Corporate Governance Report

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The corporate governance of Asahi Group Holdings, Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Company began to implement its new Group philosophy, the "Asahi Group Philosophy (AGP)" In 2019. The "AGP" consists of four elements: Mission, Vision, Values and Principles. It articulates the Group's mission and vision for the future, reaffirms values cherished and handed down over the years, and serves as its action guidelines for our stakeholders and the Group's commitments to them.

"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 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

While providing Key Performance Indicator guidelines and financial and cash flow policies for the coming three years or so, the "Medium-Term Management Policy," revised based on the "AGP," sets the following three key priorities. Under this policy, the Group enhances "Glocal Value Creation Management."

- "Strengthening earning power" driven by high added value enhancement and earning structure reform
- "Sophisticating management resources" aimed at expansion of the new foundation for growth
- "Reinforcing ESG initiatives" supporting sustainable corporate value creation process

The Company believes that "growth-oriented governance," in which the Company makes transparent, fair, swift and bold decisions, is indispensable for realizing sustained corporate value enhancement based on these matters.

In the future, the Company Group will address the following policies with the aim of achieving the sustainable growth and the increase of corporate value over the medium- to long-term, and promote "growth-oriented governance."

(1) Ensuring Rights of and Equality among Shareholders

The Company shall make suitable responses to substantially ensure the rights of shareholders in accordance with applicable laws and regulations. The Company shall also take full care of the interests of foreign and/or minority shareholders and improve the environment in which shareholders can exert their rights appropriately.

(2) Appropriate Collaboration with Various Stakeholders

The Company shall consider corporate value not only as a financial value but also as the sum of social values closely related therewith.

To continue to be a corporate group trusted around the world, the Company, while contributing to resolving social issues through our business activities, shall carry out constructive dialogue and practice appropriate collaboration based on its action guidelines and promises for stakeholders, defined in its "AGP," including customers, employees, society, business partners and shareholders.

The Board of Directors and management, including the Representative Director and CEO ("CEO"), of the Company shall carry out appropriate communication and play a leadership role toward the realization of a new corporate culture of respecting all the stakeholders and collaboration therewith while giving the utmost priority to compliance.

(3) Ensuring Proper Information Disclosure and Transparency Thereof

To promote constructive dialogue and appropriate communication with all stakeholders, the Company shall appropriately disclose information by endeavoring to provide easy-to-understand, useful information not limited to financial information but also including non-financial information such as management strategies, management issues, allocation of resources, risks, corporate governance, environmental activities, and R&D.

(4) Responsibilities of the Board of Directors, Audit & Supervisory Board Members, and Audit & Supervisory Board

The Board of Directors shall appropriately fulfill the roles and responsibilities including those mentioned below to achieve the sustainable growth and the increase of corporate value over the medium- to long-term of the Company, as well as to promote the improvement of earning capacity and capital efficiency by taking into account their fiduciary responsibility and accountability to shareholders.

- Determine and execute important corporate strategies such as the "AGP" and "Medium-Term Management Policy."
- Properly support risk taking by the management, including the CEO, by streamlining the internal control system and risk management system.

The Audit & Supervisory Board Members and the Audit & Supervisory Board shall, taking into account their fiduciary responsibility and accountability to shareholders, appropriately fulfill their roles and responsibilities by supervising the execution of duties by the Board of Directors and management, including the CEO, from an objective viewpoint that is independent from the Board of Directors and management, including the CEO, utilizing the advantages of the audit & supervisory board members system with its independence and in which the power of final decision making is given to each person and which has Standing Audit & Supervisory Board Members, and the fact that the majority of the board members are independent Outside Audit & Supervisory Board Members.

In addition, the Nomination Committee and the Compensation Committee, a majority of whose membership consists of independent Outside Directors and independent Outside Audit & Supervisory Board Members, have been established on a discretionary basis to act as advisory bodies to the Board of Directors. Under these bodies, independent Outside Directors/Audit & Supervisory Board Members appropriately monitor the management, including the CEO, with high effectiveness.

(5) Dialogues with Shareholders and Investors

The Company shall promote constructive and purposeful dialogues with shareholders and investors through investor relations and shareholder relations activities to be conducted by CEO, etc. for the purpose of contributing to the sustainable growth and the increase of corporate value over the medium- to long-term.

In order to promote effective corporate governance on the basis of such basic views, the Company endeavors to establish more substantial corporate governance by evaluating the effectiveness of the Board of Directors and the Audit & Supervisory Board, verifying the effectiveness of such evaluation, while also pinpointing issues and making improvements.

In 2018, third-party evaluation was conducted with respect to both the Board of Directors and the Audit & Supervisory Board, and self-evaluations with input from third parties concluded that both entities were "functioning effectively."

(Summary of the results thereof has been disclosed on the Company's website: https://www.asahigroup-holdings.com/company/governance/policy.html)

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

(Principle 1-4 Cross-Shareholdings)

The Company does not maintain certain holdings of shares when such holdings are deemed as neither contributing to its sustainable growth nor increasing its corporate value over the medium- to long-term, in terms of "sophisticating management resources" aimed at expansion of the new foundation for growth. This is one of the key priorities of the Company's Medium-Term Management Policy, which has been established in order to enhance "Glocal Value Creation Management" based on the AGP.

Cross-shareholdings are reviewed every year by the Board of Directors. In the event that a shareholding is deemed to not contribute the Company's sustainable growth or to the increase of its corporate value over the medium-term, the result of said review shall be disclosed and the Company shall sufficiently engage in requisite dialogue with the counterpart entity, as a shareholder. Shareholdings that are deemed to not be improvable, even after engaging in dialogue, will be sold as necessary in an appropriate manner. It is the view of the Company that the implementation of such measures ensures that the reduction of cross shareholdings is proceeding in an appropriate manner.

The Company appropriately exercises voting rights of the stocks held thereby by comprehensively judging whether the relevant proposals contribute to the sustainable growth and the increase of corporate value over the medium- to long-term of the Company, and whether they contribute to the common interests of the investee's shareholders. It is the Company's view that the implementation of such measures ensures appropriate responses regarding the exercise of voting rights of cross-shareholdings.

[Disclosure Based on the Principles of the Corporate Governance Code]

(Principle 1-7 Related Party Transaction)

With regard to all of its transactions including those with related parties which are executed by the Company, the Company examines their appropriateness from professional viewpoints such as finance, accounting, taxation and legal affairs depending on the transaction scale and significance and executes them given the necessary approvals, in accordance with internal regulations. The content of the respective transactions is regularly audited by the sections in charge of internal audit and may be examined by the Audit & Supervisory Board Members at any time.

If conflicting interest transactions by Directors are conducted, approval of the Board of Directors is received in accordance with applicable laws and regulations, and the results thereof are reported to the Board of Directors.

(Principle 2-6 Roles of Corporate Pension Funds as Asset Owners)

With regard to the management of the corporate pension funds, the Company will take measures to perform its role as an asset owner. In particular, the Company Group strives to reliably ensure the payment of pension funds to beneficiaries, now and in the future, formulating strategic asset composition ratio from medium- to long-term perspectives while listening to the opinions of asset management institutions. In addition, the Company Group regularly monitors the asset management status of pension fund assets, and when required, it revises the strategic asset composition ratio that has been formulated. The Company Group will conduct comprehensive evaluation that will encompass qualitative evaluation such as investment policy, asset management processes and compliance, in addition to asset management performance.

With regard to the asset management, the Company's Finance Section checks the status and has a system in place to provide advice and proposals to each Group Company.

(Principle 3-1 Full Disclosure)

(1) The Company Group conducts business activities globally in the Alcoholic Beverages, Soft Drinks and Foods segments, under the command of the Company, which is a pure holding company. Having established the AGP in 2019, the Group aims to achieve sustainable growth and increase its corporate value over the medium- to long-term. The AGP consists of four elements: Mission, Vision, Values and Principles. It articulates the Group's mission and vision for the future, reaffirms values cherished and handed down over the years, and serves as its action guidelines for our stakeholders and the Group's commitments to them. By generating and implementing strategies based on the AGP, domestic and overseas operating companies of the Group will work together to further improve its corporate value.

(2) While providing Key Performance Indicator guidelines and financial and cash flow policies for the coming three years or so, the Medium-Term Management Policy, revised based on the AGP, sets the following three key priorities. Under this policy, the Group enhances "Glocal Value Creation Management."

1. "Strengthening earning power" driven by high added value enhancement and earning structure reform
- Enhancing high added value brands both in Japan and overseas and achieving revenue growth by expanding cross-selling
- Reforming the earning structure through introduction of zero based budgeting and optimization of procurement systems
- Sophisticating business administration utilizing ROIC and improving asset and capital efficiency through cash flow maximization

2. "Sophisticating management resources" aimed at expansion of the new foundation for growth
- Reforming corporate culture for realizing innovation and disruption, and investing in intangible assets (R&D, human resources and others)
- Promoting bolt-on type M&As complementing the existing businesses, and expanding alliances with competitors and other industries' players
- Implementing business structure reform taking advantage of digital transformation, and advancing business models

3. "Reinforcing ESG initiatives" supporting sustainable value creation process
- Formulating the "Asahi Group Environmental Vision 2050," and improving sustainable activities through value creation leveraging unique strengths
- Enhancing glocal talent management and HR diversity, and fostering human rights management systems
- Sophisticating risk management systems (Enterprise Risk Management), and reforming governance systems supporting Group and global growth

Going forward, the Company will deepen dialogue with its stakeholders and aim to achieve sustainable growth and enhance its corporate value over the medium- to long-term by positioning these three key priorities as a stakeholder engagement agenda.

