

This has been translated from the Japanese original and is for reference purpose only. In the event of any discrepancy between the Japanese original and this translation, the Japanese original shall prevail.

- Asahi Holdings Corporate Governance Policies <table of contents> -

Chapter-I: General Provision

1. The Asahi Way
2. Basic Policies for Corporate Governance
3. Establishment, Revision and Abolishment

Chapter-II: Relations with Shareholders and others

1. Securing the Rights of Shareholders
2. General Shareholders Meeting
3. Dialogue with Shareholders
4. Basic Strategy for Capital Policy
5. Prevention of Related Party Transactions
6. Cross-Shareholding Strategy
7. Anti-Takeover Measures

Chapter-III: Proper Disclosure

1. Basic Policies for Information Disclosure
2. Enhancement of Disclosure in English
3. Supervision by Board of Directors for Proper Disclosure

Chapter-IV: Stakeholder Relationships

1. Corporate Ethics
2. Relationships with Communities and Activities on Environment
3. Relationships with Customers and Trading Partners
4. Relationships with Employees
5. Whistle-blowing System
6. Role of Asset Owner

Chapter-V: Corporate Governance Structure

1. Organization Design and Basic Framework
2. Board of Directors – Roles -
3. Board of Directors – Composition –
4. Board of Directors – Operation and Securing Effectiveness -
5. Audit and Supervisory Committee
6. Directors and Outside Directors
7. Securing Proper Audit by Accounting Auditors
8. Procedure of Nomination and Dismissing of Directors
9. Determining Procedure of Compensation for Directors
10. Support for Directors
11. Policies of Training for Directors

Annex Document

- Annex Document -1: The Asahi Way
- Annex Document -2: Environmental Policies
- Annex Document -3: A Key Principle for Internal Control System
- Annex Document -4: Independence Criteria for Independent Directors
- Annex Document -5: Nomination Policies and Dismissal Criteria for Directors and Key Management Candidates
- Annex Document -6: Compensation Policies for Directors and Key Management
- Annex Document -7: Training Policies for Directors

- Asahi Holdings Corporate Governance Policies –

Chapter-I: General Provision

1. The Asahi Way

Asahi Holdings, Inc. (hereinafter referred to as “Company”) and our affiliates (hereinafter collectively referred to as “Group”) establish **the Asahi Way** which is a value to be shared by the Group employees and contains Our Credo, Our Corporate Values, Our Employee Principles and The Ten Codes (**Annex Document - 1**). The Directors and Group management will take the lead in practicing the Asahi Way and will familiarize all Group employees with it through key employees and the internal portal sites. In accordance with the Asahi Way principles, we have established “Asahi Holdings Corporate Governance Policies” for the purposes of Group’s sustainable corporate growth and increased corporate value over the medium- to long-term and will continuously endeavor to enhance our corporate governance by implementing the policies.

2. Basic Policies for Corporate Governance

To establish corporate governance and have it work effectively is a corporate social responsibility and contributes to more efficient and transparent management as well as to sustainable corporate value growth. We will build our corporate governance that will respond to the confidence of shareholders, business partners, employees, local communities and other various stakeholders so as to fulfill our social mission and responsibility as a listed company. Also, we will develop a top-management composition and a framework for business operations that will promptly respond to the management environment changes with emphasis on compliance aiming at sustainable corporate value growth.

Specifically, we will endeavor to enhance corporate governance by:

- (1) respecting the shareholders’ rights and securing equality;
- (2) committing to constructive dialogue with shareholders;
- (3) understanding various stakeholders’ interests and emphasizing a suitable balance among stakeholders;
- (4) disclosing corporate information properly and maintaining transparency;
- (5) focusing on prompt and efficient business operations by the Board of Directors; and
- (6) building a mechanism where Independent Outside Directors assume appropriate roles (by the composition of the Board of Directors, establishment of voluntary advisory committee, and so on) and enhancing functions to supervise the Board of Directors in its business operation.

3. Establishment, Revision and Abolishment

The “Asahi Holdings Corporate Governance Policies” shall be established, abolished and revised in important aspects with a resolution at the Board of Directors meeting.

Chapter-II: Relations with Shareholders and others

1. Securing the Rights of Shareholders

- (1) We will protect the rights of shareholders, promote them to exercise their rights and endeavor to secure the substantial equality of all shareholders.
- (2) Regarding the rights of minority shareholders, we will establish internal rules setting forth the procedures for minority shareholders to exercise their rights and the manner to identify such shareholders, so as to secure the exercise of their rights.
- (3) We will endeavor to develop an environment where the information will be disclosed proactively to all shareholders, including minority shareholders and foreign shareholders, and where they can exercise their voting rights accordingly.

2. General Shareholders Meeting

From a standpoint of shareholders, we will develop an environment where the shareholders can exercise their rights properly at the General Shareholders Meeting.

- (1) A convocation notice of General Shareholders Meeting will be dispatched no later than about three weeks prior to the date of meeting. Before that, the convocation will be publicly announced on TDnet or our website about four weeks prior to the date of meeting.
- (2) Proposals to be discussed at the General Shareholders Meeting shall be disclosed on our website and TDnet promptly after a resolution at the Board of Directors meeting.
- (3) A convocation notice translated into English (the entire text) will be posted on our website.
- (4) We will hold the General Shareholders Meeting not on so-called "concentrated day" but about seven business days prior to the concentrated day.
- (5) We will use a system where shareholders who cannot attend the meeting can exercise their voting rights by sending a voting form by mail. In the future, we will consider developing an environment to facilitate the shareholders ability to exercise their voting rights, including the exercise of voting right via the internet.
- (6) If the ratio of dissenting vote exceeds a certain level, we will analyze the reason and evaluate whether or not any action is required.
- (7) The right to vote at the General Shareholders Meeting shall be held by those who are registered or recorded in the list of shareholders as of the base date. Substantial shareholders, including institutional investors holding the stock in the name of a trust bank, etc., will not be permitted to attend the General Shareholders Meeting and to exercise a voting right or ask questions, in principle. However, if such substantial shareholders holding the stock desire to exercise their rights as a shareholder at the General Shareholders Meeting, we will consult with such trust bank, etc. If such investor desires to observe the proceedings of the General Shareholders Meeting, we will permit the investor to do so within the venue after having taken certain procedures.

3. Dialogue with Shareholders

For the purpose of promoting constructive dialogue with shareholders, Group will explain its vision

and management policies, including the medium-term business plan aiming at the sustainable corporate growth and increased corporate value over the medium- to long-term, in an understandable manner so as to gain support from the shareholders.

