



June 30, 2023

# Sustainability Briefing for Analysts and Investors



# Positioning of the Sustainability Strategy in the Medium- to Long-Term Management Policies



< AGP Mission >

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

## Our Vision

**What the Asahi Group Aims to Be**  
Be a value creator globally and locally,  
growing with high-value-added brands

< Basic Concept behind Long-Term Strategies >  
**Contribute to sustainable society  
and respond to changing  
conceptions of well-being  
through delivering great taste  
and fun**

## Trends

**Issues up to 2030,  
back casting from megatrends  
looking ahead to 2050**

- Changing conceptions of human well-being
- Climate change and depletion of natural resources
- Changing demographics and shifts in economic power
- Technological advancements

< Medium- to Long-Term Management Policy >

## Ideal Business Portfolio

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

**Core Strategies**

**Sustainability**

R&D

DX

Sophistication  
of human capital

Evolution  
of group governance

**Strategic Foundation Strengthening**

## Cheer the Future

### Sustainability Stories



#### **Create lasting brand value**

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

#### **Adapt to the future**

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

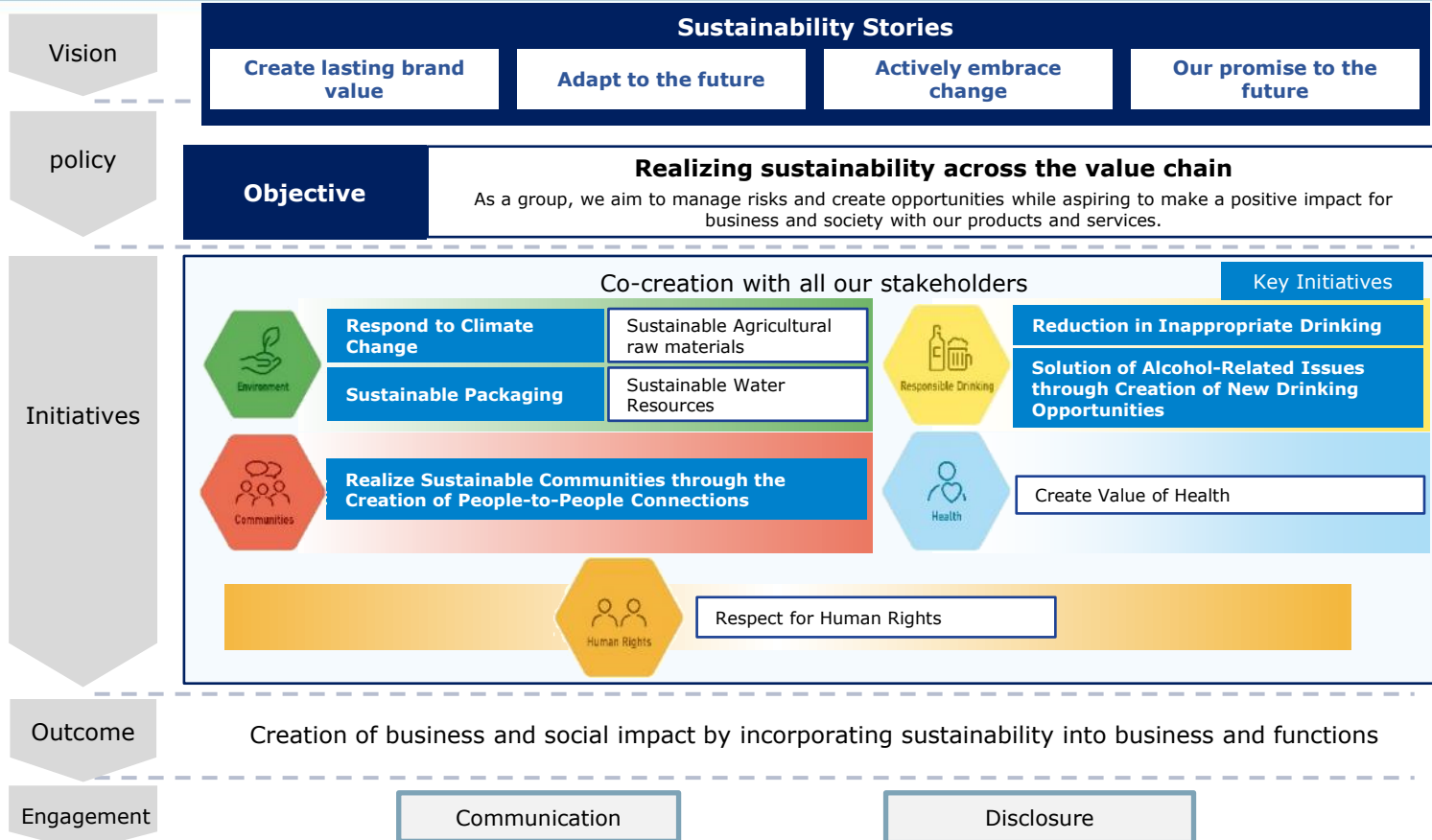
#### **Actively embrace change**

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

#### **Our promise to the future**

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

# Overall Sustainability Strategy



## Aim to quantify the impact of sustainability initiatives

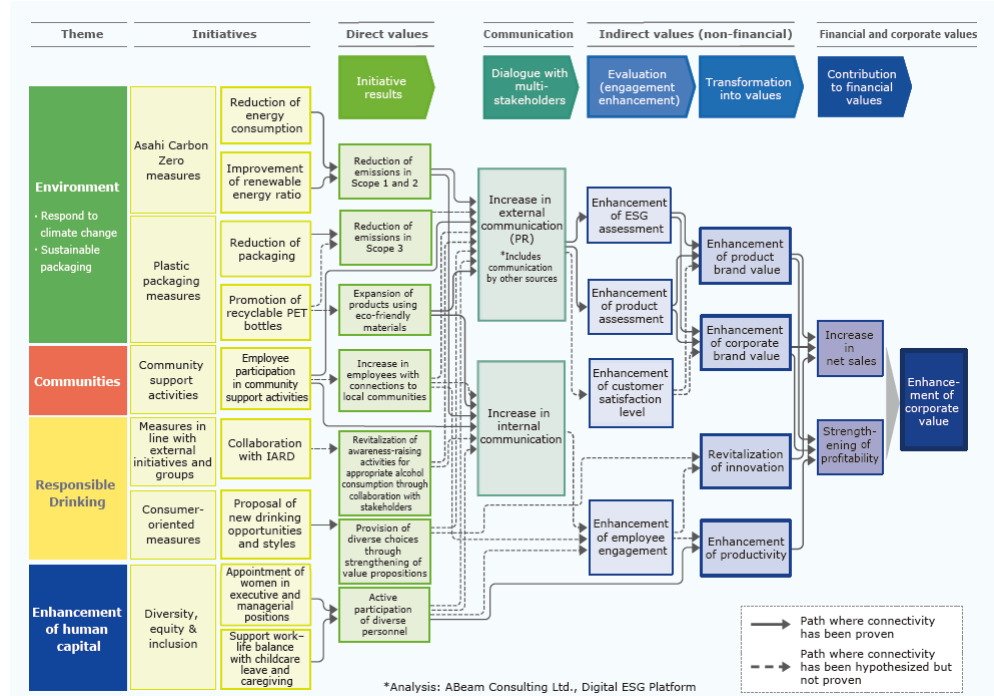
**Purpose**

- Incorporate the quantitative impact into policy prioritization, investment decisions, and progress management.
- Through the above, achieve the sustained business growth and create positive impacts on society.

**Analysis method**

- Value relevance analysis
- Overview analysis
- Impact-weighted accounting

