchase of property, plant and equipment  
 \*4 Under IFRS, EBITDA = Core Operating Profit + Amortization of intangible assets + Depreciation; under JGAAP, EBITDA = Operating income + Amortization of goodwill + Depreciation  
 Figures have been calculated by excluding 50% of the amount of 300.0 billion yen for outstanding subordinated bonds from net debt.  
 \*5 The above capital investment and depreciation and amortization amounts do not include lease assets or trademarks at the time of acquisition of subsidiaries.

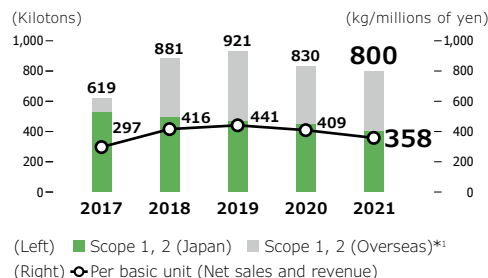
## Sustainability Highlights

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries  
Years ended December 31

Environment

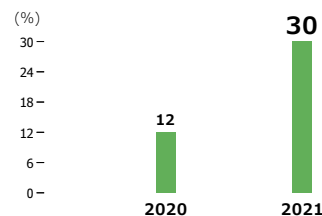
### CO<sub>2</sub> Emissions / Per Basic Unit

We adopted Asahi Carbon Zero with the aim of achieving zero CO<sub>2</sub> emissions by 2050. In 2022, we raised our CO<sub>2</sub> reduction target for 2030 from 50% to 70%, and we have been accelerating initiatives to achieve this target accordingly.



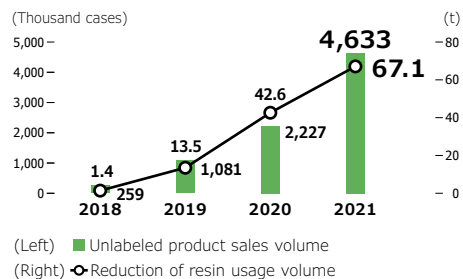
### Renewable Energy Electricity Usage Rate

With a view to achieving Asahi Carbon Zero, we aim to have a renewable energy electricity usage rate of 100% by 2050 and are promoting the introduction of renewable electricity at our breweries and other locations.



### Sales Volume for Unlabeled Products / Reduction of Resin Volume

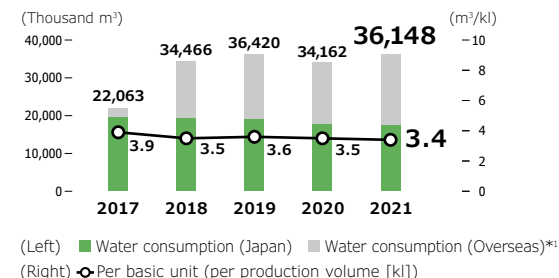
At Asahi Soft Drinks Co., Ltd., we are developing unlabeled PET bottle products. Through these products, we aim to eliminate the time and effort spent removing labels from PET bottles when disposing of them, while lessening the burden on the environment by decreasing the amount of waste.



\*1 The coverage of overseas Scope 1, 2 and overseas water consumption is as follows:  
2017: Oceania  
2018: Oceania and Europe  
2019-2021: Oceania, Europe, and Southeast Asia

### Water Consumption / Per Basic Unit

We have established a target for our basic unit of water consumption, and are working to reduce water consumption by cutting back on water use at manufacturing bases and promoting the reuse of water to achieve these targets.



### Green Bond Reporting (14th Issuance of Unsecured Bonds)

#### Report on Allocation

In 2021, 6,247 million yen from Green Bond proceeds was allocated to eligible projects, bringing the cumulative total of allocated proceeds since 2020 to 6,811 million yen.

#### 2021

- Purchase of renewable energy: 690 million yen
- Introduction of heat-pump vending machines: 901 million yen
- Procurement of recycled PET, procurement of biomass plastic: 3,798 million yen
- Etc.

#### Impact Report

	2020	2021
<b>(1) Status of initiatives toward achieving Asahi Carbon Zero</b>		
Amount of renewable energy electricity purchased	14GWh	79GWh
Amount of CO <sub>2</sub> emissions reduced	1,674t	8,643t
<b>(2) Status of initiatives toward using sustainable containers and packaging</b>		
Amount of eco-friendly materials used, such as recycled PET and biomass plastic	2,419t	25,157t
<b>(3) Status of initiatives toward promoting sustainable water resources</b>		
Overview of Asahi Forest	2,467 ha	2,467 ha

People

### Ratio of Women in Managerial Positions

In 2022, we established a new target for our ratio of female representation in leadership roles. Under this new target, we aim to increase this ratio to 40% by 2030. To that end, we will move forward with various initiatives, including revisions to our personnel systems.