- (1) IR activities will be controlled by the Representative Director and conducted by a Director in charge of the corporate function and the IR division. If requested by an individual shareholder, the Representative Director, a Director and the IR division will meet and respond to the request, if needed. The IR division will play a central role to facilitate the IR activities in affiliation with internal relevant divisions.
- (2) The medium-term business plan and the quarterly financial result will be announced electronically on TDnet or our website promptly after resolution by the Board of Directors. The medium-term business plan will contain specific basic policies, including the management resources allocation, as an important theme together with the quantitative targets (e.g. consolidated sales, consolidated operating income, ROE and dividend ratio), in consideration of our capital cost.
- (3) At the end of the medium-term business plan, we will explain our analysis of difference between targets and results for each business segment at a financial results briefing, a summary of which will be posted on our website, etc.
- (4) For domestic institutional investors, we will hold a briefing for medium-term business plan, financial results, etc., which will be supplemented by subsequent questions and answers. Also, we will give an opportunity for such investors to understand our business if needed.
- (5) The Representative Director and a Director in charge of the corporate function will have dialogue with overseas institutional investors no less than once a year in Europe, U.S.A. and Asia. Also, we will have positive dialogue with institutional investors who visit our office.
- (6) Matters known through dialogue with shareholders and investors will be immediately reported to the Executive Directors. In particular, important suggestions and indications by institutional investors, who are shareholders, will be reported promptly to all Directors, and also reported at the Board of Directors meeting if necessary, to be reflected in the management following discussions. All other matters will be reported, as appropriate, at the Board of Directors meeting to which all Directors attend, so that shareholders' opinions may be made known.
- (7) Internal relevant divisions, including corporate planning, general affairs, finance, accounting, legal, business and other divisions, will work together and cooperate with each other in preparing IR documentary materials and reporting the shareholders' opinions obtained from dialogue with them.
- (8) We will endeavor to grasp the shareholder composition for the purposes of positive IR activities and effective transmission of information.

4. Basic Capital Policy

- (1) We will always be conscious of the maintenance and growth of the shareholders' value and will set targets for the sales, profit and return on equity (ROE).
- (2) We aim at keeping the shareholder equity ratio necessary to maintain a sound financial strength in preparation for management environment changes.
- (3) We will announce the standards of dividend ratio and provide a stable return to shareholders.
- (4) In the event of a change of control or a capital policy causing a large dilution, the Board of

Directors will evaluate and discuss the use of capital and impact on ROE, EPS, etc. carefully. The contents thereof will be explained to the investors and shareholders as needed.

5. Prevention of Related Party Transactions

- (1) Transactions of high importance with our Directors, Group's Officers and their close relatives and main shareholders (who directly or indirectly hold the voting rights equal to 10% or more of all voting rights) will be escalated to the Board of Directors after an objective and comprehensive understanding of information, so that the detail of transactions and the reasonability of conditions may be deliberated.
- (2) We will semiannually prepare a written confirmation for survey on whether or not any such transaction exists and will report all important facts, if any, to the Board of Directors.
- (3) Terms of related party transactions will be decided on the condition that they are the same as those of third party transactions.

6. Cross-Shareholding Strategy

- (1) We may hold cross-shareholding relationship if we consider that the shareholding contributes to the maintenance or increase of Group's corporate value by enhancing and building a business relationship.
- (2) Based on our capital costs, we will deliberate every year whether or not it is reasonable to hold cross-shareholding relationship after having considered the medium- and long-term economic reasonability and future prospect. If reasonability of cross-shareholdings is lost, we will promptly sell them.
- (3) We will exercise the voting right for the cross-shareholding after having considered comprehensively whether or not we can expect the increase of corporate value of the issuer in addition to whether or not the proposal is consistent with our cross-shareholding strategy.
- (4) In the case that the Company holding our stock as cross-shareholding ("cross-shareholder") shows the intention to sell the stock, we will not hinder the sale by suggesting a reduction of the transaction.
- (5) We do not conduct transactions that harm the interests of the Company or shareholders, such as continuing the transaction with "cross-shareholder" without sufficiently verifying the economic rationality of the transaction.

7. Anti-Takeover Measures

- (1) No defense measures will be taken against acquisition.
- (2) In the event that our stock is subject to a takeover bid, we will take the following actions.
 - ① We will request the takeover bidder, etc. to explain specific measures to increase Group's corporate value after the change of control.
 - ② We will explain to the shareholders the specific measures to further increase Group's corporate value so as to gain their support.
 - ③ We will not unreasonably prevent the shareholders from accepting the takeover bid from a standpoint of respecting their rights.

Chapter-III: Proper Disclosure

1. Basic Policies for Information Disclosure

In order to gain support of various stakeholders, including shareholders, we will make sufficient considerations to achieve the proper information disclosure.

- (1) When disclosing the information, we will endeavor to use plain and specific expressions so as to convey the information accurately to various stakeholders.
- (2) In addition to the statutory disclosures, we will proactively disclose information considered to be important for various stakeholders, including non-financial information, on our website, etc.
- (3) We will never transmit any insider information (i.e. unannounced important facts) to outsiders so as to secure the fair disclosure. The period between the day after the quarterly closing day and the date of financial report shall be defined as "silent period" during which we have to refrain from dialogue relating to financial information.
- (4) We will issue annually and announce on our website our "Corporate Report" containing information, including Group's outline, description of business segments, topics in the current year, results of environmental activities, in order to facilitate the information disclosure to various stakeholders.

2. Enhancement of Disclosure in English

- (1) Given the shareholder composition and from a standpoint of enhancing the information disclosure in English to overseas shareholders and stakeholders, we will:
 - produce and disclose on our website a convocation notice of the General Shareholders Meeting, summary of financial results, Corporate Report, etc. in English;
 - disclose the summary of financial results in English on TDnet; and
 - provide the information on the English website with approximately the same contents as on the Japanese website.

3. Supervision by Board of Directors for Proper Disclosure

- (1) From a standpoint of assurance of fair information disclosure, the Board of Directors will confirm all timely disclosure matters as well as all other important matters disclosed and released.

Chapter-IV: Stakeholder Relationships

In order to achieve sustainable corporate growth and increased corporate value over the medium- to long-term in accordance with its corporate philosophy called the Asahi Way, Group will fulfill its responsibility as a corporate citizen by meeting each stakeholder's expectations.

1. Corporate Ethics

- (1) Consciousness and actions for "legal compliance" are very important norms and, by practicing the Asahi Way, the Directors and management will exercise their leadership to establish a corporate culture where the positions and rights of stakeholders are respected and the ethics for sound business activities are complied with.
- (2) We will develop the rules and manuals for compliance and, when educating and communicating with all Group employees, will always exert efforts to make them conscious of legal compliance.

2. Relationships with Communities and Activities on Environment

We recognize that our business activities are important activities directly contributing to the sustainability of the earth and society. We will practice the "unification with business" in environmental activities such as the contribution efforts for SDGs, positive promotion of ISO14001 activities, the measures against global warming and those for energy saving.