### Value Relevance Map (Excerpt)



# Material issues



# Environment



# Environment

## Revision to Asahi Group Environmental Vision 2050



### Asahi Group Environmental Vision 2050

We, the Asahi Group, have been enjoying the gifts of nature to create its products and services for over 100 years. We are concerned that the worsening global environmental issues threaten not only the sustainability of our business but also the survival of the human beings if we do not act accordingly. As we would be unable to continue our business without these gifts of nature, we are determined to achieve Planet Positive, which will reduce the burden on the environment from our business to zero, and maximize value to the global environment through circularity.



### What we would like the world to be like in 2050

#### Planet Positive

##### Climate Change Beyond Carbon Neutral

A world towards a carbon-free society, where carbon emissions are reduced in society as a whole, beyond the boundaries of business, and biodiversity is preserved

##### Packaging A Society Free of Packaging Waste

A world where the use of resources to make packaging is minimized, used packaging is recycled, and especially, marine biodiversity is preserved

##### Agricultural Raw Materials Sustainable Agricultural Raw Materials

A world where farming is carried out while considering the environment, respecting human rights and realizing regional revitalization, and there is a balance between stable production and preservation of the ecosystem

##### Water Resources Healthy Watersheds for People and Nature

A world where the appropriate quality and quantity of water and the function of the soil are preserved for maintaining health, living environment and biodiversity, and resilience against natural disasters is enhanced



## Asahi Carbon Zero

**2050**

Reduce our CO<sub>2</sub> emissions in Scope 1, 2, and 3 to zero, thereby becoming carbon neutral

**2030**

Reduce CO<sub>2</sub> emissions in Scope 1 and 2 by 70% (compared with 2019)\* SBT 1.5°C certification  
Reduce CO<sub>2</sub> emissions in Scope 3 by 30% (compared with 2019) SBTi 2°C certification  
(confirmed the well below 2°C level)



**2025**

Reduce CO<sub>2</sub> emissions in Scope 1 and 2 by 40% (compared with 2019)  
Use renewable energy for 100% of electricity purchased at all production bases\*  
(2022 result: 61%)

In April 2023, achieved renewable energy for 100% of electricity purchased at all production bases in Japan.