(3) For the remuneration, etc. of the senior management and Directors of the Company, please refer to "II.1 [Director Remuneration], Disclosure of Policy on Determining Remuneration Amount and Calculation Methods" of this Report.

(4) In order to realize effective corporate governance, for Director and Audit & Supervisory Board Member candidates, and for management, including the CEO, the Board of Directors shall elect individuals who will contribute to the sustainable growth and the increase of corporate value over the medium-to long-term of the Company.

The nomination of Director and Audit & Supervisory Board Member candidates, and the election and dismissal of management, including the CEO, shall be deliberated by the Nomination Committee, and determined upon resolutions by the Board of Directors. The concepts of nomination of Director and Audit & Supervisory Board Member candidates, and the election and dismissal of management positions, including the CEO, are as follows.

- Individuals nominated for Director, Audit & Supervisory Board Member or management, including the CEO, shall possess a wealth of experience, excellent insights and expertise, while ensuring that diversity is maintained with regard to such factors as gender and international experience.
- After being deliberated beforehand by the Nomination Committee, having been judged to be appropriate, and having received the accord of the Audit & Supervisory Board in the case of Audit & Supervisory Board Members, the Committee shall nominate candidates for Director and Audit & Supervisory Board Members, as well as management, including the CEO, respectively.
- With regard to executive directors, such as representative directors (management, including the CEO), performance shall be deliberated periodically by the Nomination Committee every year. In the event that these deliberations produce a result that meets the criteria for dismissal as determined by the Board of Directors, after the result of these deliberations has been verified by the Board of Directors, the relevant individual shall not be nominated as a candidate for Director, and in addition, he or she shall be dismissed from the position as representative director or executive director (management, including the CEO).

(5) For the explanation of the election and dismissal method used in electing and dismissing senior management (Directors with title and higher) and appointing candidates for Directors and Audit & Supervisory Board Members, please refer to the convocation notice for the General Shareholder Meeting, as well as "II.1 [Directors], Outside Director's Relationship with the Company (2)" and "II.1 [Audit & Supervisory Board Members], Outside Audit & Supervisory Board Members' Relationship with the Company

(2)" of this Report for Outside Directors/Outside Audit & Supervisory Board Members, and also, refer to the "Corporate Governance Guideline, 5. Supplementary Information, (2) Explanation about election of Directors and Audit & Supervisory Board Members, as well as concurrently held positions at other listed companies" published on the website of the Company for all Directors and Audit & Supervisory Board Members.

(https://www.asahigroup-holdings.com/en/whoweare/governance/)

(Supplementary Principle 4-1-1)

The Board of Directors defines, by specifying the matters to be resolved by themselves in the Regulations of the Board of Directors, that the Board may delegate the determination of matters not included in such matters to be resolved, etc. to executive directors and Corporate Officers. For such matters to be resolved, please refer to the "Corporate Governance Guideline, 5. Supplementary information, (1) List of matters subject to resolution at the Board of Directors" published on the website of the Company.

(https://www.asahigroup-holdings.com/en/whoweare/governance/)

(Principle 4-9 Independence Standards and Qualification for Independent Outside Directors)

For the meaning of the independence of Outside Directors/Audit & Supervisory Board Members of the Company, please refer to "II.1 [Independent Directors/Audit & Supervisory Board Members], Matters relating to Independent Directors/Audit & Supervisory Board Members" of this Report.)

(Supplementary Principle 4-11-1)

The Board of Directors includes Outside Directors who are corporate managers and/or experts with a wealth of experience, excellent insight and high-level expertise required by the Company, and have characters appropriate for the position of Director of the Company, to ensure balance in terms of knowledge, experience and ability of the entire board, and its diversity, as deemed necessary for achieving sustainable growth and increasing corporate value over the medium- to long-term of the Company. The Board of Directors also includes Internal Directors who have characters appropriate for the position of Director of the Company, having been comprehensively evaluated based on their experience, insight and professional background with reference to the requirements for officers, which are determined based on the AGP, action guidelines and management strategies of the Company. Moreover, the number of Directors shall be that necessary to ensure balance in terms of knowledge, experience and ability of the entire board, and its diversity, with Outside Directors accounting for at least one-third of its Directors.

In addition, the Board of Directors has established a Nomination Committee and a Compensation Committee to act as advisory bodies to the Board of Directors, in order to recommend candidates for positions such as Directors and Audit & Supervisory Board Members, and those who are appointed by the Board of Directors including Representative Directors, the CEO and Corporate Officers with specific executive responsibilities, and in order to formulate remuneration system for Directors and Corporate Officers. The committees, which have been established to improve fairness, objectivity and transparency with regard to these matters, are each made up of five (5) individuals, namely two (2) independent Outside Directors, one (1) independent Outside Audit & Supervisory Board Member, and two (2) Internal Directors, and each has an Outside Director as the chairperson. The committees shall deliberate or make decisions on important matters, based on regulations determined upon resolutions by the Board of Directors.

(Supplementary Principle 4-11-2)

Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, devote their hours and energy necessary to appropriately perform their roles/duties through works as Directors and Audit & Supervisory Board Members, and their holding concurrent positions is within a reasonable scope. For the important status of holding concurrent positions at the time of update of this Report, please refer to "II.1 [Directors], Outside Director's Relationship with the Company (2)" and "II.1 [Audit & Supervisory Board Members], Outside Audit & Supervisory Board Members' Relationship with the Company (2)" of this Report.

(Supplementary Principle 4-11-3)

The Company's Board of Directors has analyzed and evaluated effectiveness of the Board of Directors in fiscal 2018 for realizing the "growth-oriented governance" in order to further develop "Management for Corporate Value Enhancement," and has opted to disclose summarized results of those efforts, as provided below.

I. Overview of results of analysis and evaluation

i) Conclusion

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

ii) Analysis and evaluation

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

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

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

II. Initiatives going forward

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

i) Strengthening the effective corporate governance system

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

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

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

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

iii) Reinforcing ESG initiatives

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

III. Methods of analysis and evaluation

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

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

The Company's Board of Directors complied results of the evaluation using the above effectiveness evaluation questionnaire for each Director and Audit & Supervisory Board Member, and held discussions

and determined the evaluation at the Board of Directors meetings held in February and March 2019 by reference to opinions on the evaluation based on the interviews by third parties and the above questionnaire results.

IV. Evaluation items

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

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

(Supplementary Principle 4-14-2)

The Company has set the requirements according to the stage of each officer that are necessary for the sustainable growth and the increase of corporate value over the medium- to long-term of the Company. Based on said requirements, the Company therefore provides measures and information to improve the individual performance of all officers according to training programs tailored to each officer.

Also, as the need arises, the Company implements measures to improve the individual performance of all officers including lectures by experts and various presentations.

The Company provides summary information regarding business activities, financial data and organization of the overall Company Group at the time of assumption of office by any independent Outside Director/Audit & Supervisory Board Member.

(Principle 5-1 Policy for Constructive Dialogue with Shareholders)

The Company's basic stance of handling a request for an interview from any shareholder and investor looking forward to a constructive dialogue that would contribute to the sustainable growth and the increase of corporate value over the medium- to long-term is that the CEO or Director shall respond to such request depending on the purpose as necessary.