- (1) With recognition that it is one of the important risk management activities for Group to respond to the social and environmental problems through its environmental activities and regional and social contribution activities, the Board of Directors will supervise Group's activities and will positively and actively address concerns as important management topics.
- (2) We established the "**Environmental Policies**" (**Annex Document - 2**), which will be made known to all Group employees and all people working for the organization and will be announced to outsiders on the website together with the description of environmental activities and the environmental performance.
- (3) We will be positively engaged in the regional and social contribution activities as follows in order to create an environment where all Group employees can be engaged in the regional and social contribution activities.
 - Participation in a forest project called "Mori no Project" sponsored by Kobe Association of Corporate Executives
 - Taking part in the "Suma Beach Cleaning Project"
 - Installation of the "welfare-purpose vending machine (yume no chokinbako)" by The Nippon Foundation
- (4) We will participate in the social contribution by recycling precious metals used and no longer necessary for dental treatments. Also, we are positively engaged in other social contributions through business activities, including providing financial support to various associations' activities as stated below with the income from precious metal recycling and other businesses.
 - Support and aid to the 8020 campaign of the 8020 Promotion Foundation
 - Participation in the medical support activities by Japan Cleft Palate Foundation as a cooperative

company

- Participation in the “TOOTH FAIRY” project promoted under the cooperation of The Nippon Foundation and Japan Dental Association as a cooperative company
- Support to Medecins du Monde Japon (Doctors of the World Japan), a specified non-profit organization

3. Relationships with Customers and Trading Partners

Group will endeavor to increase customer satisfaction by supplying products and services which respond to a wide variety of customer needs sensitively with a motto of “customers first”. Also, Group will endeavor to maintain a fair and healthy relationship with trading partners to fulfill social responsibilities cooperatively.

- (1) In order to supply products and services which will give more reassurance and satisfaction to our customers, we will endeavor to continuously improve the framework for quality control and quality assurance, including the quality management system, and to maintain and improve the quality.
- (2) By securing the “prohibition of acts impairing fair competition” and “prohibition of provision and receipt of inappropriate profit” set forth in the Asahi Way, we will endeavor to maintain the relationship based on fair business transactions and corporate ethics.

4. Relationships with Employees

Because of the recent increase in Group companies, diversified personnel of various backgrounds are now working in Group. Toward sustainable corporate growth and increased corporate value, we will respect diversified personnel and respond to them appropriately.

- (1) To globally inculcate the Asahi Way which is a value to be shared by all Group employees, we will post it on our website and internal portal sites and will endeavor to develop an environment where it is always accessible. Also, we will provide new employees with an introductory training when they join us together with Group companies and, after that, will continuously keep all Group employees informed of the Asahi Way.
- (2) We will provide all Group employees with an opportunity to participate in the training to obtain skill and capability required to be a professional who has expertise in addition to an opportunity for personnel development training for each tier.
- (3) In accordance with the diversity and inclusion principle, we will operate the recruitment, assessment and other relevant systems appropriately, so that a wide range of personnel may work exercising their characteristics and abilities irrespective of gender, age, race, nationality, religion, disorder and so that there is no inequality by reason of personal attribute.
- (4) We will develop various frameworks to facilitate active participations by women and will promote a workplace environment where women can work and exercise abilities more.
- (5) We will be committed to achieving an appropriate work life balance of employees by respecting diversified working styles and increasing the productivity during work hours by efficient work.

5. Whistle-blowing System

- (1) We will establish and operate “Asahi Hot Line (i.e. whistle-blowing system)” to discover any

illegal or unreasonable act or any other problem within Group at an early stage and to take actions for settlement.

- (2) We will widely announce Asahi Hot Line to all employees by posting it on the top page of the internal portal site or by other means.
- (3) An outside independent law office will act as a contact for whistle-blowers and will accept even anonymous reports. For the matters reported, we will survey and take corrective measures by giving consideration to the human rights and privacy protection of reporters and those for whom a report is made.
- (4) The Board of Directors will supervise the status of the operation of this system and, if any problem occurs, will take a leadership role in resolving the problem.

6. Role of Asset Owner

In order to demonstrate the functions expected as an asset owner, the asset management committee which composed by the head of finance department and the head of human resources department, manages the operation of corporate pension funds, in collaboration with a specialized external organization.

Chapter-V: Corporate Governance Structure

1. Organization Design and Basic Framework

- (1) By adopting a company with an Audit and Supervisory Committee as a form of organization under the Companies Act and appointing two or more Independent Outside Directors, we will enhance the function to supervise the business operations, to give advice and to supervise the conflict of interest and, by appointing and empowering the Executive Directors, will speed up the business operations.
- (2) We will establish a Compensation Committee and a Nominating Committee (the majority of which are Outside Directors) as an advisory body of the Board of Directors in order to further enhance corporate governance by securing transparency, fairness and objectivity in determining the amount of compensation of Directors and appointing and dismissing the Directors and key management candidates.
- (3) Important matters delegated to the Executive Directors will be deliberated and decided at the Group Executive Committee. Other matters for business operations will be deliberated and decided at the Group's key company management meeting and the business segment management meeting. Details will be set forth in the internal rules.

2. Board of Directors – Roles -

The Board of Directors assumes responsibility for achieving the efficient and effective corporate governance under the entrustment of shareholders and for achieving Group's sustainable growth and increased corporate value over the medium- to long-term.

(Basic Roles)

- (1) The Board of Directors will deliberate and decide important managerial matters regarding the management basic policies, management strategies, medium-term management plan, annual plan and other strategic directions.
- (2) The Board of Directors will make decisions regarding proposals by the management for business operations without excessive risk avoidance after diversified and positive considerations from an objective viewpoint, and whether or not such decision contributes to a sustainable increase of corporate value. Also, it will support the senior management in making and realizing a decision after approval.
- (3) By appointing two or more Independent Outside Directors, the Board of Directors will enhance the function to supervise the business operations, to give advice and to supervise the conflict of interest and will build a system to reflect the stakeholders' opinions. Also, it will evaluate and supervise the business operations appropriately through a decision for appointment and dismissal of Directors and key management candidates, advice for the senior management's personnel change, and so on.
- (4) Regarding the decision for business operations delegated to the Directors, the Board of Directors will receive a report from the relevant division or Officer in accordance with the internal rules and will check the consistency with strategic directions.
- (5) The Board of Directors will make an expeditious management judgment by utilizing the Articles

of Incorporation which provides that some of the matters for resolutions at the General Shareholders Meeting may be delegated to the Board of Directors.