## Evolution and deepening of scenario analysis

2022

2019

2020

2021

Started analyzing beer businesses

Expanded the analysis to all alcohol and non-alcohol beverages  
Began financial impact assessment

Conducted the analysis of all three businesses (alcohol beverages, non-alcohol beverages, and foods)

Expanded the scope of analysis

- ◆ Upgrade risk impact analysis using 1.5°C scenario
- ◆ Review risks/opportunities incl. biodiversity and resource circulation closely related to climate change and sort out relationships with value chains

Physical risk

- Impact on water as a raw material
- Damage to non-current assets/inventories in production bases

Transition risk

- Introduction of carbon tax

Opportunities

- Products/services: Changing consumer preference
- Enhance sales with the expansion of markets for products that address environmental issues

### Financial impact of introduction of carbon tax

#### Scope 1 & 2\* (4°C scenario)

| 2030           | 2050            |
|----------------|-----------------|
| JPY9.0 billion | JPY15.3 billion |

\*Carbon tax on CO2 emissions from directly operated businesses

Promote efforts to achieve Asahi Carbon Zero

### Asahi Carbon Zero CO2 emissions reduction

#### Scope 1 & 2

|                             | 2020         | 2021         | 2022         |
|-----------------------------|--------------|--------------|--------------|
| Emissions                   | 858,000 tons | 744,000 tons | 686,000 tons |
| Rate of reduction (vs 2019) | -7%          | -19%         | -30%         |

#### Oceania Solar panels

- Installed 7,000 solar panels on the rooftops of the Yatala Brewery
- Aim to halve CO2 emissions in Scope 1 and 2 by 2025 (compared with 2019)



#### Japan Tosu Brewery, Asahi Breweries, Ltd.

- Halve energy consumption through an overhaul of manufacturing method and promote the use of renewable energy
- Aim to achieve "Carbon Negative" where CO2 absorptions exceed emissions by the end of 2026



**Financial impact of introduction of carbon tax**

Scope 3\* (4°C scenario)

|      | Main packaging  | Transport/ delivery (upstream/ downstream) |
|------|-----------------|--|
| 2030 | JPY37.6 billion | JPY15.6billion                             |
| 2050 | JPY72.8 billion | JPY31.1 billion                            |

\*Carbon tax transferred when procuring main containers/packaging and at transport/delivery stages

Promote efforts to achieve Asahi Carbon Zero

**Asahi Carbon Zero CO2 emissions reduction**

Scope 3

|                             | 2020           | 2021           | 2022           |
|-----------------------------|----------------|----------------|----------------|
| Emissions                   | 8,337,000 tons | 8,178,000 tons | 8,328,000 tons |
| Rate of reduction (vs 2019) | -5%            | -7%            | -5%            |

Oceania PET bottle recycling plant

- Build and operate the plant through a J/V
- Completion of the new plant currently under construction will enable production of 20,000 tons or more of renewable PET bottles and food packages



Japan PoC of fuel cell electric truck

- Participate in trials of heavy-duty fuel cell electric trucks powered by hydrogen in collaboration with companies from different industry sectors



## Financial impact of natural disasters (water risk)

| Risk  | Number of affected bases | Financial impact    |
|---|--------------------------|---------------------|
| Damage to non-current assets /inventory     | 5                        | JPY1.9billion       |
| Opportunity loss due to suspended operation | 10                       | JPY6.7billion       |
| Raise in water charges                      | 26                       | JPY0.5billion /year |

\*Based on the value of non-current assets and inventory assets of 69 bases in FY2021

Countermeasures:  
Further reduce water use and research water risks in production bases

## Realize sustainable use of water resources

### Primary unit of water consumption

| 2020                   | 2021                   | 2022                   | Target: 2030           |
|------------------------|------------------------|------------------------|------------------------|
| 3.5 m <sup>3</sup> /kl | 3.4 m <sup>3</sup> /kl | 3.4 m <sup>3</sup> /kl | 3.2 m <sup>3</sup> /kl |

Number of bases where water risk survey was conducted  
(key production bases for alcohol beverages and non-alcohol beverages)

| 2021    | 2022     |
|---------|----------|
| 6 bases | 18 bases |

Enhance provision of products/services that contribute to mitigating and adapting to climate change

**Japan: Unlabeled products by Asahi Soft Drinks Co., Ltd.**

- Removed all labels to improve customer convenience and reduce plastics use and CO2 emissions.



**Europe: Polish beer brand, Lech**

- Use wind power generation to reduce CO2 emissions in manufacturing.
- Reuse 99% of byproducts and waste generated in production process.