To promote constructive dialogues with shareholders and investors, the Company shall appoint an officer who controls IR, general and legal affairs and/or financial affairs to lead dialogues with shareholders and investors and ensures well-organized collaboration among the auxiliary departments by providing the information for the dialogues. In addition, to promote such constructive dialogues with shareholders, the Company endeavors to understand the shareholder structure and conducts various explanatory meetings by the CEO or Directors, visits to domestic/overseas investors and/or factory tours for shareholders, of which the results are shared with the Board of Directors and the management, including the CEO, as needed. As for the dialogues with shareholders and investors, the Company strives to prevent leakage of insider information.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,342,200	9.38
Japan Trustee Services Bank, Ltd. (Trust Account)	24,199,700	5.00
The Dai-ichi Life Insurance Company, Limited	16,000,000	3.31
Fukoku Mutual Life Insurance Company	12,750,000	2.64
Asahi Kasei Corporation	11,785,300	2.44
Sumitomo Mitsui Banking Corporation	9,028,000	1.87
Japan Trustee Services Bank, Ltd. (Trust Account 5)	8,248,500	1.71

Sumitomo Mitsui Trust Bank, Limited	7,126,000	1.47
STATE STREET BANK WEST CLIENT – TREATY 505234	6,845,215	1.42
JP MORGAN CHASE BANK 380055	6,540,991	1.35

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	N/A

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	December
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

5. Other Special Circumstances which may have Material Impact on Corporate Governance

N/A

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson
Number of Directors	9
Number of Outside Directors	3

Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tatsuro Kosaka	From another company											
Yasushi Shingai	From another company								△			
Christina L. Ahmadjian	Scholar											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tatsuro Kosaka	○	N/A	[Reasons of Appointment as an Outside Director] Tatsuro Kosaka possesses the extensive experience and high level of insight as a corporate manager required as a Director of the Company, including having served as the CEO of a global corporation and being responsible for its overall management, and management and supervisory functions for global business at the corporation. Furthermore, as an Outside Director he has provided appropriate oversight for business execution through active opinions and recommendations on the Company's overall management in addition to contributing to the fair and transparent consideration of the succession plan for Directors of the Company as the

			chairperson of the Nomination Committee. Accordingly, we deem that the "experience, insight, expertise, and ability" possessed by Tatsuro Kosaka, as represented by his high level of corporate management skills, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus the Company appointed him again as an Outside Director. [Reasons of designated as an Independent Directors] Based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" described in "Matters relating to Independent Directors/Audit & Supervisory Board Members" of [Independent Directors/Audit & Supervisory Board Members] hereof which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus the Company designated him as an Independent Directors.
Yasushi Shingai	○	Mr. Yasushi Shingai had served as a Director of Japan Tobacco Inc. until the end of March 2018. The Company Group has transactions with such company group. However, as the transaction amount in the last business year was less than 1% of the consolidated revenue (or the consolidated sales) of the Company and the consolidated revenue (or the consolidated sales) of such company, respectively, there is no business relationship affecting the	[Reasons of Appointment as an Outside Director] Yasushi Shingai possesses the extensive experience and high level of insight as a corporate manager required as a Director of the Company, including having served as the Chief Financial Officer of a global corporation as well as directing acquisitions of, and integrations with, foreign companies. Furthermore, as an Outside Director he has provided appropriate oversight for business execution through active opinions and recommendations on the Company's overall management in addition to contributing to fair and transparent decisions on the remuneration for the Company's Directors as a member of the Compensation Committee. Accordingly, we deem that the "experience, insight, expertise, and ability" possessed by Yasushi Shingai, as represented by his extensive experience and high level of insight related to global management, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus the Company appointed him again as an Outside Director. [Reasons of designated as an Independent Directors] Based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" described in "Matters relating to Independent Directors/Audit & Supervisory Board

		management of the Company to be specified.	Members" of [Independent Directors/Audit & Supervisory Board Members] hereof which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus the Company designated him as an Independent Directors.
Christina L. Ahmadjian	○	N/A	[Reasons of Appointment as an Outside Director] Christina L. Ahmadjian has not been involved in corporate management in the past except as an outside director. However, as a university professor, through research that includes corporate governance, diversity, and international comparison of corporate management, she possesses a high level of insight and expertise on organizational culture and corporate governance from the global perspective necessary as a Director of the Company. Accordingly, we deem that the "experience, insight, expertise, and ability" possessed by Christina L. Ahmadjian, as represented by high level of insight and expertise that enable her to evaluate corporate governance from a global perspective, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus the Company newly appointed her as an Outside Director. [Reasons of designated as an Independent Directors] Based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" described in "Matters relating to Independent Directors/Audit & Supervisory Board Members" of [Independent Directors/Audit & Supervisory Board Members] hereof which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that she maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus the Company designated her as an Independent Director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

A. Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	5	5
Full-time Members	0	0
Internal Directors	2	2
Outside Directors	2	2
Outside Experts	0	0
Other	1	1
Chairperson	Outside Director	Outside Director

B. Supplementary Explanation

The Nomination Committee provides reports on its findings and views about the candidates, etc. for Directors, Audit & Supervisory Board Members and Corporate Officers in response to the inquiries referred from the Board of Directors. The Committee consists of two (2) Outside Directors, one (1) Audit & Supervisory Board Member and two (2) Internal Directors, and its chairperson is co-operatively appointed from among Outside Directors, and the person responsible for the Human Resources Section acts as the secretariat. The Committee held eleven (11) meetings during fiscal 2018, and provided reports on its findings and views primarily about personnel affairs of officers and of representatives of principal subsidiaries etc. The percentage of attendance of the members was 100.0%.
The Compensation Committee provides reports on its findings and views about the remuneration system and amount of remuneration for Directors and Corporate Officers in response to the inquiries referred from the Board of Directors. The Committee consists of two (2) Outside Directors, one (1) Audit & Supervisory Board Member and two (2) Internal Directors, and its chairperson is co-operatively appointed from among Outside Directors, and the person responsible for the Human Resources Section acts as the secretariat. The Committee held a total of twelve (12) meetings during fiscal 2018, and provided reports on its findings and views primarily about officers' bonuses, the revision of the officers' remuneration plan, the Performance-Linked Stock Compensation System, etc. The percentage of attendance of the members was 100.0%.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board Members, Independent Accounting Auditors and the section in charge of internal auditing with each other by the exchange of information through the holding of debrief meetings, sending of copies of the audit report, etc., regularly or whenever necessary. In 2018, opportunities for the report, exchange of opinions and arrangement between the Audit & Supervisory Board Members and Independent Accounting Auditors were provided twelve (12) times per year, and opportunities for the report, exchange of opinion and arrangement between Audit & Supervisory Board Members and the section in charge of internal auditing were provided at six (6) times per year, and the giving/receiving of the audit report was conducted, as required.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Katsutoshi Saito	From another company										△			
Yumiko Waseda	Lawyer													
Yutaka Kawakami	CPA													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Katsutoshi Saito	○	Mr. Katsutoshi Saito had served as an operating officer within the title of Chairman and Representative Director of The Dai-ichi Life Holdings, Inc. until the end of March 2017. The Company Group has transactions with such company group. However, as the transaction amount in the last business year was less than 1% of the consolidated revenue (or the consolidated sales) of the Company and the consolidated revenue (or the consolidated sales) of such company, respectively, there is no business relationship affecting the management of the Company to be specified.	[Reasons of Appointment as an Outside Audit & Supervisory Board Member] Katsutoshi Saito has long served as operating officer of global corporations, has abundant experience and broad knowledge, and fulfills his duties as an Outside Audit & Supervisory Board Member. Accordingly, the Company has deemed that he possesses capabilities appropriate for the Company's aims to promote global management of operations while pursuing sustained increase of corporate value, and thus the Company appointed him as an Outside Audit & Supervisory Board Member. [Reasons of designated as an Independent Audit & Supervisory Board Member] Based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" described in "Matters relating to Independent Directors/Audit & Supervisory Board Members" of [Independent Directors/Audit & Supervisory Board Members] hereof which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus the Company designated him as an Independent Audit & Supervisory Board Member.
Yumiko Waseda	○	N/A	[Reasons of Appointment as an Outside Audit & Supervisory Board Member] Yumiko Waseda has not been involved in corporate management in the past except as an outside audit & supervisory board member. However, through her many years of practice as an attorney she possesses expert knowledge on corporate law and a high level of insight that enable her to audit management from the perspective of laws and regulations required as an Audit & Supervisory Board Member of

			the Company. Furthermore, through active opinions and recommendations as an Outside Audit & Supervisory Board Member, she has provided appropriate auditing of the duties of the Directors of the Company in addition to contributing to fair and transparent decision-making on the remuneration for the Company's Directors as a member of the Compensation Committee. Accordingly, we deem that Yumiko Waseda is a necessary human resource for strengthening the functions of the Company's Audit & Supervisory Board in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus the Company appointed her again as an Outside Audit & Supervisory Board Member. [Reasons of designated as an Independent Audit & Supervisory Board Member] Based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" described in "Matters relating to Independent Directors/Audit & Supervisory Board Members" of [Independent Directors/Audit & Supervisory Board Members] hereof which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that she maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus the Company designated her as an Independent Audit & Supervisory Board Member.
Yutaka Kawakami	○	N/A	[Reasons of Appointment as an Outside Audit & Supervisory Board Member] Yutaka Kawakami has expert knowledge related to accounting as a certified public accountant and abundant auditing experience both in Japan and overseas. Accordingly, the Company has deemed that he possesses capabilities appropriate for the Company's aims to promote global management of operations while pursuing sustained increase of corporate value, and thus the Company appointed him as an Outside Audit & Supervisory Board Member.