(Appointment of Executive Directors)

- (1) The Board of Directors will appoint the Executive Directors from among Directors, clearly determine their duties and delegate authorities of the business operations to them in accordance with the internal rules.
- (2) In accordance with the business plan, etc. determined at the Board of Directors meeting, the Executive Directors will decide the measures in each business field or each territory for which they are responsible and will be engaged in the business operations.
- (3) Directors not engaged in the business operations will supervise the management effectively by performing the function to supervise the business operations, to give advice and to supervise the conflict of interest as the Audit and Supervisory Committee member.

(Matters for Resolutions, etc.)

- (1) The following matters will be resolved at the Board of Directors meeting (details of which will be set forth in the internal rules).
 - ①Matters relating to the General Shareholders Meeting;
 - ②matters relating to the Directors;
 - ③ matters relating to the organization and operations;
 - ④matters relating to shares;
 - ⑤matters relating to the accounting documents and dividends/retained earnings;
 - ⑥matters relating to important business operations; and
 - ⑦other important matters relating to the management.
- (2) The decision-making for business operations relating to other matters will be delegated to the Executive Directors and the management, in principle, for more expeditious and flexible business operations and more effective supervision by the Board of Directors.

(Medium-term Business Plan)

- (1) The Board of Directors will deliberate and develop a three-year medium-term business plan of Group. It will develop the basic policies, including the management resources allocation as an important theme, together with the quantitative targets (e.g. consolidated sales, consolidated operating income, ROE and dividend ratio).
- (2) The management and the Group companies will draw up measures to achieve such plan and exert their best efforts for the achievement. The Board of Directors will act and support as much as possible so that the entire Company's target will be achieved.
- (3) At the end of the plan, the Board of Directors will analyze the difference between results and targets for each business segment, business field and Group company, which will be explained to the shareholders through a briefing and electronic media and will be reflected in the next medium-term business plan, etc.

(Internal Control and Risk Management)

- (1) The Board of Directors will establish **"A key principle for internal control system"** (**Annex Document - 3**) to facilitate prompt business operations under the appropriate internal control.
- (2) We will establish a "group audit organization" as a framework to understand and assess the risks for business activities and to enhance the countermeasures from a standpoint of

appropriately controlling potential risks existing in the business execution process, business structure, etc. of Group and will establish compliance and endeavor to prevent risk exposure.

- (3) The Board of Directors will appropriately supervise the development and operation of internal control and risk management systems by receiving reports on the status of risk management, results of internal audit, problems for the status of business operations, and so on.
- (4) The Board of Directors will promptly improve the reported problems, etc. by instructing a responsible division to remedy such problems.

3. Board of Directors – Composition -

- (1) The Board of Directors is operated by diversified personnel of an appropriate size, consisting of the Executive Directors who are familiar with the fields of businesses, technology and management and the Outside Directors who have the diversified expert knowledge necessary for the corporate management.
- (2) We will select a person of superb personality and knowledge as a Director candidate irrespective of gender, nationality and any other personal attribute. The Executive Directors will consist of persons who are able to understand the Company's business well and to make decisions and who have achieved good business performance. The Outside Directors who are also the Audit and Supervisory Committee members will consist of persons who have diversified expert knowledge of finance, law, management, etc. in terms of achieving an optimum combination of knowledge and experience as an Outside Director in a supervisory position.
- (3) The basic policy for the size is that the Board of Directors has Directors in a number suitable for an effective, substantial and active discussion at the meeting and that two or more directors are Independent Outside Directors.
- (4) A Director may concurrently serve as an Officer of no more than four listed companies, including the Company. We will annually disclose how many and what companies each Director concurrently serves as an Officer for in a convocation notice of General Shareholders Meeting, securities report, etc.
- (5) The Outside Directors will attend the meeting of the Board of Directors to fulfill their roles and responsibilities as a Director. Also, they will attend management meetings and other executive meetings of the Group companies as many times as possible and will endeavor to secure the necessary time and labor to collect information and state opinions freely from an independent standpoint.

4. Board of Directors – Operation and Securing Effectiveness -

(Operation of the Board of Directors' Meeting)

- (1) The Board of Directors' Meeting will be held regularly no less than once every three months and from time to time when needed.
- (2) If no resolution is required, the status of business operations will be shared and exchange of opinions will be conducted.
- (3) All Directors including Outside Directors will actively exchange opinions freely concerning important subjects, such as Group's management strategies and business plan.
- (4) For the purpose of active discussion at the meeting, the time allocation for discussion will be

decided depending on the agenda and the relevant documents will be distributed one week before, in principle.

- (5) The Outside Directors will actively give constructive opinions and advice freely from an objective and diversified viewpoint by utilizing their own specialized knowledge and abundant experiences and will propose improvements if needed. All Directors, including the Representative Director, will always be sure to establish an atmosphere where they can actively exchange opinions freely.
- (6) Before a fiscal year starts, an annual schedule of meetings will be notified to the Directors, which will be basically scheduled so that all Directors can attend. A convocation notice for the individual meeting of the Board of Directors will be dispatched to each Director no later than three days prior to the date of meeting.
- (7) The general affairs division will draft the minutes of meetings four days later, in principle, and will request all Directors to make corrections, if any, and distribute the final minutes within 10 days.

(Evaluation of Effectiveness)

- (1) The Board of Directors will analyze and evaluate the effectiveness of the entire Board and disclose the summary of results annually from the fiscal year ended March 2017.
- (2) The following main categories will be analyzed and evaluated in terms of the effectiveness of the entire Board.
 - (a) Discussion of corporate strategies and other broad directions
 - (b) Environmental development supporting appropriate risk-taking
 - (c) Fulfillment of highly effective supervision
 - (d) Appropriate communication with shareholders, etc.
 - (e) Composition of the Board of Directors
 - (f) Operation of the Board of Directors meetings
- (3) Questionnaire survey sheets with evaluation items for each of the above six categories will be distributed to all Directors and their answers will be collected. Based on the aggregate results, discussions for analyses and evaluations will be held at the Board of Directors meetings. The summary of their results will be disclosed on our website.

5. Audit and Supervisory Committee

- (1) The Audit and Supervisory Committee consists of the Directors who are also the Audit and Supervisory Committee members, the majority of which is Independent Outside Directors and the chair of which will be an Independent Outside Director. The Audit and Supervisory Committee will have one or more full-time members. At least one of the Directors who are also the Audit and Supervisory Committee members should have adequate knowledge of finance and accounting.
- (2) The Audit and Supervisory Committee meetings will be held from time to time at least once every three months and when needed.
- (3) Main roles and responsibilities of the Audit and Supervisory Committee are as follows.

