Group Management

Corporate Governance

1. Basic Policy

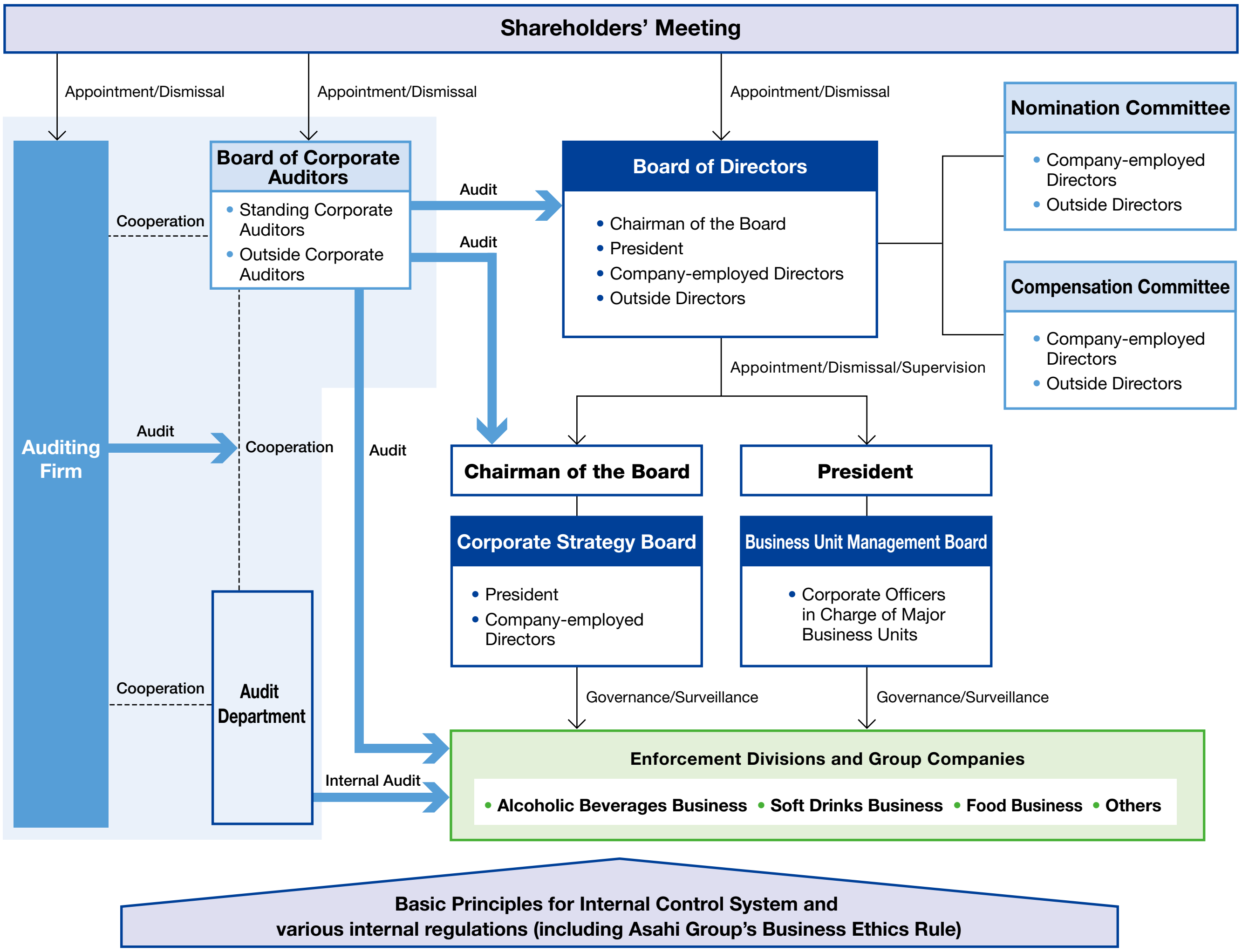
The Asahi Group recognizes all our stakeholders as “customers” who provide us with support, starting with the consumers of our products and also including shareholders, investors, suppliers, employees and local communities.

To ensure our corporate activities satisfy all these “customers” and to quickly adapt to an ever-evolving business environment, we have identified corporate governance as a priority for management. We are therefore striving to strengthen Group management, reinforce our relationship of trust with society and enhance our social responsibility and management transparency.

2. Characteristic Features of Our Corporate Governance Structure

Asahi Breweries, Ltd. is bolstering corporate governance with the goal of maintaining management soundness, transparency and efficiency. Specifically we have adopted a “company with auditors” governance framework, under which we strengthen management oversight functions and preserve transparency by appointing outside directors. Asahi Breweries, Ltd. has also introduced a Corporate Officer System, designed to separate management duties from business execution, as well as boost management decision-making speed, and realize more efficient management overall.