**Oceania: Water brand, Cool Ridge**

- Introduced 100% recycled PET bottles.
- Acquired a carbon neutral certificate from Climate Active.



**Europe: Polish beer brand, Żubr**

- Established the Żubr Fund to support protecting wild animals.
- Contribute to CO2 emissions reduction efforts in the protected area and help preserve biodiversity through communication with consumers.



# TNFD

## Locate: Implemented in 2022

### STEP 1

Narrow down the regions where Asahi's business are possibly involved

Production area of raw materials

Manufacturing (Materials processing/ in-house)

### STEP 2

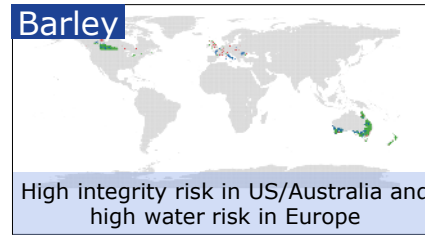
Comprehend biodiversity outlook from the perspectives of integrity, importance, and water stress

Logistics

Place of consumption

### STEP 3

By combining STEP 1 and 2, identify the types of risks and regions each of our raw materials and business process



## Perspectives for assessing biodiversity profile



### Integrity

Evaluation related to the richness of the ecosystem. Assess if the ecosystem surrounding the base is damaged by man-made or natural operations (ratio of species remaining in the region).



### Importance

Evaluation related to conservational value. Assess if the base is of high biodiversity conservation value (e.g., existence of endangered species, size of land being preserved etc.).



### Water stress

Evaluation related to the soundness of water supply quality and volume. Assess if water supply at the base is deteriorating qualitatively and quantitatively (e.g., runoff rate published by WRI, comprehensive evaluation of water quality).

# TNFD

## Evaluate: Implemented in 2022



### STEP 1

Analyze each business process of raw material production, manufacturing, logistics, and consumption:

- 1) Specify the level of dependency and impact on nature;
- 2) Set metrics for evaluating the status of degradation in surrounding areas related to each business process in the environments identifies; and
- 3) Predict the status of degradation in 2030 and compare with the evaluation in 2).

### Details of dependency/impact on nature and assessment indicators (excerpts for barley and hop only)

| Woods                                     |   | Soil/land             |                      | Water  |                      |
|---|---|-----------------------|----------------------|--|----------------------|
| Dependency                                | Impact  | Dependency            | Impact               | Dependency                                   | Impact               |
| Disaster mitigation                       | Encroachment to land eco-system                   | Maintain fertile soil | Soil contamination   | Maintain water supply                        | Water consumption    |
| Prevent soil erosion                      |   |                       |                      | Maintain water quality                       | Water contamination  |
| Assessment indicator                      | Assessment indicator                              | Assessment indicator  | Assessment indicator | Assessment indicator                         | Assessment indicator |
| Ratio of decrease in forest coverage rate | Surplus nitrogen amount<br>Organic carbon in soil |                       |                      | Water runoff rate<br>Effluent treatment rate |                      |

### STEP 2

- 1) Adjust the scale of business supported by the are of regions with a high level of degradation risk to the natural environment; and
- 2) Specify the priority of the targets to be addressed

### Targets with higher priority for action (excerpts for barley and hop only)

|        | Woods | Soil/land | Water | Air | Waste |
|--------|-------|-----------|-------|-----|-------|
| Barley | +++   | +++       | +     | -   | -     |
| Hop    | +++   | +++       | -     | -   | -     |

The larger number of "+" indicates the greater degree of dependency/impact a business has on nature and the higher risks of degradation. "-" indicates that impact is small or that evaluation is not applicable.



We analyzed scenarios for high-risk regions that the business activities are dependent on and impact the environment that were identified in the Locate and Evaluate stage. In 2022, we understood the direction we should move toward by advancing analysis of scenarios that take trends in climate change countermeasures into account and promote biodiversity measures.



### Raw material production

Hop cultivation Water app  
PoC in Czech Republic



### Manufacturing (Asahi)

Installation of solar collectors at the Bari Brewery in Italy



### Logistics

Transportation in Australia utilizing electric trucks



### Consumption

Largest PET bottle recycling facility in Australia which began operating in New South Wales



## 3R+Innovation

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

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

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

Ratio of eco-friendly materials used in PET bottles:  
21% in 2022

## Promote use of eco-friendly materials and reduction of plastics used in containers and packaging

### Oceania: Cool Ridge gained certification

- A water brand, Cool Ridge, gained a carbon neutral certification from Climate Active, an organization established by the Australian government and the corporate sector.



### Japan: Cap to Cap

- Began a joint technological PoC with other companies to implement "Cap to Cap," a horizontal recycling initiative of PET bottle caps.
- Asahi Group Japan, Ltd., Asahi Soft Drinks Co., Ltd. and Asahi You. Us, Co., Ltd. are participating.