(Details will be set forth in the internal rules titled "Rules for Audit and Supervisory Committee")

 - ① Audit of business operations by the Directors (especially the business operations by the Executive Directors) and preparation of audit report

- ② Decision of opinions for the personnel matters and compensation of the Directors (excluding those who are also the Audit and Supervisory Committee members) which will be issued at the General Shareholders Meeting
 - ③ Duties relating to the assessment, selection and dismissal, and non-reappointment, etc. of Accounting Auditor
 - ・Development of assessment criteria and assessment of the Accounting Auditor
 - ・Decision of agenda to be submitted to the General Shareholders Meeting with respect to this section
 - ④ Decision of audit policy, audit plan and methods, etc.
 - ⑤ Instruction to the Audit Department
 - ⑥ Receipt of reports from the Accounting Auditor, Executive Directors, Audit Department, etc. and request for provision of information needed
- (4) The Audit and Supervisory Committee members who have specialized knowledge and abundant experiences in the management, finance, monetary, law and other fields will attend the Board of Directors meeting and will attend management meetings and other executive meetings of the Group companies as many times as possible and, by utilizing their own knowledge and experiences, will endeavor to state opinions freely from an independent standpoint.

6. Directors and Outside Directors

(Directors)

- (1) The Directors recognize their fiduciary responsibilities to shareholders and will fulfill their duties for the sustainable increase of corporate value and for the common benefit of shareholders. To this end, they will strive to be trained in the following matters. Also, they will endeavor to make statements positively and actively carry out constructive discussion freely at the meeting.
- ① Knowledge required of a director of a listed company, practice of the corporate principles of the Asahi Way, high sense of ethics and consciousness of compliance
 - ② Ability, which is necessary to fulfill duties, to collect information, vision, objective judgment and entrepreneur spirit that accepts risks

(Outside Directors)

- (1) We will establish the “**Independence Criteria for Independent Directors**” (**Annex Document – 4**) and, given their backgrounds and relationship with Group, will appoint Independent Outside Directors able to fulfill duties required of an Outside Director in a position independent from the management of the Company.
- (2) The Outside Directors will play a role to reflect the opinions of stakeholders including shareholders in the Board of Directors by fulfilling their functions to supervise the business operations, to give advice and to supervise the conflict of interest and by participating in the Company’s important decision-making from an objective and diversified standpoint at the Board of Directors meeting where they have voting rights, given their independent status and from a position comprising a majority of the Audit and Supervisory Committee members.
- (3) The Compensation Committee and the Nominating Committee where the Independent Outside Directors account for the majority of members will be involved and will give advice or proposals appropriately for very important matters, such as the determination of amount of compensation

of Directors and senior management and the nomination of director candidates.

- (4) As a practical “Head of Independent Outside Director,” the Audit and Supervisory Committee chair who is an Outside Director will instruct the Audit and Supervisory Committee Secretariat under his control to communicate with the management, obtain information from the inside and obtain information from an independent standpoint.

7. Securing Proper Audit by Accounting Auditors

- (1) The Accounting Auditor will play an important role to assure the reliability of information to be disclosed and will assume responsibility of the shareholders and investors.
 - ① In affiliation with the Audit and Supervisory Committee, the Accounting Auditor will secure a system to enable the appropriate audit.
 - ② The Accounting Auditor will secure independence and expertise.
 - ③ The Accounting Auditor will comply with the quality control standards required for an appropriate accounting audit.
- (2) For the appropriate audit by the Accounting Auditor, the Audit and Supervisory Committee will take the following actions.
 - ① The Audit and Supervisory Committee will grasp and assess how the Accounting Auditor is performing their duties through the progress of audit and the audit report, etc. When selecting the Accounting Auditor candidates, the Audit and Supervisory Committee will assess from a comprehensive viewpoint after having checked the items of “criteria for selection of Accounting Auditors.” Also, it will reappoint the Accounting Auditor after having checked the same items.
 - ② The Audit and Supervisory Committee will check that the Accounting Auditor is independent and has adequate expertise through the exchange of opinions with such Accounting Auditor and by grasping the progress of audit.
- (3) For appropriate audit by the Accounting Auditor, the Audit and Supervisory Committee will secure an ample audit schedule and audit system by developing an annual audit plan in affiliation with the Audit Department, the auditors of subsidiaries, the Audit and Supervisory Committee Secretariat and the accounting, planning, internal audit and other relevant divisions and after prior consultation with the Accounting Auditor.
- (4) We will set time for a meeting of the Accounting Auditor and a Director in charge of the corporate function on a quarterly basis and will set time for meeting of the Accounting Auditor and the senior management including the Representative Director on an annual basis.
- (5) We will secure the affiliation between the Accounting Auditor and the Audit and Supervisory Committee through sharing results of the accounting audit and a quarterly review. The Audit and Supervisory Committee will cooperate with the Audit Department to exchange necessary information from time to time and check the progress of business operations and give information and feedback required by the Accounting Auditor.
- (6) If remedial measures are required, a relevant division will study and remedy as instructed by a director in charge of the corporate function and will report the result of study and remedial measures to the Board of Directors, Audit and Supervisory Committee and Audit Department. The Audit and Supervisory Committee and the Audit Department will check the result of report and recommend remedies if needed.

8. Procedure of Nomination and Dismissing of Directors

- (1) The Nominating Committee consisting of one Representative Director and two Outside Directors will make proposals to the Board of Directors with respect to the nomination and dismissal of the next Representative Director and the Director candidates in accordance with the assessment of the candidates in terms of business performance and level of achievement of targets and their quality as a director. The Board of Directors will deliberate and make final decisions.
- (2) The above process will make it possible to develop and supervise a succession plan with high transparency, fairness and objectivity. In addition, succession development is planned with sufficient time and resources.
- (3) When submitting the proposals for election of Director candidates to the General Shareholders Meeting, the “convocation notice of regular General Shareholders Meeting” contains the reason of election of each Director candidate in addition to his/her background and position and job in our company currently described. The “convocation notice of regular General Shareholders Meeting” will be mailed to the shareholders and posted on our website.
- (4) **“Nomination Policies for Directors and Key Management Candidates”** is as per **Annex Document -5**.
- (5) For other key management candidates, the Executive Directors will consider the election and dismissal according to the business performance, level of achievement of policy management, ability, etc., and report the same to the Nominating Committee. The Group Executive Committee will make final decisions by reference to the opinion of the Nominating Committee, in order to secure the fair and transparent procedures the same as for the Directors.
- (6) Members of the Nominating Committee will be appointed by resolution at the Board of Directors meeting on the assumption that Outside Directors constitute a majority.

9. Determining Procedure of Compensation for Directors

- (1) The Compensation Committee consisting of one Representative Director and two Outside Directors will make proposals for the total amount of compensation of each Director excluding the Audit and Supervisory Committee Members and the basic system and level of compensation, which will be deliberated and decided at the Board of Directors meeting.
- (2) For proposals by the Compensation Committee for individual assessment of Directors excluding the Audit and Supervisory Committee members, we will make a decision comprehensively by considering the annual and medium-term business prospect, level of individual contribution, dividend, balance with the compensation level of other companies, balance with the compensation level of senior management and employees, past payment, compensation system and so on.
- (3) We will secure transparency, fairness and objectivity with the above process. The same procedures will be taken as needed for the assessment and compensation of key management of Group companies according to the decision of the Compensation Committee.
- (4) The Compensation Committee will review the assessment of Executive Directors semiannually and, given the seasonality of performance, will conduct a comprehensive review once a year.
- (5) The **“Compensation Policies for Directors and Key Management”** is as per **Annex Document -6**.

