

Green Bond / Green Bond Programme Independent External Review Form

Section 1. Basic Information

Issuer name:	Asahi Group Holdings, Ltd.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Green Bond Framework
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	September 4, 2020
Publication date of review publication:	September 4, 2020

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF Independent External REVIEW PROVIDER

- | | |
|---|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Asahi Group Holdings, Ltd. (AGH) is a holding company of the Asahi Group, which is owned by Asahi Breweries, Ltd. and Asahi Soft Drinks Co., Ltd. Established in 1949, Asahi Breweries (the predecessor company was founded in 1889) became the parent company, and in July 2011, it shifted to a holding company structure. AGH operates the Alcohol Beverages Business (42.5% of revenues in FY2019/Dec.), Soft Drinks Business (18.0%), the Food Business (5.6%), and the Overseas Business (33.5%). For the Alcohol Beverages business, AGH boasts a strong presence in the domestic alcoholic beverage industry, as it produces leading brands, such as “Asahi Super Dry” in beer and in other spirits such as RTD, whisky, etc. The Soft Drinks Business also ranks the third in Japan and is one of the leading companies in the industry. As such, AGH has built a solid business foundation in the domestic alcoholic beverages and soft drinks market.

AGH believes that the group's business activities relies much on “the gifts of nature”, such as water and agricultural products and that it is impossible to continue its business without them. Based on this belief, AGH considers it essential for the business management to take a strong initiative in sustainability issues including environmental considerations. AGH has formulated the “Asahi Group Environmental Vision 2050” under such initiative. It also set the group's environmental goal to pass on the gifts of nature to the next generation based on the “Neutral and Plus” concept by 2050. AGH aims to integrate the sustainability issue into its business management strategy by developing its global sustainability structures. The Global Sustainability Committee is its top decision-making body related to sustainability issues, chaired by the Group CEO, and is responsible for establishing sustainability policies and strategies as well as for making decisions on sustainability-related investments.

The subject of this evaluation is the Green Bond Framework (the “Framework”) of AGH which was established to limit its use of proceeds to the projects which have environmental improvement effects. JCR evaluates whether the Framework aligns with the Green Bond Principles and Green Bond Guidelines. These principles and guidelines are not binding as they are voluntarily published by each publisher, respectively, but JCR evaluates the Framework with reference to those principles and guidelines on the basis of globally unified standards.

AGH defines the use of proceeds in the Framework as (1)Asahi Carbon Zero, (2)Sustainable containers/packaging, and (3)Sustainable water resources. AGH has established the eligible criteria for each of these project categories based on acquisition of certification or quantitative environmental improvements. JCR also confirmed that AGH identifies possible negative impacts on the environment and take necessary measures to alleviate such risks. Based on the above, JCR evaluates the use of proceeds in the Framework as having the potential to improve the environment.

The eligible projects are appraised by Sustainability department of AGH and the responsible division of the project, and is evaluated and selected by the corporate strategy board of AGH or by the management board of each group company. The proceeds shall be segregated and managed in a dedicated account and disbursements are executed after the approval of the head of the department. The proceeds are allocated quarterly to green eligible assets and are managed in cash or cash equivalents until they are allocated. The finance department and accounting department confirms the details of expenditures and the balances of dedicated accounts monthly. Internal and external audit shall be implemented regarding the management of the proceeds. The allocation status and impact reporting are also appropriately planned. From the above, the management and operation system of AGH has been established, and AGH ensures the transparency of the green bonds.

Based on JCR Green Finance Evaluation Methodology, JCR assigned “g1 (F)” for “Greenness Evaluation (Use of Proceeds)” and “m1 (F)” for “Management, Operation and Transparency Evaluation.” Consequently, JCR assigned “Green1 (F)” for overall “JCR Green Finance Framework Evaluation” to the Framework.

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

i. The three categories of the use of proceeds by AGH under the Framework are important measures for the group's environmental goal to pass on the gifts of nature to the next generation based on the "Neutral and Plus" concept that Asahi Group Environmental Vision 2050 aims at, and are expected to have environmental improvement effects.

ii. Use of proceeds 1: Asahi Carbon Zero

The Use of Proceeds falls under the category of green projects that are "renewable energy" or "energy efficiency" in the "Green Bond Principles". Moreover, among the Use of Proceeds exemplified in the "Green Bond Guidelines", these projects apply to "projects for renewable energy" or "projects for energy efficiency(energy storage, projects to introduce highly energy efficient equipment and facilities)".