### Attendance Rate for Unconscious Bias e-Learning

For all executives and employees of operating companies\*2 in Japan, we implemented an e-learning course on unconscious bias with the aim of promoting an understanding of DE&I and fostering an awareness of human rights.



### Ratio of Barley Procured Directly from Farmers (Asahi Beverages Pty Ltd.)

At Asahi Beverages, we commenced an initiative to procure barley, a key ingredient of beer, directly from farmers in Australia. Through this initiative, we will strive to not only strengthen our traceability but also invigorate local communities.



Communities

Health

### Percentage of RTD Products with Reduced Sugar Content (Asahi Holdings Southeast Asia)

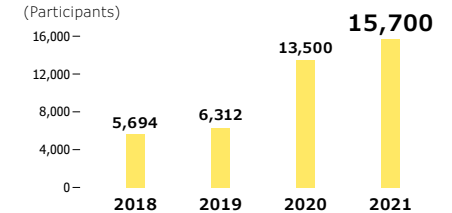
In 2020, we achieved a rate of 82% for products with a sugar content of six grams or less per 100 ml, exceeding our target of 70%. In 2021, this target was revised to an even lower level of five grams of sugar or less per 100 ml, and we once again made significant accomplishments by achieving a rate of 82% for such products.

	2020	2021
Quantity of sugar content (per 100 ml)	6 g	5 g
Targeted ratio	70%	70%
Achieved ratio	82%	82%

Responsible Drinking

### Number of Participants in e-Learning Courses on “Responsible Drinking”

We implemented e-learning courses on “Responsible Drinking” for all Group employees in Japan\*3 with the aim of enhancing employee understanding of this important issue.



### Non-Alcohol and Low-Alcohol Sales Composition Ratio of Main Alcohol Beverage Products\*4

With the aim of realizing a non-alcohol and low-alcohol sales composition ratio of 15% or more on a Group-wide basis by 2025, the RHQ have established individual targets and are promoting efforts to achieve these targets accordingly.



\*2 Applicable to operating companies that have introduced e-learning platforms

\*3 Applicable to employees who work in environments that enable e-learning

\*4 Beer-type beverages, RTD, non-alcohol beverages

## Eleven-Year Financial and Non-Financial Summary

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries  
Years ended December 31

### Information about This Page

- The Company's consolidated financial statements have been prepared based on JGAAP for the years up to the fiscal year ended December 2015 and based on International Financial Reporting Standards (IFRS) from the fiscal year ended December 2016 onward. The line items have been prepared based on IFRS.
- The IFRS line item "revenue" corresponds to "net sales" under JGAAP, while "Core Operating Profit" corresponds to "operating income"; "profit attributable to owners of parent" corresponds to "net income"; and "equity attributable to owners of parent" corresponds to "shareholders' equity."