- (6) Members of the Compensation Committee will be appointed by resolution at the Board of Directors meeting on the assumption that Outside Directors constitute a majority.

10. Support for Directors

- (1) In the event of lack of information in hand when obtaining the information required to fulfill duties, the Directors including Outside Directors may request a relevant division to provide the information and documentary materials. Upon request, such division shall promptly provide appropriate information and documentary materials as requested.
- (2) For the Board of Directors, its office division will play a main role to support and request to relevant divisions.
- (3) For the Audit and Supervisory Committee, its office which is a specialized division will support in affiliation with the Board of Directors office division.
- (4) The person belonging to the corporate function, which serves as the office division of both committees, will provide support to the Nominating Committee and Compensation Committee in collaboration with the Board of Directors office division and other sections.
- (5) If considered necessary to fulfill duties, the Directors, including Outside Directors, will use the attorney, consultant and other outside professionals for careful consideration. The associated expenses shall be paid by the Company to the extent considered to be reasonable.
- (6) The result of audit by the Audit Department and defects found in relation to the business operations and progress of operations will be reported to the Board of Directors and the Audit and Supervisory Committee, as the case may be. The relevant division will be instructed to remedy the reported defects and will endeavor to promptly remedy the same.

11. Policies of Training for Directors

Details will be set forth in the **“Training Policies for Directors” (Annex Document – 7)**

Established on November 17th, 2015

Revised on May 24th, 2016

Revised on March 27th, 2018

Revised on October 25th, 2018

Revised on July 25th, 2019

Revised on April 1st, 2020

Annex Document - 1

The ASAHI WAY

“Totally Committed to Protecting the Natural Environment and Conserve Resources ”

<Our Credo>

We conserve limited natural resources, preserve the global environment, and support human health.

<Our Corporate Values>

(1) Cooperation with stakeholders

We constantly seek to earn even greater trust from shareholders, customers, business partners, employees, and local communities as we work to preserve the natural environment.

(2) Corporate governance with a balance of protective and proactive measures

We boldly promote growth strategies and business reform while securing transparency in decision-making and properly managing risk.

(3) No growth without profit

We realize long-term improvement of shareholder value by ensuring the entire group grows and is profitable.

(4) Trusted corporate brand

We aim to be widely recognized as an exemplary corporate group and to build a brand that will be trusted over many years.

(5) Addressing diverse risks

We strive to minimize risks and avert disasters by taking daily safety measures in workplaces and by constantly working to prevent accidents.

(6) Highly motivated employees

We promote work-life balance for employees and continuously improve working environments and conditions.

(7) Strong sense of mission and high ethical standards

We strive to be an organization where employees take pride in their own work and executives maintain a strong sense of mission and high ethical standards.

(8) Being a company of good people

We value good employees over the long-term; our vision of a "good employee" is a person who is not self-centered and who contributes to mutual prosperity and the development of the business.

<Our Employee Principles>

(1) Innovate and embrace challenges

(2) Put safety first

(3) Maintain high quality

(4) Promptly report (especially bad news)

(5) Build trust and connection

<The Asahi Holdings Group Code of Conduct >

- #1. We comply with all laws and regulations
- #2. We respect the dictates of social norms and our own conscience
- #3. We treat everyone equally, regardless of age, gender, nationality, race, religion, or other characteristics
- #4. We refrain from conducting any political or religious activities in the workplace
- #5. We treat customers with sincerity
- #6. We practice fair competition and optimal decision-making when selecting business partners
- #7. We respect the confidential information obtained through our work and avoid disclosing it externally
- #8. We refrain from providing or receiving meals or gifts in pursuit of personal benefit
- #9. We act for the greater good, not for personal or affiliated parties' gain
- #10. We focus on the actual sites, actual things, and actual facts

Revised on April 1st, 2018

Annex Document - 2

Environmental Policies

We will contribute to the environmental preservation of the earth and establish a sound material-cycle society through the Company's businesses on recycling of precious and rare metals and industrial waste treatment.

- (1) In all business activities we will strive to conserve resources and energy and reduce, reuse, and recycle waste to minimize the environmental burden.
- (2) We will promote the recycling of resources of precious and rare metals to achieve a more effective use of the limited resources of the earth.
- (3) We will adequately and safely perform our operations for the collection, transportation, and treatment of industrial waste to prevent environmental pollution.
- (4) We will prioritize a harmonious coexistence with nature and regional communities. We will strictly follow the relevant environmental laws and regulations and other requirements which we recognize.
- (5) We will establish environmental objectives and targets and periodically review them to continue improving our activities.
- (6) We will educate all our employees and increase their environmental awareness as members of the community, promote their understanding of environmental preservation activities, and participate in such activities.

These environmental policies shall be conveyed to all of our employees and all those working for the Company and announced to the public as our commitment.

Annex Document - 3

A Key Principle for Internal Control System**1. Key Principle**

Taking corporate governance as one of the important matters for management, we will endeavor to enhance our compliance by taking various measures to fulfill a function to supervise the management, disclosing corporate information appropriately and in a timely manner, improving the corporate ethics and complying with the laws.

2. Development of a Framework for Internal Control Systems

For internal control, internal audit is conducted by the Audit Department according to the annual plan for an effective inside check. The Audit Department checks the reasonability and effectiveness of internal control and the status of compliance with laws, regulations and internal rules so as to advise and recommend each division and promptly report to the top executive.

Also, the responsible person of each division conducts the internal audit according to the annual plan and makes a report at the Internal Control Promotion Meeting, etc.

We have the following mechanism comprising a framework to ensure that the fulfillment of duties by the Directors and employees is consistent with the laws and the Articles of Incorporation and a framework to secure the appropriateness of the businesses of our company and the appropriateness of businesses of a corporate group consisting of the Company and our subsidiaries.

Mechanism of Internal Control System

A framework to ensure that the performance of duties by the Directors is consistent with the laws and the Articles of Incorporation and a framework to secure the appropriateness of the businesses of our company and the appropriateness of businesses of a corporate group consisting of the Company and our subsidiaries

(1) Framework to ensure that the performance of duties by the Directors, corporate Officers and employees of the Company and our subsidiaries is consistent with the laws and the Articles of Incorporation

- ① The Board of Directors will establish the Asahi Way for the Directors and employees in order for the Directors, corporate Officers and employees to comply with the laws, Articles of Incorporation and internal rules and to fulfill their duties.
- ② We will distribute the Asahi Way to the Directors and employees so as to keep them informed of legal compliance. The Audit Department will make improvements and give guidance through the business audit.
- ③ We will establish the Internal Control Promotion Meeting consisting of responsible persons of various divisions as an organization that controls the entire compliance in order to promote the construction, maintenance and improvement of the internal control system.
- ④ To promote compliance, the actual situation of compliance will be audited.