Corporate Governance Structure



Board of Directors

The Board of Directors consists of 11 directors, including 3 outside directors (as of March 31, 2011). Outside directors are chosen from a pool of exceptional external candidates who qualify as independent directors. Outside directors have varied career backgrounds, with some having served as corporate executives, educators, and as advisory government committee members prior to their appointments. The wealth of experience and keen insight of our current outside directors are reflected in the continued transparency of the Board's decision-making processes and management oversight.

In 2000, Asahi Breweries, Ltd. significantly reduced the number of directors, in the interest of realizing greater management efficiency and timelier decision-making.

In 2010, the Board of Directors held 11 regular meetings, with outside directors Mr. Yamaguchi, Ms. Bando, and Mr. Tanaka attending 6, 11 and 11 meetings, respectively. (Due to Mr. Yamaguchi's unfortunate passing away on September 14, the number of meetings attended differs from that of the other directors.)

Nomination and Compensation Committees

Complete fairness and transparency in the appointment and compensation of senior officers are achieved by the Nomination Committee and the Compensation Committee, which serve as advisory bodies to the Board of Directors. Outside directors are present among the directors that comprise the membership of each committee.

The Nomination Committee consists of a total of four officers, of whom two are Company-employed directors and two are outside directors. The committee is chaired by a Company-employed director, and is responsible for recommending candidates for director, corporate officer or auditor to the Board of Directors. The committee met once in 2010.

The Compensation Committee is also comprised of four officers, of whom two are Company-employed directors and two are outside directors. The committee is chaired by an outside director, and is responsible for proposing compensation systems and packages for directors and corporate officers to the Board of Directors. The committee met three times in 2010, and mainly forwarded proposals regarding the amount of bonuses for senior officers.

Board of Corporate Auditors

The Board of Corporate Auditors is responsible for supervising and auditing the management of the Company and the performance of duties by directors. The Board of Corporate Auditors consists of five auditors, including three outside auditors. Selected from a pool of exceptional candidates who qualify as independent auditors, the experience and insight gained from the varying backgrounds of the outside auditors, a former top executive, a lawyer and a university professor, is evident as they audit the management of Asahi Breweries, Ltd. from multiple perspectives. In 2010, the Board of Corporate Auditors held seven meetings, all of which were attended by Mr. Sakurai, Mr. Nakamura, and Mr. Ishizaki.

3. Corporate Officer System

Introduction of a Corporate Officer System

Asahi Breweries, Ltd. has introduced a Corporate Officer System to ensure timely execution of operations and clarify responsibilities and authority. Corporate officers are granted the authority by the Board of Directors to execute operations and are responsible for the timely execution of operations. Meanwhile, directors are entrusted with the mission of formulating Group management strategies and making key decisions on Group management for strengthening and developing the Group, in addition to supervising the execution of operations.

Corporate Strategy Board and Business Unit Management Board

Two high-level meetings share the responsibility of quickly executing decisions made by the Board of Directors. The Corporate Strategy Board deliberates matters pertaining to the direction of the entire Group. The Business Unit Management Board, meanwhile, is charged with deciding specific matters concerning business execution. The Corporate Strategy Board is chaired by the chairman and representative director, while the Business Unit Management Board is chaired by the president and representative director. These meetings maintain the accountability of directors for the entire Group and the responsibility of the president and representative director and corporate officers for the alcoholic beverages business, thereby clarifying responsibilities and accelerating decision-making. To maximize operational efficiency, at each meeting progress is controlled and assessed based on an objective and rational management index. In order to ensure the legality of the decision-making process employed for major issues and to further enhance compliance management, each meeting is attended by at least one standing corporate auditor.

In 2010, as the first year of Medium-Term Management Plan 2012, the themes deliberated at the meetings were growth strategies for completing the medium-term plan, including capital and business alliances overseas, the new management structure following a transition to a holding company system, profit structure reform, Group company realignment, and Group policy and business plans for 2011.

Internal Audits and Accounting Audits

To enable auditors to efficiently conduct their auditing duties, Asahi Breweries, Ltd. assigns three full-time staff to attend to the needs of the Board of Corporate Auditors, enabling auditors' full attendance at important meetings and facilitating the review of authorized documents at all times.

With respect to internal audits, the 11-member Internal Audit Department, under the direct control of the president, has been established as the internal organ responsible for conducting audits based on Group-wide auditing standards and our annual audit plan to ensure proper and effective business execution across the entire Group. In addition to reports individually filed with each audit, twice a year, general reviews of the audits are submitted to the Corporate Strategy Board to be used as the basis for new policies.

The auditors, Internal Audit Department and accounting auditor work in concert by exchanging information through briefings and by transmitting copies of auditing reports periodically, and as needed. In 2010, the Board of Corporate Auditors held five briefings with the accounting auditor and 3 briefings with the Internal Audit Department, respectively. The Internal Audit Department held 4 meetings with the accounting auditor.

