



Asahi Breweries Group
CSR REPORT
Corporate Social Responsibility Report
2006



Asahi

Approach to CSR Reporting

We sought to make our CSR report both easier to understand and easier to search by taking advantage of the respective strengths of a Web site and printed materials.

In order to increase public understanding of the Asahi Breweries Group's CSR (Corporate Social Responsibility) activities and facilitate easy access to information, we have been using our Web site, in addition to a printed report to provide more detailed information than could be provided in the limited space of a printed format.

This year, in 2006, we tried to create a more complete, easier-to-browse report taking advantage of the respective characteristics of each media.

Our Web site serves as a portal site for communicating Asahi Breweries Group's CSR activities regarding social and environmental efforts. Here, the social and environmental aspects of the Group's business activities are divided into several categories according to stakeholder interests, such as consumers, business partners, shareholders and investors, employees, local communities, and the global environment to provide information that includes detailed performance data. In addition to annual reports, the site provides information and guidance on the latest activities as well as environmental and cultural lessons and art events.

The printed report (this pamphlet) represents a compilation of issues that have attracted significant public attention as well as efforts in which new progress seen in fiscal year 2005 and interesting topics selected from the Web site. This 2006 edition features a report on our work into the practical use of biomass ethanol.

Scope of this Report

Reporting Scope

In general, the scope of this report is the activities of Asahi Breweries Ltd., although some reported activities involve the entire Group or other Group companies.

Report Content

Social and environmental aspects of business activities are reported including policies, plans, objectives, efforts, and progress.

Reporting Period

This report primarily covers fiscal year 2005 (January 1 to December 31, 2005) as well as the history and activities as of the publication date along with future projections and plans.

References Guidelines

This report uses the GRI* Sustainability Reporting Guidelines 2002 and the Ministry of the Environment's Environmental Reporting Guidelines (2003 edition) as references.

A table comparing the content of this report and these two guidelines is on the Web site at:

<http://www.asahibeer.co.jp/csr/guideline/index.html> (in Japanese).

* GRI: Global Reporting Initiative. Founded in 1997, the organization developed and has been working to disseminate sustainability reporting guidelines that are applicable worldwide.

Disclaimer

In addition to objective information on the past and present status of Asahi Breweries, Ltd. and its Group companies, this report also contains plans, perspectives, and forecasts based on the corporate philosophy and management strategies as of the date of publication. These forecasts are based on information available at the time of publication, and therefore the actual status and outcome of future business activities may differ from these forecasts as a result of changes in the social, economic, or business environment.

The Web site discloses the latest and most complete information (In Japanese)



Latest information uploaded regularly

To ensure timely information disclosure, we periodically release the latest activity reports of the Asahi Breweries Group in addition to our reports issued annually. Updates are announced on the "What's New" section on the top page of the entire site and that for individual stakeholder pages.



Making it easy to find information and ensuring that information is complete

To help readers quickly find the information they need, we prepared a subject index to improve information retrieval. Simply select the data you wish to view from "Policy, regulations, standards," "Structure, mechanism, system" and "Performance data." Links are also provided to related sites, including investor information and purchasing.



Designed for improved accessibility

The Web site is designed to be easy for anyone—including the elderly and the physically challenged—to easily view and use. For example, explanations on skip link navigation, current location information, and so on have been incorporated for those who use talking browsers. Furthermore, with a few exceptions, we tried to make graphs and graphics as easy to view as possible.



This report focuses on issues of high interest to the public and our efforts that have seen new progress.

Points of the Report 1

New reports on:
Protection of intellectual property rights
Response to emergencies
Protection of personal information

Points of the Report 2

Report on Asahi Breweries' new efforts in exploiting its unique technologies

Points of the Report 3

Introduction of efforts based on stakeholder requests

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Executive Message



Kouichi Ikeda
Chairman of the Board and CEO,
Asahi Breweries, Ltd.

Hitoshi Ogita
President and COO,
Asahi Breweries, Ltd.

Becoming an Enterprise Group that is Sustainable and Accepted by Society

The daily activities of the Asahi Breweries Group are guided by our vision: “For a new Asahi Breweries Group with abundant growth potential, we will pursue total customer satisfaction, business structure transformations and a corporate culture that rewards innovation; generating an energetic company with the will to meet any challenge.” We believe that corporate social responsibility (CSR) lies at the heart of our corporate activities and is essential for our continued acceptance by society as well as to enhance corporate value.

In pursuing CSR activities we understand that all stakeholders are, in essence, customers who watch, support and guide the Asahi Breweries Group. Based on this understanding, we also view CSR as standing for “CS + R” (Customer Satisfaction + Relations), which is integrated into our daily corporate behavior. This means the Asahi Breweries Group sees CSR not only as a guideline for management but also as the most practical guideline for the actions of all employees as they seek to provide satisfaction in every operation. We hope that all the members of Asahi Breweries Group fulfill their social responsibility and steadily enhance our corporate value through their daily practice of “CS + R.”

To further promote these CSR activities, we must communicate our thinking and our actions in ways that are readily understood by every stakeholder. This is the guiding principle behind the preparation of the Asahi Breweries Group CSR Report 2006 which summarizes our efforts during the last year.

We believe one major step for the Asahi Breweries Group’s CSR activities is to involve as many stakeholders as possible in reading this report and providing opinions and feedback that we can incorporate into future activities.

Corporate Philosophy

The Asahi Breweries Group aims to satisfy customers with the highest levels of quality and integrity, while contributing to the promotion of healthy living and the enrichment of society worldwide.

Guidelines for Corporate Activity

Customer satisfaction

- Provide high quality and abundantly original products and services with customer satisfaction as the cornerstone to all corporate activities.
- Propose new value to meet our customers' expectations by revolutionizing our thinking and behavior.

Safety and environmental responsibility

- Bear full environmental responsibility and ensure the safety of all our corporate activities, ever aspiring to preserve our beautiful earth and be gentle to its people.
- Promote resource renewal and energy conservation through recycling and waste reduction.

Fair, open corporate ethics

- Win customers' trust through corporate behavior that is based on respect for sound and fair ethics.
- Value the importance of communication with society and actively facilitate mutual comprehension via the disclosure of information.

World-class corporate activities

- Have a global vision and strive to follow international standards for corporate behavior.
- Take on global business opportunities on the world-stage.

A corporate culture rich in ideas and vitality

- Create a corporate climate where the rich ideas and ambitious spirit of each member of society can be leveraged.
- Create a corporate climate that abounds in activities where individuals can think and act for themselves.

Original and responsive corporate action

- Stay ahead of change and always strive to be forward-minded and swift in corporate action.
- Aim to share impressions with society through inventive concepts and individual behavior.

Independent and integrated management

- Aim for corporate management where each company thrives from its own independence.
- Aim for group management that leverages our combined strengths.

Continued, high-quality growth

- Aim for efficient use of managerial resources and productive management.
- Meet everyone's expectations, from customers and shareholders to employees, through sustained and high-quality growth.

Supporting the Global Compact

Asahi Breweries announced its participation in June 2002. The Global Compact (GC) was proposed in January 31, 1999 by Kofi Annan, the Secretary-General of the United Nations, at an international economic forum. The GC, as revised in June 2004 with the addition of principles in the area of corruption, calls for participating companies to embrace and enact within their sphere of influence a total of ten principles in the following four areas: human rights, labor standards, the environment, and anti-corruption. The goal of the GC is to actively effect world-wide change through incorporation and acting on these principles in every aspect of corporate operations.

As of April 2004, over 1,300 companies, international labor organizations, and citizens organizations worldwide were taking part in this effort.



Asahi Breweries Group aims to satisfy customers with the highest levels of quality and integrity while contributing to the promotion of healthy living and the enrichment of society worldwide.

Toward New Growth in the Alcoholic Beverage, Soft Drink, Food and Pharmaceuticals Businesses

Under the philosophy of “satisfying customers while contributing to the promotion of healthy living and the enrichment of society worldwide,” Asahi Breweries, Ltd. seeks to achieve further prosperity for the entire group. Group companies build on the strength of the alcoholic beverage business managed by Asahi Breweries, Ltd. For example, Asahi Soft Drinks Co., Ltd. engages in the soft drink business, offering canned coffee, Japanese tea, and other soft drinks, while other Group companies, including Asahi Food & Healthcare Co., Ltd., market beer yeast supplements and nutritional supplements in the food and pharmaceuticals business. In addition, in our beer and soft drink businesses, our dynamic collaborations extend beyond Japanese makers to those in China and other Asian countries.

Total Alcoholic Beverage Provider

All the ideas and actions at Asahi Breweries are based on the principle of “Satisfying Customers with Great Tastes.” As a result, Asahi Breweries has nurtured highly regarded brands in every category of beer-type beverages (beer, happoshu, new genre beverages), shochu, low-alcohol beverages, whisky, and wine and has become a leader in today’s alcoholic beverage market.

Based on the strength of Asahi Super Dry, our mainstay beer product, we are promoting efforts for greater freshness and flavor of beer from a barrel while continuing to respond to diversifying customer tastes taking advantage of our broad portfolio of alcoholic beverages.



Major Topics in 2005

Record-setting Net Income

In 2005 Asahi Breweries Group worked on transforming our business structure, profit structure and organizational structure based on the Second Medium-Term Management Plan for 2004 to 2006 toward becoming a new Asahi Breweries Group with greater growth potential.

As a result, Asahi Breweries Group's net sales of this term was 1 trillion 430.026 billion yen, down 1.0% from the previous term, while operating profit was 90.248 billion yen, down 10.9% from the previous term, and current profit was 91 billion 459 million yen, down 4.4% from the previous term. In net income, the Group achieved a record-high 39.870 billion yen, up 30.3% from the previous term, due to a significant decrease in extraordinary loss.

Efforts to Expand the Soft Drink, Food and Pharmaceuticals Businesses

Asahi Breweries Group is promoting expansion in the domains of the soft drink, food and pharmaceuticals businesses to improve its profit structure.

First, in the domestic soft drink business, in 2005 Asahi Soft Drinks Co., Ltd. worked on transforming its profit structure through a growth strategy and structural reform while striving to further improve its operating base. While also expanding its chilled-beverage/home-beverage delivery businesses, the Group strengthened its bases in these domains by introducing LB Ltd. (two companies) into the Group.

Next, in the food and pharmaceuticals business, we strengthened the product lineup of Asahi Food & Healthcare Co., Ltd. while working on increasing and improving outlets in the healthcare market, mainly by acquiring 100% of Sunwell Co., Ltd.

In overseas markets, particularly focusing on the Asian market including China, where growth is expected, the Group opened the China Business Headquarters in Beijing for faster decision-making while actively cultivating markets in ASEAN countries, including Thailand and Cambodia.

Corporate Outline

Name of the Reporting Organization:

Asahi Breweries, Ltd.

Head Office Address:

3-7-1 Kyobashi, Chuo-ku, Tokyo 104-8323
(Address of incorporation)
1-23-1 Azumabashi, Sumida-ku, Tokyo 130-8602
(Business address)

Date Founded:

September 1, 1949

Representative:

Kouchi Ikeda, Chairman of the Board and CEO
Hitoshi Ogita, President and COO

Paid-in Capital:

182,531 million yen (as of December 31, 2005)

Total Assets:

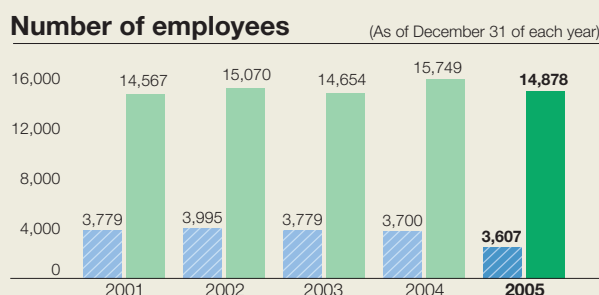
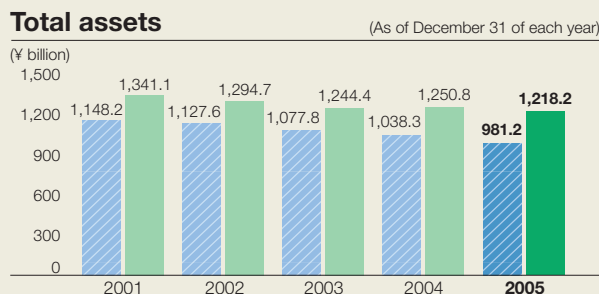
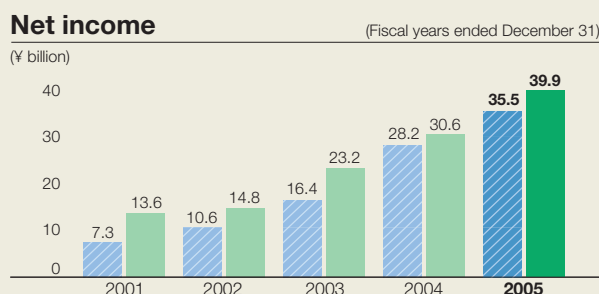
981,151 million yen (as of December 31, 2005)

Number of Business Units:

1 head office, 9 headquarters (2 headquarters and 7 regional headquarters), 17 branches, 9 breweries, 6 laboratories, 3 overseas offices (China, U.S.A., U.K.)

Subsidiaries/Affiliates:

53 consolidated subsidiaries (as of December 31, 2005),
1 non-consolidated subsidiary under equity method,
16 affiliated companies under equity method



Asahi Breweries Group fulfills its social responsibility through “CS (Customer Satisfaction) + R (Relations)”.



Hitoshi Ogita
President and COO

荻田 伍



How do you define CSR activities at the Asahi Breweries Group?

The foundation for our corporate activities, as stated in the Group’s corporate philosophy, is “Satisfying customers with the highest levels of quality and integrity.”

In our CSR activities, we recognize that every stakeholder is a customer who spurs the performance of Asahi Breweries Group. In this sense, the term “customer” not only refers to the consumers of our products, but also includes shareholders and investors, suppliers, employees, and local communities as well.

Every Group employee is expected to work in their respective positions to satisfy these customers and to incorporate customer opinions and feedback into future actions. Through this cycle, each of us will fulfill our responsibility to our various stakeholders and build up strong and trusting relationships. This is the essence of CSR activities for the Asahi Breweries Group.

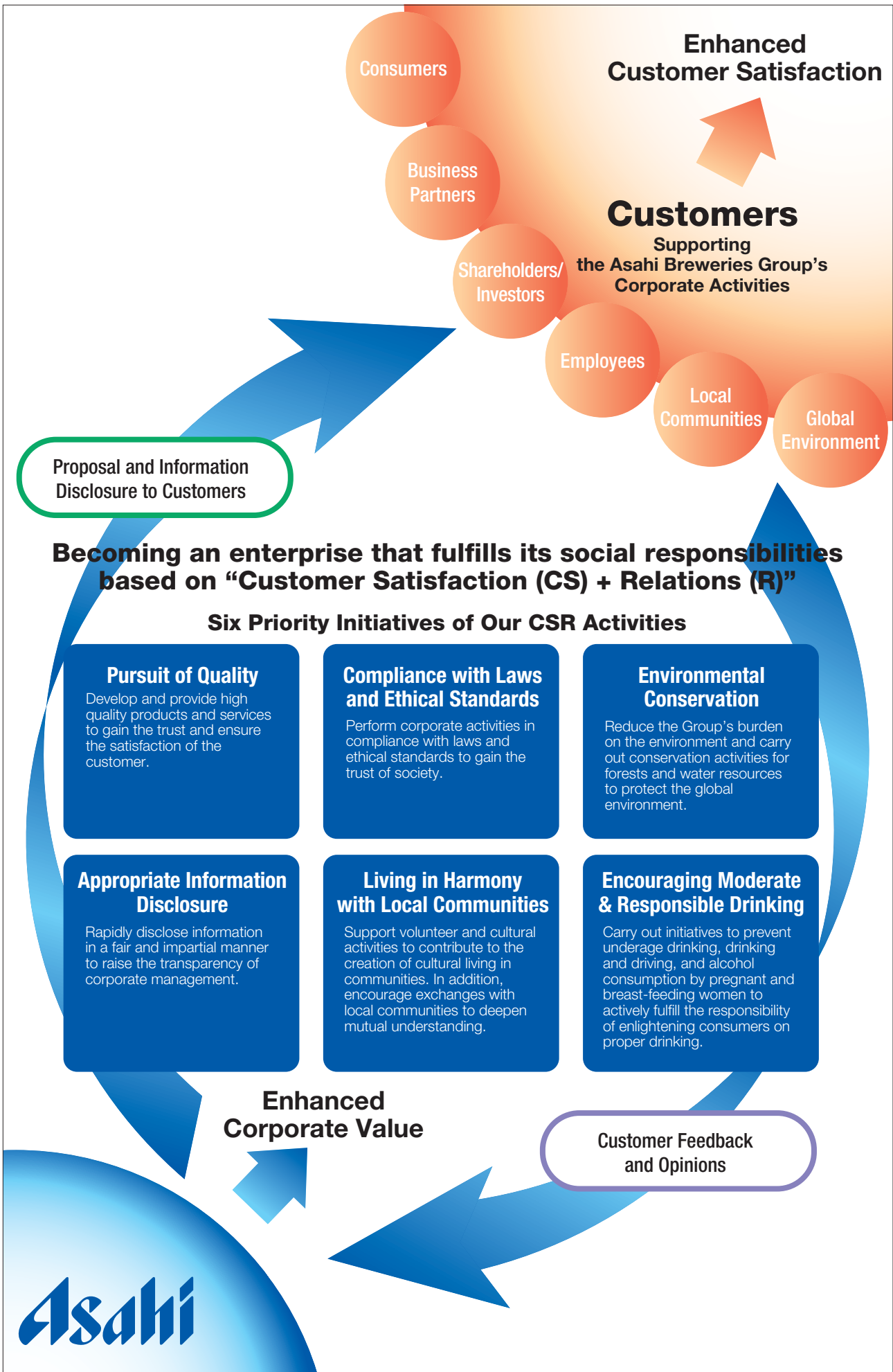
In order to firmly instill this concept, we intend to fulfill our CSR with “CS + R,” that is, Customer Satisfaction through Relations.



What do you think is the most important aspect of your CSR activities?

Within the company, we emphasize creating a climate in which each employee thinks and acts independently while ensuring the effective sharing of information by simultaneously clarifying rules and simplifying our organizational structure. I believe improving customer satisfaction, promoting compliance and giving due consideration to the environment are all essential aspects of day-to-day operations, not special activities. Attitudes such as the desire to satisfy customers, treat colleagues with respect, and protect our natural environment are simply how we do business as reflected in the work of each and every employee. I believe that creating this climate is the starting point for CSR.

Outside the company, we focus on relations, in the sense of interchange or dialogue. Listening has been said to be the very basis for customer satisfaction. To enhance corporate value we absolutely must listen and effectively respond to what customers say as well as share positive stories. We routinely emphasize public relation activities and proactively communicate information in a way that makes it easy to understand. Now we will add public listening activities to respectfully heed the voices of customers and incorporate their feedback into our daily activities. Through such



interactive exchange and dialogue we will realize an open corporate management environment for enhancing both customer satisfaction and corporate value.



What were your major points of focus in 2005?

The Asahi Breweries Group has identified the Six Priority Initiatives for our CSR Activities based on relationships with various stakeholders: Pursuit of Quality, Compliance with Laws and Ethical Standards, Environmental Conservation, Appropriate Information Disclosure, Living in Harmony with Local Communities and Encouraging Moderate and Responsible Drinking. We are working to enhance corporate value through these Six Priority Initiatives.

Our continued focus on these priorities in 2005, with a special emphasis on three initiatives—Pursuit of Quality, Environmental Conservation and Encouraging Moderate and Responsible Drinking—brought about concrete results.



Could you first explain your efforts and results related to Pursuit of Quality as one of the three priorities that experienced significant progress?

Quality is our top priority as a food manufacturer. With growing customer concern over safety and security, the Asahi Breweries Group has implemented a number of initiatives to assure the safety and quality of its products.

In 2005, we improved the Group's quality assurance system by setting up the Group Quality Management Committee which develops and promotes a Groupwide quality assurance policy and strategy.

In cooperation with related organizations and public agencies, we are also working to enhance our material analysis techniques by developing an analysis technique for examining such safety issues as residual pesticides, endocrine-disrupting chemicals, and genetically-modified organisms (GMO) that have attracted significant concern.



What were your efforts in Environmental Conservation?

The Asahi Breweries Group defined its approach to Environmental Conservation through The Basic Environmental Principles in 2000 and has since been working to reduce environmental burdens associated with its business activities. In 2005, the second year of the Second Medium-term Environmental Management Plan, which sets targets for 2004 to 2006, the entire Group worked together to accomplish the goals of the plan.

We particularly focused on reducing CO₂ emissions as set by the

Kyoto Protocol by introducing energy-saving equipment such as co-generation systems to our production sites and by promoting fuel conversion, cyclic use of CO₂, and so forth.



What were your efforts related to Encouraging Moderate and Responsible Drinking?

Throughout the long history of humankind, alcoholic beverages have brought delight and pleasure into daily life. In today's stress-filled society, they are playing an important role in relieving tension and supporting opportunities for socializing.

Nevertheless, it is also true that inappropriate drinking is generating a variety of problems, including drunken driving, underage drinking and alcohol dependence.

To contribute to addressing these challenges, the Asahi Breweries Group has been proactive in voluntarily encouraging moderate and responsible drinking as a key social responsibility for an alcoholic beverage company while strictly instructing and supervising every employee to set a good example in their drinking habits.

In 2005 Asahi Breweries established the Fund for the Prevention of Underage Drinking to support organizations and individuals engaged in research and other activities related to the prevention of underage drinking. We also actively engage in the alcoholic beverage industry's activities including participation in the Stop Underage Drinking Project, an effort promoted by beer industry.



Finally, what is your message to stakeholders?

As I said at the beginning of this interview, the Asahi Breweries Group recognizes that every stakeholder is a customer in its CSR activities and believes that management based on CSR entails maintaining well-balanced, favorable relationships with every stakeholder.

For example, a company that cannot satisfy consumers would never be able to pay out profits to shareholders. Similarly, employees who do not experience being well-treated by the company certainly will not bring happiness to those around them. Consequently, every stakeholder is our customer whose satisfaction

must be addressed. Therefore, we will continue to work toward a well-balanced corporate management that satisfies all our stakeholders.