	(Billions of yen)					(Billions of yen)						%	
	2011	2012	2013	2014	2015	2015	2016	2017	2018	2019	2020		2021
<b>Operating Results (For the year):</b>													
Revenue	¥ 1,462.7	¥ 1,579.0	¥ 1,714.2	¥ 1,785.4	¥ 1,857.4	¥ 1,689.5	¥ 1,706.9	¥ 2,084.8	¥ 2,120.2	¥ 2,089.0	¥ 2,027.7	¥ 2,236.0	10.3
Cost of sales	907.2	974.7	1,032.8	1,073.4	1,100.5	1,102.8	1,098.1	1,295.3	1,303.2	1,297.3	1,283.1	1,383.1	7.8
Selling, general and administrative expenses	448.3	495.9	563.9	583.7	621.7	445.9	460.2	593.1	595.6	578.7	576.7	634.9	10.1
Core Operating Profit*1	107.1	108.4	117.4	128.3	135.1	140.6	148.4	196.3	221.3	212.9	167.8	217.9	29.9
Profit attributable to owners of parent—pre-adjusted —adjusted*2	55.0	57.1	61.7	69.1	76.4	75.7	89.2	141.0	151.0	142.2	92.8	153.5	65.4
EBITDA*3	166.8	170.9	183.6	192.3	197.9	197.2	205.8	285.3	318.4	304.8	269.4	328.4	21.9
Capital investment	30.6	41.1	48.4	59.8	52.0	53.5	63.4	89.5	78.2	86.1	84.4	88.1	4.4
Depreciation and amortization	50.7	48.5	47.7	44.5	46.6	50.8	51.0	69.8	75.0	70.6	76.1	79.4	4.4
Research and development expenses	8.9	9.6	10.8	10.7	10.3	10.3	9.5	11.6	12.3	12.8	13.1	14.2	7.9
<b>Financial Position (At year-end):</b>													
Total assets	¥ 1,529.9	¥ 1,732.1	¥ 1,791.5	¥ 1,936.6	¥ 1,901.5	¥ 1,804.6	¥ 2,086.3	¥ 3,346.8	¥ 3,079.3	¥ 3,140.7	¥ 4,439.3	¥ 4,547.7	2.4
Interest-bearing debt	390.0	456.2	403.7	434.7	414.9	414.4	570.3	1,261.9	1,027.3	943.2	1,823.6	1,596.2	-12.5
Total equity	643.7	726.8	827.4	896.5	891.8	803.6	846.1	1,152.7	1,149.6	1,248.2	1,517.8	1,759.1	15.9
<b>Cash Flows:</b>													
Cash flows from (used in) operating activities	¥ 108.5	¥ 109.2	¥ 157.2	¥ 146.7	¥ 112.7	¥ 116.4	¥ 154.4	¥ 231.7	¥ 252.4	¥ 253.4	¥ 275.8	¥ 337.8	22.5
Cash flows from (used in) investing activities	(171.2)	(134.3)	(65.7)	(92.1)	(75.5)	(77.0)	(268.5)	(885.8)	22.5	(103.6)	(1,243.3)	(14.3)	—
Cash flows from (used in) financing activities	67.0	43.0	(84.9)	(35.8)	(73.0)	(75.2)	119.5	661.8	(270.5)	(158.8)	956.7	(320.3)	—
Cash and cash equivalents at end of period	16.1	34.3	41.1	62.2	43.2	43.2	48.4	58.0	57.3	48.4	48.4	52.7	8.8
<b>Per Share Data (In yen):</b>													
Profit attributable to owners of parent—pre-adjusted —adjusted*2	¥ 118.36	¥ 122.75	¥ 135.73	¥ 148.92	¥ 166.25	¥ 164.82	¥ 194.75	¥ 307.78 262.23	¥ 329.80 328.95	¥ 310.44 310.44	¥ 196.52 196.52	¥ 302.92 302.92	
Dividends	25.00	28.00	43.00	45.00	50.00	50.00	54.00	75.00	99.00	100.00	106.00	109.00	
Equity attributable to owners of parent	1,378.19	1,553.35	1,772.47	1,904.64	1,916.69	1,723.97	1,825.57	2,499.62	2,502.67	2,720.76	2,992.06	3,467.47	
<b>Financial Ratios:</b>													
Core Operating Profit margin (%)	7.3	6.9	6.9	7.2	7.3	8.3	8.7	9.4	10.4	10.2	8.3	9.7	
ROE (Ratio of profit to equity attributable to owners of parent) (%)													
—pre-adjusted													
—adjusted*4	8.8	8.4	8.0	8.1	8.8	9.7	11.0 11.2	14.2 13.7	13.2 15.2	11.9 13.0	6.7 7.5	9.4 11.0	
ROA (Ratio of profit before tax to total assets) (%)	7.6	7.0	7.0	7.1	7.6	6.5	7.7	7.2	6.5	6.3	3.3	4.4	
Total asset turnover (Times)	1.00	0.97	0.97	0.96	0.97	0.93	0.88	0.77	0.66	0.67	0.54	0.50	
Equity attributable to owners of parent ratio (%)	41.9	41.8	45.7	45.5	46.2	43.7	39.9	34.2	37.2	39.7	34.2	38.6	
Net Debt/EBITDA (Times)*3, 5	2.24	2.47	1.97	1.92	1.85	1.86	2.52	4.22	3.05	2.93	6.03	4.24	
<b>ESG:</b>													
Number of employees at year-end	16,759	17,956	18,001	21,177	22,194		23,619	30,864	28,055	29,327	29,850	30,020	
Number of directors (Total) (At year-end)	11	10	11	9	9		10	10	10	9	9	8	
Number of directors (Outside) (At year-end)	3	3	3	3	3		3	3	3	3	3	3	
Water consumption (Thousand m <sup>3</sup> )*6	18,966	19,532	23,664	23,615	23,933		26,436	26,307	38,623	40,292	37,673	39,602	
CO <sub>2</sub> emissions (Kilotons)*6, 7	728	815	855	613	621		623	619	881	921	830	800	
CO <sub>2</sub> emissions (Scope 3) (Kilotons)*6	—	—	—	—	2,960		3,169	2,912	2,899	3,084	5,497	6,933	

\*1 Core Operating Profit is the reference indicator for normalized business performance. Core Operating Profit = Revenue - (Cost of goods sold + Selling, general and administrative expenses)

\*2 Adjusted figures exclude one-time special factors such as the impacts of business portfolio restructuring.

\*3 Under IFRS, EBITDA = Core Operating Profit + Amortization of intangible assets + Depreciation  
Under JGAAP, EBITDA = Operating income + Amortization of goodwill + Depreciation

\*4 Adjusted ROE = Adjusted profit attributable to owners of parent / Equity attributable to owners of parent (after the deduction of translation difference on foreign operations and Changes in fair value of financial instruments measured at fair value through other comprehensive income)

\*5 Calculated based on net debt after the deduction of 50% of outstanding subordinated bonds (300.0 billion yen)

\*6 With regard to information on the scope of aggregation for data related to water consumption and CO<sub>2</sub> emissions, please refer to the "Scope of Reports" of the Asahi Group Sustainability Data Book.