4. Compensation for Directors and Auditors

Resolutions regarding compensation for senior officers become agenda items for the Board of Directors following deliberations that take into account the compensation systems and packages for directors and corporate officers proposed by the Compensation Committee. In 2010, fixed salaries comprised around 80% of compensation for directors, with the performance-based portion roughly accounting for another 20%. (Note: 100% of performance-based compensation was short term, none was long term). For auditors, compensation consisted entirely of fixed salaries (monthly compensation), reflecting the abolishment of the Company's system of benefits from April 2009. (Refer below.)

Compensation for Directors and Auditors (FY2010)

(¥ million)	Salary	Bonus	Total
Company-employed Directors (Total: 14)	427.9	124.1	552.0
Outside Directors (Total: 3)	29.4	8.5	37.9
Corporate Auditors (Total: 2)	63.6	—	63.6
Outside Auditors (Total: 3)	32.4	—	32.4

Asahi Breweries, Ltd. decided at a meeting of the Board of Directors held on February 6, 2007, to abolish the system of retirement benefits for directors and auditors and to include the relevant amount in their annual salaries. Retirement benefits were traditionally paid as compensation to directors and auditors at a future date, and the decision to include compensation equivalent to retirement benefits in the annual salary was made in response to the adoption of a one-year term of office. At the same February 6 meeting, the Board of Directors also decided to make no new allotments to the stock option system that had been implemented as part of the compensation system for directors, auditors and executive officers, on the grounds that even if they were able to execute their rights under insider trading regulations, it would be difficult to sell the rights at a later date, so that their function as an incentive was unsustainable.

Accounting Auditor Compensation

In 2010, audit fees payable to the accounting auditor amounted to ¥189 million for an attestation agreement and ¥128 million in other compensation.

5. Internal Control System

Response to the Financial Products Transaction Law (Japanese SOX Act)

In response to the Japanese SOX Act, Asahi Breweries, Ltd. has put an evaluation and reporting framework in place that includes a set of guidelines, "Basic Regulations for Evaluation and Reporting of Internal Control for Financial Reporting," and the establishment of the Internal Control Evaluation Office as an organization to conduct independent evaluation of managers.

Based on evaluation results for 2010, the Company has determined that, as of December 31, 2010, it has an effective internal control system with respect to financial reporting. This assessment was corroborated by an audit of the internal control system performed by the outside auditors.

Development of Internal Control System Based on the Corporate Law

Pursuant to Japan's Corporate Law, in 2006, Asahi Breweries, Ltd. established the Basic Principles for Establishing an Internal Control System. In drafting these Basic Principles, we analyzed and evaluated the current system at Asahi Breweries, Ltd. and the Asahi Group to determine the proper course of action. Based on these Basic Principles, we are presently developing an internal control system that will encompass the entire Asahi Group. With respect to both risk management and compliance, we are establishing systems and guidelines that reflect the Basic Principles as we conduct control activities (see p. 52 for more details). All major Group companies, specifically Asahi Soft Drinks Co., Ltd., Wakodo Co., Ltd., The Nikka Whisky Distilling Co., Ltd., and Asahi Food & Healthcare Co., Ltd., have also drafted their own basic principles in this area.

Going forward, we anticipate that business growth will trigger expansion in both the number of Group companies and the regions where we operate. This growth notwithstanding, we are committed to extensively embedding our internal control system throughout the entire Group. At the same time, we will constantly strive to remain aware of regulatory reforms and social trends in each business and operating region, responding proactively to any changes that emerge.

6. Renewal of Takeover Defense Measures

With the approval of the shareholders at the 83rd Annual Shareholders' Meeting held on March 27, 2007, Asahi Breweries, Ltd. adopted countermeasures against the large-scale purchase of its shares ("takeover defense measures"). The takeover defense measures define procedures for measures to be taken in the event that the Company becomes the target of a large-scale attempt to purchase its shares. Such measures include (1) requiring the person conducting the purchase ("the purchaser") to provide necessary and sufficient information in advance, (2) securing the time necessary for gathering and examining information concerning the purchase, and (3) presenting management's own plan or an alternative proposal to shareholders of the Company, or conducting negotiations with the purchaser.

The potential for abusive share purchases remains a risk in Japan's current legal framework. Asahi Breweries, Ltd. believes it should therefore continue to maintain highly transparent procedures capable of providing shareholders with sufficient information and decision-making opportunity should the Company suddenly become the target of a large-scale attempt to purchase its shares. Accordingly, with the approval of shareholders, Asahi Breweries, Ltd. renewed its takeover defense measures at the 86th Annual Shareholders' Meeting held on March 26, 2010.