We have compiled this report in the hope that it would contribute to building a solid relationship with our stakeholders. We would appreciate your taking time to read this report and let us know what you think.

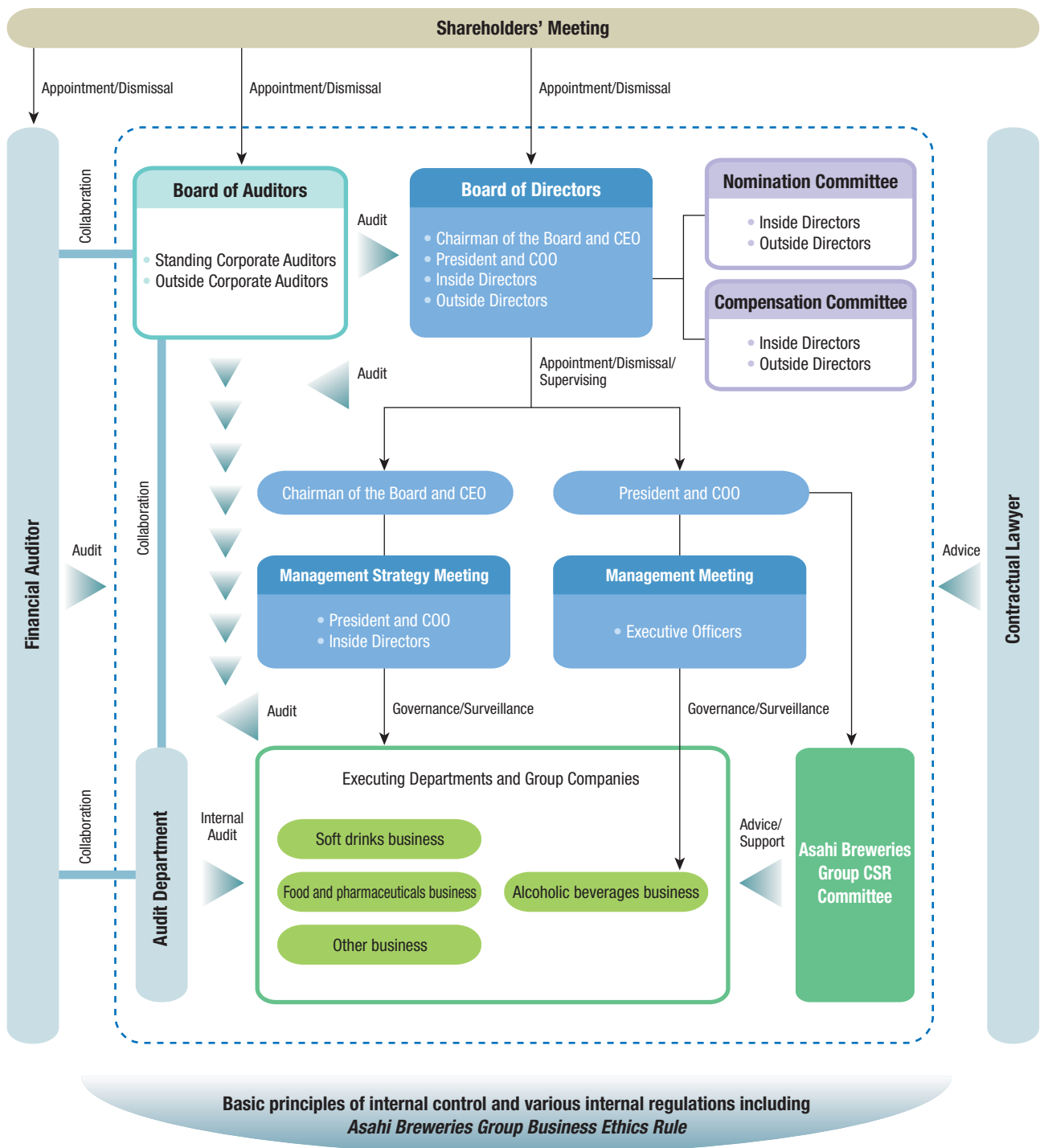


The Asahi Breweries Group is strengthening its corporate governance to ensure the consistent and ongoing fulfillment of its corporate social responsibility.

Fundamental Philosophy

The Asahi Breweries Group is committed to strengthening its corporate governance in order to be highly effective and adapt quickly in an ever-evolving business environment. The Group seeks to meet the requirements of consolidated management and earn trust of all stakeholders through the enhancement of social responsibility and management transparency.

Corporate Governance Structure



Board of Directors and Board of Auditors Composition

The Board of Directors consists of twelve directors, including three outside directors. Asahi Breweries has placed outside directors on its board since 1982 and increased the number from one to three in 2000 to improve the overall review functions of the Board of Directors to incorporate several points of view. This system of outside review is intended to enhance fairness and transparency while further expanding Group management capabilities.

The Board of Auditors consists of five auditors, of which three are outside auditors. Corporate management and directors are monitored under the auditing system to safeguard business development and secure profits for stakeholders.

Nomination Committee and Compensation Committee

The appointment of directors and executive officers and their compensation are deliberated and determined by the Nomination Committee and the Compensation Committee, respectively, which were established in 2000 and report to the Board of Directors.

The Nomination Committee recommends candidates for directors, executive officers, and corporate auditors to the Board of Directors. The Compensation Committee makes proposals to Board of Directors on the compensation structure for directors and executive officers. We plan to further enhance fairness and transparency by ensuring the effective functioning of these committees.

Management Strategy Meeting and Management Meeting

Two high-level meetings share overall responsibility for decision-making. The Management Strategy Meeting, chaired by the chairman and CEO, deliberates the operations of the entire group, while the Management Meeting, chaired by the president and COO, oversees the main alcoholic beverage business.

These meetings maintain the accountability of directors for the entire Group and the responsibility of the COO and executive officers for the alcoholic beverages business, thereby streamlining decision-making and clarifying responsibilities.

Asahi Breweries Group CSR Committee

Asahi Breweries established a CSR Committee in December 2003 at the Asahi Breweries Head Office for effective CSR management. In September 2004, representatives from 15 departments at the Asahi Breweries Head Office and 17 Group companies joined the Asahi Breweries Group CSR Committee, essentially broadening its function into a Group-wide CSR Committee. Under the new structure, the CSR Committee promotes CSR activities for the entire group under the Six Priority Initiatives of CSR: Pursuit of Quality, Compliance with Laws and Ethical Standards, Environmental Conservation, Appropriate Information Disclosure, Living in Harmony with Local Communities, and Encouraging Moderate & Responsible Drinking.

In 2005, the committee discussed the CSR activity targets for the individual Group companies and clearly identified their practical tasks.

The committee plans to focus on supporting and guiding of individual Group companies so they can accomplish their targets.

Compensation and Retirement Benefits for Directors and Corporate Auditors

(2005)

| | Total amount received in compensation | Total amount received in executive bonuses | Total amount received in retirement benefits |
|----------------------------|---------------------------------------|--|--|
| Directors | 261 million yen | 74 million yen | — |
| Outside directors | 26 million yen | 7 million yen | — |
| Company-employed directors | 235 million yen | 67 million yen | — |
| Auditors | 67 million yen | 17 million yen | 16 million yen |
| Outside auditors | 18 million yen | 5 million yen | — |
| Corporate auditors | 49 million yen | 12 million yen | 16 million yen |

Establishment of Internal Control System

To continue sound development together with its stakeholders, the Asahi Breweries Group requires

Basic Principles for Establishing an Internal Control System

To realize its corporate philosophy: "Asahi Breweries Group aims to satisfy customers with the highest levels of quality and integrity, while contributing to the promotion of healthy living and the enrichment of society worldwide," the Company shall:

- (1) institute basic policies for establishing the following system ("the internal control system") to ensure proper operation of the Asahi Breweries Group, consisting of the company and its subsidiaries ("the Group Companies"), based on corporate laws and the enforcement regulations.
- (2) Representative director shall bear responsibility for establishing the internal control system and guiding the relevant directors to ensure through their respective departments the establishment and operation of the necessary individual policies and manuals based on these basic principles.
- (3) The Company shall work to maintain and improve the effectiveness of the internal control system by reviewing these basic principles as well as policies, manuals, and so forth as needed to keep pace with changes in the situation.

1. System to ensure that directors and employees perform their functions in compliance with the statutes and the charter

- (1) Based on fair, open corporate ethics as stipulated in the Guidelines for Corporate Activity, the *Asahi Breweries Group Business Ethics Rule* shall be established and observed by directors, auditors and employees.
- (2) The Asahi Breweries Group Corporate Ethics Committee shall be set up to oversee the overall compliance of the Asahi Breweries Group. One Committee member shall be an external lawyer. Details for running the Committee shall be based on the "Rule of the Asahi Breweries Group Corporate Ethics Committee," which shall be established separately.
- (3) Compliance and risk management of the Asahi Breweries Group shall be overseen by the responsible executive officers of the Company while related office duties shall be handled by the Company's General Affairs and Legal Management Department.
- (4) Persons responsible for promoting worksite compliance shall be assigned to all the business units of the Company and the Group Companies. Each assignee shall work to disseminate legal knowledge and raise compliance consciousness at the worksite in cooperation with the legal management department of the Company and the local general affairs department.
- (5) A Clean Line System shall be established as an in-house reporting mechanism for the Asahi Breweries Group. Details of system operation shall be based on the Clean Line System Implementation Guideline that is established separately.
- (6) The Basic Purchasing Policy and the Procurement Clean Line System shall be established for our suppliers to define mutual efforts for fair, transparent transactions and social responsibility. We shall build an internal control system with our suppliers through close communication.

2. System for storing and managing information related to fulfilling the director duties

- (1) Information related to fulfilling director duties shall be properly stored and managed according to the Document Management Guideline and other related guidelines and manuals.
- (2) Storage and management of information described above shall be conducted in a manner that allows directors and auditors to review information at any given point in time.
- (3) Office duties for the storage and management of information described above shall be supervised according to the relevant guidelines.

3. Guidelines and other systems for managing risk of loss

- (1) A Basic Guideline on Risk Management shall be established and positioned as the highest framework for risk management of the Asahi Breweries Group. In addition, a Risk Management Operating Manual shall be developed and communicated.
- (2) Risk management shall be conducted by the responsible department in the related field locations. In addition, the Asahi Breweries Group Risk Management

systematic, concerted efforts to establish a system for compliance, risk management and corporate governance, that is, an internal control system.

For this purpose, Asahi Breweries' Board of Directors passed a resolution on the following basic policies for establishing an internal control system.

Committee shall be set up for cross-functional management across the entire Group. Following the guideline and the manual stipulated in the preceding paragraph, the Committee shall regularly analyze and assess risks and conduct comprehensive reviews of the risk management system as required. Quality risk particularly requires full attention, recognizing the social responsibility of a food manufacture to ensure the safety and security of its products.

- (3) In the event of a major accident, disaster or misconduct, a Crisis Response Meeting chaired by the president shall be convened.

4. System to ensure efficient execution of director functions

- (1) In order to ensure efficient execution of director functions, the Board of Directors shall rationally delegate duties and appoint appropriate executive officers.
- (2) A standard of authority that includes transfer of authority and mutual supervision among departments shall be established.
- (3) The Management Strategy Meeting and the Management Meeting shall be effectively utilized.
- (4) To maximize operational efficiency, objective and rational business management indicators shall be used for unified follow-up and evaluation.

5. System to ensure proper operation in the enterprise group, consisting of the relevant business corporation as well as its parent company and subsidiaries

- (1) Compliance and risk management systems and other systems necessary for internal control shall cover the entire Asahi Breweries Group in a cross-functional manner while the Company, as the headquarter of the Group, shall manage systems according to the individual situations of the Group Companies.
- (2) The Internal Audit Department shall conduct audits of Group Companies.
- (3) Group Companies shall report the status of operations including risk information to the auditors of the Company.
- (4) Authority of final decision on the business activities of the Group Companies is stipulated in the Group Company Authority Standard.

6. Employees that auditors may request to assist in auditor duties

- (1) Auditor staff may be put into position to assist the Board of Auditors in their duties.

7. Independence of employees as defined in the preceding paragraph from directors

- (1) The auditor staff defined in the preceding paragraph, upon receiving necessary orders for auditing service from the auditors, shall not receive orders or instructions related to the auditors' order from any director or employee.
- (2) Ordering, transferring, evaluating or disciplining a member of the auditor staff defined in the preceding paragraph requires approval of the auditors in advance.

8. System for the directors and employees to report to the auditors and systems for other reports to the auditors

- (1) Directors and employees shall provide regular reports to the auditors on items related to internal control as well as other reports as required. Auditors may request reports from the directors and employees (including those of the Group Companies) as needed.
- (2) Directors shall ensure that the auditors have opportunities to regularly attend important meetings other than the Board of Directors' Meeting including the Management Strategy Meeting and the Management Meeting and shall present agenda items to them in advance.
- (3) The auditors may view important minutes, decision documents, etc. at any given point in time.

9. Other systems to ensure effective auditing

- (1) The directors shall provide opportunities to the auditors to regularly exchange information and opinions with the internal audit department as well as with external auditors.

Promoting compliance to earn the trust of all stakeholders

Fundamental Philosophy

The Asahi Breweries Group is reinforcing its compliance system through dissemination of the Asahi Breweries Group Business Ethics Rule and implementation and verification of the outcomes of various action plans.

The Rule, encompassing not only legal compliance but also ethics and action guidelines that a member of the Asahi Breweries Group should observe, is regarded as the essence of promoting CSR activities.

For the future, we plan to build an internal control system based on the New Corporate Law and sincerely strive to disseminate the in-house reporting system in response to enforcement of the Whistleblower Protection Act.

Asahi Breweries Group Business Ethics Rule

| | |
|----------------------|--|
| Section One | The Fundamental Philosophy |
| Section Two | Corporate Ethics Standards |
| Part One | Responsibilities to Consumers |
| Part Two | Responsibilities to Clients and Related Industries |
| Part Three | Responsibilities to Suppliers |
| Part Four | Responsibilities to Employees |
| Part Five | Responsibilities to Society |
| Part Six | Responsibilities for the Global Environment |
| Part Seven | Responsibilities to Governmental Institutions |
| Part Eight | Responsibilities to Shareholders and Investors |
| Section Three | Implementation Guidelines |



Promotion System

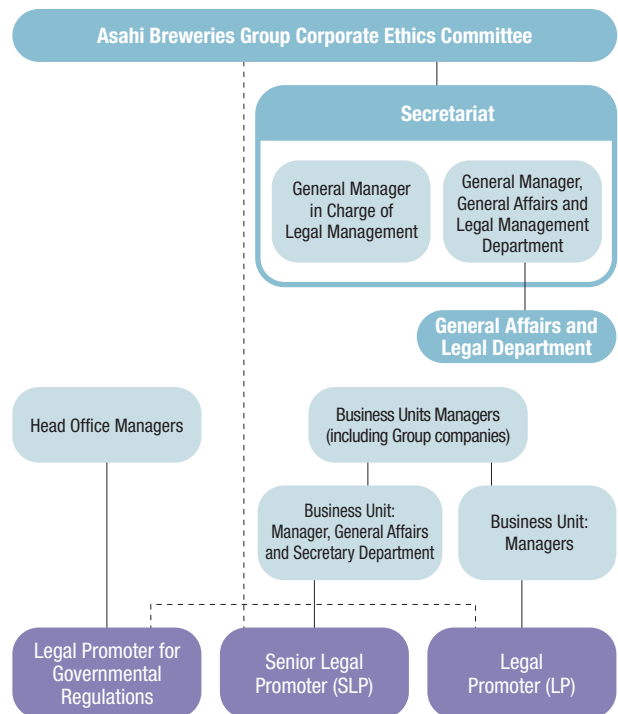
Operation of the Legal Promoter System

The Asahi Breweries Group introduced the Legal Promoter System in 1999 so that all employees can concretely understand the importance of compliance and put this understanding into practice in their day-to-day operations. Through this system, employees who have participated in compliance training organized by the Legal Management Department of Asahi Breweries and have acquired a certain level of knowledge are assigned as Legal Promoters at every business unit and Group company. In this system, training is held every year to share the latest legal knowledge and case studies.

Starting in 2002, Senior Legal Promoters with more sophisticated expertise have been assigned to major business units to further reinforce our compliance promotion system.

Moreover, in May 2006, we assigned a Legal Promoter for Governmental Regulations at our Head Office who reviews worksite operations, from a technical perspective, to ensure compliance with public laws related to our major operations.

Compliance Promotion System



Compliance Promotion System (As of March 2006)

| Title | Duties | Number of promoters |
|---|---|---------------------|
| Legal Promoter | Assigned to each business unit and Group company; selected from Marketing and Sales Promotion staff and trained in general legal knowledge and concerns and assume the role of discovering worksite compliance issues. They are encouraged to obtain grade 3 of the Japan Business Law Examination. | 130 |
| Senior Legal Promoter | Assigned to each business unit and Group company. Candidates are recommended from the level of assistant vice president in the General Affairs and Secretary Department. SLPs are appointed with the approval of the Vice President in Charge of Legal Management. They learn expert knowledge in legal affairs, nurture a sense of ownership as worksite compliance leaders and undertake the role of solving problems. They are required to obtain grade 2 of the Japan Business Law Examination. | 26 |
| Legal Promoter for Governmental Regulations | Recommended by each department of the Asahi Breweries Head Office and appointed with approval of the Vice President in Charge of Legal Management. They are expected to develop sophisticated, expert knowledge and skills to negotiate with government agencies in the administrative regulation laws that are directly related to their duties and undertake the role to address legal risks in areas not covered by the legal department. | 31 |

Internal Audit and Compliance Training Sessions

At the Asahi Breweries Group, a team comprised of employees with expert knowledge, including members from the Audit Departments, conducts internal audits of business units in accordance with the unified audit standard of the Group to ensure thorough compliance. In addition, audit results are reported to the Management Strategy Meeting two times a year and incorporated in new policy development.

In 2005, internal audits were carried out at 11 business units (seven regional headquarters, four factories) and 29 units across the Group (26 units of 20 companies, three overseas companies) with a focus on preventive instruction on risk and compliance (confirming that preventive measures are taken) and reinforcing Head Office support functions (confirming that the Head Office is providing sufficient).

In addition, each division of Asahi Breweries holds its own compliance training tailored to its respective operations. In 2005, the General Affairs and Legal Management Departments and others took lead in carrying out "Caravan Training" that circuted through business units across the country under specific themes such as labeling and expressions, moderate and responsible drinking, and personal information.

Survey on Corporate Ethics

Since 2002, we have also conducted annual anonymous surveys on corporate ethics involving all employees across the entire Group to confirm the level of compliance and identify compliance issues at worksites while implementing meticulous improvement measures utilizing the results.

In addition, the Implementation Guideline of the Asahi

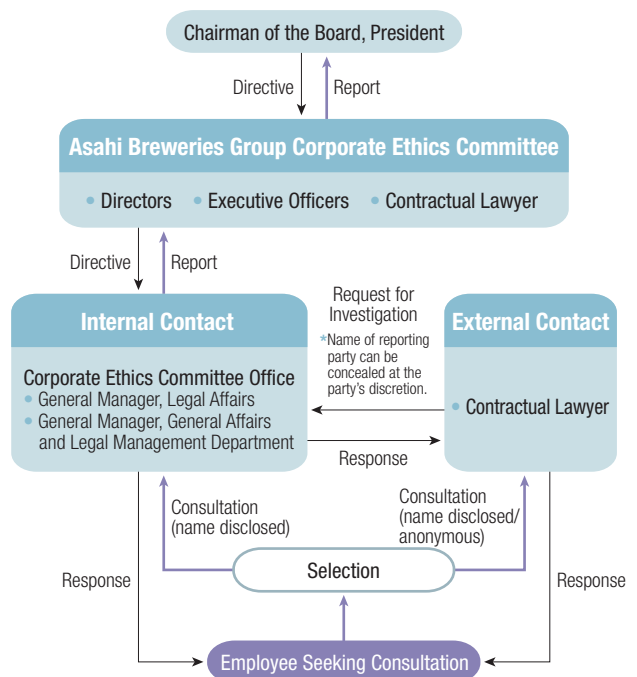
Breweries Group Business Ethics Rule specifies various measures, including the requirement that every officer and employee except auditors sign a compliance pledge.

Operation of Clean Line System

The Clean Line System was set up as an in-house reporting method for quickly identifying potential risks associated with corporate activities and preventing the occurrence of major problems. It was established to address problems which, for whatever reason, employees felt they could not report or could not seek advice through the standard channels of communication. The system provides a mechanism to protect employees in reporting or consulting with experts with regard to actions at the workplace that are or may be against prevailing laws and regulations. Consultations can be arranged either through an internal contact person using the Corporate Ethics Committee Office or an external contact person using contractual lawyers. Reports are received face-to-face, via e-mail, sealed letter or fax (the last is only for external contact). Consultation with external contract lawyers can be conducted anonymously.

Any issues reported through the system are vigorously investigated and reviewed by the Corporate Ethics Committee. Steps are taken to ensure that no employee ever places themselves at risk by reporting a problem.

Flow of the In-house Reporting



Protection of Intellectual Property Rights

Fundamental Philosophy

Asahi Breweries recognizes that the protection of intellectual property rights is essential for conducting business. Therefore the Company actively promotes the acquisition of rights to minimize disruption to our business activity, investigates violations of our rights by others as required, and takes appropriate action according to related laws and regulations.

We are also working to establish organizational control and rules to respect the intellectual property rights of any third party through research to avoid violating the rights of others, such as prior arts, when developing new products or research efforts.

In addition, for the sake of the sound development of the industry and cost-effectiveness, we strive to retain only the rights we require by transferring rights that are not likely to be used for our business.

Management System

After appointing a director in charge of intellectual property strategy, we develop a strategy that is linked to our overall management strategies and acquire intellectual property rights in the field as identified by this strategy while analyzing the intellectual property strategies of competitors.

When acquiring intellectual property rights, staff with expert knowledge, including those from the Planning Department or the Patent Room of the Research & Development Division visit business units to discover intellectual property-related material while carrying out support and consultation activities such as rights acquisition and research on third party intellectual property rights. Decision on an international application is made after discussions in the Research & Development Division to determine in which country such right shall be obtained. As a result, we registered 26 patents and new design rights in 2005.

Based on the principle of respect for the rights of the company and of others, we conduct investigations whenever we receive questionable intellectual property information and appropriately respond according to the laws and regulations of the relevant country.