			[Reasons of designated as an Independent Audit & Supervisory Board Member] Based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" described in "Matters relating to Independent Directors/Audit & Supervisory Board Members" of [Independent Directors/Audit & Supervisory Board Member] hereof which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus the Company designated him as an Independent Audit & Supervisory Board Member.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	6

Matters relating to Independent Directors/Audit & Supervisory Board Members

The Company has elected three (3) independent Outside Directors and three (3) independent Outside Audit & Supervisory Board Members, each with a broad stakeholders' viewpoint, to contribute to the sustainable growth and the increase of corporate value over the medium- to long-term of the Company and enhancement of social value.
The Company has established standards as set forth below for objectively assessing the independence of its Outside Directors and Outside Audit & Supervisory Board Members (herein this section the "Outside Directors/Audit & Supervisory Board Members") and accordingly deems that an Outside Director/Audit & Supervisory Board Member lacks sufficient independence for the Company if any of the following apply, such that he or she is:

1. A party who serves as an executive[*1] of the Company or a subsidiary of the Company (herein this section collectively referred to as the "Group") or has served as an executive of the Group in the past;
2. A party for whom the Group is a major business partner[*2] (or if the business partner is an incorporated entity, an executive thereof);
3. A party who is a major business partner of the Group[*3] (or if the business partner is an incorporated entity, an executive thereof);
4. A consultant, certified public accountant or other accounting professional, or an attorney at law or other legal professional who has been paid substantial amounts of money or other financial benefits[*4] other than Directors' and Audit & Supervisory Board Members' remuneration paid by the Group (or if the party receiving such financial benefits is an incorporated entity, association or other organization, then persons belonging to such organization);
5. A certified public accountant who belongs to the auditing firm which serves as the Accounting Auditor of the Group;
6. A major shareholder[*5] of the Group (or if the major shareholder is an incorporated entity, an executive thereof);
7. An executive of an incorporated entity that is a major shareholder of the Group;
8. An executive of a company which has a relationship involving cross-assumption of office of Outside Directors/Audit & Supervisory Board Members[*6];

9. A party who receives substantial donations[*7] from the Group (or if the party receiving such donations is an incorporated entity, association or other organization, then an executive thereof);
10. A close relative[*9] of a party who falls under any of the above items from 1 to 9 (limited to important persons[*8], with the exception of item 1);
11. A party who has fallen under any of the above items from 2 to 10 during the past five (5) years;
12. A party who has exceeded the tenure for Outside Directors/Audit & Supervisory Board Members stipulated by the Company[*10]; or
13. Notwithstanding the provisions of the respective items above, a party with respect to whom there are special grounds for deeming there to be potential for conflict of interests with general shareholders.

*1. "Executive" refers to an executive as defined in Item 6, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act, and includes both executive directors and employees, but does not include Audit & Supervisory Board Members.
*2. "Party for whom the Group is a major business partner" refers to a party whose transactions in the most recent fiscal year amount to 2% or more of the consolidated revenue of the business partner's group.
*3. "Party who is a major business partner of the Group" refers either to a party whose transactions in the most recent fiscal year amount to 2% or more of the Company's consolidated revenue, or a party who loans to the Group an amount equivalent to 2% or more of the Company's consolidated assets as of the end of the most recent fiscal year.
*4. "Substantial amounts of money or other financial benefits" refers to money and other financial benefits amounting to 10 million yen or more annually, excluding Directors' and Audit & Supervisory Board Members' remuneration, for the most recent fiscal year (if such financial benefits are obtained by an incorporated entity, association or other organization, it refers to money or other financial benefits amounting to 2% or more of such organization's total revenues for the most recent fiscal year).
*5. "Major shareholder" refers to a person or incorporated entity that directly or indirectly holds 10% or more of the Company's total voting rights.
*6. "Relationship involving cross-assumption of office of Outside Directors/Audit & Supervisory Board Members" refers to a relationship where an executive of the Group serves as an outside director/audit & supervisory board member of another company, and an executive of that company serves as an Outside Director/Audit & Supervisory Board Member of the Company.
*7. "Substantial donations" refers to annual donations of 10 million yen or more made during the most recent fiscal year.
*8. "Important person" refers to directors (excluding outside directors), executive officers, corporate officers, and other executives in positions of general manager or above; certified public accountants belonging to auditing firms or accounting offices; attorneys at law belonging to legal professional corporations or law firms; councilors, directors or other officers belonging to incorporated foundations, incorporated associations, educational institutions and other incorporated entities; and other persons objectively and reasonably deemed to be in positions of similar importance.
*9. "Close relative" refers to a spouse or persons within the second degree of consanguinity.
*10. "Tenure of Outside Directors/Audit & Supervisory Board Members stipulated by the Company" means eight (8) years with respect to both Directors and Audit & Supervisory Board Members.

[Incentives]

Incentive Policies for Directors	Bonuses (annual and medium-term) and Stock Compensation

Supplementary Explanation

Under its performance-linked remuneration system, the Company has adopted three elements: an annual bonus linked to performance on a single fiscal year basis, a medium-term bonus linked to medium-term performance, and stock compensation intended to motivate recipients to improve sustainable corporate value over the long term, and to align interests and risks with those of shareholders.
Short-term performance-linked bonuses are determined using core operating profit and profit attributable to owners of parent as performance benchmarks in proportion to the level of achievement of targets, which are set at the beginning of each fiscal year, and other factors. Medium-term performance-linked bonuses are determined using financial and social value indicators set in line with the goals of the "Medium-Term

Management Policy" as performance benchmarks in proportion to the level of achievement of targets, which are set at the beginning of each fiscal year.
In addition, for stock compensation, points are granted according to the level of achievement of targets in terms of "basic earnings per share," one of the performance benchmarks set forth in the "Medium-Term Management Policy," and the Company shares in the number equivalent to the cumulative number of these points will be delivered at the time of retirement of the Director for the purpose of offering appropriate incentives.
The bonus and the stock compensation are provided only to Internal Directors.

Recipients of Stock Options	

Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

The total amount of the remuneration of Internal Directors and Outside Directors is disclosed, respectively.
The remuneration, etc. of Directors is disclosed through posting them on the website of the Company, etc. for public inspection. The details are as follows:
- In the securities report, 737 million yen for Internal Directors (including stock compensation) and 86 million yen for Outside Directors/Audit & Supervisory Board Members (including the amount for Outside Audit & Supervisory Board Members) are disclosed as the remuneration, etc. of Directors (including the bonus for the 95th fiscal year) paid.
- The total amount of the remuneration, etc. in the 95th fiscal year of Naoki Izumiya, Chairman and Representative Director is 203 million yen (basic remuneration: 83 million yen, bonus: 97 million yen, stock compensation: 22 million yen), and the total amount of the remuneration, etc. of Akiyoshi Koji, President and Representative Director is 209 million yen (basic remuneration: 82 million yen, bonus: 105 million yen, stock compensation: 22 million yen). The remunerations of the above two (2) persons become not less than 100 million yen, respectively. Therefore, such remunerations of two (2) persons are set forth in the securities report in accordance with the "Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc."
- In the business report, the total amount of the remuneration, etc. of all of Directors and Outside Directors is disclosed in accordance with the Ordinance for Enforcement of the Companies Act.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

It is the basic policy for Directors' and Audit & Supervisory Board Members' remunerations of the Company to ensure that its remunerations are conducive to acquiring superior human resources, suitable for the magnitude of their roles and the scope of their responsibilities for each executive position, motivational for the Company's corporate value enhancement and sustainable growth; and that transparency and objectivity will be assured with respect to the remuneration-setting procedures.
Based on the foregoing policy, Directors' remunerations are set in line with a resolution at a meeting of the Board of Directors, and Audit & Supervisory Board Members' remunerations are set by discussion by the Audit & Supervisory Board Members within the total amount of remunerations resolved in advance at a

General Meeting of Shareholders. When remuneration-related resolutions are being made by the Board of Directors, the Compensation Committee, having independent Outside Directors and independent Outside Audit & Supervisory Board Members making up a majority of its membership and an independent Outside Director being appointed as its chairperson, acts as an advisory body to the Board of Directors, evaluating the content of said resolutions in the interests of greater transparency and objectivity.

(1) Directors' remunerations

The Board of Directors endeavors to raise transparency and objectivity with respect to the remunerations for executive directors, such as representative directors (management, including the CEO), by making decisions on such matters using transparent and fair processes based on resolution or report at the Board of Directors following consideration at the Compensation Committee. The Compensation Committee uses objective, external data as necessary in order to ensure fair decisions.

The remuneration is set at a level of remuneration aimed at 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 using Japanese companies with business operations that are the same in scale as those of the Company (sales, market capitalization, etc.) as the main group of benchmark companies.

The remuneration amount for each Director shall be deliberated and determined by the Compensation Committee, based on the evaluation of the individual by the Compensation Committee and the extent to which performance targets are achieved.

In addition to "basic remuneration" and "annual bonus" linked to performance on a single fiscal year basis, the specific composition of the remunerations shall include a "medium-term bonus" linked to medium-term performance, and a "stock compensation," intended to motivate recipients to improve sustainable corporate value over the long term, and to align interests and risks with those of shareholders.

In addition to individual evaluation, the "Medium-Term Bonus Plan" shall introduce social value indicators as performance indicators to strengthen the motivation of Directors to improve corporate value not only from the perspective of financial value, such as sales and profits, but also from the viewpoint of enhancing social value through initiatives related to the environment and corporate governance. In terms of specific social value indicators, the performance indicator shall consist of external investment evaluations related to environmental and social issues (ESG indices), which will be evaluated on the extent to which targets are achieved over three years, so as to objectively and fairly assess the improvement in the Company's social value, and reflect this in remuneration.