\*7 Figures up to 2013 cover Scope 1, 2, and 3 in Japan. Figures from 2014 onward cover Scope 1 and 2 in Japan and overseas.

## Discussion and Analysis of 2021 Business Results

### ■ Analysis of Business Results

#### Overview of Business

In 2021, although the COVID-19 pandemic continued to have an adverse impact, the overall global economy showed signs of improvement due to the recovery in economic activities in regions such as the United States and Europe. The Japanese economy also saw a gradual recovery, despite the continued impact of the decline in consumer spending, owing mainly to various economic policies of the Japanese government and the improvement in the global economy.

Against this backdrop, the Asahi Group continued to move forward with *Glocal* (global and local) Value Creation Management based on its Medium-Term Management Policy. At the same time, the Group pursued management reforms with a focus on the rapidly accelerating changes in the social environment, which are occurring due to the pandemic.

Under the updated Medium-Term Management Policy, the Group has established “strengthening earnings power,” “enhancing management resources,” and “reinforcing ESG initiatives” as key priorities. In terms of “strengthening earnings power,” the Group strove to enhance the value of its mainstay brands in each business and reinforce new value propositions. The Group also worked to achieve further cost efficiencies in an effort to promote a recovery in its business performance, which has been impacted by the COVID-19 pandemic. At the same time, the Group proceeded with earnings structure reform in order to reinvest in such priorities as “enhancing management resources” and “reinforcing ESG initiatives.”

As a result, the Group posted revenue of 2,236.0 billion yen, up 10.3% year on year, despite the negative impact of stagnation in the food service industry in Japan and Europe, due in part to the positive impact of the consolidation of the beer and cider business in Australia (hereinafter, the CUB business), for which the Group concluded the acquisition process in June 2020. Furthermore, Core Operating Profit\*<sup>1</sup> came to 217.9 billion yen, up 29.9%, and operating profit was 211.9 billion yen, up 56.8%.

Profit attributable to owners of parent stood at 153.5 billion yen, up 65.4%.

When excluding the impacts of foreign exchange influences, revenue rose 6.1% and Core Operating Profit increased 23.1%. \*<sup>2</sup>

\*<sup>1</sup> Core Operating Profit is the reference indicator for normalized business performance.  
Core Operating Profit = Revenue - (Cost of goods sold + Selling, general and administrative expenses)

\*<sup>2</sup> The figures in 2021 are converted using the previous year's local currency rate.

#### Revenue

In the Alcohol Beverages Business, we concentrated investments on core brands in all beverage categories while also seeking to create new markets by bolstering our lineups of products that cater to diversifying consumer needs and propositions for new consumption patterns. Through these efforts, sales of such products as *Asahi Style Free* and non-alcohol beer/RTD, which respond to changing consumer needs including heightened health consciousness, exceeded sales of the previous year. However, revenue in the Alcohol Beverages Business declined overall as sales of beer to bars and restaurants declined substantially due to the continued impact of restrictions on serving alcohol and other policies enacted in response to the COVID-19 pandemic.

In the Soft Drinks Business, we sought to further enhance our long-cultivated brand value, centered on core brands, while working to bolster our lineup of products matched to lifestyle changes and proposals for resolving social issues. As a result, revenue increased in the Soft Drinks Business, despite the impact of unfavorable weather during peak season and the COVID-19 pandemic, owing in part to the year-on-year increase in sales volumes of carbonated drinks and tea.

In the Food Business, we worked to build sustainable growth foundations by creating value tailored to new lifestyles and enhancing each category in response to market structure changes. As a result, revenue in the Food Business was up due mainly to the year-on-year sales increases of products such as freeze-dried miso soups, which captured household demand, and *Dear-Natura*, which met rising self-care needs, helping to offset

#### Major Trends in Business Performance

	(¥ billion)		
	2020	2021	YoY Change
<b>Revenue</b>	2,027.7	2,236.0	208.3
■ Alcohol Beverages* <sup>3</sup>	746.9	722.1	(24.8)
■ Soft Drinks	353.3	357.8	4.4
■ Food	123.4	125.8	2.4
■ Overseas* <sup>4</sup>	792.9	1,017.5	224.6
■ Other* <sup>4</sup>	104.6	105.9	1.3
Adjustment (corporate/elimination)	(93.7)	(93.3)	0.3
<b>Core Operating Profit</b>	167.8	217.9	50.1
■ Alcohol Beverages* <sup>3</sup>	82.9	70.7	(12.2)
■ Soft Drinks	27.8	33.1	5.3
■ Food	10.9	11.4	0.4
■ Overseas* <sup>4</sup>	94.1	160.5	66.4
■ Other* <sup>4</sup>	(1.1)	(0.1)	1.0
Adjustment (corporate/elimination)	(21.3)	(26.7)	(5.3)
Amortization of intangible assets* <sup>4</sup>	(25.4)	(31.0)	(5.5)
<b>Core Operating Profit margin (including liquor tax)</b>	8.3%	9.7%	1.4pts
<b>Core Operating Profit margin (excluding liquor tax)</b>	10.7%	12.6%	1.9pts
<b>Profit attributable to owners of parent</b>	92.8	153.5	60.6

\*<sup>3</sup> We transferred NADAMAN CO., LTD. and ASAHI FOOD CREATE, LTD., which were previously included in the Alcohol Beverages Business, to the Other Business.