Reward for Invention

Since 1971, when the Employee Invention Treatment Guideline was developed with the goal of encouraging intellectual property creation by employees and to contribute to corporate growth, Asahi Breweries has been harmonizing rights of the Company and its employees who have created intellectual property including inventions. In the Employee Invention Treatment Guideline, evaluation is classified into patents, utility models, designs, variety and expertise, while rewards include application rewards that are paid at the time of application and performance rewards paid when the right is registered.

As for evaluation, the Invention Evaluation Committee examines and makes decisions based on contribution to corporate performance depending when the invention is used in the company or on the amount paid by a relevant third party if the invention is transferred or licensed.

If an inventor objects to the decision of the committee, he or she can use an internal system to reach a mutually satisfactory solution. Options include lodging a protest with the Evaluation Committee.

In 2005 rewards were paid for 24 patent rights and two expertise rights. In October, the Employee Invention Treatment Guideline was revised to add retirees and bereaved families as potential recipients of rewards.

Working to prevent risks surrounding the business and building a system that responds to emergency situations

Promotion System

Asahi Breweries Group established the Asahi Breweries Group Risk Management Basic Guideline that defines its risk management promotion system and the Risk Management Operation Rules that specify guideline implementation. The Group also set up the Asahi Breweries Group Risk Management Committee to promote risk management.

The Risk Management Committee deliberates and decides policies concerning all risk management activities and sets action priorities based on the results of risk assessment while reviewing the content of countermeasures for major risks and the progress of plan implementation.

In addition, staff and supervisors for promoting risk management pursue activities that fit the respective operations of each Group company.

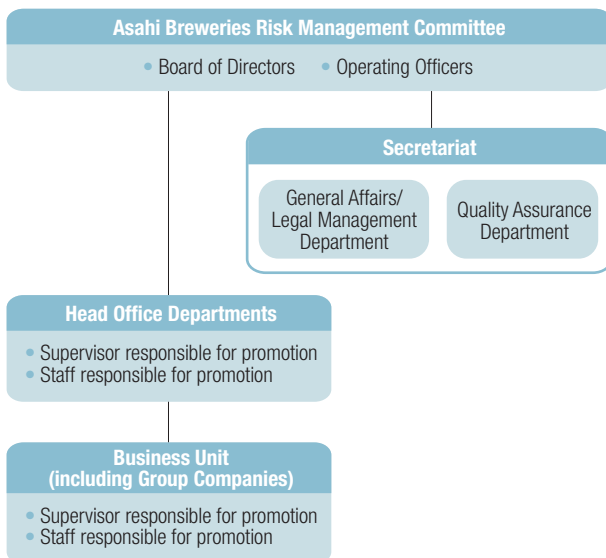
Response to Emergencies

Asahi Breweries Group promotes risk management to prevent any risk associated with its business as well as to maintain the safety of employees and community residents while continuing business operations in the remote chance of an emergency.

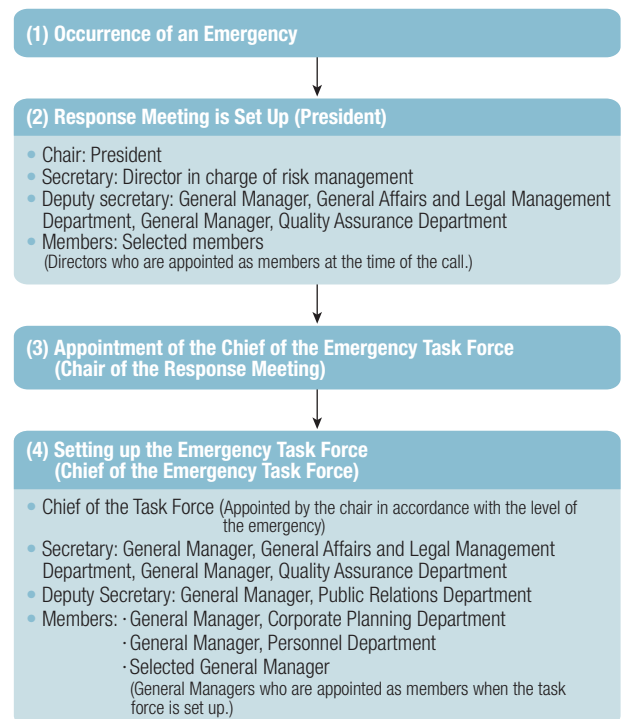
If a risk is detected, the business unit that recognized the risk shall report to the lead department of the Head Office and the Secretariat of the Risk Management Committee (General Affairs and Legal Management Department and Quality Assurance Department) according to risk management guidelines. In addition, manuals have been established for setting up the Crisis Response Meeting and the Emergency Task Force and implementing adequate first-response measures.

The Crisis Response Meeting and the Emergency Task Force will determine the content and method for disclosing information on the incident based on the principle of providing correct information in a timely manner.

Risk Management Promotion System



Setting up the Emergency Response Organization



Taking action from a broader perspective to protect various types of confidential information, including personal information

Promotion System

The Asahi Breweries Group established the Information Management Rule in 2004 to protect all types of confidential information, including the personal information of customers and business partners.

The General Affairs and Legal Management Department is the lead office for handling confidential information while of business unit managers act as Information Managers. Each business unit distributes copies of the Information Management Handbook to its employees to raise their awareness while reviewing compliance with various guidelines through voluntary audits and business unit audits conducted by the Audit Department.

In 2006, we plan to revise the Information Management Rule in response to the revised Guidelines for Trade Secret Management of the Ministry of Economy, Trade and Industry.



Information Management Handbook

Protection of Personal Information

In March 2005, Asahi Breweries Group established the Asahi Breweries Group Rules for Handling Personal Information to provide more detailed specifications for handling personal information, particularly confidential information, partially in response to the full enforcement of the Private Information Protection Law in April 2005.

Web Site Management

In regard to personal information acquired through our Web site, we are striving to adequately protect personal information through our Privacy Policy and the Private Information Protection Compliance Program*.

*** Private Information Protection Compliance Program**

This standard for handling private information consists of the Guideline for Handling Private Information, the Rules for Information Management by Contract, Operations Manual, and Q&A and other references was established to assist individual business units that handle private information strengthen their efforts through PDCA (Plan-Do-Check-Act).

▶ Privacy Policy
<http://www.asahibeer.co.jp/english/policy/>

Employee Use of PCs

Asahi Breweries has started introducing encryption software for storing data on external media such as magneto-optical drives and USB memory, and encrypting the hard discs of mobile PCs.

In addition, we have developed the Personal Information Handling Ledger for personal information used at individual business units to manage the process of acquisition, storage, utilization and disposal of personal information.

Entrustment to Outside Contractors

In order to prevent the leakage of personal information by outside contractors who are entrusted with the management of information entered during sales promotion campaigns, Asahi Breweries selects contractors with sufficient security capabilities and includes a contract provision that requires compliance with the Rules for Information Management by Contract that defines the handling of private information by contractors.

Training for Information Protection

Asahi Breweries Group is working to raise awareness of employees who handle confidential information or personal information and to establish and improve internal systems through training.

The pace of change in the information environment surrounding employees is expected to accelerate. Believing in the importance of repeated, thorough training for protecting confidential information including personal information, the Asahi Breweries Group will continue training efforts through a variety of opportunities such as e-learning and group training.

Training on Protection of Confidential Information

| | Participants | Number of trainings |
|------|--|---------------------|
| 2005 | Nationwide sales bases that handle customer information in individual campaigns and others | 11 |

Towards a recycling-oriented society

Biomass Ethanol Project

Asahi Breweries and the National Agricultural Research Center for Kyushu Okinawa Region launched a joint research project in 2002 on biomass energy for producing ethanol from sugarcane.

In January 2006, the joint project started a demonstration of a recycling-oriented society that utilizes biomass ethanol to support sustainable agricultural development and the local economy while limiting CO₂ emissions from fossil fuels such as gasoline.



September 2001

Development theme proposed

A research and development center adjacent to our Ibaraki Plant at Moriya, Ibaraki Prefecture, conducts research and development for all businesses of the Asahi Breweries Group including alcoholic beverages, soft drinks and foods.

Our Engineering & Technology Development Laboratory on this site pursues environmental research. Recommendations for research themes were invited to launch the activities of the laboratory at its establishment in September 2001.



Research and Development Center

Satoshi Ohara, who at that time was conducting research on wastewater treatment, suggested energy generation from biomass as a theme that fit well with the laboratory's environmental mission and had been one of his graduate research topics.

Biomass energy involves fermenting organic matter accumulated in biomass such as wood chips, raw garbage and feed screening, and then harnessing the generated energy in the form of gas or alcohol. Environmental burden related to its combustion is considered to be zero since only CO₂ absorbed by plants during their growing process is emitted. Consequently, the method has attracted high expectations as a renewable



energy that could support a recycling-oriented society.

Recognizing the significance of this topic, the Engineering & Technology Development Laboratory accepted Ohara's proposal in December 2001.

In Person

General Manager, Research & Development Planning Department
Noboru Kagami

In order to bear fruit, a research and development effort must offer an innovative concept and a meaningful theme that focuses the passionate interest of researchers. Our system allows researchers to propose new topics at any time to ensure a constant supply of such seeds for research and development and thereby enable us to constantly pursue new opportunities. Researchers must also prepare presentations for Theme Promotion



Meetings that explain the uniqueness of their topics as well as their potential for future business development for the Asahi Breweries Group. While objective evaluation is certainly important, some topics are accepted because they inspire dreams of innovative businesses and encourage young researchers to take on new challenges.

January 2002

Research activity started

In January 2002, Ohara conducted a survey on biomass energy. The focus then was on energy from biomass such as methane, methanol, and ethanol, as well as hydrogen. Each of these sources exhibits its own characteristics. Ohara chose biomass ethanol that can be mixed with gasoline to drive vehicles.

Ethanol is an energy source that can draw upon Asahi Breweries' outstanding fermentation technology. Furthermore, development of liquid energy as an alternative for petroleum was seen as a worthwhile and promising theme for Ohara, who had been aspiring to contribute to the environment through technology since joining the company.

In fact, given escalating gasoline prices, increasing CO₂ emission associated with gasoline consumption and significant concern over global warming, the use of gasoline containing ethanol has become a significant trend in major countries around the world*. Ohara decided to



Photo (left): Sugarcane with high biomass developed by the National Agricultural Research Center for Kyushu Okinawa Region

Photo (right): Fueling an official vehicle with E3 gasoline; start of running tests

try biomass ethanol after comprehensively evaluating how it is needed and what roles it might play in society as well as its future potential and feasibility.

Ohara then explored individual biomass materials for their suitability to ethanol production from a variety of perspectives. After examining such diverse factors as material costs, stability of procurement, ease and cost of conversion to methanol and transportation, he was not able to identify a good material in terms of volume and cost for an ethanol production business. As he continued his commercialization studies, it became clear to him that in Japan, where land is limited, he could not expect currently existing stocks of biomass material to support a sufficient level of production and cost performance superior to gasoline or imported ethanol. Regardless of the quality of the energy, too high a cost would preclude the development of a viable business and inhibit broad dissemination.

* Triggered by the oil shock in the 1970s, countries worldwide are advancing in their efforts to drive automobiles with gasoline that contains ethanol. In Brazil, a major sugarcane growing country, gasoline must contain 20–25% ethanol and vehicles that can drive on 100% ethanol have become popular. Other countries where ethanol is used as vehicle fuel include the United States, France, China and Thailand.

Encountering a sugarcane cultivar with high biomass level

Ohara asked himself, “Where can I get good material?” He then obtained promising information from talking with his college friends. He heard that the National Agricultural Research Center for Kyushu Okinawa Region (KONARC) in Tanegashima was growing a special variety of sugarcane created by selective breeding.

Wasting no time, he quickly arranged to visit Akira Sugimoto, then head of the center’s Sugarcane Breeding Laboratory. Ohara was surprised at the greater-than-expected potential and utilization ideas of the sugarcane with a high biomass level.

According to Sugimoto, this new sugarcane cultivar is undesirable for commercial sugar manufacturing since it has less sugar per cane than ordinary varieties while containing more molasses and fiber that is used as a heat source for sugar processing. However, it develops more canes than conventional varieties allowing a greater sugar yield per growing area, which in turn facilitates the production of biomass energy without reducing sugar production.



High biomass sugarcane cultivar

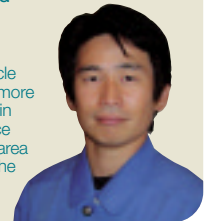
Convinced that this was exactly the material he was seeking that could achieve sufficient cost performance, even in Japan, Ohara immediately proposed a joint research effort with Sugimoto.

Engineering & Technology Development Laboratory
Satoshi Ohara

In Person

What impressed me when I listened to Sugimoto was not only the idea of producing sugar and ethanol* from the sugarcane at reduced cost with high biomass level, but also the major scope and high aspirations of the vision. For example, using fiber-rich bagasse generated through the biomass ethanol production process as a source of heat or fuel for electric power generation makes the production process completely carbon neutral, deriving both material and energy for production from biomass. This means biomass energy production can help to address food and energy challenges through sugar while contributing to worldwide concerns for realizing a carbon-neutral production process. Furthermore, the project can contribute to restoring soil for crop production in coordination with livestock breeding that exploits the characteristics of the material crop while also expanding prime land for food production through economic activities based restoring soil.

* Sugar crystallization can be reduced to one cycle from the conventional three cycles to produce more ethanol from the remaining sugar. We can obtain less sugar by just performing crystallization once and can ensure sugar production per growing area and reduce ethanol production costs through the profit gained from the sugar.



July 2002 Joint research agreement with KONARC

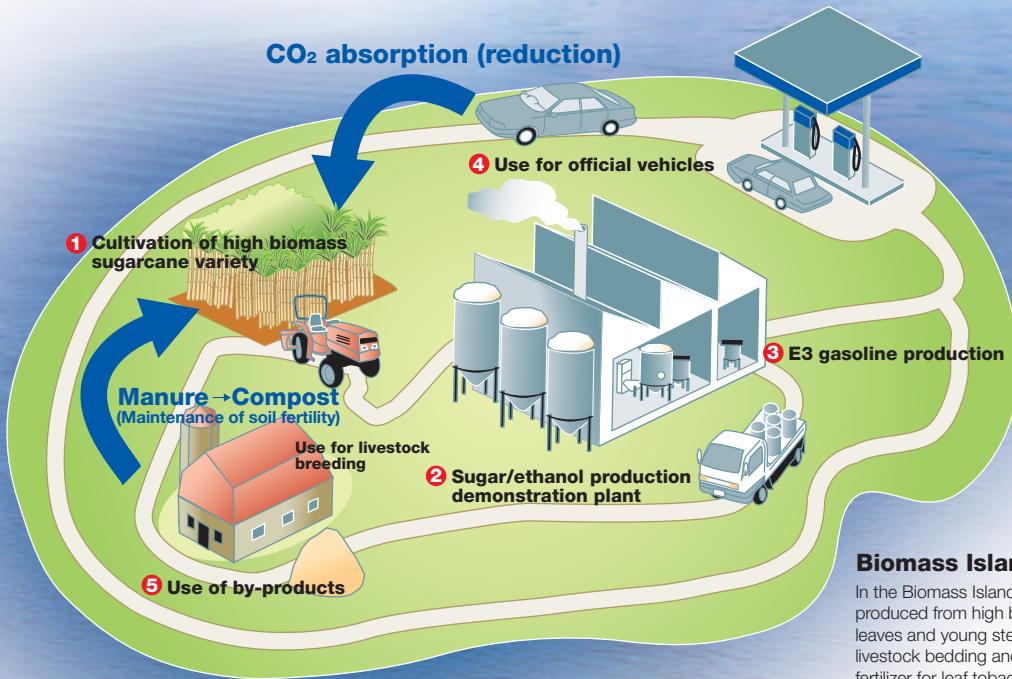
Subsequently, in April 2002, Ohara’s research theme utilizing the high biomass sugarcane cultivar was approved at the Management Meeting as a formal development theme for Asahi Breweries. In July, Asahi Breweries and KONARC concluded a joint research agreement for full-fledged research and development. The sugarcane variant was to be developed by KONARC while Asahi Breweries took charge of the development of processing technology to transform sugar to biomass ethanol.

Ohara started studying sugar manufacturing techniques on his own by visiting sugar manufacturing plants and searching for documents while simultaneously advancing his research into the use of yeasts for ethanol production and strained lees of sugarcane (bagasse).

In July a new development provided fresh momentum. The Ministry of Agriculture, Forestry and Fisheries, along with the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure and Transport, and the Ministry of Environment, announced the Biomass Nippon Strategy, a national initiative for the comprehensive use of biomass. The strategy was adopted at a Cabinet meeting in December demonstrating the clear direction of national efforts related to biomass energy. In addition, in August 2003, the Law on the Quality Control of Gasoline and Other Fuels was revised to permit gasoline mixtures containing up to 3% ethanol. The team’s dream for enabling Japanese cars to run on biomass ethanol they produced suddenly became a real possibility.

Biomass Ethanol Project

le Island



Biomass Island Initiative on le Island

In the Biomass Island Initiative, sugar and biomass ethanol are produced from high biomass sugarcane cultivar while the leaves and young stems of sugarcane are used as feed and livestock bedding and the remaining bagasse is used as fertilizer for leaf tobacco and so forth utilizing the village compost center. Sugarcane spreads roots deep into the ground and therefore grows even in wastelands or arid places where ordinary crops cannot grow. In addition, by-products are returned to the earth as organic fertilizer in the form of livestock manure transforming barren lands into fertile farm land.

September 2003

Cooperative system with related organizations established

In September 2003, Ohara, who had discovered a production technology for biomass ethanol capable of attaining the targeted cost performance, went with Takiguchi, General Manager of the laboratory, and KONARC staff on visits to the Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Environment, the Ministry of Economy, Trade and Industry as well as the prefectural government of Okinawa, where there are plans for growing sugarcane. They presented the Research Initiative on Production Process of High-efficiency Ethanol that does not Compromise Food Production and requested support from the related ministries based on the Biomass Nippon Strategy.



Crystallizer pilot plant

In addition, the research staff of Asahi Breweries was strengthened to support Ohara's efforts, thereby creating the Biomass Group. Proceeding through various twists and turns, they obtained support from the related ministries and started a pilot plant verification test to confirm the results of their research.

The verification test is a comprehensive experiment that involves growing high biomass sugarcane in actual fields,

producing sugar from the harvest in the pilot plant, producing ethanol from molasses generated in the process and running tests of automobiles using E3 gasoline (3% ethanol blend).

While the team was looking for a candidate site for the pilot plant, the Cabinet Office Okinawa General Bureau introduced le Island of Okinawa Prefecture. Situated 9 km northwest off the coast of the Motobu Peninsula, le Island extends 8.4 km east to west and 3 km north to south, with a population of 5,300, mainly engaged in cultivating sugarcane, leaf tobacco and livestock. The island, which had closed a sugar manufacturing plant in 2004, offered to cooperate with the verification test.

In Person

General Manager
Engineering & Technology
Development Laboratory
Susumu Takiguchi

Fortunately, many of the related ministries expressed interest in our initiative, not only because we had been leading the way in this development, but also because they highly appreciated the fact that the project included every process, from cultivation of the sugarcane as raw material ethanol production, E3 gasoline production, running vehicle tests and utilization of by-products. Research by the company and KONARC involves greater ethanol production while ensuring the current volume of sugar production as well as the effective use of bagasse as an energy source for producing sugar and ethanol, which was in line with the Government's vision for a recycling-oriented society.



April 2004

Biomass Island Initiative proposed

Upon receiving this introduction, the team including Ohara began to create materials for a presentation to Ie Island. Named the Biomass Island Initiative, the initiative envisioned the realization of a recycling-oriented society on Ie Island by expanding the framework of the project: producing sugar and ethanol from a high biomass sugarcane variety.

Ie Island as well as the related ministries that had been supporting the project were significantly interested in the initiative and provided support and assistance, including an experimental cultivation site, a plant site and facility management service.

In May 2004, KONARC started a cultivation experiment on Ie Island and in December 2005 a pilot plant for producing biomass ethanol was completed. Sugarcane was planted in about 5,000 m² of land with an expected annual harvest of about 30 tons of sugarcane yielding the production of about 2 tons of sugar and 1 kiloliter of biomass ethanol.

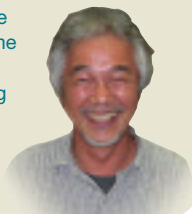


E3 gasoline station

In Person

Research Manager
National Agricultural Research Center for
Kyushu Okinawa Region (KONARC)
Akira Sugimoto

Despite high annual precipitation, the climate of the Nansei Islands including Okinawa is harsh for agriculture because of frequent droughts. If we can grow high-yield sugarcane that spreads its roots deep into the ground in this area, there is a chance for ensuring economic efficiency by producing sugar and ethanol from stems while enriching the land with the manure of livestock who eat the leaves and young stems. I had been continuing my research for nearly two decades with this vision of a recycling-oriented society in mind when I was lucky enough to encounter people from Asahi Breweries who had been working on finding solutions to environmental issues as a part of its business. This led to the Biomass Island Initiative, in which we can work with local people. There is some talk among us for ensuring the projects success to that Mr. Ohara and our young researchers might become the first winners of a Nobel Prize related to the environment.



January 2006

Experiments with official vehicles begin

Verification tests finally started in January 2006. A brand-new service machine, with ASAHI logo on it, was installed at a gas station that had been newly constructed for E3 gasoline only, and E3 was used in the official vehicles of Ie Island.

Although projects for using biomass energy have been carried out nationwide, this was the first verification test in Japan that involved the development and cultivation of the

crop used as an energy source for production and the integrated use of ethanol. Toward realizing a Biomass Island Initiative that is creating a regional model for sustainable development by producing food (sugar) and ethanol—a renewable energy to replace fossil fuels while increasing the amount of rich farm land, official vehicles run and smoothly gain speed symbolizing the start of a new challenge for the team engaged in the project.