# Responsible Drinking



## WHO published 2030 Global Alcohol Action Plan

Particularly important targets for the alcohol beverage industry

### 20% reduction in the harmful use of alcohol (compared to 2010)

Indicators: Per capita consumption of pure alcohol, prevalence of heavy episodic drinking, alcohol-attributable deaths, etc.

#### IARD

- Action to reduce harmful drinking patterns in adults.
- Action to eliminate marketing, advertising, and selling of alcohol products to minors.



Collaboration

#### Asahi Group

Strengthening initiatives to reduce the volume of pure alcohol consumed per person and heavy episodic drinking by expanding a range of non- and low- alcohol beverages.



## “Sustainability x DX” to eradicate inappropriate drinking

### Current initiatives

Engagement with the  
leaders of the Next  
Generation

Discussing responsible drinking at One Young World, a summit for developing the leaders of next generation.



Drink prevention  
program for minors

Implementing “Respect 18”  
(Europe) to reduce drinking  
by minors and enhance legal  
prohibition on selling and  
providing alcohol to minors.



### Considering new initiatives using DX



# Responsible Drinking

Solution of Alcohol-related Issues through Creation of New Drinking Opportunities



## Propose new drinking opportunities through products/services

- Promote non- and low- alcohol products globally as an extension of the Asahi Super Dry brand.



- A Joint venture of Asahi Breweries, Ltd. and Dentsu Digital Inc. opened SUMADORI-BAR SHIBUYA in Shibuya, a central areas of Tokyo.
- Offering drinks developed for the enjoyment of both drinkers and non-drinkers of alcohol beverages.



# Communities





## Developed two-layer strategy comprising key activity and basic activity

### RE:CONNECTION

#### Key Activity

#### Sustainable Agricultural Industry

Improve agricultural producers' well-being and realize the stable procurement of agricultural raw materials through our connections with stakeholders (co-creation activities) and the utilization of proprietary technologies

Regional revitalization

Reduction of environmental burden

Respect for human rights

#### Basic Activity

#### Community Support Activities

Strengthen our connections with communities through employee participation in activities aimed at resolving social issues

Food

Regional environment

Disaster relief

## Key Activity

### Europe: Campus Peroni

Implementing a program to establish barley cultivation frameworks in collaboration with producers and researchers to improve the quality of Italian malt.



## Basic Activity

### Global initiative

Launched "RE: CONNECTION for the EARTH," a global initiative for employees of each RHQ engage in activities under a common theme.