(2) Audit & Supervisory Board Members' remunerations

Remunerations for an Audit & Supervisory Board Member consist only of basic remuneration (monthly and fixed), and the level of such basic remunerations is set subject to a mutual consultation of Audit & Supervisory Board Members according to his/her job responsibilities and status distinction between internal and outside and by drawing on outside expert organs' survey data.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

For the holding of the meeting of the Board of Directors, the relevant documents are sent to the Outside Directors and Outside Audit & Supervisory Board Members, and the explanation thereof is conducted, whenever necessary.

[Status of Persons retired from office of President & Representative Director, etc.]

Name, etc. of Senior Adviser, Adviser, etc. who was President & Representative Director, etc.

Name	Title / Position	Job	Working Style/Conditions (Full-time / Part-time, Remuneration, etc.)	Retirement date from office, such as President)	Term of Office
Koichi Ikeda	Senior Adviser	Social contribution activity, etc. that is also useful for the improvement of social value of the Company	Part-time; with Remuneration	March 30, 2010	Subject to the internal regulations on the maximum age.
Hitoshi Ogita	Senior Adviser	Social contribution activity, etc. that is also useful for the	Part-time; with Remuneration	March 26, 2014	Subject to the internal regulations on

		improvement of social value of the Company			the maximum age.

Total number of Senior Adviser, Adviser, etc. who was President & Representative Director, etc.	Two (2) persons

Other matters

The Company has accordingly deleted the provision for Advisors to the Board stipulated in the Articles of Incorporation and has discontinued the system of Advisors to the Board, upon having gained approval with respect to the proposal for partial amendments to the Articles of Incorporation at the 95th Annual General Meeting of Shareholders held on March 26, 2019.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Directors/Audit & Supervisory Board Members of the Company consist of six (6) Internal Directors (all of whom are male) and three (3) Outside Directors (male: two (2), female: one (1)), as well as two (2) Standing Audit & Supervisory Board Members (all of whom are male) and three (3) Outside Audit & Supervisory Board Members (male: two (2), female: one (1)), and all Outside Directors/Audit & Supervisory Board Members are designated as Independent Directors/Audit & Supervisory Board Members as defined by the Stock Exchange. Such Outside Directors/Audit & Supervisory Board Members are Directors and Audit & Supervisory Board Members who are judged by the Company to have no fear of occurrence of the conflict of interest with general shareholders, and they initiatively exchange their opinions at the meeting of the Board of Directors. Furthermore, Outside Directors and Outside Audit & Supervisory Board Members also give beneficial advice from their respective specialty and wide range of viewpoints, as members of an optional Nomination Committee or Remuneration Committee. The meeting of the Board of Directors, in principle, is ordinarily held once per month, and extraordinarily held, whenever necessary. In 2018, the ordinary meeting of the Board of Directors was held thirteen (13) times, and the percentage of attendance of Outside Directors was 97.4%.

The Corporate Strategy Board is established as an advisory organization for the President and Representative Director. The "Corporate Strategy Board" provides reports on its findings and views about evaluation of the legality, objectivity and reasonableness and of substantial matters concerning business execution in response to the inquiries referred from the President and Representative Director. The Board consists of the President and Representative Director and other executive directors, Corporate Officers and Standing Audit & Supervisory Board Members, and the President and Representative Director serves as its chairperson. The Board held a total of forty-nine (49) meetings during fiscal 2018, and provided reports on its findings and views primarily about development of corporate strategies and status of business executions by Group companies.

In addition to the above, the Information Disclosure Committee, the Risk Management Committee and the Compliance Committee are established as an advisory organization for the President and Representative Director.

The Information Disclosure Committee is responsible for centrally managing and controlling corporate information disclosure, and provides reports on its findings and views in response to the inquiries referred from the President and Representative Director from the perspective of fair, expeditious and wide-ranging information disclosure. The Committee consists of executive directors and Corporate Officers excluding the Chairman and Representative Director and the President and Representative Director, and the Director in charge of public relations serves as its chairperson, and the Public Relations Section acts as a secretariat.

The Risk Management Committee provides reports on its findings and views in response to inquiries referred from the President and Representative Director regarding matters of identifying and evaluating the Group's key risks, and action plans in that regard. The Committee consists of the President and Representative Director and other executive directors, as well as Corporate Officers who are appointed by the committee chairperson. The President and Representative Director serves as its chairperson, and the Corporate Strategy Section acts as a secretariat. In addition, Standing Audit & Supervisory Board Members also attend this Committee's meetings and state opinions as necessary.

The Compliance Committee provides reports on its findings and views in response to inquiries referred from the President and Representative Director regarding matters of promoting and supervising corporate ethics

and compliance for the overall Asahi Group. The Committee consists of the President and Representative Director and other executive directors, as well as Corporate Officers who are appointed by the committee chairperson. The President and Representative Director serves as its chairperson, and the General Affairs and Legal Section acts as a secretariat. In addition, Standing Audit & Supervisory Board Members also attend this Committee's meetings and state opinions as necessary.
The Management Monitoring System is established mainly through the Directors' supervision on the status of business execution and the Audit & Supervisory Board Members' and Audit & Supervisory Board's audit. For the audit system on Audit & Supervisory Board Members, the transparency is improved as the Outside Audit & Supervisory Board Members represents a majority of Audit & Supervisory Board Members, and Audit & Supervisory Board Members' audit works can be smoothly conducted as staff is assigned to the Audit & Supervisory Board. The key items, etc. of audit plans and courses of action are reviewed yearly according to the management environment. In 2018, the meeting of the Audit & Supervisory Board was held twelve (12) times, and the percentage of attendance of Outside Audit & Supervisory Board Members was 100%.
For the internal audit, the members of the Audit Sections having the internal audit function audit whether the business executions of the entire Group are appropriately and efficiently conducted in accordance with the annual audit plan.
As above, in the Company, the system mutually checked and cooperated among the "Board of Directors" and Internal Directors and Outside Directors consisting of such Board, the "Audit & Supervisory Board" and Standing Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members consisting of such Board, and the "Audit Sections" are established based on our knowledge cultivated over the years. For the view of enhancement of the power of the Board of Directors, a higher-grade Corporate Governance System is realized by adding the optional "Nomination Committee," "Remuneration Committee" and "Corporate Officer System."
The Company has entered into an agreement with each Outside Director/Audit & Supervisory Board Member that limits his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, his/her liabilities are limited to 20 million yen or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher.
For the Accounting Auditor, the Company has concluded an audit agreement with KPMG AZSA LLC which has conducted an audit of the Company.
The certified public accountants who performed the accounting audit duties for the year 2018 shall be as follows:
Name of certified public accountants who performed the duties Number of Years of Audit
Designated Limited Liability Partner &Engagement Partner: Hiroyuki Takanami, four (4) years
Designated Limited Liability Partner & Engagement Partner: Hiroto Yamane, one (1) year
Designated Limited Liability Partner &Engagement Partner: Kei Sakayori, four (4) years
The number of assistances for the audit duties of the Company is twenty-one (21) certified public accountants and twenty-three (23) persons.