Use of proceeds 2: Sustainable containers/packaging

The Use of Proceeds falls under the category of green projects that are "pollution prevention and control (waste recycling)" in the "Green Bond Principles". Moreover, among the Use of Proceeds exemplified in the "Green Bond Guidelines", these projects apply to "projects for pollution prevention and control (projects that contribute to achieving a circular economy)" or "projects for pollution prevention and control (projects to contribute to the prevention of environmental pollution by marine plastic waste)".

Use of proceeds 3: Sustainable water resources

The Use of Proceeds falls under the category of green projects that are "environmentally sustainable management of living natural resources and land use (environmentally-sustainable forestry, including afforestation or reforestation)", "terrestrial and aquatic biodiversity conservation" or "sustainable water and wastewater management" in the "Green Bond Principles". Moreover, among the Use of Proceeds exemplified in the "Green Bond Guidelines", these projects apply to "projects for the sustainable management of living natural resources and land use (projects to acquire sustainable forestry certifications)", "projects for terrestrial and aquatic biodiversity conservation" or "projects for sustainable water management (water source protection)".

b. Negative impact on Environment

AGH will consider the following when implementing eligible projects as defined in the Framework.

- When introducing equipment with high energy-saving performance, consider the impact on the surrounding area during construction and ensure the occupational safety environment during construction.
- In procuring renewable energy and environmentally conscious materials, AGH requests the understanding and compliance of the Asahi Group Supplier Code of Conduct based on the Asahi Group Sustainable Procurement Principles.
- Vending machines shall be installed in accordance with the vending machine self-management standard "Vending Machine Voluntary Guidelines" established by industry associations. Specifically, in order to beautify the environment, a recycling box will be installed to collect used containers, awareness will be displayed to prevent the dispersion of used containers, and considerations will be given to the landscape.
- The handling of vending machines to be discarded is also compliant, and vending machine processing methods are implemented based on the "Manual for Proper Disposal of Vending Machines" prepared by the four vending organization-related organizations – the Japan Soft Drink Association, the Japan Vending Machine Association, the Japan Vending System Manufacturers Association, and the Japan Vending Machine Manufacturers Association. With respect to vending machines that have been illegally dumped for which the person responsible for disposal is unknown, the seller of the vending machine sales labeling products shall collect and dispose of them at its own responsibility.
- In the use of recycled PETs, AGH will endeavor to understand the LCA in the relevant technologies because of the fears of increased CO₂ emissions due to the nature of the manufacturing process, particularly in the case of chemical recycling.
- When using biomass plastics, AGH will ensure that the material does not compete with food.
- In the management of Asahi Forest, consideration will be given to noise during transportation and other impacts on local residents.

As a result, JCR confirms that all eligible projects have taken negative environmental effects into account and are adequately addressed.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input checked="" type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

AGH has established clear environmental objectives, project selection criteria, and processes for the use of proceeds. Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable) :

Funds procured through Green Bonds are segregated and managed in a dedicated account. In accordance with internal regulations, withdrawals from dedicated accounts are executed after approval by the department manager. Funds procured are allocated quarterly to Green Qualified Assets and are managed in cash or cash equivalents until they are appropriated. Details of financing expenditures are managed by Finance and Sustainability departments. At the end of each month, the Accounting department and Finance department confirm the expenditures and balances of the exclusive account.

The fund procurement is checked by Internal Audit department and an audit corporation. Financing management books have been kept for redemption of Green Bonds and for a sufficient period of time thereafter.

From the above, JCR believes that AGH's fund management system has been properly established. Methods for managing procured funds are disclosed in this report and are transparent to investors.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

AGH plans to disclose the contents set out in the Framework on its website once a year regarding the appropriation of funds allocation through green bonds.

b. Impact reporting for environmental benefits

AGH plans to disclose the environmental improvement effects of Green Projects on its website once a year in each eligible category.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported:

- Allocated amounts
- Green Bond financed share of total investment
- Other (please specify):

frequency:

- Annual
- Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (please specify):

requency:

- Annual Semi-annual
 Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
 Decrease in water use Other ESG indicators (please specify):

• Use of eco-friendly materials such as recycled PETs, biomass plastic etc.

• Overview of Asahi Forest (including managed area)

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify):
Show on the website
 Reporting reviewed

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Asahi Group Holding's website about sustainability	https://www.asahigroup-holdings.com/en/csr/
JCR's website about green bond evaluation methodology	https://www.jcr.co.jp/en/greenfinance/

Type(s) of Review provided:

- Second Party Opinion Certification
 Verification Scoring/Rating
 Other (please specify):

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: September 4, 2020

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- 1. Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
- 2. Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- 3. Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- 4. Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.