\*<sup>4</sup> In 2020, the impact of the consolidation of the CUB business was included in revenue and Core Operating Profit only for the period from June to December.



the decrease in sales of *MINTIA* following the decline in the frequency of office attendance and opportunities to go out. In the Overseas Business, we advanced premium strategies focused on core brands and non-alcohol beer in local markets. At the same time, we bolstered efforts to expand global brand sales channels. As a result, revenue in the Overseas Business increased, despite the impact of COVID-19 restrictions in each country, owing primarily to the positive impact of the consolidation of the CUB business and a recovery in bar and restaurant sales following the easing of certain COVID-19 restrictions.

As a result of the above, consolidated revenue, including the increase in revenue from the Other Business, amounted to 2,236.0 billion yen, up 10.3%, or 208.3 billion yen, year on year.

### Core Operating Profit

In the Alcohol Beverages Business, Core Operating Profit declined due to lower revenue, which offset such efforts as reducing manufacturing costs and reforming our earnings structure. In the Soft Drinks Business, in addition to increased revenue, Core Operating Profit was up owing mainly to enhanced fixed cost efficiencies resulting from the promotion of brand selection and concentration. Core Operating Profit also increased in the Food Business as a result of increased revenue and enhanced efficiency of overall fixed costs. In the Overseas Business, Core Operating Profit rose due in part to the positive impacts of the consolidation of the CUB business in Australia and an increase in revenue in the Europe Business.

As a result of the above, consolidated Core Operating Profit, including the improvement of the Other Business, came to 217.9 billion yen, up 29.9%, or 50.1 billion yen, year on year.

### Operating Profit

Operating profit increased 56.8%, or 76.7 billion yen, to 211.9 billion yen, as a result of the increase in Core Operating Profit as well as the recording of gain on sales of non-current assets.

### Profit Attributable to Owners of Parent

Profit attributable to owners of parent was 153.5 billion yen, up 65.4%, or 60.6 billion yen, due to an increase in profit before tax, among other factors.

### Analysis of Financial Position

Total assets stood at 4,547.7 billion yen on December 31, 2021, an increase of 108.3 billion yen from a year earlier, as a result of such factors as an increase in goodwill and intangible assets, reflecting foreign exchange rate fluctuations.

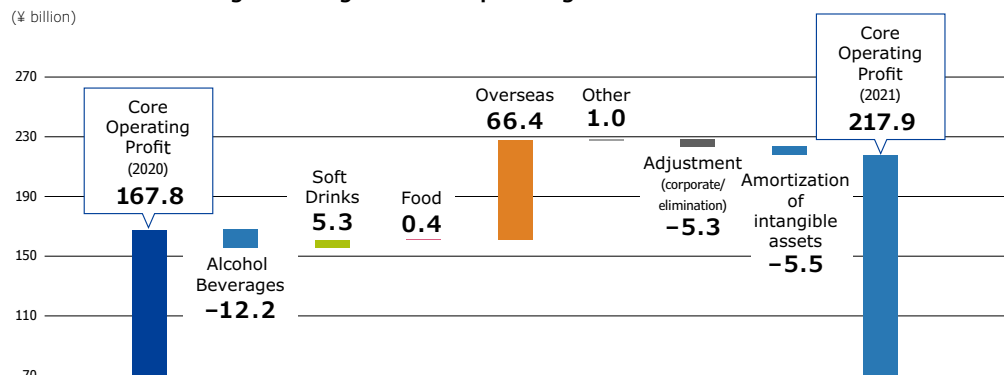
Total liabilities came to 2,788.6 billion yen, down 132.9 billion yen from a year earlier, due primarily to a decrease in bonds and borrowings.

Total equity at the end of the year amounted to 1,759.1 billion yen, up 241.3 billion yen from a year earlier. This outcome was a result of an increase in retained earnings owing to the recording of profit attributable to owners of parent and a rise in exchange rate adjustments of foreign operations stemming from exchange rate fluctuations. As a result, the equity attributable to owners of parent ratio was up 4.4 percentage points, to 38.6%.

Furthermore, adjusted ROE, which is calculated using profit attributable to owners of parent and equity attributable to owners of parent excluding one-off special factors such as business portfolio restructuring, stood at 11.0% (compared with 7.5% in the previous year).