3. Reasons for Adoption of Current Corporate Governance System

The Company adopts the current Corporate Governance System because the Company believes by the following reasons that the transparency of management is secured and the suitability of business of the Company is warranted:
(1) Election of Outside Directors who supervise the business execution of the Company from the independent and fair viewpoint and Outside Audit & Supervisory Board Members who conducts the audit of the Company from the special viewpoint of accounting, legality, etc.;
(2) Election of Outside Directors and Outside Audit & Supervisory Board Members as members of the Nomination Committee and the Remuneration Committee, the optional advisory organizations for the Board of Directors; and
(3) Prompt execution of duties and enhancement of supervisory function of the Board of Directors by the introduction of the Corporate Officer system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice is sent no later than three (3) weeks prior to the holding date of the Meeting, and also before such sending, the details are early disclosed in the "Annual General Meetings of Shareholders" on the website of the Company, "Listed Company Search" on the website of the Tokyo Stock Exchange, and "Electric Voting Platform" operated by ICJ Inc.
Scheduling AGMs Avoiding the Peak Day	In principle, the Meeting is held in the afternoon of a date avoiding the peak day.
Allowing Electronic Exercise of Voting Rights	The electronic exercise of voting rights via the Internet of a computer, smart phone or cellular phone is allowed.
Participation in Electronic Voting Platform	The Company has participated in the electronic voting platform in and after 2007, and initiatively conducts the activities for promoting the exercise of voting rights, including the appropriate explanation of proposals, to institutional investors.
Providing Convocation Notice in English	The full text of the convocation notice is prepared in English, and publicly disclosed on the English website.
Other	The holding of the General Shareholder Meeting in the afternoon, the questionnaire prior to the holding of the General Shareholder Meeting and the establishment of the site for shareholders setting forth the report of the General Shareholder Meeting are conducted for the vitalization of the General Shareholder Meeting and the improvement of communication with the shareholders.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The details of the disclosure policy, including the "Basic Disclosure Policy" are posted on the website of the Company.
Regular Investor Briefings for Individual Investors	The briefings for individual investors are held in the factories of Group Companies, halls of the securities companies, etc., whenever necessary.
Regular Investor Briefings for Analysts and Institutional Investors	The briefings are held for the settlement of accounts at the end of the 2nd quarter and the fiscal year, and the representative attends and explains. Also, the telephone meetings by the persons in charge are held in the 1st quarter and the 3rd quarter.
Regular Investor Briefings for Overseas Investors	The calling on investors in Europe, USA and Asia and the small meeting are conducted once per year, respectively. Also, the content of the briefings for analysts at the end of the 2nd quarter and the fiscal year is summarized in the materials for presentation including text, and posted on the website of the Company.
Posting of IR Materials on Website	The "Statement of Accounts," "Integrated Report," "Convocation Notice of the Annual General Meeting of Shareholders," "Securities Report" etc. are posted on the Investor Information site of the website of the Company, and the video of the progress of the General Meeting of Shareholders is transmitted. Also, the special site for individual investors is established, and the "IR news" is distributed to applicants via e-mail.
Establishment of Department and/or Manager in Charge of IR	IR Section is in charge of IR.
Other	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Ensure due respect for each stakeholder as stipulated in the "Corporate Philosophy," "Corporate Action Guidelines," "Asahi Group Corporate Ethics Regulations" and "Asahi Group Corporate Ethics Guidelines."
Implementation of Environmental Activities, CSR Activities etc.	The Company has established efforts to reinforce the Company's ESG initiatives supporting sustainable value creation process, which is one of the key priorities of its Medium-Term Management Policy. As part of its efforts to reinforce ESG initiatives, the Board of Director proactively works toward further improving corporate value by contributing to the resolution of social problems which includes upgrading "hidden capital assets" such as natural capital, social capital and personnel, in addition to accelerating initiatives geared to realizing CSV that is appropriate for Asahi and makes the most of the Asahi Group's strengths. Also, the Company addresses issues relative to sustainability including social and environmental problems from a global viewpoint in fulfilling its corporate social responsibility, drawing on concepts embodied in the "Our Principles" section of the "Asahi Group Philosophy" which act as guidelines for the Company's CSR initiatives. In conjunction with implementing the "Asahi Group Philosophy," the Board of Directors began overhauling its list of social issues in need of solutions and their materiality (major themes) in 2019, as follows. The Board is promoting activities that involve actualizing the entire Group's goal setting and action planning with respect to challenges such as addressing climate change and formulating approaches to human rights management. "Environment"…Addressing climate change, stable procurement of raw materials, promoting sustainable water resources, recycling and preventing pollution, providing environmentally and socially conscious products "Human rights and human resources management"…Human resource development, enhancing diversity, respecting human rights "Responsible business activities"…Supply chain management, securing food safety and reliability, promoting responsible drinking, pursuing social responsibility through products and services, reducing food loss "Creation of environmental value that leverages Asahi strengths"…Resolving social issues through the creation of new drinking opportunities, providing products utilizing yeast, lactic acid bacteria, and intestinal flora, providing products with less added sugar, expanding businesses focusing on health and contributing to a recycling-based society, resolving social issues in the agricultural field through agricultural materials utilizing yeast cell walls We strive to communicate our ideas and the contents of CSR activities including the specification of material issues and the process thereof by posting them on the website in Japanese and English so that stakeholders can freely view them. Website [Sustainability]: (Japanese version) https://www.asahigroup-holdings.com/csr/ (English version) https://www.asahigroup-holdings.com/en/csr/ In 2019, the Company aims to further deepen business management for improving corporate value, based on the Medium-Term Management Policy. In addition to promoting activities carried out based on the Asahi Group Environmental Vision 2050, which underpins our medium- to long-term objectives, we will also enhance our ESG (environmental, social, and governance) endeavors targeting improved sustainability. In so doing, we will actively promote initiatives that involve building human rights management systems and frameworks for developing global talent, and creating value leveraging the Company's strengths.

Development of Policies on Information Provision to Stakeholders	The "Disclosure Policy" is established and the appropriate information disclosure is timely conducted.
Other	<Basic Policy on Group Personnel in the Asahi Group> The Asahi Group's "Basic Policy on Group Personnel" prescribes that we "ensure due respect for the personality, human rights and individuality of each worker in the Asahi Group." In particular, the policy declares that our Group "does not unjustly discriminate based on nationality, race, gender, etc., and respects diverse views." <Commitment to Diversity Promotion> The Company is well aware that its management must also move ahead with reforms to address changes in the previously uniform management environment surrounding its businesses as it becomes increasingly global, diverse in values and otherwise more complex. As such, we regard our commitment to diversity as a key element in this process of managerial transformation. In addition, the Company aims to promote healthy living and the enrichment of society worldwide, by providing a level of *Kando* (deliciousness, happiness and innovation) that exceeds people's expectations as a result of addressing their various needs and expectations. We do this on the basis of our awareness that various needs and expectations for products and services coexist, given that societies and markets worldwide are made up of many different types of people with numerous diverse attributes in terms of genders, ages, disabilities and nationalities, to name just a few. The Company must heighten its organizational ability for actively leveraging human differences, and adapt to changes. We recognize the need to be aware of differences and diversity and to have the organizational ability to accept differences and diversity, and are accordingly promoting initiatives to such ends.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

<Overview of the resolution regarding systems to ensure appropriate business operations>
The Board of Directors passed the following resolution with respect to the above-mentioned systems.
The Company aims to "deliver on our great taste promise and bring more fun to life," as set forth in the "Asahi Group Philosophy." To make these aims a reality, the Company shall:

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

1. System to ensure execution of duties by Directors and employees of the Company and the Group Companies in conformity with laws and regulations and the Articles of Incorporation of the Company and the Group Companies
   (1) In order to promote "building value together with all our stakeholders" as stipulated in the "Asahi Group Philosophy," the Company shall establish "The Asahi Group Code of Conduct" and ensure its Directors, Audit & Supervisory Board Members and employees abide by these regulations.
   (2) The Company shall establish a "Compliance Committee" to oversee compliance of the Asahi Group based on the "The Asahi Group Ethics/Compliance Policies."
   (3) An officer of the Company in charge shall have authority over compliance within the Asahi Group. The sections in charge of general and legal affairs shall handle day-to-day compliance and risk management tasks.
   (4) The Company shall assign responsible persons in charge of compliance in the Company and the Group Companies. The responsible person shall make efforts to prioritize compliance in all aspects of business activities at each Group Company.
   (5) The Company shall establish a "Clean Line System" and other systems for employees in Japan and overseas, enabling them to blow the whistle on illicit behavior of others.
   (6) The Company shall establish "Asahi Group Procurement Regulations" addressing mutual cooperation for fair and equitable deals and social responsibilities between each Group Company and suppliers and a system that enables suppliers to blow a whistle on breaches of the Policy as necessary. The Company shall inform and spell out these measures to its suppliers to enable the Company to develop an Internal Control System in cooperation with its suppliers.
   (7) To ensure antisocial forces do not exert any undue influence on the Group, all relevant information shall be shared within the Asahi Group and the Company shall establish an internal system on the measures. The Company shall also cooperate closely with industry bodies, local communities, the police and other external specialist organizations in this field.
   (8) The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations that will be applied to the Company or the entire Asahi Group.
2. System to ensure the preservation and management of information related to execution of duties by Directors
   (1) Information related to execution of duties by Directors shall be properly preserved and managed in accordance with "Document-Management Regulations" and other related internal regulations that will be applied to the Company or the entire Asahi Group.
   (2) The aforementioned information shall be preserved and managed in a way accessible by Directors and Audit & Supervisory Board Members for inspection at any time.
   (3) Control over the clerical tasks related to preservation and management of the aforementioned information shall be determined in accordance with internal regulations that will be applied to the Company or the entire Asahi Group.
3. Regulations and other organizational structures of the Asahi Group to manage risk of loss
   (1) The Company shall position risk management as a core element of its corporate management in "The Asahi Group Risk Management Policies," and implement it in a continuous manner.
   (2) In addition to having the appropriate sections manage risk in their respective areas, the Company shall establish a "Risk Management Committee" to identify and evaluate cross-sectional material risk for the entire Asahi Group, and design countermeasures accordingly.
   (3) With regard to the risk of failing to maintain product quality, as a food and drink manufacturing group, the Asahi Group strongly recognizes their social responsibility to consumers to ensure the safety and security of their products and shall establish sufficient control systems.
   (4) In the event of any major accident, disaster or scandal, etc., the Company shall establish an "Emergencies Response Headquarters" chaired by the President and Representative Director.
4. System to ensure efficient execution of duties by Directors of the Company and the Group Companies
   (1) To ensure efficient performance of duties by Directors, the Board of Directors shall divide duties in a reasonable way to be delegated to respective Directors and shall appoint appropriate persons as Corporate Officers in charge of respective sections.
   (2) The Company shall establish "Regulation of Authority" and "Asahi Group's Regulation of Authority" stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among sections and among Group Companies.
   (3) The Company shall ensure the effective utilization of the "Corporate Strategy Board," consisting of the Company's Internal Directors, Corporate Officers, and Standing Audit & Supervisory Board

Members by formulating the Asahi Group's corporate strategy and implementing progress management, etc.