- ⑤ In order to respond appropriately to any legal violation or other doubtful act under the laws which may be discovered by a Director or an employee, we will develop and operate a whistle-blowing system.
- ⑥ We will never have any relationship, including business relationships, with anti-social forces which threaten the social order and sound corporate activities. In the event of an illegal request, we will take a firm attitude and respond to it organizationally in accordance with the law and internal rules.

(2) Framework for storage and management of information relating to business operations by the Directors and a framework for report to the Company about the matters relating to the performance of duties by the Directors and employees of our subsidiaries

- ① We will appropriately control the manner of storing, disposing of and otherwise managing the records and documents relating to the performance of duties and decision-making of the Directors and will review the relevant rules from time to time when needed.
- ② The Directors, Audit and Supervisory Committee members and Accounting Auditor will always have access to these information and documents.
- ③ We will manage our subsidiaries and they will report important matters to us.

(3) Rules and other frameworks for management for risk of loss in the Company and our subsidiaries

- ① We will establish the risk management rules and build a risk management system in accordance with such rules.
- ② In the event of an unexpected event, we will discuss and make decisions at the management meeting, etc. and the responsible manager will inform such decisions to each division and plant. Each division and plant will take prompt actions to prevent damage from expanding and will arrange a system to minimize the damage.

(4) Framework to secure the efficient performance of duties by the directors of the Company and our subsidiaries

- ① The Board of Directors will hold a meeting regularly no less than once every three months and from time to time when needed in order to determine the management policies and other important matters relating to the business strategies and to supervise the situation of business operations by the Directors.
- ② In order to enhance the functions of the Board of Directors and improve management efficiency, the Board of Directors will hold an extraordinary meeting from time to time when needed in order to expeditiously make decisions on basic matters and important matters relating to the business operations.
- ③ The Board of Directors will draft a medium-term business plan and a budget for each fiscal year to set the business target and will supervise the progress.

- ④ Regarding the business operations according to decisions made by the Board of Directors, we will establish the responsibility of the Directors for performance of duties and the procedures for performance so as to ensure the efficient performance of duties. Each provision will be reviewed from time to time when needed.

(5) Framework to secure the appropriateness of business of the corporate group consisting of the Company and our subsidiaries

- ① We will build a system to manage our subsidiaries and will develop a system to report their business results, business activities and the like to our Board of Directors on a regular basis.
- ② A manager of the Company will serve as an officer of our subsidiary and will develop a system to observe the appropriateness of such subsidiary's business.
- ③ The Audit Department of the Company will conduct the internal audit regularly or when needed and will develop a system to report the result of audit to the Board of Directors, the Audit and Supervisory Committee and the relevant divisions of the Company.

(6) Framework to appoint an employee who assists the duties of the Audit and Supervisory Committee of the Company, and the matters relating to the independence of such employee from the Directors (except those who are Audit and Supervisory Committee members) and the matters relating to the assurance of effective instructions given by the Audit and Supervisory Committee to such employee

- ① We will assign an employee who assists the duties of the Audit and Supervisory Committee in the Audit and Supervisory Committee Secretariat.
- ② Appointment and relocation of the Audit and Supervisory Committee Secretariat staff that assists such Committee in performing its duties requires prior consent of such Committee.
- ③ The Audit and Supervisory Committee shall have the right to direct and order the Audit and Supervisory Committee Secretariat staff who assists the Committee in performing its duties to perform his/her duties.

(7) Framework where the Directors (except those who are Audit and Supervisory Committee members) and employees of the Company and the Directors, corporate Officers, employees and auditors of our subsidiaries or parties who receives a report from aforementioned persons report to the Audit and Supervisory Committee of the Company, and other matters relating to reporting to the Audit and Supervisory Committee

- ① The Directors (except those who are Audit and Supervisory Committee members) and employees of the Company and the Directors, corporate Officers, employees and auditors of our subsidiaries or parties who receive a report from aforementioned persons will promptly report the important matters relating to, without limitation, the management, the accounting division

and division in charge of compliance and awards and penalties to the Audit and Supervisory Committee of the Company, in addition to the matters which conflict with the laws and Articles of Incorporation and the matters which may remarkably damage the Company and our subsidiaries.

- ② In order to grasp the important decision-making process and the situation of its business operations, the Audit and Supervisory Committee members may attend important meetings in addition to the Board of Directors meeting, access important documents relating to the business operations and request a Director or an employee to explain the situation when needed.

(8) Framework to ensure that no person who reported to the Audit and Supervisory Committee of the Company is treated disadvantageously by reason of the report

We will not treat any Officer or employee of the Company and our subsidiaries who reported to the Audit and Supervisory Committee disadvantageously by reason of such report.

(9) Matters relating to the policies for settlement of expenses or debts associated with the procedures for prepayment or reimbursement of expenses incurred for the performance of duties by the Audit and Supervisory Committee members of the Company (limited to the performance of duties of the Audit and Supervisory Committee) and the performance of other duties

The Audit and Supervisory Committee members may request the company to repay the expenses required for the performance of their duties (limited to the performance of duties of the Audit and Supervisory Committee).

(10) Other framework to ensure that the Audit and Supervisory Committee of the Company conducts audits effectively

The Audit and Supervisory Committee, Accounting Auditor and Audit and Supervisory Committee Secretariat will cooperate with each other in audit tasks and the Director and employees will assist them in conducting audits efficiently.

3. Key policies to eliminate anti-social forces and the progress of system development

Group strictly prohibits all Officers and employees from having any relationship or doing any transaction with anti-social activities or forces. Also, Group has a system to closely affiliate with outside expert organs and to respond to any situation promptly.