In Person

Agriculture, Forestry and
Fisheries Division, Ie Village
Satoru Urasaki

Sugarcane is one of the pillars of agriculture in Ie Village and is also essential as part of our crop rotation system and maintaining soil fertility. However, due to the severe conditions surrounding sugar manufacturing, including the gradual decline of sugar consumption, Ie Village was forced to close its sugar plant in 2004. Against this background, the Ie Island Biomass Initiative concept, a fruit of the enthusiasm of many people, was proposed and chosen as the prefecture's first project under the Biomass Town Program promoted by the national government. We are currently advancing research into the commercialization of liquid sugar and powdered sugar and conducting feasibility tests to develop higher value-added applications while cooperating in the cultivation of high biomass sugarcane as well as running tests on E3 gasoline with our official vehicles. We are continuing to work jointly with those involved so we can send a message to the world from Ie Village as a regional model of biomass utilization in harmony with industry as well as a forerunner in promoting research on renewable energy.



The Asahi Breweries Group strives to meet customer needs as an enterprise group that contributes to people and society through the food and health businesses.



Customer Relations Office

The Customer Relations Office functions as point of contact for receiving inquiries, opinions, and suggestions from our customers.



Voice Park

A Web site for facilitating communications between customers and our product development staff. The site provides stories on our product development and includes a bulletin board for customers to share their comments.



Relations with Consumers

Customer Relations Office, Voice Park, Customer Information Topics, various pamphlets, etc.

Various Pamphlets

In addition to “mini-guides” explaining product characteristics and tips for enjoying them, we issue pamphlets to enhance customer satisfaction.



In order to contribute to the creation of a healthy and affluent society through food products, Asahi Breweries assumes responsibility for developing, manufacturing, and delivering safe, quality products to its customers. This entails establishing a rigorous quality assurance system. We have also promoted appropriate and accurate package labeling and introduced universal design. In addition, as a total alcohol beverage provider, we actively educate consumers about moderate and responsible drinking behavior.

From Relations to Actions

Actively researching cutting-edge analytical methods in response to the public's growing awareness of food safety

A Specialized R&D Institute for Innovative Analytical Methods

In recent years, social awareness of food safety issues such as avian flu, bovine spongiform encephalopathy (BSE) and endocrine-disrupting chemicals has increased. To ensure its reliability as a maker, the Asahi Breweries Group transferred its analytical methods development from the Comprehensive Evaluation Center to the Analytical Technology Laboratory and established the Safety Evaluation Technology Department in September 2001.

Since then, the Safety Evaluation Technology Department has introduced LC/MS/MS, a high-precision analyzer, and compiled analysis data for many kinds of substances. Thus, the Department is able to conduct research into cutting-edge evaluation technologies utilizing a wealth of knowledge and sophisticated techniques. Research and analytical methods developed by the Safety Evaluation Technology Department are effectively used in quality inspections in the Product Quality Centers responsible for quality assurance.



Exploring Unknown Risks in Collaboration with National and International Research Institutes

Ensuring food safety and addressing customer concerns requires not only establishing technologies for accurately analyzing and evaluating substances alleged to be harmful to the human body but also discovering as-yet unknown risks involving substances and prepare for situations that cannot be predicted.

From this perspective, the Safety Evaluation Technology

Department focuses on exchanging information with various organizations, including related ministries and public organizations, international research institutes and organizations, academic societies, and trade associations related to food safety. The Department also promotes joint research activities with these organizations. For instance, a genetically-modified organisms (GMO) analysis method jointly developed with the National Food Research Institute has been certified as an official analytical method by the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Health, Labour and Welfare. We also publicly announced our proprietary method for analyzing residual pesticides in the American Society of Brewing Chemists (ASBC), a U.S. brewing industry organization for unifying analytic methods for beer.

Development of an Internationally Recognized Method to Analyze Mycotoxin

The Safety Evaluation Technology Department and the National Institute of Health Sciences are jointly developing a method to analyze mycotoxin. Mycotoxin is a hazardous substance produced by molds that occur and reproduce in materials such as grains. The Department successfully established a high-sensitivity analytical method and announced it at the symposium of the Pharmaceutical Society of Japan in March 2003, at the symposium of The Food Hygienics Society of Japan in November 2004 and at the symposium of the Japan Society for Analytical Chemistry in February 2006. Our analytical method has been highly acclaimed at home and abroad through such symposia. We continue to promote cutting-edge research themes critical to the industry and improve the safety of all the Asahi Breweries Group's products, taking advantage of our steadily growing base of knowledge and experience.

Message from a Key Person

Technology for analyzing and evaluating food safety comes from a combination of hardware development such as analyzers and software advances such as data management as well as analytical methods for analyzing and evaluating various data collected by hardware.

In this sense, our mission, as a response to a question of what must we do to provide safer food, has no final answer as long as scientific technologies continue to advance. This is a difficult task requiring repeated trials and errors. However, the job becomes rewarding when I realize it will lead to consumer confidence and satisfaction at the table. I want to continue exploring unknown worlds with the belief that the future of the food industry is on my shoulders.



General Manager,
Safety Evaluation
Technology Department,
Analytical Technology
Laboratory
Asahi Breweries, Ltd.

Naoki Mochizuki

Pursuit of Quality

Quality Assurance System

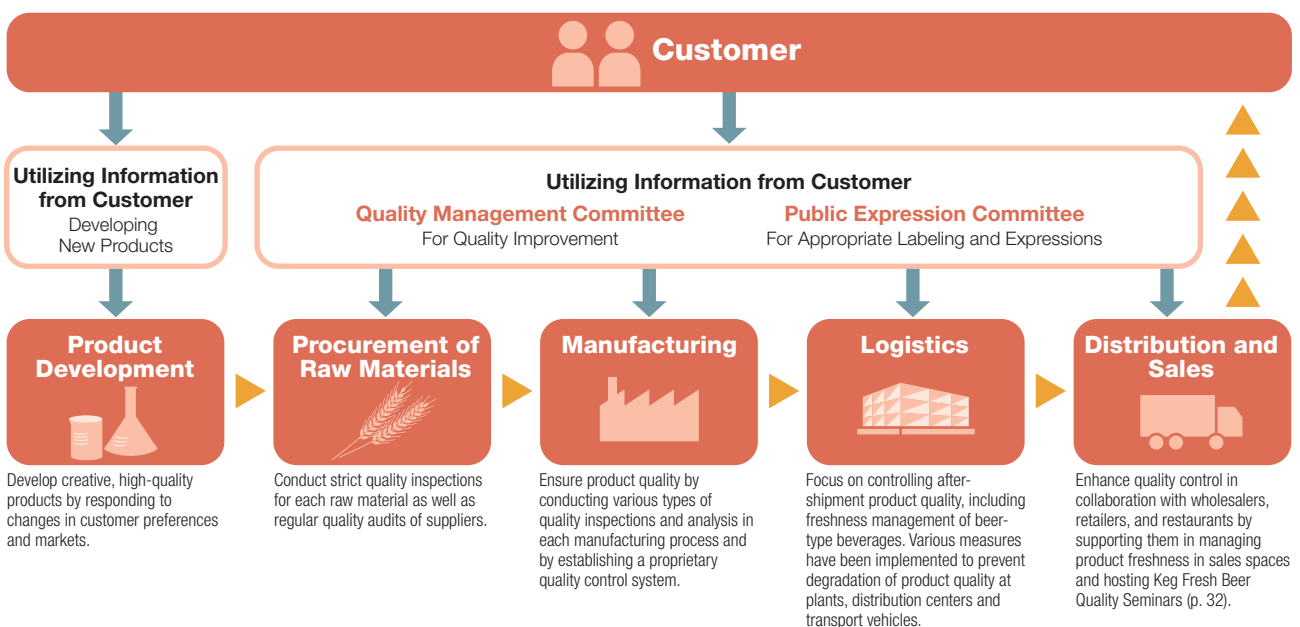
Asahi Breweries has established cross-organizational teams and auditing groups to reflect customer feedback on quality assurance activities and to promote quality

assurance at every stage of the supply chain, from product development to the procurement of raw materials, manufacturing, logistics, distribution and sales.

The plants of the Asahi Breweries Group have acquired ISO 9001 certification, the international quality assurance standard and strive to maintain and improve product quality under a uniform quality assurance system.

Quality Assurance System

➡ Flow of information ▶▶▶ Production and distribution processes



Establishment of the Group Quality Management Committee

In 2003, Asahi Breweries launched the Quality Management Committee as a cross-organizational team to address quality issues through discussions with the members of related internal departments and to enhance its quality assurance system. In December 2005, we additionally established the Group Quality Management Committee, an organization for promoting these activities at a Group level. We therefore formulated a system for establishing a quality policy and strategy and review action plans related to quality for the entire Group.

The Group Quality Management Committee, which meets every other month, convenes staff representing Asahi Breweries Ltd., Asahi Soft Drinks Co., Ltd., and Asahi Food & Healthcare Co., Ltd. to discuss the promotion of quality assurance activities in each company and share quality assurance information.

The committee is currently drafting the



Quality Management Committee

Group Quality Policy and quality assurance strategies for each company as well as a plan for integrating these strategies of each company into the mid-term management plan and annual plan of the company. It also encourages the exchange of quality-related information within the Group to prevent recurrence of past quality problems.

Implementation of Quality Audits

Since 1996, Asahi Breweries under the leadership of the Quality Assurance Department, has implemented quality audits at the production worksites of Asahi Breweries. In 1999, we began conducting audits for the head offices and production worksites of the Group companies and restaurants. The Product Assurance Center has also been involved in these audits since 2006.

In these quality audits, we review the status of implementation of the quality system in accordance with auditing standards described in the Internal Audit Rules. Through these audits, we strive to ensure the consistent implementation of quality systems across all companies and plants as well as to improve quality across the Group.

Technical Improvement and Apprenticeship System

Technical Master System

Consistently producing good products requires establishing, improving, and sharing the techniques that form the backbone of manufacturing. Therefore, in 2001, Asahi Breweries introduced the Technical Master System to certify technicians who have attained a high level of core expertise. The system also enhances motivation and upward mobility and nurtures younger talent by clarifying the competencies required by the organization.

Technical Expert System

In contrast with the Technical Master system that certifies longtime technical achievements and outstanding skills, the Technical Expert system recognizes the development of capabilities by young and middle-level engineers and qualifies those who have acquired a certain level of technique as Technical Experts as a means for motivating other employees to also acquire this level of skills.

Apprenticeship System

In 2005, we introduced the Apprenticeship System in which employees can improve technique and skills in their field of specialization by becoming an apprentice of a Technical Master or Technical Expert. The objective of the system is to motivate more employees and boost the level of worker skills at the production worksite.

Product Labeling and Expressions and Advertising Content

Asahi Breweries established the Public Expression Committee in 1995 to review appropriate product labeling and advertisement content from various perspectives.

The committee meets weekly. We only launch products and advertising materials authorized by the committee. All issues raised in the committee are recorded and countermeasures taken by the related departments are reported in the meeting minutes so that we can take advantage of this information in our daily business activities.

With regard to labeling and expressions appearing on product packaging, we take into account customer feedback and social expectations in designing our displays to help customers—including those who do not drink alcoholic beverages—to easily find information such as warnings to prevent underage drinking as well as information on recycling and nutritional content.

Representative Labeling and Expressions on Product Packages



Recycling Mark

Recycling marks indicate the packaging material is recyclable and encourage active support for reuse and recycling.



Warning against drinking while pregnant, breastfeeding, or under 20 years of age

We display warnings against drinking by pregnant and nursing women in addition to the expression "You are not permitted to drink alcoholic beverages if you are under 20 years of age."



Braille

To assist visually challenged customers distinguish alcoholic drinks from soft drinks, we have ensured that the Braille for "Alcohol" is printed on the top of all canned alcoholic products.

Summary of an incident in which incorrect information was displayed on the label of Asahi Point One and preventive measures

On the evening of August 31, 2005, we received an inquiry from a customer. Upon review, we found we had mistakenly indicated 10 kcal instead of 19 kcal as the energy figure in the nutritional information on the label for *Asahi Point One* beer-like non-alcoholic beverage produced and distributed by Asahi Breweries. The products had been produced in July and August 2005. Our investigation identified the cause as human error in that we had mistakenly changed the energy figure when we revised the format of the nutritional content to separately report dietary fiber and sugar under carbohydrates for consistency with our beer and happoshu labeling. There was no issue related to product quality.

We stopped shipping these products on September 1, 2005 and reported to governmental authority that we would recall the products. Subsequently, while releasing the facts of the incident to our business partners and the mass media, we posted an announcement on our Web site and in newspapers expressing our sincere apology and declaring the product recall. Asahi Breweries established and implemented the following four preventive actions:

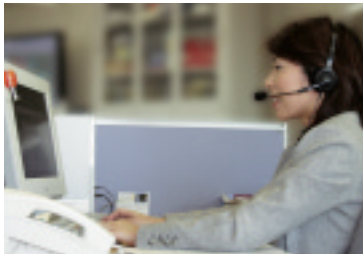
1. Use an automatic calculation sheet as data for displayed nutritional content and do not use any other data for such purpose.
2. Establish Public Expression Meetings within the product development departments and enhance the review system in the upstream process of product development.
3. Never fail to attach documents related to product standards when requesting related departments to check the labeling.
4. Conduct prescription reviews by related departments and strengthen review functions during the product development process.

Response to Customer Comments

Basic Philosophy

The Asahi Breweries Group refers to comments from customers and retailers as “quality calls” and treats them as assets for the improvement of our management. Through close communication with every customer, we accurately identify each issue and reflect customer comments into product development and improvement to enhance customer satisfaction and integrate these comments into management and activities plans. The Customer Relations Office* is responsible for these communications with customers. Under our philosophy of thanking customers for their comments, we strive to respond to each comment in a timely, appropriate and polite manner from the standpoint of the customer.

* The following five companies maintain their own Customer Relations Offices: Asahi Breweries Ltd., Asahi Soft Drinks Co., Ltd., Asahi Food & Healthcare Co., Ltd., and LB (two companies).



Dealing with a customer call at the Customer Relations Office

A System for Incorporating Customer Feedback into Our Business

Asahi Breweries deploys a system for entering every customer’s opinions, requests, and complaints into an in-house database completely protected by a security system on a real time basis allowing all employees, from management to sales staff, to share and use this data. In May 2005, we launched the “Customer Information Topics” page on the corporate intranet, which provides employees real-time information and analyses about comments. Since then, we have been also publishing a CS report to management detailing how departments and Group companies have responded to customers. To protect customer privacy, personal information and company names are removed.

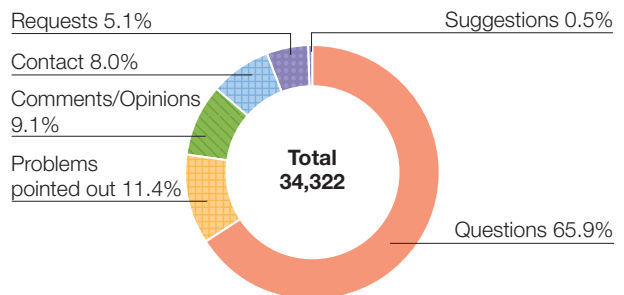
Comments from Customers

Asahi Breweries strives to take appropriate measures by classifying customers’ detailed comments under “inquiries” (comments/opinions, requests, suggestions, questions and contacts) and “problems pointed out” (complaints and claims) and identifying concrete causes, effects and trends. In particular, we place the highest

priority on responding to “problems pointed out” regardless of the relative seriousness of the issue. We also request that customers provide detailed information and we address their concerns in a timely and appropriate manner.

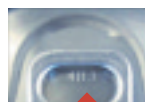
Comments from Customers Received at the Customer Relations Office

(2005)



Representative Product Improvements Reflecting Comments from Customers

In 2005, based on comments from customers, we made the following product improvements:



Redesigned, easy-to-open can

Canned beer-type beverages (250 ml, 350 ml and 500 ml cans)

We changed the shape of the tab and deepened the concave portion behind the top of the tab so that customers can more firmly grasp the tab with their fingers.



Expression of nutritional content

Low-alcohol beverages (cocktail, chuhai, etc.)

We display six items—energy, protein, lipid, sugar, dietary fiber, and sodium—on the can surface. (We already display these items for beer and happoshu.)



Improvement in label expressions for cartons not containing wrapped six-packs

Canned beer-type beverages (250 ml, 350 ml and 500 ml cans)

We added the expression “Cans may be removed separately” on three sides (top, long side and short side).

Activities Promoting Moderate and Responsible Drinking

The Moderate & Responsible Drinking Committee

“Encouraging Moderate & Responsible Drinking” is one of Asahi Breweries’ Six Priority Initiatives for CSR activities.

Under this policy, Asahi Breweries established the cross-organizational Moderate and Responsible Drinking Committee in 2004. The Committee established the Asahi Breweries Group: Basic Philosophy for Promotion of Moderate and Responsible Drinking and Drinking Rules. We summarized this policy in the form of pamphlets and pocket cards and distributed them to all executives and employees in the Group and publicly announced our Basic Philosophy.

In addition, we implemented a variety of measures, including a revision of in-house standards and advertisements warning against drinking while pregnant or breastfeeding. We will focus on activities such as continuing promotional activities and operating the Fund for the Prevention of Underage Drinking.



Guidebook for moderate and responsible drinking

Fund for the Prevention of Underage Drinking

Underage drinking is the most serious alcohol-related problem in society. It is associated with the risk of impaired growth, sexual dysfunction, physiological disorders such as dysfunctions of the liver and pancreas due to the lower metabolic breakdown of alcohol of youth compared to adults, in addition to the greater likelihood of developing an alcohol dependency at an early age.

To contribute to the solution of this problem, Asahi Breweries established the Fund for the Prevention of Underage Drinking in May 2005. The fund primarily supports medical and socio-cultural research on the prevention of underage drinking and organizations, individuals and institutions that hold prevention forums and seminars. A total of ten million yen is distributed every year. The Fund publicly solicits projects that are qualified for a grant from the fund every year and the Review Board, consisting of experts, strictly reviews project applications and selects qualified candidates.

Qualified Projects for 2005

For 2005, the first year of the fund, we publicly invited candidate projects during March and April 2005. The Review Board, consisting of four experts and one director of Asahi Breweries, strictly reviewed the applicants and selected nine organizations whose achievements in research and activities are expected to positively contribute to society.

The qualified organizations attended a fund award ceremony and commemorative symposium held in May 2005 at the Head Office of Asahi Breweries and exchanged views on the current state and challenges of underage drinking.

Initiatives Taken by the Beer Industry

The beer industry launched the “Stop! Underage Drinking” project in 2005 and will continue to promote the initiative in 2006.



Web Site Reference

www.asahibeer.co.jp/csr/

More detailed information is available on the Web site.

► For Consumers

Comments from Customers

- Basic Philosophy on Customer Relations
- Response to Complaints from Customers
- Activities of the Customer Relations Office
- Representative Product improvements
- Comments from Customers
- Response to Major Accidents

Pursuit of Quality

- Quality Management Policy
- Quality Assurance System
- Procurement of raw materials (quality inspection of raw materials; quality audit of suppliers)
- Manufacturing (The *Taikoban* Guarantee System, risk factor-free quality concept)
- Logistics (efforts in production worksites, distribution centers and transport vehicles, etc.)
- Distribution and sales (freshness management at sales spaces)
- Product labeling expressions
- Advertising (in-house standards for advertising)
- State of acquisition of quality management systems (acquisition of ISO 9001 and HACCP certifications)
- Awareness of Quality reference site
<http://www.asahibeer.co.jp/quality/index.html>

Moderate and Responsible Drinking and Health

- Basic philosophy for the promotion of moderate and responsible drinking
- Activities to promote moderate and responsible drinking
- Fund for the Prevention of Underage Drinking (2005 Report on qualified individuals and organizations, etc.)
- Tools to promote moderate and responsible drinking
- Efforts by the beer industry trade association (Accession to the International Center for Alcohol Policies)
- Past activities to promote moderate and responsible drinking
- Reference Web site: “Tips on how to enjoy drinking”
<http://www.asahibeer.co.jp/enjoy/guidebook/>
- Reference Web site: “Alcoholic Beverages and Health”
<http://www.asahibeer.co.jp/enjoy/health/>

Asahi Breweries Group promotes programs to ensure fair and equitable business practices and to share prosperity with our business partners.



HOT LINE

Targeting senior and executive management of alcohol wholesalers, this pamphlet describes practical measures for improving management and successful case studies in other industries.



Questionnaire on Corporate Social Responsibilities



We ask prospective business partners to submit this survey as a means of developing mutual understanding.



Relations with Business Partners

HOT LINE for distributors, Procurement Web site, Questionnaire on Corporate Social Responsibilities, Questionnaire on the Environment, Alcoholic Drink Sales Training Program, Full House for restaurants, Keg Fresh Beer Quality Seminar, etc.

Keg Fresh Beer Quality Seminar

This seminar is designed to help wholesalers, and restaurants develop a base of knowledge and technical expertise in serving draft beer through direct, hands-on practice sessions.



Cooperation is essential for providing the best products and services. Therefore, we partner with suppliers that consistently provide safe, high-quality raw materials and resources, as well as with distributors and retailers that deliver products reflecting market trends and consumer lifestyles. Based on this recognition, we take various actions to ensure fair and equitable business practices and share prosperity with business our partners.

From Relations to Actions

We constantly improve product quality and freshness through close communications with retailers, restaurants and suppliers by sharing common objectives.

Guaranteeing Our Partners Consistently Serve Tasty Keg Draft Beer

Asahi Breweries constantly implements companywide efforts to enhance the freshness of beer. In addition, we continually improve methods for controlling product quality and maintaining draft beer equipment in collaboration with retailers and restaurants.

To serve tasty keg draft beer, draft beer equipment must be used and maintained in the best possible manner. To this end, Asahi Breweries encourages collaboration among people at related divisions such as sales, procurement, quality assurance, and research and development, as well as Asahi Draft Beer Service, Ltd., which is responsible for providing guidance in the proper use of draft beer equipment. Furthermore, we formulated an in-house quality assurance system for draft beer equipment and defined roles for each organization and employee. Since August 2005, we have held Draft Beer Equipment Development Meetings for reviewing new or improved equipment on a more frequent schedule—bimonthly instead of semi-annually—and conducted stricter verification of product quality based on our improvement plan and quality assurance rules.



Establishing a Quality Control System that Involves Suppliers

Asahi Breweries and suppliers for draft beer equipment fully discussed quality control rules and ultimately agreed to start a QA inspection system which includes regular visits to supplier's manufacturing plants and verifying the state of quality control conducted by suppliers. In addition, at our request, suppliers have started submitting application forms in advance whenever they plan to change their manufacturing process, raw materials, or suppliers. During QA inspection, we inform suppliers of requests and comments reviewed at the Draft Beer Equipment Development Meeting to support them in developing and improving draft beer equipment. As a result, we have established a well-organized quality control system within and across the company to enhance communications with suppliers. We are confident these efforts will lead to the greater satisfaction of people who enjoy drinking keg draft beer and eventually benefit restaurants as well. In addition, we and our suppliers will be able to improve product and service quality by heeding comments from restaurants.