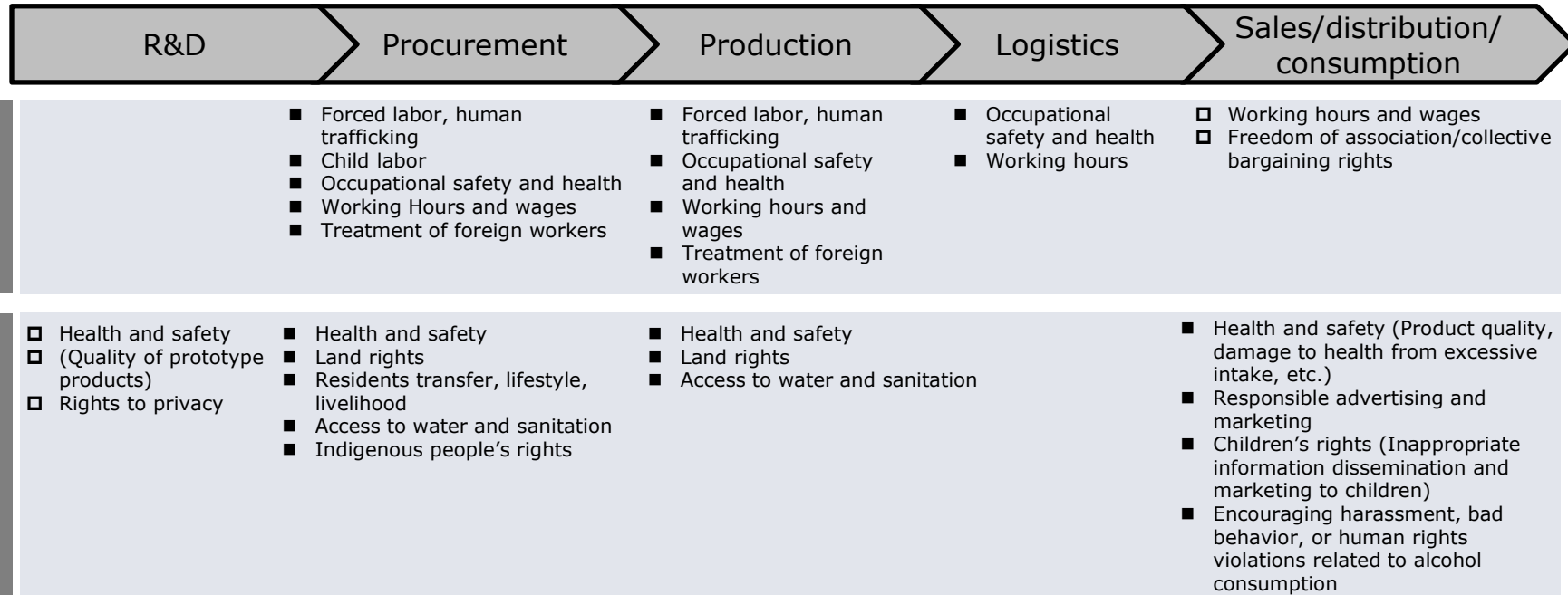
RE:CONNECTION  
for the EARTH

# Human Rights



## Focus especially on building a grievance mechanism for supply chain and own employees

Major human rights risks in our value chain (reviewed in 2023)



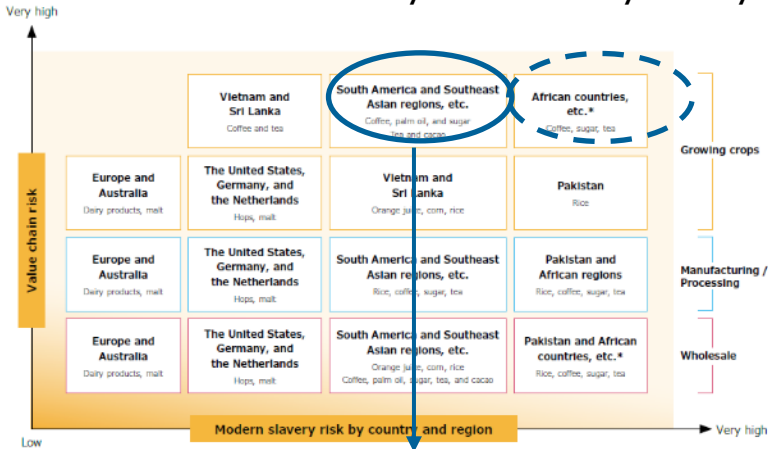
# Human Rights Efforts to Reduce Human Rights Risks in Supply Chain

## Identified human rights risks in the supply chain of Brazilian sugarcane

Key raw materials  
Results of modern slavery risk theory analysis

Findings from desk research and interviews

- There are strict labor laws in place in Brazil. Human rights risks are low due to mechanization of sugarcane plantations.
- Human rights risks potentially exist in relation to the labor environment of smaller plantations and sugar factories.



Our future approach



- Understand the implementation of the program of stakeholders
- Work to identify the upstream producers and improve communication
- Establish a grievance mechanism

# Human Rights Efforts to Reduce Human Rights Risks of Employees

## Conducted working environment survey in manufacturing sites in Malaysia

### Purpose/overview

- Conducted a working environment survey in two manufacturing sites in Malaysia.
- Of the human rights issues stipulated in the Asahi Group Human Rights Principles, the survey focused on "occupational health and safety," "forced labor," and "child labor."
- The actual survey was also conducted in collaboration with the NGO\*.

### Survey details

- Review of labor management documents
- Site inspection
- Employee interviews
- Reporting to local labor management representatives