Established on November 17th, 2015

Annex Document - 4**Independence Criteria for Independent Directors**

1. Outside Directors and Outside Director candidates of the Company must be independent and neutral to whom none of the following conditions applies.
 - (1) Person who is currently an executing person ^(Note 1) of Group or who was an executing person of Group in the last 10 years
 - (2) Person who was previously a director (except outside director) of Group
 - (3) Party whose main business partner is Group or its executing persons as stated below
 - ① Business partner group (which refers to a party belonging to a consolidated group consisting of direct business partners; this being applicable hereinafter as well) that supplies products or services to Group, if the amount of annual trade between such business partner group and Group exceeds either 50 million yen or 2% of the consolidated sales (or total revenue) of such business partner group
 - ② Business partner group to whom Group owes debts, if the total amount of debts Group owes to such business partner group exceeds either 50 million yen or 2% of the consolidated total assets of such business partner group
 - (4) Group's main business partners stated below or their business operators
 - ① Business partner group to whom Group supplies products or services, if the amount of annual trade between Group and such business partner group exceeds either 50 million yen or 2% of the consolidated sales of Group
 - ② Business partner group who owes debts to Group, if the total amount of debts such business partner group owes to Group exceeds either 50 million yen or 2% of the consolidated total assets of such business partner group
 - ③ Financial institution group (i.e. a party belonging to a consolidated group consisting of direct borrowers) from whom Group borrows money, if the total amount loaned by such financial institution group to Group exceeds 2% of the consolidated total assets of Group
 - (5) Main shareholder of the Company (i.e. a party who directly or indirectly holds the voting rights equal to 10% or more of total voting rights) or, if such shareholder is a corporation, its business operator
 - (6) Business operator of a party to whom Group or its director or corporate officer is a large contributor (i.e. a party who directly or indirectly holds the voting rights equal to 10% or more of total voting rights)
 - (7) Party who receives a donation from Group or its director or corporate officer in an amount exceeding either 10 million yen per annum or 2% of the sales (or total revenue) of such party or its business operator

- (8) Consultant, accounting professional including a certified public accountant, legal specialist including attorney, and other adviser who receives money or other properties from Group or its director or corporate officer in amount exceeding either 10 million yen per annum or 2% of the sales (or total revenue) of such party in addition to the executive compensation (or, if a party who receives such money or other properties is a corporation, association or any other group, a person who belongs to such group)
 - (9) Person who belongs to the audit corporation that conducts a legal audit of our company
 - (10) Business operator of any other company where an executing person of Group serves as an outside director
 - (11) Party to whom any of the items (3) through (10) above has applied in the last five years
 - (12) Family member within the second degree of relationship with any of the persons stated below and a stakeholder who lives with any of the persons stated below within the same household
 - ① Party to whom any of the items (1) through (7) above applies
 - ② Person specified in item (8) above who has a specialized qualification, such as a certified public accountant, lawyer, etc.
 - ③ Person specified in item (9) above who is a key business operator ^(Note 2) and has a specialized qualification, such as a certified public accountant
 - ④ Business operator specified in item (10) above who is a key business operator
 - ⑤ Person to whom item (11) above applies
2. Independent Directors must satisfy the requirements specified in the preceding paragraph and, in addition, must not be in any circumstance where they are reasonably considered to be unable to fulfill their duties in an independent neutral position.
3. Independent Directors shall endeavor to maintain their independence prescribed in these criteria until retirement and, if they fail to maintain the independence prescribed in these criteria, shall immediately notify the Company.

Established on November 17th, 2015

Note 1: The executing person means a director (except outside director), corporate officer and other similar officer and employee of a corporation or other association who operates its businesses.

Note 2: The key executing person means such executing person as a director (except outside director), corporate officer, division manager, etc. who operates important businesses.

Annex Document - 5

Nomination Policies and Dismissal Criteria
for Directors and Key Management Candidates

Nomination policies:

Candidates should

- (1) have superb personality and a high sense of ethics
- (2) have a high level of consciousness of compliance
- (3) well understand rights and situations of diverse stakeholders
- (4) have excellent insight into business management with medium-long term perspectives
- (5) have wide experience and credentials in the area of domestic and/or international business management, or have a high level of expertise required by Group
- (6) not have any interests nor any business relations within Group's business fields which could exert an influence on management decisions

("Independence criteria for independent directors" is defined in Annex Document - 4)

- (7) have a good understanding of the Asahi Way, and have a track record of practicing the values of it or agree to practicing them going forward.

Dismissal criteria:

- (1) In case of conducting contrary to public order and morals
- (2) In case of difficulties in continuing duties for health reasons
- (3) In case that corporate value is significantly impaired by deliberate or serious fault or negligence
- (4) In case that the qualifications stipulated in the nomination criteria are not recognized

Established on November 17th, 2015

Revised on October 25th, 2018

Annex Document - 6

Compensation Policies for directors and key management

The Directors of the Company and the key management of Group (hereinafter referred to as “Group Directors”) are responsible for increasing corporate value over the medium- to long-term. The Compensation Committee consisting of one Representative Director and two Outside Directors will assess Group Directors’ (except those who are also the Audit and Supervisory Committee members) motivation for their responsibility and the specific level of their contribution objectively and will make consensus decisions.

- (1) The purpose of the compensation system is to raise motivation for better business performance, specifically consisting of the “base compensation,” “bonus” and “performance-based stock compensation.”
 - ① The amount of base compensation is determined individually according to the job responsibility of each Director.
 - ② The total amount of bonus of the Group is determined by multiplying the Company’s consolidated operating income in the current year by a specific ratio. Then, it is divided proportionally depending on the performance of each Group company and distributed to each Director according to the level of the respective Director’s contribution to corporate performance.
 - ③ Performance-based stock compensation is designed to serve as an incentive to medium- to long-term enhancements in corporate value, and the number of stocks granted is linked with the business performance achievement rate for “consolidated operating income” in each fiscal year.

The basic policy is to use consolidated operating income, which is considered the most appropriate management indicator for profits earned from the core business, as the indicator relating to performance-based compensation (bonus and performance-based stock compensation) and to maintain the proportion of overall performance-based compensation at around 30% of the total when the target performance is achieved.

- (2) We will determine the compensation system and the level of total amount with reference to the level for directors of other companies, balance with Group employees and so on and by placing emphasis on objectivity.

The determined matters will be reported to the Board of Directors to secure transparency.

The Directors who are also Audit and Supervisory Committee members will receive the base compensation only.

Established on November 17th, 2015

Revised on July 25th, 2019

Annex Document - 7

Training Policies for Directors

Our company will provide all Directors with training in accordance with the policies stated below.

(1) Description of training

Inside specialists and outside instructors will provide the opportunity to acquire knowledge, information, etc. necessary for the directors to play their roles and fulfill their responsibilities.

- ① Basic knowledge of directors
 - Responsibilities of directors
 - Matters relating to the Companies Act and other laws concerning corporate management and corporate governance, etc.
 - Matters relating to compliance, including the prevention of insider trading, etc.
- ② Knowledge about the situation of Group
 - The Asahi Way and our corporate history
 - Matters relating to the business, organization, finance of each Group company and business-related laws and regulations
- ③ Knowledge and information about the environment surrounding corporate management
 - Matters relating to the global trend and changes of the societies and economies
 - Outside lecture and training about the topics

(2) Timing of training

- New directors will be trained promptly after assuming their position.
- Training will be provided to all Directors as needed.

(3) Financial support

- The company will give financial support for the training approved by it.

Established on November 17th, 2015