### Factors Contributing to Change in Core Operating Profit

(¥ billion)



## ■ Analysis of Cash Flows

### Cash Flows from Operating Activities

Net cash provided by operating activities came to 337.8 billion yen, an increase of 61.9 billion yen from a year earlier, resulting from the cash inflow of profit before tax of 199.8 billion yen, a rise in non-cash items such as depreciation and amortization, and an increase in working capital efficiency.

### Cash Flows from Investing Activities

Net cash used in investing activities stood at 14.3 billion yen, a decrease of 1,229.0 billion yen from the previous year, due to a cash outflow for the purchase of fixed assets.

### Cash Flows from Financing Activities

Net cash used in financing activities was 320.3 billion yen, a turnaround of 1,277.0 billion yen from net cash provided by financing activities of 956.7 billion yen in the previous year, due mainly to a decrease in financial liabilities resulting from the repayment of short-term loans.

As a result of the above, cash and cash equivalents at the end of the period stood at 52.7 billion yen, an increase of 4.2 billion yen from the end of the previous year.

### Cash Flow Indicators

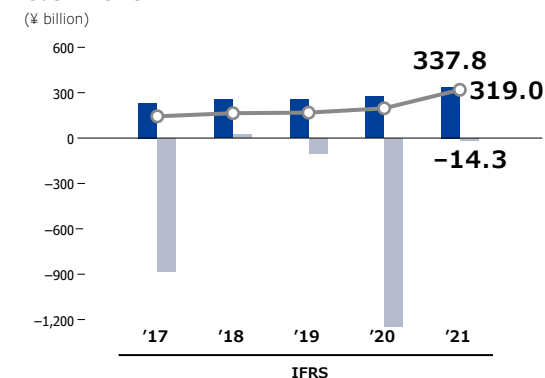
	2020	2021	YoY Change
Cash flow to interest-bearing debt ratio (annual)	7.1	5.1	Improvement of 2.0 points
Interest coverage ratio (times)	27.5	30.1	Improvement of 2.6 points

## ■ Liquidity and Capital Resources

We acquire our capital resources principally through cash flows generated by operating activities, loans from financial institutions, and the issuance of bonds. As a management policy, we regard the reduction of interest-bearing debt as a priority issue. However, we make flexible use of financial liabilities according to the need for capital resources for capital investments. Potential investments include capital investment to strengthen and streamline our business foundation and strategic investments such as M&As. Meanwhile, we meet working capital needs, in principle, through short-term loans and the issuance of commercial paper.

In addition, the Company and its major consolidated subsidiaries have introduced a cash management system that channels the excess funds of Group companies to the Company so that we can centrally manage these funds. This system enables us to both improve capital efficiency and minimize financing costs.

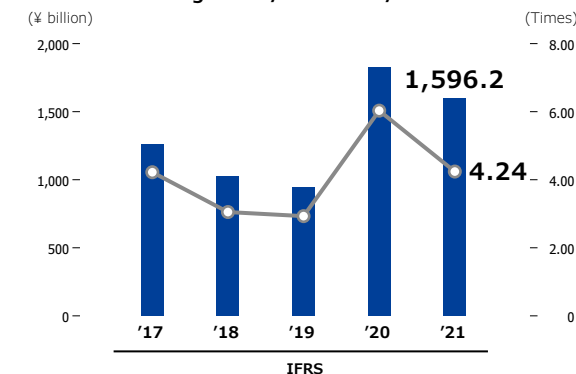
### Cash Flows



■ Cash flows from operating activities  
 ■ Cash flows from investing activities ◊ Free cash flow

Note: Free cash flow = Cash provided by operating activities - Cash used in investing activities (excluding M&As and other business restructuring)  
 For 2019 and prior years: Free cash flow = (Cash from operating activities + Proceeds from sales of property, plant and equipment) - Purchase of property, plant and equipment

### Interest-Bearing Debt / Net Debt/EBITDA



(Left) ■ Interest-bearing debt (Right) ◊ Net Debt/EBITDA

Notes: 1. EBITDA = Core Operating Profit + Amortization of intangible assets + Depreciation  
 2. Calculated based on net debt after the deduction of 50% of outstanding subordinated bonds (300.0 billion yen)

### Capital Investment\*5

Capital investment during 2021 increased 3.7 billion yen, to 88.1 billion yen. In the Alcohol Beverages Business, we focused on strategic investments to improve profitability as well as investments for bolstering whisky production capacity. In the Soft Drinks Business, we carried out investments for augmenting our production capacities in order to increase the ratio of in-house production as well as investments for improving profitability through the capitalization of vending machines. In the Food Business, we primarily implemented strategic investments to boost production capacities with a view to expanding sales. In the Overseas Business, our focus was on a strategy of continuous profitability improvement, based on which we conducted capital investments for heightening efficiency as well as investments for increasing the production capacities of beer manufacturing facilities in Europe.