### Results

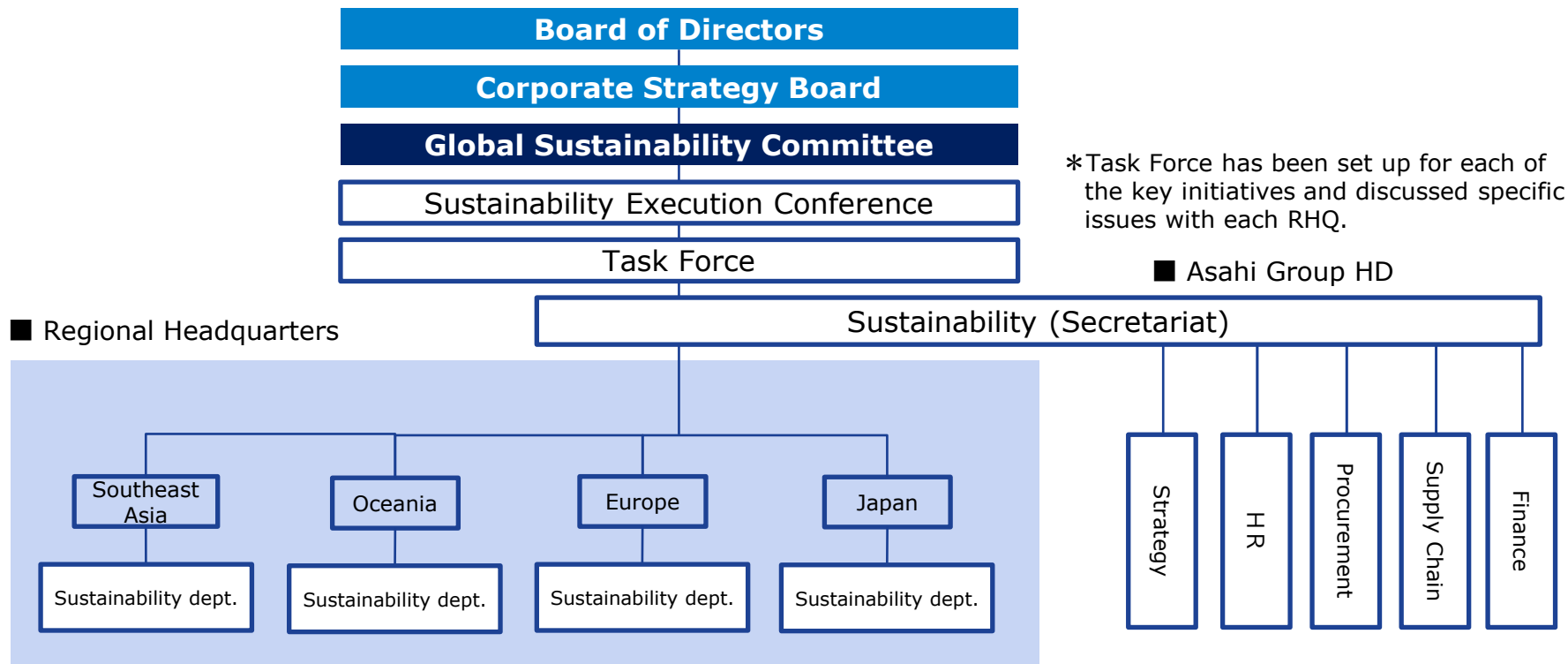
- Will make improvements based on the results

|                                |   |
|--------------------------------|---|
| Occupational health and safety | •Highly rated<br>→Confirmed consideration to foreign workers, such as use of an interpreter at training (one factory) |
| Living environment             | •Highly rated<br>→Confirmed provision of a dormitory for foreign workers  |
| Work conditions                | •Findings<br>→Need to provide employment regulations and other documents in multiple languages                        |



# **Sustainability Governance**

## Strengthening effectiveness through a Group-wide promotion system

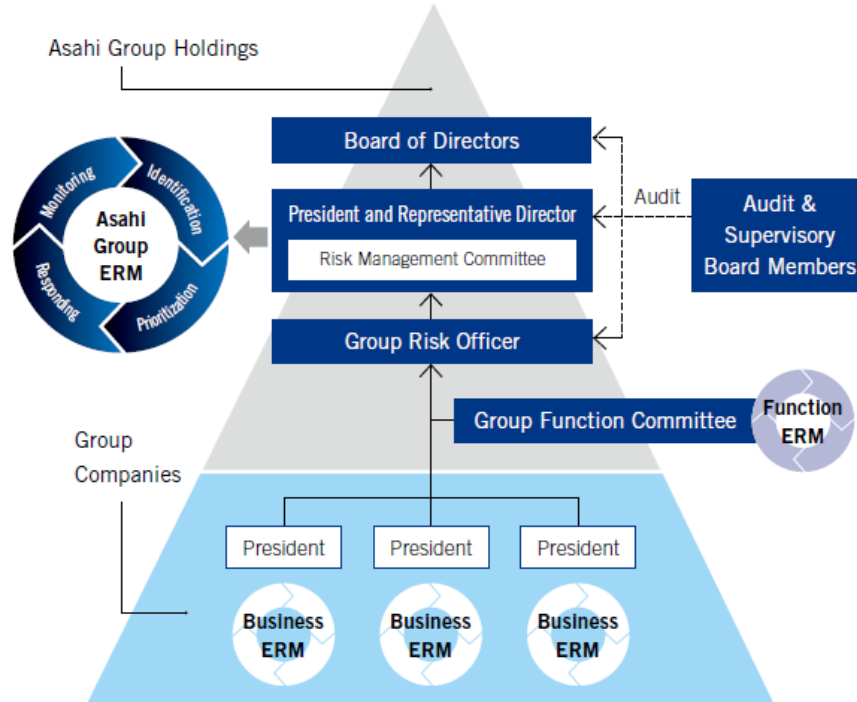




## Position key sustainability issues as main Group risks, and set a PDCA cycle in motion under the ERM system

### Group ERM

The director in charge takes ownership and promote ERM by positioning the sustainability issues of climate change, plastics issues, human rights, and responsible drinking as the main Group risks.