With these beliefs, Asahi Breweries shares a common objective for ensuring the high quality and freshness of beer with distributors, retailers, restaurants and suppliers and focuses on maintaining close communication with business partners so that each partner will be able to fulfill its mission in improving quality.

Message from a Key Person

Our mission at the sales division is to increase the number of people who enjoy drinking tasty keg draft beer as well as to develop equipment and constantly provide it. To achieve this mission, we must not only maintain close contact with restaurant operators and communicate to them the quality and freshness of beer, we must also constantly communicate with suppliers who manufacture draft beer equipment.

We want to constantly communicate with people within and across Asahi Breweries and ensure high-level coordination so that all members of the Draft Beer Equipment Development Meeting, who share a common objective, will be able to improve product quality control in a well-organized and strategic manner and achieve greater customer satisfaction in collaboration with our stakeholders.



Sales Support Group,
Sales Division
Asahi Breweries, Ltd.

Mutsumi Ide

Fair and Equal Purchasing

Establishing and Publicly Announcing Our Basic Purchasing Policy

In line with its corporate philosophy to provide the best products and services, Asahi Breweries established its *Basic Purchasing Policy* in August 2003, which requires compliance with all relevant laws and regulations in purchasing decisions. The policy calls for the application of fair and equitable practices in the selection of products and business partners in Japan and overseas.

The *Basic Purchasing Policy* encompasses four major components. Under Fairness and Justice, the policy pledges to offer opportunities for participation, regardless of company location, based on an evaluation of quality, cost, delivery time constraints, corporate vision, and technical skills. Under Confidentiality, the policy calls for the protection of business partner information. The third component, Procurement, refers to prohibiting conflicts of interest, rewards, and purchasing incentives, with a firm commitment to ethical practices. The fourth component, Consideration of Responsibilities to the Environment and Society, promotes the realization of a sustainable society.

Asahi Breweries publicly discloses its basic policy, along with detailed business standards and entry sheets, on its Procurement Web site.

Asahi Breweries Procurement Web Site

<http://www.asahibeer.co.jp/procurement/> (In Japanese)

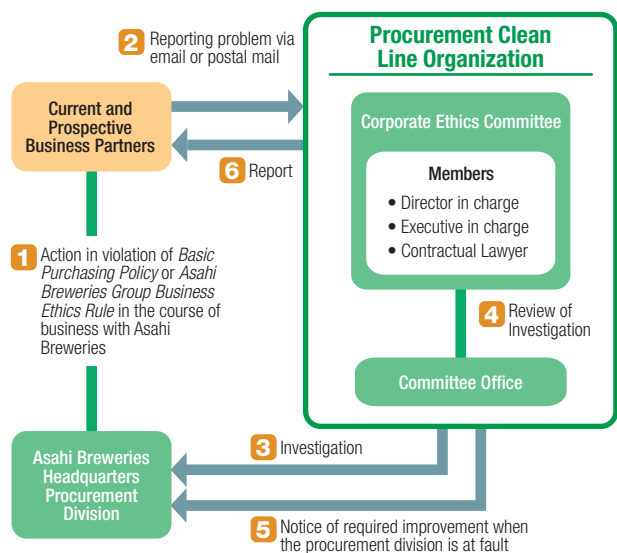
This Web site introduces Asahi Breweries' *Basic Purchasing Policy* and related information. It encourages business partners to consider environmental issues as their own social responsibility along with efforts to realize a better society.



Procurement Clean Line

Asahi Breweries provides the Procurement Clean Line service, a reporting system that current and future business partners can confidently use in situations where employees or the procurement division act in violation of the Basic Purchasing Policy or fail to comply with legal requirements or social ethics. In these situations, partners can contact Asahi Breweries through such channels as Web sites. Issues are investigated and verified by an objective, third-party organization associated with the Corporate Ethics Committee, which operates independently of the procurement division. No cases were presented to the Procurement Clean Line in 2005. Asahi Breweries is committed to strengthening compliance on a daily basis, increasing the transparency of purchasing activities through the Procurement Clean Line, and building trust with business partners.

Structure of the Procurement Clean Line



Questionnaires on Corporate Social Responsibilities and the Environment

Asahi Breweries requires companies that wish to initiate a new business relationship to complete a Questionnaire on Corporate Social Responsibilities and a Questionnaire on the Environment. Purchasing items subject to these questionnaires are listed on the Procurement Web site.

In 2004, we requested existing partners as well as new partners to submit questionnaires, and all complied. In addition, we provided feedback to them based on compiled responses to improve mutual understanding. In 2006, we began to use information we obtained through the questionnaires in our quality audits.

Shared Prosperity with Distributors

Supporting the Activation and Strengthening of Management Foundations

The Asahi Breweries Group recognizes that customers enjoy and appreciate its products because of the daily efforts of wholesalers and retailers. Therefore, in the context of sharing prosperity with distributors, the Asahi Breweries Group implements measures to stimulate market growth and fortify the management foundation of wholesalers.

Keg Fresh Beer Quality Seminar

For customers to enjoy drinking tasty keg draft beer, Asahi Breweries strives to implement strict quality control by conducting seminars on the distribution and sales of keg draft beer for wholesalers, retailers, and restaurants.

At the seminar, special instructors for the Keg Fresh Beer Quality Seminar offer lectures and best practices on the appropriate handling of keg draft beer and draft beer equipment to operators of wholesalers, retailers, and restaurants. In addition, employees of Asahi Draft Beer Service, Ltd. who have qualified as instructors train seminar participants to properly handle keg draft beer and equipment.

By the end of 2005, approximately 30% of restaurants which distribute Asahi Breweries brand keg draft beer had participated in a Keg Fresh Beer Quality Seminar.



Scenes from seminar

Asahi Breweries Group Company Efforts



Asahi Field Marketing Co., Ltd.

Supports sales section design and sales promotion based on storefront marketing, with supermarkets, discount stores, and other mass merchandisers.



East Japan Asahi Draft Beer Service, Ltd. / West Japan Asahi Draft Beer Service, Ltd.

Promotes quality management of draft beer at restaurants and recommends drink menus in line with customer taste preferences.



Full House Co., Ltd.

Provides advice to restaurants and conducts support activities such as seminars and restaurant market surveys.



Asahi Distribution Research Institute, Ltd.

Provides timely industry information to special dealers and conducts support activities to strengthen management.



Web Site Reference

www.asahibeer.co.jp/csr/ (In Japanese)

More detailed information is available on the Web site.

► For Business Partners

- Relations with suppliers (purchasing activity data)
- Relations with distributors and retailers
- Reference site "Procurement Web site" (In Japanese)
<http://www.asahibeer.co.jp/procurement/index.html>
 - Basic Purchasing Policy
 - Entry sheet
 - Procurement Clean Line



- Reference site "Keg draft beer, it's tasty!"
<http://www.asahibeer.co.jp/enjoy/umadaru/index.html> (In Japanese)

The Asahi Breweries Group pursues solid revenue to return value to shareholders while practicing fair, expeditious and timely information disclosure.



Shareholders' Meeting

Reports on critical business matters and adoption of resolutions.



IR Web Site

Provides information for shareholders and investors. The Asahi Breweries IR Web site provides details on the shareholders courtesy program for individual investors.



Relations with Shareholders and Investors

Shareholders' meeting, visiting investors abroad, IR Web site, news e-mail, individual investors meetings, analyst meetings and conference calls, *Asahi Super Report* (business report in Japanese) and survey card, English annual report, one-on-one meeting with institutional investors, product exhibition and tasting session, etc.

Product Exhibition and Tasting Session

Held to help shareholders understand the Group's diverse projects and products.



A corporation's fundamental responsibility is to generate solid revenue and return satisfactory value to shareholders. In order to fulfill this responsibility, a corporation must not only promote business but communicate with shareholders and investors, which requires disclosing appropriate management information and incorporating their feedback into business management. Asahi Breweries continues to proactively disclose information to shareholders and investors to meet their specific needs for the purpose of maintaining solid relationships in Japan and overseas to fulfill their trust and expectations.

From Relations to Actions

We further enhanced interactive communications with individual shareholders and investors by attentively listening to them.

A Program Launched to Increase Individual Shareholders in 2003

Asahi Breweries introduced a series of programs to increase individual shareholders including the launch of a shareholder courtesy program, a reduction in the share trading unit, and issuance of new shares in August and September 2003.

At the end of March 2004, as a major improvement to the shareholder's meeting, we moved the venue from the Asahi Breweries' headquarters to a hotel accommodating a large number of attendants in central Tokyo to encourage as many shareholders as possible to attend. Following the shareholders' meeting, we held a production exhibition and tasting session to deepen their understanding of our products. Furthermore, we held the first information session for individual shareholders at Tokyo International Forum in October 2004, which was well received by about 400 attendants.

Asahi Breweries regards programs for increasing individual shareholders as a key way for developing our corporate support base and further encourage Asahi Breweries. In this context, it is important that individual shareholders and investors deepen their understanding of the company through interactive communications with the company.

Enhancing Interactive Communications

Under this philosophy, we held information sessions for individual investors at our six manufacturing plants in

2005. More than 500 investors attended the sessions. Participants shared such favorable comments as, "I was able to learn about Asahi Breweries as a corporation; previously there were no such opportunities," and we achieved our objective for the sessions: helping investors feel more familiar with the company.



One reason we decided to hold these sessions was a request we received from individual shareholders. Asahi Breweries regularly collects shareholders' requests at our investor relations activities, through questionnaires in the Asahi Super Report and other means. One request came from individual shareholders living in local towns who were unable to attend shareholders' meeting because there were held in Tokyo and hoped the company would hold regional information session for individual shareholders who lived outside Tokyo.

We are confident that our respect for and sincere response to requests and comments from shareholders and investors builds a sense of mutual understanding.

We are committed to enhancing interactive communications while strategically using Web sites and other investor relations tools, even as we continue to hold face-to-face briefings.

Message from a Key Person

Business operation briefings with individual investors at our manufacturing plants began in 2005 and have been favorably received.

One briefing held in April 2006 was attended by more than 300 investors. Since it was held at the end of April, we were confident that we could expeditiously disclose corporate information and comment on first quarter financial results.

Understanding of the company and experience in stock investment vary from investor to investor. Therefore it is difficult for us to expect every individual investor to completely understand the company's operations. Given this situation, we focus on key issues. We will continue to provide detailed corporate information under the banner of keeping investors up-to-date on Asahi Breweries as a corporation.



Investor Relations Office,
Public Relations Department
Asahi Breweries, Ltd.

Tsuyoshi Suzuki

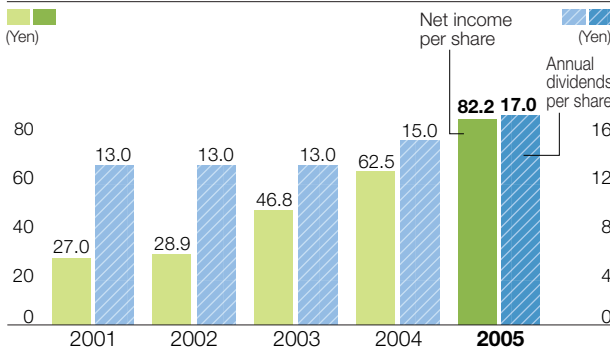
Returning Value to Shareholders

Increased Dividends and Repurchase of Shares Return Value to Shareholders

With respect to our priority on shareholder value, Asahi Breweries strives to ensure that investors receive a continuing, stable return based on financial results. In 2005, Asahi Breweries increased its dividends by ¥2 per share to a total annual dividend of ¥17, the same level as 2004, and we repurchased about ¥10 billion shares in 2005. In addition, we retired 20 million shares of repurchased treasury stock.

We continue to review and implement a variety of actions, including increasing dividends and repurchasing shares, to return value to shareholders in the context of the prevailing business environment.

Net Income per Share (Consolidated) and Annual Dividends



Earlier Delivery of Shareholders' Courtesy Products

To express our appreciation for shareholder support and request their continued support and improved understanding of the company, Asahi Breweries launched a shareholders' courtesy program in 2003. Under this program, shareholders can select a courtesy gift, such as specially brewed beer or gift package containing products of Group companies. Shareholders can also choose, in lieu of receiving a gift, to have the company make a donation of comparable value to the Asahi Breweries' Mizu no Wakusei (Water Planet) Environmental Fund as a contribution to forest protection and greening activities. In 2006, in response to shareholders' request, we advanced the delivery date of the courtesy gift by one month.



Beer packaged exclusively for shareholders

Information Disclosure and Communications

Shareholders' Meeting, Product Exhibition and Tasting Session

To encourage as many shareholders as possible to attend, the company moved the venue for the 2004 Shareholders' Meeting from the Asahi Breweries' headquarters, the site of earlier meetings, to a hotel in central Tokyo with better accessibility and a larger space. As a result, 1,529 shareholders attended in 2005 and 2,284 participated in 2006. Shareholders who are not able to attend annual meetings can exercise their voting rights via the Internet.

We held a product exhibition and tasting session following the well-attended Shareholders' Meeting. The event showcased Asahi Breweries Group's products and courtesy gifts and offered free samples of main and new products for participating shareholders to taste. A panel presentation on our CSR activities and an introduction to our breweries tours were also provided. This event has proven to be a very significant opportunity for participants, including individual shareholders, to deepen their knowledge of Group operations and products. We will continue to promote better understanding of the Asahi Breweries Group among shareholders.



Shareholders' meeting



Product exhibition and tasting session

Results Announcement Meeting and Road Show for Institutional Investors

Following the announcements of interim and fiscal year-end results, meetings are held for institutional investors in Japan. The president, financial officer, and other directors attend these meetings to report on business results, positive and negative factors affecting earnings, and future management strategy and actions.

Teleconferences are held on the same day as the announcements of results for the first and third quarters. We receive many questions and suggestions from financial analysts and institutional investors in these meetings and teleconferences.

For individual investors overseas, the company issues an annual report in English and the latest results are posted to our English Web site. The president and financial officers also explain the medium- and long-term strategy of the Group at "road show" meetings held every year in the United States and Europe.

Quarterly Publication of Asahi Super Report

Asahi Breweries publishes a report for its shareholders entitled, *Asahi Super Report*. In 2005, to announce financial and other corporate information in a more timely manner and maintain closer communications with shareholders, we began to publish the report on a quarterly basis instead of the current semiannual cycle.



Asahi Super Report

Evaluations by External Review Organizations

Status of SRI and Inclusion in CSR-related Indices

Awareness of Socially Responsible Investment (SRI) continues to grow. In addition to standard financial indices, SRI includes criteria that focus on corporate commitment to society and protecting the environment.

Many institutions inside and outside of Japan evaluate SRI, and Asahi Breweries is traded as part of several SRI indices and funds.

SRI Indices Listing Asahi Breweries



Dow Jones (U.S.A.) ETHIBEL (Belgium) FTSE (U.K.) Morningstar* (Japan)

* Morningstar

Morningstar Socially Responsible Investment Index is the first SRI stock price index in Japan, and is composed of 150 leading companies for their contributions to the society, selected from listed companies.



Web Site Reference

www.asahibeer.co.jp/csr (In Japanese)

More detailed information is available on the Web site.

► For Shareholders and Investors

- Returning Value to Shareholders (development of yearly dividends, etc.)
- Information Disclosure and Communications (basic policy on information disclosure, etc.)
- Evaluations by External Review Organizations (evaluation of IR activities, etc.)

- Investor Relations reference site
[http:// www.asahibeer.co.jp/english/ir/](http://www.asahibeer.co.jp/english/ir/)

- Top Message
- Financial Reports & Presentation Materials
- Annual Report
- Stocks and Bonds
- IR Calendar
- Corporate Governance
- Monthly Sales



- Asahi Supporter Community, reference site for individual investors
<http://www.asahibeer.co.jp/ir/supporter/> (In Japanese)

Asahi Breweries values diversity and develops systems to ensure employees are assigned and evaluated fairly to create a safe and pleasant work environment.



Career Design Sheet

Asahi Breweries' personnel system for placement and transfer puts importance on dialogue with employees and uses a Career Design Sheet on which employees can express their career vision over the next 10 years.



Training and Education Programs



Various training and education programs support employees in developing their skills and abilities.



Relations with Employees

Career Design Sheet, Cafeteria Plan, training and education programs, Life Plan Check Sheet, Occupational Safety and Health Committee, ASAHI WELL NET, etc.

ASAHI WELL NET



This comprehensive health management system keeps track of health check-ups for all employees and allows them to view the results of past check-ups and compare them to their current condition.



Asahi Breweries takes action to eliminate any form of discrimination based on race, nationality, creed, gender, or any factor unrelated to job performance, and we respect fundamental human rights in our recruitment, assignments and evaluations. We remain committed to bettering the work environment of our employees through a variety of approaches, including an education system that fosters self-reliance, self-development programs, a health management system, and the creation of a pleasant workplace for women and the physically challenged, as well as the setting up of a disaster-prevention system for earthquakes and other catastrophes.

From Relations to Actions

To balance the working and personal lives of employees, we improved systems to support maternity, childcare and care for other family members.

Supporting Diverse Employee Working Styles

Given a declining number of children and an aging population, corporations are increasingly responsible for establishing a work environment which supports employees in caring for small children and other family members.

Prior to the enforcement of the Assistance Strategies for Raising the Next Generation Law and the amended, Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave, Asahi Breweries promoted several programs to support employees with different working and personal lifestyle needs so they can work comfortably without worrying about family care. For instance, nearly all female employees with infants take childcare leaves and many of them return to active work. Recently, company employees have been participating in various voluntary activities aimed at establishing a corporate culture and system that provides for an ideal working environment. For example, female employees with small children are participating in the Working Mother Association.



develop a friendlier corporate culture for female employees with small children and provide information to them during childcare leave.

In response, the Personnel Department, the Headquarters and the labor union held discussions from January through March 2005 on improving system structure and operation and consequently agreed to establish the Asahi Breweries Next Generation Action Plan in March 2005. The plan was announced across the company and implementation started in April 2005.

Raising Employee Awareness and Nurturing the Corporate Culture

These improvements in our work environment are being highly evaluated both within and outside of the company.*1 Asahi Breweries is committed to continuing to improve these systems and to nurture the corporate culture supporting them.

For example, we started to operate the Employee on Childcare Leave Support System on a trial basis in January 2006. This system*2 supports employees in smoothly returning to work by ensuring they have access to the company's intranet and can use their mobile terminals for corporate e-mail.

In addition, we plan to encourage male employees to take leaves to support their wives through childbirth as well as to care for sick children. In these ways, we are striving to nurture a corporate culture that supports the creation of a gender-neutral society.

*1 Asahi Breweries ranked third in the "Work Life Balance" category in the "The most pleasant workplace for women" ranking published in the June 2006 issue of Nikkei Woman magazine.

*2 We applied "wiiw", an Edutainment program (a learning tool incorporating various entertainment features) developed by Shiseido for women on childcare leave. Shiseido started selling this program to corporate HR divisions in 2002.

Improving Systems by Conducting Questionnaire Survey

To improve the work environment and help employees achieve the optimum balance of work and personal lives, Asahi Breweries conducted a questionnaire survey in December 2004, focusing on female employees who have taken childcare leaves.

Survey results showed that, with regard to system structure, many respondents requested that childcare leaves and shorter working hours be available for a longer period of time. In terms of system operation, they requested the company to take additional steps to

Message from a Key Person

Creating a comfortable work environment for everyone requires both establishing a good employment and working system and operating it as effectively as possible. Therefore, in planning for a new, practical system for every employee, we collect their opinions and requests and take into account their positions and actual working conditions. It is also important to have more people actually use the system. Developing a corporate culture in which these systems are actively used requires raising awareness of the systems and promoting public relations and employee education as well as encouraging male employees and managers to adopt a positive attitude toward their use. We want to encourage the involvement of men in childcare and nurture a corporate culture of cooperation and inclusiveness.



Personnel Department
Asahi Breweries, Ltd.
Yosuke Yamaoka

For Consumers

For Business Partners

For Shareholders and Investors

For Employees

For Local Communities

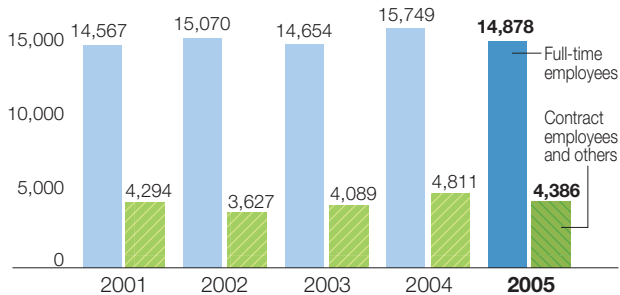
For the Global Environment

Equality and Fairness in Employment

Basic Policy

Asahi Breweries recognizes that sustainable growth cannot be attained without excellent human resources and a pleasant work environment in which all employees can work comfortably and develop their skills. From this viewpoint, we interview the applicant or employee to determine the appropriate hiring decision or performance evaluation. These dialogues encompass a broad perspective of abilities, expertise and skills, and avoid any form of discrimination on the basis of race, nationality, creed, gender, or any factor not related to the employee's performance, in accordance with the *Asahi Breweries Group Business Ethics*.

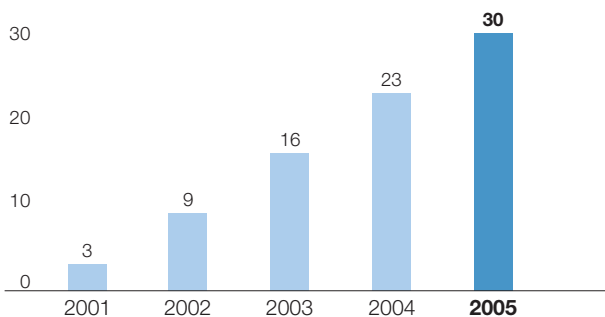
Number of Employees by Employment Type (on a Consolidated Basis)



Employment and Promotion of Female Employees

Asahi Breweries decides to employ workers and nominate them as supervisors based on their capabilities and does not discriminate on the basis of gender. The company strives to create a pleasant work environment for women who desire to continue working while raising children by enhancing systems such as maternity and childcare leaves.