(4) To maximize operational efficiency, the Company shall utilize indices that provide an objective and rational way of measuring its management and control of operations; and it shall employ a unified system of follow-up and evaluation.

(5) To use funds efficiently, a global cash management system among the Company and the Group Companies is introduced.

5. System to ensure appropriate operations of the Asahi Group

(1) All systems required for the Internal Control, including those for risk management, compliance and crisis management system, shall apply comprehensively across the entire Asahi Group. As the holding company, the Company shall manage the said systems of the Group Companies while respecting their autonomy, and supporting the development and operation of the Internal Control System, in accordance with the conditions and circumstances with which individual companies are facing.

(2) The section in charge of internal auditing in the Company shall, in cooperation with the organization in charge of internal auditing established within the Asahi Group, get a grasp of and evaluate the Internal Control System and discipline in day-to-day tasks within the Asahi Group by directly and indirectly auditing the Group Companies, and this section shall also conduct the evaluation of internal control related to financial reporting of the Group Companies and submit the relevant reports.

(3) Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled "Asahi Group's Regulation of Authority."

(4) Each of the Group Companies will provide reports at the "Corporate Strategy Board" one or more times each quarter on performance of its operations including risk-related information.

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

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

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

(1) When a member of the staff who serves the Audit & Supervisory Board, as stipulated in the previous paragraph, receives an order from an Audit & Supervisory Board Member in relation to auditing duties, he/she shall not be subject to directives or orders from Directors or other employees regarding that order.

(2) Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff who serves the Audit & Supervisory Board shall require the prior concurrence of Audit & Supervisory Board Members.

8. System for Directors' and employees' reporting to Audit & Supervisory Board Members

(1) Directors and employees shall report regularly to Audit & Supervisory Board Members on matters related to the Internal Control System, and shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees (including from Directors and employees of the Group Companies).

(2) Directors shall ensure that Audit & Supervisory Board Members have every opportunity to participate in discussions of important bodies, etc. such as the Board of Directors meetings, the "Corporate Strategy Board" meetings and the "Risk Management Committee" meetings. Directors shall provide details of the agenda items of such meetings beforehand for Audit & Supervisory Board Members.

(3) Audit & Supervisory Board Members shall at all times have the right to review the minutes of important meetings, documents of approval, etc.

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

(1) The Group Companies' Directors, Corporate Auditors, employees or persons receiving reports from them shall report regularly to the Company's Audit & Supervisory Board Members on matters related to the Internal Control System and, shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees of the Group Companies.

(2) The Company's or the Group Companies' sections in charge of internal auditing shall report the results of the Group Companies' internal audits to the Audit & Supervisory Board Member of the Company without delay.

(3) The whistle blowing contacts under the Clean Line System shall be the Company's Audit & Supervisory Board Members, section in charge of general and legal affairs, or external attorneys at

law designated by the Company ("external attorneys at law"), and the information reported to the Company's section in charge of general and legal affairs or the external attorneys at law shall be reported to the Company's Audit & Supervisory Board Members.

(4) The Company prohibits any party from treating the whistle blower prescribed in the preceding item and this item in any manner disadvantageous to him/her on the ground of the whistle blow.

10. Policy on procedures for advance or reimburse expenses incurred in association with Audit & Supervisory Board Members' execution of their duties, and treatment of other expenses or debts incurred in association with the execution of their duties

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

11. Other systems ensuring effective auditing by Audit & Supervisory Board Members

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

<Overview of operation of systems to ensure appropriate business operations>

(1) Overall Internal Control System

1. In order to develop and operate the Internal Control Systems of the Company and the Group Companies and effectively achieve the objectives of internal control, the section of the Company in charge of internal auditing cooperates with the internal auditing organs established within the Asahi Group in conducting audits to determine whether business operations are executed properly and efficiently in accordance with annual audit plans. During fiscal 2018, the Company and 40 Group Companies were audited.
2. With respect to internal control over financial reporting, the section in charge of internal auditing in the Company performs evaluation of the Group Companies' internal control activities pursuant to the "Basic Regulations for the Evaluation and Reporting of Internal Control for Financial Reporting."

(2) Compliance System

1. The Company established "The Asahi Group Code of Conduct," and tries hard to keep its employees informed about it.
2. The Company promotes awareness of compliance by putting managers responsible for compliance and crisis management in place in the Company and the Group Companies and conducting education and training by job class.
3. The Company conducts multifaceted and multilayered surveys of compliance awareness and behavior by conducting a "Compliance Questionnaire" to the employees, etc. of the Company and the Group Companies. In the survey of fiscal 2018, the questionnaire results continued to reveal that: "compliance awareness remained at a high level."
4. By keeping in place the "Clean Line System," the Company detects and resolves risk problems early, and effectively prevents risk problems themselves from occurring.

(3) Risk Management System

1. The Company conducts cross-sectional risk management for the entire Asahi Group through the "Risk Management Committee." During fiscal 2018, the Committee met for a total of four times to conduct cross-sectional analyses and evaluations under the themes of "quality," "compliance," "governance," "human affairs/labor," "IT," "finance/accounting," etc. on the basis of the findings of periodic risk surveys conducted by sections concerned.
2. The Company has a system in place to deal with any major accident, disaster, scandal, etc. by setting up a "Emergency Response Headquarters" under the management of the President and Representative Director.

(4) Business Management of Group Companies

1. With respect to the Group Companies' business management, the Company has put in place a system whereby, pursuant to the "Asahi Group's Regulation of Authority," the Group Companies' business executions are subject to resolutions of the Company's Board of Directors or decisions of an individual Director or the responsible persons of the responsible sections of the Company, depending on the degree of their importance.
2. Once a month, the "Corporate Strategy Board" receives reports from main Group Companies on the status of their business executions.

(5) Execution of Directors' Duties

In order to ascertain the efficiency of Directors' duties, the Board of Directors conducts rational assignment sharing of services to be performed by Directors and Corporate Officers, and has each Director and Corporate Officer report on the status of his/her business execution once every three months.

(6) Execution of Audit & Supervisory Board Members' Duties

1. Audit & Supervisory Board Members attend meetings of the Board of Directors, the "Corporate Strategy Board," the "Risk Management Committee" and other important organs, and receive reports from Directors, employees, etc., thereby confirming the status of development and operation of the Internal Control System.
2. Audit & Supervisory Board Members work to enhance the effectiveness of auditing by finding opportunities regularly or as needed for exchanging information and views with the section in charge of internal auditing, the Independent Accounting Auditors, etc. During fiscal 2018, Audit & Supervisory Board Members had opportunities to exchange information and views with the section in charge of internal auditing for a total of six times, with the Independent Accounting Auditor for a total of twelve times. Audit & Supervisory Board Members also find opportunities to exchange information and views with Audit & Supervisory Board Members of the main Group Companies once every three months.
3. The Company ensures that Audit & Supervisory Board Members will be able to smoothly perform their duties by posting three dedicated employees to the Audit & Supervisory Board.

2. Basic Views on Eliminating Anti-Social Forces

<Basic Views>

As a basic policy, the Company Group is determined to stand against anti-social forces that threaten civil society. The "Asahi Group Corporate Ethics Guidelines" adopted through the Group describe this as "being aware of our obligations as a corporate citizen and willingly fulfilling the duty that the companies owe to countries and local communities in which we operate." This is implemented as follows:

- Make no payoffs to anti-social groups;
- Share information on anti-social forces within the organization, and establish a system for reporting and coping with them; and
- Eliminate anti-social forces in close cooperation with government agencies including police.

<Readiness>

(1) Establishment of Supervisory Department in Charge and Person responsible for the Prevention of Unreasonable Demands

A "Person responsible for the prevention of unreasonable demands" is appointed in the General Affairs and Legal Section of the Company and in each of the Group Companies.

(2) Cooperation with External Professional Agencies

Even if an unreasonable demand is received, the Company Group is prepared to deal with it in cooperation with the relevant government agencies including police, organized crime fighting specialists, legal counsel, and other professional consultants.

(3) Collection and Management of Information about Anti-Social Forces

All the cases of an anti-social force's unreasonable demands that occurred within the Group are collected in a database at the General Affairs and Legal Section. The collected information including basic countermeasures are distributed within the Group on a monthly basis for the sharing of information.

(4) Preparation of Response Manuals

Basic views are indicated in the "Asahi Group Corporate Ethics Guidelines" and, in addition, manuals related to procedures such as the "Asahi Group Manual for Racketeering by Interceding in Civil Disputes and Threatening the Use of Violence" are prepared. Also, to raise the accuracy of response, the "Crisis Management Website" has been opened on the group portal site to disclose the information on cases and remedies.