### Function ERM

Promote ERM with sustainability issues such as climate change, raw material procurement, biodiversity, responsible drinking, human resources, and plastic use as main risks

# Directors' Variable Remuneration Scheme

## Apply a social value indicator at a 40% weight for Directors' mid-term bonus

Weighting according to area

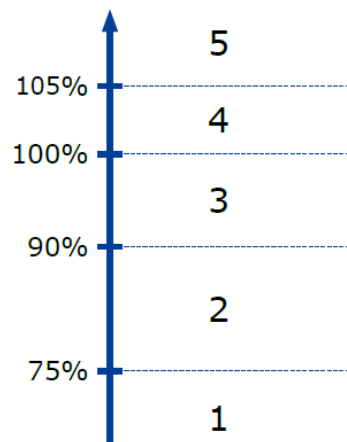
Per-area scoring according to degree of goal achievement

Sum of weight × score for all 6 areas = final evaluation results

Results reflected in payment ratio

| Areas                | Weight |
|----------------------|--------|
| Climate Change       | 18%    |
| Plastics             | 18%    |
| Communities          | 18%    |
| Responsible drinking | 18%    |
| DE&I                 | 18%    |
| External indicators  | 10%    |

Degree of goal achievement



| Score range | Evaluation | Payment ratio |
|-------------|------------|---------------|
| 421-500     | S          | 150%          |
| 341-420     | A          | 125%          |
| 261-340     | B          | 100%          |
| 181-260     | C          | 75%           |
| 100-180     | D          | 50%           |

# Issuance of 2<sup>nd</sup> round of Green Bonds

## Clarify the use of proceeds and commit to investing in sustainability

|                 |   |
|-----------------|---|
| Period          | 5 years   |
| Issue amount    | JPY 25 billion  |
| Issue date      | March 8, 2023   |
| Use of proceeds | <ul style="list-style-type: none"><li>• Make capital investment and promote renewable energy to be used and initiatives for CO2 absorption in the Tosu Brewery of Asahi Breweries Ltd.</li><li>• Procure recycled PET and biomass plastics.</li><li>• Purchase power generated from renewable energy sources.</li></ul> |



## In view of global changes in the non-financial information disclosure standards, promote integration of initiatives and strengthen disclosure

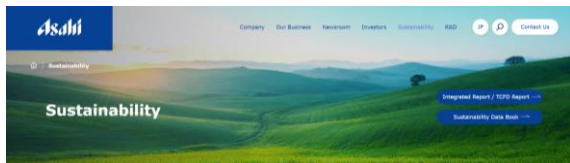
### 2021-2022

- Responded individually to high-priority disclosure standards
- Expanded/improved disclosure media (Sustainability Databook, TCFD reports, Environmental Report, website)



### 2023

- Upgrade disclosures in line with ISSB disclosure standard
- Integrate analysis of TCFD and TNFD
- Emphasize story-telling and consolidate disclosure media





# Reference Materials

# Sustainability Global Targets



## Environment

Asahi Carbon Zero

3R+Innovation

### Respond to Climate Change

Reduce our CO2 emissions in Scope 1, 2, and 3 to zero, thereby becoming carbon neutral by 2050

Reduce CO2 emissions by 70% in Scope 1 and 2 by 2030 (compared with 2019)

Reduce CO2 emissions by 40% in Scope 1 and 2 by 2025 (compared with 2019)

Reduce CO2 emissions by 30% in Scope 3 by 2030 (compared with 2019)

### Sustainable Packaging

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

Achieve a 100% conversion to eco-friendly materials for PET bottles by 2030

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



## Communities

RE:CONNECTION

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

**【Japan】** Create opportunities for employees to participate in community support activities by launching a common platform for operating companies in Japan

**【Europe】** Implement support project for barley farmers, Campus Peroni (Italy), and hops farmers, "FOR HOPS" (Czech Republic)

**【Oceania】** Launch the Environmental Think Tank, an organization that enables employees to participate in resolving regional environmental issues, and implement proposed projects

**【Southeast Asia】** Conduct community programs at each business unit twice a year

\* Global targets will be considered in the future.



## Responsible Drinking

Responsible Drinking Ambassador

### Reduction in Inappropriate Drinking

### Solution of Alcohol-Related Issues through Creation of New Drinking Opportunities

Achieve a 15% sales composition ratio of non-alcohol and low-alcohol beverages of main alcohol beverage products by 2025

Achieve 100% compliance with the Digital Guiding Principles of IARD by 2024

Display age restrictions on alcohol consumption on all products under alcohol beverage brands (including non-alcoholic beverages sold under that brand) by 2024

Achieve a 100% participation rate of employees in at least one training program by 2023



## Respect for Human Rights

We comply with our human rights policy, promoting the reduction of human rights risks and achieving a sustainable society.



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