Number of Female Managers (on a Non-consolidated Basis)



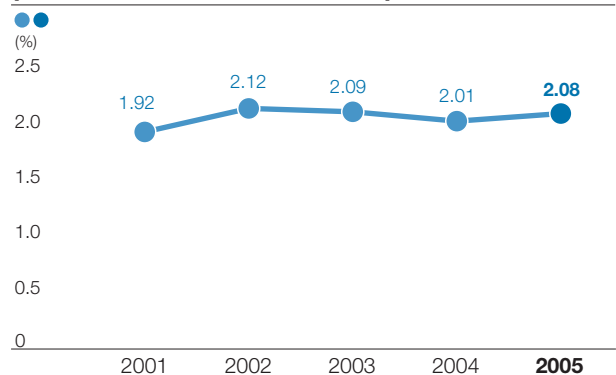
Increasing the Employment Rate of the Physically Challenged

Asahi Breweries aims to maintain the ratio of physically challenged employees to the total number of employees at 2% or more and support them so they can continue to work at the company over the long term.

For instance, in employing mentally challenged people, we frequently contact schools for the handicapped that they have attended as well as related job centers to ensure their capabilities match their workplaces and assignments. In addition, we not only improve existing worksites but create a workplace where they can fulfill their potential.

We also strive to increase the number of employees who are certified as vocational life consultants for the disabled and have installed handrails and access ramps so the disabled are able to work in a wider variety of workplaces.

Employment Rate of the Physically Challenged (on a Non-consolidated Basis)



Personnel Evaluation and Performance Rating

Interview-Oriented Transfers and Deployment

Asahi Breweries' personal evaluation system is designed to energize individual staff and worksites. At the heart of this system is an employee interview which is conducted within the framework of the employee's own initiative.

For example, in deploying and transferring employees, the Personnel Department regularly reviews the needs of each worksite, employee circumstances and personnel evaluations. In addition, to support employees' long-term career development, we introduced a Career Design Sheet



in which all employees state their goals and aspirations, including their desired line of work and preferred location and what kind of work they want to be doing in 10 years. Information contained in these sheets is used in coordination

with related departments to determine the appropriate assignment.

Questionnaire Survey on Corporate Culture

A company-wide questionnaire survey was first conducted in 1999 on employee satisfaction with the personnel system and their morale. We developed the content of the survey and now conduct the Corporate Culture Diagnosis Questionnaire Survey annually. We report survey results to management and utilize it to improve our corporate culture and employee training.

Questionnaire Survey Outline (2005)

| | Number of respondents | Survey period | Content of survey |
|---|-----------------------|---------------------------------|---|
| Corporate Culture Diagnosis Questionnaire Survey | 2,500 | February | Survey on each employee's views on activities to energize workplaces and their morale from various perspectives. |
| Questionnaire survey conducted by the labor union | 1,787 1,904 | January-March July-September | Survey on the level of satisfaction with interviews; whether feedback was given to evaluation rankings; to what extent those surveyed accepted the evaluation of their performance. |

Creating a Pleasant Work Environment

Labor Health and Safety Efforts

Asahi Breweries convenes an Occupational Safety and Health Committee at each worksite as a monthly discussion forum for representatives of labor and management. From 2005, the committees are preparing to apply the Occupational Safety and Health Management System (OSHMS) to all Group companies.

In order to raise awareness of safety across the entire Group, safety management personnel training seminars are conducted under the guidance of a visiting lecturer. In addition, information exchange sessions are regularly held to share knowledge and expertise regarding safety and health in each workplace. One of the seminars held in 2005 was a workshop for the entire Group, introducing risk assessment* techniques.

* Risk Assessment

A technique for identifying all types of risk and hazard factors related to equipment, facilities and worker operations, evaluating and prioritizing these risks and taking action to reduce them.



Safety management personnel training seminar

Employee Health Management Including Mental Health Care Practice

Asahi Breweries provides regular health check-ups for all executives and employees every year. A nurse follows up on any employee whose check-up reveals the need for additional testing or who may have a health problem.

The results of these check-ups are compiled in a database on ASAHI WELL NET, a computer-based health management system which enables employees to review their results at any time to manage their physical condition.



ASAHI WELL NET

The company not only supports the physical health of employees but also promotes mental well-being. We have established systems and take necessary actions, such as retaining nurses, visiting health practitioners and other internal specialists in order to spot early warning signs of stress and help to prevent stress-related problems.

In September 2005, under the leadership of the Group's health insurance provider, we launched a system that enables employees and their families to receive counseling services by clinical psychologists. The system strictly protects personal information.



Web Site Reference www.asahibeer.co.jp/english/responsibility/

More detailed information is available on the Web site.

► For Employees

Group Basic Policy on Personnel Management

Equality and Fairness in Employment

- State of employment (number of employees by employment type, etc.)
- Promotion of women employees
- Employment of foreign nationals (recruitment, deployment, etc.)
- Employment of the physically challenged (creation of a work environment friendly to the physically challenged)
- Reemployment
- Recruitment
- Relations with labor union (number of labor union members)

Personnel Evaluation and Salaries

(average annual employee salaries, etc.)

Training and Education Programs

(major training and education programs)

Creating a Pleasant Work Environment

- Labor safety
- Employee health management
- Maternity, childcare and family-care leave systems
- Raising awareness of human rights (response to human rights and sexual harassment issues, etc.)
- Other welfare programs (paid leave system, Research on Working Situations in Overseas Worksites, etc.)

Asahi Breweries aims to assist in the creation of a prosperous society by supporting artistic and cultural activities and social contributions.



A performance at the Asahi Art Festival 2005

Newsletter

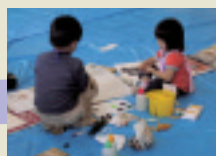
We publish *Asahi Breweries MĒCĒNAT*, a free newsletter that introduces our patronage of the arts.



Relations with Local Communities

Newsletter, Asahi Arts Festival, Lobby Concerts, KIDS Project, Environmental Beautification Activities, etc.

KIDS Project



Employees plan and carry out social events with children living in welfare facilities.



The guiding principle behind every activity of Asahi Breweries is to promote healthy living and the enrichment of society worldwide. Therefore, as a responsible corporate citizen, we actively participate in cultural and community activities that are not directly associated with our food-related business operations. We encourage the growth and development of local communities, work with artistic and cultural activities that provide opportunities for young artists, and support employees in volunteer activities that they choose.

From Relations to Actions

In collaboration with local NPOs, we sponsored the Asahi Arts Festival 2005 as a cultural contribution.

Our Concept is: Future, Citizens, Local Communities

Since 2002, Asahi Breweries has sponsored the Asahi Arts Festival in collaboration with art NPOs and citizens' groups across Japan. The concept of the festival is: Future, Citizens, Local Communities.

We support local communities in rediscovering their unique attractions and contribute to community revitalization by supporting artistic activities that citizens proactively plan and participate in, with the vision of creating the culture of the future.

The festivals take place in many regions during summer every year. Various arts NPOs and citizens' groups present unique programs in different categories of arts, including fine arts, music, architecture, dance, theatrical performance, movies and events such as a community revitalization efforts.

The festivals are organized by the Asahi Arts Festival Executive Committees, consisting of arts NPOs and citizens' groups in the community. Committee members meet monthly in Tokyo to discuss and plan festival events. The committee operates in a way that encourages the involvement of many people in festival management, including the use of mailing lists and other methods. Asahi Breweries is an active member of the committee.

Inviting Event Proposals from the Public

To increase the number of participants and widen the variety of events, we started to invite event proposals from the public in 2005. We received many proposals from across Japan and included 45 programs (34 programs selected by the Executive Committee and 11 programs sponsored or co-sponsored by Asahi

Breweries). Approximately 100,000 people attended the festivals nationwide.

The Awaji Island Arts Festival provides an excellent example of our approach. The Great Hanshin-Awaji Earthquake in 1995 and the landfall of the Typhoon No. 23 damaged many houses in Awaji Island and left them abandoned. Festival committee members noticed the value of these abandoned houses and arranged for festival artistic programs to be staged in them. Many visitors from within and outside the island visited these houses. Consequently, the event contributed to improving the safety of the island and revitalizing its towns as well as reminding residents of the attractiveness of the island.



Artists and local residents of the island cooperate in refurbishing run-down vacant houses. Such creation of a space for displaying work is also a part of our art project.

Pursuing New Challenge

Asahi Breweries strives to encourage local governments, companies and citizens to become more interested in and aware of artistic activities in the community while at the same time facilitating the creation of an environment and society that supports the activities of arts NGOs and citizens' groups through continued sponsorship of festivals from a long-term perspective. We began hosting a practical arts management course for students hoping to work as interns for NPOs and citizens' groups, taking advantage of the network of the Executive Committee. We will continually enhance our involvement to realize our concepts in more concrete forms.

Message from a Key Person

The Asahi Arts Festival is open to the public as a community-oriented event that everybody can attend. I try to plan this project from various viewpoints, asking myself, "What can we do to make our community a livelier place?" Every artistic activity at the festival presents unique approaches and perspectives on the community. I realize that the arts are among the most effective means for rediscovering the various attractions of a community as well as revitalizing the community. In recent years, the festival has become known to a larger number of people by virtue of receiving the Contemporary Composite Art Award in the 2004 Mécénat Awards.

We will continue to bring new ideas and concepts into the festival from the perspective of improving our artistic environment. These efforts include a program for increasing opportunities for citizens to appreciate the arts and a program for providing training to people aspiring to work in arts management.



Social & Environmental Management Department
Asahi Breweries, Ltd.

Sasana Nemoto

For Consumers

For Business Partners

For Shareholders and Investors

For Employees

For Local Communities

For the Global Environment

Basic Principle and Focus of Activities

The Asahi Breweries Group works hard to contribute to the promotion of healthy living and the enrichment of society worldwide. These actions focus on revitalizing and developing local communities, realizing a barrier-free society, promoting and disseminating art and culture, conserving the global environment and developing an international society.

In 2005, we focused on reinforcing cooperation with NPOs and other local organizations and further considering community needs in our activities while expanding the variety of activities.

Philosophy of Community and Cultural Activities

The Asahi Breweries Group's engagement in community and cultural activities is intended to help enrich communities across the world at the local and regional levels. Through these activities, Asahi works to win the trust of the communities it serves and to share in the excitement of their growth and prosperity.

The Group therefore aims to contribute to community development through the social awareness of its employees, along with an open corporate culture and abundant creativity.

Guidelines for Action

1. Challenging the new and the unknown, and constantly generating the highest possible cultural value.
2. Stressing the importance of communication within the community and helping to deepen mutual understanding.
3. Engaging in society by participating in community activities.
4. Fostering future cultural development by participating in creative Mécénat activities.
5. Meeting the challenge of creating a new corporate culture by encouraging employees to volunteer in community and cultural activities.

Important Goals

1. Contributing to the revitalization and improvement of local communities.
2. Contributing to the realization of a community that ensures access for all people.
3. Contributing to the creation of new culture and living art.
4. Contributing to the protection of our global environment.
5. Contributing to the development of a global society.

Supporting the Arts and Culture

Supporting the Development of Artistic and Cultural Activities

Since the establishment of the Corporate Culture Department (currently the Social & Environmental Management Department) in 1990, our artistic and cultural activities have become more organized and well-planned. Our basic concept is: Future, Citizens, Local Communities. Creating the culture of tomorrow depends on providing a bridge between citizens and the arts, and recovering local resourcefulness through unique activities that are deeply rooted in the local community.

Activities include Lobby Concerts, Food Culture Seminars, the Asahi Art Collaboration Exhibition, the Asahi Arts Festival and management of Asahi Arts Square, which opened as a new center for increasing exposure to cultural expressions.

In 2005, we launched the Asahi Eco-arts Series, combining our Water and Green Program, a major environmental protection effort, with artistic activities. In this series, we promote creative activities for future society, effectively using a variety of local resources including people, materials, and nature in collaboration with artists and local residents. We sponsored the first series in the Shimanto River area encompassing Kochi and Ehime prefectures.

Asahi Eco-art Series at the Shimanto River Area

We sponsored the Asahi Eco-Arts Series (September-December, 2005) in the area near the 196 kilometer-long Shimanto River in collaboration with artist, Hiroshi Fuji and musician Tomomi Adachi.

To prepare for series events, we conducted a questionnaire related to the Shimanto River involving residents living all along the river. We also collected art materials, taking advantage of events such as the Exchange Bazaar, in which participants exchange unused toys and picture books for "exchange points," a special currency they can use to purchase favorite new toys. Downstream, we held the Music Workshop, which was open to the public and allowed participants to enjoy playing simple music and improvisations. In the first part of the final concert, we presented the collected art materials as a combination of video and live performance. The second part of the concert featured a performance of the Shimanto Kagura Symphony, bringing together the participants of the Music Workshop and Tsunoyama Kagura, a traditional music group from the headwaters of the river.



Assistance for NPOs and NGOs

Asahi Breweries has been actively supporting the activities of Arts NPOs Link, a non-profit organization (NPO) which began in October 2004 and was formally established as an NPO in January 2006.

The objectives of Arts NPOs Link are to connect Arts NPOs nationwide, address common issues, and develop supportive environments for NPO activities. The Arts NPOs Link holds the National Arts NPO Forum every year and actively introduces a variety of activities and roles of arts NPOs at home and abroad. As a result, the NPO provides opportunities for arts NPOs to initiate communications with people in other sectors. By supporting the activities of this NPO, Asahi Breweries contributes to the development of arts NPOs and improves the nurturing environment for citizens' volunteer artistic activities in Japan.

Contributing to Society

Ongoing Contributions to Society

Supported by employee volunteerism, Asahi Breweries organizes and promotes various social contribution programs. Such programs include the KIDS Project, in which we visit welfare facilities nationwide and hold various enjoyable events; the One Beer Club, a program for employees to donate part of their salary (a minimum of 200 yen) for social contribution activities; and community cleanups surrounding our worksites.

We also promote "soft" social contribution activities such as providing information on volunteer activities using our intranet; using the volunteer leave system; and the Eco-mileage program, in which volunteer activities are given points and each company site donates an amount equivalent to these points to local organizations.

Major Systems and Programs

- Asahi Nice Life Leave System (Volunteer Leave System)
- Provision of information on various volunteer activities on the VolunteerNet site of our intranet
- Provision of information on various volunteer activities through company newsletters, internal PR videos, and message boards
- Corporate provision of volunteer activity insurance for volunteer programs sponsored by the company
- Donation system

Asahi Eco-mileage program: 10 organizations received corporate donations in 2005

Asahi One Beer Club program: 10 organizations received corporate donations in 2005

This is a new donation program launched in April 2002. Under the banner "Let's contribute the monetary equivalent to one cup of beer to society!" employees voluntarily deposit money (a minimum of 200 yen) from their monthly salaries and donate it to organizations conducting social contribution activities.

Donations to Various Areas

Asahi Breweries makes donations in a wide range of fields, such as culture and the arts, the environment, community activities, health and medical science, social welfare, formal and social education, academic research and studies, international exchange and cooperation, and sports. We select recipients and determine the appropriate level of support through a review process that reflects ethical and legal considerations.

Recently, we have made donations to the victims of the earthquakes in Niigata Chuetsu and western Fukuoka in Japan, the Sumatra earthquake in Indonesia, and Hurricane Katrina in the U.S.

Commendation of the Minister of Health, Labour and Welfare

In November 2005, Asahi Breweries was commended by the Minister of Health, Labour and Welfare for its distinguished social contribution activities, including the KIDS Project. The KIDS Project is a program conducted by volunteers of Group companies in which they meet with children living in welfare facilities and encourage them through drawing classes and mountaineering.

In recent years, sales and manufacturing sites of the company in each region have been playing a central role in managing these programs and have been successful in reinforcing ties with the community and improving the content of activities.



Web Site Reference

www.asahibeer.co.jp/csr/ (In Japanese)

More detailed information is available on the Web site.

► For Local Communities

Philosophy of Social and Cultural Activities

Supporting the Arts and Culture

- Asahi Arts Square
- Asahi Arts Festival
- Asahi Eco-art Series
- Lobby Concert
- Art Collaboration Exhibition
- Culture Seminars
- Other Artistic and Cultural Programs
- Mécénat Calendar for This Month
- Asahi Breweries MÉCÉNAT (newsletter)
- Asahi Beer Arts Foundation
- Asahi Breweries Foundation
- Reference site: Asahi Beer Oyamazaki Villa Museum <http://www.asahibeer-oyamazaki.com/>

Social Contribution Activities

- One Beer Club Program
- KIDS Project
- Eco-mileage Program
- Environmental Beautification Activities
- Artbility
- Volunteer Activities
- Data on Social Contribution Activities (Donations we have made, Employee Volunteerism Support Program)

Links to Activity-Related Web Sites

Asahi Breweries carries out various environmental conservation programs to pass the blessings of nature on to future generations.



Asahi Breweries Environmental Culture Seminar

We conduct Asahi Beer Environmental Culture Seminars, which include guest lecturers who discuss environmental issues with participants.



Brewery Eco Tour

We conduct environmental conservation activities at manufacturing sites for elementary school students and their families.



Promoting Consideration of the Global Environment

Environmental Culture Seminars, Brewery Eco Tour, water resource conservation program, environmental education, Asahi Eco Space, etc.

Asahi Eco Space

Asahi Eco Space—Minerva's Forest is on permanent display in the headquarters of Asahi Breweries to illustrate the company's commitment to addressing environmental issues.



To protect the precious blessings of nature and pass them on to future generations, Asahi Breweries is addressing the responsible use of resources and energy and working to reduce the environmental burden associated with the production of beer, happoshu and other products. We promote comprehensive environmental protection activities across the entire supply chain, from logistics to sales and consumption, and implement water conservation programs in collaboration with local NPOs and citizens' groups at each manufacturing plant.

From Relations to Actions

We promote water resource conservation programs to grow forests with abundant water.

Growing Forests in Collaboration with Local Communities

As a company that uses water as a main raw material for products, one of Asahi Breweries' key missions is to conserve forests as a water resource and natural environments with abundant water. While forests account for most of Japan's total land area, some forests have been devastated by poor management.

Given this challenging situation, Asahi Breweries started a water resource conservation program at the Shikoku Brewery in June 2004 as one of our efforts to grow forestland rich in water. In the program, we plant, prune and improve cutting in collaboration with citizens' groups, NPOs and NGOs in the local community where the brewery is located. Through these programs, we are not only involved in resource conservation activities after receiving water but we also carry out activities before receiving water to grow forests as a water resource and raise employee awareness.



We plan to conduct water resource conservation programs in all of our breweries in 2006. We will also encourage Group companies such as Asahi Soft Drinks Co., Ltd. and The Nikka Whisky Distilling Co., Ltd. to join these programs. Furthermore, we will encourage the involvement of employees' families and the general public in addition to brewery employees and people in the community.

Promoting Activities to Grow Mixed Forests

In 2005, the Asahi Beer Nagoya Brewery initiated a program for planting and cutting hardwood, such as quercus serrata and sawtooth oak, and constructing forest roads for these trees in the forestland (a water resource) in Kani-gun, Gifu Prefecture. It is widely known that we can improve the ecosystem by growing mixed forests of softwood and hardwood trees.

In implementing these programs, we collaborate with NPOs in the community, including the *Donguri-no-kai*, an organization that promotes the growing of hardwood trees through activities such as planting acorn trees, and the *Shinrin Takumi Juku* (forest master school), which offers carpentry lessons to raise awareness of the value of forests. In April 2006, we carried out the second round of these programs with 20 attendants from NPOs and 20 brewery employees.



Before our program



After our program

Message from a Key Person

One of the main operations assigned to the Social & Environmental Management Department is to provide backup support for environmental conservation activities conducted at each brewery. For instance, we try to ensure water resource conservation activities tasks are not being just another job by proposing enjoyable content and presentation methods such as nature observation workshops, games associated with nature and inviting forestry instructors to deliver easy-to-understand lectures on the benefits of forests.

Naturally, each brewery and citizens' group in the community plays a central role in carrying out these activities. Thus, in addition to making suggestions, we strive to maintain communications with people in the community before, during, and after events so that activities uniquely contribute to the community.

Activities to conserve forests go beyond simple forestation and maintenance of the environment. Follow-up is essential so that forests grow into woodlands embracing the richness of nature. To continue our programs over the long term, we want to develop a network of community residents and cultivate our relationship with them to encourage Asahi Breweries and the community to demonstrate their creativity.



The Social & Environmental Management Department
Asahi Breweries, Ltd.

Satoshi Akiba

Basic Environmental Principles

Asahi Breweries' *Guidelines for Corporate Activity*, established in January 1998, clearly state our responsibility for safety and the environment. Based on these guidelines, we established our *Basic Environmental Principles* in January 2000. These principles define the Group's environmental concepts and policies and set forth action guidelines related to environmental conservation for all employees.