(5) Implementation of Training

At training sessions and workshops for new employees and legal personnel, basic information about unreasonable demand occurrences in the Group, the latest developments of anti-social forces, etc. are used as teaching materials.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

The internal system for the timely disclosure of the company information and the disclosure policy of the Company are as set forth below. <Overview of Timely Disclosure System> (1) Collection of Information The basic attitude of the Company is to timely disclose the appropriate company information to the investors, and the information to be timely disclosed shall be handled in accordance with the internal regulations (Asahi Group Information Management Regulations and Asahi Group Insider Trade Prevention Regulations) as follows: - The aggregation/management of the information shall be conducted by the Director in charge of the legal affairs or the General and Legal Affairs Section. The Director in charge of the legal affairs or the General and Legal Affairs Section shall strictly manage the internal information, and promptly transmit the matters to be timely disclosed to the Information Disclosure Committee. - The timely disclosure of the company information defined by the Stock Exchange, including the material facts, etc., of the Company shall be conducted by the PR Section under the directions of the Director appointed by the President and Director or the General Manager of the PR Section as the person responsible for the handling of information. (2) Procedures for Information Disclosure a. For the information aggregated to the Director in charge of the legal affairs or the General and Legal Affairs Section from each Section of the Company and each of the Group Companies, the General and Legal Affairs Section, as a supervisor, makes a basic decision on whether such information comes under the matters to be timely disclosed. For the facts of determination, the occurred facts, and the information of the settlement of accounts out of the above, the "Information Disclosure Committee" analyzes the content of such information, and conducts the prior examination of the necessity of disclosure, content/method of disclosure, etc. in accordance with the Timely Disclosure Regulations, etc. b. For the information that is judged as special material matters by the Information Disclosure Committee in the above process, the proceedings and content at the meeting of the Information Disclosure Committee are reported by the chief to the President. (3) Timely Disclosure to the Stock Exchange The person responsible for the handling of information timely discloses the fact, the timely disclosure of which is judged as necessary, immediately after the occurrence thereof. <Disclosure Policy> (1) Basic Disclosure Policy For the disclosure of the important information in the case where the facts of determination, occurred facts or information on the settlement of accounts affecting on the judgement of investment occur, the Company discloses such facts in accordance with the laws and regulations, including the Financial Instruments and

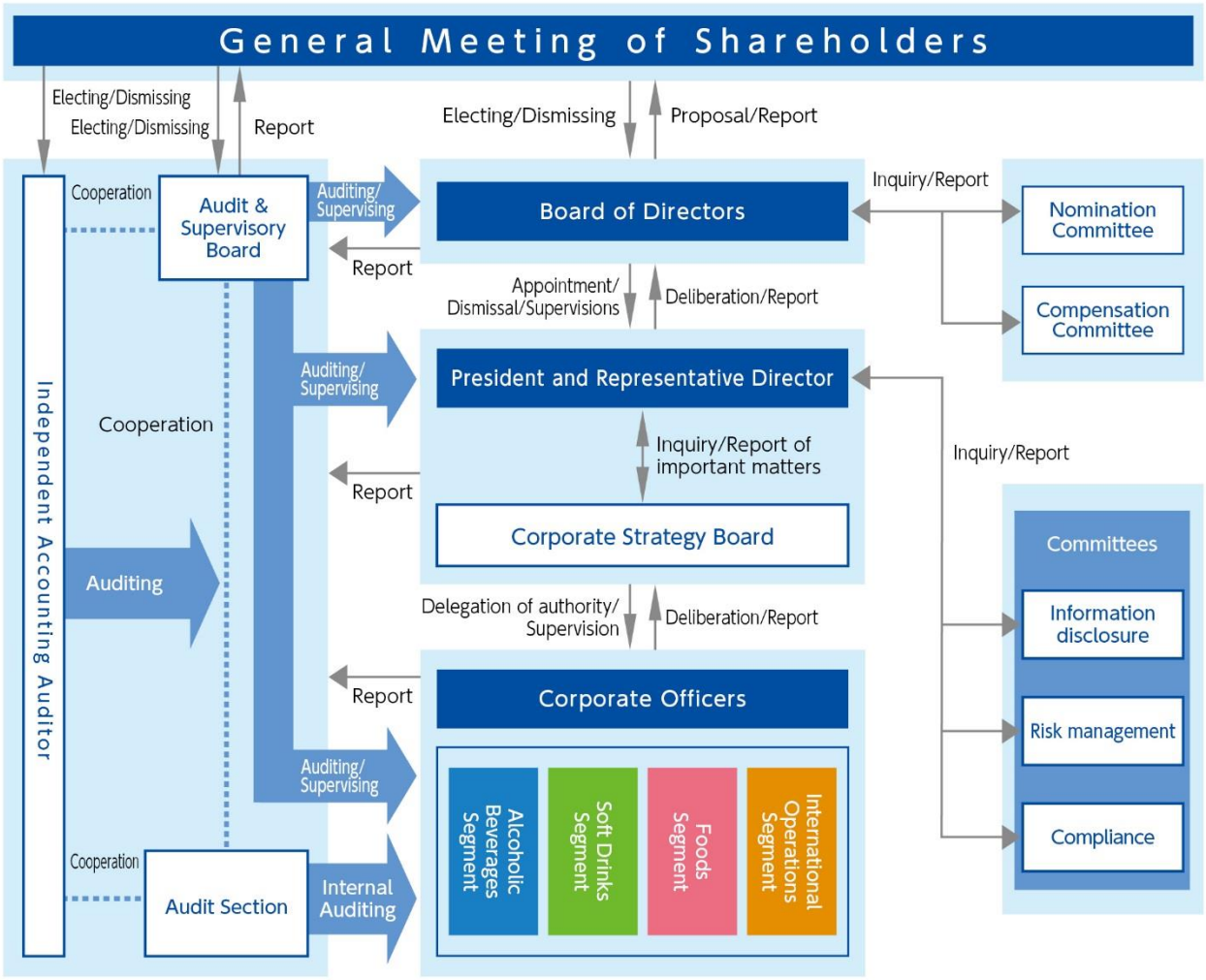
Exchange Act, etc., as well as the "Regulations on Timely Disclosure, etc. of the Company Information of the Issuer of Listed Securities" (hereinafter referred to as "Timely Disclosure Regulations") established by the Financial Instruments Exchange in which the Company lists stocks.
Also, for the information that is not subject to the Timely Disclosure Regulations, the Company, as a basic policy for information disclosure, conducts a fair/prompt and comprehensive information disclosure to meet the demands from the investors and security analysts.

(2) Method of Information Disclosure
The disclosure of the important information that is subject to the Timely Disclosure Regulations is registered in the "Timely Disclosure Information Transfer System (TDnet)" provided by the Tokyo Stock Exchange in accordance with the above Regulations.
After the registration, the Company promptly provides the same information to news media, and the same information is posted on the website of the Company.
Also, even in the case where the information that is not subject to the Timely Disclosure Regulations, etc. is disclosed, the Company endeavors to ensure that such information is fairly transferred via the website of the Company, media, etc. in accordance with a spirit of the timely disclosure.

(3) Items to be Voluntarily Disclosed
The Company voluntarily discloses the information that is not subject to the Timely Disclosure Regulations, etc., but is judged as being useful for the investment judgement. The information so disclosed includes the "Medium-Term Management Policy," the monthly sales information, supplemental/presentation materials used in the financial results briefing, etc.

(4) Earnings Forecast and Future Prospect
In addition to the earnings forecast set forth in the statement of accounts, the Company may include the future prospect and opinions in the media, briefings, various materials, questions and answers, etc. In any case, any forecast or prospect, which did not become a fact, is based on the judgement rendered by the Company on certain assumptions at that time.
Therefore, please note that the future prospect may be changed without notice according to the change of the assumptions, and the actual earnings may vary greatly from such prospect due to various elements.

(5) Silent Period
In the Company, the period from the following date of the settlement of accounts to the date of the announcement of the settlement of accounts is the silent period of IR activities to prevent the divulgement of the information of the settlement of accounts and to ensure the fairness of information disclosure. During such period, the Company refrains from giving any comment on the settlement of accounts or any reply to questions.
However, if any fact that is subject to the timely disclosure occurs during such period, the Company will disclose such fact in accordance with the Timely Disclosure Regulations.


General Meeting of Shareholders
Electing/Dismissing
Electing/Dismissing
Report
Electing/Dismissing
Proposal/Report
Cooperation
Audit & Supervisory Board
Auditing/ Supervising
Report
Board of Directors
Inquiry/Report
Nomination Committee
Compensation Committee
Appointment/ Dismissal/Supervisions
Deliberation/Report
Auditing/ Supervising
President and Representative Director
Inquiry/Report of important matters
Report
Corporate Strategy Board
Inquiry/Report
Committees
Information disclosure
Risk management
Compliance
Cooperation
Auditing
Independent Accounting Auditor
Delegation of authority/ Supervision
Deliberation/Report
Report
Corporate Officers
Auditing/ Supervising
Alcoholic Beverages Segment
Soft Drinks Segment
Foods Segment
International Operations Segment
Cooperation
Audit Section
Internal Auditing

<Schema of Timely Disclosure System>