\*5 Not including lease assets or trademarks at the time of acquisition of subsidiaries

### R&D Expenses

Group-wide R&D expenses in 2021 increased 1.0 billion yen, to 14.2 billion yen. In our R&D activities, we are promoting product development focused on creating unprecedented new value in the Alcohol Beverages, Soft Drinks, and Food businesses. At the same time, we are pursuing innovative technological development to realize a sustainable society. In light of the uncertain times, we once again recognize the importance of future-oriented R&D activities. To that end, we increased the amount of financial resources we allocate to R&D. The increased expenditure was used primarily to expand our research domains, further deepen individual research themes, and accelerate open innovation to an even greater degree. By doing so, we moved forward with R&D activities that will help lead the Group into the future. Furthermore, we worked to create R&D synergies within the Group, including overseas Group companies.

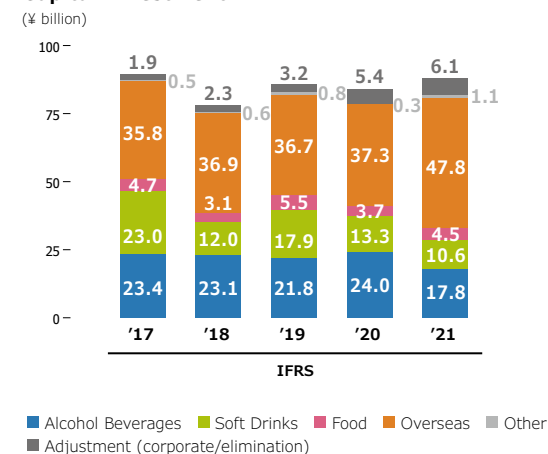
### Profit Distribution Policy and Dividends

In regard to utilizing free cash flow, we have given priority to the reduction of debt, which increased following the acquisition of the Australia-based CUB business in 2020, and are working to enhance our capacity for growth investments in accordance with the Medium- to Long-Term Management Policy. At the same time, we aim for Net Debt/EBITDA of around three times or less in 2024.\*6 Also, in terms of shareholder returns, we will continue to aim for stable dividend increases with a target payout ratio of 35%.

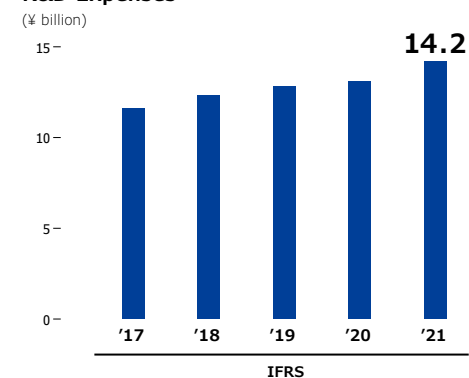
For 2021, we paid a full-year ordinary dividend of 109 yen per share, up 3 yen from the previous year, based on our consolidated financial position and full-year results. For 2022, we plan to pay a full-year ordinary dividend of 111 yen per share, comprising an interim dividend of 55 yen per share and a year-end dividend of 56 yen per share, up 2 yen from 2021.

\*6 Calculated after deducting 50% of outstanding subordinated debt from net debt

### Capital Investment



### R&D Expenses



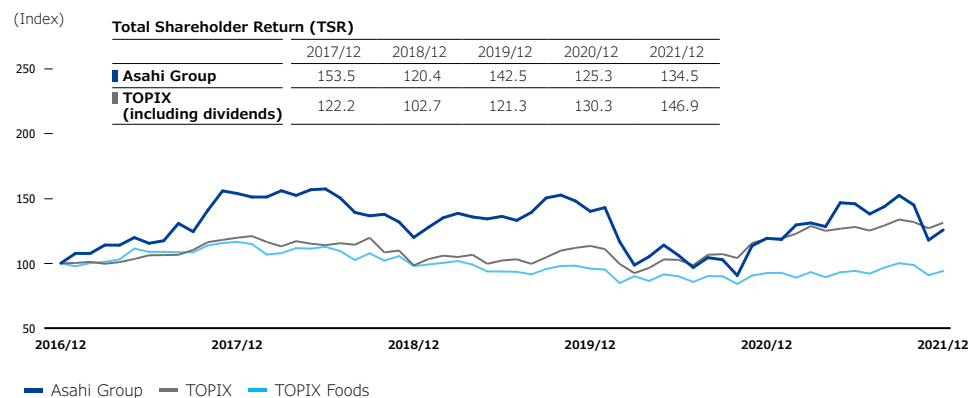
## Company Profile / Investor Information (As of December 31, 2021)

### Promoting Engagement through IR Activities

#### Major IR Activities in 2021

Activity	Frequency	Details
Financial results briefings for analysts and institutional investors	4 times	Quarterly briefings (second- and fourth-quarter briefing sessions by the president and relevant officers and first- and third-quarter sessions by the IR and finance sections) held as either an online meeting or a teleconference
Business briefings for analysts and institutional investors	3 times	Briefings by the top management and relevant officers of operating companies. Briefings on the Japan Business (Alcohol Beverages and Non-Alcohol Beverages), briefings on the Europe and Oceania businesses, and briefings on ESG. All held as online meetings
IR interviews for analysts and institutional investors	Approx. 300 times	IR interviews, teleconferences, and online meetings
Interviews with institutional investors in Japan	Approx. 30 times	Interviews, teleconferences, and online meetings conducted by the president and other executive officers
Interviews with overseas institutional investors	Approx. 50 times	Interviews, teleconferences, and online meetings conducted by the president and other executive officers

#### Stock Price



Note: The closing price on December 30, 2016 has been indexed to 100.