Basic Environmental Principles

Basic Philosophy

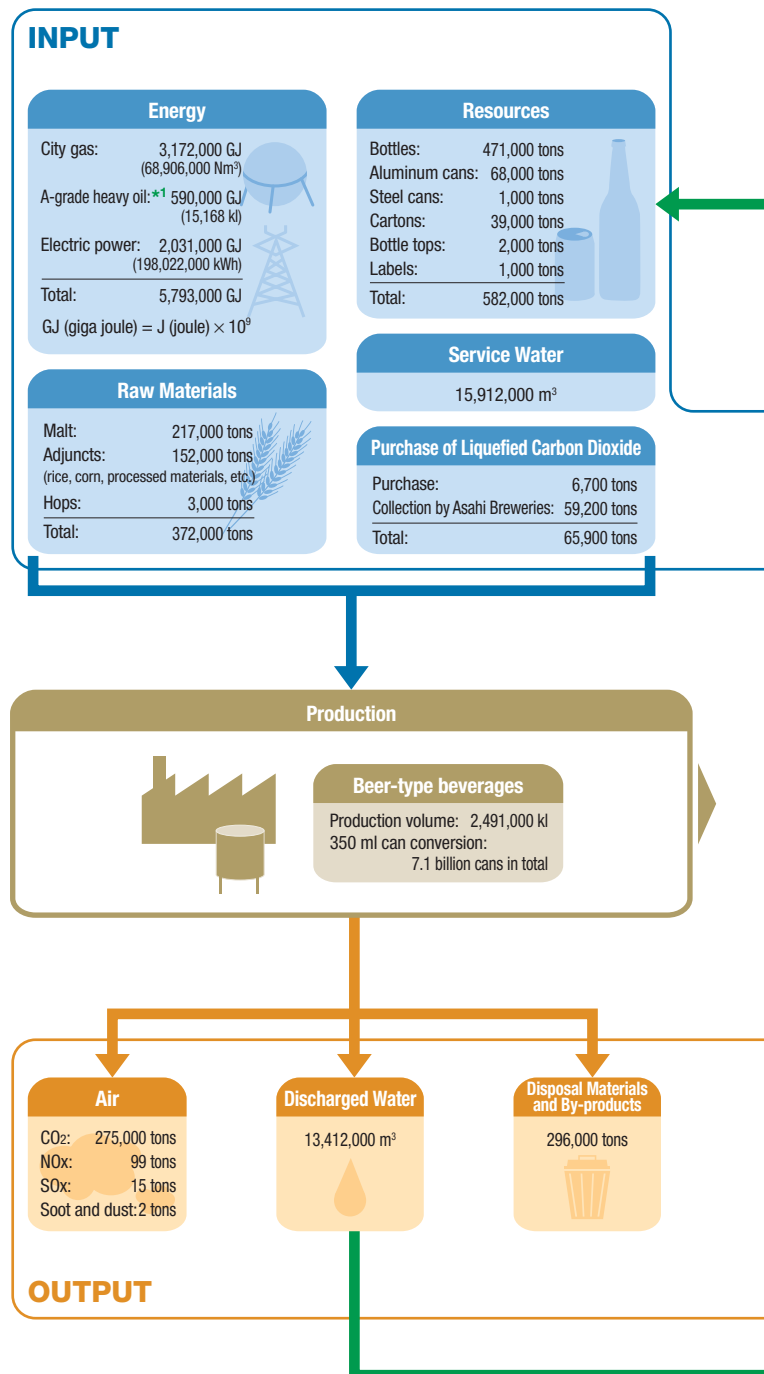
Beer is made from the bounties of nature, such as water, barley, and hops. At the Asahi Breweries Group, we believe it is our responsibility to enable our children to inherit a healthier planet. To achieve our goals of protecting this beautiful planet and the people who live on it, we believe our actions must demonstrate our gratitude for the natural bounty the Earth provides us all.

Guidelines for Action

- (1) Strive to promote waste reduction and recycling to reduce the use of natural resources and to conserve energy.
- (2) Endeavor to reduce the output and usage of substances that burden the environment, such as CO₂ and CFCs.
- (3) Promote systems and practices that conserve water, the most precious resource for the Asahi Breweries Group.
- (4) Be aware of environmental concerns in product development, in the development of technologies, and in procurement.
- (5) Contribute to society by actively supporting environmental protection activities and encouraging employees to participate as well.
- (6) In addition to carefully observing all environmental laws and regulations, each affiliated company will develop its own environmental standards.
- (7) Outside Japan, be aware of local environmental concerns and actively work to promote environmental protection in each country where the Group operates.
- (8) Strive to communicate openly with society by providing appropriate information on our environmental systems and practices.

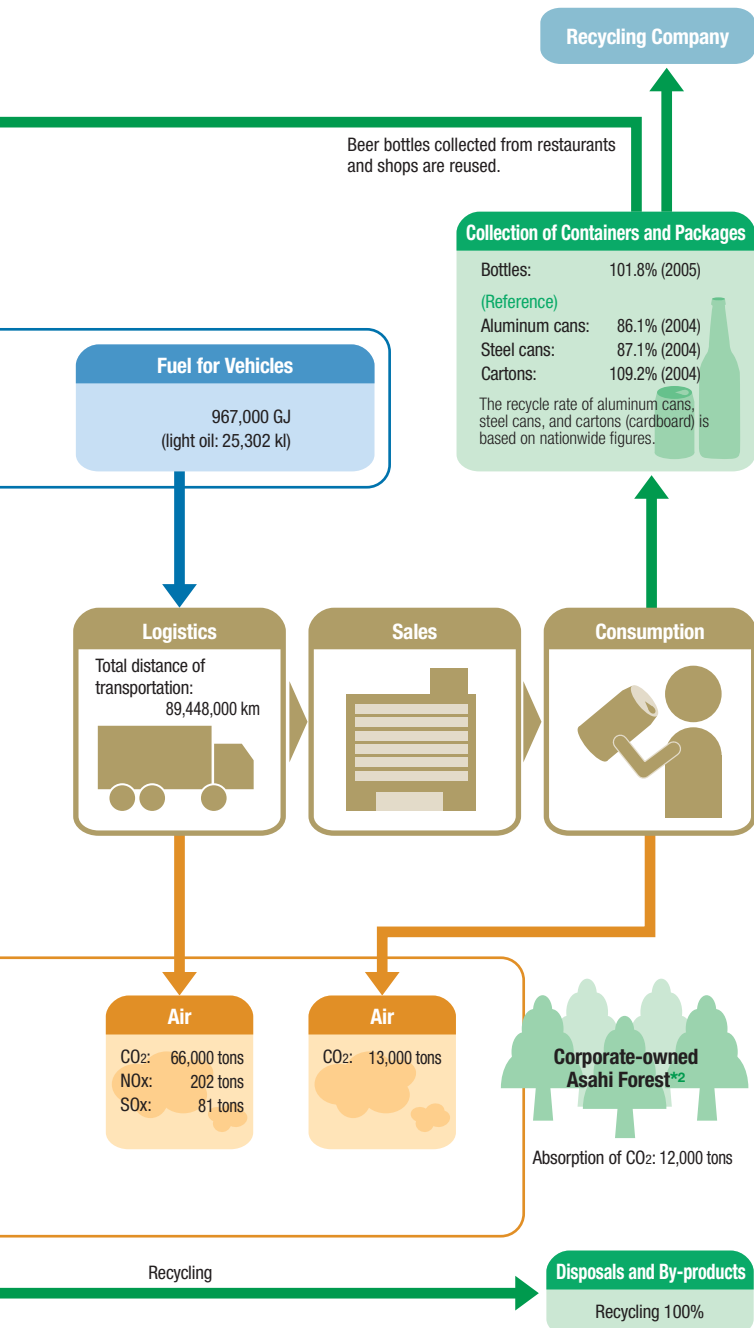
Environmental Impact of Business Activities

Asahi Breweries collects and analyzes data on the use of resources and energy as well as the environmental burden generated at each stage, from raw materials and resources, manufacturing and logistics, to customer consumption and disposal of goods. This enables us to



accurately determine the total environmental burden generated by business activities and take necessary actions to reduce it.

We already recycle 100% of the waste materials and by-products generated in the manufacturing of beer. We will continue our efforts to reduce CO₂ emissions generated by energy consumption, effectively use water resources, and collect reusable resources.



Integrated Environmental Burden Index, AGE

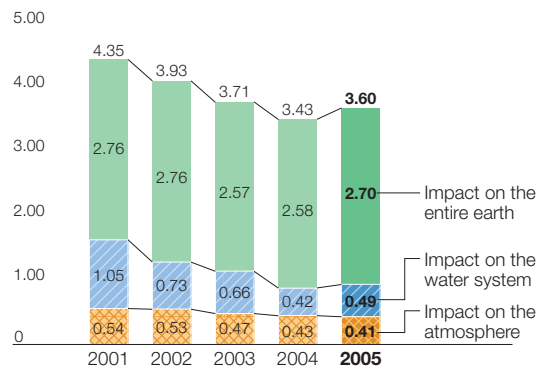
The company introduced Asahi Breweries' Integrated Environmental Burden Index, AGE (Asahi's Guideline for Ecology) in 2000 to objectively quantify and determine the environmental burden of corporate activities. AGE quantifies the environmental burden of a product throughout its lifecycle as accurately as possible, from the supply of raw materials, to the production and transportation of the product, up to the consumption, disposal and recycling of the empty container by customers.

AGE in 2005 increased by 0.17 to 3.60 due to slight increases in "impact on the entire earth" including global warming and "impact on the water system." Comparing this figure with 2003 and earlier, we have maintained a stable, low level of environmental burden. The main reason for an increase in the figures related to global warming is more frequent transporting of products among regions due to a surge in new product sales.*

* While products are usually manufactured at our plants nationwide, new products are manufactured at a limited number of plants, resulting in more frequent transportation among regions over longer distances.

► For further information on AGE, please refer to the following Web site.
http://www.asahibeer.co.jp/csr/eco/eco_08.html
(In Japanese)

Changes in the AGE Index



*1 A-grade heavy oil

The sulfur content of A-grade heavy oil is less than or equal to 2% and burning this oil generates less sulfur oxide than other grades of heavy oil.

*2 Corporate-owned Asahi Forest

The Asahi Forest, located in Shobara City, Hiroshima Prefecture and neighboring areas, absorbs 12,000 tons of CO₂ every year.

* Scope: All breweries of Asahi Breweries, Ltd.

Asahi Breweries Group Medium-term Environmental Management Plan

The Asahi Breweries Group achieved the goals of its First Medium-term Environmental Management Plan, launched in 2001, one year ahead of the 2004 target date. Therefore, we have established and are already proceeding to implement actions for a Second Medium-term Environmental Management Plan with goals for the

period 2004 to 2006.

The final year of the Second Medium-term Environmental Management Plan is 2006. Therefore, we will establish a third plan.

Major Points of Second Medium-term Environmental Management Plan

- We set specific goals through the Asahi Breweries Group.
- In response to the enforcement of the Kyoto Protocol, we changed CO₂ emissions goals from basic units to the total amount of emissions.

Group Medium-term Environmental Management Plan and Status (2004–2006)

| Key Issue | Scope | | | Targets in Medium-term Management Plan (2006) | 2004 (Results) | 2005 (Results) |
|---|--------------------------------|---------------------|--------------------|--|--|---|
| | Non-consolidated | Major 6 companies*1 | All 11 companies*2 | | | |
| I. Reduction in greenhouse gas emissions*3, *4 | | | ● | <ul style="list-style-type: none"> • Total CO₂ emissions: 375,329 tons/year (+9% compared to 1990) Reference: 2008 Goals • Total CO₂ emissions (all 11 companies): 344,979 tons/year (±0% compared to 1990) * We set a 2008 goal only for CO₂ emissions | <ul style="list-style-type: none"> • Total CO₂ emissions: 419,486 tons/year (+22% compared to 1990) Reference: • CO₂ emissions per sales volume: 293 kg/one million yen | <ul style="list-style-type: none"> • Total CO₂ emissions: 381,605 tons/year (+11% compared to 1990) Reference: • -37,881 tons compared to 2004 (-9%) • CO₂ emissions per sales volume: 274 kg/one million yen (-6.5%) |
| | II. Promotion of energy-saving | | | | | |
| 1) Reduction in fuel and electricity unit consumption | | | ● | <ul style="list-style-type: none"> • Total amount of energy consumption to achieve the above goal for total CO₂ emissions | <ul style="list-style-type: none"> • Total amount of energy consumption: 8,537,000 GJ/year Reference: • Total amount of energy consumption/sales: 5.83 GJ/one million yen | <ul style="list-style-type: none"> • Total amount of energy consumption: 7,908,000 GJ/year (-6% compared to 2004) Reference: • Energy consumption/sales: 5.68 GJ/one million yen (-2.6% compared to 2004) |
| 2) Reduction in unit water consumption | | ● | | <ul style="list-style-type: none"> • Total consumption: 23,230,000 m³/year (+15% compared to 1990) Reference: 1990 results: 20,248,000 m³/year | <ul style="list-style-type: none"> • Total consumption: 21,550,000 m³/year (+6% compared to 1990) Reference: • Total consumption per sales volume: 15.27 m³/one million yen | <ul style="list-style-type: none"> • Total consumption: 20,988,000 m³/year (+4% compared to 1990) Reference: • Total consumption per sales volume: 15.33 m³/one million yen (+0.4% compared to 2004) |
| III. Promotion of waste recycling | | | ● | <ul style="list-style-type: none"> • Achieve 100% recycling rate of wastes and by-products in all Group manufacturing sites *28 sites excluding two LB Ltd., new Group companies | Manufacturing sites: <ul style="list-style-type: none"> • 23 sites out of 28 sites achieved the goal (82%) | Manufacturing sites: <ul style="list-style-type: none"> • 25 sites out of 28 sites achieved the goal (89%) • The sites which newly achieved the goal: Asahi-Kyowa Liquor Manufacturing Co., Ltd. (presently The Nikka Whisky Distilling Co., Ltd.) Moji Plant, Asahi Food & Healthcare, Ltd. Osaka Plant |
| | | ● | | <ul style="list-style-type: none"> • Increase the number of sales offices which achieved 100% recycling rate ⇒ Achieved more than half of targeted units | Sales offices: <ul style="list-style-type: none"> • Review of a plan to achieve 100% recycling rate | Sales offices: <ul style="list-style-type: none"> • 5 sales offices achieved the goal |
| IV. Promotion of introduction of an environmental management system | | | ● | <ul style="list-style-type: none"> • All Group's manufacturing sites introduced an environmental management system such as ISO 14001 and ES21 | Manufacturing sites: <ul style="list-style-type: none"> • 20 out of 30 sites achieved the goal (67%) | Manufacturing sites: <ul style="list-style-type: none"> • 21 out of 30 sites achieved the goal (70%) • Site which newly achieved the goal: Asahi Beer Malt, Ltd. Yasu Plant |
| | | ● | | <ul style="list-style-type: none"> • Introduce Asahi Way, Asahi Breweries' unique, simple environmental management system, in all sales offices | <ul style="list-style-type: none"> • Introduced Asahi Way in all sales offices | <ul style="list-style-type: none"> • Maintain and promote Asahi Way |

***1 Major Group manufacturing companies:**

Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., The Nikka Whisky Distilling Co., Ltd., Asahi Food & Healthcare Ltd., Asahi Beer Malt, Ltd., Asahi-Kyowa Liquor Manufacturing Co., Ltd.
 (Asahi-Kyowa Liquor Manufacturing Co., Ltd. merged with The Nikka Whisky Distilling Co., Ltd. in January 2006)

***2 All Group manufacturing companies (11 companies):**

In addition to the above companies, Sainte Neige Wine Co., Ltd., Nippon Freeze Drying Co., Ltd., Satsumatsukasa Shuzo Co., Ltd. and LB Ltd. (two) (All functions of Asahi Beer Winery, Ltd. were transferred to Sainte Neige Wine Co., Ltd. in September 2005)

***3 Formula for converting fuel into CO₂ emissions**

Add CO₂ emissions (ton) = purchase volume of various fuels (GJ) x CO₂ emission factor (ton CO₂/GJ)
 (For CO₂ emission factor, we use values stated in "Guideline for Method to Calculate Greenhouse Gas Emissions Generated at Businesses" published on July 2003 by the Ministry of the Environment, Global Environment Bureau)

***4 Formula for converting electricity into CO₂ emissions**

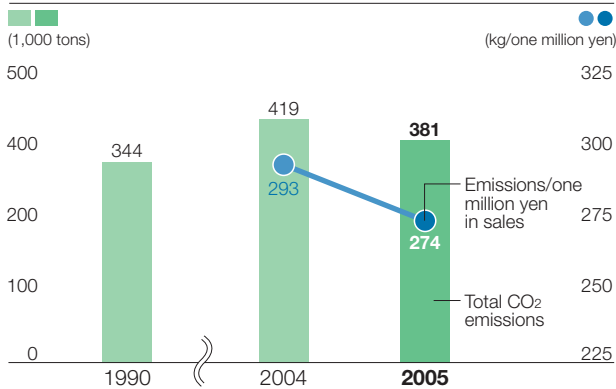
CO₂ emissions (tons) = electricity purchased (kwh) x CO₂ emission factor (kg CO₂/kwh)
 (For the CO₂ emission factor, we use the latest value issued by the Federation of Electric Power Companies: 0.421 kg CO₂/kwh for 2004)

Data of Other Environmental Burdens (Consolidated Basis)

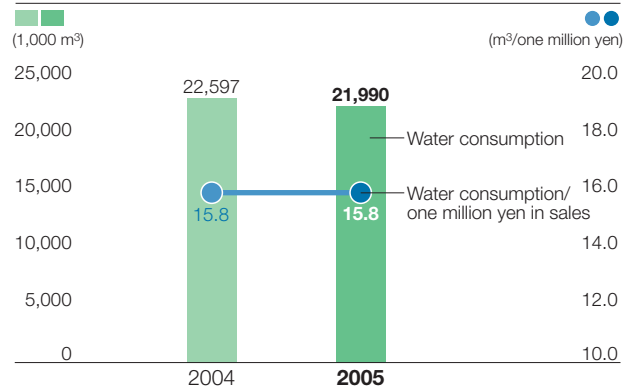
| Key Issue | Company | | | Result (2004) | Result (2005) |
|---------------------------------|------------------|-------------------|------------------|--|--|
| | Non-consolidated | Major 6 companies | All 11 companies | | |
| Waste and by-products | | ● | | <ul style="list-style-type: none"> Volume generated: 340,647 tons Volume recycled: 340,587 tons Recycling ratio: 99.98% | <ul style="list-style-type: none"> Volume generated: 327,668 tons (down 12,979 tons compared to 2004) Volume recycled: 327,668 tons Recycling ratio: 99.99% |
| Emissions into the atmosphere | | ● | | <ul style="list-style-type: none"> NOx emissions: 157 tons SOx emissions: 57 tons | <ul style="list-style-type: none"> NOx emissions: 128 tons (-18% compared to 2004) SOx emissions: 25 tons (-56% compared to 2004) |
| Emissions into the water system | | ● | | <ul style="list-style-type: none"> Volume of wastewater discharged: 17,849,000 m³ | <ul style="list-style-type: none"> Volume of wastewater discharged: 17,053,000 m³ (-4% compared to 2004) |

Group Performance Data (Consolidated Basis)

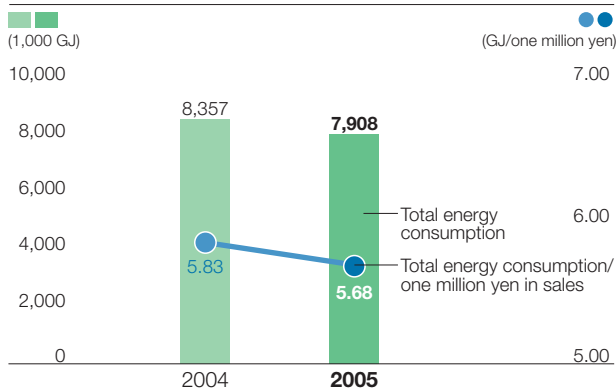
CO₂ Emissions and CO₂ Emissions per Sales Volume (All 11 companies)



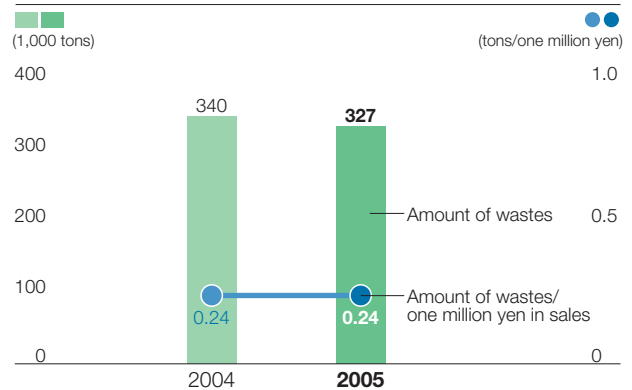
Water Consumption and Water Consumption per Sales Volume (All 11 companies)



Energy Consumption and Energy Consumption per Sales Volume (All 11 companies)



Amount of Wastes and Amount of Wastes per Sales Volume (Major six companies)



Prevention of Global Warming

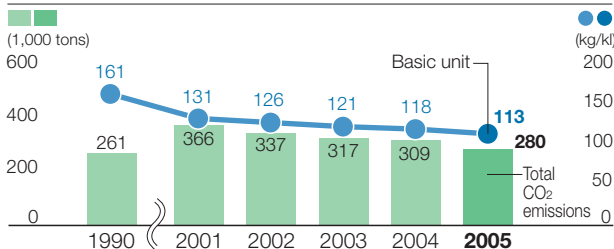
Energy Conservation and Reduction of CO₂ Emissions

The goal of Asahi Breweries is to reduce total CO₂ emissions by 10% compared to 1990 levels by 2008.

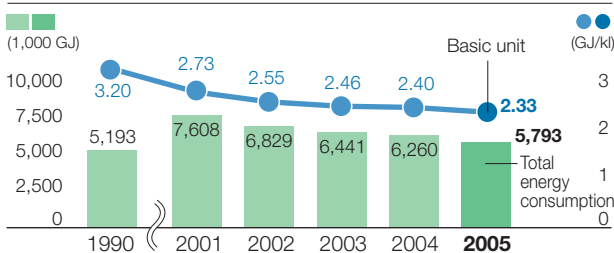
Our CO₂ emissions are generated by electricity usage and boiler firing or during the brewing, bottling, canning, and barreling processes. To achieve our 10% reduction goal, we place the highest priority on reducing CO₂ emission, and are therefore introducing co-generation systems, energy conserving facilities, fuel conservation, and CO₂ recycling systems.

As a result, total energy consumption and the energy consumption unit in 2005 declined compared to the previous year. Total CO₂ emissions and the CO₂ emission unit in 2005 also dropped compared to the previous year.

CO₂ Emissions



Energy Consumption



Introducing Energy Conservation Facilities

In 2005, we implemented various energy-saving measures, including the introduction of co-generation systems in the Hakata Brewery and a low-concentration anaerobic wastewater processing system in the Ibaraki Brewery and the expansion of a CO₂ collection facility.

In 2006, we will implement energy conservation measures such as a wider use of heat generated in the brewing and cooling process of beer manufacturing.

In addition, we will convert fuel consumed in all breweries from heavy oil to natural gas by 2008. Seven of the company's nine breweries have completed this conversion.



Co-generation systems

Recycling of CO₂

In all nine breweries of Asahi Breweries, we collect CO₂ generated in the brewing process and store it in tanks. We recycle this CO₂ in the brewing, bottling, canning, barreling and other processes.



CO₂ storage tank

Improving Logistics Efficiency

We focus on reducing the total travel distance for deliveries and higher fuel efficiency in Group logistic companies as major steps for improving efficiency in logistics operations.

As concrete measures for reducing travel distance, we strive to improve transport efficiency by integrating logistic sites, promoting direct delivery from the brewery to customers, and reducing the frequency of moving products from one logistics site to another. In addition, at Group logistics companies, we take steps to reduce CO₂ emissions during transport, such as measures to improve fuel efficiency through the most appropriate use of accelerators and an idling stop function for drivers.

The total travel distance increased from 85,774,000 km in 2004 to 89,448,000 km in 2005 due to an increase in transport volume for products between area blocks as a result of the launch of new mainstay products. As a result, total CO₂ emissions in 2005 rose 6% compared with the previous year to about 66,000 tons.

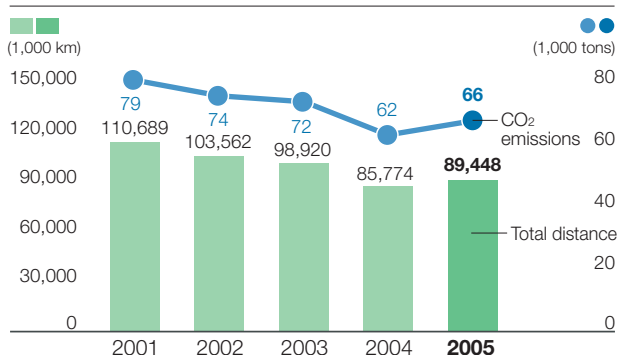
In 2006, we will actively work to comply with the Amended Energy Conservation Law* and continue efforts for reducing CO₂ emissions through various measures, including the review of transport methods in collaboration with Group logistics companies.

* Amended Energy Conservation Law (Law Concerning the Rational Use of Energy)

In light of the enforcement of the Kyoto Protocol for preventing global warming, the Law intends to promote necessary measures to reduce energy consumption in the transport industry, where fuel consumption has been substantially increasing. The Amendment was promulgated in August 2005 and went into effect in April 2006.

Transportation Distance and CO₂ Emissions

(Scope: transportation of beer-type beverages)



Conserving Water Resources

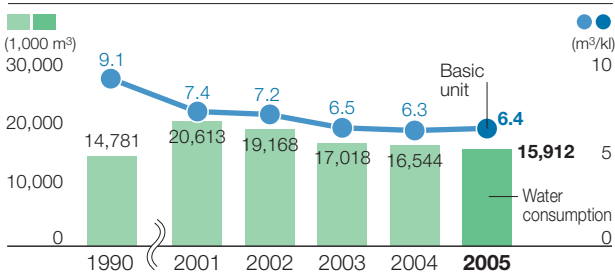
Reducing Water Consumption

Asahi Breweries is committed to reducing water consumption for cleaning and sterilizing tanks and pipes in plants. The Second Medium-term Environmental Management Plan calls for reducing unit consumption of water by 32% from 1990 levels by fiscal 2006.

In 2005, water consumption declined by 4% compared to the previous year. However, unit consumption of water remained at the same level as the previous year due to an increase in the inventory of semi-products.

We have been working at each brewery to shorten cleaning time and promote the secondary use of water for the final rinsing process. These efforts have contributed to annual reductions in water consumption.

Water Consumption



Quality Control of Discharged Water

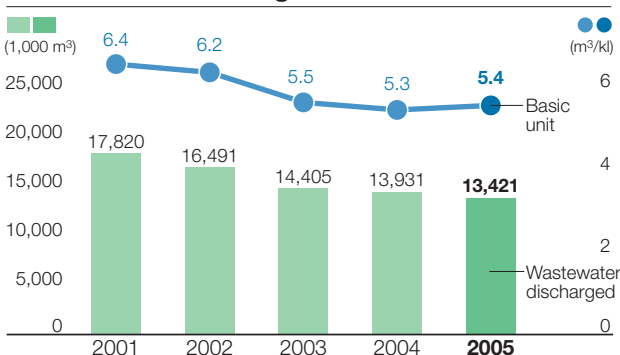
Asahi Breweries discharges wastewater generated during the production of beer-type beverages into sewer systems and rivers after purification using such equipment as anaerobic wastewater processing systems within the brewery.

Several breweries are able to purify wastewater to a quality approaching that of tap water by using ozone and activated charcoal treatment in addition to conventional methods.



Anaerobic wastewater processing system

Wastewater Discharged



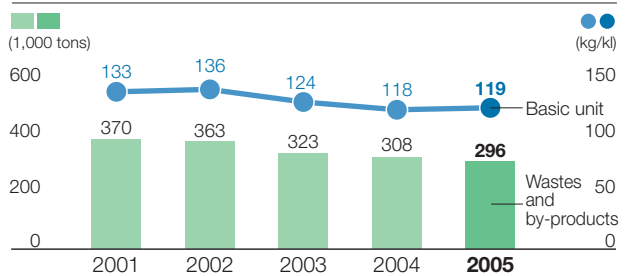
Waste Reduction

Reusing Resources

Approximately 300,000 tons of wastes and by-products are generated each year by the manufacturing plants of Asahi Breweries, and since 1998, 100% of these wastes and by-products have been recycled instead of being taken to landfills.

The entire Asahi Breweries Group plans to achieve 100% recycling of all waste at all production sites by 2006.

Basic Unit of Wastes and By-products

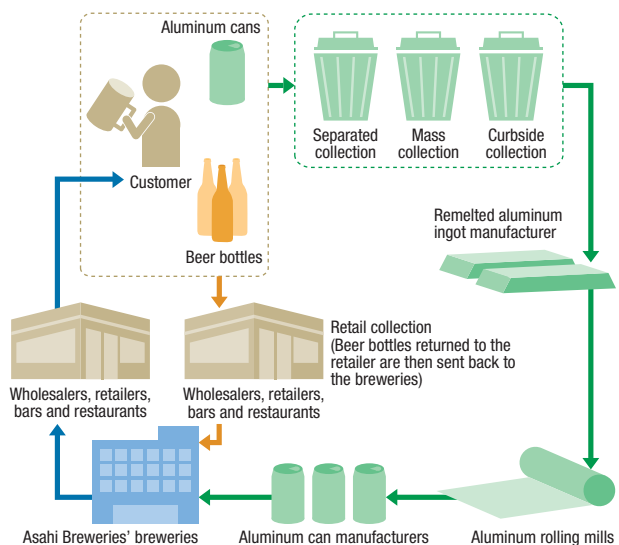


Reuse and Recycling of Containers

Nearly 100% of beer bottles are returned to breweries for recycling after the contents have been consumed. The recycle ratio of aluminum cans is extremely high given the public promotion of recycling. Consequently, these containers are uniquely contributing to the formation of a recycling society.

In designing new containers, we promote the use of materials with a low environmental burden and support advanced recycling systems.

Reusing and Recycling of Beer Bottles and Aluminum Cans



Environmental Management System

The Asahi Breweries Group has organized an Environmental Committee. The committee established the Medium-term Group Environmental Management Plan and monitors the plan's progress and status.

Policies and plans formulated by the Environmental Committee are approved by the Management Strategy Meeting and the Management Meeting and then shared with the headquarters, breweries, and each affiliated company by the Social & Environmental Management Department, the operational agent of the Environmental Committee, and the Group Environmental Committee.

All Group members are striving to achieve the targets set by the Second Group Environmental Management Plan for 2004 through 2006.

Actions Taken by Each Brewery

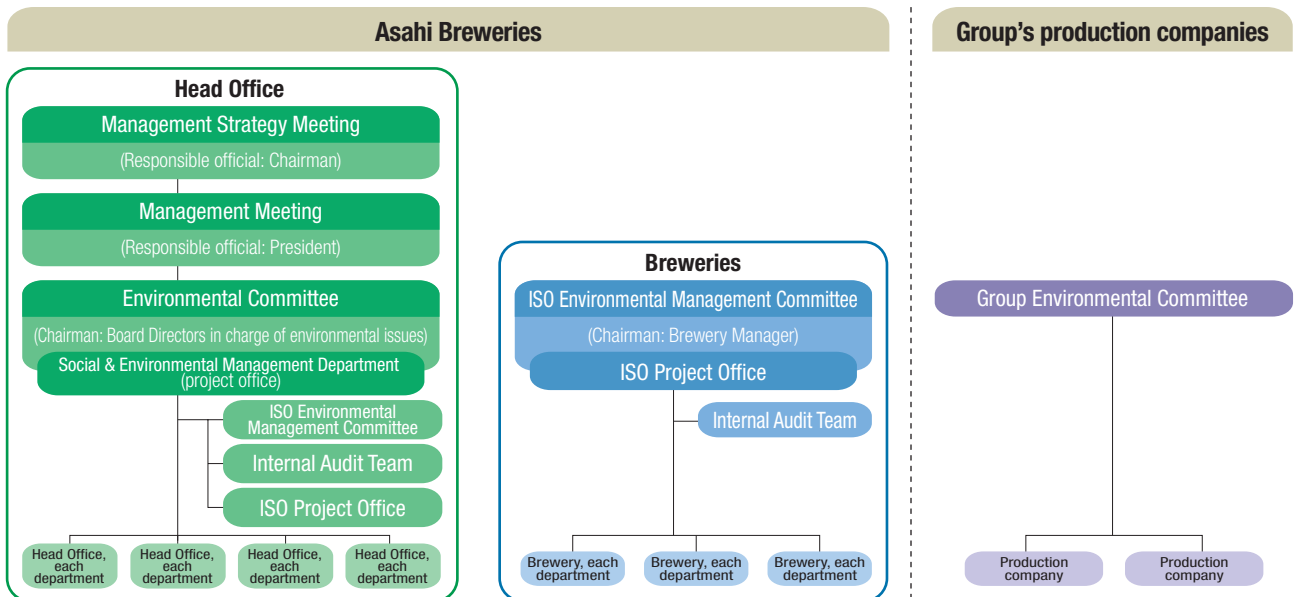
Each brewery has an ISO Environmental Management Committee which promotes environmental activities based on the Medium-term Environmental Management Plan of the Asahi Breweries Group, the annual plan, and the ISO 14001 Environmental Management Program.

We not only promote the individual activities of each brewery but enhance activities at the group level such as sharing best practices across the Group.

Follow-up and Evaluation of Accomplishments and Status

Each quarter, the ISO Project Office of the head office and at each brewery identifies and analyzes the accomplishments and status of these environmental activities. Results are reported to the Head Office Environmental Committee and to each brewery's ISO Environmental Management Committee as the basis for developing the coming year's plan.

Environmental Management System



Certification

The Asahi Breweries Group plans to have every production site nationwide acquire either ISO 14001 or Eco Action 21 certification* by the end of 2006.

In addition, all sales units of Asahi Breweries introduced Asahi Way in May 2004. Asahi Way manages the environmental protection activities of each site, including measurable targets and progress, and promotes activities

to reduce the environmental burden in accordance with each activity.

Asahi Way will be introduced into the sales units of affiliated companies.

* Eco Action 21 certification (EA21):

A certification and registry system to provide companies, schools and public institutions with a method for establishing, managing, evaluating, and reporting the effectiveness of activities to protect the environment. The Ministry of the Environment supports the dissemination of the system.

Environmental Audit

The Asahi Breweries Group conducts external certification audits based on ISO 14001 standards. Periodic internal environmental audits are also conducted by internal audit teams in each business unit.

Apart from these audits, internal environmental audit teams of the head office conduct the Head Office Environmental Audit every other year to confirm that the environmental activities of each business unit and factory are proceeding satisfactorily.

Environmental Education Programs

Environmental Events at Manufacturing Sites

Each manufacturing site of the Asahi Breweries Group communicates with its local community through various environmental education programs.

At the Kanagawa Brewery, we invite elementary school students in the community to help release firefly larvae and then enjoy viewing the adult fireflies from the beer restaurant in the Brewery. In addition, at nine beer breweries, we provide local residents with opportunities to learn about environmental issues by hosting Visiting Tours for Parents and their Children as an environmental education program during the summer holiday season. In 2005, about 16,000 people (parents and their children) attended the program.



Releasing firefly larvae at the Kanagawa Brewery

Environmental Culture Seminars

In autumn 2002, Asahi Breweries started to hold Asahi Beer Environmental Culture Seminars with guest lecturers as one of our environmental communication activities. We have held 24 seminars under the concept of water and forests, which is closely related to our business. A total of 4,000 people participated in the seminars.

We adopted a new message in 2006, "Strengthen the Connections of People, the Future, and the Environment." This message represents our aspiration to respect the various connections we are losing such as the relationships between parents and children, relationships with neighbors, and relationships with nature. The seminars provide many people with opportunities to realize their relationships with the environment.



Web Site Reference

www.asahibeer.co.jp/csr/ (In Japanese)

More detailed information is available on the Web site.

► For the Global Environment

Environmental Management

- Basic Environmental Principles
- Implementation System
- Certification (acquisition of ISO 14001 and EA21 certifications)
- Environmental education
- Compliance with laws related to the environment
- Eco Point Calculation Standard (guideline for assessing environmental consideration level) for sales promotion materials
- Environmental accounting
- Asahi Breweries' integrated environmental burden index, AGE (relations between environmental investment and AGE; Calculation formula of AGE)

Environmental Education Programs

- Environmental events at manufacturing sites
- Water resources conservation activities
- Minerva's Forest

Medium-term Environmental Management Plan

Environmental Targets and Results for Group Companies

- Asahi Breweries, Ltd.
- Asahi Soft Drinks Co., Ltd.
- The Nikka Whisky Distilling Co., Ltd.
- Asahi Food & Healthcare Ltd.
- Asahi Beer Malt, Ltd.
- Consolidated data on environmental burdens for six main Group manufacturing companies
- Four new companies
- Logistics companies
- Data on environmental burden for logistics companies

Material Balance (Environmental Impact of Business Activities)

Prevention of Global Warming

- Reducing CO₂ emissions
- Introducing energy conservation facilities
- Recycling of CO₂
- Improving logistics efficiency
- Other measures to prevent global warming

Conserving Water Resources

- Reducing water consumption
- Reducing wastewater discharged
- Other activities for conserving water resources

Waste Reduction

- Reducing amount of wastes (breakdown of amount of wastes and by-products, etc.)
- Reducing raw material consumption
- Recycling of resources (achieving 100% recycling)
- Reuse and recycling of containers
- Other activities
- Achieving 100% recycling at the Head Office

Other Measures for Reducing Environmental Burdens

(SO_x, NO_x, soot and dust emissions; measures to prevent soil contamination, control of hazardous chemical substances)

Green Procurement

(Green procurement guideline; purchase ratio of green products)

Corporate-Owned Asahi Forest

- Shobara Forestry
- FSC Certification

Eco Exploration Game

Asahi Beer Environmental Culture Seminars

Eco Life Proposals

Response to Third-Party Opinions on Asahi Breweries Group CSR Report 2005

| | Third-Party Opinion on Asahi Breweries Group CSR Report 2005 | Asahi Breweries' Response |
|--|--|---|
| CSR management | What stakeholders want to see most is action and results. I expect Asahi Breweries to more clearly convey the process by explaining objectives, actions, self-evaluation, and improvements in the next actions, for each priority task. | Asahi Breweries will more clearly explain the process while further improving its methods for communicating with stakeholders. |
| | I would expect Asahi Breweries to calculate the balance and cost-benefit performance of CSR activities and to report the relationship between business operations and CSR activities. I would like to see the company integrate CSR activities with business more tightly. | We will consider this as a future issue. |
| Reduction of CO₂ emissions | I believe the goal of reducing total CO ₂ emissions by 10% from 1990 levels by 2008 will lead the way for government and other companies. Redefining the goal of reducing CO ₂ emissions from basic units to total volume is a major step. I hope Asahi Breweries will more clearly express the significant nature of the company's commitment as a model for other companies to follow. I also recommend sharing the real story in greater depth, such as the difficulties and challenges associated with current efforts, with an overview of the road map and progress toward achieving a 10% reduction, as well as issues and specific plans for achieving the goal. | Targets in the Group's Medium-term Environmental Plan are set for expanding the focus beyond Asahi Breweries Ltd. to the entire Group. We will further improve coordination with Group companies to implement reduction measures while striving to appropriately disclose information. |
| Efforts on water issues | It goes without saying that water is important for a brewing and beverage company. I applaud the efforts to steadily reduce the use of water and conserve water resources. I suggest considering the adoption of the 5–6 m ³ /kl benchmark announced by the UN Environmental Programme. | In 2005, our basic unit of water usage was 6.4 m ³ /kl, which does not yet attain the UNEP benchmark of less than 6 m ³ /kl. We will work to accomplish the target in our Medium-term Plan (6.2 m ³ /kl in 2006) and further improve while ensuring quality. |
| | Problems are not bound by time and place. Please consider future generations and other living things, and extend activities beyond the Group, the supply chain, and overseas stakeholders to the world. Clearly demonstrate company attitudes toward water issues as global concerns, including virtual water (the indirect consumption of water by agriculture and manufacturing processes). | We recognize that water is an irreplaceable resource for the products of the Asahi Breweries Group and vigorous efforts to address water issues are essential. We will continue to focus on this concern. |
| Status of women | The CSR report did not provide any information on the employment of women or the promotion of women into management positions. The report only discusses considerations for maternity leave, childcare, and nursing care. I want to know whether employees actually use the system as well as how the company identifies issues and sets directions and policies. | We added more detailed descriptions on our efforts related to maternity leave, childcare and other family care in the 2006 report. We disclose data on the status of women on our Web site. Asahi Breweries promotes its employees regardless of gender. As of the end of 2005, 6.2% of our female employees are in managerial positions. |
| Promotion of communication | You should strengthen the reporting of positive feedback, including successful CS (customer satisfaction) and R (relations) cycles, and networking with citizens and NGOs in order to produce changes with favorable effects. The multiplier effect among different areas is also important. When employees become more involved in contributing to communities and environmental activities, their consciousness and morale as well as corporate culture improve. | We continue to focus on fulfilling our corporate social responsibility and to enhance corporate value through vigorous discussions with stakeholders to ensure their satisfaction. |

Third-Party Opinion



Eiichiro Adachi
Senior Researcher,
The Japan Research Institute, Limited

As someone who provides corporate information for socially responsible investing, I offer my opinion on the CSR (Corporate Social Responsibility) activities of the Asahi Breweries Group and its approach to disclosing information as I understand them from this report.

- Increasing shipment volume and gaining more market share have weighed heavily in the competitive strategies of the alcoholic beverage business, especially for beer-type beverages. A strong focus on sales promotions and advertisement activities, while launching a series of new brands has been a sure formula for success. I am concerned, however, that an expanding gap between this strategy and reality, in light of a declining domestic population, may expose risks related to CSR. I would like to hear your view on the relationship between your competitive strategy or marketing strategy and CSR.
- Your definition of CSR: CS (Customer Satisfaction) + R (Relations) is clear. I understand that this shows your commitment to listening to various stakeholders just as you listen to customers, but I believe you still need to concretely clarify what you mean by “stakeholders” and what expectations they may have. You may need to specifically report the content of opinions you received and your efforts in response to them. Examples would

be how to work together with old liquor shops in community shopping areas for mutual harmony and benefit, what you can do to fulfill your responsibility, if any, for those who are involved in fatal traffic accidents associated with drunk driving, representing more than 700 incidents annually.

- I also expect you to encourage your stakeholders to exercise more mature judgment and behavior by explaining your views on even relatively naive questions, such as “Which places less burden on the environment, bottled or canned beer?”
- Your annual report for the 82nd term identifies food safety, environmental risks and so on as business risks. You can follow this example in your CSR report by specifying risks and providing a focused description of the actual status and remaining issues for reducing risks for the sake of multilevel information disclosure.
- You are expanding your beverage, food and pharmaceutical business lines. Even if your approach of CSR = CS (Customer Satisfaction) + R (Relations) is common to all of these businesses, concrete efforts may be somewhat diverse depending on the specific business field. For example, I believe CSR associated with pharmaceuticals and food for infants is different than CSR related to the alcoholic beverages business and that the former offers more new business opportunities from a CSR perspective than other businesses do. I request that you report examples from your subsidiaries and affiliated companies on unique CSR aspects related to individual lines of business.
- In the last year’s CSR report, you stated you had introduced a new business deal system (open pricing) in which you do not suggest a retail

price for beer and happoshu and instead leave it up to retailers. It is disappointing that there is no mention of what benefits this has offered to every stakeholder based on a track record of more than one year. I hope you value the approach of verifying outcomes and improvements while reinforcing your commitment to actively disclose results.

- I read the feature article on the biomass ethanol project with great interest. Please follow up with regular reports on the progress of the Engineering & Technology Development Laboratory, whose mission is to pursue research focusing on the environment. In addition, I request that you expand the scope of the report and provide information on the technological components of your subsidiaries and affiliated companies that can contribute to innovations that address social issues as well as business innovations.

This opinion does not express any judgment on whether or not the creation of this report is based on correct measurements and calculations in accordance with generally accepted standards for preparing environmental reports or that it covers all important items.

Profile

Mr. Adachi provides financial institutions with corporate information for socially responsible investing. He specializes in industrial research and the valuation of firms from the perspective of environmental management and CSR. He is a member of the Working Group of the Socially Responsible Management Promotion Committee, Japan Association of Corporate Executives ('02-'04), and serves as an expert for the Working Group on Social Responsibility, ISO/TMB (current). He has co-authored books, including *CSR Management and SRI*, and *Introduction to SRI: Socially Responsible Investing*.

Editor's Note

In addition to printed reports (*Asahi Breweries Group CSR Report*), the Asahi Breweries Group has been using its Web site to disclose information on its CSR activities including greater detail and more exhaustive information that cannot be incorporated into the printed report due to space limitations.

While adhering to this approach in the 2006 edition, we extensively reviewed the site design to allow for a more systematic review of information on the Web site. As for the printed report, we reviewed our editorial policy to focus on issues related to the Asahi Breweries Group's CSR and information of interest to the public as well as efforts that achieved progress in 2005.

Under this policy, the *Asahi Breweries Group CSR Report 2006* reports from various perspectives on new efforts and results based

on “R (Relations) = Exchange, Dialogue.” Furthermore, in the “Special Feature: Asahi Breweries Takes on a New Challenge, Biomass Ethanol Project,” we described a project that experienced significant progress based on the researcher's enthusiasm to contribute to the environment through technology with the support and cooperation of many people.

We hope these descriptions will help you more clearly understand the Asahi Breweries Group's approach and activities and look forward to receiving your honest opinions.

Asahi Breweries Ltd.
CSR Committee

Asahi

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Consumption of alcohol by persons under 20 years of age is prohibited by Japanese law. Please drink responsibly. Please recycle cans. 