#### Corporate Profile

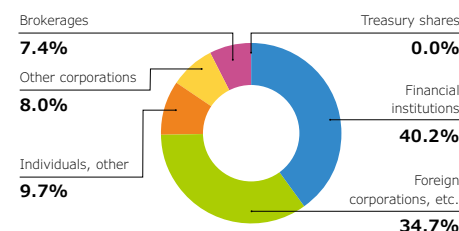
Date of establishment	September 1, 1949
Issued capital	220,044 million yen
Number of employees	336 (consolidated: 30,020)
Number of Group companies	Consolidated subsidiaries: 211 Equity-method affiliates: 27
Total number of issued shares	507,003,362
Trading unit	100 shares
Number of shareholders	136,945
Stock exchange listing	Tokyo Stock Exchange
Securities code	2502
Fiscal year-end date	December 31
Annual general meeting of shareholders	March
Administrator of shareholder registry	Sumitomo Mitsui Trust Bank, Limited
Independent accounting auditor	KPMG AZSA LLC

#### Major Shareholders

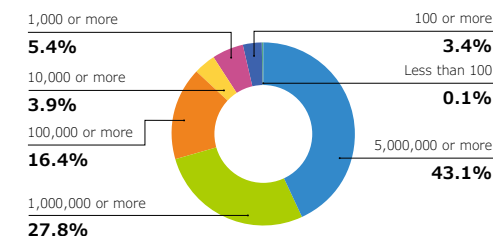
Name of shareholder	Number of shares held (in hundreds)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	868,463	17.1
Custody Bank of Japan, Ltd. (Trust Account)	242,428	4.8
SMBC Nikko Securities Inc.	149,090	2.9
The Dai-ichi Life Insurance Company, Limited	112,000	2.2
Fukoku Mutual Life Insurance Company	100,000	2.0
Sumitomo Mitsui Banking Corporation	80,280	1.6
STATE STREET BANK WEST CLIENT - TREATY 505234	77,109	1.5
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	71,898	1.4
Sumitomo Mitsui Trust Bank, Limited	71,260	1.4
SSBTC CLIENT OMNIBUS ACCOUNT	68,534	1.4
Total	1,841,064	36.3

Notes: 1. The treasury shares (182,705) exclude the Company's shares (80,482) held by Custody Bank of Japan, Ltd. as trust property of the stock compensation system.  
2. Shareholding percentages are calculated based on the total number of issued shares less the number of treasury shares.

#### Breakdown of Shareholdings by Investor Type



#### Breakdown of Shareholdings by Number of Shares Held



## External Recognition

### Inclusion in ESG Indices

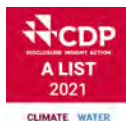
Interest in investment focusing on environmental, social, and governance (ESG) factors has been rising in recent years. This investment approach, seen primarily in the asset management activities of domestic and overseas institutional investors, entails using both financial data and non-financial initiatives in evaluation standards for investment decisions. ESG evaluations are conducted by numerous domestic and overseas institutions. Asahi Group companies are included in a number of ESG indices.

Note: The inclusion of ASAHI GROUP HOLDINGS, LTD. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of ASAHI GROUP HOLDINGS, LTD. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.



### Evaluations of Environmental Initiatives

A survey by international NPO CDP placed Asahi Group Holdings, Ltd. on the A List in the category of climate change and on the A List in the category of water security, the highest rankings for each category.



### Evaluations of Diversity and Employee Health Management Initiatives

The Asahi Group has long been aspiring to develop workplace environments that allow all employees to remain healthy and feel empowered in their work. These initiatives have been highly evaluated, resulting in the Group receiving several honors from external bodies.



### Evaluations of DX Initiatives

The Asahi Group has been proactively promoting DX initiatives with a view to enhancing corporate value. As a result, the Group has been included in the Digital Transformation Stock Selection, jointly conducted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, for seven consecutive years.\*



\* Includes the former Competitive IT Strategy Company Stock Selection

### Evaluations of IR Activities

Amid growing interest in the disclosure stance of corporations, the Asahi Group has received numerous IR-related awards for its IR activities, being praised for timely and appropriate information disclosure and the easy-to-understand nature of its presentation materials.





**Asahi Group Holdings, Ltd.**

<https://www.asahigroup-holdings.com/en/>

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IR Section  
Sustainability Section